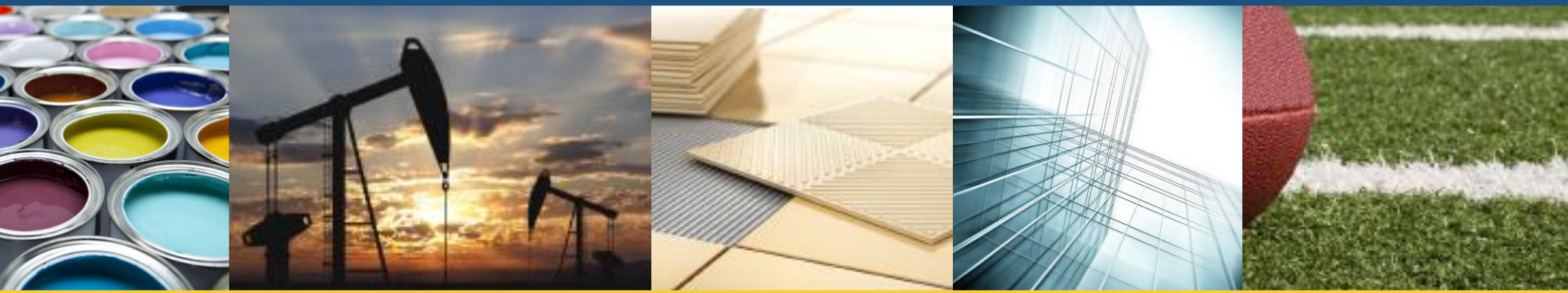
FairmountSantrol

# A Compelling Strategic Transaction with Unimin

March 2018



# Disclaimer and Forward Looking Statements

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those anticipated or implied in forward looking statements are described in Fairmount Santrol's Form 10-K under the heading "Cautionary Statement Regarding Forward-Looking Information", as well as the information included in Fairmount Santrol's Current Reports on Form 8-K and other factors that are set forth in management's discussion and analysis of Fairmount Santrol's most recently filed reports with the SEC. Other factors will be set forth in a registration statement which Unimin intends to file with the SEC. Additional important factors that could cause actual results to differ materially from those indicated by forward-looking statements include risks and uncertainties relating to: the merger not being timely completed, if completed at all; if the merger is completed, the impact of any undertakings required by the parties in order to obtain regulatory approvals; prior to the completion of the merger, Fairmount Santrol's and/or Unimin's respective businesses experiencing disruptions due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with employees, business partners or governmental entities; the industry may be subject to future regulatory or legislative actions that could adversely affect Fairmount Santrol's and/or Unimin's respective businesses; and the parties being unable to successfully implement integration strategies. While Fairmount Santrol and/or Unimin may elect to update forward-looking statements at some point in the future, Fairmount Santrol and Unimin specifically disclaim any obligation to do so, even if estimates change and, therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today.

**Additional Information**

In connection with the proposed transaction, a registration statement on Form S-4 will be filed publically with the SEC. Fairmount Santrol STOCKHOLDERS ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS THAT WILL BE PART OF THE REGISTRATION STATEMENT, WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER. The final proxy statement/prospectus will be mailed to stockholders of Fairmount Santrol. Investors and security holders will be able to obtain the documents free of charge at the SEC's website, *www.sec.gov*, or from Fairmount Santrol at its website, *www.Fairmount Santrol.com*.

**Participants in Solicitation**

Fairmount Santrol, Unimin and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. Information concerning Fairmount Santrol's participants is set forth in the proxy statement, dated April 6, 2017, for Fairmount Santrol's 2017 Annual Meeting of stockholders as filed with the SEC on Schedule 14A. Additional information regarding the interests of the participants in the solicitation of proxies in respect of the proposed merger will be included in the registration statement and proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

# Disclaimer and Forward Looking Statements

**Note on GAAP and IFRS Reporting Standards**

Fairmount Santrol prepares its financial statements in accordance with U.S. generally accepted accounting principles, or GAAP, while Unimin currently prepares its financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board. As a result, the financial information of Fairmount Santrol and Unimin may not be directly comparable. In addition, the combined company information has been prepared based on a simple arithmetic sum of the results of Fairmount Santrol and Unimin, and was not prepared in accordance with Regulation S-X of the SEC's rules for pro forma financial information, and you should therefore not place undue reliance on this information. Information regarding Unimin's results will be presented in the registration statement or Form S-4 in accordance with US GAAP and therefore may differ from the equivalent information presented herein.

**Financial Forecasts**

The information contained herein includes certain non-public financial forecasts, statements, estimates and projections (collectively, the "financial forecasts") with respect to, among other matters, anticipated future performance of Fairmount Santrol and Unimin and anticipated industry trends. These financial forecasts are inherently based on various estimates and assumptions that are subject to the judgment of those preparing them. These financial forecasts are also subject to significant economic, competitive, industry and other uncertainties and contingencies, all of which are difficult or impossible to predict and many of which are beyond the control of Fairmount Santrol and Unimin. There can be no assurance that these financial forecasts will be realized or that actual results will not be significantly higher or lower than forecasted. The financial forecasts cover multiple years and become subject to greater uncertainty with each successive year. In addition, the financial forecasts also reflect assumptions that are subject to change and do not reflect revised prospects for Fairmount Santrol's and Unimin's businesses, changes in general business or economic conditions or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the financial forecasts were prepared. The financial forecasts were not prepared with a view toward public disclosure or toward complying with U.S. GAAP, the published guidelines of the SEC regarding projections and the use of non-GAAP measures or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. As a result, the inclusion of the financial forecasts in this document should not be relied on as necessarily predictive of actual future events or results. None of Unimin, Fairmount Santrol or their respective affiliates, advisors, officers, directors or other representatives can provide any assurance that actual results will not differ from the financial forecasts presented herein. None of Unimin, Fairmount Santrol or their respective affiliates, advisors, officers, directors or representatives has made or makes any representation regarding the combined company's ultimate performance compared to the information contained in the financial forecasts or that forecast results will be achieved.

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# Overview of FMSA & Unimin

# Fairmount Santrol Long-Term Value Creators

**Technology & Innovation**

**Broad Product Portfolio**

**Operational Scale & Efficiencies**

**Value-Enhancing Logistics**

DoGood.dowell.

**Commitment to People, Planet & Prosperity**

# Unimin Complements All Key Value Drivers

**Unimin enhances value in all areas**

| | | |
|---|---|---|
| Technology & Innovation | | ✓ |
| Broad Product Portfolio | | ✓ |
| Operational Scale & Efficiencies | | ✓ |
| Value-Enhancing Logistics | | ✓ |
| DoGoodDoWell. **Commitment to People, Planet & Prosperity** | | ✓ |
| **Unimin also provides diversity in both markets served and minerals** | | ✓ |

# FMSA Financial Update and Outlook

## Fourth-quarter 2017 results

- Sequential proppant volumes -2%, driven by seasonal impacts on production and demand and process engineering changes
- I&R volumes -1% year-over-year but had strong profitability growth helped by shift to higher-margin products

## First-quarter 2018 Outlook

- 5% decrease in sequential proppant volumes driven by weather and continued process engineering changes primarily impacting volumes at the beginning of quarter. Rail issues also impacting volumes by ~50k tons
- Raw sand proppant pricing up $3-$4 per ton on like-for-like basis. Total proppant cost per ton to be up by similar amount, driven mainly by seasonal factors
- I&R year-over-year volumes to be fairly flat, but with continued improvement in profitability

## Full-Year 2018 Outlook

- Total capex estimated to be $105-$110 million, of which $55 million is related to Kermit
- Interest expense of approximately $15 million per quarter
- Effective tax rate estimated between 3-5%

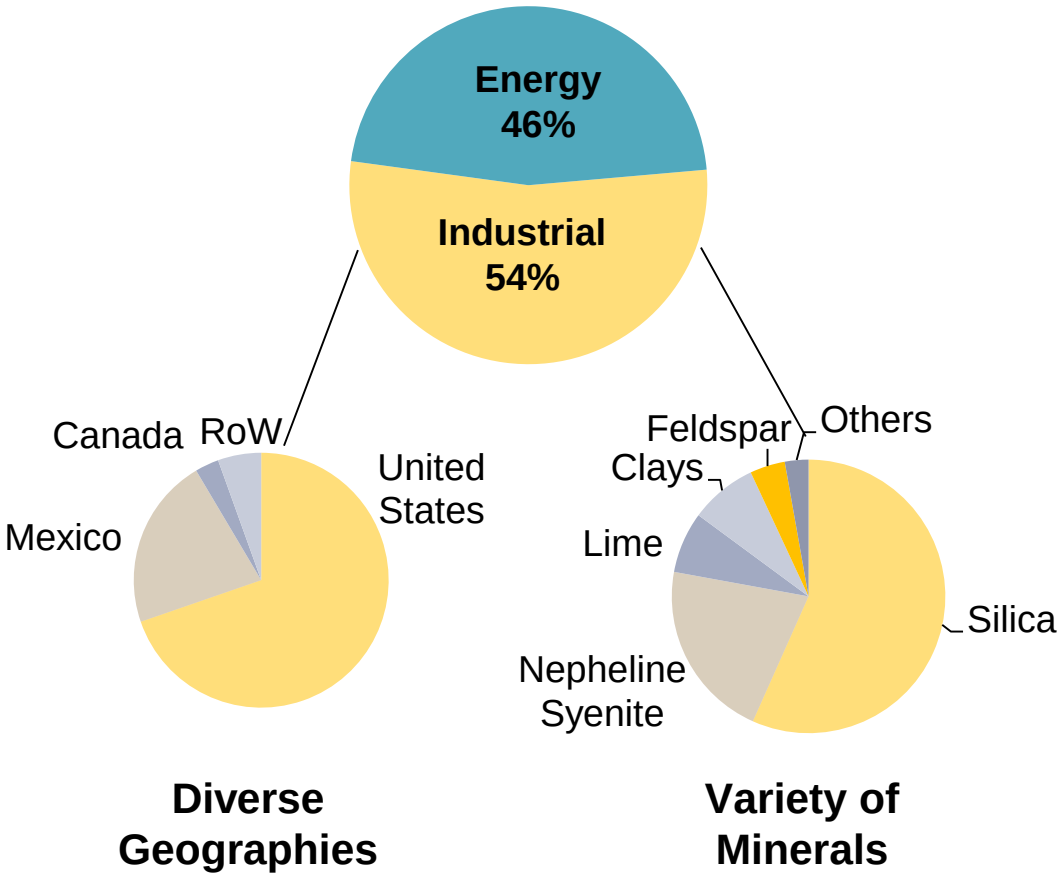
# Unimin – An Industry Leader

## Key Highlights

- 40 Plants (1)
- 28Mt Current Capacity
- 38 Operating Terminals
- Leader in Safety
- ~9,500 Railcars
- >450Mt Reserves
- Access to Five Class 1 Railroads
- ~2,300 Employees
- 10 Minerals Sold
- Diverse End Uses (3)

## Two Complementary Segments (2)

*With Greater Diversity Across Entire Business*




1. Includes one mining facility under construction and one inactive processing facility
2. LTM 9/30/2017; volume split by segment for top pie chart, revenue split for Industrial segment for two bottom pie charts
3. Unimin's Industrial products are sold into a variety of industries including: Glass, Ceramics, Metals and Castings, Construction, Coatings, Polymers, and Other various industries

# Unimin's Multi-Mineral Portfolio Serves a Wide Variety of Industries

| | oil & gas | glass | ceramics | construction | metals | polymers | coatings |
|---|---|---|---|---|---|---|---|
| **Silica** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Nepheline Syenite** | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Feldspar** | | ✓ | ✓ | | | | |
| **Olivine** | | | | | ✓ | | |
| **Clay & Kaolin** | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Lime** | | | | ✓ | ✓ | ✓ | ✓ |

***Diversity across minerals and markets***
**=**
***Resilient performance & multiple avenues of growth***

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# Compelling Strategic Combination

# Product Breadth to Win Across Segments

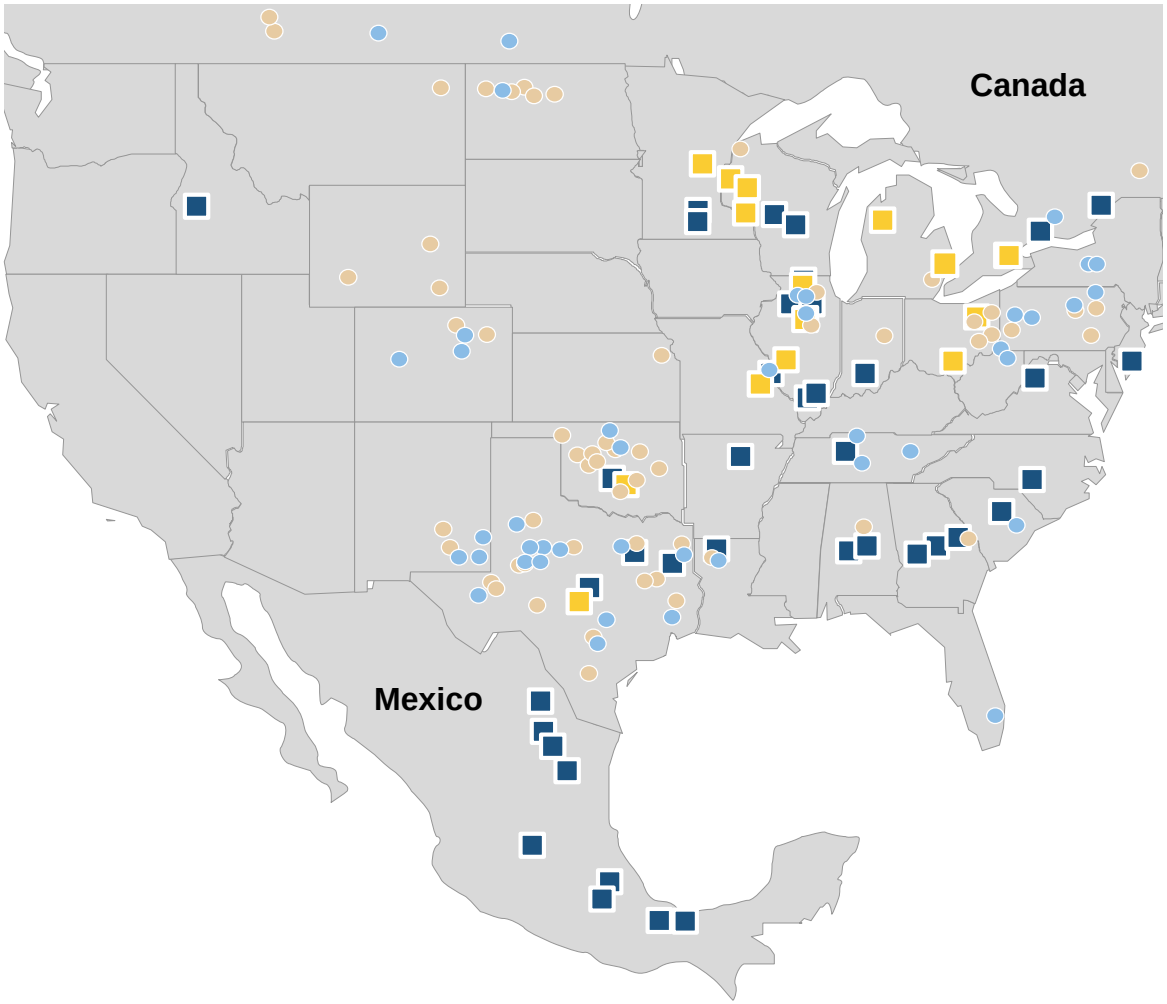
## Broad Product Portfolio

| High-Purity Sands | Resin Products | Nepheline Syenite | Propel SSP® | Custom Blending | DustShield |
|---|---|---|---|---|---|
| | | | | | |
| High-quality silica sand for O&G and Industrial markets | Resin systems and coated products for O&G and Industrial markets | Silica-free material used to improve durability and lower melting point | Increases production and operational efficiencies for O&G markets | Custom blends of sand, aggregates, minerals, colorants and other materials | Chemical solution lowering respirable crystalline silica |

## Wide Range of Customer Segments

| Oil & Gas | Glass | Construction & Building Products | Ceramics | Coatings & Polymers | Metals & Castings | Sports & Recreation | Filtration |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

# Complementary Footprint Across North America




- **>50 sand & coating plants across North America (1)**
- **Access to all major railways serving oil & gas basins**
- **94 distribution terminals (2)**
- **Well-positioned Industrial business in growing Southeastern US and Mexican markets**

**FMSA**

- Plants
- Terminals

**Unimin**

- Plants
- Terminals

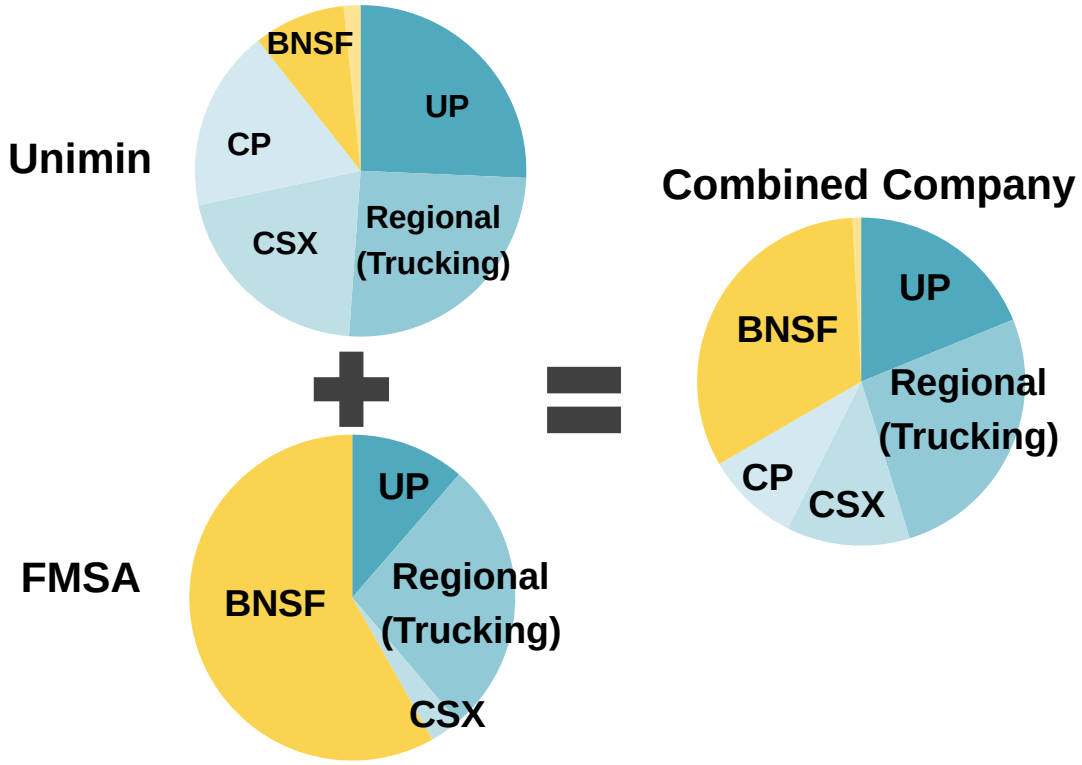
1. Excludes coating operations in Denmark & China
2. Includes O&G and Industrial

*Note: Locations represented as accurately as possible, indicative only*

# Diversified, Strong Logistics to Meet Demands Across North America

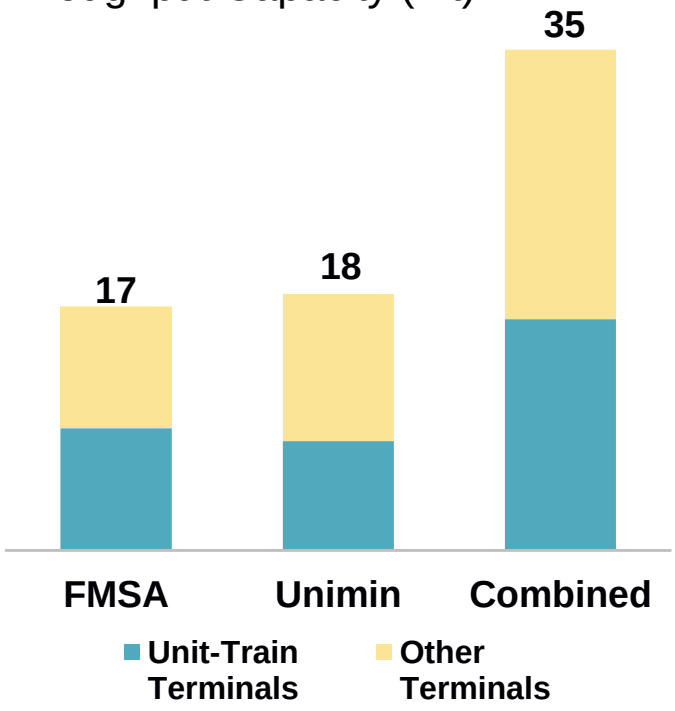
## Access to Major Rail Lines

Proppant Rail and Trucking Capacity




## Large-Scale Terminal Network

Annual O&G Terminal Throughput Capacity (Mt) (1)



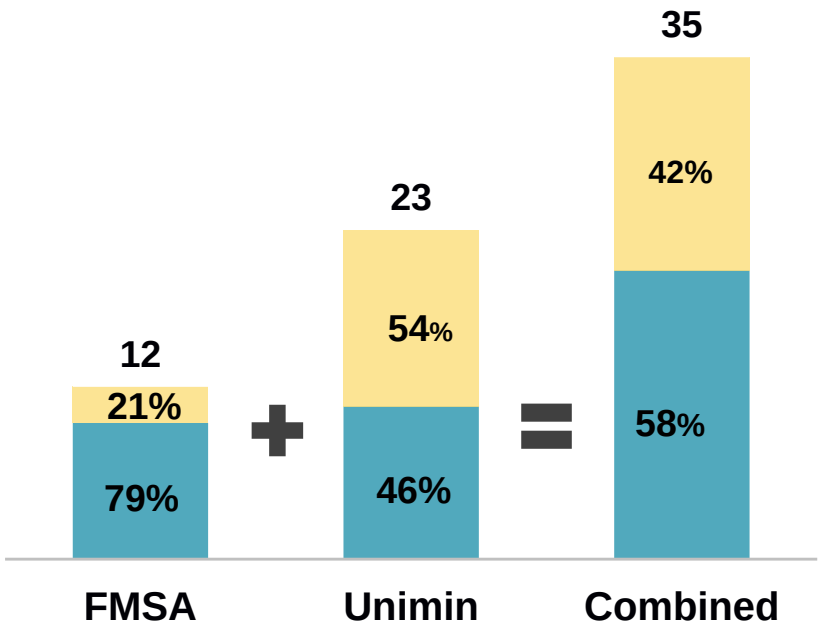

- Combined distribution network has access to major railroads
- Combined terminal network increases throughput capacity and network flexibility
- Increased unit train terminals allow for more effective and efficient shipments

1. Unimin figures include owned and exclusively controlled terminals as well as expansions currently underway, but exclude 3rd party terminals utilized

# Scale with Diversity and Balance

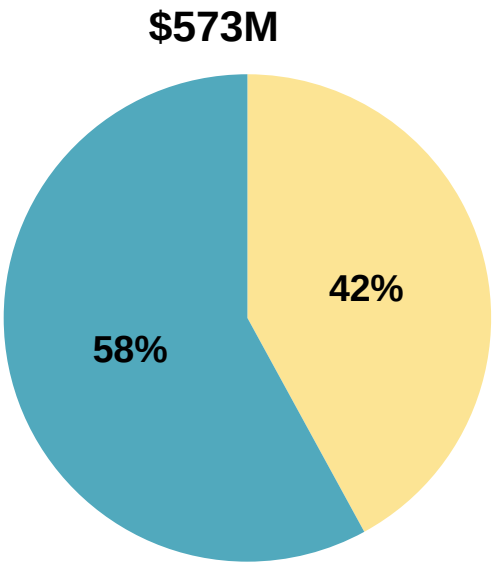
## Sales Volumes

Pro Forma Volume; mm tons




## Profitability

Combined Company Pro Forma Gross Profit [1] $M



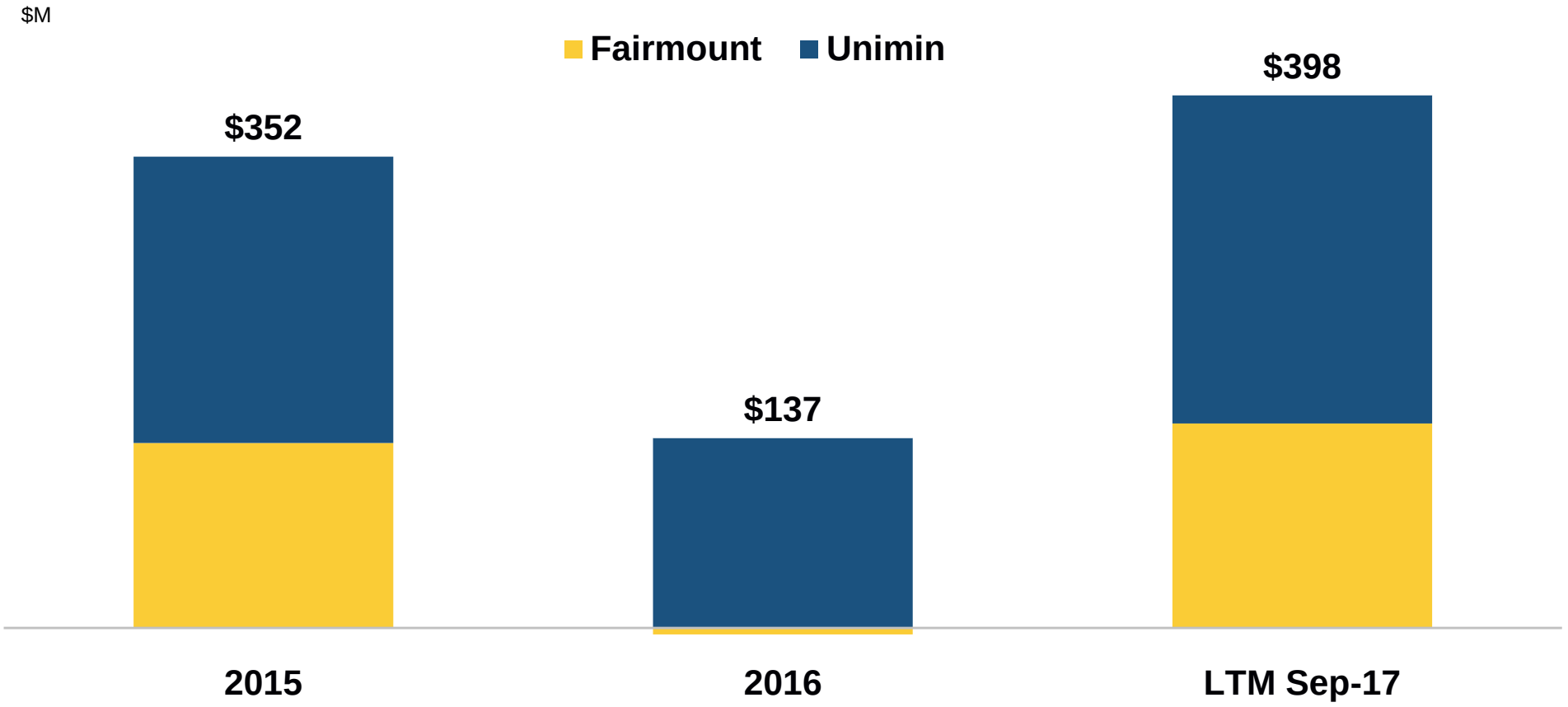

Industrial Materials  Proppant Solutions

LTM (9/30/2017)

1. Fairmount financials prepared under US-GAAP; Unimin financials prepared under IFRS

# Meaningful EBITDA Throughout Cycles

## Adjusted EBITDA (1)




- **Industrial segment provides solid EBITDA base with significant upside from energy**
- **Within 2018, anticipate net debt/EBITDA ratio below 2.0x, excluding synergies**

1. Fairmount Adj. EBITDA as disclosed in SEC filings, Unimin financials prepared under IFRS with Adjusted EBITDA developed consistent with Fairmount methodology for comparability purposes

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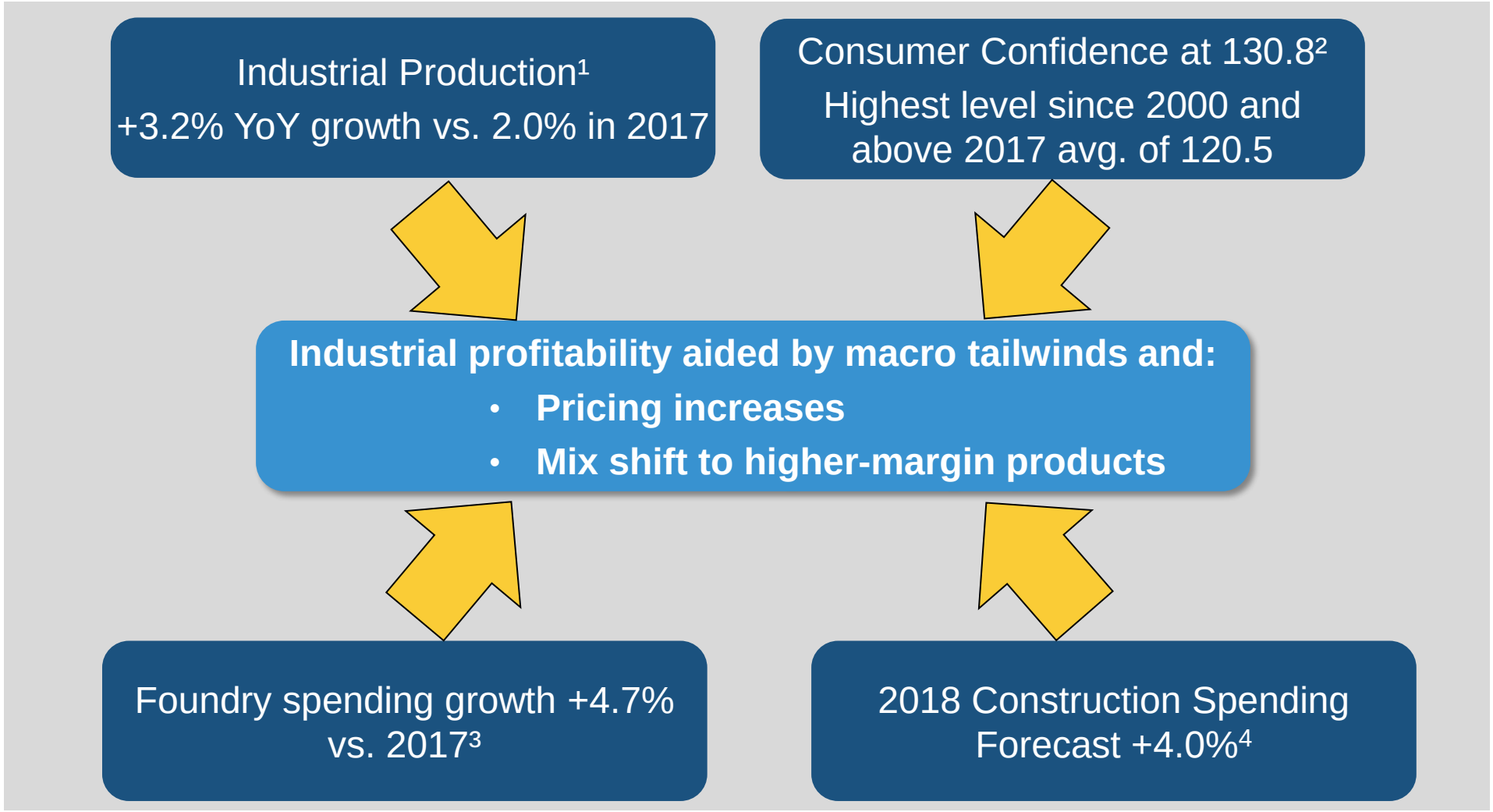
# Market Update

# 2018 Tailwinds in Industrial Markets

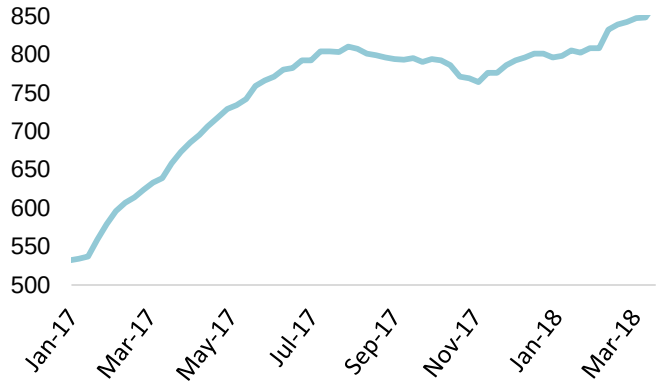



*Source as of March 2018:*
*1 – Bloomberg*
*2 – Conference Board*
*3 – American Foundry Society*
*4 – American Institute of Architects*

# Expected Increase in Proppant Demand for 2018

## Increasing Number of Well Completions (1)

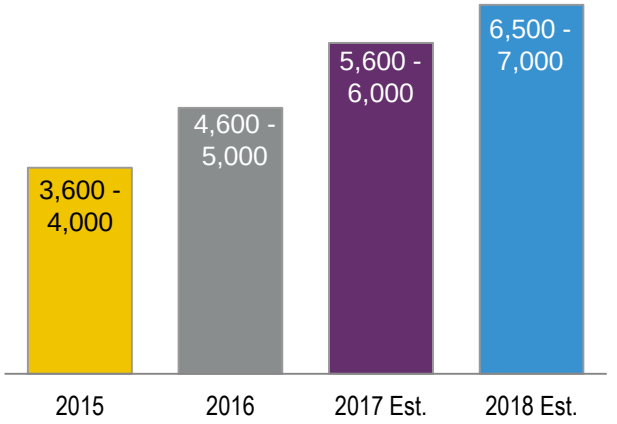
### U.S. HORIZONTAL LAND RIG COUNT




- Higher average rig count vs. 2017
- Increasing proportion of horizontal vs. vertical wells
- Higher proportion of wells drilled actually completed
- Ratio of completed wells vs, drilled wells expected to be over 1.00 vs. 0.86 in 2017

## Higher Proppant Intensity Per Well (2)

### AVERAGE PROPPANT TONS PER U.S. HORIZONTAL WELL



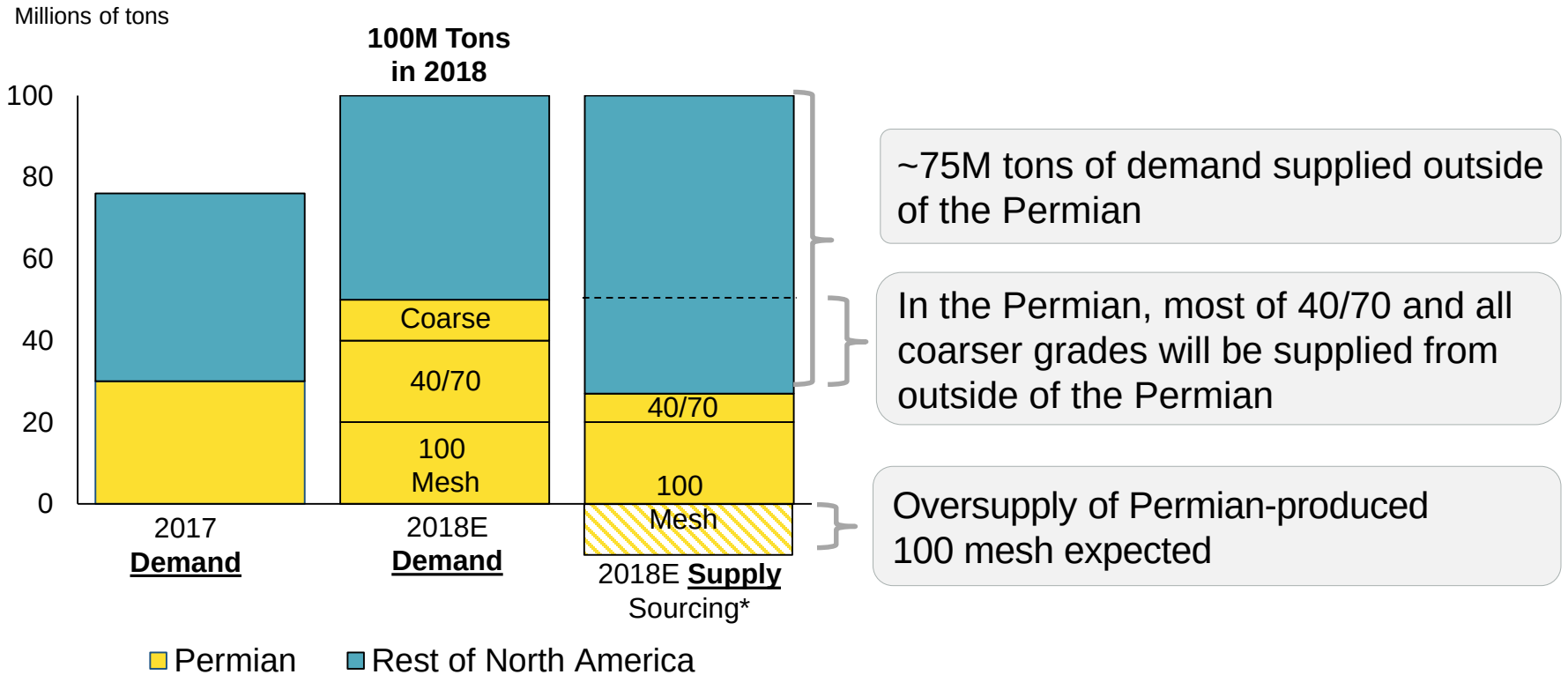

- Modestly longer laterals
- More stages per well
- Higher proppant loading per lateral foot

***2018 Proppant demand forecasted to reach 100 million tons (vs. ~ 75 million tons in 2017)***

1. Baker Hughes US horizontal land rig count
2. FMSA estimates based on public E&P presentations and internal estimates + PacWest Consulting Partners

# Proppant – Growing Demand Across All Basins

## Expected 2018 demand to be supplied by both Northern White and Local/Regional sands

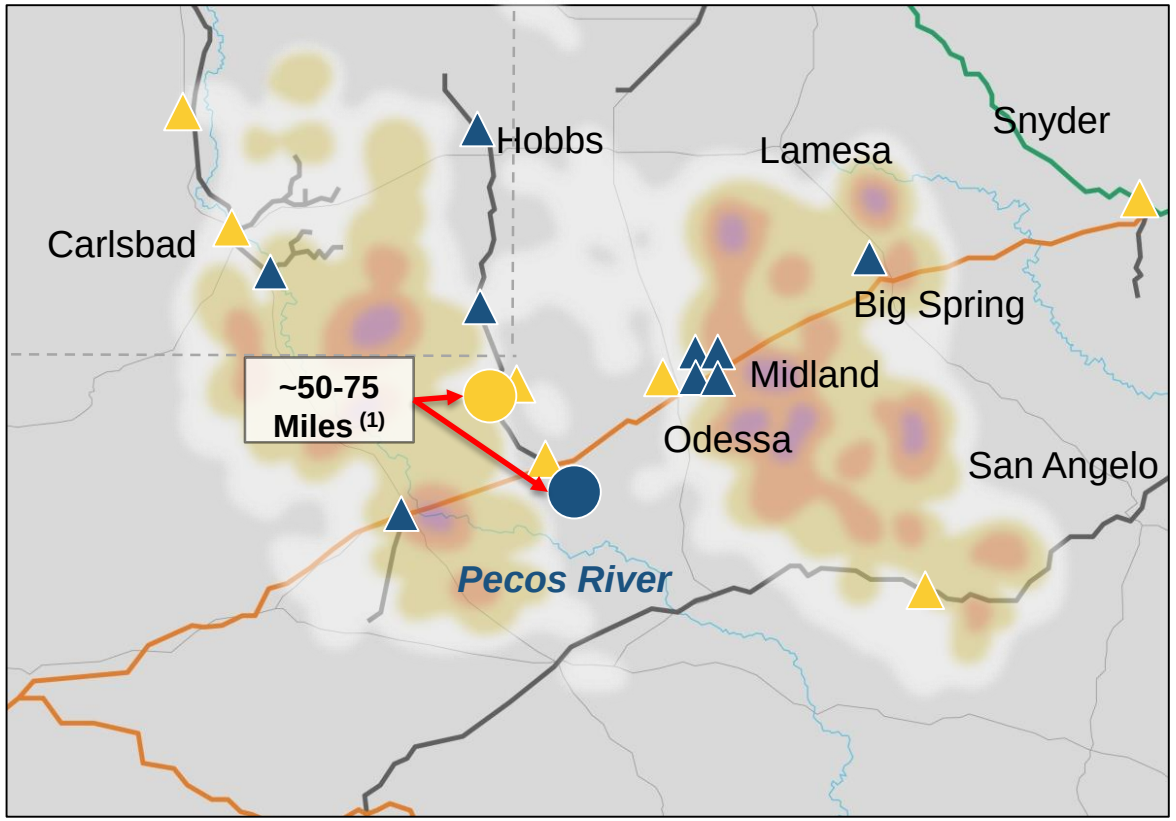



***Key assumptions :***

- *50M tons Permian demand*
- *35M tons average Permian capacity in 2018 (~45M tons by end of 2018)*
- *2018 Permian production = 80% 100 mesh, 20% 40/70*
- *100% adoption of local Permian sands (conservative assumption)*

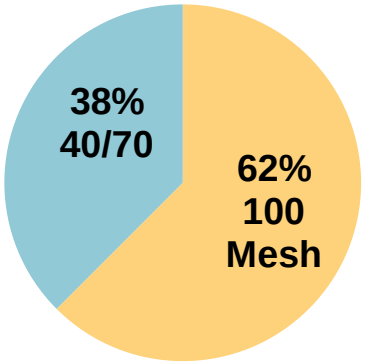
** Supply source indicates the region from where supply is being produced to meet demand and not indicative of nameplate capacity*
Source: Management estimates

# Permian Assets Strategically Placed to Meet Local Needs




- 6M ton combined capacity
- 2 plants in complementary locations
- Online in Q2-18
- Strategically located terminal network

**Combined FMSA / Unimin Permian Production by grade**




- Unimin Plant
- Unimin Terminals
- Fairmount Santrol Plant
- Fairmount Santrol Terminals
- Drilling Activity
- UP
- BNSF
- TXPF (shortline to BN)

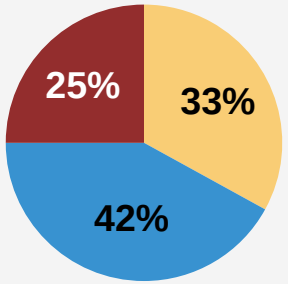
*Note: Locations represented as accurately as possible, indicative only*

1. 35 miles linear distance; c. 50-75 miles by road depending on route

# Well Suited to Meet Demand Across All Basins

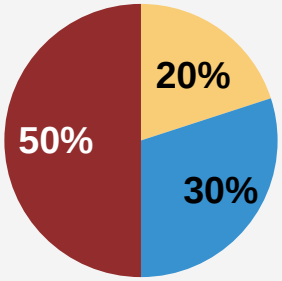
## Favorable Grade Mix

**~75M tons Demand**
**Sourced Outside of Permian**

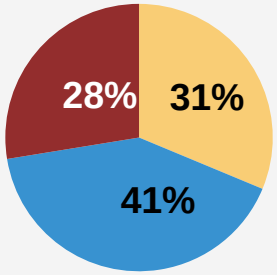



**Production Mix Outside of Permian**

**Market**

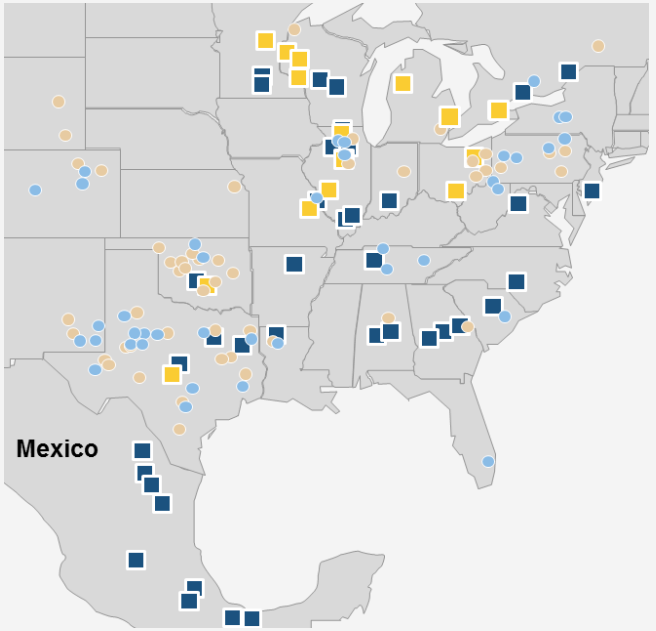



**Unimin/FMSA**




100 Mesh  40/70  Coarse

## Logistics Capabilities




**Logistics network allows cost-competitive distribution into all basins**

Source: Management estimates

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# Value Creation for Fairmount Santrol Shareholders

# FMSA / Unimin Merger: Shareholder Value Creation

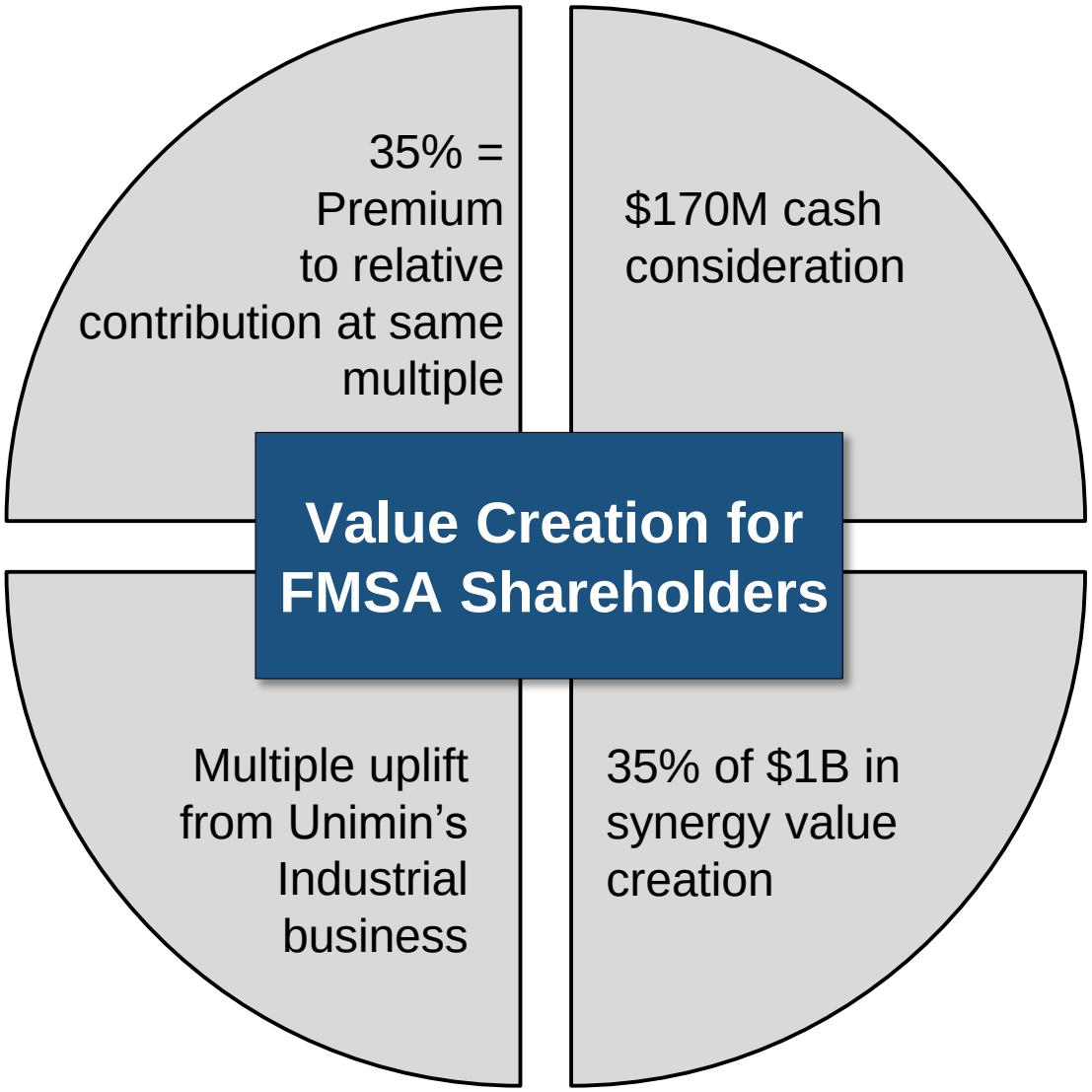
**At Closing:**

**FMSA Shareholders:**

- **35% of Combined Company Shares**
- **$170M Cash Consideration**

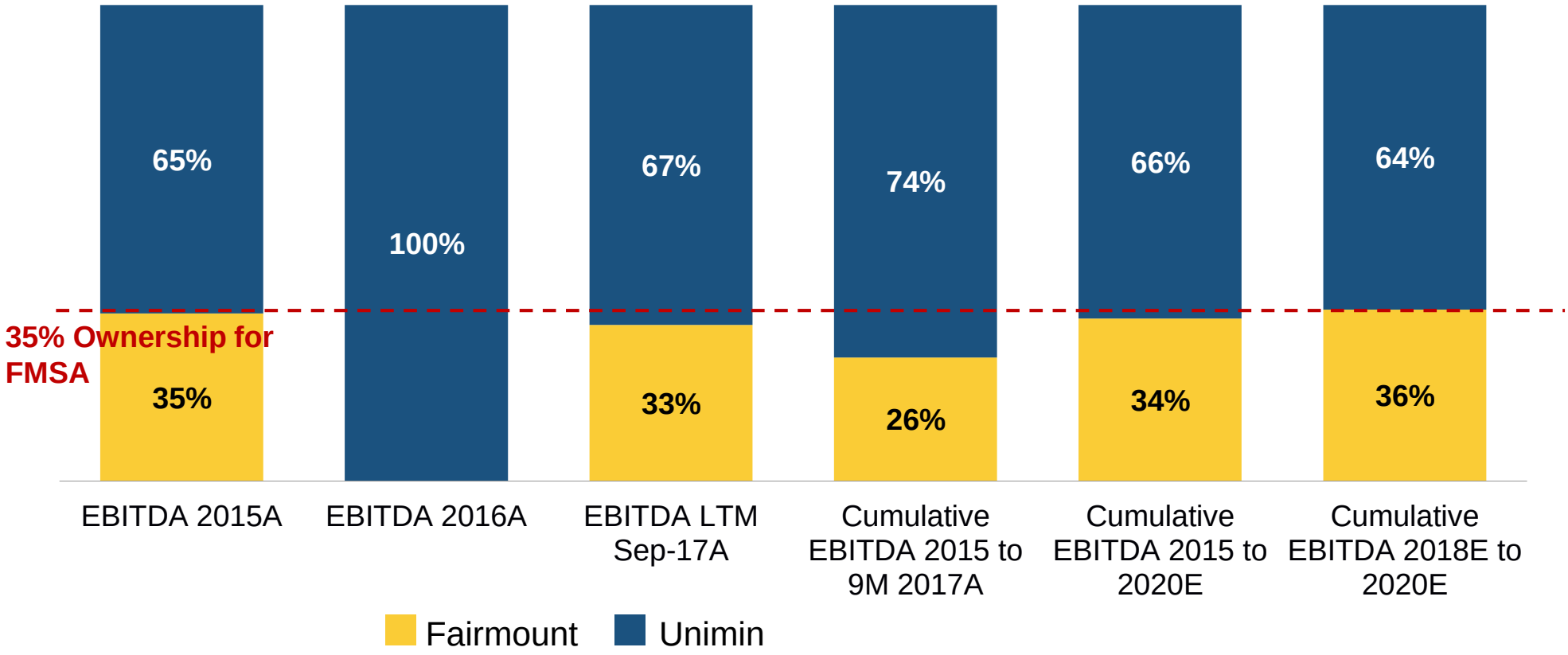
**Sibelco:**

- **65% of Combined Company Shares**



# 35% Ownership Implies a Premium Even at Equal Multiples

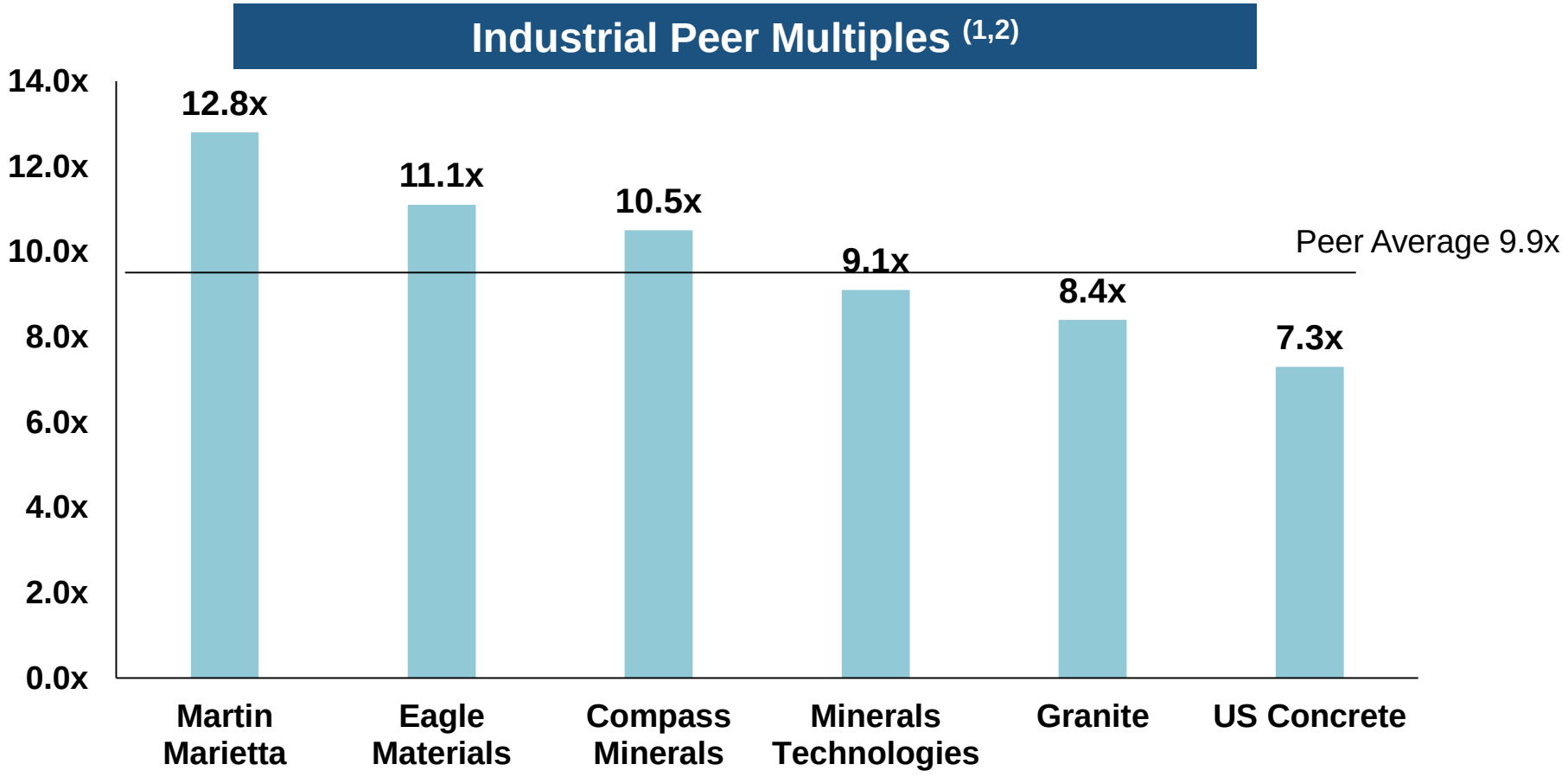
## Implied Value Contribution to Combined Company (1) (2)




- Capital structure adjusted for relative debt contribution
- Equally values every dollar of EBITDA – excludes any premium for predictable industrial business

1. Relative cumulative EBITDA contribution (like-for-like basis). Adjusted for net debt (Fairmount: $632M; Unimin: $831M) by applying the implied Fairmount Santrol EBITDA multiple to Unimin EBITDA (for each period)
2. Unimin figures prepared under IFRS with adjustments to make more comparable to Fairmount Santrol EBITDA

# Value of Stability Reflected in Industrial Trading Multiples



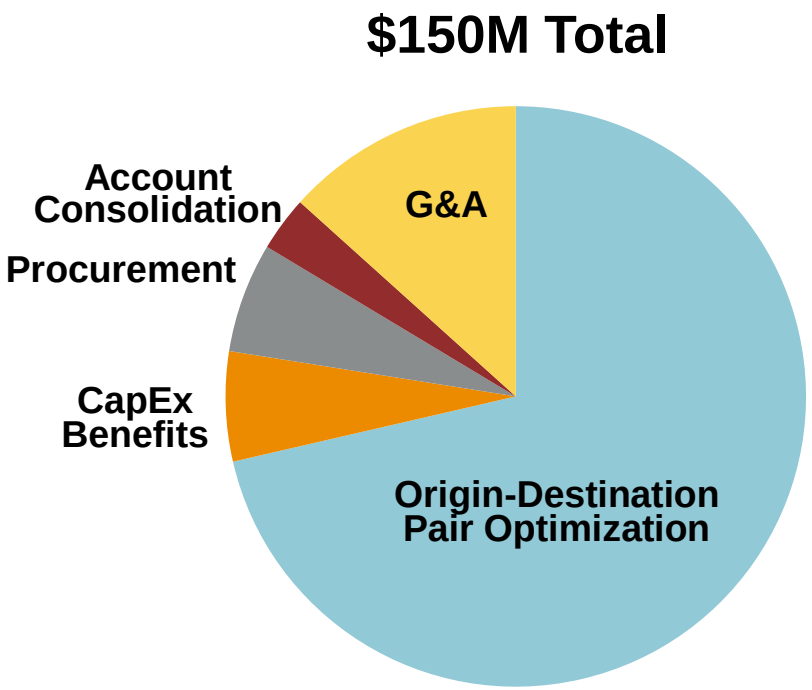

- Industrial peers trade at ~10.0x multiples with lower volatility compared to proppant companies
- 45% of the Combined Company's LTM 9/30/17 gross profit from industrial business

(1) TEV multiple of 2018E EBITDA median consensus from FactSet as of 3/19/2018
(2) Group based on peers per Fairmount Santrol proxy statement filed 4/6/2017 (Tronox Ltd. excluded)

# >$1Bn[1] Value Creation from Quantified Synergies

Synergy estimates developed through third-party market model incorporating significant in-basin capacity build

## Immediate and Substantial Synergies Expected at Low Implementation Costs [2]




- ~ $150M targeted annual synergies
- 50% of synergies expected in year 1
  - w/ full run-rate achieved in year 2
- Strong potential for incremental synergies not included in $150M
  - Cross-selling (industrial + energy)
  - Further product development

1. Based on net present value
2. Synergy split based on 2020 annual estimates by category

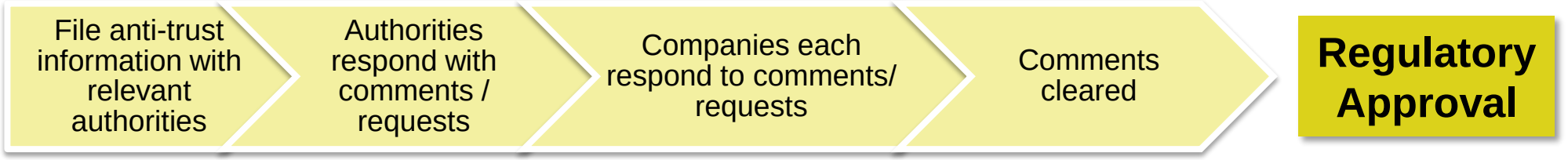
# Roadmap to Completion

## Shareholder Process

*Expected early Q2 18*

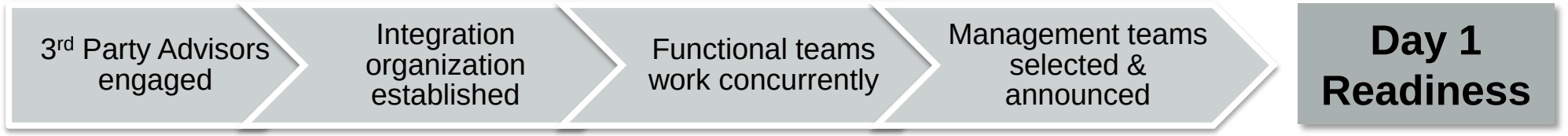
*Expected 20 business days after proxy mailing*

## Regulatory Process




*US FTC granted early termination / Mexico ongoing*

## Integration Planning




**On Track for Mid-2018 Closing**

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# Additional Supplemental Information

# Unimin's Energy Business

## Key Highlights

A Leading Supplier of Proppants to the O&G Segments

- Comprehensive portfolio of API-quality quartz proppants, resin-coated sands, cementing additives, gravel packing media, and drilling mud additives
- Available worldwide, these engineered products optimize drilling operations and completions to ensure well integrity and maximize fracture conductivity
- Applications include drilling, cementing, stimulation (hydraulic fracturing), production

## Selected Flagship Plants & Terminals

| Plants | | Terminals | |
|---|---|---|---|
| Tunnel City, WI | | Benwood, WV | |
| Roff, OK | | Odessa, TX (Permian) | |

## Raw Sand

- High quality reserves produce monocrystalline silica grains that are spherical, stronger and have superior particle size distribution (within API specifications)
- Lower fines and turbidity
- Readily available thanks to our scale and delivery infrastructure

Northern White

Texas Brown

UNIFRAC®

Brand

## Coated Sand

- Superior resin-coated UNIFRAC® products
- Engineered hybrid product encompassing precured strength performance and reliable flowback control
- Superior crush strength up to 20,000 psi
- Only coated on premium UNIFRAC® substrates

Northern White

PROPSTAR®

Texas Brown

## Drilling Products

**Well Cementing Additives**

SilverBond®

Brand

**Gravel Packing Sand**

ACCUPACK®

Brand

FairmountSantrol

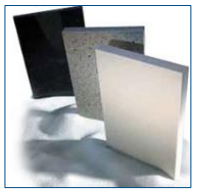
# Unimin's Industrial Business

## Key Highlights

Large, Resilient and Growing Business Generating Strong Cash Flows

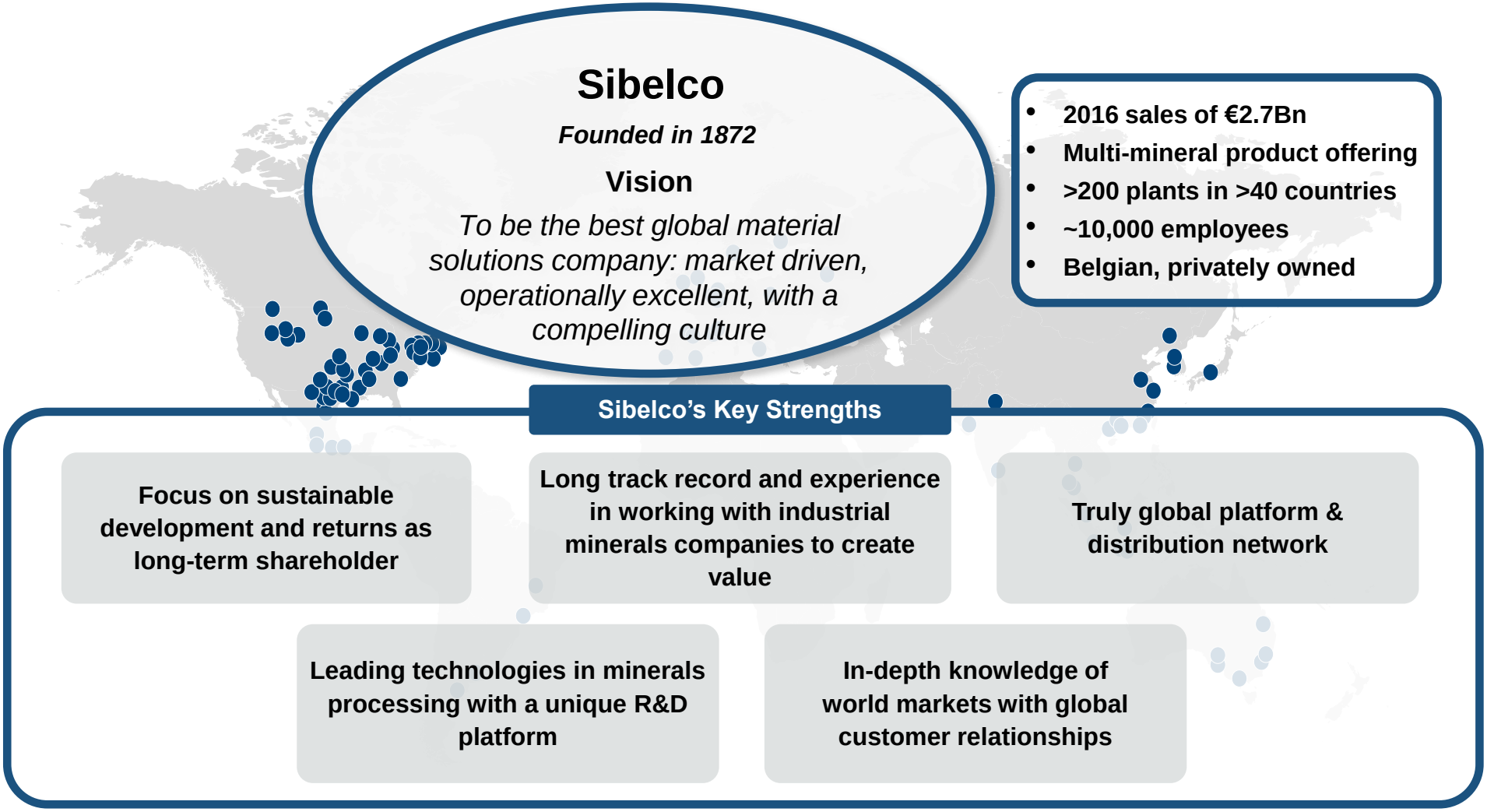
- Highly resilient and growing business generating strong cash flows with annual gross profit in excess of $180M (1)
- Large, stable blue-chip customer base
- Best-in-class and geographically diverse asset base
  - Strategically located plants in the US
  - High-quality plants in Mexico serving growing markets
  - Canadian nepheline syenite plant being modernized and expanded to serve growing markets
- Own and operate private railroad in West Virginia & New Jersey ("Winchester & Western"), further enhancing Unimin's industrial supply chain logistics

## Diverse Customer Segments Served

| | | |
|---|---|---|
| Glass | | • Container, float, fiberglass, solar panels, displays<br>• Strong cash flow generator<br>• Long-term contractual positions |
| Coatings & Polymers | | • Industry's largest portfolio of minerals serving architectural paints, industrial coatings, adhesives, plastic applications |
| Ceramics | | • Sanitaryware & tile applications<br>• Housing construction main driver for production growth |
| Construction & Industrial Products |  | • Construction, chemical, consumer, environmental, engineered stone<br>• Construction driving growth<br>• Highly fragmented market |
| Metals & Castings | | • Wide range of refractory & metallurgical grades<br>• Diverse metal casting, molding and core-making applications |

1. Unimin financials prepared under IFRS

*Note: See appendix for additional information on the industrial segment*

# Sibelco – Long-Term Shareholder

## Shared Values and Global Expertise