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): May 1, 2018

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

Delaware
(State or other jurisdiction of incorporation)

001-35416	**26-3718801**
(Commission File Number)	**(IRS Employer Identification No.)**
24275 Katy Freeway, Suite 600, Katy, TX	**77494**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (281) 258-2170

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company ☐

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

Explanatory Note

On May 1, 2018, U.S. Silica Company, a Delaware corporation ("Buyer" or "U.S. Silica") and a wholly-owned subsidiary of U.S. Silica Holdings, Inc. (the "Company"), completed the acquisition (the "Acquisition") of all of the outstanding capital stock of EP Acquisition Parent, Inc. ("EPAP"), a Delaware corporation, pursuant to the terms of the previously announced Agreement and Plan of Merger, dated as of March 22, 2018, by and among Buyer, EPAP, Tranquility Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Buyer, EPMC Parent LLC, a Delaware limited liability company, solely in its capacity as representative of the stockholders of EPAP, and solely for the purposes of Section 11.17 therein, Golden Gate Private Equity, Inc., a Delaware corporation (the "Merger Agreement"). Contemporaneous with the Merger, EPAP was renamed EP Minerals Holdings, Inc. The Form 8-K filed May 2, 2018 (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 Buyer to the stockholders of EPAP at the closing of the Merger consisted of $742,841,000, net of cash acquired of $19,109,000, subject to customary closing adjustments.

In connection with the acquisition, on May 1, 2018, the Company entered into the Third Amended and Restated Credit Agreement) with BNP Paribas, as administrative agent and the lenders named therein (the "Credit Agreement"). The Credit Agreement increases U.S. Silica's existing senior debt by entering into a new $1.38 billion senior secured credit facility, consisting of a $1.28 billion term loan and a $100 million revolving credit facility that may also be used for swingline loans or letters of credit, and U.S. Silica may elect to increase the term loan as defined in the Credit Agreement. The Credit Agreement is secured by substantially all of the assets of U.S. Silica and U.S. Silica's domestic subsidiaries and a pledge of the equity interests in such entities. The term loan matures on May 1, 2025 and the revolving credit facility commitment expires May 1, 2023. A portion of the term loan proceeds were used to finance the Acquisition, pay fees and expenses associated with the transactions, and for general corporate purposes. The additional proceeds available from the term loan and the revolving credit facility will be available for general corporate purposes, which can be used for acquisitions, investments, dividends, and share repurchases, and for other general corporate purposes. Borrowings under the Credit Agreement will bear interest at variable rates as determined at U.S. Silica's election, at LIBOR or a base rate, in each case, plus an applicable margin. In addition, under the Credit Agreement, U.S. Silica is required to pay a per annum facility fee and fees for letters of credit.

Item 9.01 Financial Statements and Exhibits.

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

The audited financial statements of EPAP as of and for the year ended November 30, 2017, including the notes thereto, are filed herewith as Exhibit 99.1.

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

The unaudited financial statements of EPAP as of February 28, 2018 and November 30, 2017 and for the three months ended February 28, 2018 and 2017, including the notes thereto, are filed herewith as Exhibit 99.2.

(b) Pro forma financial information

The unaudited pro forma condensed combined balance sheet as of March 31, 2018, and statements of operations for the year ended December 31, 2017, and for the three months ended March 31, 2018, including the notes thereto, are filed herewith as Exhibit 99.3, in accordance with Rule 3-06 and Article 11 of Regulation S-X under the Securities and Exchange Commission. These rules allow the consolidation of target financial information into the registrant if their fiscal years do not vary by more than 93 days, and any material intervening events are disclosed.

(d) Exhibits

Exhibit No.	Description
23.1*	Consent of Independent Auditor – BDO USA, LLP
99.1*	The audited financial statements of EPAP as of and for the year ended November 30, 2017, including the notes thereto.
99.2*	The unaudited financial statements of EPAP as of February 28, 2018 and November 30, 2017 and for the three months ended February 28, 2018 and 2017, including the notes thereto.
99.3*	The unaudited pro forma condensed combined financial statements of the Company as of and for the three months ended March 31, 2018, and for the year ended December 31, 2017, 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: July 13, 2018

U.S. Silica Holdings, Inc.

/s/ DONALD A. MERRIL

Name:	Donald A. Merril
Title:	Executive Vice President, Chief Financial Officer, and Corporate Secretary

EXHIBIT INDEX

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99.3	The unaudited pro forma condensed financial statements of U.S. Silica Holdings, Inc. as of and for the three months ended March 31, 2018, and for the year ended December 31, 2017, including the notes thereto.

Exhibit 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-186406) and Form S-8 (File Nos. 333-179480 and 333-204062) of U.S. Silica Holdings, Inc. of our report dated July 13, 2018, relating to the consolidated financial statements of EP Acquisition Parent, Inc. as of November 30, 2017, and for the year then ended, which appears in this Form 8-K/A.

/s/ BDO USA, LLP

Troy, Michigan
July 13, 2018

EP Acquisition Parent, Inc.

Consolidated Financial Statements
Year Ended November 30, 2017

EP Acquisition Parent, Inc.

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Independent Auditor’s Report

Board of Directors
EP Acquisition Parent, Inc.
Reno, Nevada

We have audited the accompanying consolidated financial statements of EP Acquisition Parent, Inc., which comprise the consolidated balance sheet as of November 30, 2017 and the related consolidated statements of income, comprehensive income, stockholders’ equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free 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 EP Acquisition Parent, Inc. as of November 30, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/S/ BDO USA, LLP

Troy, Michigan
July 13, 2018

Consolidated Financial Statements

EP Acquisition Parent, Inc.

Consolidated Balance Sheet

(Dollars in thousands)

November 30, 2017		
Assets		
Current Assets		
Cash	$	15,258
Accounts receivable, net		44,037
Inventories, net		43,564
Deferred income taxes		1,785
Prepaid expenses and other assets		2,530
Total Current Assets		107,174
Property, Plant, Equipment and Mineral Interests, Net		218,074
Goodwill		57,906
Intangible Assets, Net		15,589
Other		11,546
Total Assets	$	410,289
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$	11,865
Current portion of long-term debt		694
Current portion of pension obligation		1,017
Other accrued liabilities		9,109
Total Current Liabilities		22,685
Pension Obligations		7,732
Long-Term Debt		297,336
Deferred Income Taxes		45,491
Payable to Related Party		1,098
Other Long-Term Liabilities		9,882
Total Liabilities		384,224
Stockholders' Equity		
Additional paid-in-capital		104,388
Accumulated other comprehensive loss		(4,848)
Retained earnings		
Dividends		(116,968)
Retained earnings		43,493
Total Stockholders' Equity		26,065
Total Liabilities and Stockholders' Equity	$	410,289

See accompanying notes to consolidated financial statements.

EP Acquisition Parent, Inc.

Consolidated Statement of Income

(Dollars in thousands)

Year ended November 30, 2017		
Net Sales	$	213,219
Cost of Sales		151,375
Gross Margin		61,844
Operating Expenses		
General and administrative		21,728
Selling		11,745
Research and development		1,774
Amortization of intangible assets		1,913
Depreciation		547
Total Operating Expenses		37,707
Operating Income		24,137
Interest Expense, Net		19,217
Other Income, Net		(108)
Total Non-Operating Expenses		19,109
Income Before Income Taxes		5,028
Income Tax Expense		1,044
Net Income	$	3,984

See accompanying notes to consolidated financial statements.

EP Acquisition Parent, Inc.

Consolidated Statement of Comprehensive Income

(Dollars in thousands)

Year ended November 30, 2017		
Net Income	$	3,984
Other Comprehensive Income (Loss)		
Foreign currency translation adjustments		1,331
Changes in pension and post-retirement benefits, net of tax		(305)
Other Comprehensive Income		1,026
Comprehensive Income	$	5,010

See accompanying notes to consolidated financial statements.

EP Acquisition Parent, Inc.

Consolidated Statement of Stockholders' Equity

(Dollars in thousands)

	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Dividends	Retained Earnings	Total Stockholders' Equity
Balance, November 30, 2016	$ 104,380	$ (5,874)	$ (116,968)	$ 39,509	$ 21,047
Net income	-	-	-	3,984	3,984
Changes in pension and post-retirement benefits, net of tax	-	(305)	-	-	(305)
Stock compensation	8	-	-	-	8
Foreign currency translation	-	1,331	-	-	1,331
Balance, November 30, 2017	$ 104,388	$ (4,848)	$ (116,968)	$ 43,493	$ 26,065

See accompanying notes to consolidated financial statements.

EP Acquisition Parent, Inc.

Consolidated Statement of Cash Flows

(Dollars in thousands)

Year ended November 30, 2017		
Operating Activities		
Net income	$	3,984
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation, depletion and amortization		17,518
Deferred stripping		213
Accretion of debt discount		342
Amortization of deferred financing costs		970
Gain on sale of fixed assets		(21)
Provision for bad debts		39
Deferred taxes		(2,610)
Inventory reserve		250
Changes in operating assets and liabilities		
Accounts receivable		(8,754)
Inventories		(5,695)
Prepaid expenses and other		(4,019)
Accounts payable		1,362
Accrued expenses and other		2,443
Net cash provided by operating activities		6,022
Investing Activities		
Purchase of fixed assets		(11,755)
Proceeds from sale of fixed assets		21
Cash paid for acquisition, net		(48,812)
Escrow deposit in connection with acquisition		(6,000)
Net cash used in investing activities		(66,546)
Financing Activities		
Repayments of long-term debt		(469)
Repayments of capital leases		(64)
Borrowings of debt		62,500
Payments for deferred financing costs		(1,667)
Payments on revolving credit line		(5,639)
Net cash provided by financing activities		54,661
Effect of Exchange Rates on Cash		484
Net Decrease in Cash		(5,379)
Cash, beginning of year		20,637
Cash, end of year	$	15,258
Cash Paid for Interest		17,357
Cash Paid for Income Taxes		2,450

See accompanying notes to consolidated financial statements.

1. Business and Acquisition

Business

EP Acquisition Parent, Inc. (the “Company”) is headquartered in Reno, Nevada and is the world’s second-largest producer of diatomaceous earth (“DE”) as well as a leading producer of perlite filter aids, clay and absorbents. These products are used in a broad range of filtration, functional additives, absorbent and adsorbent applications. Since establishing its operations in 1945, the Company has grown to a number of production facilities located near some of the world’s best DE, perlite and clay deposits. The operations include (i) Lovelock, Nevada, the Company’s largest facility which produces DE and perlite for filter aid and functional additive applications; (ii) Clark, Nevada, which focuses on DE absorbents and functional additive products; (iii) Fernley, Nevada, which focuses on DE absorbents; (iv) Vale, Oregon, which focuses on DE filter aid and functional additive products; (v) Middleton, Tennessee, which focuses on clay absorbents; (vi) Blair, Nebraska, which focuses on perlite filter aids; and (vii) the recent acquisition of Jackson, Mississippi, which focuses on bleaching clays, activated clay catalysts and adsorbents.

Acquisition

During 2017, the Company formed EP Engineered Clays Corporation (“EPECC”) and in July 2017 it completed the acquisition of assets from BASF Corporation that produces bleaching clay, activated clay catalysts and adsorbents. This transaction included a Jackson, MS production site, a clay mine in Aberdeen, MS, and the mineral rights associated with a mine located in the Navajo Nation near Sanders, Arizona.

The purchase price was approximately $56.6 million, including approximately $51.8 million paid in cash at closing and $4.8 million of estimated contingent consideration. The Company incurred approximately $2.1 million in transaction expenses, including about $0.6 million paid to a related party for assistance with the transaction that were expensed as incurred. The acquisition was to expand operations, including the clay business. The estimated fair values in the purchase price allocation were determined by outside valuations, when appropriate, and management estimates. The goodwill is expected to be deductible for tax purposes. Included in the purchase price is $4.8 million representing management’s best estimate of additional contingent consideration payable to the seller based on certain revenue targets through January 2020. This estimated amount payable is included in Other Long-Term Liabilities on the consolidated balance sheet and did not change from closing to November 30, 2017. The maximum additional purchase price of $6.0 million is being held in a restricted escrow account that was funded by the Company at closing and is included in Other long-term assets on the consolidated balance sheet.

(Dollars in thousands)

The purchase price has been allocated using the acquisition method of accounting for the assets acquired and liabilities assumed. Following is a preliminary summary of the assets acquired and liabilities assumed:

July 17, 2017		
Cash	$	2,973
Current assets		212
Inventory		6,535
Property, plant, and equipment		33,650
Mineral rights		8,690
Goodwill		2,427
Customer relationships		3,800
Other intangibles		2,039
		60,326
Less: liabilities assumed		(3,741)
	$	56,585

2. Summary of Significant Accounting Policies

Consolidated Financial Statements

The consolidated financial statements include the accounts of EP Acquisition Parent, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires us to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectability is reasonably assured. These conditions are generally met at the time of shipment. Net Sales and Cost of Sales include transportation costs that are billed to customers.

International Sales

Net sales by the international operations for the year ended November 30, 2017 were $42,110.

Concentrations of Credit Risk

Concentrations of credit risk consist primarily of cash, trade accounts receivable, and sales concentrations with certain customers. As part of the ongoing control procedures, the Company monitors concentrations of credit risk associated with financial institutions with which they conduct business. Credit risk with financial institutions is considered minimal as the Company utilizes only high quality financial institutions. The Company conducts periodic credit evaluations of its customers' financial condition and generally do not require collateral. At November 30, 2017, the Company had an allowance for doubtful accounts of $559.

Fair Value of Financial Instruments

FASB ASC Topic 820 established a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). The hierarchy level assigned to financial instruments recorded at fair value is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of such instrument at the measurement date. Level 1 inputs are based on quoted market prices. Level 2 are based on observable inputs, while Level 3 are based on unobservable inputs and management judgment. The Company's $4.8 million contingent consideration liability related to its July 2017 EPECC acquisition is a Level 3 measurement based on assumptions of estimated revenues during the earn-out period.

The Company's financial instruments consist primarily of investments in cash, receivables and certain other assets, as well as obligations under accounts payable and long-term debt. The carrying values of these financial instruments approximate its fair value due to their short-term nature or variable interest rates.

For the acquisition, the Company followed purchase accounting conventions as prescribed by ASC 805, "*Business Combinations*", to establish the opening balance sheet of the entity. The fair value measurement methods used to estimate the fair value of the assets acquired and liabilities assumed at the acquisition date utilized a number of significant unobservable inputs of Level 3 assumptions. These assumptions included, among other things, projections of future operating results, the implied fair value of assets using an income approach by preparing a discounted cash flow analysis and other subjective assumptions.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out ("FIFO") and average cost methods. The Company writes down inventories for estimated obsolescence or unmarketable inventory to estimated market value based upon assumptions about future demand and market conditions.

Property, Plant, Equipment and Mineral Interests

Property, plant, equipment and mineral interests are recorded at cost. The Company provides for depreciation, depletion or amortization on property, plant, equipment and mineral interests using the straight-line method over the estimated useful lives of the assets, which are generally 29-90 years for mineral interests, 20 to 30 years for buildings, 3 to 10 years for machinery and equipment, and 3 to 7 years for software. Leasehold improvements are depreciated over the shorter of the lease term or the estimated life of the improvement. Improvements which extend the useful life of property are capitalized, while repair and maintenance costs are charged to operations as incurred.

Impairment of Long-Lived Assets and Goodwill

The Company regularly assesses long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. Recoverability of amortizing intangibles, property, plant, equipment and mineral interests is evaluated by comparing the carrying amount of the asset or group of assets against the estimated undiscounted future cash flows expected to result from the use of the asset or group of assets and its eventual disposition. If the undiscounted cash flows are less than the carrying value of the asset or group of assets being evaluated, an impairment loss is recorded. An impairment loss is measured as the difference between the fair value and carrying value of the asset or group of assets being evaluated. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less cost to sell. The estimated fair value is based on the best information available under the circumstances, including prices for similar assets or the results of valuation techniques, including the present value of expected future cash flows using a discount rate commensurate with the risks involved.

Goodwill and tradenames are not amortized, but rather tested for impairment, at least annually or more frequently, if indicators of impairment exist.

The process of evaluating the potential impairment is highly subjective and requires significant judgment at many points during the analysis. In estimating the fair value, the Company makes estimates and judgments about the future cash flows. The Company’s cash flow forecasts are based on assumptions that are consistent with the plans and estimates used by the Company to manage the underlying business. Based upon the Company’s analysis, there is no impairment necessary during 2017. As a result of the acquisition in the current year, Goodwill increased by $2,427.

Deferred Financing Costs

Deferred financing costs are capitalized, netted with the related debt and amortized on a straight line basis, which approximates the effective interest rate method, over the life of financing obtained. Amortization recorded, as a component of interest expense, on the consolidated Statements of Income was approximately $970 for the year ended November 30, 2017.

Income Taxes

Current income taxes are provided for based upon income for financial statement purposes. Deferred tax assets and liabilities are established based on the difference between the financial statement and income tax basis of assets and liabilities. The Company is included in the consolidated return of its Parent. It prepares its income tax provision on a separate return basis. A valuation allowance is recorded when there is uncertainty on the realization of deferred tax assets. The Company’s practice is to recognize interest and penalties on uncertain tax positions in the provision for income taxes in the Consolidated Statement of Income. The Company measures uncertain tax provisions and believes that all positions would, more likely than not, sustain an audit.

Reclamation Costs

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred. Accounting principles require the Company to record a liability for the present value of the estimated reclamation costs and the related asset created with it. The liability is accreted and the asset is depreciated over the life of the related asset. Adjustments for changes resulting from the passage of time and changes to either the timing or the amount of the original present value estimate underlying the obligation will be made when appropriate. The gross reclamation liability at November 30, 2017 was $43,076. The net reclamation liability included in Other Long-Term Liabilities on the consolidated balance sheet was $2,733 at November 30, 2017. The change in the liability represents the accretion of the liability, and the addition of the EPECC obligations.

Foreign Currency Translation

The financial statements of the Company’s non-U.S. subsidiaries are translated into U.S. dollars. Foreign assets and liabilities recorded in the local currency are translated into U.S. dollars using the exchange rates in effect at each balance sheet date. Results of operations are translated using the average exchange rates throughout the period. The effects of exchange rate fluctuations on translation of assets and liabilities are reported as a separate component of Accumulated Other Comprehensive Loss included in Stockholders’ Equity.

New Accounting Pronouncements

In February 2018, the FASB issued ASU 2018-02 to provide entities with an option to reclassify certain “stranded tax effects” resulting from the recent US tax reform from accumulated other comprehensive income to retained earnings. It is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating this new pronouncement, but it is not expected to have a material impact on the consolidated financial statements.

In January 2018, the FASB issued ASU-2018-01 to ease the adoption of ASU 2016-02, Leases, for entities with land easements that exist or expire before the adoption of Topic 842. This ASU will benefit entities that do not account for land easements as leases under existing GAAP. The Company is currently evaluating the impact, if any, of this new pronouncement.

In March 2017, the FASB issued ASU 2017-07 to improve the presentation of net periodic pension cost and net periodic postretirement benefit costs in the income statement. It is effective for years beginning after December 15, 2018 and will impact the classification of pension expense on the income statement by moving certain costs to non-operating expense.

In January 2017, the FASB issued ASU 2017-04 simplifying the accounting for goodwill impairment for all entities. The new guidance eliminates the requirement to calculate the implied fair value of goodwill (Step 2 of the current two-step goodwill impairment test under ASC 350). Instead, entities will record an impairment charge based on the excess of a reporting unit’s carrying amount over its fair value (Step 1 of the current two-step goodwill impairment test). The ASU is effective prospectively for reporting periods beginning after December 15, 2021 with early adoption permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The Company is currently evaluating the impact of the new guidance on our goodwill impairment testing process and consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18 amending the presentation of restricted cash within the statement of cash flows. The new guidance requires that restricted cash be included within cash and cash equivalents on the statement of cash flows. The ASU is effective retrospectively for reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15 clarifying how entities should classify certain cash receipts and payments on the statement of cash flows. The new guidance addresses classification of cash flows related to the following transactions: 1) debt prepayment or debt extinguishment costs; 2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; 3) contingent consideration payments made after a business combination; 4) proceeds from the settlement of insurance claims; 5) proceeds from the settlement of corporate-owned life insurance policies; 6) distributions received from equity method investees; and 7) beneficial interests in securitization transaction. ASU 2016-15 also clarifies how the predominance principle should be applied when cash receipts and cash payments have aspects of more than one class of cash flows. This ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2018 and requires retrospective application. Early adoption is permitted. The Company does not believe this will have a material impact on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13 amending how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The guidance requires the application of a current expected credit loss model which is a new impairment model based on expected losses. Under this model, an entity recognizes an allowance for expected credit losses based on historical experience, current conditions and forecasted information rather than the current methodology of delaying recognition of credit losses until it is probable a loss has been incurred. This ASU is effective for interim and annual reporting periods beginning after December 15, 2020. This Company is currently evaluating the impact of the new guidance on our consolidated financial statements and related disclosures. This ASU applies to trade accounts receivable.

In February 2016, the FASB issued ASU 2016-02 amending the existing accounting standards for lease accounting and requiring lessees to recognize lease assets and lease liabilities for all leases with lease terms of more than 12 months, including those classified as operating leases. Both the asset and liability will initially be measured at the present value of the future minimum lease payments, with the asset being subject to adjustments such as initial direct costs. Consistent with current U.S. GAAP, the presentation of expenses and cash flows will depend primarily on the classification of the lease as either a finance or an operating lease. The new standard also requires additional quantitative and qualitative disclosures regarding the amount, timing and uncertainty of cash flows arising from leases in order to provide additional information about the nature of an organization’s leasing activities. This ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019 and requires modified retrospective application. Early adoption is permitted. Management is currently evaluating the impact of this statement.

In November 2015, the FASB issued ASU 2015-17, Income Taxes - Balance Sheet Classification of Deferred Taxes, which will require the presentation of deferred tax liabilities and asset be classified as non-current on balance sheets. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early application is permitted for all entities as of the beginning of an interim or annual reporting period.

(Dollars in thousands)

The amendments may be applied prospectively or retrospectively to all periods presented. The adoption of this standard will only impacted deferred tax presentation on our balance sheet and related disclosure.

In May 2014, the FASB issued new revenue recognition guidance under ASU 2014-09 that will supersede the existing revenue recognition guidance under U.S. GAAP. The new standard focuses on creating a single source of revenue guidance for revenue arising from contracts with customers for all industries. The objective of the new standard is for companies to recognize revenue when it transfers the promised goods or services to its customers at an amount that represents what the company expects to be entitled to in exchange for those goods or services. In July 2015, the FASB deferred the effective date by one year (ASU 2015-14). This ASU will now be effective for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018. Since the issuance of the original standard, the FASB has issued several other subsequent updates including the following: 1) clarification of the implementation guidance on principal versus agent considerations (ASU 2016-08); 2) further guidance on identifying performance obligations in a contract as well as clarifications on the licensing implementation guidance (ASU 2016-10); 3) rescission of several SEC Staff Announcements that are codified in Topic 605 (ASU 2016-11); 4) additional guidance and practical expedients in response to identified implementation issues (ASU 2016-12); and 5) technical corrections and improvements (ASU 2016-20). The Company is currently evaluating the impact of this statement, if any, on the consolidated financial statements.

Subsequent Events

The consolidated financial statements and related disclosures include an evaluation of events up to and through July 13, 2018, which is the date the consolidated financial statements were available to be issued. On May 1, 2018, the Company closed on its previously announced definitive agreement to be acquired by U.S. Silica Holdings, Inc., a producer of commercial silica used in the oil and gas industry for $750 million, subject to working capital adjustments.

3. Inventories

Inventories consisted of the following:

November 30, 2017		
Raw materials	$	17,072
Finished goods		13,215
Supplies		13,277
	$	43,564

(Dollars in thousands)

4. Property, Plant, Equipment and Mineral Interests – Net

Property, plant, equipment and mineral interests consisted of the following:

November 30, 2017		
Land	$	15,449
Mineral interests		108,144
Buildings		16,281
Machinery and equipment		120,661
Transportation equipment		2,056
Asset retirement obligation		2,261
Furniture and fixtures		3,778
Construction-in-process (estimate to complete $9,340)		23,003
Subtotal		291,633
Less: accumulated depreciation and depletion		(73,559)
	$	218,074

Depreciation expense was approximately $14,223 for the year ended November 30, 2017. Depletion of mineral interests was $1,595 for the year ended November 30, 2017.

(Dollars in thousands)

5. Intangible Assets, Net

Intangible assets consisted of the following:

November 30, 2017	Useful Life in Years		Gross Carrying Amount		Accumulated Amortization		Net
Amortized Intangible Assets							
Customer relationships	10	$	7,903	$	(5,006)	$	2,897
Customer relationships - Moltan	10		410		(194)		216
Customer relationships - EPECC	2		3,800		(713)		3,087
Permits	68		7,508		(699)		6,809
Permits – Moltan	30		255		(40)		215
Permits – EPECC	5		130		(11)		119
Trademarks - EPECC	19		45		(1)		44
Patents – EPECC	6		330		(21)		309
Technology	14		361		(160)		201
Website	5		11		(11)		-
Website - EPECC	3		20		(3)		17
Subtotal			20,773		(6,859)		13,914
Tradenames			1,675		-		1,675
Total Intangible Assets, Net		$	22,448	$	(6,859)	$	15,589

Aggregate amortization expense, including for other assets for the year ended November 30, 2017 was approximately $1,913.

The weighted average remaining life for amortized intangible assets is approximately 31 years at November 30, 2017. At November 30, 2017, estimated annual amortization expense through 2022 and thereafter related to its intangible assets is as follows:

2018	$	2,965
2019		2,252
2020		1,065
2021		794
2022		258
Thereafter		6,580
	$	13,914

(Dollars in thousands)

6. Other Accrued Liabilities

Other accrued liabilities consisted of the following:

November 30, 2017		
Compensation and employee benefits	$	5,535
Interest		81
Other		3,493
Total Other Accrued Liabilities	$	9,109

7. Income Taxes

The following is a summary of the sources of income before the income tax provision:

November 30, 2017		
United States	$	3,485
Foreign		1,543
Income Before Income Taxes	$	5,028

The following is a summary of the components of the income tax provision:

November 30, 2017		
Current		
Federal and state	$	3,240
Foreign		224
Total Current		3,464
Deferred		(2,420)
	$	1,044

The following is a reconciliation of the Company's tax provision to the federal statutory rate (in thousands of dollars):

November 30, 2017		
Income Before Tax	$	5,028
Statutory rate		35%
Expense at Statutory Rate		1,760
U.S. Permanent items		(1,248)
State taxes		112
Foreign rate differential		(316)
Other		736
Income Tax Expense	$	1,044

Components of the deferred tax balances are as follows:

November 30, 2017		
Current Deferred Tax Assets Attributed To:		
Reserves, accruals and inventories	$	1,785
Current Deferred Tax Assets		1,785
Noncurrent Deferred Tax Assets (Liabilities) Attributed To:		
Stock options		1,046
Intangible assets		(5,201)
Pension and other benefits		3,454
Property, plant, equipment and mineral interests		(44,790)
Net Noncurrent Deferred Liabilities	$	(45,491)
Total Deferred Tax Liabilities, Net	$	(43,706)

As of November 2017, the Company has not provided for U.S. deferred income taxes and foreign withholding tax on the unremitted earnings of the Company's international subsidiaries because such earnings are considered permanently reinvested and it is not practical to estimate the amount of income taxes that may be payable upon distribution. The Company has generated a $2.6 million alternative minimum tax ("AMT") credit due to preference differences related to tax depletion. As the Company intends to generate permanent preference adjustments for depletion for AMT purposes indefinitely, a full valuation allowance has been applied towards the AMT tax credit carryforward.

(Dollars in thousands)

The Company's income tax returns are subject to review and examination by federal, state, and international government authorities. The years open to examination by federal, state, and international government authorities varies by jurisdiction.

The Tax Cuts and Jobs Act (the Tax Act) was signed into law on December 22, 2017. The Tax Act changed many aspects of U.S. corporate income taxation and included reduction of the corporate income tax rate from 35% to 21%, implementation of a territorial tax system and imposition of a transition tax on deemed repatriated earnings of foreign subsidiaries.

8. Pension Plans

Pension and Other Post-Retirement Benefit Plans

Certain of the Company's employees are covered by various pension or profit sharing retirement plans. The Company's funding policy for defined benefit plans is to fund amounts on an actuarial basis to provide for current and future benefits in accordance with the funding guidelines of ERISA.

Plan benefits for salaried employees were based primarily on an employee's final average earnings through January 1, 2004 and a percentage of annual pensionable pay from January 1, 2004 through December 31, 2006. Plan benefits for hourly employees were typically based on a dollar unit multiplied by the number of service years, although the benefits changed to a flat dollar amount plus interest for some hourly employees for the period January 1, 2004 through December 31, 2006.

Effective January 1, 2007, all pension plans were closed to new entrants.

Weighted average assumptions for pension and post-retirement benefits for the years ended November 30, 2017 were as follows:

To Determine Net Periodic Costs	2017
Discount rate	4.10%
Expected rate of return on plan assets	7.15
Rate of compensation increase	3.00

To Determine Benefit Obligations	2017
Discount rate	3.65%
Expected rate of return on plan assets	7.15

(Dollars in thousands)

The following table contains the accumulated benefit obligation and reconciliations of the changes in the projected benefit obligations and the funded status:

November 30, 2017		Pension Benefits
Changes in Benefit Obligation, beginning of year	$	29,399
Service cost		282
Interest cost		959
Actuarial loss		1,272
Benefits paid		(1,250)
Benefit Obligation, end of year	$	30,662
Change in Plan Assets Fair Value of Plan Assets, beginning of year	$	19,932
Actual return on Plan Assets		1,796
Employer contributions		1,435
Benefits paid		(1,250)
Fair Value of Plan Assets, end of year	$	21,913
Underfunded Status	$	8,749

Amounts recognized in the consolidated balance sheet consisted of:

November 30, 2017		Pension Benefits
Pension Liability (current)	$	(1,017)
Pension Liability (non-current)	$	(7,732)
Total Accumulated Other Comprehensive Loss, Before Tax Effect	$	(7,333)
Total Accumulated Other Comprehensive Loss, Net of Tax	$	(4,177)

Net periodic pension costs are based on valuations performed by its actuary as of measurement dates on November 30, 2017. The components of the costs are as follows:

Year ended November 30, 2017		Pension Benefits
Service cost-benefits earned during the year	$	282
Interest cost on projected benefit obligations		959
Expected return on plan assets		(1,385)
Amortization of net loss		366
Net Periodic Benefit Expense	$	222

(Dollars in thousands)

Other changes in plan assets and benefit obligations recognized in Other Comprehensive Loss are as follows:

Year ended November 30, 2017		Pension Benefits
Current Year Actuarial Loss/Total Recognized in Other Comprehensive Loss, Before Tax Effect	$	(496)
Total Recognized in Net Periodic Benefit Cost and Other Income Comprehensive Loss, After Tax	$	(305)

The overall expected long-term rate of return on plan assets assumption is based on: (1) the target asset allocation for plan assets, (2) long-term forecasts for asset classes employed, and (3) the active management of all returns greater than its expected long-term rate of return. The Company also compares its expected rate of return on plan assets with its historical returns for reasonableness.

Pension plan assets are invested in a diversified mix of traditional asset classes. Investments in U.S. and foreign equity securities, fixed income securities, treasury inflation protected securities, and cash are made to maximize long-term returns while recognizing the need for adequate liquidity to meet on-going benefit and administrative obligations. Risk tolerance of unexpected investment and actuarial outcomes is continually evaluated by understanding the pension plan's liability characteristics.

The following table presents, for each of the fair value hierarchy levels, pension plan assets that are measured at fair value at November 30, 2017:

November 30, 2017	Level 1	Level 2	Level 3	Total
Vanguard Mutual Funds (A)				
Long duration fixed income	$ 12,631	-	-	$ 12,631
Large cap equity	1,075	-	-	1,075
Global equity	1,539	-	-	1,539
Small cap equity	622	-	-	622
Cash and Equivalents	563	-	-	563
Assets Measured by Fair Value Hierarchy	$ 16,430	-	-	$ 16,430
Assets Measured at Net Asset Value				
Skybridge Multi-advisor Fund (B)				$ 5,483
Total				$ 21,913

The Company expects to contribute approximately $1,017 into its pension plans in 2018.

(Dollars in thousands)

The following summarizes the current year investments held by the pension plans:

(A) Vanguard Mutual Funds

The Company’s mutual funds hold a diverse range of underlying investments, including fixed income securities, such as bonds, and equity securities, such as foreign and domestic common stock of both small and large market capitalization companies.

There are no restrictions on the liquidity of these investment funds, they are traded on a daily basis, and are classified as Level 1 in the fair value hierarchy.

(B) Skybridge Multi-advisor Fund

The investment objective of the Company’s hedge fund is to achieve capital appreciation principally through investing in investment funds managed by third-party investment managers that employ a variety of alternative investment strategies.

The Company’s investment in the hedge fund is carried at fair value as determined by the Company’s pro-rata interest in the net assets of the hedge fund. The hedge fund’s net asset value is computed as of the last business day of each month. Fair value as of each month-end is ordinarily the value determined as of month-end for each investment fund within the hedge fund in accordance with the investment fund’s valuation policies and reported at the time of the hedge fund’s valuation, but may be subject to certain adjustments. In general, the hedge fund’s interest in an investment fund represents the amount that the Company could reasonably expect to receive from an investment fund if the interest owned by the hedge fund were redeemed at the time of valuation.

This investment is redeemable on a quarterly basis with 65 days’ notice and there is no lock up on redemptions. On December 31, 2017, the Company redeemed its holdings in this fund and transferred the balance to a PIMCO mutual fund.

The following table summarizes expected benefit payments from the pension and post-retirement plans through fiscal year 2027. Actual benefit payments may differ from expected benefit payments.

	Pension Benefits
2018	$ 1,653
2019	1,693
2020	1,780
2021	1,814
2022	1,864
2023 - 2027	9,875

(Dollars in thousands)

The following amounts relate to pension plans with an accumulated benefit obligation in excess of plan assets:

November 30, 2017		
Projected benefit obligation (PBO)	$	30,662
Accumulated benefit obligation (ABO)		30,573
Fair value of plan assets		21,913

Compensation Plans

The Company offers 401(k) savings plans to certain employees. Participants may contribute a portion of their earnings. The Company matches a percentage of these contributions, up to limits as defined by the plans. The Company's matching cost for these plans for the year ended November 30, 2017 was approximately $1,018.

9. Long-Term Debt

Long-term debt consisted of the following:

November 30, 2017		
1st Lien loan	$	232,433
2nd Lien loan		70,000
Capital leases		165
Less: unamortized discount and debt issuance costs		(4,568)
Long-Term Debt		298,030
Less: current portion		(694)
Long-Term Debt, Net of Current Portion	$	297,336

1st Lien Credit Agreement

In August 2014, the Company entered into a 1st Lien Credit Agreement comprised of $180,000 Term Loan facility and a $25,000 Revolving Loan facility. The facilities were issued with an aggregate original issue discount of $1,025 which is being amortized to interest expense over the term of the loan. In April 2017, the Company made a 1st Lien Debt principal payment of $5,255, resulting from the 2016 Excess Cash Flow calculation in its Credit Agreement.

In July 2017, the Company entered into an amendment to the 1st Lien Credit Agreement to borrow an additional $62,500 under the Term Loan facility. The proceeds from this borrowing were used to complete the acquisition of certain assets from BASF Corporation, including the Jackson, MS operation for EPECC. This facility was issued with an original issue discount of $156, which is being amortized to interest expense over the remaining term of the loan.

(Dollars in thousands)

The Credit Agreement is secured by substantially all assets of the Company. The Credit Agreement permits the issuance of letters of credit totaling up to $15,000, of which $500 were outstanding at November 30, 2017. No amounts were outstanding under the revolving loan facility at November 30, 2017. The Company pays a 0.5% commitment fee on unused borrowings and 4.5% on outstanding letters of credit.

The Credit Agreement bears interest at either a Prime based or LIBOR based rate, at the Company's option. The LIBOR based rate has a rate floor of 1.0%. The effective interest rate was 6.0% at November 30, 2017. The 1st Lien loan requires quarterly amortization payments of $156 until February 2020, and then quarterly amortization payments of $606 until maturity in August 2020. The Credit Agreement has certain affirmative and negative covenants, including Consolidated Leverage Ratio. The Company was in compliance with all covenants at November 30, 2017.

2nd Lien Credit Agreement

In August 2014, the Company entered into a 2nd Lien Credit Agreement totaling $70,000, with an original discount of $1,050, which is being amortized to interest expense over the term of the loan, maturing in August 2021. The 2nd Lien Credit Agreement bears interest at either a Prime based on LIBOR based rate, at the Company's option. The LIBOR rate has a rate floor of 1.0%. The effective interest rate was 9.0% at November 30, 2017.

Future Payments

Future long-term debt maturities, as of November 30, 2017 are as follows:

2018	$	694
2019		721
2020		231,183
2021		70,000
Total Future Maturities		302,598
Less unamortized original issue discount and debt issuance costs		(4,568)
Total Long-Term Debt	$	298,030

10. Stock Option Plan

The Company has a stock option plan (the "Plan") which provides for the grant of stock options to officers, employees, and directors of the Company. There are 60,000 shares authorized for issuance under the Plan at November 30, 2017. There are two tranches of stock options. The first have an exercise price of $88.50 per share. The second tranche exercise price is at $221.25 per share. The options vest evenly at each of the annual anniversary dates of the option grants and become fully vested in four years. The majority of the options were granted in 2011.

(Dollars in thousands)

The Company estimates the fair value of stock options using the Black-Scholes pricing model. The Black-Scholes model requires various judgments and inputs, including time period the options are expected to remain outstanding, stock price, future volatility, dividend yield, risk-free interest rate, and forfeiture rate. The fair value of the awards is recorded as compensation expense, within General and administrative expenses in the Consolidated Statements of Operations, over the respective vesting period.

11. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

Year ended November 30, 2017	Before Tax Amount	Tax Expense (Benefit	Net-of-Tax Amount
Foreign currency translation adjustments	$ (671)	-	$ (671)
Changes in pension and post-retirement benefits	(7,333)	3,156	(4,177)
Accumulated Other Comprehensive Loss	$ (8,004)	$ 3,156	$ (4,848)

12. Related Party Transactions

The Company's shareholder group charged management fees of $1,989 during the year ended November 30, 2017, exclusive of the $0.6 million of related party fees charged as part of the Company's 2017 acquisition. In addition, the Company has a $1.1 million payable to the shareholder group at November 30, 2017.

13. Commitments and Contingencies

Environmental Matters

The Company is subject to extensive and evolving federal, state, local, and international environmental laws and regulations. Compliance with such laws and regulations can be costly. Governmental authorities may enforce these laws and regulations with a variety of enforcement measures, including monetary penalties and remediation requirements. The Company has policies and procedures in place to ensure that its operations are conducted in compliance with such laws and regulations and with a commitment to the protection of the environment.

Operating Leases

Future minimum rental commitments over the next five years as of November 30, 2017, under noncancellable operating leases, which expire at various dates, are approximately as follows: $2.1 million in 2018, $1.6 million in 2019, $1.3 million in 2020, $1.1 million in 2021; and $5.0 million thereafter. Rent expense was approximately $2,855 for the year ended November 30, 2017. The Company leases a portion of its mines under evergreen leases.

Other

From time to time, the Company may be a party to lawsuits and legal proceedings arising in the ordinary course of business. In the opinion of the Company’s management, these matters, individually and in the aggregate, are not expected to have a material adverse effect on the financial condition and the results operations and cash flows of the Company. Based on changes in circumstances or unforeseen future events, actual results could materially differ from these estimates.

EP Acquisition Parent, Inc.

Contents

EP Acquisition Parent, Inc.

Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands)

	February 28, 2018	November 30, 2017
Assets		
Current Assets		
Cash	**$ 17,520**	$ 15,258
Accounts receivable, net	**43,415**	44,037
Inventories, net	**45,097**	43,564
Prepaid expenses and other assets	**4,796**	4,315
Total Current Assets	**110,828**	107,174
Property, Plant, Equipment and Mineral Interests, Net	**214,519**	218,074
Goodwill	**57,906**	57,906
Intangible Assets, Net	**14,852**	15,589
Other	**13,353**	11,546
Total Assets	**$ 411,458**	$ 410,289
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	**$ 12,920**	$ 11,865
Current portion of long-term debt	**704**	694
Other accrued liabilities	**9,201**	10,126
Total Current Liabilities	**22,825**	22,685
Long-Term Debt	**297,599**	297,336
Deferred Income Taxes	**29,003**	45,491
Payable to Related Party	**1,106**	1,098
Other Long-Term Liabilities	**17,597**	17,614
Total Liabilities	**368,130**	384,224
Stockholders' Equity		
Additional paid-in-capital	**104,388**	104,388
Accumulated other comprehensive loss	**(4,488)**	(4,848)
Retained earnings		
Dividends	**(116,968)**	(116,968)
Retained earnings	**60,396**	43,493
Total Stockholders' Equity	**43,328**	26,065
Total Liabilities and Stockholders' Equity	**$ 411,458**	$ 410,289

See accompanying notes to consolidated financial statements.

EP Acquisition Parent, Inc.

Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands)

Three Months ended February 28,		**2018**		2017
Net Sales	**$**	**58,614**	$	43,826
Cost of Sales		**43,819**		32,306
Gross Margin		**14,795**		11,520
Operating Expenses				
General and administrative		**4,764**		3,921
Selling		**3,406**		2,628
Research and development		**521**		412
Amortization of intangible assets		**738**		326
Depreciation		**148**		138
Total Operating Expenses		**9,577**		7,425
Operating Income		**5,218**		4,095
Interest expense, net		**5,811**		4,285
Other expense (income), net		**(16)**		(6)
Total Non-Operating Expenses		**5,795**		4,279
Income (Loss) Before Income Taxes		**(577)**		(184)
Income Tax Benefit		**17,480**		326
Net Income	**$**	**16,903**	$	142

See accompanying notes to consolidated financial statements.

EP Acquisition Parent, Inc.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(Dollars in thousands)

Three Months ended February 28,		**2018**		2017
Net Income	**$**	**16,903**	$	142
Other Comprehensive Income (Loss)				
Foreign currency translation adjustments		**252**		85
Changes in pension and post-retirement benefits, net of tax		**108**		(76)
Total Other Comprehensive Income		**360**		9
Comprehensive Income	**$**	**17,263**	$	151

See accompanying notes to consolidated financial statements.

EP Acquisition Parent, Inc.

Condensed Consolidated Statements of Cash Flows (Unaudited)

(Dollars in thousands)

Three months ended February 28,	**2018**	2017
Operating Activities		
Net income	**$ 16,903**	$ 142
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation, depletion and amortization	**5,680**	3,480
Deferred stripping	**42**	56
Accretion of debt discount	**93**	80
Amortization of deferred financing costs	**321**	186
Provision for bad debts and inventory reserve	**14**	(254)
Deferred taxes	**(15,665)**	(571)
Changes in operating assets and liabilities		
Accounts receivable	**613**	1,025
Inventories	**(1,533)**	(747)
Prepaid expenses and other	**(3,191)**	(166)
Accounts payable	**1,047**	74
Accrued expenses and other	**(945)**	(4,048)
Net cash provided by (used in) operating activities	**3,379**	(743)
Investing Activities		
Purchase of fixed assets	**(1,332)**	(1,990)
Net cash used in investing activities	**(1,332)**	(1,990)
Financing Activities		
Repayments of long-term debt, net of original discount	**(156)**	(450)
Repayments of capital leases, net of original discount	**(19)**	(12)
Payments for deferred financing costs	**34**	-
Net cash used in financing activities	**(141)**	(462)
Effect of Exchange Rates on Cash	**356**	22
Net Change in Cash	**2,262**	(3,173)
Cash, beginning of period	**15,258**	20,637
Cash, end of period	**$ 17,520**	$ 17,464

See accompanying notes to consolidated financial statements.

1. Business

Business

EP Acquisition Parent, Inc. and Subsidiaries (the "Company") is headquartered in Reno, Nevada and is the world's second-largest producer of diatomaceous earth ("DE") as well as a leading producer of perlite filter aids, clay and absorbents. These products are used in a broad range of filtration, functional additives, absorbent and adsorbent applications. Since establishing its operations in 1945, the Company has grown to a number of production facilities located near some of the world's best DE, perlite and clay deposits. The operations include (i) Lovelock, Nevada, the Company's largest facility which produces DE and perlite for filter aid and functional additive applications; (ii) Clark, Nevada, which focuses on DE absorbents and functional additive products; (iii) Fernley, Nevada, which focuses on DE absorbents; (iv) Vale, Oregon, which focuses on DE filter aid and functional additive products; (v) Middleton, Tennessee, which focuses on clay absorbents; (vi) Blair, Nebraska, which focuses on perlite filter aids; and (vii) the recent acquisition of Jackson, Mississippi, which focuses on bleaching clays, activated clay catalysts and adsorbents.

During 2017, the Company formed EP Engineered Clays Corporation ("EPECC") and in July 2017 it completed the acquisition of certain assets from BASF Corporation that produces bleaching clay, activated clay catalysts and adsorbents. This transaction included a Jackson, MS production site, a clay mine in Aberdeen, MS, and the mineral rights associated with a mine located in the Navajo Nation near Sanders, Arizona. There were no measurement period adjustments during the three months ended February 28, 2018.

The Company's shareholder group charged management fees of $563 and $435 during the three months ended February 28, 2018 and 2017, respectively. In addition, the Company has $1.1 million due to the shareholder group at February 28, 2018 and November 30, 2017.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires us to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Consolidated Financial Statements

The consolidated financial statements include the accounts of EP Acquisition Parent, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

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 November 30, 2017. The balances as of November 30, 2017, were derived from the audited consolidated balance sheet. In management's opinion, all adjustments necessary for a fair statement are reflected in the interim periods presented. Interim results for the three months ended February 28, 2018 may not be indicative of results that will be realized for the full year ending November 30, 2018.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed and determinable, and collectability is reasonably assured. These conditions are generally met at the time of shipment. Net Sales and Cost of Sales include transportation costs that are billed to customers.

For the interim period ended February 28, 2018, the Company has not adopted the provisions of ASU 2014-09, and its related amendments, and continues to apply the ASU's effective dates for non-public business entities. This ASU, as amended, is effective for non-public business entities for annual periods, and interim periods within those annual periods, beginning on or after December 15, 2018.

Concentrations of Credit Risk

Concentrations of credit risk consist primarily of cash, trade accounts receivable, and sales concentrations with certain customers. As part of the ongoing control procedures, the Company monitors concentrations of credit risk associated with financial institutions with which they conduct business. Credit risk with financial institutions is considered minimal as the Company utilizes only high quality financial institutions. The Company conducts periodic credit evaluations of its customers' financial condition and generally do not require collateral. At February 28, 2018 and November 30, 2017, the Company had an allowance for doubtful accounts of $567 and $559, respectively.

Fair Value of Financial Instruments

FASB ASC Topic 820 established a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs"). The hierarchy level assigned to financial instruments recorded at fair value is based on the Company's assessment of the transparency and reliability of the inputs used in the valuation of such instrument at the measurement date. Level 1 inputs are based on quoted market prices. Level 2 are based on observable inputs, while Level 3 are based on unobservable inputs and management judgment. The Company's $4.8 million contingent consideration liability related to its July 2017 EPECC acquisition is a Level 3 measurement based on estimates of revenues during the earn-out period. There was no change to this liability during the three months ended February 28, 2018.

The Company's financial instruments consist primarily of investments in cash, receivables and certain other assets, as well as obligations under accounts payable and long-term debt. The carrying values of these financial instruments approximate its fair value due to their short-term nature or variable interest rates.

Income Taxes

The income tax benefit in the first quarter ended February 28, 2018 was $17.5 million compared to a benefit of $326 in the same period ended February 28, 2017. The three months ended February 28, 2018 include $15.4 million of non-cash tax benefit related to the revaluation of our deferred tax assets and liabilities as of December 31, 2017 as a result of the U.S. tax reform and $0.2 million of tax expense related to the one-time deemed repatriation of accumulated foreign earnings. Also, during the quarter ended February 28, 2018, the Company released a previously established valuation allowance recorded against its Federal Alternative Minimum Tax ("AMT") Credit that the Company now expects to realize due to repeal of the corporate AMT associated with U.S. tax reform. This resulted in an income tax benefit of $2.6 million during the quarter.

US Tax Reform

The tax expense for the quarter ended February 28, 2018 was impacted by the enactment of The Tax Cuts and Jobs Act (the “Act”) on December 22, 2017. The Act reduces the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on all offshore earnings that were previously tax deferred and creates new taxes on certain foreign sourced earnings. In conjunction with the signing of the Act on December 22, 2017, Staff Accounting Bulletin No. 118 (“SAB 118”) was issued by the Securities and Exchange Commission (“SEC”) to address the application of U.S. GAAP in situations when a company does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. Further, in January 2018, the FASB issued guidance stating that companies that are not SEC registrants may apply SAB 118 to their financial statements. SAB 118 provides a measurement period that should not extend beyond one year from the Act enactment date for companies to complete the accounting under ASC 740. To the extent that a company’s accounting for certain income tax effects of the Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. The Company has included estimates of the impact of the Act in its financial results for the quarter ended February 28, 2018.

For the quarter ended February 28, 2018, the provision for income taxes includes provisional income tax benefit of $15.2 million related to items for which the Company could determine a reasonable estimate. The Company will monitor regulatory guidance issued with respect to the Act and refine the calculations as appropriate. Pursuant to SAB 118, adjustments to the provisional amounts recorded by the Company as of February 28, 2018 and identified within a subsequent measurement period of up to one year from the enactment date will be included as an adjustment to tax expense from continuing operations in the period the amounts are determined.

Provisional Amounts

Deferred tax assets and liabilities: The Company remeasured its U.S. deferred tax assets and liabilities at 21% during the quarter ended February 28, 2018. The Company is still analyzing certain aspects of the Act and calculations, which could affect the measurement of the balances or give rise to new deferred tax amounts. For the quarter ended February 28, 2018, the provision for income taxes includes provisional income tax benefit of $15.4 million related to the re-measurement of U.S. deferred tax balances.

Transition Tax on Deferred Foreign Earnings: The one-time transition tax is based on post-1986 earnings and profits that were previously deferred from U.S. income taxes. For the quarter ended February 28, 2018, the provision for income taxes includes provisional income tax expense of $0.2 million related to the one-time transition tax liability.

No additional income or withholding tax have been provided for any remaining undistributed foreign earnings or outside basis differences as the earnings were subject to the one-time transition tax and are either indefinitely reinvested or not material. As of February 28, 2018, determining the amount of the unrecognized deferred tax liability related to outside basis differences in these entities is not practicable. The Company is still in the process of analyzing the impact of the Act on our indefinite reinvestment assertion.

Inventories

Inventories are stated at the lower of cost or net realizable value using the first-in, first-out (“FIFO”) and average cost methods. The Company writes down inventories for estimated obsolescence or unmarketable inventory to estimated market value based upon assumptions about future demand and market conditions.

Property, Plant, Equipment and Mineral Interests

Property, plant, equipment and mineral interests are recorded at cost. The Company provides for depreciation, depletion or amortization on property, plant, equipment and mineral interests using the straight-line method over the estimated useful lives of the assets, which are generally 29-90 years for mineral interests, 20 to 30 years for buildings, 3 to 10 years for machinery and equipment, and 3 to 7 years for software. Leasehold improvements are depreciated over the shorter of the lease term or the estimated life of the improvement. Improvements which extend the useful life of property are capitalized, while repair and maintenance costs are charged to operations as incurred.

Depreciation expense was approximately $4,449 and $2,822 for the three months ended February 28, 2018 and 2017, respectively. Depletion of mineral interests was $493 and $332 for the three months ended February 28, 2018 and 2017, respectively.

Reclamation Costs

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred. Accounting principles require the Company to record a liability for the present value of the estimated reclamation costs and the related asset created with it. The liability is accreted and the asset is depreciated over the life of the related asset. Adjustments for changes resulting from the passage of time and changes to either the timing or the amount of the original present value estimate underlying the obligation will be made when appropriate.

Impairment of Long-Lived Assets and Goodwill

The Company regularly assesses long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. Recoverability of amortizing intangibles, property, plant, equipment and mineral interests is evaluated by comparing the carrying amount of the asset or group of assets against the estimated undiscounted future cash flows expected to result from the use of the asset or group of assets and its eventual disposition. If the undiscounted cash flows are less than the carrying value of the asset or group of assets being evaluated, an impairment loss is recorded. An impairment loss is measured as the difference between the fair value and carrying value of the asset or group of assets being evaluated. The estimated fair value is based on the best information available under the circumstances, including prices for similar assets or the results of valuation techniques, including the present value of expected future cash flows using a discount rate commensurate with the risks involved. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less cost to sell.

Aggregate amortization expense, including for other assets for the three months ended February 28, 2018 and 2017 was approximately $738 and $326, respectively.

Goodwill and tradenames are not amortized, but rather tested for impairment, at least annually or more frequently, if indicators of impairment exist. Recoverability of goodwill is measured in the fourth quarter each year by comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than its carrying amount, an indication of goodwill impairment exists and the Company must perform step two of the impairment test. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. The process of evaluating the potential impairment is highly subjective and requires significant judgment at many points during the analysis. In estimating the fair value, the Company makes estimates and judgments about the future cash flows. The Company's cash flow forecasts are based on assumptions that are consistent with the plans and estimates used by the Company to manage the underlying business. Tradenames are measured for recoverability by comparing estimated fair value to its carrying value. If the fair value of the tradenames is less than its carrying value, an impairment is recorded for the difference. There were no impairment indicators during the quarters ended February 28, 2018 and 2017.

Foreign Currency Translation

The financial statements of the Company's non-U.S. subsidiaries are translated into U.S. dollars. Foreign assets and liabilities recorded in the local currency are translated into U.S. dollars using the exchange rates in effect at each balance sheet date. Results of operations are translated using the average exchange rates throughout the period. The effects of exchange rate fluctuations on translation of assets and liabilities are reported as a separate component of Accumulated Other Comprehensive Loss included in Stockholders' Equity.

Subsequent Events

The condensed consolidated financial statements and related disclosures include an evaluation of events up to and through July 13, 2018, which is the date the condensed consolidated financial statements were available to be issued. On May 1, 2018, the Company closed on its previously announced agreement to be acquired by U.S. Silica Holdings, Inc., a producer of commercial silica used in the oil and gas industry, for $750 million, subject to working capital adjustments.

(Dollars in thousands)

3. Long-Term Debt

Long-term debt consisted of the following:

	February 28, 2018	November 30, 2017
1st Lien loan	$ 232,277	$ 232,433
2nd Lien loan	70,000	70,000
Capital leases	180	165
Less: unamortized discount and debt issuance costs	(4,154)	(4,568)
Long-Term Debt	298,303	298,030
Less: current portion	(704)	(694)
Long-Term Debt, Net of Current Portion	$ 297,599	$ 297,336

4. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are as follows:

February 28, 2018	Before Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Foreign currency translation adjustments	$ (419)	-	$ (419)
Changes in pension and post-retirement benefits	(6,838)	2,769	(4,069)
Accumulated Other Comprehensive Loss	$ (7,257)	$ 2,769	$ (4,488)

November 30, 2017	Before Tax Amount	Tax Expense (Benefit)	Net-of-Tax Amount
Foreign currency translation adjustments	$ (671)	-	$ (671)
Changes in pension and post-retirement benefits	(7,333)	3,156	(4,177)
Accumulated Other Comprehensive Loss	$ (8,004)	$ 3,156	$ (4,848)

5. Commitments and Contingencies

Environmental Matters

The Company is subject to extensive and evolving federal, state, local, and international environmental laws and regulations. Compliance with such laws and regulations can be costly. Governmental authorities may enforce these laws and regulations with a variety of enforcement measures, including monetary penalties and remediation requirements. The Company has policies and procedures in place to ensure that its operations are conducted in compliance with such laws and regulations and with a commitment to the protection of the environment.

Other

From time to time, the Company may be a party to lawsuits and legal proceedings arising in the ordinary course of business. In the opinion of the Company's management, these matters, individually and in the aggregate, are not expected to have a material adverse effect on the financial condition and the results operations and cash flows of the Company. Based on changes in circumstances or unforeseen future events, actual results could materially differ from these estimates.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

On May 1, 2018, U.S. Silica Company, a Delaware corporation (“Buyer” or “U.S. Silica”) and a wholly-owned subsidiary of U.S. Silica Holdings, Inc. (the “Company”), completed the acquisition (the “Acquisition”) of all of the outstanding capital stock of EP Acquisition Parent, Inc. (“EPAP”), a Delaware corporation, pursuant to the terms of that certain Agreement and Plan of Merger, dated as of March 22, 2018, by and among Buyer, EPAP, Tranquility Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Buyer, EPMC Parent LLC, a Delaware limited liability company, solely in its capacity as representative of the stockholders of EPAP, and solely for the purposes of Section 11.17 therein, Golden Gate Private Equity, Inc., a Delaware corporation (the “Merger Agreement”). Contemporaneous with the Acquisition, EPAP was renamed EP Minerals Holdings, Inc.

The consideration paid by the Buyer to the stockholders of EPAP at the closing of the Acquisition consisted of $742,841,000, net of cash acquired of $19,109,000, subject to customary closing adjustments.

In connection with the Acquisition, on May 1, 2018, the Company through its subsidiaries, USS Holdings, Inc., as guarantor, and U.S. Silica, as borrower, and certain of U.S. Silica's subsidiaries as additional guarantees entered into the Third Amended and Restated Credit Agreement) with BNP Paribas, as administrative agent and the lenders named therein (the “Credit Agreement”). The Credit Agreement increases U.S. Silica’s existing senior debt by entering into a new $1.38 billion senior secured credit facility, consisting of a $1.28 billion term loan and a $100 million revolving credit facility that may also be used for swingline loans or letters of credit, and U.S. Silica may elect to increase the term loan as defined in the Credit Agreement. The Credit Agreement is secured by substantially all of the assets of U.S. Silica and U.S. Silica’s domestic subsidiaries and a pledge of the equity interests in such entities. The term loan matures on May 1, 2025 and the revolving credit facility commitment expires May 1, 2023. A portion of the term loan proceeds were used to finance the Acquisition, pay fees and expenses associated with the transactions, and for general corporate purposes. The additional proceeds available from the term loan and the revolving credit facility will be available for general corporate purposes, which can be used for acquisitions, investments, dividends, and share repurchases, and for other general corporate purposes. Borrowings under the Credit Agreement bear interest at variable rates as determined at U.S. Silica’s election, at LIBOR or a base rate, in each case, plus an applicable margin. In addition, under the Credit Agreement, U.S. Silica is required to pay a per annum facility fee and fees for letters of credit.

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 March 31, 2018, for the three months ended March 31, 2018, and for the year ended December 31, 2017. The unaudited pro forma condensed combined balance sheet as of March 31, 2018 gives effect to the Acquisition as if it had occurred on that date. The unaudited pro forma condensed combined balance sheet data is derived from the unaudited historical financial statements of the Company and EPAP as of March 31, 2018 and February 28, 2018, respectively. The unaudited pro forma combined statement of operations for the year ended December 31, 2017, and for the three months ended March 31, 2018 have been prepared to illustrate the effects of the Acquisition, as if it had occurred on January 1, 2017. The unaudited pro forma combined statements of operations data is derived from the audited financial statements of the Company for the year ended December 31, 2017, the unaudited financial statements of the Company for the three months ended March 31, 2018, the audited financial statements of EPAP for the year ended November 30, 2017, and the unaudited financial statements of EPAP for the three months ended February 28, 2018.

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 March 31, 2018, nor are they necessarily indicative of our future results of operations. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or operating results of the combined company. The fair value of EPAP’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 EPAP assets acquired and EPAP liabilities assumed and related allocation of purchase price. The purchase price allocation and related depreciation, depletion and amortization included in the unaudited pro forma condensed 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 EPAP’s historical financial statements to conform to the presentation used in the Company's historical financial statements. Such reclassifications had no effect on EPAP’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 EPAP 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 years ended December 31, 2017 and 2016, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017;
- unaudited historical consolidated financial statements of the Company as of and for the three months ended March 31, 2018, included in the Company’s Quarterly Report on Form 10-Q for the three months ended March 31, 2018 and 2017;
- audited historical consolidated financial statements of EPAP as of and for the year ended November 30, 2017, included in this Form 8-K/A as Exhibit 99.1; and,
- unaudited historical consolidated financial statements of EPAP as of February 28, 2018 and November 30, 2017 and for the three months ended February 28, 2018 and 2017, included in this Form 8-K/A as Exhibit 99.2.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS OF MARCH 31, 2018
(dollars in thousands)

	US Silica Holdings, Inc. Historical March 31, 2018 (Unaudited)	EP Acquisition Parent, Inc. Historical February 28, 2018 (Unaudited)	Pro Forma Adjustments	Note	Pro Forma Combined Company
ASSETS					
Current Assets:					
Cash and cash equivalents	$ 329,512	$ 17,520	$ 1,589	4(a)(1)	$ 348,621
Accounts receivable, net	251,275	43,415	(61)	4(b)(1)	294,629
Inventories, net	76,579	45,097	39,298	4(b)(2)	160,974
Prepaid expenses and other current assets	13,023	4,796	(2,742)	4(b)(3)	15,077
Total current assets	670,389	110,828	38,084		819,301
Property, plant and mine development, net	1,195,722	214,519	370,617	4(b)(4)	1,780,858
Goodwill	274,879	57,906	81,472	4(b)(5)	414,257
Intangible assets, net	148,702	14,852	31,248	4(b)(6)	194,802
Other assets	17,346	13,353	(9,264)	4(b)(7)	21,435
Total assets	$ 2,307,038	$ 411,458	$ 512,157		$ 3,230,653
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable and accrued expenses	$ 154,148	$ 22,121	$ (431)	4(b)(8)	$ 175,838
Current portion of long-term debt	4,305	704	(704)	4(b)(9)	4,305
Current portion of capital leases	631	—	—		631
Current portion of deferred revenue	52,305	—	—		52,305
Income tax payable	605	—	—		605
Total current liabilities	211,994	22,825	(1,135)		233,684
Long-term debt, net	506,607	297,599	464,351	4(b)(10)	1,268,557
Deferred revenue	69,670	—	—		69,670
Liability for pension and other post-retirement benefits	50,167	—	—		50,167
Deferred income taxes, net	38,371	29,003	101,206	4(c)(1)	168,580
Payable to Related Party	—	1,106	(1,106)	4(b)(11)	—
Other long-term obligations	77,246	17,597	(7,831)	4(b)(12)	87,012
Total liabilities	954,055	368,130	555,485		1,877,670
Stockholders' Equity:					
Preferred stock	—	—	—		—
Common stock	814	—	—		814
Additional paid-in capital	1,153,336	104,388	(104,388)	4(d)(1)	1,153,336
Retained earnings	314,405	(56,572)	56,572	4(d)(2)	314,405
Treasury stock	(103,940)	—	—		(103,940)
Accumulated other comprehensive loss	(11,632)	(4,488)	4,488	4(d)(3)	(11,632)
Total stockholders' equity	1,352,983	43,328	(43,328)		1,352,983
Total liabilities and stockholders' equity	$ 2,307,038	$ 411,458	$ 512,157		$ 3,230,653

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2018
(dollars in thousands)

	US Silica Holdings, Inc. Historical March 31, 2018	EP Acquisition Parent, Inc. Historical February 28, 2018	Reclassification Adjustments	Pro Forma Adjustments	Note	Pro Forma Combined Company
	(Unaudited)	(Unaudited)	Note 1			
Sales:						
Product	$ 294,788	$ 58,614	$ —	$ —		$ 353,402
Service	74,525	—	—	—		74,525
Total sales	369,313	58,614	—	—		427,927
Cost of sales (excluding depreciation, depletion and amortization):						
Product	207,239	43,819	(4,794)	—		246,264
Service	53,671	—	—	—		53,671
Total cost of sales (excluding depreciation, depletion and amortization)	260,910	43,819	(4,794)	—		299,935
Operating expenses:						
Selling, general and administrative	34,591	8,691	—	(2,227)	5(a)	41,055
Depreciation, depletion and amortization	28,592	886	4,794	(2,372)	5(b)	31,900
Total operating expenses	63,183	9,577	4,794	(4,599)		72,955
Operating income	45,220	5,218	—	4,599		55,037
Other (expense) income:						
Interest expense	(7,070)	(5,811)	—	(5,449)	5(c)	(18,330)
Other income, net, including interest income	665	16	—	—		681
Total other expense	(6,405)	(5,795)	—	(5,449)		(17,649)
Income (loss) before income taxes	38,815	(577)	—	(850)		37,388
Income tax (expense) benefit	(7,521)	17,480		(17,203)	5(d)	(7,244)
Net income	$ 31,294	$ 16,903	$ —	$ (18,053)		$ 30,144
Earnings per share:						
Basic	$ 0.39					$ 0.38
Diluted	$ 0.39					$ 0.38
Weighted average shares outstanding:						
Basic	79,496					79,496
Diluted	80,309					80,309
Dividends declared per share	$ 0.06					$ 0.06

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017
(dollars in thousands)

	US Silica Holdings, Inc. Historical December 31, 2017 (Unaudited)	EP Acquisition Parent, Inc. Historical November 30, 2017 (Unaudited)	Reclassification Adjustments Note 1	Pro Forma Adjustments	Note	Pro Forma Combined Company
Sales:						
Product	$ 1,057,553	$ 213,219	$ —	$ —		$ 1,270,772
Service	183,298	—	—	—		$ 183,298
Total sales	1,240,851	213,219	—	—		1,454,070
Cost of sales (excluding depreciation, depletion and amortization):						
Product	720,312	151,375	(15,058)	—		856,629
Service	147,203	—	—	—		147,203
Total cost of sales (excluding depreciation, depletion and amortization)	867,515	151,375	(15,058)	—		1,003,832
Operating expenses:						
Selling, general and administrative	107,592	35,247	—	—		142,839
Depreciation, depletion and amortization	97,233	2,460	15,058	(4,285)	5(b)	110,466
Total operating expenses	204,825	37,707	15,058	(4,285)		253,305
Operating income	168,511	24,137	—	4,285		196,933
Other (expense) income:						
Interest expense	(31,342)	(19,217)	—	(20,679)	5(c)	(71,238)
Other income (expense), net, including interest income	(643)	108	—	—		(535)
Total other expense	(31,985)	(19,109)	—	(20,679)		(71,773)
Income before income taxes	136,526	5,028	—	(16,394)		125,160
Income tax (expense) benefit	8,680	(1,044)	—	321	5(d)	7,957
Net income	$ 145,206	$ 3,984	$ —	$ (16,073)		$ 133,117
Earnings per share:						
Basic	$ 1.79					$ 1.64
Diluted	$ 1.77					$ 1.62
Weighted average shares outstanding:						
Basic	81,051					81,051
Diluted	81,960					81,960
Dividends declared per share	$ 0.25					$ 0.25

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 Regulation S-X ("Regulation S-X") of the Securities and Exchange Commission (the "SEC"). 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 EPAP 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.

Reclassifications

Certain reclassifications have been made to EPAP’s historical financial statements to conform to the presentation used in the Company's historical consolidated financial statements, including depreciation, depletion and amortization. Such reclassifications had no effect on EPAP’s previously reported financial position or results of operations.

Comparative Periods

EPAP’s fiscal year end is November 30 and the Company's fiscal year end is December 31. Under Article 11 of Regulation S-X, if a target's fiscal year end varies by more than 93 days from the acquirer's fiscal year end, it is required to adjust interim periods until it is within 93 days. Since EPAP’s fiscal year end is within 93 days of the Company's fiscal year end, no adjustment is necessary and EPAP’s fiscal year end and interim period end are used as if they coincided with the Company's fiscal year end and interim period end.

Implementation of ASC 606

EPAP has been reviewed for ASC 606 compliance with the Company's accounting policies for revenue recognition. No material adjustments were necessary for the two months ending February 28, 2018, or at the transition date of January 1, 2018.

2. Calculation of Purchase Price

Pursuant to the Merger Agreement, U.S. Silica paid $742,841, net of cash acquired of $19,109, in cash consideration to acquire EPAP. The calculation of the purchase price is as follows:

(In thousands)	As of May 1, 2018
Purchase price	
Cash consideration paid for EPAP's common shares	$ 761,950
Less cash acquired	(19,109)
Total purchase price, net	**$ 742,841**

3. Preliminary Estimated Purchase Price Allocation

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

Allocation of Purchase price:		*(in thousands)*
Accounts receivable, net	$	43,354
Inventories		84,395
Property, plant and mine development		123,086
Mineral rights		462,050
Identifiable intangible assets - finite lived		21,050
Identifiable intangible assets - indefinite lived		25,050
Prepaids and deposits		2,054
Other assets		4,089
Goodwill		139,378
Total assets acquired		904,506
Accounts payable		13,435
Accrued expenses and other current liabilities		8,255
Deferred tax liabilities		130,209
Long term obligations		9,766
Total liabilities assumed		161,665
Net assets acquired	**$**	**742,841**

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(b).

Identifiable intangible assets

Preliminary identifiable intangible assets in the pro forma financial information consist of anticipated intangibles derived from technology and customer relationships with an estimated useful life of 15 years. The amortization related to these identifiable intangible assets is reflected as a pro forma adjustment in the unaudited pro forma condensed combined statements of operations, as further described in Note 5(b). The table below indicates the estimated fair value of technology and customer relationships and their estimated useful life:

		Approximate Fair Value	**Estimated Useful Life**
		(in thousands)	*(in years)*
Technology and intellectual property	$	2,000	15
Customer relationships		19,050	15
Total fair value of identifiable intangible assets	**$**	**21,050**	

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 the complementary industrial materials end markets and synergies expected to be achieved from the combined operations of U.S. Silica and EPAP. Both technology and customer relationships are expected to be deductible for tax purposes. Goodwill will not 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)(1)	Cash consideration paid for EPAP common shares	$	(750,000)
	Net working capital adjustment		(11,950)
	Debt issuance costs - credit agreement		(20,886)
	Debt issuance costs - letter of credit facility		(515)
	Debt borrowings directly attributable to the acquisition		783,331
	Net operating cash flows for EPAP through closing of acquisition		1,609
	Net cash outflow	**$**	**1,589**

(b)

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

			(in thousands)
4(b)(1)	Trade accounts receivable - Elimination of historical	$	(43,415)
	Trade accounts receivable - Fair value		43,354
	Net adjustment	**$**	**(61)**
4(b)(2)	Inventories - Elimination of historical	$	(45,097)
	Inventories - Fair value		84,395
	Net adjustment	**$**	**39,298**
4(b)(3)	Prepaids and other current assets - Elimination of historical	$	(4,796)
	Other current assets - Fair value		2,054
	Net adjustment	**$**	**(2,742)**
4(b)(4)	Property, plant and mine development - Elimination of historical	$	(214,519)
	Property, plant and mine development - Mineral Rights Fair value		462,050
	Property, plant and mine development - PPE Fair value		123,086
	Net adjustment	**$**	**370,617**
4(b)(5)	Goodwill - Elimination of historical	$	(57,906)
	Goodwill on purchase acquisition		139,378
	Net adjustment	**$**	**81,472**
4(b)(6)	Intangible assets - Definite lived - Elimination of historical	$	(14,852)
	Intangible assets - Definite lived - Fair value		2,000
	Intangible assets - Customer relationships - Elimination of historical		—
	Intangible assets - Customer relationships - Fair value		19,050
	Indefinite lived intangible assets - Elimination of historical		—
	Indefinite lived intangible assets, net - Fair value		25,050
	Net adjustment	**$**	**31,248**
4(b)(7)	Other assets - Elimination of historical	$	(13,353)
	Other assets - Fair value		4,089
	Net adjustment	**$**	**(9,264)**

4(b)(8)	Accounts payable - Elimination of historical	$	(12,920)
	Accounts payable - Fair value		13,435
	Other accrued liabilities - Elimination of historical		(9,201)
	Other accrued liabilities - Fair value		8,255
	Net adjustment	**$**	**(431)**
4(b)(9)	Long-term debt - Current - Elimination of historical	$	(704)
	Long-term debt - Current - Fair value		—
	Net adjustment	**$**	**(704)**
4(b)(10)	Long-term debt - Long term - Elimination of historical	$	(297,599)
	Long-term debt - Long term - Fair value		783,331
	Debt issuance costs - EPAP		(20,866)
	Debt issuance costs - letter of credit facility - EPAP		(515)
	Net adjustment	**$**	**464,351**
4(b)(11)	Payable to Related Party - Elimination of historical	$	(1,106)
	Net adjustment	**$**	**(1,106)**
4(b)(12)	Other long-term obligations - Elimination of Historical	$	(17,597)
	Other long-term obligations - Fair value		9,766
	Net adjustment	**$**	**(7,831)**

(c)

Adjustments to record deferred tax liabilities, which represent the estimated future tax effects, based on enacted tax laws, of temporary differences between the value of assets and liabilities acquired in the Acquisition for financial reporting and for tax purposes. These adjustments are based on estimates of the fair value of EPAP's assets to be acquired, the liabilities to be assumed, and the related allocations of purchase price.

			(in thousands)
4(c)(1)	Deferred tax liabilities - Elimination of historical	$	(29,003)
	Deferred tax liabilities - Post-merger balance		130,209
	Net adjustment	**$**	**101,206**

(d)

Reflects the following adjustments to shareholders' equity applicable to the Acquisition.

			(in thousands)
4(d)(1)	Additional Paid-in-capital - Elimination of historical	$	(104,388)
	Net adjustment	**$**	**(104,388)**

			(in thousands)
4(d)(2)	Retained Earnings - Elimination of historical	$	56,572
	Net adjustment	**$**	**56,572**

			(in thousands)
4(d)(3)	Accumulated Other Comprehensive Income - Elimination of historical	$	4,488
	Net adjustment	**$**	**4,488**

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

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2017 and for the three months ended March 31, 2018 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 $2.2 million and $32 thousand of non-recurring transaction costs incurred by U.S. Silica and EPAP, respectively, during the three months ended March 31, 2018. There were no non-recurring transaction costs incurred by U.S. Silica or EPAP during the year ended December 31, 2017. Non-recurring transaction costs of $11.4 and $1.6 million were incurred by U.S. Silica and EPAP, respectively, after March 31, 2018, or are expected to be incurred within the next 12 months after the closing date of May 1, 2018, and will be reflected in its financial reports. They are not included in this pro forma presentation.

		Pro Forma Year Ended December 31, 2017	Pro Forma Three Months Ended March 31, 2018
		(in thousands)	
5(a)	Non-recurring transaction costs - EP Minerals - Eliminated	$ —	$ (32)
	Non-recurring transaction costs - U.S. Silica - Eliminated		(2,195)
	Total non-recurring transaction costs incurred and eliminated	**$ —**	**$ (2,227)**

		Company	EPAP
	Costs incurred for transaction, but not recorded until after March 31, 2018	**$ 11,379**	**$ 1,643**

(b)

Represents adjustments to record incremental depreciation and depletion expenses related to the fair value adjustment of property, plant and mine development, and amortization expense related to identifiable intangible assets, calculated on a straight-line basis.

		Pro Forma Year Ended December 31, 2017	Pro Forma Three Months Ended March 31, 2018
		(in thousands)	
5(b)	Depreciation and depletion of property, plant and mine development - Elimination of historical	$ (15,605)	$ (4,942)
	Depreciation and depletion of property, plant and mine development - Fair value	11,830	2,957
	Amortization of identifiable intangible assets - Elimination of historical	(1,913)	(738)
	Amortization of identifiable intangible assets - Fair value	1,403	351
	Total incremental depreciation, depletion and amortization expense	**$ (4,285)**	**$ (2,372)**

(c)

Represents incremental interest expense from approximately $783.3 million of borrowings that was directly attributable to finance the Acquisition, including pro rata financing costs, calculated by using the variable one-month LIBOR interest rate, plus applicable margin of 4.00%, giving a total interest rate range of 4.99% to 5.75% during the pro forma year ended December 31, 2017, and the three months ended March 31, 2018.

		Pro Forma Year Ended December 31, 2017	Pro Forma Three Months Ended March 31, 2018
		(in thousands)	
5(c)	Pro forma incremental interest expense incurred from borrowings to finance acquisition	$ (39,896)	$ (11,260)
	Interest expense - Elimination of historical EPAP debt repaid	(19,217)	(5,811)
	Total incremental interest expense	**$ (20,679)**	**$ (5,449)**

(d) 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 rates adjusted for certain permanent tax differences. The Company's pro forma effective tax rate was (6.4%) for the year ended December 31, 2017 and 19.4% for the three months ended March 31, 2018.

		Pro Forma Year Ended December 31, 2017	Pro Forma Three Months Ended March 31, 2018
		(in thousands)	
5(d)	Income tax benefit (expense) - Pro forma combined	$ 7,957	$ (7,244)
	Income tax benefit (expense) - Historical combined	7,636	9,959
	Net adjustment	**$ 321**	**$ (17,203)**