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

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# FORM 8-K/A

**Amendment No. 1 to Form 8-K**

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**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

**Date of Report (date of earliest event reported): August 16, 2016**

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

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**Delaware**
**(State or other jurisdiction of incorporation)**

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

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

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

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

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

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

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

## Explanatory Note

On August 16, 2016, U.S. Silica Holdings, Inc., a Delaware corporation ("U.S. Silica" or the "Company"), completed the acquisition of New Birmingham, Inc., a Nevada corporation ("NBI"), pursuant to the terms of the previously announced Agreement and Plan of Merger, by and among the Company, New Birmingham Merger Corp., a Nevada corporation and wholly owned subsidiary of the Company ("Merger Sub 1"), NBI Merger Subsidiary II, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub 2"), NBI, and each of David Durrett and Erik Dall as representatives of the sellers and option holders (the "Merger Agreement"), pursuant to which the Company acquired all of the outstanding capital stock of NBI through the merger of Merger Sub 1 with and into NBI, followed immediately by the merger of NBI with and into Merger Sub 2 (collectively, the "Merger"). The Form 8-K filed August 18, 2016 (the "Initial 8-K") omitted the financial statements of the business acquired and the pro forma combined financial information as permitted by Item 9.01(a)(4) and Item 9.01(b)(2) of Form 8-K. This amendment to the Initial 8-K is being filed to provide the financial statements and pro forma financial information required by Item 9.01 of Form 8-K. The Initial 8-K otherwise remains the same and the Items therein, including Item 9.01, are hereby incorporated by reference into this Current Report on Form 8-K/A.

The consideration paid by the Company to the stockholders of NBI at the closing of the Merger consisted of $106,509,000 of cash, subject to customary post-closing adjustments and 2,630,513 shares of common stock of the Company. A portion of the cash consideration has been deposited into escrow to support the post-closing purchase price adjustment and the sellers' indemnification obligations.

### Item 9.01 Financial Statements and Exhibits.

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

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

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

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

*(b) Pro forma financial information*

The unaudited pro forma condensed combined balance sheet as of June 30, 2016, and statements of operations for the year ended December 31, 2015 and for the six months ended June 30, 2016, including the notes thereto, are filed herewith as Exhibit 99.3.

*(d) Exhibits*

| Exhibit No. | Description |
|---|---|
| 23.1* | Consent of Independent Auditor – BDO USA, LLP |
| 99.1* | The audited financial statements of NBI as of and for the year ended December 31, 2015, including the notes thereto. |
| 99.2* | The unaudited financial statements of NBI as of and for the six months ended June 30, 2016, including the notes thereto. |
| 99.3* | The unaudited pro forma condensed consolidated financial statements of U.S. Silica as of and for the six months ended June 30, 2016, and for the year ended December 31, 2015, including the notes thereto, |

* filed herewith

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 30, 2016

U.S. SILICA HOLDINGS, INC.

/s/ Christine C. Marshall

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

## EXHIBIT INDEX

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

**Exhibit 23.1**

# Consent of Independent Auditor

U.S. Silica Holdings, Inc.
Frederick, Maryland

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-210238 and 333-213870) and Form S-8 (No. 333-179480 and 333-204062) of U.S. Silica Holdings, Inc. of our report dated May 23, 2016, relating to the consolidated financial statements as of December 31, 2015 and 2014, and for the years then ended of New Birmingham, Inc., which appears in this Form 8K/A.

/s/ BDO USA, LLP
Houston, Texas
September 30, 2016

**Independent Auditor's Report**

Board of Directors
New Birmingham, Inc.
Tyler, Texas

We have audited the accompanying consolidated financial statements of New Birmingham, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

***Management's Responsibility for the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 New Birmingham, Inc. and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP
May 23, 2016

**New Birmingham, Inc.**
**Consolidated Balance Sheets**
**December 31, 2015 and 2014**

| | 2015 | 2014 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 8,060,216 | $ 3,300,537 |
| Restricted cash | 100,548 | 100,347 |
| Trade receivables, net | 2,136,519 | 6,167,342 |
| Federal income tax receivable | 271,213 | 217,546 |
| Inventories | 505,040 | 406,843 |
| Note receivable, currently due | 74,728 | — |
| Other | 200,000 | 200,000 |
| Total current assets | 11,348,264 | 10,392,615 |
| Property, machinery and equipment | | |
| Property, machinery and equipment | 45,087,556 | 38,891,771 |
| Machinery and equipment under construction | 2,496,637 | 2,778,596 |
| Total property, machinery and equipment | 47,584,193 | 41,670,367 |
| Accumulated depreciation | (7,760,702) | (5,350,080) |
| Property, machinery and equipment, net | 39,823,491 | 36,320,287 |
| Note receivable, less current portion | 7,465,272 | — |
| Total assets | $58,637,027 | $46,712,902 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities | | |
| Current maturities of obligations under capital leases | $ 1,454,891 | $ 1,408,722 |
| Current maturities of notes payable | 2,249,913 | 4,119,182 |
| Accounts payable and accrued expenses | 913,569 | 3,257,617 |
| Total current liabilities | 4,618,373 | 8,785,521 |
| Obligations under capital leases, net of current maturities | 2,994,947 | 3,254,272 |
| Notes payable, net of current maturities | 17,887,352 | 17,312,045 |
| Deferred tax liability | 7,224,898 | 4,000,794 |
| Total liabilities | 32,725,570 | 33,352,632 |
| Commitments and contingencies (Note 10) | | |
| Stockholders' equity | | |
| Preferred stock, $0.001 par value, 100,000,000 shares authorized; no shares outstanding | — | — |
| Common stock, $0.001 par value, 200,000,000 shares authorized; 65,468,000 and 62,350,000 shares issued and outstanding, respectively | 65,468 | 62,350 |
| Additional paid-in capital | 1,140,042 | 581,920 |
| Retained earnings | 24,705,947 | 12,716,000 |
| Total stockholders' equity | 25,911,457 | 13,360,270 |
| Total liabilities and stockholders' equity | $58,637,027 | $46,712,902 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**New Birmingham, Inc.**
**Consolidated Statements of Operations**
**Years Ended December 31, 2015 and 2014**

| | 2015 | 2014 |
|---|---|---|
| Revenues | | |
| Sand operations | $40,222,509 | $32,864,370 |
| Iron ore operations | 491,874 | 338,194 |
| Transportation and other | 64,380 | 189,360 |
| Total revenues | 40,778,763 | 33,391,924 |
| Cost of sales | | |
| Cost of sales | 17,971,748 | 15,068,764 |
| Depreciation expense | 3,011,670 | 2,118,103 |
| Total cost of sales | 20,983,418 | 17,186,867 |
| Gross profit | 19,795,345 | 16,205,057 |
| Operating expenses | | |
| Compensation expenses | 2,031,018 | 707,735 |
| Selling, general & administrative expenses | 1,598,243 | 1,157,024 |
| Depreciation and amortization | 5,467 | 4,748 |
| (Gain) loss on sales of assets | (8,494,719) | 94,243 |
| Total operating expenses | (4,859,991) | 1,963,750 |
| Operating income | 24,655,336 | 14,241,307 |
| Other income (expense) | | |
| Interest income | 275,948 | 10,362 |
| Interest expense | (1,830,243) | (1,145,979) |
| Other income, net | 21,437 | 36,419 |
| Total other income (expense), net | (1,532,858) | (1,099,198) |
| Income before income taxes | 23,122,478 | 13,142,109 |
| Provision for income taxes | 8,132,531 | 4,614,004 |
| Net income | $14,989,947 | $ 8,528,105 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**New Birmingham, Inc.**
**Consolidated Statements of Cash Flows**
**Years Ended December 31, 2015 and 2014**

| | 2015 | 2014 |
|---|---|---|
| Cash flows from operating activities | | |
| Net income | $14,989,947 | $ 8,528,105 |
| Reconciliation of net income to cash flows from operating activities | | |
| Depreciation and amortization expense | 3,017,137 | 2,122,851 |
| Deferred tax expense | 3,224,104 | 1,468,753 |
| Stock compensation expense | 561,240 | — |
| Recapitalized interest on note obligation | 95,907 | — |
| (Gain) loss on sale of assets | (8,494,719) | 94,243 |
| Changes in assets and liabilities: | | |
| Trade receivables | 4,030,823 | (4,768,828) |
| Receivables from employees | — | 85 |
| Inventories | (98,197) | (5,140) |
| Federal income taxes receivable | (53,667) | 375,736 |
| Prepaid expenses and other current assets | — | 10,000 |
| Accounts payable and accrued expenses | (2,344,048) | 2,154,422 |
| Net cash provided by operating activities | 14,928,527 | 9,980,227 |
| Cash flows from investing activities: | | |
| Capital expenditures | (7,888,623) | (10,400,751) |
| Increase in restricted cash | (201) | (200) |
| Proceeds from sale of intangible assets | — | 195,500 |
| Proceeds from sale of property and equipment | 3,604,337 | 1,548,574 |
| Net cash used in investing activities | (4,284,487) | (8,656,877) |
| Cash flows from financing activities | | |
| Dividends paid | (3,000,000) | — |
| Issuance of common stock | — | 9,976,250 |
| Common stock repurchased | — | (9,976,250) |
| Borrowings under note obligations | 556,779 | 3,616,035 |
| Principal payments of note obligations | (1,946,648) | (2,204,166) |
| Principal payments of capital lease obligations | (1,494,492) | (2,051,978) |
| Net cash used in financing activities | (5,884,361) | (640,109) |
| Net increase in cash and cash equivalents | 4,759,679 | 683,241 |
| Cash and cash equivalents, beginning of year | 3,300,537 | 2,617,296 |
| Cash and cash equivalents, end of year | $ 8,060,216 | $ 3,300,537 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | $ 1,830,243 | $ 1,145,979 |
| Cash paid for income taxes | $ 4,984,546 | $ 2,557,458 |
| Supplemental disclosure of non-cash transactions | | |
| Borrowings under capital lease obligations | $ 1,281,336 | $ 4,319,340 |
| Issuance of note receivable related to sale of land | $ 7,540,000 | $ — |

*The accompanying notes are an integral part of these consolidated financial statements.*

## New Birmingham, Inc.
## Consolidated Statements of Stockholders' Equity
## Years Ended December 31, 2015 and 2014

| | Preferred Stock | | Common Stock | | Additional Paid-In Capital | Treasury Stock | Retained Earnings | Total Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| Balance - December 31, 2013 | — | $ — | 62,350,000 | $62,350 | $ 581,920 | $ — | $ 4,187,895 | $ 4,832,165 |
| Common stock repurchase | — | — | (8,675,000) | — | — | (9,976,250 | — | (9,976,250) |
| Issuance of common stock | — | — | 8,675,000 | — | — | 9,976,250 | — | 9,976,250 |
| Net income | — | — | — | — | — | — | 8,528,105 | 8,528,105 |
| Balance - December 31, 2014 | — | — | 62,350,000 | 62,350 | 581,920 | — | 12,716,000 | 13,360,270 |
| Dividends paid | — | — | — | — | — | — | (3,000,000) | (3,000,000) |
| Stock compensation expense | — | — | 3,118,000 | 3,118 | 558,122 | — | — | 561,240 |
| Net income | — | — | — | — | — | — | 14,989,947 | 14,989,947 |
| Balance - December 31, 2015 | — | $ — | 65,468,000 | $65,468 | $1,140,042 | $ — | $24,705,947 | $25,911,457 |

*The accompanying notes are an integral part of these consolidated financial statements.*

## Notes to Consolidated Financial Statements

### 1. Description of the Company and Summary of Significant Accounting Policies

#### Business Operations

New Birmingham, Inc., a Nevada corporation, (the "Parent") was incorporated in November 2007 as a holding company for New Birmingham Resources, LLC ("NBR"). NBR was formed in February 2005 to acquire an aggregate and iron ore operation in Rusk, Texas. In May 2007, NBR acquired Capital Sands, LLC (renamed NBR Sand, LLC), a sand production operation in Tyler, Texas. In November 2007, as part of a corporate restructuring to consolidate and acquire the iron, sand, transportation and port operations either owned directly by NBR or indirectly through common ownership of the individual owners of NBR, the Parent acquired NBR concurrent with NBR acquiring the transportation entity Ore Trans, LLC and the port property Golden Triangle Maritime, LLC. Ore Trans, LLC was renamed NBR Trans, LLC and Golden Triangle Maritime, LLC was split into two entities, NBR Maritime I, LLC and NBR Maritime II, LLC.

New Birmingham, Inc. and its subsidiaries (collectively the "Company") are engaged in the mining, production and sales of frac sand, iron ore, limestone, concrete, and other aggregates throughout the Unites States. In addition, the Company owned port property along the Gulf of Mexico.

#### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of New Birmingham, Inc. and its subsidiaries. All significant intercompany 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 ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Revenue Recognition

Revenue is recognized when delivery has occurred, title and risk of loss has passed to the customer, collection is reasonably assured, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

#### Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

#### Restricted Cash

At December 31, 2015 and 2014, the Company had a letter of credit outstanding for $100,548 and $100,347, respectively, which matured on February 27, 2016. The letter of credit was collateralized by cash, which has been classified as restricted cash at December 31, 2015 and 2014.

#### Receivables

The Company provides an allowance for doubtful accounts equal to estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible the Company's estimate of the allowance for doubtful accounts will change. At December 31, 2015 and 2014, the Company had no allowance for doubtful accounts as management believes all receivables are fully collectible.

**Inventories**

Inventories consist entirely of frac sand and are stated at the lower of cost or market. Cost is determined using the average cost method and includes costs of mining and allocated overhead.

**Property, Machinery and Equipment**

Property, machinery and equipment is stated at cost and is depreciated utilizing the straight-line method over their estimated useful lives. The cost of assets retired and the related accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations when assets are disposed. Repairs and maintenance are charged to expense as incurred. Expenditures for major additions and replacements that extend the lives of assets are capitalized and depreciated over their remaining estimated useful lives. The Company depreciates assets over the following estimated useful lives:

| | |
|---|---|
| Buildings | 10 - 40 years |
| Heavy machinery and equipment | 5 - 10 years |
| Office furniture and equipment | 5 - 10 years |
| Plant and plant equipment | 5 - 40 years |
| Trucks, trailers and vehicles | 5 - 10 years |

**Impairment of Long-Lived Assets**

Long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are fully recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value of asset less the cost to sell.

**Fair Value of Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tiered hierarchy is summarized as follows:

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Other significant observable inputs.

Level 3 - Significant unobservable inputs.

The Company’s financial instruments include cash and cash equivalents, accounts receivable, notes receivable and accounts payable, for which carrying values approximate fair values due to the short-term nature of these instruments. The carrying values of notes payable approximate the fair values as each of the interest rates approximate rates available to the Company for similar borrowings.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*. The Company does not have any assets or liabilities measured at fair value on a recurring basis.

*Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis.* Non-recurring fair value measurements include the assessment of property, plant, and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

## Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect of a change in tax rates is recognized as income in the period that includes the enactment date. When management determines that it is more than likely that a deferred tax asset will not be realized, a valuation allowance is established.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. As of December 31, 2015 and 2014, there were no amounts that had been accrued in respect to uncertain tax positions.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service ("IRS") or state authorities. However, fiscal years 2012 and later remain open and subject to examination.

## Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consists principally of cash in banks, restricted cash and trade receivables. The Company manages this risk by maintaining all deposits in high quality financial institutions and periodically performing evaluations of the relative credit standing of the financial institutions and investment funds that are considered in the Company's investment strategy.

The Company grants unsecured credit to its customers during the normal course of business. The Company performs ongoing credit evaluations of its customers to minimize any potential loss. Historically, no significant credit related losses have been incurred.

In 2015, sales to two customers accounted for approximately 55% and 32% of total sales, and receivables from those customers accounted for approximately 61% and 23% of total trade receivables at December 31, 2015. In 2014, sales to three customers accounted for approximately 32%, 21% and 19% of total sales, and receivables from those customers accounted for approximately 45%, 10% and 2% of total trade receivables at December 31, 2014.

## Stock-Based Compensation

The Company measures stock-based compensation cost as of the grant date based on the estimated fair value of the award less an estimated rate for pre-vesting forfeitures, and recognizes compensation expense on a straight-line basis over the vesting period. For performance-based awards, the Company must also make assumptions regarding the likelihood of achieving performance targets.

## Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. Such reclassifications had no effect on net income, cash flows or stockholders' equity as previously reported.

2. **Property, Machinery and Equipment**

Property, machinery and equipment consisted of the following at December 31, 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Land and land improvements | $ 5,698,936 | $ 7,406,820 |
| Buildings | 1,561,434 | 1,561,434 |
| Heavy machinery and equipment | 7,432,508 | 7,023,432 |
| Plant and plant equipment | 30,256,594 | 22,762,001 |
| Trucks, trailers and vehicles | 19,045 | 19,045 |
| Office furniture and equipment | 119,039 | 119,039 |
| Equipment under construction | 2,496,637 | 2,778,596 |
| Total property, plant and equipment | 47,584,193 | 41,670,367 |
| Less - accumulated depreciation | (7,760,702) | (5,350,080) |
| Property, plant and equipment, net | $39,823,491 | $36,320,287 |

Total depreciation of $3,017,137 and $2,122,851 was expensed in 2015 and 2014, respectively, of which $3,011,670 and $2,118,103, respectively, was allocated to cost of sales. Included in depreciation expense allocated to cost of sales in 2015 and 2014 is amortization expense on assets acquired under capital leases of $1,200,603 and $1,077,327, respectively.

During 2013, the Company entered into an asset purchase agreement with a third party for land and water contract rights for $450,000, with $200,000 allocated to land and $250,000 allocated to water contract rights. The agreement contained a purchase option of additional land for $750,000. The Company did not exercise the purchase option. The Company determined the assets acquired were unsuitable for the Company's business plans and entered into a plan to dispose of those assets. The Company recorded the land as assets held-for-sale of $200,000, included in other on the consolidated balance sheet, and expects to sell the land during 2016. In February 2014, the Company sold the water contract rights for $195,500.

3. **Note Receivable**

On May 19, 2015, the Company completed the sale of all port land owned for total consideration of $10,790,000. Terms of the sale include a cash receipt of $3,250,000 and a term note of $7,540,000 from the buyer. Terms of the term note call for interest at 6% with the following repayment schedule over 84 months beginning July 1, 2015: monthly interest payments of $37,500 for 12 months; monthly principal and interest payments of $50,000 for 12 months; monthly principal and interest payments of $62,500 for 12 months; monthly principal and interest payments of $75,000 for 12 months; monthly principal and interest payments of $100,000 for 12 months; monthly principal and interest payments of $125,000 for 12 months; monthly principal and interest payments of $150,000 for 12 months; and a final balloon payment of $3,001,232 due June 1, 2022.

At December 31, 2015, the outstanding note receivable under this agreement was $7,540,000, of which $74,728 was reflected as currently due.

4. **Line of Credit Agreement**

Effective December 13, 2012, the Company entered into a $4,000,000 revolving line of credit with a bank, secured by the Company's accounts with the bank, trade accounts receivable, and the guarantees of all subsidiaries of the Company. Terms of the revolving line of credit call for interest at libor plus 3.25% (3.49% at December 31, 2015), with monthly interest payments and all outstanding principal and accrued but unpaid interest due on or before

December 12, 2016. At December 31, 2015 and 2014, the Company had no amounts outstanding under the agreement. The line of credit contains customary covenants, including maintenance of certain financial ratios. As of December 31, 2015, the Company was in compliance with all of the debt covenants.

## 5. Notes Payable

Notes payable consists of the following at December 31, 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Note payable to an investment group; due by June 30, 2032; monthly principal and interest payments based on royalty formula; secured by mining property | $13,212,985 | $14,299,935 |
| Note payable to a customer; interest at 3.5%; due by May 31, 2016, monthly payments based on Supply Agreement (also see Note 11); secured by Deed of Trust and equipment | 3,289,946 | 3,247,712 |
| Note payable to a bank; interest at 4.45%; due on February 1, 2021; monthly principal payments of $54,338 plus interest; secured by equipment | 3,368,980 | 3,355,585 |
| Note payable to a financial institution; interest at 3.94%; due on January 11, 2017; monthly principal and interest payments of $7,684; secured by heavy machinery | — | 191,606 |
| Note payable to a bank; interest at libor plus 3.25%; (3.49% at December 31, 2015); due on December 31, 2022; monthly principal payments of $3,159 plus interest; secured by land | 265,354 | 303,262 |
| Note payable to a financial institution; interest at 4.95%; due on June 5, 2015; monthly principal and interest payments of $5,581; secured by heavy machinery | — | 33,127 |
| Total long-term debt | 20,137,265 | 21,431,227 |
| Less - current maturities | (2,249,913) | (4,119,182) |
| Total notes payable, net of current maturities | $17,887,352 | $17,312,045 |

Schedule maturities of note payable obligations are as follows:

| Years ended December 31, | |
|---|---|
| 2016 | $ 2,249,913 |
| 2017 | 2,149,509 |
| 2018 | 1,922,061 |
| 2019 | 1,922,061 |
| 2020 | 2,422,061 |
| Thereafter | 9,471,660 |
| Total | $20,137,265 |

6. **Obligations under Capital Leases**

At December 31, 2015, the Company had capital lease obligations to various financial institutions for machinery and equipment utilized in the Company's operations. The aggregate cost of the heavy machinery and equipment acquired under capital leases is $8,998,097. Accumulated amortization was $2,521,331 at December 31, 2015. The scheduled future minimum lease payments under capital leases as of December 31, 2015 are:

| Year ending December 31, | |
|---|---|
| 2016 | $1,576,608 |
| 2017 | 2,362,735 |
| 2018 | 712,648 |
| Total minimum lease payments | 4,651,991 |
| Less amount representing interest | (202,153) |
| Present value of minimum lease payments | $4,449,838 |

7. **Operating Leases**

From time to time, the Company will enter into monthly operating lease arrangements with heavy equipment suppliers and rental companies. These leases are generally short-term in nature with various monthly rental rates, terms and conditions.

Total lease expense for the years ended December 31, 2015 and 2014, was $644,005 and $667,960, respectively, which was entirely charged to cost of sales.

8. **Income Taxes**

Income tax expense for 2015 and 2014 consisted of the following:

| | 2015 | 2014 |
|---|---|---|
| Current tax expense | $4,714,111 | $2,933,194 |
| Deferred tax expense | 3,224,104 | 1,468,753 |
| State franchie tax expense | 194,316 | 212,057 |
| Total provision for income taxes | $8,132,531 | $4,614,004 |

Deferred income taxes are provided for differences between the financial statements carrying amount of existing assets and liabilities and their respective tax basis. Significant deferred tax assets and liabilities at December 31, 2015 and 2014 were as follows:

| | 2015 | 2014 |
|---|---|---|
| Deferred tax assets and liabilities: | | |
| Stock compensation | $ 362,182 | $ 171,360 |
| Property, plant and equipment | (7,587,080) | (4,172,154) |
| Net deferred tax liability | $(7,224,898) | $(4,000,794) |

9. **Equity Transactions**

**Common Stock**

In November 2015, the Company paid a $3,000,000 dividend, or $0.046 per share, to shareholders of record as of November 19, 2015.

In June 2014, the Company completed the repurchase of 8,675,000 common shares at a cost of $9,976,250. Concurrent with the common share repurchase, the Company issued 8,675,000 common shares in a private placement for total proceeds of $9,976,250.

In May 2014, the Company entered into a Stockholders Agreement ("Agreement") with the existing stockholders of the Company. The Agreement set forth an incentive plan by which:

(a) the chief executive officer at his sole discretion can grant stock awards to key personnel that is subject to achieving certain performance conditions over a twelve month period beginning July 1, 2014. Upon meeting the performance conditions an aggregate of up to 3,118,000 may be issued to key personnel. The grant date fair value of each stock award was $0.18. The fair value was determined using the market approach which uses Level 3 inputs. The Company assumed no forfeitures because the awards were a part of a key personnel pool and allocable at the sole discretion of the chief executive officer. The performance conditions were achieved at the end of the measurement period, therefore, as of December 31, 2015, the Company issued 3,118,000 shares and recognized compensation expense of $561,240. As of December 31, 2014, the Company did not anticipate the performance conditions to be met, therefore, no compensation expense was recognized.

(b) key personnel would be entitled to 3,118,000 stock awards upon a liquidity event, as defined in the Agreement. The grant date fair value of each stock award was $0.18. The fair value was determined using the market approach which uses Level 3 inputs. The Company assumed no forfeitures because the awards were a part of a key personnel pool and allocable at the sole discretion of the chief executive officer. At December 31, 2015 and 2014, there is $561,240 of unrecognized compensation cost related to these stock awards. Such amount will be recognized in the future upon the occurrence of a liquidity event that results in the vesting of the stock awards.

In October 2011, the Company issued options to purchase an aggregate 750,000 common shares of the Company to three outside board members. The options vested immediately and carry an exercise price of $1.25 per share for a period of 5 years. There were no options issued during 2015 and 2014.

**Preferred Stock**

The Company is authorized to issue up to 100,000,000 shares of its $0.001 par value preferred stock. At December 31, 2015 and 2014, the Company had no preferred stock issued or outstanding.

## 10. Commitments and Contingencies

From time to time, the Company is subject to litigation, primarily as a result of customer claims, in the ordinary conduct of its operations. As of December 31, 2015, the Company had no knowledge of any legal proceedings, individually or in the aggregate, that would have a material adverse effect on the Company's financial position or results of operations. See Notes 6 and 7 for discussion of the Company's capital and operating leases.

## 11. Subsequent Events

Management has evaluated subsequent events through May 23, 2016, the date which the financial statements were available to be issued.

Effective January 1, 2016, the Company entered into an amendment to a master supply note agreement ("the amended agreement") with a supplier whereby the outstanding principal balance due under the agreement was reduced from $3,289,946 to $3,000,000. Terms of the amended agreement call for the Company to repay $2,500,000 at 0% interest, in equal monthly payments beginning January 1, 2016 for 60 months. The Company will repay the remaining $500,000 in the form of product load credits as defined in the agreement for products sold between January 1, 2016 and December 31, 2020. In the event the load credits do not result in full repayment of the $500,000 by December 31, 2020, any remaining balance will be cancelled.

In March 2016, the Company paid a $3,000,000 dividend to shareholders of record as of March 15, 2016.

**Exhibit 99.2**

**New Birmingham, Inc.**
**Condensed Consolidated Balance Sheets**
**As of June 30, 2016 and December 31, 2015**
**(Unaudited)**

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 9,517,243 | $ 8,060,216 |
| Restricted cash | 463,810 | 100,548 |
| Trade receivables, net | 1,175,184 | 2,136,519 |
| Federal income tax receivable | 4,515,318 | 271,213 |
| Inventories | 933,179 | 505,040 |
| Note receivable, current | 164,986 | 74,728 |
| Other | 200,000 | 200,000 |
| Total current assets | 16,969,720 | 11,348,264 |
| Property, machinery and equipment | | |
| Property, machinery and equipment | 46,033,562 | 45,087,556 |
| Machinery and equipment under construction | 1,428,168 | 2,496,637 |
| Total property, machinery and equipment | 47,461,730 | 47,584,193 |
| Accumulated depreciation and amortization | (9,405,378) | (7,760,702) |
| Property, machinery and equipment, net | 38,056,352 | 39,823,491 |
| Note receivable, less current portion | 7,362,714 | 7,465,272 |
| Total assets | $62,388,786 | $58,637,027 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities | | |
| Current maturities of obligations under capital leases | $ 1,547,665 | $ 1,454,891 |
| Current maturities of notes payable | 1,872,404 | 2,249,913 |
| Accounts payable and accrued expenses | 969,404 | 913,569 |
| Total current liabilities | 4,389,473 | 4,618,373 |
| Obligations under capital leases, net of current maturities | 2,016,220 | 2,994,947 |
| Notes payable, net of current maturities | 16,675,593 | 17,887,352 |
| Deferred tax liability | 8,599,099 | 7,224,898 |
| Total liabilities | 31,680,385 | 32,725,570 |
| Commitments and contingencies (Note 10) | | |
| Stockholders' equity | | |
| Preferred stock, $0.001 par value, 100,000,000 shares authorized; no shares outstanding | — | — |
| Common stock, $0.001 par value, 200,000,000 shares authorized; 65,468,000 shares issued and outstanding | 65,468 | 65,468 |
| Additional paid-in capital | 1,140,042 | 1,140,042 |
| Retained earnings | 29,502,891 | 24,705,947 |
| Total stockholders' equity | 30,708,401 | 25,911,457 |
| Total liabilities and stockholders' equity | $62,388,786 | $58,637,027 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**New Birmingham, Inc.**
**Unaudited Condensed Consolidated Statements of Operations**
**Six Months Ended June 30, 2016 and 2015**
**(Unaudited)**

| | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|
| Revenues | | |
| Sand operations | $12,122,801 | $16,416,664 |
| Iron ore operations | 105,005 | 246,386 |
| Transportation and other | — | 64,380 |
| Total revenues | 12,227,806 | 16,727,430 |
| Cost of sales | | |
| Cost of sales | 3,326,030 | 7,390,560 |
| Depreciation and amortization | 1,783,444 | 1,396,499 |
| Total cost of sales | 5,109,474 | 8,787,059 |
| Gross profit | 7,118,332 | 7,940,371 |
| Operating expenses | | |
| Compensation | 619,377 | 927,868 |
| Selling, general & administrative | 593,785 | 752,737 |
| Depreciation and amortization | 2,632 | 2,733 |
| (Gain) loss on sales of assets | 94,171 | (8,543,826) |
| Total operating expenses | 1,309,965 | (6,860,488) |
| Operating income | 5,808,367 | 14,800,859 |
| Other income (expense) | | |
| Interest income | 233,407 | 42,253 |
| Interest expense | (630,100) | (1,005,070) |
| Gain on debt forgiveness | 603,404 | — |
| Other income (expense), net | (204,276) | 14,467 |
| Total other income (expense), net | 2,435 | (948,350) |
| Income before income taxes | 5,810,802 | 13,852,509 |
| Provision for (benefit from) income taxes | (1,986,142) | 4,719,374 |
| Net income | $ 7,796,944 | $ 9,133,135 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**New Birmingham, Inc.**
**Condensed Consolidated Statements of Cash Flows**
**Six Months Ended June 30, 2016 and 2015**
**(Unaudited)**

| | Six Months Ended June 30, 2016 | 2015 |
|---|---|---|
| Cash flows from operating activities | | |
| Net income | $ 7,796,944 | $ 9,133,135 |
| Reconciliation of net income to cash flows provided by operating activities | | |
| Depreciation and amortization expense | 1,786,076 | 1,399,232 |
| Deferred tax expense (benefit) | 1,374,201 | 1,740,821 |
| Gain on debt forgiveness | (603,404) | — |
| Recapitalized interest on note obligation | — | 46,852 |
| (Gain) loss on sale of assets | 94,171 | (8,543,826) |
| Changes in assets and liabilities: | | |
| Trade receivables | 961,335 | 2,537,241 |
| Other receivables | — | (3,500) |
| Inventories | (428,139) | (688,830) |
| Federal income taxes receivable | (4,244,105) | 217,546 |
| Accounts payable and accrued expenses | 55,835 | 21,075 |
| Federal income taxes payable | — | 2,134,876 |
| Net cash provided by operating activities | 6,792,914 | 7,994,622 |
| Cash flows from investing activities: | | |
| Capital expenditures | (281,537) | (5,539,580) |
| Increase in restricted cash | (363,262) | (100) |
| Proceeds from notes receivable | 12,300 | — |
| Proceeds from sale of property and equipment | 168,429 | 3,482,162 |
| Net cash used in investing activities | (464,070) | (2,057,518) |
| Cash flows from financing activities | | |
| Dividends paid | (3,000,000) | — |
| Borrowings under note obligations | — | 556,779 |
| Principal payments of note obligations | (985,864) | (981,004) |
| Principal payments of capital lease obligations | (885,953) | (804,554) |
| Net cash used in financing activities | (4,871,817) | (1,228,779) |
| Net increase in cash and cash equivalents | 1,457,027 | 4,708,325 |
| Cash and cash equivalents, beginning of year | 8,060,216 | 3,300,537 |
| Cash and cash equivalents, end of year | $ 9,517,243 | $ 8,008,862 |
| Supplemental disclosure of cash flow information: | | |
| Cash paid for interest | $ 630,100 | $ 1,005,070 |
| Cash paid for income taxes | $ 883,762 | $ 617,000 |
| Supplemental disclosure of non-cash transactions | | |
| Issuance of note receivable related to sale of land | $ — | $ 7,540,000 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**1. Description of the Company and Summary of Significant Accounting Policies**

**Business Operations**

New Birmingham, Inc., a Nevada corporation, (the "Parent") was incorporated in November 2007 as a holding company for New Birmingham Resources, LLC ("NBR"). NBR was formed in February 2005 to acquire an aggregate and iron ore operation in Rusk, Texas. In May 2007, NBR acquired Capital Sands, LLC (renamed NBR Sand, LLC), a sand production operation in Tyler, Texas. In November 2007, as part of a corporate restructuring to consolidate and acquire the iron, sand, transportation and port operations either owned directly by NBR or indirectly through common ownership of the individual owners of NBR, the Parent acquired NBR concurrent with NBR acquiring the transportation entity Ore Trans, LLC and the port property Golden Triangle Maritime, LLC. Ore Trans, LLC was renamed NBR Trans, LLC and Golden Triangle Maritime, LLC was split into two entities, NBR Maritime I, LLC and NBR Maritime II, LLC.

New Birmingham, Inc. and its subsidiaries (collectively the "Company") are engaged in the mining, production and sales of frac sand, iron ore, limestone, concrete, and other aggregates throughout the Unites States. In addition, the Company owned port property along the Gulf of Mexico.

**Interim Financial Information**

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

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of New Birmingham, Inc. and its subsidiaries. All significant intercompany 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 ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

Revenue is recognized when delivery has occurred, title and risk of loss has passed to the customer, collection is reasonably assured, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Restricted Cash**

At June 30, 2016 and December 31, 2015, the Company had a letter of credit outstanding for $100,648 and $100,548, respectively, which matures on February 27, 2017. The letter of credit is collateralized by cash. As of June 30, 2016, the Company also had an escrow account for $363,162, which is collateralized by cash.

**Trade Receivables**

The Company provides an allowance for doubtful accounts equal to estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible the Company's estimate of the allowance for doubtful accounts will change. At June 30, 2016 and December 31, 2015, the Company had no allowance for doubtful accounts as management believes all receivables are fully collectible.

**Inventories**

Inventories consist entirely of frac sand and are stated at the lower of cost or market. Cost is determined using the average cost method and includes costs of mining and allocated overhead.

**Property, Machinery and Equipment**

Property, machinery and equipment is stated at cost and is depreciated utilizing the straight-line method over their estimated useful lives. The cost of assets retired and the related accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations when assets are disposed. Repairs and maintenance are charged to expense as incurred. Expenditures for major additions and replacements that extend the lives of assets are capitalized and depreciated over their remaining estimated useful lives. The Company depreciates assets over the following estimated useful lives:

| | |
|---|---|
| Buildings | 10 - 40 years |
| Heavy machinery and equipment | 5 - 10 years |
| Office furniture and equipment | 5 - 10 years |
| Plant and plant equipment | 5 - 40 years |
| Trucks, trailers and vehicles | 5 - 10 years |

**Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consists principally of cash in banks, restricted cash and trade receivables. The Company manages this risk by maintaining all deposits in high quality financial institutions and periodically performing evaluations of the relative credit standing of the financial institutions and investment funds that are considered in the Company's investment strategy.

The Company grants unsecured credit to its customers during the normal course of business. The Company performs ongoing credit evaluations of its customers to minimize any potential loss. Historically, no significant credit related losses have been incurred.

For the six months ended June 30, 2016, sales to three customers accounted for approximately 51%, 29% and 12% of total revenues, and receivables from those customers accounted for approximately 23%, 23% and 25% of trade receivables at June 30, 2016. For the six months ended June 30, 2015, sales to two customers accounted for approximately 42% and 35% of total revenues, and receivables from those customers accounted for approximately 21% and 47% of trade receivables at June 30, 2015.

**Fair Value of Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tiered hierarchy is summarized as follows:

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Other significant observable inputs.

Level 3 - Significant unobservable inputs.

The Company's financial instruments include cash and cash equivalents, trade receivables, note receivable and accounts payable, for which carrying values approximate fair values due to the short-term nature of these instruments. The carrying values of notes payable and capital leases approximate the fair values as each of the interest rates approximate rates available to the Company for similar borrowings.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis.* The Company does not have any assets or liabilities measured at fair value on a recurring basis.

*Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis.* Non-recurring fair value measurements include the assessment of property, plant, and equipment for impairment. As there is no corroborating market activity to support the assumptions used, the Company has designated these estimates as Level 3.

**Impairment of Long-Lived Assets**

Long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If there are indications of impairment, the Company uses future undiscounted cash flows of the related asset or asset grouping over the remaining life in measuring whether the assets are fully recoverable. In the event such cash flows are not expected to be sufficient to recover the recorded asset values, the assets are written down to their estimated fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value of asset less the cost to sell.

**Income Taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect of a change in tax rates is recognized as income in the period that includes the enactment date. When management determines that it is more than likely that a deferred tax asset will not be realized, a valuation allowance is established.

Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. As of June 30, 2016 and December 31, 2015, there were no amounts that had been accrued in respect to uncertain tax positions.

None of the Company's federal or state income tax returns are currently under examination by the Internal Revenue Service or state authorities. However, fiscal years 2012 and later remain open and subject to examination.

**Stock-Based Compensation**

The Company measures stock-based compensation cost as of the grant date based on the estimated fair value of the award less an estimated rate for pre-vesting forfeitures, and recognizes compensation expense on a straight-line basis over the vesting period. For performance-based awards, the Company must also make assumptions regarding the likelihood of achieving performance targets.

## 2. Property, Machinery and Equipment

Property, machinery and equipment consisted of the following at June 30, 2016 and December 31, 2015:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Land and land improvements | $ 5,698,936 | $ 5,698,936 |
| Buildings | 1,561,434 | 1,561,434 |
| Heavy machinery and equipment | 7,028,508 | 7,432,508 |
| Plant and plant equipment | 31,606,600 | 30,256,594 |
| Trucks, trailers and vehicles | 19,045 | 19,045 |
| Office furniture and equipment | 119,039 | 119,039 |
| Equipment under construction | 1,428,168 | 2,496,637 |
| Total property, plant and equipment | 47,461,730 | 47,584,193 |
| Accumulated depreciation and amortization | (9,405,378) | (7,760,702) |
| Property, plant and equipment, net | $38,056,352 | $39,823,491 |

Total depreciation and amortization of $1,786,076 and $1,399,232 was expensed during the six months ended June 30, 2016 and 2015, respectively, of which $1,783,444 and $1,396,499, respectively, was allocated to cost of sales. Included in depreciation and amortization expense allocated to cost of sales during the six months ended June 30, 2016 and 2015 is amortization expense on assets acquired under capital leases of $629,849 and $611,798, respectively.

## 3. Operating Leases

From time to time, the Company will enter into monthly operating lease arrangements with heavy equipment suppliers and rental companies. These leases are generally short-term in nature with various monthly rental rates, terms and conditions.

Total lease expense for the six months ended June 30, 2016 and 2015 was $135,568 and $393,936, respectively, which was entirely charged to cost of sales.

## 4. Note Receivable

On May 19, 2015, the Company completed the sale of all port land owned for total consideration of $10,790,000. Terms of the sale included cash of $3,250,000 and a term note of $7,540,000 from the buyer. The term note calls for interest at 6% with the following repayment schedule over 84 months beginning July 1, 2015: monthly interest payments of $37,500 for 12 months; monthly principal and interest payments of $50,000 for 12 months; monthly principal and interest payments of $62,500 for 12 months; monthly principal and interest payments of $75,000 for 12 months; monthly principal and interest payments of $100,000 for 12 months; monthly principal and interest payments of $125,000 for 12 months; monthly principal and interest payments of $150,000 for 12 months; and a final balloon payment of $3,001,232 due June 1, 2022.

At June 30, 2016 and December 31, 2015, the outstanding note receivable under this agreement was $7,527,700 and $7,540,000, respectively, of which $164,986 and $74,728, respectively, was reflected as currently due.

## 5. Line of Credit Agreement

Effective December 13, 2012, the Company entered into a $4,000,000 revolving line of credit with a bank, secured by the Company's accounts with the bank, trade receivables, and the guarantees of all subsidiaries of the Company. Terms of the revolving line of credit call for interest at libor plus 3.25% (3.685% at June 30, 2016), with monthly interest payments and all outstanding principal and accrued but unpaid interest due on or before December 12, 2016. At June 30, 2016 and December 31, 2015, the Company had no amounts outstanding under the agreement. The line of credit contains customary covenants, including maintenance of certain financial ratios. As of June 30, 2016, the Company was in compliance with all of the financial covenants.

## 6. Obligations under Capital Leases

At June 30, 2016, the Company had capital lease obligations to various financial institutions for heavy machinery and equipment utilized in the Company's operations. The aggregate cost of the heavy machinery and equipment acquired under capital leases is $8,594,097. Accumulated amortization was $3,023,247 at June 30, 2016. The scheduled future minimum lease payments under capital leases as of June 30, 2016 are:

| Year ending June 30, | |
|---|---|
| 2017 | $1,639,402 |
| 2018 | 1,487,808 |
| 2019 | 564,500 |
| Total minimum lease payments | 3,691,710 |
| Less amount representing interest | (127,825) |
| Present value of minimum lease payments | $3,563,885 |

## 7. Notes Payable

Notes payable consists of the following at June 30, 2016 and December 31, 2015:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Note payable to an investment group; due by June 30, 2032; monthly principal and interest payments based on royalty formula; secured by mining property | $12,772,630 | $13,212,985 |
| Note payable to a customer; interest at 3.5%; due by December 31, 2020, monthly payments based on Supply Agreement; secured by Deed of Trust and equipment | 2,486,018 | 3,289,946 |
| Note payable to a bank; interest at 4.45%; due on February 1, 2021; monthly principal payments of $54,338 plus interest; secured by equipment | 3,042,950 | 3,368,980 |
| Note payable to a bank; interest at libor plus 3.25%; (3.685% at June 30, 2016); due on December 31, 2022; monthly principal payments of $3,159 plus interest; secured by land | 246,399 | 265,354 |
| Total long-term debt | 18,547,997 | 20,137,265 |
| Less - current maturities | (1,872,404) | (2,249,913) |
| Total notes payable, net of current maturities | $16,675,593 | $17,887,352 |

Schedule maturities of note payable obligations are as follows:

| Years ended June 30, | |
|---|---|
| 2017 | $ 1,872,404 |
| 2018 | 1,888,396 |
| 2019 | 1,905,007 |
| 2020 | 1,922,262 |
| 2021 | 1,980,440 |
| Thereafter | 8,979,488 |
| Total | $18,547,997 |

Effective January 1, 2016, the Company entered into an amendment to the Supply Agreement ("the Amended Agreement") whereby the outstanding principal balance due under the agreement was reduced from $3,289,946 to $3,000,000. Terms of the Amended Agreement call for the Company to repay $2,500,000 at 0% interest, in equal monthly payments beginning January 1, 2016 for 60 months. The Company will repay the remaining $500,000 in the form of product load credits as defined in the agreement for products sold between January 1, 2016 and December 31, 2020. In the event the load credits do not result in full repayment of the $500,000 by December 31, 2020, any remaining balance will be canceled. The Company discounted the $3,000,000 note balance using a weighted average imputed interest rate of 3.81%, recorded the note balance at $2,686,542, and recorded debt forgiveness income of $603,404 during the six months ended June 30, 2016.

## 8. Equity Transactions

### Common Stock

In March 2016, the Company paid a $3,000,000 dividend, or $0.046 per share, to shareholders of record as of March 15, 2016.

In May 2014, the Company entered into a Stockholders Agreement ("Agreement") with the existing stockholders of the Company. The Agreement set forth an incentive plan by which:

(a) the chief executive officer at his sole discretion can grant stock awards to key personnel that is subject to achieving certain performance conditions over a twelve month period beginning July 1, 2014. Upon meeting the performance conditions an aggregate of up to 3,118,000 may be issued to key personnel. The grant date fair value of each stock award was $0.18. The fair value was determined using the market approach which uses Level 3 inputs. The Company assumed no forfeitures because the awards were a part of a key personnel pool and allocable at the sole discretion of the chief executive officer. The performance conditions were achieved at the end of the measurement period, therefore, as of December 31, 2015, the Company issued 3,118,000 shares and had recognized compensation expense of $561,240. As of December 31, 2014, the Company did not anticipate the performance conditions to be met, therefore, no compensation expense was recognized.

(b) key personnel would be entitled to 3,118,000 stock awards upon a liquidity event, as defined in the Agreement. The grant date fair value of each stock award was $0.18. The fair value was determined using the market approach which uses Level 3 inputs. The Company assumed no forfeitures because the awards were a part of a key personnel pool and allocable at the sole discretion of the chief executive officer. At December 31, 2015 and 2014, there is $561,240 of unrecognized compensation cost related to these stock awards. Such amount will be recognized in the future upon the occurrence of a liquidity event that results in the vesting of the stock awards. As discussed in Note 11, the Company entered into a stock purchase agreement in July 2016 which met the definition of a liquidity event per the Agreement, thus, these stock awards immediately vested.

In October 2011, the Company issued options to purchase an aggregate 750,000 common shares of the Company to three outside board members. The options vested immediately and carry an exercise price of $1.25 per share for a period of 5 years. There were no options issued during the six months ended June 30, 2016 and 2015.

**Preferred Stock**

The Company is authorized to issue up to 100,000,000 shares of its $0.001 par value preferred stock. At June 30, 2016 and December 31, 2015, the Company had no preferred stock issued or outstanding.

## 9. Income Taxes

Income tax expense for the six months ended June 30, 2016 and 2015 consisted of the following:

| | Six Months Ended June 30, 2016 | Six Months Ended June 30, 2015 |
|---|---|---|
| Current tax expense | $(1,910,318) | $2,978,553 |
| Deferred tax expense (benefit) | (75,824) | 1,740,821 |
| Total provision for income taxes | $(1,986,142) | $4,719,374 |

During 2016, the Company identified certain deductions that were available but not taken in prior tax years. As a result, the Company is amended its federal tax returns for 2012 through 2014. As a result, a federal income tax receivable of $4,698,938 has been recognized as of June 30, 2016. The difference between the statutory tax rate and the effective rate is primarily due to the tax benefit relating to amended returns and depletion deductions in 2016.

Deferred income taxes are provided for differences between the financial statements carrying amount of existing assets and liabilities and their respective tax basis. Significant deferred tax assets and liabilities at June 30, 2016 and December 31, 2015 were as follows:

| | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Deferred tax assets and liabilities: | | |
| Stock compensation | $ 362,182 | $ 362,182 |
| Property, plant and equipment | (8,961,281) | (7,587,080) |
| Net deferred tax liability | $(8,599,099) | $(7,224,898) |

## 10. Commitments and Contingencies

From time to time, the Company is subject to litigation, primarily as a result of customer claims, in the ordinary conduct of its operations. As of June 30, 2016, the Company had no knowledge of any legal proceedings, individually or in the aggregate, that would have a material adverse effect on the Company’s financial position or results of operations. See Notes 3 and 6 for discussion of the Company’s operating and capital leases.

## 11. Subsequent Events

Management has evaluated subsequent events through August 15, 2016, the date which the financial statements were available to be issued.

On July 15, 2016, the Company's Board of Directors entered into a Stock Purchase Agreement whereby the Company agreed to sell 100% of its issued and outstanding common shares to U.S. Silica Holdings, Inc. ("the Buyer") for approximately $210 million, subject to certain adjustments at closing. The transaction will be funded using a combination of cash (57%) and restricted stock (43%) of the Buyer. The Company expects the closing, pending customary regulatory and other approvals, to occur in August 2016.

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**Exhibit 99.3**

# UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

On August 16, 2016, U.S. Silica Holdings, Inc., a Delaware corporation ("U.S. Silica" or the "Company"), completed the Merger of New Birmingham, Inc., a Nevada corporation ("NBI"), the holding company of New Birmingham Resources, LLC ("NBR"). The Merger was completed pursuant to the terms of the previously announced Agreement and Plan of Merger, by and among the Company, New Birmingham Merger Corp., a Nevada corporation and wholly owned subsidiary of the Company ("Merger Sub 1"), NBI Merger Subsidiary II, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("Merger Sub 2"), NBI, and each of David Durrett and Erik Dall as representatives of the sellers and option holders (the "Merger Agreement"), pursuant to which the Company acquired all of the outstanding capital stock of NBI through the Merger of Merger Sub 1 with and into NBI, followed immediately by the Merger of NBI with and into Merger Sub 2 (collectively, the "Merger").

The consideration paid by the Company to the stockholders of NBI at the closing of the Merger consisted of $106,509,000 of net cash, subject to customary post-closing adjustment and 2,630,513 shares of common stock of the Company. A portion of the cash consideration has been deposited into escrow to support the post-closing purchase price adjustments and the sellers' indemnification obligations.

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

The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial statements to give effect to events that are (i) directly attributable to the Merger, (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 Merger that the combined company may have incurred upon completion of the Merger. 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 Merger.

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 Merger been consummated prior to June 30, 2016, nor are they necessarily indicative of our future results of operations. In addition, the unaudited pro forma combined financial statements do not purport to project the future financial position or operating results of the combined company. The fair value of NBI'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 NBI assets acquired and liabilities assumed and related allocation of purchase price. The purchase price allocation and related depreciation, depletion and amortization included in the unaudited pro forma combined financial statements are preliminary and have been made solely for purposes of preparing these unaudited pro forma condensed combined financial statements. Management anticipates that the values assigned to the assets acquired and liabilities assumed will be finalized during the one-year measurement period following the date of completion of the Merger. 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 NBI's historical financial statements to conform to the presentation used in the Company's historical financial statements. Such reclassifications had no effect on NBI'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 NBI operating as a combined company or for liabilities resulting from integration planning, as management is in the process of making these assessments. However, liabilities ultimately may be recorded for additional costs in subsequent periods related to both companies, including severance, relocation or retention costs related to employees of both companies, as well as other costs associated with integrating and/or restructuring the companies. The ultimate recognition of such costs and liabilities would affect amounts in the unaudited pro forma combined financial statements, and such costs and liabilities could be material.

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

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

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

| | U.S. Silica Holdings, Inc. Historical June 30, 2016 (unaudited) | New Birmingham, Inc. Historical June 30, 2016 (unaudited) | Pro Forma Adjustments | Note | Pro Forma Combined Company |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current Assets:** | | | | | |
| Cash and cash equivalents | $ 454,208 | $ 9,517 | $ (116,026) | 4(a)(1) | $ 347,699 |
| Restricted cash | — | 464 | (363) | 4(a)(2) | 101 |
| Accounts receivable, net | 54,293 | 1,175 | — | | 55,468 |
| Inventories, net | 67,158 | 933 | 3,242 | 4(b)(1) | 71,333 |
| Note receivable, current | — | 165 | (165) | 4(b)(2) | — |
| Prepaid expenses and other current assets | 8,899 | 200 | (200) | 4(b)(3) | 8,899 |
| Income tax deposits | 1,145 | 4,516 | 3,484 | 4(b)(4) | 9,145 |
| Total current assets | 585,703 | 16,970 | (110,028) | | 492,645 |
| Property, plant and mine development, net | 555,487 | 38,056 | 175,524 | 4(b)(5) | 769,067 |
| Goodwill | 68,647 | — | 79,248 | 4(b)(6) | 147,895 |
| Definite lived intangibles | 14,474 | — | 1,600 | 4(b)(7) | 16,074 |
| Customer relationships, net | 6,205 | — | — | | 6,205 |
| Deferred income taxes, net | 1,314 | — | (1,314) | 4(b)(8), 4(b)(13) | — |
| Other assets | 17,323 | 7,363 | (7,363) | 4(b)(9) | 17,323 |
| Total assets | $ 1,249,153 | $ 62,389 | $ 137,667 | | $1,449,209 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| **Current Liabilities:** | | | | | |
| Accounts payable | $ 48,217 | $ 970 | $ (114) | 4(b)(10) | $ 49,073 |
| Dividends payable | 4,080 | — | — | | 4,080 |
| Accrued liabilities | 11,538 | — | — | | 11,538 |
| Accrued interest | 57 | — | — | | 57 |
| Current portion of long-term debt | 3,336 | 1,872 | — | | 5,208 |
| Current maturities of obligations under capital leases | — | 1,548 | — | | 1,548 |
| Deferred revenue | 4,622 | — | — | | 4,622 |
| Total current liabilities | 71,850 | 4,390 | (114) | | 76,126 |
| Long-term debt, net of current maturities | 486,705 | 16,676 | (444) | 4(b)(11) | 502,937 |
| Capital lease obligations, net of current maturities | — | 2,016 | (1,089) | 4(b)(12) | 927 |
| Deferred revenue | 67,537 | — | — | | 67,537 |
| Liability for pension and other post-retirement benefits | 63,887 | — | — | | 63,887 |
| Deferred income taxes, net | — | 8,599 | 62,750 | 4(b)(8),4(b)(13),4(c) | 71,349 |
| Other long-term obligations | 17,828 | — | 710 | 4(b)(14) | 18,538 |
| Total liabilities | 707,807 | 31,681 | 61,813 | | 801,301 |
| **Stockholders' Equity:** | | | | | |
| Preferred stock | — | — | — | | — |
| Common stock | 639 | 65 | (39) | 4(d)(1) | 665 |
| Additional paid-in capital | 381,349 | 1,140 | 105,396 | 4(d)(2) | 487,885 |
| Retained earnings | 190,964 | 29,503 | (29,503) | 4(d)(3) | 190,964 |
| Treasury stock, at cost | (10,850) | — | — | | (10,850) |
| Accumulated other comprehensive loss | (20,756) | — | — | | (20,756) |
| Total stockholders' equity | 541,346 | 30,708 | 75,854 | | 647,908 |
| Total liabilities and stockholders' equity | $ 1,249,153 | $ 62,389 | $ 137,667 | | $1,449,209 |

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

| | U.S. Silica Holdings, Inc. Historical June 30, 2016 (unaudited) | New Birmingham, Inc. Historical June 30, 2016 (unaudited) | Reclassification Adjustments Note 1 | Pro Forma Adjustments | Note | Pro Forma Combined Company |
|---|---|---|---|---|---|---|
| Sales | $ 239,504 | $ 12,228 | $ — | $ — | | $251,732 |
| Cost of goods sold (excluding depreciation, depletion and amortization) | 209,458 | 5,110 | (1,783) | — | | 212,785 |
| Operating expenses | | | | | | — |
| Selling, general and administrative | 30,088 | 1,307 | (94) | (540) | 5(a) | 30,761 |
| Depreciation, depletion and amortization | 29,765 | 3 | 1,783 | 723 | 5(b) | 32,274 |
| | 59,853 | 1,310 | 1,689 | 183 | | 63,035 |
| Operating income (loss) | (29,807) | 5,808 | 94 | (183) | | (24,088) |
| Other income (expense) | | | | | | — |
| Interest expense | (13,290) | (630) | — | — | | (13,920) |
| Other income, net, including interest income | 2,398 | 633 | (94) | — | | 2,937 |
| | (10,892) | 3 | (94) | — | | (10,983) |
| Income (loss) before income taxes | (40,699) | 5,811 | — | (183) | | (35,071) |
| Income tax benefit (expense) | 18,048 | 1,986 | — | (4,252) | 5(c) | 15,782 |
| Net income (loss) | $ (22,651) | $ 7,797 | $ — | $ (4,435) | | $ (19,289) |
| Loss per share: | | | | | | |
| Basic | $ (0.38) | | | | | $ (0.31) |
| Diluted | $ (0.38) | | | | | $ (0.31) |
| Weighted average shares outstanding: | | | | | | |
| Basic | 58,900 | | | 2,631 | 5(d) | 61,531 |
| Diluted | 58,900 | | | 2,631 | 5(d) | 61,531 |
| Dividends declared per share | $ 0.13 | | | | | $ 0.13 |

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

| | U.S. Silica Holdings, Inc. Historical December 31, 2015 (audited) | New Birmingham, Inc. Historical December 31, 2015 (audited) | Reclassification Adjustments Note 1 | Pro Forma Adjustments | Note | Pro Forma Combined Company |
|---|---|---|---|---|---|---|
| Sales | $ 642,989 | $ 40,779 | $ — | $ — | | $683,768 |
| Cost of goods sold (excluding depreciation, depletion and amortization) | 495,066 | 20,983 | (3,012) | — | | 513,037 |
| Operating expenses | | | | | | — |
| Selling, general and administrative | 62,777 | 3,630 | — | — | | 66,407 |
| Depreciation, depletion and amortization | 58,474 | 5 | 3,012 | 2,380 | 5(a) | 63,871 |
| Gain on sale of assets | — | (8,495) | 8,495 | — | | — |
| | 121,251 | (4,860) | 11,507 | 2,380 | | 130,278 |
| Operating income (loss) | 26,672 | 24,656 | (8,495) | (2,380) | | 40,453 |
| Other income (expense) | | | | | | — |
| Interest expense | (27,283) | (1,830) | — | — | | (29,113) |
| Other income, net, including interest income | 728 | 297 | 8,495 | — | | 9,520 |
| | (26,555) | (1,533) | 8,495 | — | | (19,593) |
| Income (loss) before income taxes | 117 | 23,123 | — | (2,380) | | 20,860 |
| Income tax benefit (expense) | 11,751 | (8,133) | — | 2,153 | 5(c) | 5,771 |
| Net income (loss) | $ 11,868 | $ 14,990 | $ — | $ (227) | | $ 26,631 |
| Earnings (loss) per share: | | | | | | |
| Basic | $ 0.22 | | | | | $ 0.48 |
| Diluted | $ 0.22 | | | | | $ 0.47 |
| Weighted average shares outstanding: | | | | | | |
| Basic | 53,344 | | | 2,631 | 5(d) | 55,975 |
| Diluted | 53,601 | | | 2,631 | 5(d) | 56,232 |
| Dividends declared per share | $ 0.44 | | | | | $ 0.44 |

## NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

### 1. Basis of Presentation

The unaudited pro forma condensed combined financial statements are prepared in accordance with Article 11 of SEC Regulation S-X. The historical financial information has been adjusted to give effect to the events that are (i) directly attributable to the Merger, (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 NBI 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 Merger 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 Merger 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 Merger.

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

### 2. Calculation of Purchase Price

Pursuant to the Merger Agreement, U.S. Silica paid $106,509,000 (net of $9,095,000 cash acquired) cash consideration and $106,562,000 in stock consideration. The calculation of the purchase price is as follows:

| *(in thousands, except shares)* | | **As of August 16, 2016** |
|---|---|---|
| **Purchase price** | | |
| Cash consideration paid for NBI common shares | | $ 115,604 |
| Number of U.S. Silica common shares delivered | 2,630,513 | |
| Multiplied by closing market price per share of U.S. Silica common stock on August 16, 2016 | $ 40.51 | |
| Total value of U.S. Silica common shares delivered | | $ 106,562 |
| Less, cash acquired | | (9,095) |
| **Total purchase price** | | **$ 213,071** |

## 3. Preliminary Estimated Purchase Price Allocation

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

| | (in thousands) |
|---|---|
| ***Allocation of Purchase price:*** | |
| Cash and cash equivalents - restricted | $ 101 |
| Accounts receivable, net | 1,175 |
| Inventories | 4,175 |
| Income tax deposits | 8,000 |
| Property, plant and mine development | 213,580 |
| Identifiable intangible assets | 1,600 |
| Goodwill | 79,248 |
| Total assets acquired | 307,879 |
| Accounts payable, accrued expenses and other current liabilities | 856 |
| Notes payable | 18,104 |
| Capital lease liabilities | 2,475 |
| Asset retirement obligations | 710 |
| Deferred tax liabilities | 72,663 |
| Total liabilities assumed | 94,808 |
| **Net assets acquired** | $ 213,071 |

***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 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 customer relationships and estimated useful life:

| | **Approximate Fair Value** (in thousands) | **Estimated Useful Life** (in years) |
|---|---|---|
| Customer relationships | $ 1,600 | 15 |
| **Total fair value of identifiable intangible assets and useful life** | $ 1,600 | |

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

Both customer relationships and goodwill are not expected to be deductible for tax purposes.

## 4. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet

***Pro Forma Adjustments***

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

| | | *(in thousands)* |
|---|---|---|
| 4(a)(1) | Cash consideration paid for NBI common shares | $ (115,604) |
| | Less, cash and cash equivalents acquired - Fair value | 9,095 |
| | Cash and cash equivalents - Elimination of historical | (9,517) |
| | **Net cash outflow** | **$ (116,026)** |

Represents the impact from use of restricted cash paid concurrent with or immediately subsequent to the closing of the Merger.

| | | |
|---|---|---|
| 4(a)(2) | Restricted cash - Elimination of historical | $(464) |
| | Restricted cash - Fair value | 101 |
| | **Net restricted cash outflow** | **$(363)** |

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

| | | *(in thousands)* |
|---|---|---|
| 4(b)(1) | Inventories - Elimination of historical | $ (933) |
| | Inventories - Fair value | 4,175 |
| | **Net adjustment** | **$ 3,242** |
| 4(b)(2) | Note receivable - Current - Not acquired and eliminated | $ (165) |
| | Note receivable - Post-merger balance | — |
| | **Net adjustment** | **$ (165)** |
| 4(b)(3) | Other current assets - Current - Not acquired and eliminated | $ (200) |
| | Other current assets - Post-merger balance | — |
| | **Net adjustment** | **$ (200)** |
| 4(b)(4) | Income tax deposits - Elimination of historical | $ (4,516) |
| | Income tax deposits - Fair value | 8,000 |
| | **Net adjustment** | **$ 3,484** |

| | | |
|---|---|---|
| 4(b)(5) | Property, plant and mine development - Elimination of historical | $ (38,056) |
| | Property, plant and mine development - Fair value | 213,580 |
| | **Net adjustment** | **$175,524** |
| | | |
| 4(b)(6) | Goodwill - Elimination of historical | $ — |
| | Goodwill on purchase acquisition | 79,248 |
| | **Net adjustment** | **$ 79,248** |
| | | |
| 4(b)(7) | Identifiable intangible assets - Elimination of historical | $ — |
| | Identifiable intangible assets - Fair value | 1,600 |
| | **Net adjustment** | **$ 1,600** |
| | | |
| 4(b)(8) | Deferred tax assets - Reclassification to Deferred tax liabilities | $ (1,314) |
| | Deferred tax liabilities - Post-merger balance | — |
| | **Net adjustment** | **$ (1,314)** |
| | | |
| 4(b)(9) | Note receivable - Long term - Not acquired and eliminated | $ (7,363) |
| | Note receivable - Post-merger balance | — |
| | **Net adjustment** | **$ (7,363)** |
| | | |
| 4(b)(10) | Accounts payable - Elimination of historical | $ (970) |
| | Accounts payable - Fair value | 856 |
| | **Net adjustment** | **$ (114)** |
| | | |
| 4(b)(11) | Long term debt - Current - Elimination of historical | $ (1,872) |
| | Long term debt - Long term - Elimination of historical | (16,676) |
| | Long term debt - Current - Fair value | 1,872 |
| | Long term debt - Long term - Fair Value | 16,232 |
| | **Net adjustment** | **$ (444)** |
| | | |
| 4(b)(12) | Capital leases - Current - Elimination of Historical | $ (1,548) |
| | Capital leases - Long term - Elimination of Historical | (2,016) |
| | Capital leases - Current - Fair value | 1,548 |
| | Capital leases - Long term - Fair value | 927 |
| | **Net adjustment** | **$ (1,089)** |

| | | |
|---|---|---|
| 4(b)(13) | Deferred tax assets - Reclassification to Deferred tax liabilities | $ (1,314) |
| | Deferred tax liabilities - Elimination of historical | (8,599) |
| | Deferred tax liabilities - Arising from the Merger | 72,663 |
| | **Net adjustment** | **$62,750** |

| | | |
|---|---|---|
| 4(b)(14) | Other long-term obligations - Elimination of historical | $ — |
| | Other long-term obligations - Fair value | 710 |
| | **Net adjustment** | **$ 710** |

(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 Merger for financial reporting and for tax purposes. These adjustments are based on estimates of the fair value of NBI's assets to be acquired, the liabilities to be assumed, and the related allocations of purchase price.

| | ***Summary*** | *(in thousands)* |
|---|---|---|
| 4(c) | Deferred tax liabilities - Property, plant and mine development and intangible assets | $ 72,663 |
| | | **$ 72,663** |

(d) Reflects the following adjustments to shareholders' equity applicable to the Merger.

| | | *(in thousands)* |
|---|---|---|
| 4(d)(1) | Common stock - Elimination of NBI historical | $ (65) |
| | Common stock - Merger consideration - Par value | 26 |
| | **Net adjustment** | **$ (39)** |

| | | |
|---|---|---|
| 4(d)(2) | Additional paid-in capital - Historical elimination of NBI | (1,140) |
| | Additional paid-in capital - Merger consideration | 106,536 |
| | **Net adjustment** | **$ 105,396** |

| | | |
|---|---|---|
| 4(d)(3) | Retained earnings - Elimination of historical NBI | $ (29,503) |
| | Retained earnings - Post-merger balance | — |
| | **Net adjustment** | **$ (29,503)** |

| *Summary* | |
|---|---|
| **Elimination of pre-merger NBI equity balances** | |
| Common stock | $ (65) |
| Additional paid-in capital | (1,140) |
| Retained earnings | (29,503) |
| **Value of U.S. Silica common shares delivered** | |
| Common stock consideration paid - par value | $ 26 |
| Common stock consideration paid - additional paid-in capital | 106,536 |
| **Net summary adjustment** | **$ 75,854** |

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

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

### *Pro Forma Adjustments*

(a) Represents adjustment to eliminate non-recurring transactions costs incurred by NBI of $167 thousand and of $373 thousand by U.S. Silica, during the six months ended June 30, 2016. There were no non-recurring transaction costs incurred by NBI or U.S. Silica during the year ended December 31, 2015. $0.9 million of non-recurring transactions costs were incurred by U.S. Silica after June 30, 2016 or are expected to be incurred within the next 12 months after the closing date of August 16, 2016, and will be reflected in its financial reports. They are not included in this pro forma presentation.

| | | Pro Forma Year Ended December 31, 2015 | Pro Forma Six Months Ended June 30, 2016 |
|---|---|---|---|
| | | *(in thousands)* | |
| 5(a) | Non-recurring transaction costs - NBI - Eliminated | $ — | $ 167 |
| | Non-recurring transaction costs - U.S. Silica - Eliminated | — | 373 |
| | **Total non-recurring transaction costs incurred and eliminated** | $ — | $ 540 |

(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, 2015 | Pro Forma Six Months Ended June 30, 2016 |
|---|---|---|---|
| | | *(in thousands)* | |
| 5(b) | Depreciation and depletion of property, plant and mine development - Elimination of historical | $ (3,017) | $ (1,786) |
| | Depreciation and depletion of property, plant and mine development - Fair value | 5,452 | 2,456 |
| | Amortization of identifiable intangible assets - Elimination of historical | — | — |
| | Amortization of identifiable intangible assets - Fair value | 107 | 53 |
| | **Total incremental depreciation and depletion expense** | **$ 2,542** | **$ 723** |

(c) Adjustments to the pro forma combined provision for income taxes reflects estimated income tax rates applicable for each tax jurisdiction. The estimated income tax rates are based on the applicable enacted statutory rates adjusted for certain permanent tax differences. The combined company's pro forma effective tax rate was (12%) for 2015 and 46% for 2016.

| | | Pro Forma Year Ended December 31, 2015 | Pro Forma Six Months Ended June 30, 2016 |
|---|---|---|---|
| | | *(in thousands)* | |
| 5(c) | Income tax benefit (expense) | $ 2,315 | $ (4,252) |
| | **Net adjustment** | **$ 2,315** | **$ (4,252)** |

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

| | | Pro Forma Year Ended December 31, 2015 | Pro Forma Six Months Ended June 30, 2016 |
|---|---|---|---|
| | | *(in thousands)* | |
| 5(d) | Shares issued as part of the Merger consideration | 2,631 | 2,631 |
| | **Adjustment to weighted average shares outstanding - basic** | 2,631 | 2,631 |
| | **Adjustment to weighted average shares outstanding - diluted** | 2,631 | 2,631 |