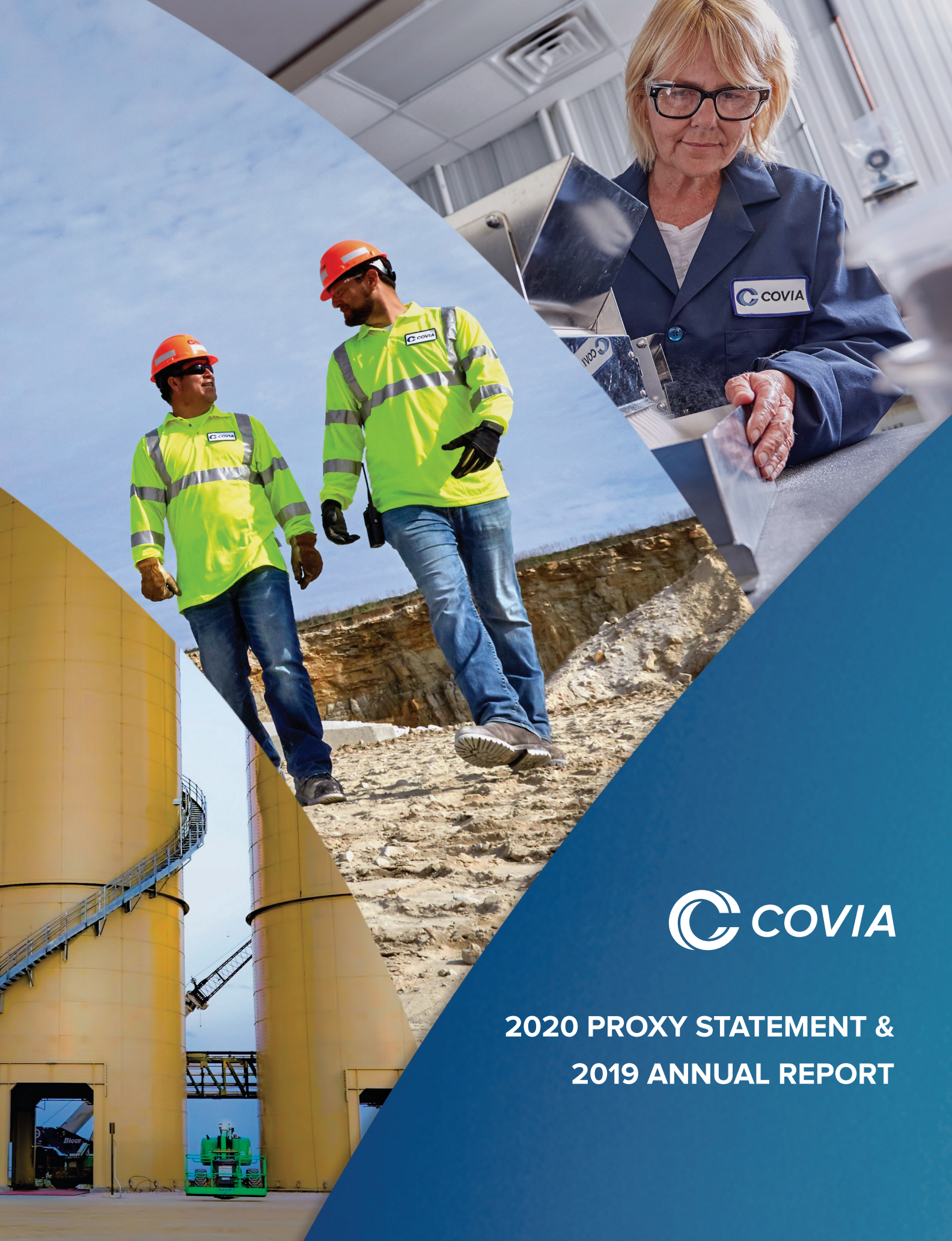




**2020 PROXY STATEMENT &
2019 ANNUAL REPORT**

TO OUR STOCKHOLDERS

April 9, 2020

Dear Fellow Stockholders,

As I write this letter, everyone is feeling the impact, either directly or indirectly, of the COVID-19 pandemic. At Covia, our number one priority in this tumultuous environment is to ensure the safety and health of all our employees. We have taken measures throughout the organization to mitigate risks associated with the spread of this virus. Safety has always been a core value of Covia, and I am proud of how our team has acted in this quickly changing environment.

The economic impact of COVID-19 and declining oil prices will present challenging market conditions for both our Industrial and Energy segments in 2020. In the face of these challenges, we will continue to focus on reliably and safely delivering quality products to our customers as efficiently as possible, maximizing cash flow and preserving liquidity.

We took a number of actions in 2019 that were designed to advance our strategic priorities and that put us in a stronger position to navigate current market challenges. These initiatives were focused on improving our balance sheet, repositioning our Energy segment and growing our Industrial segment, and include:

- Closing 2019 with nearly \$320 million in cash, an increase of over \$185 million from the end of 2018.
- Lowering net debt by \$256 million, including repurchasing \$63 million of our term loan at a substantial discount to par.

- Successfully working with railcar builders to eliminate approximately \$195 million in future railcar purchase obligations.
- Reducing our railcar fleet by over 3,000 cars to better balance our fleet size with shifting customer demand.
- Completing the expansion of our Canoitas facility in Mexico to support growing customer demand.
- Reducing operating costs across the network.

In addition to these accomplishments, we also demonstrated our commitment to sustainable and safe business practices. Our total lost-time incident rate in 2019 was nearly 60% below the industry average. Exemplifying this commitment to safety, our Roff, Oklahoma facility, which has operated for nearly 34 years without a reportable injury, won the prestigious Sentinels of Safety Award, given to the nation's safest mines. We will highlight these initiatives and other environmental, social and governance accomplishments in our Corporate Responsibility report that will be published later this year.

In closing, I would like to thank you, our stockholders, as well as our customers, suppliers and community partners, for your continued support. Most importantly, I would like to thank our employees who have shown dedication and creativity to help navigate this period of challenging market conditions and unprecedented uncertainty.

Sincerely,



Richard A. Navarre
Chairman, President and CEO



**Covia Holdings Corporation
Notice of 2020 Annual Meeting of Stockholders
and
Proxy Statement**



Covia Holdings Corporation
3 Summit Park Drive, Suite 700
Independence, Ohio 44131

April 9, 2020

Dear Stockholder:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the 2020 Annual Meeting of Stockholders of Covia Holdings Corporation. The Annual Meeting will be held at 3 Summit Park Drive, Independence, Ohio 44131, on May 21, 2020, beginning at 8:00 a.m. EDT. However, given the response of federal, state, and local governments to the outbreak of the coronavirus identified as COVID-19, which the World Health Organization has identified as a pandemic, we are preparing for the possibility that remote participation may be required for the Annual Meeting. If we take this step, we will announce the decision to do so in advance and provide details on how to participate in a press release that we will post on our website (ir.coviacorp.com) and file with the Securities and Exchange Commission as proxy material.

The following pages contain the Notice of Annual Meeting of Stockholders and the accompanying Proxy Statement. We encourage you to review these materials for information concerning the business to be conducted at the Annual Meeting.

Your vote is very important. Whether or not you plan to attend the Annual Meeting, we urge you to vote as soon as possible. If you attend the Annual Meeting, you may revoke your proxy and vote in person, even if you have previously submitted a proxy.

We have elected to take advantage of Securities and Exchange Commission rules that allow us to furnish proxy materials to certain stockholders on the Internet. On or about the date of this letter, we began mailing a Notice of Internet Availability of Proxy Materials to stockholders of record at the close of business on March 23, 2020. At the same time, we made our proxy materials available over the Internet and filed our proxy materials with the Securities and Exchange Commission. If you received a Notice of Internet Availability of Proxy Materials, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for those materials contained in the Notice of Internet Availability of Proxy Materials.

Thank you for your continued support of Covia Holdings Corporation.

Sincerely,

Richard A. Navarre
Chairman, President and CEO

COVIA HOLDINGS CORPORATION
NOTICE OF 2020 ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

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Covia Holdings Corporation
3 Summit Park Drive, Suite 700
Independence, Ohio 44131

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 21, 2020**

To our Stockholders:

The 2020 Annual Meeting of Stockholders of Covia Holdings Corporation (“Annual Meeting”) will be held at 3 Summit Park Drive, Independence, Ohio 44131, on May 21, 2020, beginning at 8:00 a.m. EDT, for the following purposes:

1. Elect as directors the 11 nominees named in the Proxy Statement for a term of one year;
2. Approve, on an advisory basis, the compensation of our named executive officers;
3. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2020; and
4. Transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 23, 2020, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any postponement or adjournment thereof.

We began mailing a Notice of Internet Availability of Proxy Materials on or about April 9, 2020 to stockholders of record at the close of business on March 23, 2020, except for those stockholders of record who had requested a paper or email copy of our proxy materials to whom we mailed or emailed a copy of our proxy materials. The Notice contains information on how to access on the Internet our 2020 Proxy Statement, our 2019 Annual Report to Stockholders, our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, and the form of proxy. The Notice also provides instructions on how to vote via the Internet or by telephone and how to request a paper or email copy of our proxy materials.

By Order of the Board of Directors,

Chadwick P. Reynolds
*Executive Vice President,
Chief Legal Officer and Secretary*

April 9, 2020
Independence, Ohio

We are actively monitoring the public health and travel safety concerns relating to COVID-19 and the advisories or mandates that federal, state, and local governments and related agencies may issue. In the event it is not possible or advisable to hold the Annual Meeting as planned, we will announce the decision to do so in advance and provide details on how to participate in a press release that we will post on our website (ir.coviacorp.com) and file with the Securities and Exchange Commission as proxy material. If you are planning to attend the Annual Meeting, please check our website the week of the meeting. Should we choose to hold the Annual Meeting virtually, our intent is to return to in-person annual stockholder meetings once the COVID-19 crisis passes.

Your vote is very important. Stockholders are urged to vote online. If you attend the Annual Meeting, you may revoke your proxy and vote in person if you wish, even if you have previously submitted a proxy.

IMPORTANT INFORMATION REGARDING VOTING

If our shares of common stock are registered in your name with our transfer agent, you are considered, with respect to those shares of common stock, a holder of record (which we also refer to as a registered stockholder). If you hold our shares of common stock in a brokerage account or through a bank or other nominee serving as holder of record, which is also referred to as holding in “street name,” you are considered the beneficial stockholder of those shares of common stock.

If you are a beneficial stockholder, you must instruct your broker, bank or other nominee how to vote your shares of common stock. If you do not provide voting instructions, your shares of common stock will not be voted on any proposal on which your broker, bank or other nominee does not have discretionary authority to vote. This is called a “broker non-vote.” In such cases, your broker, bank or other nominee may register your shares of common stock as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange (“NYSE”).

If you are a beneficial stockholder, your broker has discretionary authority under NYSE rules to vote your shares of common stock on Item 3 (Ratification of the Appointment of Ernst & Young LLP) in the event the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote your shares of common stock on Item 1 (Election of Directors) or Item 2 (Say-on-Pay Vote) without instructions from you, in which case a broker non-vote will occur and your shares of common stock will not be voted on those matters. ***Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares.***

If you are a beneficial stockholder and you have any questions about the voting process, please contact the broker, bank or other nominee holding your shares of common stock.

IMPORTANT INFORMATION REGARDING AVAILABILITY OF PROXY MATERIALS

Our 2020 Proxy Statement, our 2019 Annual Report to Stockholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, are available for review by registered and beneficial stockholders at www.proxyvote.com.

IMPORTANT INFORMATION REGARDING ANNUAL MEETING ATTENDANCE

In accordance with our security procedures, all persons attending the Annual Meeting must present picture identification and their Notice of Internet Availability of Proxy Materials, the admission ticket found on their proxy card (if they requested and received a proxy card), or a brokerage statement or other proof of ownership of our shares of common stock as of the record date. For security purposes, briefcases, bags, purses, backpacks and other containers will be subject to search at the door.

Directions to the location of the Annual Meeting are available in the Investor Relations section of our website (ir.coviacorp.com).

In the event it is not possible or advisable to hold the Annual Meeting as planned due to the COVID-19 pandemic, we will announce the decision to do so in advance and provide details on how to participate in a press release that we will post on our website (ir.coviacorp.com) and file with the Securities and Exchange Commission as proxy material. If you are planning to attend the Annual Meeting, please check our website the week of the meeting.



Covia Holdings Corporation
3 Summit Park Drive, Suite 700
Independence, Ohio 44131

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (“Board”) of Covia Holdings Corporation, a Delaware corporation (“we”, “our”, “us” and “Covia”), for use at the 2020 Annual Meeting of Stockholders to be held at 3 Summit Park Drive, Independence, Ohio 44131, on May 21, 2020, beginning at 8:00 a.m. EDT (“Annual Meeting”). We are actively monitoring the public health and travel safety concerns relating to the COVID-19 pandemic and the advisories or mandates that federal, state, and local governments and related agencies may issue. In the event it is not possible or advisable to hold the Annual Meeting as planned, we will announce the decision to do so in advance and provide details on how to participate in a press release that we will post on our website (ir.coviacorp.com) and file with the Securities and Exchange Commission as proxy material. Should we choose to hold the Annual Meeting virtually, our intent is to return to in-person meetings once the COVID-19 crisis passes.

On or about April 9, 2020, we began mailing to our stockholders of record at the close of business on March 23, 2020 (“Record Date”) a Notice of Internet Availability of Proxy Materials containing instructions on how to access the Notice of Annual Meeting of Stockholders, this Proxy Statement, our 2019 Annual Report to Stockholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (“2019 Form 10-K”).

ABOUT THE ANNUAL MEETING

Purpose of the Annual Meeting

At the Annual Meeting, stockholders will be asked to: (1) elect as directors the 11 nominees named in this Proxy Statement; (2) approve, on an advisory basis, the compensation of our named executive officers, as disclosed in this Proxy Statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and the narrative discussion accompanying the tables (“Say-on-Pay Vote”); (3) ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2020; and (4) transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Registered Stockholders and Beneficial Stockholders

If our shares of common stock are registered in your name with our transfer agent, you are considered, with respect to those shares of common stock, a holder of record (which we also refer to as a registered stockholder). If you hold our shares of common stock in a brokerage account or through a bank or other nominee serving as holder of record, which is also referred to as holding in “street name,” you are considered the beneficial holder of those shares of common stock (which we also refer to as a beneficial stockholder).

Voting Securities and Stockholder Voting Rights

Our voting securities consist of our common stock, par value \$0.01 per share. Only stockholders of record of our common stock at the close of business on the Record Date are entitled to receive notice of, and to vote at, the Annual Meeting. On the Record Date, there were 132,024,158 outstanding shares of our common stock. Each outstanding share of our common stock entitles the holder thereof to one vote on each matter to be voted upon at the Annual Meeting or any postponement or adjournment thereof.

A list of the holders of record entitled to vote at the Annual Meeting will be available for inspection at the Annual Meeting and, for a period of 10 days prior to the Annual Meeting, at our headquarters located at 3 Summit Park Drive, Suite 700, Independence, Ohio 44131. All voting at the Annual Meeting will be governed by our Amended and Restated Certificate of Incorporation (“Certificate of Incorporation”), our Amended and Restated Bylaws (“Bylaws”), and the General Corporation Law of the State of Delaware.

Internet Availability of Proxy Materials

In accordance with rules adopted by the Securities and Exchange Commission (“SEC”), instead of mailing a printed copy of our proxy materials to each stockholder of record, we are permitted to furnish our proxy materials, including the Notice of Annual Meeting of Stockholders, this Proxy Statement, our 2019 Annual Report to Stockholders and our 2019 Form 10-K, by providing access to those documents on the Internet. Generally, stockholders will not receive printed copies of the proxy materials unless they request them.

A Notice of Internet Availability of Proxy Materials (“Notice of Internet Availability”) that provides instructions for accessing our proxy materials on the Internet was mailed or emailed directly to registered stockholders. The Notice of Internet Availability also provides instructions regarding how registered stockholders may vote their shares of common stock, including by voting online, by telephone or by proxy card (if you received printed copies of the proxy materials) or by attending the Annual Meeting to vote in person. Registered stockholders who prefer to receive a paper or email copy of our proxy materials should follow the instructions provided in the Notice of Internet Availability for requesting those materials.

The broker, bank or other nominee who is considered the registered stockholder with respect to shares of common stock should forward to the beneficial stockholder of those shares of common stock a notice that directs the beneficial stockholder to the website where our proxy materials may be accessed. That broker, bank or other nominee should also provide to the beneficial stockholder instructions on how the beneficial stockholders may request a paper or email copy of our proxy materials. Beneficial stockholders have the right to direct their broker, bank or other nominee on how to vote their shares of common stock by following the voting instructions they receive from their broker, bank or other holder of record.

To elect to receive proxy materials for future stockholder meetings through our electronic delivery service, follow the instruction in your Notice of Internet Availability (or proxy card, if you received printed copies of the proxy materials) to register online at www.proxyvote.com and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

How to Vote

As a Registered Stockholder

After receiving the Notice of Internet Availability (or proxy card, if you received printed or emailed copies of the proxy materials), registered stockholders are urged to visit www.proxyvote.com to access our proxy materials and vote online. When voting online, you must follow the instructions posted on the website and you will need the control number included on your Notice of Internet Availability (or proxy card, if applicable). Registered stockholders may also vote by telephone by calling 1-800-690-6903, by completing and mailing a proxy card (if you received printed copies of the proxy materials), or by submitting a written ballot at the Annual Meeting. If, after receiving the Notice of Internet Availability, you request that we send you paper or emailed copies of our proxy materials, you may vote your shares of common stock by completing, dating and signing the proxy card included with the materials and returning it in accordance with the instructions provided.

If your shares are held directly and you vote online, by telephone or by mail, your vote must be received by 11:59 p.m. EDT on May 20, 2020, the day before the Annual Meeting. If your shares are held in the Covia 401(k) Plan, as defined below, and you vote online, by telephone or by mail, your vote must be received by 11:59 p.m. EDT on May 18, 2020.

If you timely and properly submit your vote, your shares of common stock will be voted as you direct. If you return or otherwise complete your proxy card, but you do not indicate your voting preferences, the proxies will vote your shares in accordance with the Board’s recommendations as follows: FOR the election of the director nominees identified in Item 1 (Election of Directors); FOR the approval of the compensation of our named executive officers as disclosed in Item 2 (Say-on-Pay Vote); FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2020 as described in Item 3 (Ratification of the Appointment of Ernst & Young LLP), and in their discretion for such other matters as may properly come before the Annual Meeting or any adjournment thereof.

A registered stockholder may revoke a proxy at any time before it is exercised at the Annual Meeting by (1) filing with our Inspector of Election a written notice of revocation, (2) duly executing and delivering to our Secretary a proxy bearing a later date or (3) by attending the Annual Meeting and giving written notice of revocation to the secretary of the meeting. Attendance at the Annual Meeting will not by itself revoke a previously granted proxy.

As a Beneficial Stockholder

Beneficial stockholders should follow the procedures and directions set forth in the materials they receive from the broker, bank or other nominee who is the registered holder of their shares of common stock to instruct such registered holder how to vote those shares of common stock or revoke previously given voting instructions. Please contact your broker, bank or other nominee to determine the applicable deadlines. Beneficial stockholders who wish to vote at the Annual Meeting will need to obtain and provide to the secretary of the meeting a completed form of proxy from the broker, bank or other nominee who is the registered holder of their shares of common stock.

Brokers, banks and other nominees who hold shares of common stock for beneficial stockholders in street name may vote such shares of common stock on “routine” matters (as determined under the rules of the New York Stock Exchange (“NYSE”)), such as Item 3 (Ratification of the Appointment of Ernst & Young LLP), without specific voting instructions from the beneficial owner of such shares of common stock. Brokers, banks and other nominees may not, however, vote such shares of common stock on “non-routine” matters, such as Item 1 (Election of Directors) and Item 2 (Say-on-Pay Vote), without specific voting instructions from the beneficial owner of such shares of common stock. Proxies submitted by brokers, banks and other nominees that have not been voted on “non-routine” matters are referred to as “broker non-votes.” Broker non-votes will not be counted for purposes of determining the number of shares of common stock necessary for approval of any matter to which broker non-votes apply (i.e., broker non-votes will have no effect on the outcome of such matter).

Householding

SEC rules allow multiple stockholders residing at the same address the convenience of receiving a single copy of the Notice of Internet Availability, Annual Report to Stockholders and proxy materials if they consent to do so (referred to as “householding”). Householding is permitted only in certain circumstances, including when you have the same last name and address as another stockholder. If the required conditions are met under the applicable SEC rules, in your household may receive a single copy of the Notice of Internet Availability or the Annual Report to Stockholders and proxy materials. Upon written or oral request, we will promptly deliver a separate copy of the Notice of Internet Availability or the Annual Report to Stockholders and proxy materials, as applicable, to a stockholder at a shared address to which a single copy of the document(s) was delivered.

You may either request householding or revoke your consent for householding at any time by contacting Broadridge, either by calling 1-866-540-7095, or by writing to: Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. You will be added to or removed from the householding program within 30 days of receipt of your instructions. If you revoke your consent for householding, you will be sent separate copies of the documents sent to our stockholders at such time as you are removed from the householding program.

Beneficial stockholders may request more information about householding from their brokers, banks or other nominees.

Board’s Recommendations

Subject to revocation, all proxies that are properly completed and timely received will be voted in accordance with the instructions contained therein. If no instructions are given (excluding broker non-votes), the persons named as proxy holders will vote the shares of common stock in accordance with the recommendations of the Board. The Board’s recommendations are set forth together with the description of each proposal in this Proxy Statement. In summary, the Board recommends a vote:

1. FOR the election of each of the 11 director nominees named in this Proxy Statement (see Item 1);
2. FOR the approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this Proxy Statement (see Item 2); and
3. FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2020 (see Item 3).

If any other matter properly comes before the Annual Meeting or any adjournment thereof, or if a director nominee named in this Proxy Statement is unable to serve or for good cause will not serve, the proxy holders will vote on that matter or for a substitute nominee as recommended by the Board.

Quorum

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of common stock entitled to be voted at the Annual Meeting will constitute a quorum for the conduct of business at the Annual Meeting. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares of common stock considered to be represented at the Annual Meeting for purposes of establishing a quorum.

Vote Required for Approval

Item 1

Our Bylaws provide that if a quorum is present at the Annual Meeting, director nominees receiving the greatest number of votes properly cast (a “plurality”) will be elected as directors. Our stockholders do not have cumulative voting rights in the election of directors.

If no voting instructions are given (excluding broker non-votes), the persons named as proxy holders on the proxy card will vote the shares of common stock FOR the election of the director nominees identified in Item 1 (Election of Directors).

Other Items

For Item 2, the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote is required to approve the Say-on-Pay Vote. The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on Item 3 is required to ratify the selection of Ernst & Young LLP.

A properly executed proxy marked “abstain” with respect to Item 2 and Item 3 will not be voted with respect to such matter. Accordingly, for purposes of Item 2 and Item 3, abstentions will have the effect of a vote against Item 2 and Item 3. For purposes of Item 2, broker non-votes, if any, will not be counted as entitled to vote, and they will have no effect on the outcome of Item 2.

If no voting instructions are given (excluding broker non-votes), the persons named as proxy holders on the proxy card will vote the shares of common stock in accordance with the recommendations of the Board with respect to Item 2 and Item 3 and at the discretion of the proxy holders on all other matters that may properly be brought before the Annual Meeting or any adjournment thereof. The votes received with respect to Item 2 and Item 3 are advisory and will not bind the Board or us.

ITEM 1: ELECTION OF DIRECTORS

At the Annual Meeting, 11 directors are to be elected to serve until the next Annual Meeting of Stockholders and until their respective successors are elected and qualified, or until their earlier death, resignation or removal. All 11 nominees are currently directors on our Board. Proxies may not be voted at the Annual Meeting for more than 11 persons. Our stockholders do not have cumulative voting rights in the election of directors. The Board recommends each nominee listed below for re-election as a director and knows of no reason why any such nominee may be unable to serve or for good cause will not serve as a director if elected. If a director nominee is unable to serve or for good cause will not serve, the shares of common stock represented by all valid proxies will be voted for the election of such other person as the Board may nominate.

Information concerning each director nominee is set forth in the following table, including each director nominee’s age (as of the Record Date), current Board committee memberships, business experience and principal occupation for the past five years or more, the specific experience, qualifications, attributes or skills of each director nominee that led to the conclusion that the director nominee should serve as a director, other public company directorships held by each director nominee during the past five years, and tenure as a director on the Board. With the exception of Mr. Decat, Mr. Deleersnyder, Mr. Lambrechts, and Mr. Navarre, no other director nominee has a material relationship with Covia, its subsidiaries or its management aside from his service as a director. Mr. Navarre is not an independent director due to his employment as our President and Chief Executive Officer (“CEO”). Mr. Decat, Mr. Deleersnyder and Mr. Lambrechts are not independent due to their employment as executives of SCR-Sibelco NV (“Sibelco”) and the transactions between Sibelco and us in the past three years. See the “Related Party Transactions” section of this Proxy Statement for information regarding transactions with Sibelco.

Name	Age	Director Since	Business Experience, Current Positions on the Board's Committees, and Specific Qualifications for Service on the Board
William E. Conway	92	2018	<i>Business Experience:</i> Mr. Conway has been a director of Covia since June 2018, and previously served as Chairman of the Board (emeritus) of Fairmount Santrol from 2010 until June 2018. After he and other investors acquired Best Sand in 1978, Mr. Conway invested in Wedron Silica in 1984, along with Charles D. Fowler and the Wedron Silica management team. Best Sand and Wedron Silica then merged to form Fairmount Minerals, what would later be known as Fairmount Santrol, in 1986. Mr. Conway served as Chairman of the Board and CEO of Best Sand from 1978 until 1984 and Fairmount Minerals from 1984 to 1996. From 1996 until 2010, he served as Fairmount Santrol's Chairman of the Board. Prior to entering the industrial minerals business in 1978, Mr. Conway held positions with Pickands Mather & Co., Diamond Shamrock Corporation and Midland-Ross Corporation. Mr. Conway serves on the boards of directors of the Cleveland Clinic Foundation, University School and Holden Forests and Gardens. Mr. Conway received a B.S. from Yale University and completed the Executive Program at the University of California, Berkeley. <i>Committee Memberships:</i> Governance Committee (Chair) <i>Director Qualifications:</i> Due to his experience as Fairmount Santrol's former Chairman of the Board and CEO, Mr. Conway is particularly well qualified to serve on our Board. In such roles, he has proven that he is an effective leader. As one of the founders of Fairmount Santrol, Mr. Conway brings an extensive understanding and comprehensive knowledge of various segments of our business to our Board.
Kurt Decat	54	2018	<i>Business Experience:</i> Mr. Decat has been a director of Covia since June 2018 and has been the Chief Financial Officer of Sibelco, a privately-owned Belgian company, since joining Sibelco in 2015. Prior to joining Sibelco, Mr. Decat served for 11 years as the Chief Finance Officer and as a director of Taminco Corporation, a global specialty chemical company. Earlier in his career, Mr. Decat held a number of finance, procurement and audit positions at Coopers Lybrand, FedEx Corporation, Minit Group and Domo Inc. Mr. Decat holds a master's degree in commercial engineering and an M.B.A. from Katholieke Universiteit Leuven. <i>Committee Memberships:</i> Executive Committee <i>Director Qualifications:</i> Due to his more than 15 years of experience as the principal financial officer of Sibelco and Taminco Corporation, his experience as a board member of Taminco Corporation, his broad financial background and his working knowledge of the chemical and mining industries, Mr. Decat is well qualified to serve on our Board.

Name	Age	Director Since	Business Experience, Current Positions on the Board's Committees, and Specific Qualifications for Service on the Board
Jean-Luc Deleersnyder	58	2018	<i>Business Experience:</i> Mr. Deleersnyder has been a director of Covia since June 2018, served as a member of the Board of Directors of Unimin Corporation from 2007 until June 2018, and has been CEO of Sibelco since 2014. Mr. Deleersnyder joined Sibelco in April 2006 and served as CEO Europe and Group Chief Operating Officer prior to his appointment as the CEO of Sibelco in 2014. Prior to joining Sibelco, from 1996 to 2006, he was Executive Vice President of Umicore SA. He started his career at McKinsey & Co. where he worked from 1988 to 1996. Mr. Deleersnyder received a M.S. in Electro-Mechanical Engineering and a Ph.D. in Operations Management, both from University of Ghent (Belgium). <i>Committee Memberships:</i> Executive Committee (Chair) <i>Director Qualifications:</i> Due to his 20 years of experience with global industries, including most recently as Sibelco's CEO, Mr. Deleersnyder is well qualified to serve on our Board. His business and industry expertise provide the Board with a unique perspective on the global minerals industry.
Michel Delloye	63	2018	<i>Business Experience:</i> Mr. Delloye has been a director of Covia since June 2018 and has been a permanent representative of Cytifinance SA on the board of directors of Sibelco and the chairman of the Audit Committee of Sibelco since 2016. Mr. Delloye started his career at the audit firm Deloitte Haskins & Sells in 1981, where he worked until 1984. In 1984, he joined Groupe Bruxelles Lambert, a major investment group based in Brussels. Mr. Delloye served as Finance Director of Groupe Bruxelles Lambert from 1986 to 1988, was President of The Lambert Brussels Capital Corporation (New York) from 1988 to 1990 and was General Manager of Groupe Bruxelles Lambert from 1990 to 1992. Between 1992 and 1996, Mr. Delloye was Managing Director (CEO) of RTL Group, the leading European TV and radio group based in Luxembourg. He served as the CEO and President of Central Media European Enterprise (London) between 1997 and 1998. Since then, he has been an active long-term investor in medium sized European companies and has served as an independent board member of several listed and unlisted companies, mainly in Belgium. Mr. Delloye was a director of Compagnie du Bois Sauvage SA from 2007 to 2011, serving as Chairman during 2010-2011, and served as an independent director of Telenet Group Holding NV from 2003 until 2015. Mr. Delloye (personally or as representative of Cytifinance SA) is currently a member of the board of a number of major companies in Belgium, Luxembourg and Switzerland, including Vandemoortele, Matexi Group Holding and Schröder, and serves as chairman of the board of Cosucra. Mr. Delloye received a degree in law from the University of Louvain. <i>Committee Memberships:</i> Audit Committee (Chair) <i>Director Qualifications:</i> Due to his management expertise combined with his extensive experience as an independent board member, Mr. Delloye is well qualified to serve on our Board.

Name	Age	Director Since	Business Experience, Current Positions on the Board's Committees, and Specific Qualifications for Service on the Board
Jean-Pierre Labroue	57	2018	<i>Business Experience:</i> Mr. Labroue has been a director of Covia since June 2018 and has served as the permanent representative of Calavon Finance SAS on the board of directors of Sibelco since 2017 and as the President of Calavon Finance SAS since its incorporation in May 2017. From December 2012 to December 2016, Mr. Labroue served as Group General Counsel and Head of Legal and Compliance of Solvay, an international chemical group, where he also supervised mergers and acquisitions. From 2004 until 2011, he served as Group General Counsel & Corporate Secretary of the international chemical group Rhodia, which was acquired by Solvay in 2011, first supervising the legal function and later also mergers and acquisitions and public affairs. From 1999 to 2004, Mr. Labroue was Vice President, General Counsel and Corporate Secretary of Aventis Pharma SA. From 1989 to 1999, he worked at Rhone-Poulenc, including working in Rhône-Poulenc Chimie's legal department from 1989 to 1993, working in the American Rhône-Poulenc Rorer's headquarters in Collegeville, PA from 1993 to 1996 and serving as Vice President & General Counsel, Europe and International of Rhône-Poulenc Rorer from 1996 to 1999. Mr. Labroue began his career in 1988 with the Jeantet & Associés law firm in Paris. Mr. Labroue holds post graduate law degrees from the University of Paris X Nanterre, completed the ESSEC-IMD business school program and obtained an LL.M. degree in corporate law and finance from Widener University. <i>Committee Memberships:</i> Compensation Committee (Chair); Governance Committee <i>Director Qualifications:</i> Due to his extensive experience gained through leadership roles at a number of European chemical companies, combined with his extensive legal background, Mr. Labroue is well qualified to serve on our Board.
Olivier Lambrechts	39	2018	<i>Business Experience:</i> Mr. Lambrechts has been a director of Covia since June 2018, and currently serves as Executive Vice President, Business Group of Sibelco after having served as Executive Vice President, Corporate Development of Sibelco from 2016 to 2019. Prior to joining Sibelco, from 2008 until 2015, Mr. Lambrechts was an associate, engagement manager and associate principal at McKinsey & Company. From 2003 until 2007, he served as Ph.D. Researcher at K.U. Leuven, where he received a Ph. D. in applied economics, business engineering and operations management in 2007. <i>Committee Memberships:</i> Executive Committee <i>Director Qualifications:</i> Due to his extensive experience at Sibelco and McKinsey & Company in the field of strategy and M&A and his experience in industrial minerals, Mr. Lambrechts is well qualified to serve on our Board.

Name	Age	Director Since	Business Experience, Current Positions on the Board's Committees, and Specific Qualifications for Service on the Board
Matthew F. LeBaron	48	2018	<i>Business Experience:</i> Mr. LeBaron has been a director of Covia since June 2018. He previously served as Chairman of the Board of Fairmount Santrol from 2010 until June 2018. Mr. LeBaron is a co-founder of LeBaronBrown Industries, a private investment holding company focused on investing in industrial businesses. He was previously a Managing Director at American Securities, which he joined in 1999. Mr. LeBaron has previously served on the board of United Distribution Group, an American Securities portfolio company, and on the boards of numerous other private and public companies. Previously, Mr. LeBaron was a private equity investor at Bain Capital, Inc. and a consultant at The Boston Consulting Group. He received a B.A. from Amherst College and a MBA from the Harvard Business School. <i>Committee Memberships:</i> Lead Independent Director; Executive Committee <i>Director Qualifications:</i> As an investor with over two decades of experience, Mr. LeBaron brings the knowledge of corporate finance, corporate governance, corporate transactions, organizational development and strategic planning to our Board. Due to this experience, he is particularly well qualified to serve on our Board.
William P. Kelly	70	2018	<i>Business Experience:</i> Mr. Kelly has been a director of Covia since June 2018, and he previously served as a director of Fairmount Santrol from 2005 until June 2018. Mr. Kelly was Chairman and CEO of Unifrax Corporation from 1996 to 2006. From 2010 to 2015, he served on the Executive Council of American Securities. He is a member of The Operating Council for Kirtland Capital Partners. He was a Board member for privately held Unifrax Corporation from 2006 until the sale of the company in December 2018, and was a Board member of Smart Source Computer Rentals from 2006 until its sale in 2019. He received a B.S. degree in Ceramics Engineering from Alfred University and an M.B.A. from Duquesne University. He also attended the Tuck Executive Program at Dartmouth College. <i>Committee Memberships:</i> Compensation Committee; Audit Committee <i>Director Qualifications:</i> Due to his experience as Chairman and CEO of Unifrax, as well as board membership of Unifrax and several other private companies, he is particularly well qualified to serve on our Board. In these roles, he has proven to be an effective leader.

Name	Age	Director Since	Business Experience, Current Positions on the Board's Committees, and Specific Qualifications for Service on the Board
Stephen J. Hadden	65	2018	<i>Business Experience:</i> Mr. Hadden has been a director of Covia since June 2018 and he previously served as a director of Fairmount Santrol from 2015 until June 2018. Mr. Hadden has over 40 years of experience in the oil and gas industry, having served in various management roles for Texaco Inc., now Chevron Corporation, and more recently as Executive Vice President of Worldwide Exploration and Production for Devon Energy Corporation from 2004 until 2009. Mr. Hadden was a director of Ulterra Drilling Technologies, a leading PDC bit supplier in the U.S., from September 2016 to November 2018, and serves as a Senior Executive Advisor for Tennenbaum Capital Partners, LLC, a leading alternative investment management firm. Previously, Mr. Hadden was a director of LINN Energy from 2013 until 2017 and with Berry Petroleum Company from 2011 until its merger with LINN Energy. Mr. Hadden also served with the following entities: The Advisory Board of the Society of Petroleum Engineers, the Upstream Committee of the American Petroleum Institute, and the Western States Petroleum Association. He has a B.S. degree in Chemical Engineering from The Pennsylvania State University. <i>Committee Memberships:</i> Audit Committee <i>Director Qualifications:</i> Due to his significant experience in the oil and gas industry, including service on industry advisory boards, and his experience serving on public company boards and committees, Mr. Hadden is particularly well qualified to serve on our Board.
Richard A. Navarre	59	2018	<i>Business Experience:</i> Mr. Navarre has served as our Chairman, President, and CEO since September 2019. Prior to his permanent appointment as President and CEO, Mr. Navarre served as our Chairman beginning in June 2018 and assumed the additional roles as our President and CEO on an interim basis in May 2019. Mr. Navarre has more than 35 years of diverse international business and finance experience. From 2012 to 2019, Mr. Navarre was an independent advisor to companies in the energy industry. From 1993 until his retirement in 2012, Mr. Navarre held several executive positions with Peabody Energy Corporation, including serving as its President – Americas, President and Chief Commercial Officer, and Executive Vice President of Corporate Development and Chief Financial Officer. He is currently a director of Natural Resource Partners LP (NYSE: NRP) (where he serves as a member of the audit committee and as chairman of the conflicts committee), Arch Coal (NYSE: ARCH) (where he serves as the chair of the compensation committee and a member of the nominating and governance committee), and Civeo Corporation (NYSE: CVEO) (where he is the Chairman of the Board and serves as a member of the nominating and governance committee). Mr. Navarre has a B.S. degree in Accounting from Southern Illinois University Carbondale. <i>Committee Memberships:</i> Chairman of the Board; Executive Committee <i>Director Qualifications:</i> Due to his significant leadership experience in the energy and mining industries, financial and strategic planning expertise, and experience serving on public company boards and committees, Mr. Navarre is particularly well qualified to serve on our Board.

Name	Age	Director Since	Business Experience, Current Positions on the Board's Committees, and Specific Qualifications for Service on the Board
Jeffrey B. Scofield	42	2018	<i>Business Experience:</i> Mr. Scofield has been a director of Covia since June 2018. Mr. Scofield currently serves as Chief Operating Officer and Managing Director at Lime Rock Partners, where he has held positions of increasing responsibility over the last 15 years. Before that, Mr. Scofield was Vice President and Senior Associate at Harrison Lovegrove LP, an acquisition, merger and divestiture advisory firm sold to Standard Chartered, and prior to that an associate and analyst in the investment banking division of Donaldson, Lufkin & Jenrette, and following its acquisition, Credit Suisse. He has a B.A. degree in Economics from Vanderbilt University. <i>Committee Memberships:</i> Compensation Committee; Governance Committee <i>Director Qualifications:</i> Due to his significant experience in the oil and gas industry, as well as his thorough understanding of mergers and acquisitions and direct energy investing, Mr. Scofield is particularly well qualified to serve on our Board.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH NOMINEE LISTED ABOVE.

GOVERNANCE

Preliminary Note

On June 1, 2018 (“Merger Date”), Unimin Corporation (“Unimin”) completed a business combination (“Merger”) whereby Fairmount Santrol Holdings Inc. (“Fairmount Santrol”) merged into a wholly-owned subsidiary of Unimin and ceased to exist as a separate corporate entity. Immediately following the consummation of the Merger, Unimin changed its name to Covia Holdings Corporation and began operating under that name. The common stock of Fairmount Santrol was delisted from the NYSE prior to the market opening on June 1, 2018, and Covia commenced trading under the ticker symbol “CVIA” on that date. Upon the consummation of the Merger, the former stockholders of Fairmount Santrol (including holders of certain Fairmount Santrol equity awards) received, in the aggregate, \$170 million in cash consideration and approximately 35% of the common stock of Covia. Approximately 65% of the outstanding shares of Covia common stock are owned by SCR-Sibelco NV (“Sibelco”), previously the parent company of Unimin.

Corporate Governance Guidelines

We have adopted written Corporate Governance Guidelines (the “Governance Guidelines”) to assist us in fulfilling our corporate governance responsibilities. The Governance Guidelines provide a structure within which our directors and management may monitor the effectiveness of policy and decision making both at the Board and management level, with a view to enhancing stockholder value over the long term. The Governance Guidelines are available in the Corporate Governance section of our website (ir.coviacorp.com/corporate-governance).

Board Leadership Structure

Our business is managed under the direction of the Board. The Board is currently comprised of 11 directors who are identified in Item 1. Members of the Board are kept informed of our business through discussions with our CEO and other members of management and by reviewing materials provided to them, visiting our facilities, and participating in meetings of the Board and its committees.

As set forth in our Governance Guidelines, our Board has the flexibility to determine the appropriate leadership structure for the Company, including whether the roles of Chairman and CEO should be separated or combined. In making this determination, the Board considers many factors, including the needs of the business, the Board’s assessment of its leadership needs from time to time and the best interests of stockholders. The Board believes that it is currently appropriate to combine the roles of Chairman and CEO because it provides an efficient and effective leadership structure.

Mr. Navarre, who has served as Chairman of the Board since June 2018, was appointed to President and CEO effective September 1, 2019. The Chairman sets the agendas for meetings of the Board, chairs the Board meetings, and determines when additional meetings of the Board are needed.

In conjunction with Mr. Navarre's appointment, Mr. LeBaron was appointed to serve as our Lead Independent Director. As our Lead Independent Director, Mr. LeBaron presides over executive sessions of the Board and serves as a liaison between the directors and management on various matters.

In addition to regularly scheduled meetings of our full Board, our Governance Guidelines require that non-management directors have regularly scheduled meetings in executive session. In the event that the non-management directors include directors who are not independent under the listing requirements of the NYSE, then at least once a year the independent directors must meet in executive session.

Code of Business Conduct and Ethics and Financial Code of Ethics

We have adopted a written Code of Business Conduct and Ethics ("Code of Ethics") to serve as the basic set of policies and procedures governing the behavior of our directors, executive officers and other employees in accordance with applicable SEC rules and NYSE rules. The Code of Ethics reinforces our commitment to adhere to the highest standards of business ethics in all our business activities.

We have also adopted a Financial Code of Ethics ("Financial Code") that establishes ethical principles by which our principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions are expected to conduct themselves in carrying out their duties and responsibilities. The Financial Code embodies principles regarding individual and peer responsibilities, as well as responsibilities to our stockholders and others who have a stake in our continued success.

The Code of Ethics and the Financial Code are each available in the Corporate Governance section of our website (ir.coviacorp.com/corporate-governance). We intend to disclose any amendments to, or any waivers from, a provision of our Code of Ethics or our Financial Code, that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and relates to Item 406(b) of Regulation S-K, by posting such information in the Corporate Governance section of our website (ir.coviacorp.com/corporate-governance). As of the date of this Proxy Statement, there have been no such amendments or waivers.

Environmental, Social and Governance Considerations

We are committed to operating in a manner that upholds and further enhances our reputation. In the area of environmental, social and governance ("ESG") issues, we seek out specific, measurable, attainable, relevant, and timely goals that positively impact our business, our employees' lives, our communities and the environment. Our most notable accomplishments in recent years include dedicating more than 16,000 volunteer hours to the communities in which we live and work, zero waste to landfill at dozens of our facilities, and significant donations to our communities, with a substantial portion of that funding health, wellness, education and environmental initiatives.

We distinguish ourselves as a responsible operator by going beyond compliance for many regulations, managing noise and light pollution, to the best of our ability, within our operations and responding to public concerns through careful consideration and, when appropriate, modifications that, to the extent possible, eliminate, reduce, or refocus disturbances. We also seek to ensure accountability for meeting ESG standards. For example, our workplace safety performance impacts the compensation of our CEO and other executives.

We are also committed to promoting diversity and inclusion within our workforce, as we believe this lays the foundation of our success. Our culture supports inclusion, individuality and respect within the workplace. In 2019, we developed a comprehensive diversity and inclusion strategy to attract and retain women, minorities, veterans, and LGBTQ+ individuals, among others. In conjunction with the principles set forth in our Code of Ethics, we have prepared training on diversity and inclusion matters, recruitment outreach efforts, and development opportunities to engage and retain employees.

Additional information is available in our Corporate Responsibility Report, available in the Corporate Responsibility section of our website (cr.coviacorp.com), neither of which is a part of this Proxy Statement.

Director Independence

NYSE listing standards generally require listed companies to maintain a majority of independent directors; however, as discussed under the "Role of the Board's Committees" section below, any listed company that is a "controlled company" within the meaning of NYSE listing standards need not meet the majority independent board requirement. Notwithstanding that exception, we have opted to conduct an annual assessment of director independence.

The Board undertook its most recent annual review of director independence in February 2020. During its review, the Board, consistent with NYSE rules, broadly considered all relevant facts and circumstances to determine whether any director has a material relationship with us, either directly or indirectly, other than serving as one of our directors, including all transactions, relationships and arrangements between each director, his or her affiliates, and any member of his or her immediate family, on

one hand, and Covia, its subsidiaries and members of management, on the other hand. The purpose of this review was to determine whether any such transactions, relationships or arrangements were inconsistent with a determination that the director is independent in accordance with NYSE rules.

As a result of the review, the Board affirmatively determined that, with the exception of Mr. Decat, Mr. Deleersnyder, Mr. Lambrechts and Mr. Navarre, all of the current directors, each of whom is nominated for election at the Annual Meeting, are independent of Covia, its subsidiaries and management under the standards set forth in the NYSE rules, and no other director or director nominee has a material relationship with Covia, its subsidiaries or management aside from his service as a director. Mr. Navarre was deemed not independent due to his employment as our President and CEO. Messrs. Decat, Deleersnyder and Lambrechts were deemed not independent due to their roles as executive officers of Sibelco.

All members of the Board's Audit Committee, Compensation Committee and Governance Committee are independent directors. Members of the Audit Committee also satisfy a separate SEC independence requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from us or our subsidiaries other than compensation for serving as directors. Members of the Compensation Committee also satisfy separate NYSE independence requirements to ensure independence from management.

Related Party Transactions

The Board, with the assistance of the Audit Committee and the Governance Committee, monitors compliance with our corporate governance policies, practices and guidelines applicable to our directors, director nominees, officers and employees. Our Governance Guidelines, Code of Ethics and human resources policies address governance matters and prohibit, without the consent of the Board or its designee, directors, officers and other employees from engaging in transactions that conflict with our interests or that otherwise usurp corporate opportunities.

Pursuant to our written Related Party Transaction Policy, the Board also evaluates "related party transactions." Consistent with SEC rules, we consider a related person transaction to be any transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships): (1) involving more than \$120,000 in which we and any of our directors, director nominees, executive officers, holders of more than five percent of our shares of common stock, or their respective immediate family members were or are to be a participant; and (2) in which such related person had, has or will have a direct or indirect material interest. Under our Related Party Transaction Policy, our management is responsible for bringing to the Board all transactions, whether proposed or existing, of which they have knowledge and which they believe may constitute a related party transaction. The Board will review the related person transaction, considering all factors and information it deems relevant, and the disinterested directors will approve or disapprove the transaction in light of what they believe to be the best interests of Covia. If advance approval is not practicable or if a related party transaction that has not been approved is discovered, the Board will promptly consider whether to ratify the transaction. In such event, if the disinterested directors decline to ratify the transaction, they will, taking into account all of the factors and information they deem relevant (including the rights available to us under the transaction), determine whether we should amend, rescind or terminate the transaction in light of what they believe to be in the best interests of Covia. In addition, the Stockholders Agreement entered into by Unimin, Sibelco and certain other Covia stockholders ("Stockholders Agreement") pursuant to the Merger Agreement specifies additional requirements for approval of transactions involving Sibelco, which are described in further detail below under the "Stockholders Agreement" section. We do not intend to engage in related party transactions not approved or ratified by the disinterested directors or not otherwise approved pursuant to the Stockholders Agreement.

In addition, on an annual basis, each director, director nominee and executive officer must complete a questionnaire that requires written disclosure of any related party transaction. The responses to these questionnaires are reviewed by our Chief Legal Officer to identify any potential conflicts of interest or potential related party transactions.

Based on our most recent review conducted in the first quarter of 2020, Covia has not been a participant in any related party transaction (as defined above) since the beginning of 2019, except as follows:

Transition Services Agreements

In connection with the Merger, we entered into a transition services agreement with Sibelco ("Sibelco Transition Services Agreement") pursuant to which Sibelco provides certain information technology transition services to us. In exchange, we pay a fee to Sibelco intended to allow Sibelco to recover all of its direct and indirect costs, generally without profit. The initial term of the Sibelco Transition Services Agreement is up to 24 months, varying by the type of service being provided. The initial term may be extended. For certain information technology services under the Sibelco Transition Services Agreement, we paid Sibelco \$2.7 million in 2019 and recorded a payable of \$1.5 million of expense in 2019 that will be paid through 2020. The Sibelco Transition Services Agreement provides for indemnification obligations by each of the parties with the maximum aggregate liability for each transition service not exceeding the total amount paid by the recipient with respect to such transition service as of the date the indemnification claim is submitted to the indemnifying party.

Tax Matters Agreement

As part of the Merger, Sibelco acquired ownership of 100% of the shares of HPQ Co common stock from Unimin and maintains control over the HPQ business (“HPQ Carveout”). In connection with the HPQ Carveout, Unimin, Sibelco and HPQ Co entered into the Tax Matters Agreement (“Tax Matters Agreement”) governing their respective rights, responsibilities and obligations relating to tax liabilities, the filing of tax returns, the control of tax contests and other tax matters.

The Tax Matters Agreement allocates responsibility for federal, state and local taxes and certain transaction taxes, and for filing the related tax returns, to Unimin or HPQ Co generally based upon whether such party would be required to report such taxes under applicable law, except for certain taxes related to the business contributed by Unimin to HPQ Co in connection with the HPQ Carveout for which Unimin retained responsibility to the extent such taxes related to periods prior to the redemption consummated pursuant to the Redemption Agreement. The Tax Matters Agreement requires that Unimin indemnify Sibelco and HPQ Co from liability with respect to taxes for which it has been allocated responsibility and provides for similar indemnification obligations of Sibelco and HPQ Co with respect to taxes for which HPQ Co has been allocated responsibility. The Tax Matters Agreement also gives the right to control tax contests and audits to the party or parties allocated responsibility for any such taxes under the Tax Matters Agreement.

Stockholders Agreement

Pursuant to the Merger Agreement, Unimin entered into the Stockholders Agreement with Sibelco and certain other Covia stockholders. The Stockholders Agreement, which became effective as of the closing of the Merger (“effective time”) and was subsequently amended effective September 1, 2019, sets forth certain governance arrangements and contains various provisions relating to, among other things, representation on our Board, certain matters involving Sibelco requiring approval of Fairmount Santrol-nominated independent directors, preemptive rights, certain limitations on the disposal or transfer of shares of our common stock by Sibelco, certain standstill limitations and ownership caps and certain information rights.

Board Composition

From the effective time of the Stockholders Agreement until the day following the third annual meeting of our stockholders following the effective time, Sibelco and the other Covia stockholders who are parties to the Stockholders Agreement will vote all voting shares of our stock owned by them, and take all other necessary actions within his, her or its control (including in his, her or its capacity as a stockholder, director, member of a board committee, officer of Covia or otherwise), and Covia and its directors will take all necessary actions within its and their control:

- to ensure that the number of directors constituting our Board is fixed at 11 directors;
- prior to the earlier of the close of business on (1) the tenth business day following the date on which Sibelco and its affiliates no longer beneficially own more than 50% of the outstanding shares of Covia’s common stock and (2) the business day following public announcement that Sibelco has made an election that the “Trigger Date” has occurred (the earlier of which is the “Trigger Date”), to nominate and vote to elect as directors:
 - the six Unimin-nominated directors;
 - the four Fairmount Santrol-nominated directors; and
 - our CEO; and
- from and after the Trigger Date,
 - to cause the number of Unimin-nominated directors to be reduced so that the number of Unimin-nominated directors is at all times equal to the product of (x) Sibelco’s percentage ownership of outstanding shares of our common stock and (y) the total number of directors authorized to serve on our Board (rounded down to the nearest whole number); and
- to nominate and vote to elect as directors:
 - the number of Unimin-nominated directors calculated as described above (reflecting Sibelco’s percentage ownership of outstanding shares of our common stock);
 - the number of individuals equal to the difference between 10 and the number of Unimin-nominated directors nominated by the Fairmount Santrol-nominated directors then in office in accordance with the Stockholders Agreement (including the provisions regarding filling vacancies described below); and
 - our CEO.

The sole and exclusive right of Sibelco or any Sibelco-related party to nominate any director is limited to the provisions described above. From and after the third annual meeting date, the size and composition of our Board may be adjusted by our Board in accordance with our Certificate of Incorporation and Bylaws, subject to the applicable NYSE listing rules.

Board Vacancies

From the effective time until the third annual meeting date, if a vacancy is created on our Board at any time due to the death, disability, retirement, resignation or removal of a director, then:

- if such director is a Unimin-nominated director, the remaining Unimin-nominated directors have the right to designate an individual to fill such vacancy;
- if such director is a Fairmount Santrol-nominated director, then the remaining Fairmount Santrol-nominated directors have the right to designate an individual to fill such vacancy;
- prior to the Trigger Date, if the vacancy is caused by the death, disability, retirement, resignation or removal of a Fairmount Santrol-nominated director, and the Fairmount Santrol-nominated directors do not fill such vacancy for more than 30 days after notice from Covia of such failure to fill the vacancy, then the vacant position will be filled by an individual designated by the Unimin-nominated directors then in office, but any such individual will be removed if the remaining Fairmount Santrol-nominated directors so direct and simultaneously designate a new director; and
- if a vacancy is created on our Board because of the removal of a Unimin-nominated director due to a decrease in Sibelco's percentage ownership of outstanding shares of our common stock as described above, then the remaining directors will have the right to immediately designate a replacement for the removed director to fill such vacancy, provided that any such replacement must be an independent director as determined pursuant to the applicable NYSE listing rules.

In addition, from the effective time until the third annual meeting date, if our CEO is removed or resigns as our CEO pursuant to the terms of such officer's employment agreement, then such individual will also be removed as a director, and our successor CEO will be appointed to our Board in accordance with our organizational documents.

Transactions Involving Sibelco Requiring Approval of Fairmount Santrol-Nominated Directors

For a period of three years beginning at the effective time, the following transactions involving Sibelco require the approval of a majority of the Fairmount Santrol-nominated independent directors:

- the issuance of additional classes of capital stock or series of equity securities either (1) to Sibelco or any Sibelco-related party in whole or in part or (2) as the Fairmount Santrol-nominated independent directors otherwise determine may involve an actual or potential conflict of interest between Sibelco and the other Covia stockholders;
- the entry into any transaction (including any amendment, modification or supplement to any agreement existing on or prior to the effective time) between us or any of our subsidiaries, on the one hand, and Sibelco or any Sibelco-related party, on the other hand, (1) requiring annual payments in excess of \$2 million or with respect to which aggregate consideration exceeds \$10 million, (2) which is otherwise material to us or (3) which is not on arm's length terms (provided that this provision does not apply to any transactions entered into pursuant to any agreements existing at or prior to the effective time);
- the commencement, enforcement, waiver, release, assignment, settlement or compromise of any claims or causes of action held by us or any of our subsidiaries, on the one hand, against Sibelco or any Sibelco-related party, on the other hand (and during such three year period, the conduct, defense and management of the claim must be delegated to the Fairmount Santrol-nominated independent directors or a committee composed of such directors); and
- any transaction pursuant to which Sibelco would be entitled to more or different consideration, on a per share of our common stock basis, compared to all other Covia stockholders (and the definitive agreements for such transaction must also contain a non-waivable condition that the transaction has been approved by the majority of our stockholders, excluding Sibelco and any Sibelco-related party).

In addition, any amendment, modification, supplement or restatement to our Certificate of Incorporation or Bylaws (1) made during such three-year period must be approved by a majority of the Fairmount Santrol-nominated independent directors and (2) made after such three-year period, if such amendment, modification, supplement or restatement is inconsistent with the rights of any stockholder party to the Stockholders Agreement under the Stockholders Agreement, must be approved by a majority of the Fairmount Santrol-nominated independent directors. Any amendment or modification of the Stockholders Agreement requires the agreement of all of the parties thereto (including, if applicable, approval by such party's board of directors or a duly authorized committee thereof) and (1) for the three years following the effective time, a majority of the Fairmount Santrol-nominated independent directors and (2) thereafter, a majority of the independent directors.

Preemptive Rights

We have granted to Sibelco a right to purchase its pro rata portion of any shares of our capital stock that we may from time to time propose to issue or sell to any person, other than any such shares issued in connection with:

- a grant to any existing or prospective consultants, employees, officers or directors pursuant to any stock option, employee stock purchase or similar equity-based plans or other compensation agreements;
- any acquisition by us of the stock, assets, properties or business of any person;
- a stock split, stock dividend or any similar recapitalization; or
- any issuance of warrants or other similar rights to purchase our common stock to lenders or other institutional investors in any arm's length transaction providing debt financing to us or any of our subsidiaries approved by our Board.

Ownership Cap

Unless approved by a majority of the independent directors, Sibelco will not, and will cause Sibelco-related parties not to, acquire any shares of our capital stock if such acquisition would result in Sibelco and Sibelco-related parties beneficially owning more than either (1) 70% of the outstanding shares of our common stock during the three years following the effective time or (2) 80.1% of the outstanding shares of our common stock after three years following the effective time.

Registration Rights Agreement

Upon the closing of the Merger, we entered into the Registration Rights Agreement with the Sibelco Stockholders. Pursuant to the Registration Right Agreement, we are obligated to register the sale of our shares of common stock owned by the Sibelco Stockholders upon demand of the Sibelco Stockholders under certain circumstances. In addition, the Registration Rights Agreement grants to the Sibelco Stockholders certain piggyback rights to include their shares in registration by us of an offering of our common stock, subject to customary limitations. We would be required under the Registration Rights Agreement to pay all registration expenses in connection with our obligations under the Registration Rights Agreement, regardless of whether a registration statement becomes effective or the offering is consummated, including the fees and expenses of counsel for the Sibelco Stockholders. However, the Sibelco Stockholders must pay all underwriting discounts and commissions in connection with sales by them of any of their shares of our common stock. The Registration Rights Agreement contains customary indemnification and contribution provisions.

Distribution Agreements

Upon the closing of the Merger, Covia and Sibelco entered into the Distribution Agreements (each, a "Distribution Agreement"), pursuant to which we are the exclusive distributor in North America and Mexico with respect to Sibelco's products for the tiles, engobes, sanitaryware and glass industries (sodium feldspar chips, shredded/blended ball clay, kaolin and dolomite), while Sibelco is the exclusive distributor throughout the world with respect to our products for the performance coatings and polymer solutions industries (nepheline syenite flour, microcrystalline silica flour and ground kaolin). Each distributor purchases the respective products and resells them in its own name, for its own account, and at its own risk and does not act as an agent, partner or franchisee of the producer of the products. Under the Distribution Agreement in which we are the distributor, we paid Sibelco \$2.9 million in 2019. Under the Distribution Agreement pursuant to which Sibelco is the distributor, Sibelco paid us \$6.8 million in 2019.

Agency Agreements

Upon the closing of the Merger, Covia and Sibelco entered into the Exclusive Agency Agreements (each, an "Agency Agreement"), pursuant to which each party provides exclusive agency services with respect to the other party's products within the applicable industry and the applicable agency areas, as specified in the Agency Agreements. In particular, we are the exclusive sales agent in North America and Mexico with respect to Sibelco's products for the casting steel and HT alloys, display glass, foundry, feed amendments, tiles and engobes, welding (electronics) and energy industries (silica flour, caustic calcined magnesia, sodium feldspar, rutile and raw frac sand) as well as all industries using feldspar and mica. Sibelco is the exclusive sales agent in North America and Mexico with respect to our products for the coating and polymers industries and throughout the world with respect to our products for the sanitary ware, ceramic ware, industrial ceramics and feed amendments industries.

As compensation for its services, each agent receives a commission equal to five percent of the net sales of the products generated by the agent for which the producer received payment from a customer. Under the Agency Agreement pursuant to which Sibelco is the agent, Sibelco earned commissions of \$4.0 million in 2019. We paid Sibelco \$6.0 million in 2019 to cover

certain amounts we owed in both 2018 and 2019. Under the Agency Agreement pursuant to which we are the agent, we earned commissions of \$1.8 million in 2019 and Sibelco paid us \$1.0 million in 2019, with a receivable of \$0.8 million at year end.

Non-Compete Agreement

Upon the closing of the Merger, Covia and Sibelco entered into the Non-Compete Agreement, pursuant to which we agreed during the Restricted Period (as defined below) to refrain from, and to cause our controlled affiliates to refrain from, directly or indirectly, managing, owning, operating, controlling, participating in, acquiring (or having the right to acquire) voting securities of, performing services for or otherwise carrying on any business involved with activities other than the following activities:

- sell, market or distribute: (1) silica sand, calcium carbonate, lime, feldspathics, clay (including ball clay and kaolin), nepheline syenite, coated materials, phenolic resins and coated materials, and Black Lab materials and services, or other energy focused minerals (including API Barite and API Bentonite) (collectively, the “Covia Products”); (2) recycled materials (other than recycled glass or as otherwise agreed between Covia and Sibelco); or (3) any product that is not a Covia Product ((2) and (3) being referred to herein as the “Sibelco Products”) to customers in the energy, foundry, glass, construction and building, sports and recreation, retail and DIY, biomass, ceramics, chemicals and agriculture industries (“Covia Markets”) in the U.S. and its overseas territories, Canada or Mexico (collectively, the “Covia Territories”);
- sell, market or distribute the Covia Products to customers in the energy market anywhere in the world;
- sell, market or distribute silica sand and coated silica sand to customers in the water treatment market in the Covia Territories;
- sell, market or distribute the Covia Products for foundry applications outside of the Covia Territories to customers that were foundry customers of Fairmount Santrol at the effective time of the Non-Compete Agreement;
- sell, market, distribute or produce coated products to or for customers in the energy market anywhere in the world;
- sell, market or distribute Black Lab products in existing markets as of the effective time of the Non-Compete Agreement; and
- produce any Covia Products in any of the Covia Territories.

However, as an exclusion to the foregoing limitations, the Non-Compete Agreement permits any activities by us or any of our controlled affiliates pursuant to, and in accordance with, the Distribution Agreement or Agency Agreement with Sibelco or any joint venture, joint development or other agreement with us or any of our controlled affiliates, on the one hand, and Sibelco or any of its controlled affiliates, on the other hand.

In addition, under the Non-Compete Agreement, Sibelco has agreed, during the Restricted Period (as defined below), to refrain from, and to cause its controlled affiliates (other than us and our controlled affiliates) to refrain from, directly or indirectly, managing, operating, controlling, participating in, acquiring (or having the right to acquire) voting securities of, performing services for or otherwise carrying on any business involved with activities other than the following activities:

- sell, market or distribute the Covia Products or Sibelco Products to customers in the Covia Markets (other than the energy market) anywhere outside of the Covia Territories;
- sell, market or distribute the Covia Products or Sibelco Products or provide any services to customers in markets other than the Covia Markets anywhere in the world;
- produce the Covia Products (other than coated products for energy markets) anywhere outside of the Covia Territories, except for raw frac sand in any jurisdiction where Unimin or its controlled affiliates engaged in an acquisition or investment opportunity for raw frac sand with respect to which Sibelco and its controlled affiliates failed to exercise their ROFO Opportunity (as defined below) in accordance with the Non-Compete Agreement; and
- produce the Sibelco Products or provide any services anywhere in the world.

However, as an exclusion to the foregoing limitations, the Non-Compete Agreement permits any activities by Sibelco or any of its controlled affiliates pursuant to, and in accordance with, the Distribution Agreement or Agency Agreement with us or any joint venture, joint development or other agreement with Sibelco or any of its controlled affiliates, on the one hand, and us or any of our controlled affiliates, on the other hand.

ROFO Opportunities

The Non-Compete Agreement further provides that we and our controlled affiliates are permitted to pursue acquisitions or investment opportunities with respect to the production of (1) Covia Products in the Covia Territories, (2) coated products for customers in the energy market outside of the Covia Territories, (3) raw frac sand outside of the Covia Territories and (4) any

mineral that is not a Covia Product in the Covia Territories; provided that, if we wish to pursue any acquisition or investment opportunity with respect to items (3) or (4) above (each, a “ROFO Opportunity”) during the Restricted Period (as defined below), we are required to first serve a written notice on Sibelco offering Sibelco or a controlled affiliate thereof the right to pursue such ROFO Opportunity. The offer must remain open for acceptance by Sibelco for a period of 30 business days following service of such notice. Sibelco and its controlled affiliates will be permitted to pursue any acquisitions or investment opportunities except for those referred to in items (1) and (2) of this paragraph.

Restricted Period and Termination

The Non-Compete Agreement will automatically terminate when Sibelco, together with its controlled affiliates, ceases to own more than 50% of our issued and outstanding shares of common stock (such time until the Non-Compete Agreement automatically terminates, the “Restricted Period”).

Other Related Party Transactions

We sell minerals to and purchase minerals from Sibelco and certain of its affiliates under a number of sales agreements. Sales to these parties amounted to \$7.6 million in 2019, and purchases from these parties amounted to \$2.7 million in 2019. As of December 31, 2019, we had accounts receivables from these parties of \$1.8 million, and accounts payable to these parties of \$0.9 million.

Loans to Directors and Executive Officers Prohibited

Our Code of Ethics provides that no director or executive officer may seek, or accept from us, credit, an extension of credit or the arrangement of an extension of credit in the form of a personal loan.

Attendance at Board, Committee and Stockholder Meetings

The Board held seven meetings during 2019. During 2019, each director attended at least 75% of the aggregate of the total number of meetings of the Board and the committees on which he or she served (in each case, held during the periods that he or she served). In accordance with the NYSE rules, the Governance Guidelines provide that non-management directors will meet in regularly scheduled executive sessions of the Board without employees present. Under the Governance Guidelines, if the non-management directors include directors who are not independent under the NYSE listing standards, then the independent directors will also meet at least annually in executive sessions of the Board without employees and non-independent directors present. The Lead Director of the Board presides at all executive sessions of the independent directors. During 2019, the non-management directors held one executive session of the Board without non-independent directors and employees present. The Governance Guidelines provide that each director is encouraged to attend the Annual Meeting of Stockholders.

Board’s Role in Risk Oversight

The Board has the primary role in overseeing risk management and administers this responsibility directly through its standing committees. Each committee’s role in risk oversight is more fully described in the “Role of the Board’s Committees” section below. The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of our financial statements, the performance of our system of internal controls, compliance with legal and regulatory requirements, our audit, accounting and financial reporting processes, the qualifications, independence and work of our independent registered public accounting firm, cybersecurity risks and mitigation efforts, business conduct and ethics, and the evaluation of enterprise risk issues, particularly those risk issues not overseen by other committees. The Compensation Committee is responsible for overseeing the management of risks relating to our compensation programs, policies and practices. The Governance Committee manages risks associated with corporate governance, succession planning, and the performance of the Board, its committees and directors.

While each committee is responsible for evaluating certain risks and overseeing the management of those risks, the entire Board is regularly informed about those risks through committee reports or by attending committee meetings. The reports presented to the Board include discussions of committee agenda topics, including matters involving risk oversight. The Board also directly considers specific topics, including risks associated with our strategic plan, capital structure, cybersecurity and development activities. Members of management who supervise the day-to-day risk management responsibilities periodically provide reports to the Board as a whole and to the committees as requested.

Role of the Board’s Committees

The Board has four standing committees – Audit, Compensation, Governance, and Executive – that assist and report their activities to the Board. In accordance with the applicable rules of the NYSE and SEC, each committee is organized and operates under a written charter adopted by the Board. These committee charters are available in the Corporate Governance

section of our website (ir.coviacorp.com/corporate-governance). The Audit, Compensation and Governance Committees annually review and assess the adequacy of the charters and recommend changes to the Board as necessary to reflect changes in regulatory requirements, authoritative guidance and evolving practices. Pursuant to its respective charter, each committee has the authority to engage, at our expense, advisors as it deems necessary to carry out its duties. The function and authority of each committee are further described below and in each committee's respective charter.

With the assistance of the Governance Committee, the Board and the Audit, Compensation and Governance Committees annually conduct performance self-evaluations. In order to continuously improve Board governance, the results of the self-evaluations are reported to the full Board.

As a "controlled company" within the meaning of the NYSE rules, we may elect not to comply with certain corporate governance standards imposed under the NYSE rules, including standards requiring that the boards of listed companies have a majority of independent directors, a fully independent nominating and corporate governance committee and a fully independent compensation committee. As defined in the NYSE rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a "controlled company." Because more than 50% of our outstanding shares of common stock are held by Sibelco, we may choose to be exempt from these and other requirements of the NYSE corporate governance rules.

Despite these available exemptions for controlled companies, in the interest of adhering to good corporate governance, we have chosen to forego such exemptions by maintaining a Board composed of a majority of independent directors and constituting our Compensation Committee and our Governance Committee entirely of independent directors that meet the applicable independence standards set forth under the NYSE rules. In addition, our Audit Committee is comprised entirely of independent directors who meet the heightened independence standards for audit committee members set forth in the NYSE rules and the SEC rules. The following table reflects the current membership of each committee:

Director	Audit Committee	Compensation Committee	Governance Committee	Executive Committee
Mr. Conway			C	
Mr. Decat				M
Mr. Deleersnyder				C
Mr. Delloye	C			
Mr. Hadden	M			
Mr. Kelly	M	M		
Mr. Labroue		C	M	
Mr. Lambrechts				M
Mr. LeBaron				M
Mr. Navarre				M
Mr. Scofield		M	M	

M Denotes a member of the committee.

C Denotes the chair of the committee.

Audit Committee

The primary purposes of the Audit Committee are to: (1) assist the Board in its oversight of (a) the integrity of our financial statements, (b) the effectiveness of our internal control over financial reporting, (c) our compliance with legal and regulatory requirements, (d) the qualifications and independence of our independent registered public accounting firm, and (e) the effectiveness and performance of our internal audit function and independent registered public accounting firm; and (2) prepare the Audit Committee Report disclosure required by Item 407(d)(3) of Regulation S-K. The Audit Committee also assists the Board in overseeing our cybersecurity risks and mitigation efforts. The Board has determined that each member of the Audit

Committee is “financially literate,” as required by the NYSE rules, and is an “audit committee financial expert,” as that term is defined under the applicable SEC rules. The Audit Committee met six times during 2019.

Compensation Committee

The primary purposes of the Compensation Committee are to: (1) review, evaluate and recommend to the Board for approval the agreements, plans, policies and programs to compensate our executive officers and directors; (2) review and discuss with management the Compensation Discussion and Analysis (“CD&A”) to be included in our annual proxy statements, and to determine whether to recommend to the Board that the CD&A be included in the proxy statement; and (3) produce the Compensation Committee Report as required by Item 407(e)(5) of Regulation S-K for inclusion in the annual proxy statement. Additional information regarding our executive compensation program, including our processes and procedures for the consideration and determination of executive officer compensation, is described in the “Executive Compensation” section of this Proxy Statement. The Compensation Committee met five times during 2019.

Executive Compensation Consultants

The Compensation Committee may, in its sole discretion, retain or obtain the advice of compensation consultants to review our executive officer and director compensation programs. The Compensation Committee is directly responsible for the appointment, compensation and oversight of the work of any compensation consultant retained by the Compensation Committee. We provide appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to any compensation consultant retained by the Compensation Committee.

In establishing executive compensation for 2019, the Committee retained Pay Governance LLC as its independent compensation consultant to provide peer group compensation data, financial information from the public filings of those companies and compensation design recommendations.

For 2020, the Compensation Committee selected and retained Pay Governance LLC as its independent compensation consultant to advise it on executive compensation matters for 2020. The Compensation Committee assessed the independence of Pay Governance LLC pursuant to NYSE and SEC rules and concluded that no conflict of interest exists that would prevent it from independently advising the Compensation Committee during 2020.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee serves, or has served at any time, as one of our officers or employees or has, during 2019, had a material interest in any related party transaction, as defined in Item 404 of Regulation S-K. During 2019 and as of the date of this Proxy Statement, none of our executive officers served as a member of the board of directors or compensation committee of any other entity that had an executive officer serving as a member of the Board or the Compensation Committee.

Governance Committee

The primary purposes of the Governance Committee are to: (1) advise the Board and make recommendations regarding appropriate corporate governance practices and assist the Board in implementing those practices; (2) lead the annual evaluation of the performance of the Board and its committees; and (3) direct all matters relating to the succession of our CEO. As discussed below under the “Nominating Procedures” section, the Governance Committee does not exercise responsibility for evaluating and recommending individuals as nominees for election as directors. The Governance Committee met twice during 2019.

Executive Committee

The primary purposes of the Executive Committee are to: (1) exercise the powers and authority of the Board to direct our business in between meetings of the Board; (2) take the necessary action for and on behalf of the Board in situations where the matter requires Board approval, but where a quorum of the Board cannot be assembled in time, or is not deemed prudent by the Chairman of the Board to convene a special Board meeting, to take such actions; and (3) take action on such other matters as may be delegated to the Committee from time to time by the Board. The Executive Committee met four times during 2019.

Nominating Procedures

As discussed above in the “Related Party Transactions – Stockholders Agreement” section, until the day following the third annual meeting of our stockholders occurring after the effective time of the Stockholders Agreement, the Board may only nominate individuals for election as directors in accordance with the Stockholders Agreement. Accordingly, as permitted by the applicable NYSE rules, the Board has not delegated the selection and nomination of directors to the Governance

Committee. However, the Governance Committee assists in the identification of individuals qualified to become directors and aids in the selection, or recommends that the Board select, the director nominees in connection with our annual meetings.

In addition, because the Board is currently obligated to maintain the composition of the Board specified in the Stockholders Agreement, the Board has not established policies with regard to the consideration of any director candidates recommended by stockholders. In nominating individuals for election as directors pursuant to the Stockholders Agreement, the Company and Sibelco endeavored for the Board to represent a range of experience in business and other areas that are relevant to our activities with a goal of achieving a Board that, as a whole, provides effective oversight of our management and business through, among other things, diversity (i.e., differences of viewpoint, qualifications, background, experience, education, skill and other individual qualities and attributes that contribute to the Board's heterogeneity). From and after the third annual meeting of our stockholders, the size and composition of the Board may be adjusted by the Board in accordance with the Certificate of Incorporation and Bylaws, subject to the applicable NYSE listing standards.

Although the Board may not consider for nomination as a director any persons other than those specified in the Stockholders Agreement until after the third annual meeting of our stockholders, stockholders who wish to nominate persons for election as directors may do so, provided that they comply with the nomination procedures set forth in our Bylaws and the applicable SEC rules. To nominate one or more persons for election as a director at an annual meeting, our Bylaws require that a stockholder provide written notice of such stockholder's intention to make such nomination by delivering such notice to our Secretary at our principal offices at 3 Summit Park Drive, Suite 700, Independence, Ohio 44131 no earlier than the close of business on the 120th day and no later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting (or in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date or with respect to a special meeting, notice by the stockholder must be delivered no earlier than the close of business on the 120th day prior to the date of the annual or special meeting and no later than the close of business on the later of the 90th day prior to such annual or special meeting or the 10th day following the day on which we first publicly announced such annual or special meeting). Such notice must set forth:

- the name and address of the stockholder intending to make such nomination;
- the class or series and number of our shares of common stock which are directly or indirectly, owned beneficially and of record by such stockholder and any of the following: (1) any Derivative Instrument (as such term is defined in our Bylaws) directly or indirectly owned beneficially by such stockholder, (2) any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of our shares of common stock directly or indirectly owned by such stockholder, (3) a description of any proxy, contract, arrangement, understanding or relationship pursuant to which such stockholder, if any, has a right to vote any shares of any of our securities, (4) any short interest (as such term is defined in our Bylaws) in any of our securities directly or indirectly owned by such stockholder, (5) any rights to dividends on our shares owned beneficially by such stockholder that are separate or separable from the underlying shares of Covia, (6) any proportionate interest in our shares or any Derivative Instruments held directly or indirectly by a general or limited partnership in which such stockholder is a general partner or directly or indirectly owns an interest as a general partner and (7) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to based on any increase or decrease in the value of our shares or any Derivative Instruments as of the date of the notice;
- any other information relating to the proposed nominee that would be disclosed in proxy solicitations under applicable SEC rules, including the individual's written consent to be named in the proxy statement as a nominee and to serve as a director, if elected;
- a representation that the stockholder was a holder of record of our stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to bring such nomination before the meeting;
- a representation as to whether such stockholder intends to, or is part of a group that intends to, deliver a proxy statement or form of proxy to holders of at least the percentage of voting power of Covia required to elect the nominee and/or otherwise solicit proxies from stockholders in support of such nomination; and
- disclosure of all direct or indirect compensation and other material monetary agreements, arrangements and understandings during the past three years and any other material relationships between such stockholder and its affiliates or associates, or any others acting in concert therewith, on the one hand, and each proposed nominee and his or her affiliates and associates, or any others acting in concert therewith, on the other hand, including all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the nominating stockholder, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of Item 404 and the nominee were a director or executive officer of the registrant.

In addition, to be eligible as a director nominee, the nominee or nominating stockholder must deliver, within the time periods applicable to the written notice of intention to nominate such individual, to our Secretary at our principal offices (1) a written questionnaire with respect to the background and qualification of such nominee and the background of any other person or entity on whose behalf the nomination is being made and (2) a written representation and agreement that such person (i) is not and will not become a party to any agreement (other than the Stockholders Agreement), arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of Covia will act or vote on any issue or question, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than Covia with respect to direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of Covia, and will comply with all of our applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines. Only those persons nominated by stockholders in accordance with the procedures described above or otherwise nominated by the Board or any committee to which the Board has delegated such authority will be eligible to serve as directors. Except as otherwise provided under law, the chairman of the annual meeting or the special meeting, as applicable, may determine whether a nomination was proposed in accordance with the procedures set forth in our Bylaws and may disregard any nomination not in compliance with such procedures.

Communications with the Board

Stockholders and other interested parties may send written communications to the Board and, if applicable, to the Chairman of the Board and other individual directors by mail or courier to our corporate office. Our Secretary will forward all such correspondence that we receive to the Board or, if applicable, to the Chairman of the Board or other individual director. Communications should be addressed to the Board or applicable director at: Covia Holdings Corporation, Attn: Chief Legal Officer and Secretary, 3 Summit Park Drive, Suite 700, Independence, Ohio 44131.

Our Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and the receipt, retention and treatment of concerns regarding potential violations of applicable laws, rules and regulations or our codes, policies and procedures. These procedures (1) set forth a statement about our commitment to comply with laws, (2) encourage employees to inform us of conduct amounting to a violation of applicable standards, (3) describe prohibited conduct, (4) include procedures for making confidential, anonymous complaints, and (5) provide assurances that there will be no retaliation for reporting suspected violations.

Supervisors and managers are required to report questionable accounting matters and compliance matters to our Chief Legal Officer. Upon receipt of a concern, our Chief Legal Officer will determine whether the concern actually pertains to accounting matters or compliance matters. Concerns relating to accounting matters will be reviewed under the Audit Committee's oversight by our Chief Legal Officer, internal audit department or such other persons as the Audit Committee determines to be appropriate. Concerns relating to compliance matters will be reviewed under the Audit Committee's oversight by our Chief Legal Officer or such other persons as the Audit Committee determines to be appropriate.

We have also established procedures to enable anyone who has a concern regarding accounting matters or compliance matters to report that concern through our normal company channels or anonymously. An anonymous ethics hotline is maintained by an independent third party and is available 24 hours a day, seven days per week.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table provides information regarding beneficial ownership of our shares of common stock by each person or entity known by us to be the beneficial owner of more than five percent of our outstanding shares of common stock. The assessment of holders of more than five percent of our shares of common stock is based on a review of and in reliance upon their respective filings with the SEC.

Name and Address of Beneficial Owner	Number of Shares of Common Stock	Percent of Class
SCR-Sibelco NV (<i>1</i>) Plantin en Moretuslei 1A B-2018 Antwerp, Belgium	86,019,653	65.2%

- (*1*) The information is based on the Schedule 13G filed with the SEC on February 4, 2019 by Sibelco reporting on beneficial ownership as of December 31, 2018. According to the filing, Sibelco has sole voting power and sole dispositive power with respect to 86,019,653 shares of common stock.

Security Ownership of Management and the Board

The following table provides information regarding the beneficial ownership of our shares of common stock by each of our named executive officers listed in the Summary Compensation Table, each of our directors, each of our director nominees, and all of our current directors and executive officers as a group, in each case as of the Record Date. Unless otherwise indicated by footnote, individuals have sole voting power and sole investment (dispositive) power over the reported shares of common stock. The address of each individual named below is c/o Covia Holdings Corporation, 3 Summit Park Drive, Suite 700, Independence, Ohio 44131.

Name of Beneficial Owner	Number of Shares of Common Stock	Percent of Class (<i>1</i>)
Richard A. Navarre	222,845	*
Andrew D. Eich	50,178	*
Campbell Jones	28,600	*
Chadwick P. Reynolds	9,485	*
Brian J. Richardson (<i>2</i>)	58,426	*
William E. Conway (<i>3</i>)	240,540	*
Kurt Decat	—	*
Jean-Luc Deleersnyder	—	*
Michel Delloye	5,669	*
Stephen J. Hadden	19,667	*
William P. Kelly (<i>4</i>)	51,784	*
Jean-Pierre Labroue	5,669	*
Olivier Lambrechts	—	*
Matthew F. LeBaron	170,275	*
Jeffrey B. Scofield	3,988	*
Jenniffer D. Deckard (<i>5</i>)	1,164,177	*
All directors and executive officers as a group (19 persons)	2,039,883	1.55%

* Represents less than 1.0% of our outstanding common stock.

- (1) The percentage identified in the “Percent of Class” column is based on the number of our shares of common stock outstanding as of the Record Date, as disclosed on page 1 of this Proxy Statement.
- (2) Includes 1,554 shares of common stock held by the 401(k) Plan with respect to which Mr. Richardson has sole voting power and investment power, and options to purchase 16,970 shares of common stock that are exercisable within 60 days of the Record Date.
- (3) Includes 39,916 shares held under the Mary F. Conway Declaration of Trust dated December 13, 1980 (“Mary Conway Trust”), 98,290 shares held under the Under Trust Agreement dated March 10, 1992 (“Conway UTA”), and 82,667 shares held under the William E. Conway IRA Standard – Traditional IRA. Given Mr. Conway’s spouse’s position as trustee under the Mary Conway Trust, Mr. Conway may be deemed to have shared voting power and investment power over the shares held by the Mary Conway Trust. Given Mr. Conway’s position as trustee under the Conway UTA, Mr. Conway has sole voting power and investment power over the shares held by the Conway UTA.
- (4) Includes 23,305 restricted stock units that are scheduled to vest within 60 days of the Record Date and options to purchase 11,900 shares of common stock that are exercisable within 60 days of the Record Date.
- (5) Based on the Form 4 filed on May 2, 2019 by Ms. Deckard, includes (i) 117,857 shares held f/b/o Abbey Jo Deckard Trust, (ii) 117,857 shares held f/b/o Connor John Deckard Trust, (iii) 419,653 shares held under the Jenniffer D. Deckard Family Trust U/A/D dated February 28, 2010 and (iv) 20,400 shares held under the Daryl K. Deckard Irrevocable Trust dated August 29, 2014 (collectively, the “Deckard Trusts”). Given Ms. Deckard’s position as trustee of each of the Deckard Trusts, Ms. Deckard is deemed to have sole voting power and investment power over the shares held by the Deckard Trusts. The reported amount also includes 70,720 shares held under the Jenniffer D. Deckard Irrevocable Trust dated December 27, 2012 (“JDD Trust”). Given Ms. Deckard’s spouse’s position as trustee of the JDD Trust, Ms. Deckard may be deemed to have shared voting power and investment power over the shares held by the JDD Trust. In addition, the reported amount includes 77,306 shares of common stock held by the 401(k) Plan with respect to which Ms. Deckard has sole voting power and investment power, and 112,892 shares of common stock beneficially owned by Mr. Deckard’s spouse. Ms. Deckard’s employment with us terminated on May 6, 2019.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires our directors and executive officers, and persons who beneficially own more than 10% of our outstanding shares of common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of our shares of common stock. Directors, executive officers and greater than 10% stockholders are required by the SEC rules to furnish us with copies of all Section 16(a) reports they file. Based solely upon our review of filings with the SEC and written representations that no other reports were required, we believe that, during 2019, all of our directors, executive officers and greater than 10% stockholders complied with the reporting requirements of Section 16(a) of the Exchange Act, except that Mr. Navarre’s Form 4 reporting the grant of 666,666 restricted stock units on September 3, 2019 was filed on October 3, 2019 due to an administrative error.

Hedging Prohibited

Hedging or monetization transactions may be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Those hedging transactions may permit a person to continue to own our securities without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as our other stockholders. Therefore, pursuant to our insider trading policy, the Board prohibits our directors, officers and other employees from all hedging or monetization transactions involving shares of our common stock or other securities.

Pledging Prohibited

Securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Similarly, securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer’s consent if the customer fails to meet a margin call. Because a foreclosure sale or margin sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in our securities, the Board prohibits our directors, officers and other employees from holding shares of our common stock or other securities in a margin account or otherwise pledging shares of our common stock or other securities as collateral for a loan.

EXECUTIVE COMPENSATION

Compensation Committee Report

The Compensation Committee reviewed and discussed the following CD&A with our management. Based on that review and discussion, the Compensation Committee (which we refer to as the “Committee” in the CD&A) recommended to our Board that the CD&A be included in this Proxy Statement and our Annual Report on Form 10-K for our fiscal year ended December 31, 2019.

Members of the Compensation Committee

Jean-Pierre Labroue, Chairman
William P. Kelly
Jeffrey B. Scofield

Compensation Discussion and Analysis

Executive Summary

This CD&A describes the objectives and principles underlying our executive compensation policies and decisions as well as the elements of the compensation of our named executive officers for 2019. For 2019, our named executive officers were:

Executive	Title
Richard A. Navarre	Chairman, President and CEO
Campbell Jones	Executive Vice President and Chief Operating Officer
Andrew D. Eich	Executive Vice President and Chief Financial Officer
Brian J. Richardson	Executive Vice President and Chief Transformation Officer
Chadwick P. Reynolds	Executive Vice President, Chief Legal Officer and Secretary
Jennifer D. Deckard	Former President and CEO

Overview of 2019 Executive Compensation

The executive compensation program for our named executive officers primarily consisted of three components in 2019: (1) base salaries; (2) short-term cash incentive plan opportunities; and (3) long-term equity incentive plan opportunities. The Committee structures our executive compensation program so that a significant portion of each named executive officer’s compensation depends on our performance and, as a result, we believe our executive compensation program demonstrates strong pay-for-performance alignment. In establishing compensation for 2019, we reviewed each named executive officer’s performance, expertise, responsibilities, experience, contributions to corporate performance, total direct compensation relative to market data provided by the Committee’s independent compensation consultant and internal pay equity.

Prior to his permanent appointment as our Chairman, President and CEO in September 2019, Mr. Navarre served as our Chairman beginning in June 2018 and assumed the additional roles as our President and CEO on an interim basis in May 2019. In connection with his interim appointment, the Committee and our other non-employee directors provided Mr. Navarre with the opportunity to earn target total direct compensation that was substantially equivalent to the target total direct compensation provided to Ms. Deckard prior to her departure in May 2019. In September 2019, Mr. Navarre was permanently appointed as our Chairman, President and CEO. In connection with Mr. Navarre’s transition and with the guidance of the Committee’s compensation consultant, along with the review of market practices of peer companies, the Committee and other non-employee directors adjusted Mr. Navarre’s compensation package accordingly to provide an annualized base salary of \$1,050,000, the opportunity to participate in our short-term incentive plan effective January 1, 2020, a one-time signing bonus of \$267,000, a success bonus of \$200,000 in connection with the formal appointment of a CEO (in lieu of a larger success bonus otherwise payable for his interim service), and a restricted stock unit award with a grant date fair value of \$1,000,000, as more fully described in this CD&A.

Approximately 60%, 76% and 70% of the target total compensation awarded to Mr. Navarre, Ms. Deckard and our other named executive officers, respectively, in 2019 consisted of variable compensation tied to our performance and/or the price performance of our common stock. We believe that tying a majority of each named executive officer’s target total compensation to our performance or stock price aligns the interests of our named executive officers and our stockholders. See

the “Pay for Performance” section of this CD&A for more information regarding our commitment to a pay-for-performance compensation philosophy.

Base Salaries

In 2019, the Committee recommended and the non-management directors approved the following annual base salary amounts for our current named executive officers: Mr. Navarre, \$1,050,000; Mr. Jones, \$725,000; Mr. Eich, \$550,000 (increased from \$500,000 in December 2019 as a result of his contributions to the organization); Mr. Richardson, \$475,000 (increased from \$415,000 in September 2019 as a result of undertaking additional responsibilities); and Mr. Reynolds, \$440,000 (increased from \$415,000 in September 2019 as a result of undertaking additional responsibilities). The 2019 annualized base salary of Ms. Deckard, prior to her departure from the Company in May 2019, was \$800,000.

In establishing pay levels of our executive officers, the Committee and the Board reviewed individual performance and competitive market data provided by the Committee’s independent compensation consultant, including the base salaries of similarly situated executives in our compensation Peer Group (as described in the “Comparative Compensation Data; 2019 Peer Group” section of this CD&A). For 2019, the Committee set the base salaries of our named executive officers near the median for the Peer Group.

Short-Term Cash Incentive Compensation

Our named executive officers were eligible to earn short-term incentive compensation awards in 2019 based on: (1) our 2019 adjusted EBITDA (40% weighting); (2) our 2019 adjusted cash flow (40% weighting); and (3) safety and individual achievement goals for 2019 (20% weighting). Short-term incentive compensation awards are paid in cash if and to the extent they are earned.

For 2019, the target levels of performance for adjusted EBITDA and adjusted cash flow were \$324.0 million and \$75.5 million, respectively. A threshold level of performance had to be achieved to earn an award under each component, and a maximum level of performance limited the amount that could be earned under each component. Threshold levels of adjusted EBITDA and adjusted cash flow were not achieved for 2019, but as a result of attaining above target level of performance under the safety and individual achievement component, each of our named executive officers earned short-term incentive awards equal to 30% to 36% of their target opportunity. Results under the safety and individual achievement component were evaluated by the non-management directors objectively and subjectively in light of corporate safety performance as well as individual performance and contributions to key initiatives, including the successful sales of \$240 million in non-core assets, a significant year-over-year reduction in selling, general and administrative expenses, the elimination of approximately \$195 million in railcar purchase obligations, the consolidation of production capacity into a lower-cost footprint, and the expansion of our Canoitas facility in Mexico.

Long-Term Equity Incentive Awards

The Committee believes that awarding long-term equity incentive compensation is critical for aligning the interests of our executives with the creation of long-term stockholder value. In 2019, the Committee awarded restricted stock units and performance stock units under our 2018 Omnibus Incentive Plan (“Omnibus Plan”) to our named executive officers. The restricted stock units awarded in 2019 to our named executive officers (other than Mr. Navarre) vest ratably in one-third increments over three years (i.e., 33% per year), the restricted stock units awarded to Mr. Navarre in May 2019 vested in connection with his permanent appointment as President and CEO, and the restricted stock units awarded to Mr. Navarre in September 2019 vest 66.6% on the second anniversary of the grant date and 33.4% on the third anniversary of the grant date. The performance stock units awarded in 2019 cliff vest based on the extent to which we reduce our net debt during the performance period beginning on January 1, 2019 and ending on December 31, 2021. For the three-year performance period, we must reduce net debt by at least \$268 million for the performance stock unit award to vest (earning 25% of the units granted), with the targeted level of net debt reduction being \$400 million (earning 100% of the units granted) and the maximum level of net debt reduction being \$520 million (earning 200% of the units granted).

Significant Executive Compensation Policies and Practices

We have implemented the following executive compensation policies and practices that we believe align our policies and practices with industry-leading standards.

Independent Compensation Committee

Although not required due to our status as a “controlled company” under NYSE rules, the Committee is composed entirely of independent directors who oversee our executive compensation program.

Pay-for-Performance

The majority of each named executive officer's compensation is based on our financial performance and/or the value of our common stock, which places the value of each named executive officer's variable compensation at risk if we do not perform to targeted levels established by the Committee and/or the value of our common stock declines.

Hedging Prohibited

We prohibit our directors, named executive officers and other employees from engaging in hedging or monetization transactions with respect to our securities (see the "Hedging Prohibited" section of this Proxy Statement).

Pledging Prohibited

We prohibit our directors, named executive officers and other employees from pledging our securities as collateral for a loan (see the "Pledging Prohibited" section of this Proxy Statement).

No Tax Gross-Up Payments

Our named executive officers are not entitled to tax gross-up payments as part of their short-term and long-term compensation arrangements or with respect to any termination or change-in-control arrangements. In order to make whole those named executive officers who we recruit and seek to relocate, we may provide a reimbursement of taxes related to certain relocation-related compensation and expenses.

No Repricing

Consistent with the terms of our Omnibus Plan, it is the policy of our Board that we will not reprice or swap stock options without stockholder approval.

Reasonable Perquisites

Our executive compensation program generally offers perquisites that we believe are reasonable and customary in our industry. In 2019, those perquisites comprised 1% or less of our named executive officers' total compensation, except in the case of Mr. Eich, who received relocation benefits in connection with our request that he relocate from Connecticut to our principal office in Ohio, and Mr. Jones, who received expatriate and housing benefits in connection with his prior relocation from Australia to the U.S.

Clawback Policy

Our named executive officers are subject to a compensation recovery or "clawback" policy (see the "Clawback Policy" section in this CD&A).

Compensation Objectives and Principles

The objectives of our executive compensation program are to:

- enable us to attract, motivate and retain the executive talent required to successfully manage and grow our business and to achieve our short-term and long-term business objectives;
- maximize our executive officers' long-term commitment to our success by providing compensation elements that align their interests with the interests of our stockholders by linking compensation elements directly to our stock price and financial metrics that the Committee believes influence the creation of long-term stockholder value; and
- reward our executive officers for achieving short-term and long-term business objectives and creating stockholder value.

The Committee employs the following principles and processes to achieve the objectives of our executive compensation program:

- emphasize pay-for-performance and encourage retention of executive officers who contribute to our performance;
- maintain an appropriate balance between base salary and short-term and long-term incentive compensation;
- link incentive compensation to the achievement of goals recommended by the Committee and established by all of our non-employee directors;
- align the interests of our executive officers with those of our stockholders;

- evaluate CEO and executive officer performance against short-term and long-term performance goals;
- require the achievement of threshold performance levels to earn payouts under short-term and long-term performance-based incentive compensation;
- convene an executive session of the Committee (without management) at least once annually;
- recuse our CEO from deliberations and voting regarding his or her compensation;
- consult our CEO, on an advisory basis only, on the compensation awarded to our other named executive officers;
- conduct a thorough annual review and analysis of the recent compensation history of each named executive officer and all forms of compensation to which the executive may be entitled;
- consider peer executive compensation data; and
- make recommendations on named executive officer compensation to the non-management directors of our Board after the Committee completes a thorough review and analysis.

Key Considerations in Setting Compensation

Based on these objectives and principles, the Committee has structured our executive compensation program to motivate our named executive officers to achieve the business goals set by our Board and to reward them for achieving those goals. The following discussion summarizes the key considerations that the Committee and other non-employee directors evaluate when establishing the compensation of our named executive officers.

Significance of Overall Corporate Performance

The Committee primarily evaluates the performance of our named executive officers based on their respective contributions to our overall performance rather than focusing on their individual function. The Committee believes that each named executive officer shares the responsibility to support our goals and performance as key members of our leadership team.

Evaluation of Individual Performance

The Committee does not rely on formulas in determining the amount and mix of each named executive officer's total direct compensation. Rather, in establishing compensation, the Committee exercises its judgment to evaluate a broad range of both quantitative and qualitative factors, including reliability in achieving financial targets, performance in the context of the economic environment relative to other companies, and possessing the characteristics, such as integrity, good judgment and vision, needed to create further growth and effectively lead others. For long-term incentive awards, the Committee primarily considers a named executive officer's potential for future successful performance and leadership as part of our executive management team, taking into account past performance as a key indicator. The Committee may also take into account extraordinary, unusual or non-recurring items incurred or anticipated by us that the Committee deems appropriate in determining compensation.

Pay-for-Performance and Alignment with Stockholder Interests

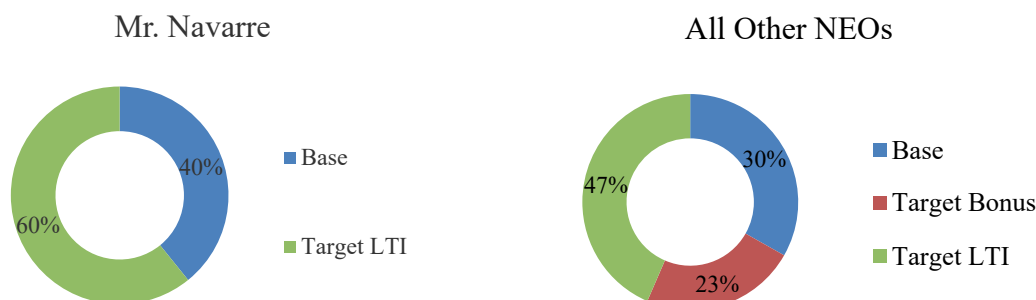
Aligning executive compensation with our performance and the price performance of our common stock is a key principle of our executive compensation philosophy. Incentive compensation is designed to drive our performance by rewarding executives if we exceed our targeted performance levels. Similarly, if we fail to meet threshold levels tied to our performance, executives will not earn compensation for the applicable incentive-based award. We believe our executive compensation program effectively implements the pay-for-performance principle by tying the value of incentive opportunities and equity awards to our financial and stock price performance.

The key metrics we used to evaluate the performance of our named executive officers in 2019 were adjusted EBITDA, adjusted cash flow, safety and individual achievement goals, and reduction in net debt. We believe adjusted EBITDA and adjusted cash flow are important measures of our financial performance because they reflect the success of our efforts to increase revenue and profitability and our ability to service and reduce our debt, respectively. We believe that safety and individual achievement goals are important to help ensure accountability and manage responsibility within our value chain. In addition, the value of the incentive equity compensation that we award is significantly impacted by the price of our common stock.

Total Direct Compensation

To evaluate consistency with the key principle that a significant portion of our executive compensation program align with our financial and/or stock price performance, we monitor the variable portion of our named executive officers' "total direct compensation," which we define as the sum of base salary, short-term incentive bonus opportunity at the target level, and long-term incentive opportunity at the target level. The following graphs show the annualized 2019 variable compensation (i.e.,

compensation that is impacted by our performance) for Mr. Navarre, Ms. Deckard, and other named executive officers as a percentage of their respective total direct compensation. Approximately, 60%, 76% and 70% of the target total compensation awarded to Mr. Navarre, Ms. Deckard and our other named executive officers', respectively, in 2019 depended on our financial and/or stock price performance. For 2020, we expect Mr. Navarre's target total compensation will be comprised of approximately 80% variable compensation as his compensation package as our permanent President and CEO includes both short-term and long-term incentive opportunities.



Mix of Compensation Elements

The Committee strives to provide a mix of compensation elements that balances current, short-term and long-term compensation as well as cash and equity compensation. Cash payments primarily reward more recent performance while equity awards encourage our named executive officers to deliver long-term results and shareholder value, as well as serve as a retention tool. The Committee believes that executive compensation should be appropriately weighted based on both our long-term and short-term performance.

Comparative Compensation Data; 2019 Peer Group

In making compensation decisions, the Committee considered executive compensation data from a peer group of companies ("Peer Group"). The Peer Group, which was developed with the assistance of the Committee's compensation consultant and approved by the Committee and the Board, generally consists of companies (1) in the industrial, materials, energy and consumer discretionary sectors, (2) with annual revenues between \$1.4 billion and \$6.7 billion, and (3) with which we compete for business and talent. The members of the Peer Group used in making compensation decisions in 2019 were:

Albemarle Corporation	Cabot Corporation	Compass Minerals International, Inc.
Eagle Materials Inc.	Granite Construction Incorporated	Louisiana-Pacific Corporation
Martin Marietta Materials, Inc.	Minerals Technologies Inc.	Olin Corporation
Summit Materials, Inc.	Tronox Limited	U.S. Concrete, Inc.
U.S. Silica Holdings, Inc.	USG Corporation	Vulcan Materials Company

Role of Independent Compensation Consultant

The Committee may retain independent compensation consultants as it deems necessary. In establishing executive compensation for 2019, the Committee retained Pay Governance LLC as its independent compensation consultant to provide peer group compensation data, financial information from the public filings of those companies and compensation design recommendations.

Role of Management

Our executive compensation program is designed and administered by the Committee in consultation with its independent compensation consultant. All of our non-management directors consider the recommendations of the Committee when approving executive compensation decisions. In formulating its recommendations, the Committee solicits the input of management on the overall effectiveness of our executive compensation program and the establishment of appropriate performance metrics and goals in light of then-current business conditions and expectations. At the invitation of the Committee, our CEO, our Executive Vice President and Chief Transformation Officer, and our Vice President, Human Resources, attend Committee meetings and provide management's perspective on these compensation issues. Our CEO and the Committee also consult with additional management representatives from our human resources, finance and legal departments regarding the administration of our compensation program for executives and independent directors.

Our CEO annually reviews and evaluates the performance of the other named executive officers and presents recommendations regarding their compensation to the Committee. The Committee has the discretion to accept, reject or modify these recommendations. Our CEO and management do not participate in executive sessions of the Committee or when executive compensation determinations are made by the Committee and the other independent directors. The Committee presents its executive compensation recommendations to the non-management members of our Board, who are responsible for approving the compensation of our named executive officers.

Compensation Risk Management

Our Board, the Committee and management do not believe that there are any significant risks arising from our compensation policies and practices for our directors and employees that are reasonably likely to have a material adverse effect on us. We believe that our compensation programs are balanced and emphasize pay-for-performance. A significant percentage of our executive compensation is tied to the price of our common stock, which we believe provides strong incentives to manage for the long-term, and avoid excessive risk taking in the short-term. Additionally, the goals and objectives underlying our incentive compensation awards reflect a balanced mix of quantitative and qualitative performance measures to avoid excessively weighting a single performance measure. The elements of compensation are balanced between cash payments and equity awards. The Committee retains discretion to adjust compensation for quality of performance and adherence to our values. Our Board, the Committee and management, with the assistance of the Committee's independent compensation consultant, monitor our compensation policies and practices on an ongoing basis to determine whether we are meeting our risk management objectives with respect to rewarding our employees for performance.

Say-on-Pay Vote

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, contains a provision that is commonly known as "Say-on-Pay." Say-on-Pay gives our stockholders an opportunity to vote, on an advisory, non-binding basis, to approve the compensation of our named executive officers as disclosed in this Proxy Statement. We are holding a Say-on-Pay vote at this year's Annual Meeting (see Item 2 of this Proxy Statement). This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the executive compensation program and practices described in this Proxy Statement.

At our 2019 annual meeting of stockholders, 97.7% of the votes cast approved the compensation paid to our named executive officers for 2018, as disclosed in last year's Proxy Statement. Our Board and the Committee believe that the 2019 Say-on-Pay vote confirmed stockholder support for our executive compensation policies and decisions. Accordingly, our Board and the Committee did not make changes to our executive compensation program as a result of the Say-on-Pay vote. Although this vote is advisory and not binding, we will consider the outcome of the Say-on-Pay vote in determining future executive compensation.

Say-on-Frequency Vote

The Dodd-Frank Act also contains a provision enabling our stockholders to indicate how frequently we should hold future Say-on-Pay votes. At least once every six years, we are required to hold an advisory vote on the frequency of Say-on-Pay votes (commonly referred to as "Say-on-Frequency"). We held our first Say-on-Frequency vote during the 2019 annual meeting of stockholders. In line with the preference of our stockholders, our Board expects to include the Say-on-Pay vote in our proxy materials annually until the next Say-on-Frequency vote, which will occur at the 2025 annual meeting of stockholders.

Clawback Policy

Our named executive officers are subject to the Clawback Policy adopted by our Board. Under the Clawback Policy, if we are required to prepare an accounting restatement due to our material noncompliance with any financial reporting requirement under U.S. securities laws, we will seek to recover from current or former executives who received incentive-based compensation (including any type of equity compensation) during the three-year period preceding the date on which we are required to prepare an accounting restatement, the amount of compensation in excess of what would have been paid to the executive based upon the accounting restatement.

Compensation Elements

We believe that the elements of our executive compensation program advance the objectives and principles of our executive compensation program. The total compensation awarded to each named executive officer, as well as each element of compensation, is intended to foster our pay-for-performance philosophy and provide a competitive compensation package as compared to executives in similar positions at our competitors. Although the Committee does not have any specific formula for establishing the amount and mix of base salary and variable compensation, it does reference the Peer Group compensation data as a market check in making these determinations. The Committee also considers factors relating to each named executive

officer's individual position and performance, contributions to corporate performance, professional expertise and experience, responsibilities, internal pay equity and total direct compensation relative to market data.

Base Salary

The Committee believes a competitive base salary serves an important role in attracting and retaining executive talent. Base salary is not intended to represent the primary method of rewarding performance. After receiving input from our CEO regarding the performance of the other named executive officers, the Committee and other non-management directors use judgment regarding individual performance, market competitiveness, internal pay equity, length of service, job responsibilities and other factors to determine the appropriate base salary for each named executive officer.

Short-Term Cash Incentive Compensation

The Committee believes that short-term cash incentive compensation opportunities are an important tool to focus our named executive officers on achieving annual objectives designed to drive performance, such as earnings, cash flow, debt reduction, safety and other operating results. For 2019, the Committee established a short-term incentive compensation opportunity for our named executive officers based upon the achievement of an adjusted EBITDA goal (constituting 40% of the total opportunity), an adjusted cash flow goal (constituting 40% of the total opportunity), and safety and individual achievement goals (constituting 20% of the total opportunity). For each of the three metrics, a threshold performance goal had to be achieved before any portion of the opportunity relating to such metric would be awarded, 100% of the opportunity relating to such metric would be awarded if we achieve the target performance goal applicable to the metric, and 200% of the opportunity relating to such metric would be awarded if we achieve the maximum performance goal applicable to the metric. Actual payments made with respect to short-term incentive compensation awards, if any, are prorated for results between threshold and maximum levels. The Committee believes the target performance goals provided challenging, but reasonable, levels of performance that were appropriate in light of our objective to motivate our executives.

For additional information on the short-term incentive compensation opportunity for 2019, see the "Executive Compensation for 2019" section of this CD&A.

Long-Term Equity Incentive Compensation

The Committee believes that long-term equity incentive compensation is critical for aligning executive compensation with the creation of long-term stockholder value. The Committee views restricted stock units and performance stock units as excellent mechanisms to align the interests of executives with those of stockholders by supporting a focus on stockholder value. Restricted stock units and performance stock units are also effective retention tools as a result of their respective vesting schedules which occur over a period of several years.

In March 2019, the Committee recommended, and the non-management directors approved, a grant of restricted stock units and performance stock units under our Omnibus Plan to Mr. Eich, Mr. Jones, Mr. Reynolds, Mr. Richardson, and Ms. Deckard. The Committee recommended and the non-management directors approved a grant of restricted stock units under our Omnibus Plan to Mr. Navarre in May 2019 in connection with his appointment as President and CEO on an interim basis, and in September 2019 in connection with his permanent appointment as President and CEO.

The restricted stock units awarded in 2019 vest ratably in one-third increments over three years (i.e., 33% per year), except for the one-time grant of restricted stock units made to Mr. Navarre in May 2019, which vested in connection with his permanent appointment as President and CEO, and the one-time grant of restricted stock units made to Mr. Navarre in September 2019, which vests at 66.6% at the second anniversary of the grant date and 33.4% on the third anniversary of the grant date. The performance stock units awarded in 2019 are subject to three-year cliff vesting and will vest only upon the achievement of our threshold net debt reduction goal. For the three-year performance period, we must reduce net debt by at least \$268 million for the performance stock unit award to vest (earning 25% of the units granted), with the targeted level of net debt reduction being \$400 million (earning 100% of the units granted) and the maximum level of net debt reduction being \$520 million (earning 200% of the units granted).

Benefits and Perquisites

Our named executive officers participate in employee benefit plans that are generally available to all employees on the same terms and conditions as other similarly situated employees. These include customary programs for life insurance, health insurance, prescription drug insurance, dental insurance, short- and long-term disability insurance and matching gifts for charitable contributions. While these benefits are considered to be an important and appropriate employment benefit for all employees, they are not considered to be a material component of a named executive officer's annual compensation program. Because the named executive officers receive these benefits on the same basis as other employees, these benefits are not established or determined by the Compensation Committee separately for each named executive officer as part of the named executive officer's annual compensation package. In addition, we provide minimal perquisites to our named executive officers,

as well as relocation benefits to Mr. Eich and expatriate and housing benefits to Mr. Jones. The perquisites and other benefits we provide to our named executive officers are summarized in the Summary Compensation Table.

Retirement Plans

Fairmount Santrol and Unimin sponsored retirement plans in which their respective employees, including our named executive officers, were eligible to participate. Additional details regarding the retirement plans are provided below and in the “Executive Compensation – Retirement Plans” section following this CD&A.

- The Covia Retirement Savings Plan (“Covia 401(k) Plan”), provides benefits under Section 401(k) of the Internal Revenue Code (“Code”) to employees, including each of our named executive officers, who are permitted to contribute a portion of their base compensation and bonus to a tax-qualified retirement account. The Covia 401(k) Plan also includes a defined contribution non-elective employer contribution provision in which our employees participate. Each of our named executive officers participate in the non-elective employer contribution provision of the Covia 401(k) Plan.
- The Covia Holdings Corporation Deferred Compensation Plan (“Covia DC Plan”) provides employees, including each of our named executive officers, with non-qualified deferred compensation benefits intended to restore the benefits that are reduced under the Covia 401(k) Plan due to contribution limitations imposed by the Code.
- The Covia Holdings Corporation Pension Plan (“Covia Pension Plan”) is a tax-qualified defined benefit pension plan that was frozen on December 31, 2018, and in which Mr. Jones is the only of our named executive officers who participate.
- The Covia Holdings Pension Restoration Plan (“Covia Pension Restoration Plan”), also frozen on December 31, 2018, ensures that employees whose benefits under the Covia Pension Plan, including Mr. Jones, would otherwise be limited by the Code receive the full benefit anticipated under the Covia Pension Plan.

Employment Agreements, Retention Agreements and Other Arrangements

We are a party to agreements and arrangements with our named executive officers which were intended to attract and retain key talent to manage our business, and to provide us with continuity of management and the continued focus of our executive team.

Prior to the Merger, Fairmount Santrol maintained the Fairmount Santrol Holdings Inc. Executive Change in Control Severance Plan (“FSCIC Plan”) which provides certain payments and benefits in connection with a change in control that are intended to help provide continuity of management and continued focus on the business by management in the event of a change in control. As a result of the Merger, a change in control was deemed to have occurred under the FSCIC Plan. Mr. Richardson and Mr. Reynolds are entitled to receive the benefits of the FSCIC Plan if, during the protection period ending June 1, 2020, we terminate their employment with us other than for cause or they terminate their employment with us for good reason. Ms. Deckard received the benefits of the FSCIC Plan as a result of her departure in May 2019 in exchange for a release of claims and a non-competition and non-solicit agreement in our favor.

In May 2019, our Board approved the Covia Executive Severance Plan (“Covia Severance Plan”). The Covia Severance Plan covers our employees at or above the vice president level, including our named executive officers. The Covia Severance Plan provides severance payments and benefits to eligible employees who are terminated from employment without cause or on account of a constructive termination, as each term is defined in the Covia Severance Plan. In the event a participant is entitled to benefits under the Covia Severance Plan and any other plan, policy or agreement with us (including the FSCIC Plan), the participant will be eligible to receive the greater of the aggregate benefits payable under the Covia Severance Plan or the aggregate benefits payable under such other plan, policy or agreement, with no duplication of benefits.

A summary of the arrangements we have with each of our named executive officers is set forth below.

Mr. Navarre

Prior to his permanent appointment as our Chairman, President and CEO in September 2019, Mr. Navarre served as our Chairman beginning in June 2018 and assumed the additional roles as our President and CEO on an interim basis in May 2019. During his service as our President and CEO on an interim basis, Mr. Navarre received (1) base salary of \$600,000; (2) a restricted stock unit award with a grant date fair value of \$1,200,000 that vested upon the day immediately preceding the day on which he was permanently appointed President and CEO; (3) reimbursement of reasonable business and commuting expenses; and (4) participation in our health benefits, insurance programs, retirement plans, and other employee welfare benefits plans. Mr. Navarre was also eligible to earn a success bonus of \$300,000 payable following the permanent appointment of President and CEO; however, Mr. Navarre forfeited this payment in exchange for a reduced success bonus payable in connection with his permanent appointment.

In August 2019, we entered into a letter agreement with Mr. Navarre in connection with his permanent appointment as President and CEO, which provided for (1) an annualized base salary of \$1,050,000; (2) the opportunity to participate in our short-term incentive plan effective January 1, 2020 with an annual target award equal to 115% of base salary and a maximum award equal to 230% of base salary; (3) a one-time signing bonus of \$267,000; (4) a success bonus of \$200,000; (5) a restricted stock unit award with a grant date fair value of \$1,000,000 with 66.6% of the units vesting on the second anniversary of the grant date and 33.4% of the units vesting on the third anniversary of the grant date; and (6) eligibility to participate in our health benefits, insurance programs, pension and retirement plans, and other employee welfare benefits plans. In connection with his permanent appointment as President and CEO, Mr. Navarre is also entitled to severance benefits pursuant to the Covia Severance Plan.

Mr. Eich

In November 2017, in anticipation of the Merger, Unimin entered into a retention agreement with Mr. Eich. Pursuant to the retention agreement, if we terminate Mr. Eich's employment with us without cause within three years following the closing date of the Merger or if he terminates his employment with us for good reason, he will be entitled to receive (1) a lump-sum payment equal to 18 months of his base salary as in effect on the date of the agreement or the date of termination of his employment, whichever is greater, (2) 18 months of continued healthcare coverage for Mr. Eich and his dependents, and (3) a pro-rata portion of his target bonus for the year in which the qualifying termination or resignation occurs. Mr. Eich is also eligible to participate in the Covia Severance Plan.

In April 2018, Unimin also agreed to pay certain expenses incurred by Mr. Eich as part of his relocation from Connecticut to near our corporate headquarters in Ohio. In January 2019, we extended Mr. Eich's relocation benefit as he completed his full transition to Ohio.

Mr. Jones

In April 2018, in connection with the Merger, Unimin entered into a retention agreement with Mr. Jones. Pursuant to the retention agreement, if we terminate Mr. Jones' employment with us without cause within five years following the closing date of the Merger or if Mr. Jones terminates his employment with us for good reason between the 25th and 60th months following the closing date of the Merger, Mr. Jones will be entitled to receive (1) a lump-sum payment equal to two years of his total base package (which is comprised of his base salary and an additional 9.5% which is equivalent to the mandatory employer contributions Mr. Jones forfeited upon his relocation from Australia to the U.S.) in effect on the date of the retention agreement or the date of termination of his employment, whichever is greater, (2) two years of continued healthcare coverage for Mr. Jones and his dependents, (3) a pro-rata portion of his target bonus for the year in which the qualifying termination or resignation occurs, (4) reimbursement of the actual cost to complete his tax returns in Australia and the U.S. for two years after the qualifying termination, and (5) reimbursement of the costs to relocate Mr. Jones and his family to Australia. Mr. Jones is also eligible to participate in the Covia Severance Plan.

In addition, Mr. Jones is entitled to a housing allowance in the amount of \$150,000 per year, continued assistance with immigration and tax filing obligations, and an allowance for one home trip to Australia per year.

Mr. Richardson

We have not entered into an employment agreement with Mr. Richardson. However, Mr. Richardson is eligible to participate in the FSCIC Plan and the Covia Severance Plan.

Mr. Reynolds

In August 2018, we entered into an offer letter with Mr. Reynolds, which provides him with severance benefits pursuant to the FSCIC Plan. Mr. Reynolds is also eligible to participate in the Covia Severance Plan.

Ms. Deckard

We did not enter into an employment agreement with Ms. Deckard. However, Ms. Deckard received the benefits of the FSCIC Plan as a result of her departure in May 2019 in exchange for a release of claims and a non-competition and non-solicit agreement in our favor. Ms. Deckard was also paid \$250,000 in 2019 in connection with a post-employment consulting agreement.

For additional details regarding these agreements and arrangements, including the retention agreements provided by Unimin and the terms of the Covia Severance Plan and the FSCIC Plan, please see the "Executive Compensation – Potential Payments Upon Termination or Change In Control – Payments Upon Various Triggering Events at 2019 Fiscal Year-End – *Change in Control – Termination Without Good Cause or Termination by Executive For Good Reason*" section following this CD&A.

Executive Compensation for 2019

In establishing the compensation of our executive officers for 2019, the Committee and other non-management directors reviewed key developments in compensation trends, the Committee's guiding principles and target pay position, and competitive market data provided by the Committee's independent compensation consultant, including the base salaries of similarly situated executives in our compensation Peer Group (as described in the "Comparative Compensation Data; 2019 Peer Group" section of this CD&A).

Base Salaries for 2019

For 2019, following a review of the analysis and recommendations of its compensation consultant, the Committee recommended and the non-management directors approved the following annual base salary amounts for our current named executive officers: Mr. Navarre, \$1,050,000; Mr. Jones, \$725,000; Mr. Eich, \$550,000 (increased from \$500,000 in December 2019 as a result of his contributions to the organization); Mr. Richardson, \$475,000 (increased from \$415,000 in September 2019 as a result of undertaking additional responsibilities); and Mr. Reynolds, \$440,000 (increased from \$415,000 in September 2019 as a result of undertaking additional responsibilities). The 2019 annualized base salary of Ms. Deckard, prior to her departure from the Company in May 2019, was \$800,000. For 2019, the Committee set the base salaries of our named executive officers near the median for the Peer Group.

In establishing pay levels of our executive officers, the Committee and the Board reviewed key developments in compensation trends, the Committee's guiding principles and target pay position, and competitive market data provided by our independent compensation consultant, including the base salaries of similarly situated executives in our compensation Peer Group (as described in the "Comparative Compensation Data; 2019 Peer Group" section of this CD&A). For 2019, the Committee set the base salaries of our named executive officers near the median for the Peer Group.

Short-Term Cash Incentive Compensation for 2019

Our named executive officers were eligible to earn short-term incentive compensation awards in 2019 based on: (1) our adjusted EBITDA (40% weighting); (2) our adjusted cash flow (40% weighting); and (3) safety and individual achievement goals (20% weighting). Short-term incentive compensation awards are paid in cash if and to the extent they are earned. For each performance measure: (1) none of the opportunity relating to the performance measure would be earned unless we achieved the threshold performance goal; (2) 100% of the opportunity relating to the performance measure would be earned if we achieved the target performance goal; and (3) 200% of the opportunity relating to the performance measure would be earned if we achieved the maximum performance goal. Actual payments made with respect to short-term incentive compensation awards, if any, are prorated for results between threshold and maximum levels. The Committee believes the performance goals provided challenging, but reasonable, levels of performance that were appropriate in light of our objective to motivate our executives.

To determine the results under the short-term incentive awards, we calculate (1) EBITDA as net income from continuing operations before interest expense, income tax expense, depreciation, depletion and amortization, and adjusted EBITDA as EBITDA before non-cash stock-based compensation, merger-related expenses, restructuring charges, asset impairments and certain other income or expenses, and (2) adjusted cash flow as operating cash flow minus capital expenditures and interest payments. We then make an adjustment to remove the effect of unusual or non-recurring events, transactions and accruals approved by the Committee early in each fiscal year when the incentive opportunities are established. The adjustments may have the net effect of increasing or decreasing adjusted EBITDA and adjusted cash flow. Accordingly, adjusted EBITDA and adjusted cash flow resulting from the adjustments may differ from the amounts reflected in our reports filed with the SEC and other public disclosures.

Results under the safety and individual achievement component were evaluated by the non-management directors objectively and subjectively considering corporate safety performance as well as individual performance and contributions to key initiatives. The consideration of individual performance was designed to align the individual officers with our business key strategies and objectives. Examples contributing achievements include the successful sales of \$240 million in non-core assets, a significant year-over-year reduction in selling, general and administrative expenses, the elimination of approximately \$195 million in railcar purchase obligations, the consolidation of production capacity into a lower-cost footprint, and the expansion of our Canoitás facility in Mexico. These achievements are keys to financial and business success and thus contribute to producing income and shareholder returns over the long-term. In evaluating each named executive officer, the non-management directors considered the performance of each executive and contributions toward these achievements.

The following table shows the threshold, target and maximum payout percentages and performance goals established for each performance measure for the 2019 short-term cash incentive opportunity:

	Adjusted EBITDA		Adjusted Cash Flow		Safety and Individual Goals
	Performance Goal	Payout as (%) of Target	Performance Goal	Payout as (%) of Target	Payout as (%) of Target
Threshold	\$217.0 million	0	\$50.6 million	0	0
Target	\$324.0 million	100	\$75.5 million	100	100
Maximum	\$421.0 million	200	\$97.9 million	200	200

The following table shows the: (1) amounts payable to each named executive officer if we achieve the threshold, target and maximum performance goals for the 2019 short-term cash incentive opportunity, both as a percentage of the named executive officer's annual base salary and as a dollar amount; and (2) total short-term cash incentive earned by each named executive officer based on our achievement in 2019 of (a) adjusted EBITDA of \$143.2 million (0% of the opportunity earned), (b) adjusted cash flow of \$20.6 million (0% of the opportunity earned), and (c) safety and individual achievement goals (percentage of the opportunity earned varied by individual from 148% to 181% of target for this component):

Executive	Threshold		Target		Maximum		2019 Award Earned	
	% of Salary	Potential Payout (\$)	% of Salary	Potential Payout (\$)	% of Salary	Potential Payout (\$)	% of Salary	Actual Payout (\$)
Mr. Navarre (1)	--	--	--	--	--	--	0	0
Mr. Eich	0.1	378	75.0	378,125	150.0	756,249	27	136,125
Mr. Jones	0.1	544	75.0	543,750	150.0	1,087,500	23	163,125
Mr. Richardson	0.1	324	75.0	324,375	150.0	648,750	27	116,775
Mr. Reynolds	0.1	317	75.0	316,719	150.0	633,438	27	114,019
Ms. Deckard	0.1	920	115.0	920,000	230.0	1,840,000	0	0

(1) Mr. Navarre was not eligible to participate in our short-term cash incentive plan during 2019.

For 2019, the target levels of performance for adjusted EBITDA and adjusted cash flow were \$324.0 million and \$75.5 million, respectively. A threshold level of performance had to be achieved to earn an award under each component, and a maximum level of performance limited the amount that could be earned under each component. Threshold levels of adjusted EBITDA and adjusted cash flow were not achieved for 2019, but as a result of safety and individual performance, each of our named executive officers earned short-term incentive awards equal to 30% to 36% of their target opportunity.

Long-Term Equity Incentive Compensation for 2019

The Committee believes that long-term equity incentive compensation is critical for aligning the interests of our executives with the creation of long-term stockholder value. Restricted stock units represent 40% of the target long-term incentive opportunity, while performance stock units represent 60% of the target long-term incentive opportunity.

Restricted Stock Units

Restricted stock units include vesting restrictions tied to continued employment and are valued based on the closing price of our common stock on the grant date. The Committee generally awards restricted stock units with a three-year pro rata vesting schedule (i.e., 33.3% per year).

Recipients of restricted stock units awarded in 2019 do not have the rights of a stockholder. If the executive's employment is terminated before vesting for any reason other than retirement, change in control, death or disability, the unvested portion of the restricted stock unit award will be forfeited. If the executive dies or becomes disabled, any restricted stock units that would have vested during the year following death or disability will fully vest on the date of death or disability. If the executive retires, any restricted stock units will continue to vest for the one-year period following retirement. If a change in control occurs, all restricted stock units will fully vest immediately unless the recipient receives a replacement award of equal value to replace the original award. If a replacement award is received, but the recipient incurs an involuntary termination without cause or a voluntary termination for good reason with the two-year period following the change in control, the restricted stock units will fully vest upon such termination.

Performance Stock Units

The Committee believes performance stock units align the interests of executives with those of stockholders by supporting a focus on stockholder value. The number of performance stock units that vest, if any, is determined at the end of a three-year performance period based on the extent to which the performance goals applicable to the performance metrics (in each case, as established by the Committee and other non-management directors) are met. For the 2019 through 2021 performance period, we must reduce net debt by at least \$268 million for the performance stock unit award to vest (earning 25% of the units granted), with the targeted level of net debt reduction being \$400 million (earning 100% of the units granted) and the maximum award will vest if net debt reduction is equal to or greater than \$520 million (earning 200% of the units granted).

Recipients of performance stock units awarded in 2019 do not have the rights of a stockholder. If the executive's employment is terminated before vesting for any reason other than retirement, change in control, death or disability, the unvested portion of the performance stock unit award will be forfeited. If the executive dies or becomes disabled, any unvested performance stock units will vest on a prorated basis. If the executive retires, a prorated number of performance stock units will vest at the end of the performance period. If a change in control occurs, all performance stock units will fully vest immediately unless the recipient receives a replacement award of equal value to replace the original award. If a replacement award is received, but the recipient incurs an involuntary termination without cause or a voluntary termination for good reason with the two-year period following the change in control, the performance stock units will fully vest upon such termination.

In 2019, based upon the recommendation of the Committee and the approval of the non-management directors, the following long-term equity incentive awards were granted to our named executive officers in recognition of the critical roles they play in our future success and long-term growth:

Executive	Restricted Stock Units (#) (1)	Performance Stock Units (#) (2)
Mr. Navarre	953,747	--
Mr. Eich	74,000	111,000
Mr. Jones	91,960	137,940
Mr. Richardson	52,640	78,960
Mr. Reynolds	43,880	65,820
Ms. Deckard (3)	135,320	202,980

(1) The vesting of restricted stock units occurs ratably in one-third increments over three years (i.e., 33% per year), with the exception of the one-time award to Mr. Navarre in May 2019, which vested in September 2019 in connection with his permanent appointment as President and CEO, and the award to Mr. Navarre in September 2019, which vests 66.6% on the second anniversary of the grant date and 33.4% on the third anniversary of the grant date.

(2) The number of shares reflected in the table above is the number of shares of our common stock each named executive officer will earn and receive if we achieve the performance target goal of reducing net debt by \$400.0 million during the 2019 through 2021 performance period. No shares of common stock will vest if we fail to meet the threshold performance goal. The actual number of shares of common stock that will vest if the threshold performance goal is attained will vary from 25% of the shares noted at the threshold performance level to 200% of the shares noted if the maximum performance goal is attained or exceeded.

(3) Ms. Deckard forfeited these restricted stock units and performance stock units as a result of her departure in May 2019.

Executive Compensation for 2020

Considerations

At its November 2019 meeting, the Committee reviewed the market data and analyses provided by its independent compensation consultant and determined that our overall compensation program was generally competitive and consistent with the Committee's compensation objectives. In determining 2020 compensation for our named executive officers, the Committee considered many factors, including:

- our performance in 2019 and how our performance compared to our goals;
- assessments of each executive's individual performance and leadership in 2019, and potential for future contributions to our business and operations;
- achievement of long-term strategic and short-term business goals;

- the nature and scope of the executive’s responsibilities and effectiveness in leading our initiatives to improve cash flow, reduce net debt, improve profitability and promote safety;
- desired competitive positioning of compensation;
- retention needs; and
- the compensation practices of our Peer Group.

The Committee places particular focus on aligning executive compensation with corporate and individual performance. In evaluating 2019 performance, the Committee recognized our named executive officers’ achievements as well as the challenging economic and market conditions, and the executives’ contributions in continuing to integrate the legacy Fairmount Santrol and Unimin businesses. The Committee sought to advance our compensation objectives and principles, particularly to motivate our executives and foster a pay-for-performance culture, and set objectives for the short-term incentive plan opportunity and long-term incentive plan opportunity that were deemed aggressive yet achievable.

As a result of that review and discussion with our other non-management directors, the Committee and our other non-management directors approved the following 2020 compensation for our current named executive officers:

Executive	2020 Base Salary (\$)	2020 Target Short-Term Incentive Opportunity (% of Salary)	2020 Target Long-Term Incentive Opportunity (% of Salary)	Total 2020 Target Direct Compensation (\$)
Mr. Navarre	1,050,000	115%	300%	5,407,500
Mr. Eich	550,000	75%	175%	1,925,000
Mr. Jones	725,000	75%	150%	2,356,250
Mr. Richardson	475,000	75%	160%	1,591,250
Mr. Reynolds	462,000	75%	150%	1,501,500

Tax and Accounting Considerations

While the Committee strives to compensate our named executive officers in a manner that produces favorable tax and accounting treatments, its main objective is to develop fair, equitable and competitive compensation arrangements that appropriately motivate, reward and retain those executives.

Prior to the enactment of the Tax Cuts and Jobs Act of 2017, Code Section 162(m) (“Section 162(m)”) imposed a \$1 million limit on the amount that a public company could deduct for compensation paid to its CEO or any of its three other most highly compensated executive officers (other than the chief financial officer) who were employed as of the end of the year, excluding any “qualified performance-based compensation” under Section 162(m) (i.e., compensation paid only if the individual’s performance met pre-established objective goals based on performance criteria approved by the stockholders). The Tax Cuts and Jobs Act of 2017 repealed the performance-based compensation exception to the Section 162(m) deduction limitation (subject to a transition rule for written binding contracts which were in effect on November 2, 2017 and are not modified in any material respect on or after such date). Additionally, the \$1 million deduction limitation for public companies now applies to the CEO, chief financial officer and three other most highly compensated executive officers who are employed at any time during the taxable year, and those individuals will continue to be included in that group of “covered employees” so long as they remain employed by the public company. Due to these changes, we are now unable to deduct compensation paid to a named executive officer in excess of \$1 million regardless of whether all or a portion of such excess is “qualified performance-based compensation.”

Summary Compensation Table

The following table sets forth the compensation earned by or paid to our named executive officers as defined by SEC rules for 2019, 2018 and, where required, for 2017.

Name and Principal Position	Year	Salary (\$)	Bonus (\$ (1))	Stock Awards (\$ (2))	Non-Equity Incentive Plan Compensation (\$ (3))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (4))	All Other Compensation (\$ (5))	Total (\$)
Richard A. Navarre <i>Chairman, President and Chief Executive Officer</i>	2019	916,129	467,000	2,200,000	—	—	115,036	3,698,165
Andrew D. Eich <i>Executive Vice President and Chief Financial Officer</i>	2019	504,167	—	876,900	136,125	—	310,863	1,828,055
	2018	467,100	250,000	591,841	229,233	—	350,817	1,888,991
	2017	408,250	76,500	—	320,600	—	32,963	838,286
Campbell Jones <i>Executive Vice President and Chief Operating Officer</i>	2019	725,000	—	1,089,726	163,125	31,588	396,770	2,406,209
	2018	752,277	423,000	582,636	405,185	37,466	769,656	2,970,219
	2017	751,319	101,500	—	584,736	38,928	396,903	1,873,386
Brian J. Richardson <i>Executive Vice President and Chief Transformation Officer</i>	2019	432,500	—	623,784	116,775	—	32,633	1,205,692
	2018	242,083	400	201,654	72,625	—	2,573	519,335
Chadwick P. Reynolds <i>Executive Vice President, Chief Legal Officer and Secretary</i>	2019	422,292	—	519,978	114,019	—	29,978	1,086,267
	2018	129,022	225,000	—	38,308	—	11,582	403,911
Jennifer D. Deckard <i>Former President and Chief Executive Officer</i>	2019	300,000	—	1,603,542	—	—	5,979,770	7,883,312
	2018	466,667	400	499,765	214,667	—	4,068	1,185,566

- (1) The amounts in this column for 2019 reflect a one-time signing bonus (\$267,000) and a success bonus (\$200,000) for Mr. Navarre awarded in connection with Mr. Navarre's permanent appointment as President and CEO in August 2019.
- (2) The amounts in this column reflect the grant date fair value of restricted stock units and performance stock units awarded to named executive officers in the fiscal year in accordance with FASB ASC Topic 718. These amounts do not represent the actual amounts that will be realized by the named executive officers with respect to such awards. The grant date fair value of the restricted stock units was determined by multiplying the closing price of our common stock on the NYSE on the date of grant (\$4.74 for grants made on March 1, 2019, \$4.18 for grants made on May 7, 2019, and \$1.50 for grants made on September 3, 2019) by the number of shares of restricted stock units granted. The grant date fair value of the performance stock units was determined by multiplying the closing price of our common stock on the NYSE on the date of grant (\$4.74 for grants made on March 1, 2019) by the number of shares of performance stock units granted. Assumptions used in the calculation of these amounts are included in Note 19 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.
- (3) The amounts in this column reflect the amounts earned by the named executive officers for each of 2019, 2018 and 2017 under non-equity incentive plan awards earned by the named executive officers for 2019, 2018 and 2017, including, with respect to 2019, the amounts earned by each of the named executive officers under the short-term incentive compensation awards.

(4) The amounts in this column represent the year-over-year increase in the present value of the accumulated benefit for Mr. Jones under Unimin's pension plan, which has since been frozen.

(5) The following table identifies the elements of compensation reported for our named executive officers for 2019:

Name	Covia 401(k) Plan Matching Contributions (\$)(a)	Covia 401(k) Plan Non-Elective Contributions (\$)(a)	NDQC Employer Contribution (\$)(b)	Covia Pension Restoration Plan Allocation (\$)(c)	Life Insurance Premiums (\$)(d)	Long-Term Disability Insurance Premiums (\$)(e)	Other Personal Benefits (\$)(f)	Tax Gross-Up Payments (\$)(g)	Director Compensation (\$)(h)
Mr. Navarre	11,200	11,200	0	0	235	467	14,571	0	77,363
Mr. Eich	7,313	11,200	8,967	0	403	906	157,398	124,676	0
Mr. Jones	11,200	11,200	17,800	51,041	403	906	274,461	29,759	0
Mr. Richardson	11,200	11,200	6,100	0	1,248	1,885	1,000	0	0
Mr. Reynolds	11,200	11,200	5,692	0	1,085	801	0	0	0
Ms. Deckard	11,200	11,200	0	0	2,372	469	5,954,529	0	0

(a) Matching and non-elective contributions made by us pursuant to the Covia 401(k) Plan;

(b) Employer contributions under the Covia DC Plan equal to the excess of the full contribution that we would have made to the named executive officer's 401(k) account, if not for limitations under the Code.

(c) Pension benefit allocation made by us pursuant to the Covia Pension Restoration Plan;

(d) Life insurance premium payments;

(e) Long-term disability insurance premium payments;

(f) Other personal benefits in the form of (i) housing benefits paid in connection with Mr. Navarre's interim appointment as our President and CEO, (ii) relocation benefits in connection with our request that Mr. Eich move from Connecticut to our principal office in Ohio, (iii) expatriate and housing benefits in connection with Mr. Jones' prior relocation from Australia to the U.S., including a housing allowance of \$150,000 per year, tax equalization payments of \$34,585, assistance with immigration and tax filing obligations of \$11,876, and an allowance for one home trip to Australia per year of \$20,000, as well as \$58,000 of pension transition credit in connection with our freezing the Covia Pension Plan, as more fully described below, (iv) a charitable matching gift provided by us at Mr. Richardson's request; and (v) severance and consulting payments to Ms. Deckard in connection with her termination of employment;

(g) Tax gross-up payments on the other personal benefits related to Mr. Eich's relocation benefits and Mr. Jones' tax equalization payments following his localization in 2018; and

(h) Cash retainer compensation received by Mr. Navarre for his service as our Chairman prior to his appointment as our President and CEO on an interim basis in May 2019.

Grants of Plan-Based Awards in 2019

The following table sets forth the short-term incentive compensation awards and the long-term incentive compensation awards (in the form of restricted stock unit awards and performance stock unit awards) granted to our named executive officers in 2019. Additional information regarding the short-term incentive compensation awards granted in 2019 is set forth in the “Compensation Elements – Short-Term Incentive Compensation” section of the CD&A. Additional information regarding the long-term incentive compensation awards granted in 2019 is set forth in the “Compensation Elements – Long-Term Incentive Compensation” section of the CD&A.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock or Units (#) (3)	Grant Date Fair Value of Stock Awards (\$ (4)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Mr. Navarre	5/7/2019	—	—	—	—	—	—	287,081	1,200,000
	9/3/2019	—	—	—	—	—	—	666,666	1,000,000
Mr. Eich	—	378	378,125	756,249	—	—	—	—	—
	3/1/2019	—	—	—	—	—	—	74,000	350,700
	3/1/2019	—	—	—	27,750	111,000	222,000	—	526,140
Mr. Jones	—	544	543,750	1,087,500	—	—	—	—	—
	3/1/2019	—	—	—	—	—	—	91,960	435,890
	3/1/2019	—	—	—	34,485	137,940	275,880	—	653,836
Mr. Richardson	—	324	324,375	648,750	—	—	—	—	—
	3/1/2019	—	—	—	—	—	—	52,640	249,514
	3/1/2019	—	—	—	19,740	78,960	157,920	—	374,270
Mr. Reynolds	—	317	316,719	633,438	—	—	—	—	—
	3/1/2019	—	—	—	—	—	—	43,880	207,991
	3/1/2019	—	—	—	16,455	65,820	131,640	—	311,987
Ms. Deckard	—	920	920,000	1,840,000	—	—	—	—	—
	3/1/2019	—	—	—	—	—	—	135,320	641,417
	3/1/2019	—	—	—	50,745	202,980	405,960	—	962,125

- (1) The amounts in these columns represent the threshold, target and maximum payouts that each named executive officer was eligible to receive under our 2019 short-term incentive plan awards. The amount of these awards actually earned are included for 2019 in the Summary Compensation Table as non-equity incentive plan compensation. Further detail regarding the 2019 short-term incentive plan awards may be found in “Executive Compensation for 2019 – Short-Term Incentive Compensation for 2019” section of the CD&A.
- (2) The amounts in this column reflect performance stock unit awards granted during 2019. The number of performance stock units earned and the vesting thereof is conditioned on the attainment of performance targets established by the Compensation Committee. Payouts will be earned at 25% for attainment of threshold performance results, 100% for attainment of target performance results and 200% for attainment of maximum performance results. The performance stock units will be measured and earned on three years of performance as described under the “Executive Compensation for 2019 – Long-Term Equity Incentive Compensation for 2019 – Performance Stock Units” section of the CD&A, will vest based on the performance results during the three-year performance period, and, to the extent earned and vested, will be payable in shares of unrestricted common stock after completion of the three-year performance period. A recipient of performance stock units does not have the rights of a stockholder, but is entitled to a dividend equivalent payment upon vesting equal to any cash dividends paid by us while the recipient holds unvested performance stock units. Ms. Deckard forfeited these performance stock units as a result of her departure in May 2019.
- (3) The amounts in this column reflect restricted stock unit awards granted during 2019. For the named executive officers, except Mr. Navarre, the restricted stock units vest ratably over a three-year period in one-third increments beginning on the first anniversary of the grant date, subject to the named executive officer’s continued employment on the applicable vesting date. In the case of Mr. Navarre, the restricted stock units granted on May 7, 2019 vested 100% upon the

appointment of our permanent CEO. The restricted stock units granted on September 1, 2019 vest over a three-year period in two-thirds on September 1, 2021 and one-third on September 1, 2022. A recipient of restricted stock units does not have the rights of a stockholder, but is entitled to a dividend equivalent payment upon vesting equal to any cash dividends paid by us while the recipient holds unvested restricted stock units. Further detail regarding the 2019 restricted stock unit awards and performance stock unit awards may be found in “Executive Compensation for 2019 – Long-Term Equity Incentive Compensation for 2019” section of the CD&A. Ms. Deckard forfeited these restricted stock units as a result of her departure in May 2019.

- (4) The amounts in this column reflect the grant date fair value for the restricted stock units and the performance stock units awarded to the named executive officers in 2019 calculated in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 19 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Outstanding Equity Awards at 2019 Fiscal Year-End

The following table sets forth, as of the end of 2019, all equity awards outstanding under our equity compensation plans for each named executive officer.

Name	Option/SARs Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#) (1)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) (2)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (2)(5)
Mr. Navarre	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	666,666	1,359,999	—	—
Mr. Eich	—	—	—	—	—	21,259	43,368	—	—
	—	—	—	—	—	—	—	111,000	226,440
	—	—	—	—	—	74,000	150,960	—	—
Mr. Jones	—	—	—	—	—	20,928	42,693	—	—
	—	—	—	—	—	—	—	137,940	281,398
	—	—	—	—	—	91,960	187,598	—	—
Mr. Richardson	—	—	—	—	—	3,000	6,120	—	—
	20,000	0	0	44.75	6/1/2025	—	—	—	—
	—	—	—	—	—	1,500	3,060	—	—
	14,400	0	0	10.20	3/1/2026	—	—	—	—
	—	—	—	—	—	1,400	2,856	—	—
	—	—	—	—	—	3,086	6,295	—	—
	—	—	—	—	—	1,290	2,632	—	—
	2,570	1,290	0	50.15	3/1/2027	—	—	—	—
	—	—	—	—	—	10,695	21,818	—	—
	—	—	—	—	—	7,244	14,778	—	—
	—	—	—	—	—	—	—	78,960	161,078
	—	—	—	—	—	52,640	107,386	—	—
Mr. Reynolds	—	—	—	—	—	—	—	65,820	134,273
	—	—	—	—	—	43,880	89,515	—	—
Ms. Deckard	20,400	0	0	17.85	5/7/2020	—	—	—	—

17,000	0	0	52.30	5/7/2020	—	—	—	—
7,140	0	0	80.00	5/7/2020	—	—	—	—
8,800	0	0	44.15	5/7/2020	—	—	—	—
23,600	0	0	10.20	5/7/2020	—	—	—	—
10,140	0	0	50.15	5/7/2020	—	—	—	—

- (1) The stock options reported in this column have a 10-year term, and the vesting dates for each unexercisable stock option as of the end of 2019 is as follows (with a prorated portion of each award scheduled to vest annually):

Name	Number of Securities Underlying Unexercised Options Unexercisable (#)	Vesting Dates
Mr. Richardson	1,290	3/1/2020

- (2) Shares of common stock reported in this column underlie unvested restricted stock unit awards as of the end of 2019. The vesting dates following the end of 2019 for each award of restricted stock units are as follows (with a prorated portion of each award scheduled to vest annually):

Name	Number of Shares of Restricted Stock or Restricted Stock Units That Have Not Vested (#)	Vesting Dates
Mr. Navarre	666,666	9/3/2021, 9/3/2022
Mr. Eich	21,259 74,000	7/2/2020, 7/2/2021 3/1/2020, 3/1/2021, 3/1/2022
Mr. Jones	20,928 91,960	7/2/2020, 7/2/2021 3/1/2020, 3/1/2021, 3/1/2022
	3,000	12/31/2020
	1,400	3/7/2020
Mr. Richardson	1,290 10,695 7,244 52,640	3/1/2020, 3/1/2021 3/1/2020, 3/1/2021, 3/1/2022 7/2/2020, 7/2/2021 3/1/2020, 3/1/2021, 3/1/2022
Mr. Reynolds	43,880	3/1/2020, 3/1/2021, 3/1/2022

- (3) The market value reflected in this column is computed based on the closing market price of our common stock on the NYSE of \$2.04 on December 31, 2019, the final trading day of our last completed fiscal year.
- (4) Shares of common stock reported in this column underlie unvested performance stock unit awards as of the end of 2019 (at the target number of performance stock units). If we achieved maximum performance under the terms of a performance stock unit award, the named executive officer would receive twice the target number of performance stock units. The performance stock unit awards cliff vest after a three-year performance cycle based on our net debt reduction over that period, as described in the CD&A. The final day of the three-year performance cycle is as follows:

Name	Number of Performance Stock Units That Have Not Vested (#)	Final Day of the Three-Year Performance Cycle
Mr. Eich	111,000	12/31/2021
Mr. Jones	137,940	12/31/2021
Mr. Richardson	78,960	12/31/2021
Mr. Reynolds	65,820	12/31/2021

- (5) The market value reflected in this column is computed based on the closing market price of our common stock on the NYSE of \$2.04 on December 31, 2019, the final trading day of our last completed fiscal year.

Option Exercises and Stock Vested in 2019

The following table reflects all exercises of stock options and the vesting of restricted stock units held by each of our named executive officers during 2019.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#) (1)	Value Realized on Vesting (\$ (2)
Mr. Navarre	—	—	287,081	430,622
Mr. Eich	—	—	10,629	19,557
Mr. Jones	—	—	10,464	19,254
Mr. Richardson	—	—	17,931	73,806
Mr. Reynolds	—	—	—	—
Ms. Deckard	—	—	68,378	299,579

(1) The amounts in this column reflect the number of our common shares vesting under restricted stock awards during 2019.

(2) The value realized is based on the closing market price of our common stock on the NYSE on the applicable vesting date.

Retirement Plans

Fairmount Santrol and Unimin each sponsored retirement plans in which their respective employees, including our named executive officers, were eligible to participate. Such retirement plans were merged in 2019 as we worked to harmonize the plans during our post-Merger integration process.

Covia Retirement Savings Plan

The Covia 401(k) Plan provides our employees, including each of our named executive officers, benefits under Section 401(k) of the Code. The Covia 401(k) Plan allows participants to contribute a portion of their base compensation and bonus to a tax-qualified retirement account, with us providing matching contributions equal to 100% of the first 3% of employee contributions and 50% on the next 2% of employee contributions. Amounts deposited in the Covia 401(k) Plan, including our matching contributions, are fully vested upon deposit. Contribution limitations for unionized employees vary by the applicable collective bargaining agreement.

Under the Covia 401(k) Plan, we also maintain a defined contribution profit sharing component for the benefit of all of our non-union employees. Each of our named executive officers participate in the profit-sharing component of the Covia 401(k) Plan. We hold discretion over the annual profit-sharing contribution rate, which is the same for every participant, and such amounts are subject to the limits established by the Code. The defined contribution profit sharing benefit cliff vests three years following the date the contribution is made by us.

Covia Holdings Corporation Deferred Compensation Plan

The Covia DC Plan provides highly-compensated employees, including each of our named executive officers, with non-qualified deferred compensation benefits intended to restore the benefits that are reduced under the Covia 401(k) Plan. Our employees are permitted to elect to defer up to 75% of their base compensation and 100% of their bonus. The deferral amount under the Covia DC Plan is equal to the base compensation and bonus deferral elected by the employee. We have the discretion to provide contributions under the Covia DC Plan equal to the excess of the full contribution that we would have made to the participant's Covia 401(k) Plan account, if not for the limitations under the Code, over what we actually contributed to the participant's Covia 401(k) Plan account. Amounts that we contribute to the Covia DC Plan on behalf of the participant are fully vested upon deposit.

Covia Holdings Corporation Pension Plan and Restoration Plan

The Covia Pension Plan is a tax-qualified defined benefit pension plan in which Mr. Jones is the only of our named executive officers who participate. The annual retirement income formula under the Covia Pension Plan takes into consideration the average of the highest five consecutive calendar years of the last 10 years of covered earnings, as limited by the Code, and the employee's years of benefit service. Mr. Jones has 4.58 years of benefit service.

The Covia Pension Restoration Plan ensures that employees whose benefit under the Covia Pension Plan would otherwise be limited by the Code receive the level of benefits anticipated under the Pension Plan. Of our named executive officers, only Mr.

Jones participates in the Covia Pension Restoration Plan. The retirement benefit under the Covia Pension Restoration Plan is the excess amount over that which is limited under the Covia Pension Plan.

The Covia Pension Plan and the Covia Pension Restoration Plan were frozen on December 31, 2018.

Pension Benefits in 2019

The table below shows the present value of the accumulated benefit at year-end for Mr. Jones under the Covia Pension Plan, as calculated based upon the assumptions described below. Although SEC rules require us to show this present value, Mr. Jones is not entitled to receive the amounts shown below in a lump sum until his employment with us terminates. Mr. Jones did not receive a payment under the Covia Pension Plan in 2019.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Mr. Jones	Covia Pension Plan	4.58	288,729	0

The accumulated benefit is based on years of service and base salary considered by the plans for the period through December 31, 2019. The material assumptions used in determining the present value of the plan benefits are (1) the IRS three-segment interest rates used for distributions occurring January 2019 and (2) the 2018 IRS applicable mortality table for Section 417(e)(3) of the Code.

Due to the freezing of the Covia Pension Plan, Mr. Jones is eligible to receive 8% of base salary as a pension transition credit each year beginning in 2019 through 2021. The distribution will be made into his Covia 401(k) Plan account to the maximum extent permitted, and the remainder will be delivered in a lump sum cash payment.

Nonqualified Deferred Compensation in 2019

The following table reflects the contributions to the Covia DC Plan, and pension benefit allocations to the Covia Pension Restoration Plan in the case of Mr. Jones, as well as the earnings in and balance of each named executive officer's account held in each such plan in 2019.

Name	Executive Contributions in Last Fiscal Year (\$)(1)	Registrant Contributions in Last Fiscal Year (\$)(2)	Aggregate Earnings in Last Fiscal Year (\$)(3)	Aggregate Withdrawals / Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)(4)
Mr. Navarre	--	--	--	--	--
Mr. Eich	22,083	8,967	1,615	--	32,665
Mr. Jones	31,719	68,841	1,235	--	339,483
Mr. Richardson	19,031	6,100	5,996	--	69,123
Mr. Reynolds	18,521	5,692	1,045	--	27,419
Ms. Deckard	7,424	--	111,941	--	739,763

- (1) The amounts in this column are included in the Salary column of the Summary Compensation Table for 2019.
- (2) The amount set forth for Mr. Jones includes \$17,800 allocated to the Covia DC Plan and \$51,041 allocated to the Covia Pension Restoration Plan. The amounts set forth for the remaining named executive officers include amounts allocated to the Covia DC Plan. The amounts in this column are included in the All Other Compensation column of the Summary Compensation Table for 2019.
- (3) The amounts in this column are not included in the Summary Compensation Table as they reflect only the earnings on the investments designated by the named executive officer in his or her account (i.e., appreciation or decline in account value). There were no above-market or preferential earnings.
- (4) The amount set forth for Mr. Jones includes \$50,754 allocated to the Covia DC Plan and \$288,729 allocated to the Covia Pension Restoration Plan. The amounts set forth for the remaining named executive officers include amounts allocated to the Covia DC Plan.

Potential Payments Upon Termination or Change In Control

This section addresses the rights of our named executive officers upon a termination of their employment with us and/or a change in control, including under the Covia Severance Plan which is described below. The payments that a named executive officer would be entitled to receive upon termination or a change in control are not considered by the Compensation Committee when making annual compensation decisions for the named executive officers and do not factor into decisions made by us regarding other compensation elements. The actual amounts that would be payable in connection with the termination of a named executive officer or a change in control may only be determined at the time of the actual termination event or change in control. Due to her termination of employment in May 2019, Ms. Deckard is not included in the tables or disclosure in this section, except as described in the “Change in Control – Termination Without Cause or Termination by Executive for Good Reason – Summary of Amounts for all Named Executive Officers if Terminated in Connection with a Change in Control” section below.

The narrative discussion and tables below summarize the potential payments to our named executive officers upon a termination of employment and/or a change in control of the Company, assuming that the termination or change in control occurred on December 31, 2019. Upon the closing of the Merger on June 1, 2018, the first trigger under the FSCIC Plan (with respect to Mr. Richardson and Mr. Reynolds) and our retention agreements (with respect to Mr. Eich and Mr. Jones) was deemed to have occurred. Consequently, if we had terminated the employment of the named executive officers or they terminated their employment with us for good reason on December 31, 2019, the named executive officers would have received the enhanced severance benefits under the FSCIC Plan or retention agreement, as applicable.

The closing market price of our common stock on December 31, 2019, the final trading day of 2019, was \$2.04. All outstanding unvested stock options were underwater at December 31, 2019.

Covia Severance Plan

The Covia Severance Plan provides severance payments and benefits to eligible employees at or above the vice president level, including each named executive officer, who are terminated by us without cause or as a result of a constructive termination (as such terms are defined in the “Cause, Good Reason and Construction Termination Defined – For Covia Severance Plan” section below). In the event a participant is entitled to benefits under the Covia Severance Plan and any other plan, policy or agreement with us (including the FSCIC Plan or a retention agreement), the participant will be eligible to receive the greater of the aggregate benefits payable under the Covia Severance Plan or the aggregate benefits payable under such other plan, policy or agreement, with no duplication of benefits.

If termination without cause, including upon a constructive termination, occurs outside of a change in control period and the named executive officer has signed a general release of claims and a release/severance agreement, the Covia Severance Plan provides the following benefits to our named executive officers:

- a lump sum severance payment equal to (1) 2.00 times the sum of the CEO’s base salary and target bonus as of the termination date, or (2) 1.5 times the sum of all other named executive officers’ base salary and target bonus as of the termination date;
- if termination occurs on or after September 1, a prorated portion of any bonus plan payment that would have been earned based on actual fiscal year results, based on the payout percentage in effect on the termination date;
- continued medical, dental and vision coverage under our health plans through COBRA at the active employee rate (provided COBRA coverage is elected) for 24 months for the CEO and 18 months for all other named executive officers; and
- outplacement assistance services for 18 months for our CEO and 12 months for all other named executive officers.

If termination without cause, including upon a constructive termination, occurs within four months preceding a change in control or two years immediately following a change in control and the named executive officer has signed a general release of claims and a release/severance agreement, the Covia Severance Plan provides the following benefits to our named executive officers:

- a lump sum severance payment equal to (1) 2.99 times the sum of the CEO’s base salary and target bonus as of the termination date, or (2) 2.0 times the sum of all other named executive officers’ base salary and target bonus as of the termination date;
- a prorated portion of any bonus plan payment that would have been earned at the target amount, based on the payout percentage in effect on the termination date;
- continued medical, dental and vision coverage under our health plans through COBRA at the active employee rate (provided COBRA coverage is elected) for 24 months for the CEO and 18 months for all other named executive officers; and

- outplacement assistance services for 18 months for our CEO and 12 months for all other named executive officers.

If the severance payments under the Covia Severance Plan trigger an excise tax under Sections 280G and 4999 of the Code, the severance payments will be reduced to a level at which the excise tax is not triggered, unless the named executive officer would receive a greater amount without such reduction after taking into account the excise tax and other federal and state taxes.

Payments Upon Various Triggering Events at 2019 Fiscal Year-End

Termination by Us For Cause or Termination by Executive Without Good Reason

If we terminated a named executive officer for cause or a named executive officer terminated his employment with us without good reason at December 31, 2019, the executive would have been entitled to receive any earned and unpaid base salary, and certain accrued and unpaid benefits, through the date of termination and would have automatically forfeited any unvested equity awards as of the date of termination. The named executive officer would have had 90 days from the date of termination to exercise any vested stock options.

Termination by Reason of Death or Disability

If a named executive officer's employment with us terminated as a result of his death or disability at December 31, 2019, the executive would have been entitled to receive any earned and unpaid base salary, and certain accrued and unpaid benefits, through the date of termination. If a named executive officer died or became disabled at December 31, 2019, any portion of the named executive officer's stock options that would have vested during the one-year period following such death or disability will vest and become exercisable and all vested stock options will be exercisable for one year following the death or disability. Any restricted stock units that would have vested during the one-year period following such death or disability will vest. Further, any unvested performance stock units will vest in a prorated number at the time of termination as a result of death or disability. The amounts in the table below reflect those restricted stock units and performance stock units that would vest at target in the one-year period immediately following December 31, 2019, at the closing market price of our common stock on such date (\$2.04).

Name	Vesting of Restricted Stock Units (\$)	Vesting of Performance Stock Units (\$)	Total (\$)
Mr. Navarre	—	—	—
Mr. Eich	72,002	63,279	135,281
Mr. Jones	83,879	78,637	162,516
Mr. Richardson	70,103	45,014	115,116
Mr. Reynolds	29,837	37,523	67,360

Termination by Reason of Retirement

If a named executive officer's employment with us terminated as a result of his retirement at December 31, 2019, the executive would have been entitled to receive any earned and unpaid base salary, and certain accrued and unpaid benefits, through the date of termination. In the event of the retirement of a named executive officer upon having reached age 55 and completing 10 years of service with us (Mr. Jones being the only named executive officer who has done so), (1) the named executive officer's stock options will continue to vest and he will be able to exercise the stock option for the remaining term of the option, (2) restricted stock units that would have vested during the one-year period following such retirement will continue to vest as if he remained employed until the vesting date, and (3) any unvested performance stock units will vest in a prorated number at the end of the performance period based on actual performance as if he had remained employed until the end of the performance period. The amounts in the table below reflect those restricted stock units and performance stock units that would vest at target in the one-year period immediately following December 31, 2019, at the closing market price of our common stock on such date (\$2.04).

Name	Vesting of Restricted Stock Units (\$)	Vesting of Performance Stock Units (\$)	Total (\$)
Mr. Jones	83,879	78,637	162,516

Termination by Us Without Cause or Termination by Executive for Good Reason

As a result of the Merger, the first trigger under the FSCIC Plan (with respect to Mr. Richardson and Reynolds) and our retention agreements (with respect to Mr. Eich and Mr. Jones) was deemed to have occurred on June 1, 2018. Consequently, under either the FSCIC Plan or the retention agreements, if we had terminated the applicable named executive officer's employment with us without cause or the applicable named executive officer terminated his or her employment with us for good reason at December 31, 2019, such named executive officer would have received the enhanced severance benefits under the FSCIC Plan or retention agreement, as applicable, as described in the "Change in Control – Termination Without Good Cause or Termination by Executive For Good Reason" section below.

Assuming termination by us without cause or by such named executive officer for good reason at December 31, 2019, Mr. Navarre and Mr. Eich would receive benefits under the Covia Severance Plan, Mr. Jones would receive benefits under his April 2018 Retention Agreement with Unimin (as further described in the following section), and Mr. Richardson and Mr. Reynolds would receive benefits under the FSCIC.

Name	Severance (\$)	Short- Term Incentive Bonus (\$ (1))	Vesting of Restricted Stock Units (\$)	Health- care Benefits (\$ (2))	Tax Preparation (\$ (3))	Relocation Benefits (\$ (4))	Out- placement Services (\$)	Total (\$)
Mr. Navarre	4,515,000	—	—	57,999	—	—	10,000	4,582,999
Mr. Eich	1,443,750	136,125	—	41,598	—	—	7,500	1,628,973
Mr. Jones	1,587,750	543,750	—	41,967	6,000	112,000	—	2,291,467
Mr. Richardson	1,662,500	356,250	42,781	39,162	—	—	—	2,100,693
Mr. Reynolds	1,540,000	330,000	—	43,499	—	—	—	1,913,449

- (1) For the named executive officers this amount represents the payout of their short-term cash incentive awards for 2019 at the target level of performance, except for Mr. Eich for which the amount represents his actual payout.
- (2) Represents the estimated premiums to be paid by us on behalf of the named executive officer for continued healthcare coverage.
- (3) Represents reimbursement to Mr. Jones of the estimated cost of support to complete tax returns in Australia and the U.S. for two years after termination pursuant to his retention agreement.
- (4) Represents reimbursement for the estimated cost of relocating Mr. Jones and his family from the U.S. to Australia.

Change in Control – Termination Without Cause or Termination by Executive For Good Reason

Through the Covia Severance Plan, FSCIC and April 2018 Retention Agreements entered into with Unimin, we provide certain payments and benefits in connection with a change in control that are intended to help provide us with continuity of management and continued focus on the business by our management in the event of a change in control. We adopted the Covia Severance Plan to provide severance benefits under various circumstances, including in connection with a change in control. Fairmount Santrol and Unimin provided for different change in control payments and benefits which are described in this section, assuming the occurrence of a change in control and termination of employment on December 31, 2019.

In addition to the arrangements described below, each named executive officer would have been entitled to receive any earned and unpaid base salary, and certain accrued and unpaid benefits, through the date of the change in control or termination. In addition, all unvested restricted stock, restricted stock units, stock options or similar rights will fully vest as of the date of the change in control.

Fairmount Santrol Change in Control Plan

In 2016, Fairmount Santrol adopted the FSCIC Plan which provides certain payments and benefits if a participant experiences a separation from service as a result of an involuntary termination of employment without cause or resignation for good reason, in either case within 60 days immediately preceding a change in control or two years immediately following a change in control. If such events occur and a participant has signed a general release of claims and a non-competition and non-solicit agreement with us, the FSCIC Plan provides the following benefits to such participant:

- a lump sum severance payment equal to two times the sum of (1) the named executive officer's base salary as of the termination date (or, if greater, salary in effect on the first occurrence of the change in control) and (2) the named executive officer's target annual cash bonus for the year in which the termination occurs (or, if greater, in effect as of the occurrence of the change in control);
- a prorated annual bonus that the named executive officer would have earned for the entire fiscal year in which the termination of employment occurs at target level based on the number of days the named executive officer was employed during the year; and
- a lump sum payment equal to the projected cost of the continuation of group health insurance coverage for 18 months for the participant and his or her eligible dependents pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA").

If the severance payments under the FSCIC Plan trigger an excise tax under Sections 280G and 4999 of the Code, the severance payments will be reduced to a level at which the excise tax is not triggered, unless the named executive officer would receive a greater amount without such reduction after taking into account the excise tax and other federal and state taxes.

Ms. Deckard was a participant in the FSCIC prior to her departure in May 2019, and Mr. Richardson and Mr. Reynolds continue as participants in the FSCIC Plan. As a result of the Merger, a change in control was deemed to have occurred under the FSCIC Plan and the FSCIC Plan will terminate on May 31, 2020. Accordingly, Mr. Richardson and Mr. Reynolds will receive the benefits of the FSCIC Plan if, during the protection period between the closing date of the Merger (June 1, 2018) and two years thereafter, we terminate their employment with us other than for cause or they terminate their employment with us for good reason. Ms. Deckard received the benefits of the FSCIC Plan as a result of her departure in May 2019 in exchange for a release of claims and a non-competition and non-solicit agreement in our favor.

Unimin Retention Agreements

Mr. Jones (in April 2018) and Mr. Eich (in December 2017) each entered into a retention agreement (each, a "Retention Agreement") with Unimin that was approved by the Sibelco Remuneration Committee.

Pursuant to Mr. Jones' Retention Agreement, if we terminate Mr. Jones' employment with us without cause within 60 months following the closing date of the Merger or if Mr. Jones resigns his employment with us for good reason between the 25th and 60th months following the closing date of the Merger, Mr. Jones shall be entitled to receive (1) a lump-sum payment equal to two years of his total base package (which is comprised of his base salary and an additional 9.5% which is equivalent to the mandatory employer contributions Mr. Jones gave up upon his localization from Australia to the U.S. to work for us) in effect on the date of the agreement or the date of termination of his employment, whichever is greater, (2) 24 months of continued healthcare coverage for Mr. Jones and his dependents, (3) a pro-rata portion of his target bonus for the year in which the qualifying termination or resignation occurs, (4) reimbursement of the actual cost to complete his tax returns in Australia and the U.S. for two years after the qualifying termination, and (5) reimbursement of the costs to relocate Mr. Jones and his family to Australia.

Pursuant to Mr. Eich's Retention Agreement, if we terminate Mr. Eich's employment with us without cause within 36 months following the closing date of the Merger or if Mr. Eich terminates his employment with us for good reason, Mr. Eich shall be entitled to receive (1) a lump-sum payment equal to 18 months of his base salary as in effect on the date of the agreement or the date of termination of his employment, whichever is greater, (2) 18 months of continued healthcare coverage for Mr. Eich and his dependents, and (3) a pro-rata portion of the executive's target bonus for the year in which the qualifying termination or resignation occurs.

As a condition to receiving the benefits under the Retention Agreements, each named executive officer must execute and not revoke a release of claims relating to his employment.

Summary of Amounts for all Named Executive Officers if Terminated in Connection with a Change in Control

With the exception of Ms. Deckard, each of our named executive officers, in the event of termination in connection with a change in control without cause, including as a result of a constructive termination, at December 31, 2019, would have received the benefits under the Covia Severance Plan as set forth under the table below, which offers the greater of the

aggregate benefits available under the various plans and agreements. The amounts Ms. Deckard received under the FSCIC Plan as a result of her departure in May 2019 are also set forth in the table below.

Name	Severance (\$)	Short-Term Incentive Bonus (\$ (1))	Vesting of Stock Options (\$)	Vesting of Restricted Stock Units (\$ (2))	Vesting of Performance Stock Units (\$ (2))	Healthcare Benefits (\$ (3))	Consulting Services (\$ (4))	Deferred Compensation (\$ (5))	Outplacement Services (\$ (6))	Total (\$)
Mr. Navarre	6,749,925	1,207,500	—	1,359,999	—	57,999	—	—	10,000	9,385,423
Mr. Eich	1,925,000	412,500	—	194,328	226,440	41,598	—	—	7,500	2,807,377
Mr. Jones	2,537,500	543,750	—	230,292	281,398	31,475	—	—	7,500	3,631,914
Mr. Richardson	1,662,500	356,250	—	164,944	161,078	39,162	—	—	7,500	2,391,434
Mr. Reynolds	1,540,000	330,000	—	89,515	134,273	43,499	—	—	7,500	2,144,787
Ms. Deckard	5,160,000	320,110	—	183,117	—	41,302	250,000	739,762	—	6,694,291

- (1) For the named executive officers this amount represents the payout of their short-term cash incentive awards for 2019 at the target level of performance.
- (2) The amounts in these columns reflect the amounts our named executive officers, with the exception of Ms. Deckard, would have received if a change in control occurred as of December 31, 2019 and our Compensation Committee used its discretion to accelerate the vesting of any outstanding restricted stock units and performance stock units held by the executives as of that date. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed in this section, any actual amounts paid or distributed may differ materially. Factors that could affect these amounts include the timing during the year of such change in control and the amount of future non-equity incentive compensation. For Ms. Deckard, these columns include all outstanding restricted stock units and performance stock units granted in 2016 and 2017, reflecting a closing price of \$4.18 as of May 7, 2019, the date following the day on which her employment with us terminated.
- (3) For Mr. Eich, Mr. Jones, Mr. Richardson, and Mr. Reynolds, these amounts represent the estimated premiums to be paid by us on behalf of the named executive officer for continued healthcare coverage for 18 months. For Mr. Navarre, this amount represents the estimated premiums to be paid by us for continued healthcare coverage for 24 months.
- (4) Represents the amounts paid to Ms. Deckard in connection with the consulting services provided to us following her departure.
- (5) Represents the amount of deferred compensation that was fully vested and paid out upon Ms. Deckard's departure. Includes amounts held under the SERP as of December 31, 2018.
- (6) Represents the amounts received by the named executive officers for outplacement assistance services for 18 months, with respect to the CEO, and for 12 months, with respect to all other named executive officers.

Change in Control – Without Termination

Under the terms of the Omnibus Plan, if a change in control had occurred and a replacement award was not provided, all unvested restricted stock, restricted stock units, SARs, stock options or similar rights would have fully vested and all unvested performance stock units would have vested at the target level as of the date of the change in control. The Board has the

discretion to provide replacement awards or vest a portion or all of the awards outstanding at the time of a change in control under the Covia Severance Plan.

Name	Vesting of Restricted Stock Units (\$)(I)	Vesting of Performance Stock Units (\$)(I)	Total (\$)
Mr. Navarre	1,359,999	—	1,359,999
Mr. Eich	194,328	226,440	420,768
Mr. Jones	230,292	281,398	511,689
Mr. Richardson	164,944	161,078	326,023
Mr. Reynolds	89,515	134,273	223,788

(I) The amounts in these columns reflect the amounts our named executive officers would have received if a change in control occurred as of December 31, 2019 and our Compensation Committee used its discretion to accelerate the vesting of any outstanding restricted stock units and performance stock units held by the executives as of that date. Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed in this section, any actual amounts paid or distributed may differ materially. Factors that could affect these amounts include the timing during the year of such change in control and the amount of future non-equity incentive compensation.

Change in Control Defined

For Fairmount Santrol Plans and Agreements

As used in this discussion, a “change in control” under the Fairmount Santrol plans and agreements shall have the following definition:

- (a) A “change in the ownership of the Bison Merger Sub I, LLC f/k/a Fairmount Santrol Holdings Inc.” (“Company”) which shall occur on the date that any one person, or more than one person acting as a group, acquires ownership of stock in the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company; *however*, if any one person or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons will not be considered a “change in the ownership of the Company” (or to cause a “change in the effective control of the Company” within the meaning of clause (b) below) and an increase of the effective percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this paragraph; *provided, further, however*, that for purposes of this clause (a), any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company shall not constitute a Change in Control. This clause (a) applies only when there is a transfer of the stock of the Company (or issuance of stock) and stock in the Company remains outstanding after the transaction;
- (b) A “change in the effective control of the Company” which shall occur on the date that either (1) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company, except for any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company; or (2) a majority of the members of the Board are replaced during any twelve-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of a “change in the effective control of the Company,” if any one person, or more than one person acting as a group, is considered to effectively control the Company within the meaning of this clause (b), the acquisition of additional control of the Company by the same person or persons is not considered a “change in the effective control of the Company,” or to cause a “change in the ownership of the Company” within the meaning of clause (a) above; or
- (c) A “change in the ownership of a substantial portion of the Company’s assets” which shall occur on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets of the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all the assets of the Company immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the

assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Any transfer of assets to an entity that is controlled by the stockholders of the Company immediately after the transfer, as provided in guidance issued pursuant to Section 409A of the Code and the guidance and regulations promulgated thereunder, shall not constitute a Change in Control.

For purposes of this definition of “change in control,” the provisions of Section 318(a) of the Code regarding the constructive ownership of stock will apply to determine stock ownership; *provided*, that, stock underlying unvested options (including options exercisable for stock that is not substantially vested) will not be treated as owned by the individual who holds the option. In addition, for purposes of this definition, “Company” includes (x) the Company, (y) the entity for whom a participant performs services, and (z) an entity that is a stockholder owning more than 50% of the total fair market value and total voting power (“Majority Shareholder”) of the Company or the entity identified in (y) above, or any entity in a chain of entities in which each entity is a Majority Shareholder of another entity in the chain, ending in the Company or the entity identified in (y) above.

For Covia Severance Plan

As used in this section, a “change in control” under the Covia Severance Plan shall be deemed to have occurred if:

- (a) Any “person,” as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Covia, its successors and assigns and any corporation which shall acquire substantially all its assets (“Company”), any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of common stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities;
- (b) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person or entity other than the Board) whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;
- (c) consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than those covered by the exceptions in paragraph (1) of this definition) acquires more than 50% of the combined voting power of the Company’s then outstanding securities shall not constitute a change in control of the Company; or
- (d) a complete liquidation or dissolution of the Company or the consummation of a sale or disposition by the Company of all or substantially all of the Company’s assets other than the sale or disposition of all or substantially all of the assets of the Company to a Person or Persons who beneficially own, directly or indirectly, 50% or more of the combined voting power of the outstanding voting securities of the Company at the time of the sale.

Notwithstanding the foregoing, with respect to any amount that is characterized as “nonqualified deferred compensation” within the meaning of Section 409A of the Code, an event shall not be considered to be a change in control under the Covia Severance Plan for purposes of payment of such compensation unless such event is also a “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code.

Cause, Good Reason and Constructive Termination Defined

For Fairmount Santrol Plans and Agreements

As used in this discussion, “cause” and “good reason” under the Fairmount Santrol plans and agreements have the following meanings:

- “Cause” means that, prior to any termination of employment, the participant has:

- (a) committed and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company, an affiliate or any subsidiary;
- (b) committed intentional wrongful damage to property of the Company, an affiliate or any subsidiary;
- (c) committed intentional wrongful disclosure of secret processes or confidential information of the Company, an affiliate or any subsidiary;
- (d) violated the terms of any non-competition, non-solicitation or non-disparagement agreement with the Company, an affiliate or any subsidiary; or
- (e) committed gross negligence in the performance of his or her material duties to the Company, an affiliate or any subsidiary;
- (f) violated the terms of the Company's code of ethics policy;

and any such act or omission shall have been demonstrably and materially harmful to the Company, an affiliate or any subsidiary.

However, no act or failure to act on the participant's part shall be deemed intentional if it was due primarily to an error in judgment or negligence, but shall be deemed intentional only if done or omitted to be done by the participant not in good faith and without reasonable belief that his or her action or omission was in the best interest of the Company. A participant shall not be deemed to have been terminated for cause unless and until there shall have been delivered to the participant a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the Board, after reasonable notice to the participant and an opportunity for him or her to be heard before the Board, finding that, in the good faith opinion of the Board, the participant had committed an act constituting cause.

- "Good reason" means:
 - (a) a material reduction in the participant's base salary;
 - (b) a material reduction in the participant's target annual bonus opportunity;
 - (c) a relocation of the participant's principal place of employment by more than fifty (50) miles;
 - (d) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform the obligations under the plan in the same manner and to the same extent that the Company would be required to perform, except where such assumption occurs by operation of law; or
 - (e) a material, adverse change in the participant's title, reporting relationship, authority, duties or responsibilities (other than temporarily while the Participant is physically or mentally incapacitated or as required by applicable law).

A participant may not terminate his or her employment for good reason unless he or she has provided written notice to the Company of the existence of the circumstances providing grounds for termination for good reason within 30 days of the initial existence of such grounds and the Company has had at least 30 days from the date on which such notice is provided to cure such circumstances, if curable. If the participant does not terminate his or her employment for good reason within 90 days after the first occurrence of the applicable grounds, then the participant will be deemed to have waived his or her right to terminate for good reason with respect to such grounds.

For Unimin Plans and Agreements

As used in this discussion, "cause" and "good reason" under the Unimin plans and agreements have the following meanings:

- "Cause" means:
 - (a) a material, intentional refusal or willful failure to perform stated duties, or to carry out the reasonable instructions of the CEO, the Board or their designees, and the failure to cure such refusal or failure to perform within 10 business days following written notice of such failure;
 - (b) commission of a material act of fraud, embezzlement or dishonesty against us;
 - (c) conviction of, guilty plea or no contest plea to a felony (other than motor vehicle offenses the effect of which does not impair the performance of employment duties);
 - (d) gross misconduct in connection with the performance of employment duties;
 - (e) knowing and willful improper disclosure of confidential information or violation of a material policy or our code of sustainable conduct;

- (f) breach of a fiduciary duty owed to us;
- (g) willful failure to cooperate in any investigation or formal proceeding or investigation by a governmental authority; or
- (h) being found liable in an SEC enforcement action related to any transaction.
- “Good reason” means any of the following that actually occur without the executive’s express written consent:
 - (a) reduction in the amount of the executive’s base salary or target bonus;
 - (b) failure to provide reasonable alternative employment or maintain the executive in a position performing a substantially similar role and function as the executive performed for us;
 - (c) requiring you to relocate to a location that is more than twenty (20) miles from your current office location as of the date of your acceptance of the terms of the severance agreement;
 - (d) a material violation by us of any material term of the retention agreement or any employment agreement between the executive and us; or
 - (e) failure by any successor to us to assume the retention agreement.

For Covia Severance Plan

As used in this discussion, “cause” and “constructive termination” under the Covia Severance Plan have the following meanings:

- “Cause” means a fraud, theft or any other material violation of law in connection with your duties or in the course of your employment with the Company; (2) intentional neglect of duties and responsibilities to the Company; (3) failure to comply with the terms of the Covia Severance Plan or any written material employment policy of the Company which the Company reasonably determines has had or is likely to have a material adverse effect on the Company; (4) willful or illegal misconduct or grossly negligent conduct that is materially injurious to the Company monetarily or otherwise; (5) failure to comply with any material provision of the code of ethics of the Company; (6) breach of any fiduciary duty owed to the Company; (7) material misrepresentation or dishonesty in connection with your duties or in the course of your employment with the Company which the Company reasonably determines has had or is likely to have a material adverse effect on the Company; (8) breach of any material provision of the Covia Severance Plan or any other contract between you and the Company; (9) involvement in any act of moral turpitude that in the reasonable opinion of the Company has a materially injurious effect on the Company, monetarily or otherwise; or (10) failure to follow a direct, reasonable and lawful order from your supervisor, the Company’s CEO or Board within the reasonable scope of the participant’s employment, which failure is not remedied within 30 days after written notice to the participant.
- “Constructive termination” means (1) any material adverse change or material diminution of authority, duties, responsibilities or level of reporting relationship; (2) a reduction in base salary of greater than 3%; (3) a reduction in short-term incentive bonus target opportunity by more than 10%; or (4) a material change in the geographic location of employment.

Timing of Payments

For Fairmount Santrol Plans and Agreements

The payments provided in connection with the termination events provided for in Fairmount Santrol arrangements will be paid as follows:

- Severance payments will be made to the executive in a single lump sum on the 61st day following the qualifying event;
- Prorated annual bonus payments will be made to the executive in a lump sum on the 61st day following the qualifying termination;
- COBRA premium payments will be made to the executive in a lump sum on the 61st day following the qualifying termination;
- Benefits will be provided in accordance with our standard policies and practices; and
- Deferred compensation payments will be made in accordance with the provisions of the applicable plan.

For Unimin Plans and Agreements

The Unimin arrangements do not specify the timing of payments required thereunder.

For Covia Severance Plan

The payments provided in connection with the termination events provided for under the Covia Severance Plan will be paid as follows:

- Severance payments and bonus plan payments owed in connection with a change in control period will be paid in a lump sum within 30 days after the later of (1) the date of termination of employment and (2) the date on which a release/severance agreement is executed and delivered by the participant; and
- Bonus plan payments owed outside of a change in control period will be paid in a lump sum within 30 days after the later of (1) the date on which we make bonus plan payments to active employees and (2) the date on which a release/severance agreement is executed and delivered by the participant.

2019 Pay Ratio Disclosure

Our CEO to median employee pay ratio is calculated in accordance with Item 402(u) of Regulation S-K. We identified our median employee by examining the total annual compensation of all 2,662 of our employees (excluding our CEO) employed by us on December 31, 2019. Base wages of each associate were calculated as the product of the associate's hourly rate (or the hourly rate equivalent for salaried associates), the average hours worked per week by such associate (40 hours in the case of salaried associates) and 52 weeks. In doing so, we annualized the base wages for any permanent associate who had less than a full year of service during 2019 (excluding disability payments and other one-time payments, as noted in the next sentence). For earnings that were annualized, we did not annualize one-time payroll payments such as bonuses and overtime. Rather, those one-time payments were added to an employee's annualized earnings in the amounts in which they were paid to arrive at the employee's total earnings. Additionally, we converted the total earnings of all employees located outside the United States into U.S. Dollars at the conversion rate in effect on December 31, 2019. We believe this methodology results in a consistently applied compensation measure throughout our organization.

After identifying the median employee, we calculated the annual total compensation of the median employee for 2019 using the same methodology used to calculate the total annual compensation of our CEO. The total annual compensation for 2019 was \$4,103,783 for Mr. Navarre, our CEO as of December 31, 2019 (which excludes payment for his service as Chairman of the Board prior to his permanent appointment as President and CEO), and \$59,573.45 for our median employee. The ratio of the annual total compensation of our CEO to the annual total compensation of our median employee for 2019 was 69 to 1. We compete for talent and have varying pay depending on the nature of the business operations conducted at each of our locations (e.g., administrative support, research and development, plant management, sales, etc.). We believe total annual compensation is an appropriate measure to determine the median employee, as it is a consistent methodology and reasonably reflects our annual compensation practices as a whole.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules and the methodology described above. The SEC rules for identifying the median employee and calculating the pay ratio allow companies to adopt a variety of methodologies, to apply certain exclusions and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

DIRECTOR COMPENSATION

The compensation of our independent directors is established by the Board at the recommendation of the Compensation Committee. In developing its recommendations, the Compensation Committee is guided by the following objectives: (1) independent, non-employee directors should receive competitive compensation for the services they provide to a company of our size and complexity to ensure that we attract and retain qualified independent directors; and (2) the compensation of our independent directors should include a combination of cash and equity-based compensation to align the interests of the directors with the long-term interests of our stockholders. The Board does not have a pre-established policy or target for the allocation between cash and equity-based compensation and, instead, determines the mix of compensation based on what it believes is most appropriate under the circumstances. With the assistance of compensation consultant Aon-Hewitt, the Compensation Committee reviewed and recommended compensation for our independent directors in June 2018. The Compensation Committee also worked with compensation consultant Pay Governance LLC to review and recommend an appropriate level of compensation for the Lead Independent Director role in connection with Mr. LeBaron's appointment on September 1, 2019. The Compensation Committee intends to conduct regular reviews of director compensation every two

years, with the next such review to occur in May 2020. Directors who are also our full-time employees receive no additional compensation for serving on the Board.

Board Cash Retainer

Independent directors receive a \$100,000 annual cash retainer for service on the Board. The cash retainer went into effect on June 1, 2018 and is paid quarterly.

Chairman Cash Retainer

Prior to combining the roles of Chairman and CEO, the Chairman of the Board was entitled to receive a \$100,000 retainer, paid quarterly. Mr. Navarre received payment for his service as Chairman prior to his appointment as our President and CEO on an interim basis in May 2019, at which time such payment was suspended.

Lead Independent Director Retainer

In addition to the annual cash retainer for independent directors, the Lead Independent Director receives a \$25,000 retainer, which went into effect on September 1, 2019 and is paid quarterly.

Committee Chair Cash Retainer

The Chair of the Audit Committee receives an additional committee chair fee of \$20,000, and the Chair of the Compensation Committee and the Chair of the Governance Committee each receive an additional committee chair fee of \$15,000. These cash retainers also went into effect on June 1, 2018 and are paid quarterly. Members of the Audit Committee, the Compensation Committee and the Governance Committee who do not serve as chair do not receive any additional fees for their service on such committees.

Annual Grant of Restricted Stock Units

Independent directors receive a grant of restricted stock units under the Omnibus Plan with a targeted value of \$120,000 that are scheduled to vest on the first anniversary of the grant date subject to continued service on the vesting date. The targeted value of restricted stock units granted was based on \$5.15, the trailing 45-day average of the closing price of our common stock on the NYSE. However, the ASC 718 grant date fair value reported in the table below differs (i.e., \$67,818) from the targeted value because the closing price of our common stock on the NYSE on the grant date of the restricted stock units was \$2.91.

Subject to the terms of the restricted stock unit agreements, the units will vest upon death, disability and (in the case of employees) retirement of a participant or the occurrence of specified events in connection with a change in control of the Company. Any restricted stock unit that vests will be settled in shares of our common stock. Restricted stock units are granted with dividend equivalent rights, which will be paid in cash (without interest) if we declare dividends on our common stock and to the extent the underlying units vest. Except as otherwise provided in the restricted stock unit agreements, participants will have no rights of ownership in and no right to vote the shares of our common stock covered by units until the date on which such shares of our common stock are issued or transferred to the participant. The Board generally awards the restricted stock units at its meeting held immediately following our annual meeting of stockholders, and we do not have any program, plan or practice to time the grant of equity-based awards with the release of material non-public information.

Director Compensation Table for 2019

The following table summarizes the total compensation for the fiscal year ended December 31, 2019 for each person who served as an independent director during 2019. The compensation received by Mr. Navarre for his service as our Chairman prior to his appointment as our President and CEO on an interim basis in May 2019 and the compensation received by Mr. Navarre as an employee following such appointment are set forth above in the Summary Compensation Table. Ms. Deckard is not included in this table because, as our President and CEO until her departure on May 6, 2019, she did not receive any additional compensation for her service as a director. The compensation received by Ms. Deckard as an employee of the Company is set forth above in the Summary Compensation Table. Mr. Decat, Mr. Deleersnyder and Mr. Lambrechts are not included in this table because they were deemed to be non-independent directors due to their employment by Sibelco during 2019 and received no compensation for their service as a director.

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)	Total (\$)
Mr. Conway	115,000	67,818	182,818
Mr. Delloye	113,077	67,818	180,895
Mr. Fowler (3)	66,848	67,818	134,666
Mr. Hadden	100,000	67,818	167,818
Mr. Kelly	100,000	67,818	167,818
Mr. Labroue	115,000	67,818	167,818
Mr. LeBaron	108,288	67,818	176,106
Mr. Scofield	100,000	67,818	167,818

- (1) The amounts shown in this column reflect the annual retainers earned by our independent directors during 2019 for Board and committee service.
- (2) The amounts shown in the column reflect the grant date fair value of restricted stock units granted to our independent directors under the Omnibus Plan during 2019 computed in accordance with FASB Topic 718. Assumptions used in the calculation of these amounts are included in Note 19 to our audited consolidated financial statements for the fiscal year ended December 31, 2019, included in our 2019 Form 10-K. The 23,305 restricted stock units granted to each of the independent directors on May 23, 2019 (which were the only equity awards granted to the independent directors during 2019) had a grant date fair value of \$2.91 per unit (based on the closing price of our common stock on the date of grant).
- (3) Charles D. Fowler retired from the Board effective August 31, 2019.

ITEM 2: SAY-ON-PAY VOTE (ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION)

The Dodd-Frank Act contains a provision that is commonly known as “Say-on-Pay.” Say-on-Pay gives our stockholders an opportunity to vote on an advisory basis to approve the compensation of our named executive officers as disclosed in this Proxy Statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the executive compensation program and practices described in this Proxy Statement. Please read the CD&A of this Proxy Statement and the related executive compensation tables and narrative disclosure for a detailed explanation of our executive compensation program and practices. Accordingly, we are asking our stockholders to vote “FOR” the following resolution:

RESOLVED, that Covia Holdings Corporation’s stockholders hereby approve, on an advisory basis, the compensation of the named executive officers of Covia Holdings Corporation, as disclosed in this Proxy Statement pursuant to Item 402 of SEC Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussion.

We urge our stockholders to read the CD&A, which describes in greater detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and other related compensation tables and narrative included in the “Executive Compensation” section of this Proxy Statement, which provide detailed information on the compensation of our named executive officers. The Compensation Committee and

the Board believe that the policies and procedures articulated in the CD&A are effective in achieving the goals of our compensation program.

Say-on-Pay Vote Recommendation

This vote on executive compensation is advisory, which means that the vote is not binding on the Board, the Compensation Committee or us. Although non-binding, the Board and the Compensation Committee will continue to consider the results of Say-on-Pay votes in determining future executive compensation.

The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote is required to approve this advisory resolution. Broker discretionary voting of uninstructed shares is not permitted for a stockholder vote on executive compensation.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ABOVE ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION.

ITEM 3: RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2020

The Audit Committee appointed Ernst & Young LLP as our independent registered public accounting firm for 2020. This selection is being presented to the stockholders for their ratification. Proxies solicited by the Board will, unless otherwise directed, be voted to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2020.

Ernst & Young LLP has been our independent registered public accounting firm since 2013. The Audit Committee has been advised by Ernst & Young LLP that it is an independent registered public accounting firm with respect to us within the meaning of the Exchange Act.

A representative of Ernst & Young LLP will be present at the Annual Meeting to respond to appropriate questions and to make a statement if so desired.

The Audit Committee engages in an annual evaluation of the independent registered public accounting firm's qualifications, performance and independence and periodically considers the advisability and potential impact of selecting a different independent registered public accounting firm. In accordance with SEC rules and Ernst & Young LLP's policies, audit partners are subject to rotation requirements to limit the number of consecutive years an individual partner may provide service to us. For lead and concurring audit partners, the maximum number of consecutive years of service in that capacity is five years. We select our lead audit partner pursuant to this rotation policy following meetings between the Audit Committee Chair and candidates for that role, as well as discussion by the full Audit Committee and with management. The members of the Audit Committee believe that the continued retention of Ernst & Young LLP to serve as our independent registered public accounting firm is in the best interests of Covia and our stockholders.

The affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote on Item 3 is required to ratify the selection of Ernst & Young LLP. In the event that the stockholders do not ratify the appointment of Ernst & Young LLP, the Audit Committee will reconsider its appointment of Ernst & Young LLP, but may maintain that firm or retain another firm without resubmitting this matter to our stockholders.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE FOLLOWING RESOLUTION RATIFYING OUR APPOINTMENT OF AN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM:

RESOLVED, that the appointment of Ernst & Young LLP, as the independent registered public accounting firm for Covia Holdings Corporation for 2020, is hereby RATIFIED.

AUDIT COMMITTEE MATTERS

Policy for Pre-Approval of Independent Auditor Services

The Audit Committee has direct responsibility to select, retain, terminate, determine compensation and oversee the work of our independent registered public accounting firm. Consistent with applicable SEC rules, pre-approval by the Audit Committee is required for any engagement of our independent registered public accounting firm. Accordingly, the Audit Committee has established a policy for pre-approval of independent auditor services to prevent the provision of services that would impair the independence of our independent registered public accounting firm. Under the policy, the Audit Committee annually pre-approves the audit and any non-audit services proposed to be provided by our independent registered public accounting firm. Requests to provide services that require pre-approval by the Audit Committee are submitted to the Audit Committee by our Chief Financial Officer and our independent registered public accounting firm. In addition, to provide for efficiency in addressing unexpected matters, the Audit Committee has delegated to the Chairman of the Audit Committee the authority to grant pre-approvals to our independent registered public accounting firm, provided that such approvals are consistent with the pre-approval policy of the Audit Committee and are presented to the Audit Committee at a subsequent committee meeting. In determining whether to approve any engagement of our independent registered public accounting firm, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence.

Principal Accountant Fees and Services

The fees billed to us by Ernst & Young LLP, our independent registered public accounting firm, during the two most recently completed fiscal years, were as follows:

<i>(\$ in thousands)</i>	2019 (\$)	2018 (\$)
Audit Fees (1)	2,621,493	3,325,000
Audit-Related Fees (2)	169,000	159,998
Tax Fees (3)	—	73,093
All Other Fees (4)	152,938	—
Total Fees	2,943,431	3,558,091

- (1) Audit fees for 2019 consisted of fees for the audit of our consolidated financial statements, the review of interim consolidated financial information included in quarterly reports, the audit of the Company's internal controls over financial reporting, and statutory audits of foreign subsidiaries. Audit fees for 2018 consisted of fees for the audit of our consolidated financial statements, the review of interim consolidated financial information included in quarterly reports, the audit of discrete matters, including business combinations, statutory audits of foreign subsidiaries, and other services related to our SEC filings.
- (2) Audit-related fees for 2019 consisted of fees for services related to employee benefit plan audits, financial due diligence and agreed upon procedure services. Audit-related fees for 2018 consisted of fees for services related to employee benefit plan audits and financial due diligence.
- (3) Tax fees for 2018 consisted of fees for services related to U.S. federal income tax return compliance.
- (4) All other fees for 2019 consisted of fees for cybersecurity services and access to online regulatory body accounting literature, publications and materials.

Audit Committee Report

The primary purposes of the Audit Committee are to assist the Board in fulfilling its oversight responsibilities regarding (1) the integrity of our financial statements, (2) the effectiveness of our internal controls over financial reporting, (3) our compliance with legal and regulatory requirements, (4) the qualifications, independence and performance of our independent registered public accounting firm and (5) the performance of our internal audit function. The specific duties of the Audit Committee are specified in its charter.

The responsibilities of the Audit Committee are limited to oversight and, notwithstanding the foregoing and the responsibilities set forth in the Audit Committee charter, the charter clarifies that it is not the duty of the Audit Committee to plan or conduct audits or to determine that Covia's financial statements are complete and accurate and in accordance with U.S. generally accepted accounting principles ("GAAP"). Our management is responsible for our financial reporting process, planning and conducting audits, and for determining that our financial statements and disclosures are complete and accurate and in

accordance with GAAP and applicable laws, rules and regulations. Our independent registered public accounting firm, Ernst & Young LLP, is responsible for auditing our annual financial statements included in our Annual Report on Form 10-K in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”) and issuing Ernst & Young LLP’s report thereon based on such audit and for reviewing the unaudited interim financial statements included in our Quarterly Reports on Form 10-Q.

The Audit Committee reviewed and discussed our audit financial statements as of and for the fiscal year ended December 31, 2019 with our management and Ernst & Young LLP. Our management has represented to the Audit Committee that our audit financial statements as of and for the fiscal year ended December 31, 2019 were prepared in accordance with GAAP.

The Audit Committee has also discussed with Ernst & Young LLP the matters required to be discussed by Auditing Standard No. 1301, “Communications with Audit Committees,” as adopted by the PCAOB. The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the PCAOB regarding Ernst & Young LLP’s communications with the Audit Committee concerning independence and has discussed with Ernst & Young LLP its independence.

Based on the foregoing reviews and discussions, the undersigned members of the Audit Committee recommended to the Board that our audited financial statements as of and for the fiscal year ended December 31, 2019 be included in our 2019 Form 10-K for filing with the SEC.

Members of the Audit Committee

Michel Delloye, Chairman
Stephen J. Hadden
William P. Kelly

ADDITIONAL INFORMATION

Annual Report on Form 10-K

A copy of our 2019 Form 10-K will be furnished without charge to stockholders, upon written request to Covia Holdings Corporation, Attn: Investor Relations, 3 Summit Park Drive, Suite 700, Independence, Ohio 44131. Our 2019 Form 10-K may also be accessed in the Investor Relations section of our website (ir.coviacorp.com).

Electronic Access to Proxy Statement and Annual Report

This Proxy Statement, our 2019 Annual Report to Stockholders and our 2019 Form 10-K are available to review at www.proxyvote.com for registered and beneficial stockholders. This Proxy Statement and our 2019 Form 10-K are also available on the SEC’s EDGAR database located at www.sec.gov.

Documents Available in Print

In addition to being posted with printer friendly versions in the Corporate Governance section of our website (ir.coviacorp.com/corporate-governance), the charters of our Audit Committee, Governance Committee, Compensation Committee and Executive Committee, our Governance Guidelines, our Code of Ethics, and our Financial Code are available in print to any stockholder who requests them. Written requests should be made to Covia Holdings Corporation, Attn: Secretary, 3 Summit Park Drive, Suite 700, Independence, Ohio 44131.

Solicitation of Proxies

This solicitation of proxies is made by and on behalf of the Board. In addition to mailing the Notice of Internet Availability (or, if applicable, paper or email copies of this Proxy Statement, the Notice of Annual Meeting of Stockholders, the proxy card and our 2019 Annual Report to Stockholders) to stockholders of record on the Record Date, the brokers, banks and other nominees holding our shares of common stock for beneficial holders must provide our proxy materials to persons for whom they hold our shares of common stock. Solicitation may also be made by our officers and other employees personally or by telephone, mail or electronic mail. Any of our officers or employees who assist with solicitation will not receive any additional compensation.

The cost of the solicitation will be borne by us. Accordingly, we will reimburse brokers, banks and other nominees who are record holders of shares of common stock entitled to vote at the Annual Meeting for their reasonable costs in providing our proxy materials to the beneficial holders of such shares of common stock. In addition, we have retained Georgeson to assist in soliciting proxies at an estimated fee of \$7,500, plus reasonable expenses.

Stockholder Proposals for 2021 Annual Meeting of Stockholders

Stockholder proposals intended to be presented at our 2021 Annual Meeting of Stockholders must be received by our Secretary at our corporate office on or before December 10, 2020 to be eligible for inclusion in our 2021 Proxy Statement and form of proxy. Such proposals must be submitted in accordance with Rule 14a-8 of the Exchange Act. Any stockholder intending to present a proposal at our 2021 Annual Meeting of Stockholders without inclusion of that proposal in our 2021 proxy materials, must provide written notice of the proposal to our Secretary at our corporate office not earlier than January 21, 2021 and not later than the close of business on February 20, 2021. Such proposals must be submitted in accordance with the provisions of our Bylaws applicable thereto. If we do not receive such notice within such deadline, the notice will be considered untimely. Proxies solicited by the Board for our 2021 Annual Meeting of Stockholders will confer discretionary authority on the proxy holders named therein to vote on stockholder proposals presented at the 2021 Annual Meeting of Stockholders if the stockholder fails to provide notice of the proposal before the close of business on February 20, 2021 in accordance with the provisions of our Bylaws applicable thereto. Written notice of all stockholders' proposals should be addressed to our Secretary as follows: Covia Holdings Corporation, Attn: Secretary, 3 Summit Park Drive, Suite 700, Independence, Ohio 44131.

Stockholders may also nominate one or more persons for election as director at the 2021 Annual Meeting of Stockholders by complying with the nomination procedures set forth in our Bylaws. Our Bylaws require that a stockholder given written notice of such stockholder's intention to make such nomination to our Secretary at our principal offices at 3 Summit Park Drive, Suite 700, Independence, Ohio 44131 not earlier than January 21, 2021 and not later than the close of business on February 20, 2021. See the "Nominating Procedures" section above for more information regarding the process for director nominations by stockholders.

OTHER MATTERS

As of the date of this Proxy Statement, the Board knows of no other matters that will be presented for consideration at the Annual Meeting other than Item 1, Item 2, and Item 3 described above. If any other matter is properly brought before the Annual Meeting, including any adjournment thereof, the persons named as the proxy holders on the accompanying proxy card will vote and act in accordance with their best judgment in light of the conditions then prevailing, to the extent permitted under applicable law.

By Order of the Board of Directors,



Chadwick P. Reynolds
*Executive Vice President,
Chief Legal Officer and Secretary*

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

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-38510

COVIA HOLDINGS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

13-2656671
(I.R.S. Employer
Identification No.)

3 Summit Park Drive, Suite 700
Independence, Ohio 44131
(Address of Principal Executive Offices) (Zip Code)
(800) 255-7263
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Securities Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CVIA	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Securities Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of shares of common stock, par value \$0.01 per share ("Common Stock") held by non-affiliates of the registrant computed by reference to the last sales price, \$1.96 as reported on the New York Stock Exchange, of such common stock as of the closing of trading on June 28, 2019: \$76,748,710

Number of shares of Common Stock outstanding as of March 9, 2020: 132,023,251

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to the registrant's Annual Meeting of Shareholders to be held on May 21, 2020, which will be filed within 120 days of the end of the registrant's fiscal year ended December 31, 2019 ("Proxy Statement"), are incorporated by reference into Part III of this Form 10-K to the extent described therein.

Covia Holdings Corporation and Subsidiaries
Annual Report on Form 10-K
For the Fiscal Year Ended December 31, 2019

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PART I

Various terms used in this Annual Report on Form 10-K (this “Report”) are defined to simplify the presentation of information. Unless stated otherwise or the context otherwise requires, the terms “we,” “us,” “our,” “Covia,” and “Company” refer to Covia Holdings Corporation and its consolidated subsidiaries. In addition, “Unimin” refers to Unimin Corporation, which is now known as Covia Holdings Corporation, and “Fairmount Santrol” refers to Fairmount Santrol Holdings Inc., which is now known as Bison Merger Sub I, LLC.

Unless otherwise noted, references to a particular year are to our fiscal year, which corresponds to the calendar year ended or ending on December 31 of the same year. For example, a reference to “2019” is a reference to the year ended December 31, 2019.

Special Note of Caution Regarding Forward-Looking Statements

Certain information included in this Report or in other materials we have filed or will file with the Securities and Exchange Commission (“SEC”) (as well as information included in oral statements or other written statements made or to be made by us) contains or may contain forward-looking statements, including, but not limited to, statements regarding our future financial performance and financial condition. Similarly, all statements we make relating to our strategies, plans, goals, objectives, and targets, as well as our estimates and projections of results, sales, earnings, costs, expenditures, cash flows, growth rates, initiatives, and the outcomes or impacts of pending or threatened litigation or regulatory actions are also forward-looking statements. Words such as “anticipate,” “estimate,” “expect,” “objective,” “goal,” “project,” “intend,” “plan,” “believe,” “assume,” “will,” “should,” “may,” “can have,” “likely,” “target,” “forecast,” “guide,” “guidance,” “outlook,” “seek,” “strategy,” “future,” and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements involve a number of risks and uncertainties. Any forward-looking statements that we make herein and in future reports and statements are not guarantees of future performance, and actual results may differ materially from those in such forward-looking statements as a result of various risk factors. Please see “Item 1A – Risk Factors” in Part I of this Report for more information regarding those risk factors.

Any forward-looking statement speaks only as of the date made. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

ITEM 1. BUSINESS

Our Company

Business Overview

Covia, a Delaware corporation incorporated in 1970, is a leading provider of diversified mineral-based and material solutions for the Industrial and Energy markets in North America and around the world. We produce a wide range of specialized silica sand, feldspar, nepheline syenite, calcium carbonate, clay, and kaolin products for use in the glass, ceramics, coatings, foundry, polymers, construction, water filtration, sports and recreation, and oil and gas markets. We currently have 36 active mining facilities with over 40 million tons of annual mineral processing capacity. Our mining and coating facilities span North America and have many sites in close proximity to our customer base.

Our operations are organized into two segments based on the primary end markets we serve – Energy and Industrial. Our Energy segment offers the oil and gas industry a comprehensive portfolio of raw frac sand, value-added proppants, well-cementing additives, gravel-packing media and drilling mud additives, and a fully-integrated, last mile logistic service which delivers product directly to the well site. Our Energy segment products serve hydraulic fracturing operations in the U.S., Canada, Argentina, Mexico, China, and northern Europe. The Energy segment represented approximately 54% of our total revenues for 2019.

Our Industrial segment provides whole-grain, value-added, and custom-blended products to the glass, ceramics, coatings, foundry, polymers, construction, water filtration, sports and recreation, and various other industries, primarily in North America. The Industrial segment represented approximately 46% of total revenues for 2019.

We believe our segments are complementary. Our ability to sell to a wide range of customers across multiple end markets allows us to improve the recovery of our reserve base within our mining operations and to partially insulate the cyclical nature of our earnings.

Corporate Information

We are publicly traded on the New York Stock Exchange (“NYSE”) under the ticker symbol “CVIA.” Our corporate headquarters is located at 3 Summit Park Drive, Suite 700, Independence, Ohio 44131. Our telephone number is (800) 255-7263. Our website is located at www.coviacorp.com. We make available free of charge on or through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (“Exchange Act”), as well as our proxy materials filed pursuant to Section 14 of the Exchange Act, as soon as reasonably practicable after we file such reports or materials with, or furnish such reports or materials, to the SEC. The information on our website is not incorporated by reference in or considered to be a part of this Report. The SEC maintains a website, www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Covia was founded through the Combination of Unimin and Fairmount Santrol

On June 1, 2018 (“Merger Date”), Unimin completed a business combination (“Merger”) whereby Fairmount Santrol merged into a wholly-owned subsidiary of Unimin and ceased to exist as a separate corporate entity. Immediately following the consummation of the Merger, Unimin changed its name to Covia Holdings Corporation and began operating under that name. The common stock of Fairmount Santrol was delisted from the NYSE prior to the market opening on June 1, 2018, and Covia commenced trading under the ticker symbol “CVIA” on that date. Upon the consummation of the Merger, the former stockholders of Fairmount Santrol (including holders of certain Fairmount Santrol equity awards) received, in the aggregate, \$170 million in cash consideration and approximately 35% of the common stock of Covia. Approximately 65% of the outstanding shares of Covia common stock was owned by SCR-Sibelco NV (“Sibelco”), the parent company of Unimin prior to the Merger, as of December 31, 2019.

In connection with the Merger, we redeemed approximately 18.5 million shares of Unimin common stock from Sibelco in exchange for an amount in cash equal to approximately (i) \$660 million plus interest accruing at 5.0% per annum for the period from September 30, 2017 through June 1, 2018 less (ii) \$170 million in cash paid to Fairmount Santrol stockholders.

In connection with the Merger, we also completed a debt refinancing transaction, with Barclays Bank PLC as administrative agent (“Barclays”), by entering into a \$1.65 billion senior secured term loan (“Term Loan”) and a \$200 million revolving credit facility (“Revolver”). The proceeds of the Term Loan were used to repay the indebtedness of Unimin and Fairmount Santrol and to pay the cash portion of the Merger consideration and expenses related to the Merger. We voluntarily canceled the Revolver, effective on December 31, 2019. Under the terms of the Term Loan agreement, we pledged as collateral our mining and processing facilities within the U.S. (“Guarantor Subs”) and 65% of the equity interest of our foreign operations (“Non-Guarantor Subs”) as collateral. For more information regarding the termination of the Revolver, see “Item 7 – Management’s Discussion and Analysis – Liquidity and Capital Resources.”

As a condition to the Merger, Unimin contributed certain assets of its Electronics segment, including \$31.0 million of cash to Sibelco North America, Inc. (“HPQ Co.”), a newly-formed wholly owned subsidiary of Unimin, in exchange for all of the capital stock of HPQ Co. and the assumption by HPQ Co. of certain liabilities. Unimin distributed all of the stock of HPQ Co. to Sibelco in exchange for 169,550 shares (or 15.1 million shares subsequent to the stock split, described in Note 7 in the Notes to our Consolidated Financial Statements) of Unimin common stock held by Sibelco.

Costs and expenses incurred related to the Merger are recorded in Other non-operating expense, net in the accompanying Consolidated Statements of Income and include legal, accounting, valuation and financial advisory services, integration and other costs totaling \$0.9 million, \$51.1 million, and \$19.3 million for 2019, 2018, and 2017, respectively.

Unimin was determined to be the acquirer in the Merger for accounting purposes, and the historical financial statements and the historical amounts included in the notes to our consolidated financial statements relate to Unimin. The Consolidated Statements of Income for 2018 includes the results of Fairmount Santrol from the Merger Date. The Consolidated Balance Sheet at December 31, 2018 reflects Covia. The presentation of information for periods prior to the Merger Date are not fully comparable to the presentation of information for periods presented after the Merger Date because the results of operations for Fairmount Santrol are not included in such information prior to the Merger Date.

Discontinued Operations

On May 31, 2018, prior to and as a condition to the closing of the Merger, Unimin contributed certain assets comprising its global high purity quartz business in exchange for all of the stock of HPQ Co. and the assumption by HPQ Co. of certain liabilities. Unimin distributed 100% of the stock of HPQ Co. to Sibelco in exchange for 169,550 shares (or 15.1 million shares subsequent to the stock split) of Unimin common stock held by Sibelco. HPQ Co. is presented as discontinued operations in our Consolidated Financial Statements.

As part of the disposition of HPQ Co., Covia and HPQ Co. entered into an agreement that governs their respective rights, responsibilities, and obligations relating to tax liabilities, the filing of tax returns, the control of tax contests, and other tax matters (the "Tax Matters Agreement"). Under the Tax Matters Agreement, Covia and HPQ Co. (and their affiliates) are responsible for income taxes required to be reported on their respective separate and group tax returns; however, HPQ Co. is responsible for any unpaid income taxes attributable to the HPQ Co. business prior to May 31, 2018, as well as any unpaid non-income taxes as of May 31, 2018 attributable to the HPQ Co. business (whether arising prior to May 31, 2018 or not). Covia is responsible for all other non-income taxes. Covia and HPQ Co. will equally bear any transfer taxes imposed in this transaction. Rights to refunds in respect of taxes will be allocated in the same manner as the responsibility for tax liabilities.

Seasonality

Our business is affected to some extent by seasonal fluctuations that impact our production levels and our customers' business needs. For example, demand for many of the products sold by our Industrial segment in the construction and coatings sectors tends to correlate with construction activity, which is lowest in the fourth quarter due to seasonal shift in construction driven by adverse weather conditions. Additional volumes sold by our Energy segment tend to be slower in the first and fourth quarter compared to the second and third quarter. Inclement weather may also cause temporary slowdowns for our customers, which may impact our sales volumes. A majority of our facilities are all-weather facilities capable of various levels of production throughout the year.

Employees

As of December 31, 2019, we had approximately 2,633 employees. We believe that we maintain good relations with our workforce and maintain an active dialogue with employees. We provide salaried and hourly employees a comprehensive benefits package, including medical, life and accident insurance, incentive bonus programs and a 401(k) plan with an employer match and discretionary employer contribution, company pension (for certain employees) as well as various employee training and development programs that have been developed internally or through a third party.

As of December 31, 2019, approximately 35% of our employees were parties to collective bargaining contracts covered under approximately 25 union agreements in the U.S., Canada and Mexico. We believe we have strong relationships with and maintain an active dialogue with union representatives. We have historically been able to successfully extend and renegotiate collective bargaining agreements as they expire. We have not experienced a significant work stoppage or strike at any of our facilities in nearly 20 years.

Energy Segment Overview

Advances in oil and gas extraction techniques, such as horizontal drilling and hydraulic fracturing, have allowed for significantly greater extraction of oil and gas trapped within shale formations. The hydraulic fracturing process consists of pumping fluids down a well at pressures sufficient to create fractures in the targeted hydrocarbon-bearing rock formation in order to increase the flow rate of hydrocarbons from the well. A granular material, called proppant, is suspended and transported in the fluid and fills the fracture, propping it open once high-pressure pumping stops. The proppant-filled fracture creates a conductive channel through which the hydrocarbons may flow more freely from the formation into the wellbore and then to the surface. Proppants therefore perform the vital function of promoting the flow, or conductivity, of hydrocarbons over the productive life of a well. In fracturing a well, operators select a proppant that is transportable into the fracture, is compatible with frac and wellbore fluids, permits acceptable cleanup of frac fluids and can resist proppant flowback. In addition, the proppant must be resistant to crushing under the earth's closure stress and reservoir temperature. Our Energy segment serves customers in the oil and gas industry, providing a variety of proppants and other oilfield minerals for use in hydraulic fracturing in, primarily, the U.S. and Canada. The oil and natural gas proppant industry is comprised of businesses involved in the mining or manufacturing, distribution and sale of the propping agents used in hydraulic fracturing, the most widely used method for stimulating increased production from lower permeability oil and natural gas reservoirs.

Frac Sand Extraction, Processing, and Distribution

Raw frac sand is a naturally occurring mineral that we mine and process. While the specific extraction method that we utilize depends primarily on the geologic conditions, we mine most of our raw frac sand using conventional open-pit extraction methods. The composition, depth, and chemical purity of the sand also dictate the processing method and equipment utilized. After extraction, raw frac sand is washed with water to remove fine impurities such as clay and organic particles, with additional procedures used when contaminants are not easily removable. The final steps in our production process involve the drying and screening of the raw frac sand according to mesh size.

We ship most frac sand in bulk from the processing facility to customers by truck, rail or barge. Because transportation costs may represent a significant portion of the overall delivered product cost, shipping in large quantities, particularly when shipping over long distances, provides a significant cost advantage to the suppliers, which highlights the importance of rail or barge access for low cost delivery. As a result, our facility location and logistics capabilities are an important consideration for suppliers and customers.

Energy Proppant Market

There are three primary types of proppant that are utilized in the hydraulic fracturing process: raw frac sand, coated sand and manufactured ceramic beads. Our customers generally choose among these proppant types based on the geology of the reservoir, expected well pressures, proppant flowback concerns, and product cost. Given the price differences between the various proppant products and well-specific considerations, oil and natural gas exploration and production (“E&P”) and oilfield service (“OFS”) companies are continually evaluating the cost and conductivity of the various proppants that we provide in order to best address the geology of the well and to maximize well productivity and economic returns.

Our Energy Products and Services

We offer a broad suite of proppant products designed to address nearly all well environments and related down-hole challenges faced by our customers. Revenues in our Energy segment are generally derived from the sale of raw sand plus the sale of certain value-added products.

Northern White Frac Sand. Our Northern White frac sand is produced from geologically mature quartz arenite sands mined from deposits located primarily in the northern half of the U.S. These reserves are generally characterized by high purity, structural integrity, significant roundness and sphericity, and low turbidity.

In-Basin “Local” Frac Sand. Our in-basin “local” reserves are located in West Texas and Oklahoma. Our local frac sand has less crush strength, less sphericity, and lower silica content relative to our Northern White products, however, is suitable in certain well environments. These reserves are in close proximity to the Permian, Eagle Ford, and Mid-Continental basins, which provides them with a significant transportation cost advantage relative to Northern White frac sand sourced from more distant locations.

Value-Added Products. We coat a portion of our sand with resin to enhance certain performance characteristics. Our value-added proppants are generally used in higher temperature and higher pressure well environments and are marketed to end users who require increased conductivity in higher pressure wells, high crush resistance, and/or enhanced flow back control in order to enhance the productivity of their wells.

Our resin coated sand products are sold as both tempered (or pre-cured) and curable (or bonding) products. Curable coated sand bonds down hole as the formation heat causes neighboring coated sand grains to polymerize with one another holding proppant into place. This mitigates the risk of proppant flowing back out of the fracture when the oil or natural gas well commences production. For certain resin products, the resin’s chemical properties are triggered by the introduction of an activator into the frac fluid. We formulate, manufacture, and sell activators, which work with the specific chemistry of our resins. Tempered products do not require activation because they are not intended to bond, rather they are designed to bring additional strength to the proppant.

Our DST™ dust suppression technology is a coating applied to sand to minimize the risk of silica dust exposure, which is regulated by the U.S. Occupational Safety and Health Administration (“OSHA”).

Our silica-based well cementing additives keep cement strong, bonding cement together even under acidic conditions, and reduce strength retrogression in well temperatures greater than 230°F. We market these additives as SilverBond®.

Our silica-based gravel packing sands are high quality monocrystalline and reduce the production of reservoir sands while still producing hydrocarbons. We market these sands as Accupack[®].

Last Mile Logistics Solutions. We have contracted with last mile logistics (“LML”) providers to offer an integrated mine-to-well solution to our customers. Through these relationships, we lease systems from the LML providers, allowing us to offer multiple LML options to our customers, such as silos or boxes, based on their preferences.

In selecting LML partners, we have focused on those that can provide high volume of proppant per truck load, minimized well pad footprint, fast unloading times and strong safety records.

Industrial Segment Overview

Our Industrial segment’s products are sold to customers in the glass, construction, ceramics, foundry, coatings, polymers, sports and recreation, filtration and various other industries. The sales in our Industrial segment correlate strongly with overall economic activity levels in the U.S. and Mexico as reflected in the gross domestic product (“GDP”), unemployment levels, vehicle production and growth in the housing market.

Industrial Markets and Products

Glass.

We offer one of the largest multi-facility and multi-product mineral portfolios serving the North American glass market. We believe that our longstanding customer relationships, reputation for consistent quality and operating capabilities provide us with a competitive advantage. The glass market includes three primary sub-markets: container glass; flat glass; and fiberglass. Our primary product for sale to each of these sub-markets into the glass market is produced from high silica content sand deposits throughout North America, however, we also supply the glass industry with nepheline syenite and other mineral additives to be used in fiberglass products and other applications. Glass batch formulations determine the raw material requirements of the glass manufacturer and differ based upon the requirements of the end-use product.

The main products we supply for container glass production are whole grain silica, ground silica, feldspar and nepheline syenite. Container glass is primarily comprised of bottles and demand in the U.S. tends to follow U.S. gross domestic product growth and has driven stable volumes for suppliers of silica, feldspar and nepheline syenite. In Mexico, growth in the worldwide consumption of beer produced and bottled in Mexico has increased the demand by Mexican breweries for glass bottles, which has increased demand for high-quality silica sand.

The flat glass sub-market is primarily comprised of automotive glass and windows for residential and commercial applications. The main product we supply into the flat glass industry is whole grain silica.

The fiberglass sub-market produces fine filament fiber used in fiberglass reinforced plastic, which is used in watercrafts, automobiles and other industrial applications as well as the production of fiberglass for home and business insulation. The main products we supply to the fiberglass industry include ground silica and fiberglass grade kaolin.

Ceramics. The ceramics manufacturing market includes a diverse mix of products. The main types of ceramics produced include sanitaryware (e.g., toilets, wash basins, pedestals, bidets, urinals, sinks and bathtubs), clay brick and tiles (frequently used in residential construction). Sanitaryware is made primarily with clay (ball clay or China clay), quartz and feldspar. The majority of sanitaryware sold in the U.S. is produced in Mexico, while the ceramic tile industry has continued to grow as Italian manufacturers have established production facilities in the U.S.

We supply the ceramics market with nepheline syenite, granular silica, potassium feldspar, pressing clays, ceramic casting clays, refractory grade clays, plastic forming clays and sodium feldspar. Additionally, we distribute Ukrainian and United Kingdom ball clays, potassium feldspar from India and French pebbles used as grinding media. We believe that our low-cost production and geographic proximity to many of our customers, combined with a broad product offering, are major factors contributing to our competitive position in the ceramics market.

Construction. The construction market, driven by urbanization, new home construction, remodeling and repair, and commercial buildings, drives demand for many of our products, such as carpet backings and roofing tiles. Customers in the construction market seek suppliers who can offer multi-product mineral offerings, multi-plant production capabilities, diversified and low-cost logistics solutions and superior customer and technical service. Understanding the features of our products and the benefits they deliver to our customers' processes and products are key characteristics that have made us a leading minerals supplier to the construction market. Customers also seek reliable and consistent suppliers of minerals, which vary by size, shape, chemistry or other physical characteristics. We believe we are well-situated to serve customers in the construction industry due to our mine locations and manufacturing footprint, which we believe provide broad geographic coverage and access to customers either by truck or rail.

Coatings. The architectural and industrial coatings market includes coatings and specialty materials for customers in a wide array of end uses, including industrial equipment and components, packaging material, aircraft and marine equipment and automotive original equipment. Paint and coatings manufacturers also serve commercial and residential new build and maintenance customers by supplying coatings to painting and maintenance contractors and directly to consumers for decoration and maintenance. The architectural coatings industry is highly competitive and consists of several large firms with global presence and many smaller firms serving local or regional customers. Price, product performance, technology, cost effectiveness, quality and technical and customer service are major competitive factors in the industrial, automotive OEM, packaging coatings and coatings services businesses. Our coatings products in North America include nepheline syenite, microcrystalline silica, kaolin and silica.

Polymers. Polymers are chemical compounds or a mixture of compounds formed by polymerization and consisting essentially of repeating structural units. Because of their low density and their ability to be shaped and molded at relatively low temperatures compared to traditional materials such as metals, polymers are widely used across several industrial markets. Parts and components that have traditionally been made of wood, metal, ceramic or glass are now being redesigned with polymers.

Packaging, construction, transportation and electrical & electronic ("E&E") are the four largest polymer sub-markets. While packaging is the largest application in terms of volume, applications such as construction, transportation and E&E offer more value with intense use of additives and fillers.

The usage of our products, particularly nepheline syenite, in polymer markets has been growing due to a number of factors, including an expanded customer base as a result of approval of food-contact applications by the U.S. Food and Drug Administration and development of new products in composites, color concentrates and building and construction products (window and door frames, vinyl sidings and fencing). Our products for the polymers market include nepheline syenite, calcium carbonate, crystalline silica and kaolin.

Foundry and Metallurgical. We currently supply the foundry market with multiple grades of sands for molding and core-making applications, with products sold primarily in the U.S., Canada, Mexico, Japan, and China. Foundry sands are characterized by high purity, round and sub-angular sands precisely screened to perform under a variety of metal casting conditions. These factors dictate the refractory level and physical characteristics of the mold and core, which have a significant effect on the quality of the castings produced in the foundry. We also supply resin binders which provide the necessary bonding of molds and cores in casting applications and are designed to improve overall productivity and environmental conditions in the workplace. We supply foundries with metallurgical consumables, which are required by all metal refining and casting operations.

Our silica sand foundry activities are typically local by nature and developed in conjunction with other industries to maximize productivity and profitability of existing assets. Foundry sand availability in North America is strongly influenced by heavy industries, including glass, automotive, equipment and oil and gas. We serve the foundry market through multiple product offerings, including our silica, resin coated sand, and refractory grade clays.

Sports and Recreation. We are a leading supplier of various turf and landscape infill products to contractors, municipalities, nurseries, and mass merchandisers. Our turf-related products are used in multiple major sporting facilities, including First Energy Stadium and Progressive Field in Ohio, PNC Park in Pennsylvania, Notre Dame Stadium in Indiana, and ADPRO Sports Training Center Fieldhouse in New York. In addition, we are a significant supplier of bunker sand, top dressing sands, and all-purpose sands to golf courses and landscape contractors throughout North America. Our sands are also supplied to horse tracks and training facilities. We also provide colored sand to a variety of major retailers for use as play sand and arts and crafts.

Product Delivery

Among the most important purchasing criteria of our customers is the ability to deliver products upon demand at the desired time and location at the lowest possible cost. We have a comprehensive and diversified supply chain network, which we believe provides us a competitive advantage. Our size and scale provide broad supply chain flexibility, which we optimize on a weekly basis using leading technology. Our logistics network includes distribution terminals in all major oil and gas basins, as well as selected locations to serve Industrial customers.

Many of our facilities are situated with access to five Class 1 railroads providing direct service to every major oil and gas basin in the U.S. as well as transport significant industrial volumes long distances to customers. To serve these locations and customers, we have access to a fleet of railcars and are one of the few North American mineral producers capable of Class 1 railroad deliveries in each of North America's major oil and gas producing basins. We generally ship products to either a customer-owned terminal location or a Covia owned or operated terminal, where products are stored until provided to a customer, or to one of our processing facilities for value-added processing. The direct rail access of our processing and distribution facilities reduces handling costs and lead-times while enhancing production throughput, resulting in improved responsiveness to our customers.

Last Mile Logistics Solutions. We have arrangements with third parties to provide our customers with last mile logistics ("LML"). Through these arrangements, we lease systems from LML providers, and offer our customers an integrated mine-to-well site solution. The arrangements also allow us to offer multiple LML options to our customers, such as silos or boxes, based on their preferences.

In selecting LML providers, we have focused on those that can provide high volume of proppant per truck load, minimized well pad footprint, fast unloading times and strong safety records.

Raw Materials

Our products depend on the availability of certain raw materials, including natural gas or propane, resins and additives, bagging supplies, and other raw materials. These raw materials are readily available from a variety of sources and we are not dependent on any one supplier of raw materials. See "Part I, Item 2 – Properties" of this Report for additional information regarding the sources of our mineral products.

Our Customers

Our strategy has been to partner with the largest companies in the markets they serve. The strength of our customer base is driven by our collaborative approach to product innovation and development, reputation for high quality, the consistency and reliability of our products and the scale of our operations and logistics network. We currently serve approximately 2,000 customers across a variety of industries in the U.S., Canada, Mexico and the rest of the world. A significant portion of our sales by volume is derived from customers with whom we have long-term relationships. In 2019, no customers exceeded 10% of revenues. In 2018, one customer exceeded 10% of revenues. This customer accounted for 13% of our revenues in 2018. A large portion of our Energy segment sales are generated by a limited number of customers, and the loss of, or a significant reduction in purchases by, our largest customers could adversely affect our operations. Top customers may not continue to purchase the same levels of product in the future due to a variety of reasons, notwithstanding any contract requirements.

We primarily sell products under supply agreements with terms that vary by customer. Certain of our supply agreements require the customer to purchase a specified percentage of its product requirements from us. Other agreements require the customer to purchase a minimum volume from us. These minimum volume contracts often require the customer to pay us specified liquidated damages if the purchased volume does not meet the required minimums. Specific custom orders are generally filled upon request, and backlog is not a material factor.

Intellectual Property

Our intellectual property consists primarily of patents, trade secrets, know-how, and trademarks. Our trademarks include, but are not limited to, our name Covia[™] and products such as DST[™], Unifrac[®], Minex[®], Glassil[®], Propstar[®], Imsil[®], Granusil[®], Puresil[®], HyperProp[®], and CoolSet[®]. We hold numerous U.S. and foreign-granted patents that are still in force as well as many U.S. and foreign patent applications that are pending. The majority of our patents have an expiration date after 2025.

We believe that our extensive experience, trade secrets and know-how with a variety of different products enables us to offer our customers a wide range of proppants for their particular application. We operate laboratories in the U.S. and Mexico, which provide mineral processing, analytics and materials research for product and application development across the oil and gas, glass, ceramics, coatings and polymers industries. The staffing across of our laboratories include professionals in analytical chemistry, mineral processing, mineralogy, inorganic chemistry, material science, coatings science, polymer science and related fields. We also employ technical sales personnel covering our core target industries.

Competition

In our Energy segment, we compete with numerous large and small producers operating across all of the major frac sand producing regions of North America. Our main competitors in the raw frac sand industry include Atlas Sand Company, LLC; Badger Mining Corporation; Black Mountain Silica; CARBO Ceramics, Inc.; Emerge Energy Services LP; Hi-Crush Inc.; Signal Peak Silica, LLC; Smart Sand Inc.; Superior Silica; and U.S. Silica Holdings, Inc. Our main competitors in the coated products industry include Atlas Resin Proppants LLC; CARBO Ceramics, Inc.; Momentive Performance Materials Inc.; Signal Peak Silica, LLC; Vista Sands; and U.S. Silica Holdings, Inc. The most important competitive factors in our Energy segment are reliability of supply, price, customer relationships, supply chain management, processing quality, performance, sand and proppant characteristics, transportation capabilities, and proximity of supply to a customer's well site.

In our Industrial segment, we compete with large diversified companies but also with smaller, local producers on product quality, product consistency and reliably delivering products at a competitive price. Competitors may produce minerals similar to those sold by us or they may produce substitute products that offer similar functionality. In our Industrial segment, we compete primarily against 3M; A.F. Gelhar Co., Inc.; Active Minerals; Astra; Badger Mining Corporation; Capital Sand Company, Inc.; Cimbar; Custom Grinders; Florida Rock Industries; G3 Enterprises; Granite Mountain; Imerys; J.M. Huber; J.R. Simplot; Lane Mountain Company; Lhoist; Manley Bros. of Indiana, Inc.; Mavisa; Minerali; Old Hickory; Omya; Short Mountain Silica; Sierra Silica; The Nugent Sand Co., Inc.; U.S. Silica Holdings, Inc.; and Whibco of New Jersey, Inc.

Regulation and Legislation

Mining and Workplace Safety

Federal Regulation

The U.S. Mine Safety and Health Administration ("MSHA") is the primary regulatory organization governing the commercial silica mining industry. Accordingly, MSHA regulates quarries, surface mines, underground mines, and the industrial mineral processing facilities associated with quarries and mines. MSHA administers the provisions of the Federal Mine Safety and Health Act of 1977 (the "Mine Act") and enforces compliance with mandatory safety and health standards. As part of MSHA's oversight, representatives perform at least two unannounced inspections annually for each above-ground facility. To date, these inspections have not resulted in any citations for material violations of MSHA standards.

We also are subject to the requirements of OSHA and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA Hazard Communication Standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and the public. OSHA regulates users of commercial silica and provides detailed regulations requiring employers to protect employees from overexposure to silica through the enforcement of permissible exposure limits.

We adhere to an occupational health program aimed at controlling exposure to silica dust, which includes dust sampling, a respiratory protection program, medical surveillance, training, and other components. Our safety program is designed to ensure compliance with the standards of our Occupational Health and Safety Manual and MSHA regulations. For both health and safety issues, extensive training is provided to employees. We have safety committees at our plants consisting of salaried and hourly employees. We perform annual internal health and safety audits and conduct annual crisis management drills to test our plants' abilities to respond to various situations. Our corporate health and safety department administers health and safety programs with the assistance of plant local environmental, health and safety coordinators.

Environmental Matters

We and our competitors are subject to extensive governmental regulation on, among other things, matters such as permitting and licensing requirements, plant and wildlife protection, hazardous materials, air and water emissions, and environmental contamination and reclamation. A variety of federal, state, and local agencies implement and enforce these regulations.

Federal Regulation

At the federal level, we may be required to obtain permits under Section 404 of the Clean Water Act from the U.S. Army Corps of Engineers for the discharge of dredged or fill material into waters of the U.S., including wetlands and streams, in connection with our operations. We also may be required to obtain permits under Section 402 of the Clean Water Act from the U.S. Environmental Protection Agency (“EPA”) (or the relevant state environmental agency in states where the permit program has been delegated to the state) for discharges of pollutants into waters of the U.S., including discharges of wastewater or storm water runoff associated with construction activities. Failure to obtain these required permits or to comply with their terms could subject us to administrative, civil and criminal penalties as well as injunctive relief.

The U.S. Clean Air Act (the “CAA”) and comparable state laws regulate emissions of various pollutants through air emissions permitting programs and the imposition of other requirements, such as monitoring and reporting requirements. These regulatory programs may require us to install expensive emissions abatement equipment, modify our operational practices and obtain permits for our existing operations. Before, commencing construction on a new or modified source of air emissions, such laws may require us to obtain pre-approval for the construction or modification of certain projects or facilities extended to produce or significantly increase air emissions. In addition, air permits are required for all of our processing and terminal operations, and certain of our frac sand mining operations that result in the emission of regulated air contaminants. Obtaining air emissions permits may delay the development or continued performance of our operations. As a result, we may be required to incur increased capital and operating costs because of these regulations. We could be subject to administrative, civil, and criminal penalties as well as injunctive relief for noncompliance with air permits or other requirements of the CAA and comparable state laws and regulations.

Methane, a primary component of natural gas, and carbon dioxide, a byproduct of the burning of natural gas, are examples of greenhouse gases (“GHGs”). In recent years, the U.S. Congress has considered legislation to reduce emissions of GHGs.

Independent of the U.S. Congress, the EPA has adopted regulations controlling GHG emissions under its existing authority under the CAA. In 2009, the EPA officially published its findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to human health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the earth’s atmosphere and other climatic changes. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of GHGs under existing provisions of the CAA. In 2010, the EPA published a final rule expanding its existing GHG emissions reporting rule for certain petroleum and natural gas facilities that emit 25,000 metric tons or more of carbon dioxide equivalent per year. We are subject to annual GHG reporting obligations for our operations in Wedron, Illinois; Nephton, Ontario, Canada; Saint Canut, Quebec, Canada; Canoitas, Mexico; and Jaltipan, Mexico locations.

As part of our operations, we utilize or store petroleum products and other substances such as diesel fuel, lubricating oils, and hydraulic fluid. We are subject to regulatory programs pertaining to the storage, use, transportation, and disposal of these substances, including Spill Prevention, Control and Countermeasure planning requirements. Spills or releases may occur in the course of our operations, and we could incur substantial costs and liabilities as a result of such spills or releases, including those relating to claims for damage or injury to property and persons. Additionally, some of our operations are located on properties that historically have been used in ways that resulted in the release of contaminants, including hazardous substances, into the environment, and we could be held liable for the remediation of such historical contamination. The U.S. Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) and comparable state laws impose joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of hazardous substances into the environment. These persons include the owner or operator of the site where the release occurred and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. Under CERCLA, such persons may be subject to liability for the costs of cleaning up the hazardous substances, for damages to natural resources, and for the costs of certain health studies. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

In the course of our operations, we generate industrial solid wastes that may be regulated as hazardous wastes. The Resource Conservation and Recovery Act (“RCRA”) and comparable state statutes regulate the generation, transportation, treatment, storage,

disposal, and cleanup of hazardous and non-hazardous wastes. The EPA and the individual states, to which the EPA has delegated portions of the RCRA program for local implementation, administer the RCRA program.

In September 2013, the EPA issued RCRA consent orders to several companies, including us, in connection with historic contamination of residential drinking water wells near our Wedron, Illinois facility. The EPA identified benzene and other volatile organic compounds in some drinking water wells, some (including benzene) in excess of established standards. The consent orders required the companies to analyze conditions at their sites to determine whether operations at their sites are potential sources of groundwater contamination. We completed the study for our site, and our consultant submitted a site conditions report to the EPA in August 2014, which report concluded that our operations at the site are not a source of groundwater impacts in the Wedron community. The report recommended that no further work should be required under the consent order. In March 2015, the EPA issued a letter to us stating that we have completed all work required under the consent order to the EPA's satisfaction, and our obligations under the consent order have now been satisfied. We have also performed environmental investigation and remediation activities under oversight of the Illinois Environmental Protection Agency ("IEPA") at a removed underground storage tank ("UST") system at the Wedron facility south of residential areas of the community. The investigation report approved by the IEPA concluded that the petroleum constituents reported in the groundwater in the Wedron community are not related to the former UST system. We have performed limited soil removal at the location of the former UST system pursuant to a Corrective Action Plan approved by the IEPA. The IEPA has approved the closure of this site, which is documented through a No Further Remediation Letter issued by the Agency. The No Further Remediation Letter has been recorded with the local County Recorder of Deeds and includes deed restrictions which will limit this portion of the Wedron property to industrial use in perpetuity.

Although we do not directly engage in hydraulic fracturing activities, we supply sand-based proppants to hydraulic fracturing operators in the oil and natural gas industry. Hydraulic fracturing involves the injection of water, sand, and chemicals, under pressure, into the formation to fracture the surrounding rock and stimulate production. The hydraulic fracturing process is typically regulated by state or local governmental authorities. However, the practice of hydraulic fracturing has become controversial in some areas and is undergoing increased scrutiny. Several federal agencies and regulatory authorities are investigating the potential environmental impacts of hydraulic fracturing and whether additional regulation may be necessary. The EPA has asserted limited federal regulatory authority over hydraulic fracturing and has indicated it may seek to further expand its regulation of hydraulic fracturing. The Bureau of Land Management has proposed regulations applicable to hydraulic fracturing conducted on federal and Indian oil and gas leases. The U.S. Congress has from time to time considered the adoption of legislation to provide for federal regulation of hydraulic fracturing. In addition, various state, local, and foreign governments have implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permitting requirements, operational restrictions, disclosure requirements, and temporary or permanent bans on hydraulic fracturing in certain areas such as environmentally sensitive watersheds. Numerous states have imposed disclosure requirements on hydraulic fracturing well owners and operators. Some local governments have adopted and others may seek to adopt ordinances prohibiting or regulating the time, place, and manner of drilling activities in general or hydraulic fracturing activities within their jurisdictions.

The adoption of new laws, regulations, or enforcement policies at the federal, state, local, or foreign levels imposing reporting obligations on, or otherwise limiting or delaying, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells, increase our customers' costs of compliance and doing business, and otherwise adversely affect the hydraulic fracturing services they perform, which could negatively impact demand for our sand-based proppants.

Our operations may also be subject to broad environmental review under the National Environmental Policy Act ("NEPA"). NEPA requires federal agencies to evaluate the environmental impact of all "major federal actions" significantly affecting the quality of the human environment. The granting of a federal permit for a major development project, such as a mining operation, may be considered a "major federal action" that requires review under NEPA. Therefore, our projects may require review and evaluation under NEPA. As part of this evaluation, the federal agency considers a broad array of environmental impacts, including, among other things, impacts on air quality, water quality, wildlife (including threatened and endangered species), historical and archeological resources, geology, socioeconomics and aesthetics. NEPA also requires the consideration of alternatives to the project. The NEPA review process, especially the preparation of a full environmental impact statement, can be time consuming and expensive. The purpose of the NEPA review process is to inform federal agencies' decision-making on whether federal approval should be granted for a project and to provide the public with an opportunity to comment on the environmental impacts of a proposed project. Although NEPA only requires that an environmental evaluation be conducted and does not mandate a result, a federal agency could decide to deny a permit, or impose certain conditions on its approval, based on its environmental review under NEPA, or a third party may challenge the adequacy of a NEPA review and thereby delay the issuance of a federal permit or approval.

Federal agencies granting permits for our operations also must consider impacts to endangered and threatened species and their habitat under the Endangered Species Act. We also must comply with and are subject to liability under the Endangered Species Act, which prohibits and imposes stringent penalties for the harming of endangered or threatened species and their habitat. Some of our operations are conducted in areas where protected species or their habitats are known to exist. In these areas, we may be obligated to develop and implement plans to avoid potential adverse effects to protected species and their habitats, and we may be prohibited from conducting operations in certain locations or during certain times, such as breeding and nesting seasons, when our operations could have an adverse effect on the species. Federal agencies also must consider a project's impacts on historic or archeological resources under the National Historic Preservation Act, and we may be required to conduct archeological surveys of project sites and to avoid or preserve historical areas or artifacts.

State and Local Regulation

Because our operations are located in numerous states, we are also subject to a variety of different state and local environmental review and permitting requirements. Some states in which our projects are located or are being developed have state laws similar to NEPA; thus our development of new sites or the expansion of existing sites may be subject to comprehensive state environmental reviews even if it is not subject to NEPA. In some cases, the state environmental review may be more stringent than the federal review. Our operations may require state law-based permits in addition to federal or local permits, requiring state agencies to consider a range of issues, many the same as federal agencies, including, among other things, a project's impact on wildlife and their habitats, historic and archaeological sites, aesthetics, agricultural operations, and scenic areas. Some states also have specific permitting and review processes for commercial silica mining operations, and states may impose different or additional monitoring or mitigation requirements than federal agencies. The development of new sites and our existing operations also are subject to a variety of local environmental and regulatory requirements, including land use, zoning, building, and transportation requirements.

Some local communities have expressed concern regarding silica sand mining operations. These concerns have generally included exposure to ambient silica sand dust, truck traffic, water usage, and blasting. In response, certain state and local communities have developed or are in the process of developing regulations or zoning restrictions intended to minimize dust from getting airborne, controlling the flow of truck traffic, significantly curtail the amount of practicable area for mining activities, requiring compensation to local residents for potential impacts of mining activities and, in some cases, banning the issuance of new permits for mining activities. To date, we have not experienced any material impact to our existing mining operations or planned capacity expansions as a result of these types of concerns.

Planned expansion of our mining and production capacity or construction and operation of related facilities in new communities could be more significantly impacted by increased regulatory activity. Difficulty or delays in obtaining or inability to obtain new mining permits or increased costs of compliance with future state and local regulatory requirements could have a material negative impact on our ability to grow our business. In an effort to minimize these risks, we continue to be engaged with local communities in order to grow and maintain strong relationships with residents and regulators.

Costs of Compliance

We may incur significant costs and liabilities as a result of environmental, health, and safety requirements applicable to our activities. Failure to comply with environmental laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of investigatory, cleanup and site restoration costs and liens, the denial or revocation of permits or other authorizations, and the issuance of injunctions to limit or cease operations. Compliance with these laws and regulations may also increase the cost of the development, construction and operation of our projects and may prevent or delay the commencement or continuance of a given project. In addition, claims for damages to persons or property may result from environmental and other impacts of our activities. In addition, the clear trend in environmental regulation is to place more restrictions on activities that may affect the environment, and thus, any changes in, or more stringent enforcement of, these laws and regulations that result in more stringent and costly pollution control equipment, waste handling, storage, transport, disposal, or remediation requirements could have a material adverse effect on our operations and financial position.

The process for performing environmental impact studies and reviews for federal, state, and local permits for our operations involves a significant investment of time and monetary resources. We cannot control the permit approval process. We cannot predict whether all permits required for a given project will be granted or whether such permits will be the subject of significant opposition. The denial of a permit essential to a project or the imposition of conditions with which it is not practicable or feasible to comply could impair or prevent our ability to develop a project. Significant opposition by neighboring property owners, members of the public or other third parties, as well as any delay in the environmental review and permitting process, could impair or delay our ability to develop or

expand a project. Additionally, the passage of more stringent environmental laws could impair our ability to develop new operations and have an adverse effect on our financial condition and results of operations.

ITEM 1A. RISK FACTORS

Our business, financial condition, results of operations, cash flows, prospects and the market value of our securities are subject to numerous risks, many of which are driven by factors that we cannot control. If any of the following risks actually occur, our business, financial condition, results of operations, cash flows, prospects and the market value of our securities may be materially and adversely affected. Other factors beyond those listed below, including factors unknown to us and factors known to us which we have not currently determined to be material, could also adversely affect our business, financial condition, results of operations, cash flows, prospects and the market value of our securities. Also see “Special Note of Caution Regarding Forward-Looking Statements” above.

Risks Related to Our Business

Our business and financial performance depend in part on the level of activity in the oil and gas industries.

Approximately 54% of our revenues for 2019 were derived from sales to companies in the oil and gas industries. As a result, our operations depend, in part, on the levels of activity in oil and gas exploration, development and production. More specifically, the demand for the proppants we produce is closely related to the number of oil and gas wells completed in geological formations where sand-based proppants are used in hydraulic fracturing activities. These activity levels are affected by both short- and long-term trends in oil and gas prices, among other factors.

Industry conditions that impact the activity levels of oil and natural gas producers and proppant sales are influenced by numerous factors over which we have no control, including:

- governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- global weather conditions and natural disasters;
- worldwide political, military and economic conditions;
- the cost of producing and delivering oil and natural gas;
- commodity prices;
- development of alternative energy sources;
- changes in demand for proppants, including the types of proppants used; and
- the ability of the oil and gas industry to comply with OSHA standards for respirable dust.

In recent years, oil and gas prices and, therefore, the level of exploration, development and production activity, have experienced significant fluctuations. Worldwide economic, political and military events, including war, terrorist activity, events in the Middle East and initiatives by the Organization of the Petroleum Exporting Countries (“OPEC”) and other large non-OPEC producers have contributed, and are likely to continue to contribute, to price and volume volatility. Additionally, warmer than normal winters in North America and other weather patterns may adversely impact the short-term demand for natural gas and, therefore, demand for our products. Reduction in demand for natural gas to generate electricity could also adversely impact the demand for frac sand.

Any significant reduction in oil and natural gas prices would generally depress the level of oil and natural gas exploration, development, production and well completion activity, which could result in a corresponding decline in the demand for the frac sand we produce. Such a decline could result in Covia selling fewer tons of frac sand at lower prices or selling lower priced products, which would have a material adverse effect on our business, results of operations and financial condition. When demand for frac sand increases, there may not be a corresponding increase in the prices for our products and our customers may not switch back to higher-priced products, which could have a material adverse effect on our results of operations and financial condition. The commercial development of economically-viable alternative energy sources could have a similar effect. In addition, the price we receive for sales of frac sand may be impacted by short-term fluctuations in the demand for frac sand, and any negative fluctuations in this demand could have an adverse effect on our results of operations and cash flows.

Any future decreases in the rate at which oil and natural gas reserves are discovered or developed may have a material adverse effect on our business and financial condition, even in a stronger oil and natural gas price environment.

Our business is subject to the volatility in oil pricing.

Previously, the Energy Information Administration (“EIA”) assumed OPEC members and partner countries would voluntarily limit oil production in 2020 and 2021, in efforts to maintain balance in global oil markets. As a result of the March 2020 OPEC and partners meeting, the EIA no longer assumes such production management from OPEC members or partner countries. This will have a significant impact on the global oil and gas markets and present near-term supply and pricing pressures as lower forecast crude oil prices may lead to lower U.S. crude oil production, drilling, and completion activity, and lower demand for proppant. This may adversely affect our business, financial condition, results of operations, cash flows, and prospects.

Our operations are subject to the seasonal and/or cyclical nature of our customers’ businesses, which could adversely affect our results of operations.

The substantial majority of our sales are to customers in industries that have historically been seasonal, such as glassmaking, construction and foundry, and/or cyclical, such as the oil and natural gas industry. During periods of economic slowdown, such customers often reduce their production rates and capital expenditures and defer or cancel pending projects. Such developments occur even among customers that are not experiencing financial difficulties. For example, we sell more of our products in the second and third quarters to customers who operate in the Industrial segment due to the seasonal rise in construction driven by more favorable weather conditions. We sell fewer of our products in the first and fourth quarters due to reduced construction and recreational activity largely as a result of adverse weather conditions. As a result, our results of operations may fluctuate on a quarterly basis and relative to corresponding periods in prior years, and any of these factors could adversely affect our business and cause our results of operations to decline.

We cannot predict or control the factors that affect demand for our products. Negative developments in the above factors, among others, could cause the demand for industrial and recreational sand to decline, which could adversely affect our business, financial condition, results of operations, cash flows and prospects.

Due to the inherent risks of our customers’ businesses, our results may be adversely affected.

Demand for industrial minerals is driven to a large extent by the construction and automotive industries. For example, demand for flat glass depends on the automotive and commercial and residential construction and remodeling industries, demand for commercial silica used to manufacture building products is driven primarily by demand in the construction industry and demand for foundry silica substantially depends on the rate of automobile, light truck and heavy equipment production as well as construction. Other factors influencing the demand for industrial minerals include (i) the substitution of plastic or other materials for glass, (ii) competition from offshore producers of glass products, (iii) changes in demand for our products due to technological innovations and (iv) prices, availability and other factors relating to our products.

We cannot predict or control the factors that affect demand for our products. Negative developments in the above factors, among others, could cause the demand for industrial and recreational sand to decline, which could adversely affect our business, financial condition, results of operations, cash flows and prospects.

Continued weakness in the industries we serve has had, and may in the future have, an adverse effect on sales of our products and our results of operations. A continued or renewed economic downturn in one or more of the industries or geographic regions that we serve, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.

A lack of dependable or available transportation services or infrastructure could have a material adverse effect on our business.

We have contracts with rail, truck, ship and barge services to move materials from our mines to our production facilities and to move products on to our customers. We also have arrangements with third parties to provide our customers with last mile logistics. Any significant delays, disruptions or the unavailability of transportation systems and services caused by, among other things, labor disputes, strikes, lock-outs, lack of maintenance, human error or malfeasance, accidents, transportation delays, mechanical difficulties, shortages of trucks, ships or barges, train derailments, bottlenecks, adverse weather conditions, earthquakes, storms, flooding, drought, other natural disasters or environmental events, increased railcar congestion or other events could have a material adverse effect on

our business. In addition, these events could temporarily impair our ability to supply customers through our logistics network of rail-based terminals or the ability of customers to take delivery and, in certain circumstances, constitute a force majeure event under our customer contracts, permitting customers to suspend taking delivery of and paying for our products.

We depend on rail transportation to transport our products.

Our business depends significantly on rail transportation. A significant disruption of the rail transportation services utilized by us or our customers could materially and adversely affect our business and results of operations.

From time to time, high demand and unusually adverse weather conditions may cause rail congestion, delays and logistical problems. Rail congestion may affect our ability to supply our products to customers in a timely or cost-effective manner, particularly in situations where our facilities are not located close to customer locations.

In addition to the products we supply, railcars transport many types of products across various industries. If railcar owners sell or lease railcars to our competitors or to companies operating in other industries, we may not have enough railcars to transport our products.

Our failure to properly anticipate our customers' rail transportation needs or to effectively expend capital on our railcar fleet could result in us losing business to our competitors.

In many cases, we rely on third parties to maintain the rail lines from our facilities to the national rail network, and any failure by those third parties to maintain the lines could impede our delivery of products, impose additional costs on Covia and have a material adverse effect on our business, results of operations and financial condition.

We have a large fleet of leased railcars which results in substantial fixed costs to our business. An oversized fleet relative to the demand for our product to be shipped via railroad or fleet costs which exceed the market rates for similar equipment may have a material adverse effect on our business and financial condition.

Our rail fleet primarily consists of covered sand hoppers which are used primarily to transport sand-based products. The largest use of our rail fleet is to transport our Northern White product within our Energy segment to customers. Our fleet consists of leases with maturity dates that, in some cases, extend beyond 2030. As a result of the reduction in demand for Northern White sand, a number of our leased railcars are no longer in use and are stored on track at our idled facilities or at third party locations. Additionally, the market decline for Northern White sand has caused a significant oversupply of available railcars in the market making it difficult to sub-lease excess railcars. The oversupply of these cars has also caused the market lease rates for railcars to decline significantly. Competitors who are able to procure railcars based on market lease rates today may have a cost advantage relative to Covia. The costs and liabilities associated with unused railcars can be substantial and may include storage costs, switching fees, freight costs and maintenance or repair costs. Furthermore, our railcars are stored at multiple locations with varying restrictions at each site. If we are unable to return railcars within the parameters required by the applicable lease, we may be considered in breach and incur significant costs as a result. These factors resulted in our reporting a substantial impairment in 2020 related to our right-of-use assets related to railcars.

We depend on trucking to transport a significant portion of our products, particularly in areas of increasing demand for our products. A shortage of available truck drivers and difficulty in truck driver recruitment and retention may have a material adverse effect on our business.

In addition to our rail network, we depend on trucking services, particularly in areas in which our customers' activity has rapidly increased resulting in spikes in demand for transportation. For example, we have significant demand from the Permian Basin in West Texas. As a result, there is high demand for qualified truck drivers to supply the goods necessary to support the increased activity in West Texas at a time when unemployment in the region is low, putting significant pressure on the supply of available qualified truck drivers. Any delay or inability to secure the personnel and services necessary to deliver our products to customers in high activity areas in a timely and cost-effective manner could cause customers to use a competitor and could have a material adverse effect on our business, results of operations and financial condition.

The U.S. trucking industry periodically experiences a shortage of qualified drivers, sometimes during periods of economic expansion in which alternative employment opportunities are more plentiful and freight demand increases, or alternatively during periods of

economic downturns, in which unemployment benefits might be extended and financing may be limited for independent contractors who seek to purchase equipment or for students who seek financial aid for driving school. Our independent contractors are responsible for paying for their own equipment, fuel and other operating costs, and significant increases in these costs could cause them to seek higher compensation from us or seek other opportunities within or outside the trucking industry.

The U.S. trucking industry also suffers from a high driver turnover rate. If we are unable to attract qualified independent contractors, we could be forced to, among other things, limit our growth, decrease the number of tractors in service, adjust independent contractor compensation, or pay higher rates to third-party truckload carriers, which could adversely affect our profitability and results of operations if not offset by a corresponding increase in customer rates.

Increasing logistics and transportation costs could reduce our revenues by causing our customers to reduce production or seek products from competitors or by impairing our ability to deliver products to customers.

Transportation, handling and related costs, including freight charges, fuel surcharges, transloading fees, switching fees, railcar lease costs, demurrage costs and storage fees, tend to be a significant component of our total delivered cost of sales. In many instances, transportation costs can represent up to 70% of the delivered cost of our products. As a result, the cost of transportation is a critical factor in a customer's purchasing decision. The high relative cost of transportation related expense tends to favor manufacturers located closely to the customer. Increased costs that cannot be passed on to customers could impair our ability to deliver products economically to customers or to expand our customer base. In addition, our competitors may be able to deliver products to our customers with lower transportation costs, which, in certain cases, may result in us losing business.

We transport significant volumes of minerals across long distances and international borders. Any increases in our logistics costs, as a result of increases in the price of oil or otherwise, would increase our costs and the prices of our products. In addition, any increases in customs or tariffs, as a result of changes to existing trade agreements between countries or otherwise, could increase our costs, the prices of our products to customers or decrease our margins. Such increases could harm our competitive position and could have a material adverse effect on our business, results of operations and financial condition.

Geographic shifts in demand could negatively impact our business.

A significant portion of our distribution infrastructure is in or near oil and gas producing areas. However, a significant portion of our frac sand processing facilities are located significant distances from our customers. Similarly, in our Industrial segment, a portion of our sales benefit from having facilities near customer locations. A shift in demand away from areas where we have significant distribution infrastructure or the relocation of our customers' businesses to areas farther from our facilities or distribution infrastructure could increase our costs for delivering products or result in our inability to supply certain customers, which could have a material adverse effect on our business, financial condition or results of operations.

Our business could be adversely affected by strikes or work stoppages by railroad workers, truckers and port workers.

There has been labor unrest, including strikes and work stoppages, among workers at various transportation providers and in industries affecting the transportation industry. We could lose business due to any significant work stoppage or slowdown and, if labor unrest results in increased rates for transportation providers such as truckers or railroad workers, we may not be able to pass these cost increases on to our customers. Future strikes by railroad workers in the U.S., Canada or anywhere else where our customers' freight travels by railroad would impact our operations. Any significant work stoppage, slowdown or other disruption involving railroads, truckers, ports or draymen could have a material adverse effect our business, financial condition or results of operations.

Our operations depend on our rights and ability to mine properties and on having renewed or received the required permits and approvals from governmental authorities and other third parties.

We hold numerous governmental, environmental, mining and other permits, water rights and approvals authorizing operations at each of our facilities. A decision by a governmental agency or other third party to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on our ability to continue operations at the affected facility. Furthermore, federal, state and local governments could impose a moratorium on mining operations in certain areas. Expansion of our existing operations is also predicated on securing the necessary environmental or other permits, and water rights or approvals, which we may not receive in a timely manner or at all.

In some instances, we have received access rights or easements from third parties, which allow for a more efficient operation than would exist without the access or easement. A third party could seek to suspend the access or easement, which could have a materially adverse effect on our business, results of operations or financial condition.

Changes in product mix can have an adverse effect on our gross margins and could cause our results of operations to fluctuate.

We produce many different products from the minerals we extract. Customers in the same industry may use different products for similar purposes, some of which may require more processing than others and subsequently may be more expensive for us to produce. The costs we experience at our manufacturing locations depend significantly on the mix of products produced, not all of which we may be able to pass along to customers, which can reduce our margins and which may fluctuate from period to period for a number of reasons. Furthermore, if one or more industries that we supply experience a significant shift in products, we could be forced to undertake significant expenditures to upgrade our operations to supply the products or to acquire or build additional production capacity in order to meet this demand to the extent our current operations cannot be retrofitted to supply such demand.

We may be adversely affected by decreased, or shifts in, demand for frac sand or the development of effective alternative proppants or new processes that replace hydraulic fracturing.

Frac sand and coated sand are proppants used in the completion and re-completion of oil and natural gas wells through the process of hydraulic fracturing. Frac sand is the most commonly used proppant and is less expensive than ceramic proppant. A significant shift in demand from sand-based proppants to other proppants, such as ceramic proppants, or a shift in demand from higher-margin sand-based proppants to lower-margin sand-based proppants, could have a material adverse effect on our business, financial condition and results of operations. The hydraulic fracturing industry is not fully mature and is still subject to technological change. The development and use of new technologies for effective alternative proppants, new technologies allowing for improved placement of proppants at reduced volumes, or the development of new processes to replace hydraulic fracturing altogether, could also cause a decline in demand for the sand-based proppants we produce and could have a material adverse effect on our business, financial condition and results of operations.

Similarly, over the last two years, our industry has seen a shift towards the use of in-basin sand, which is available closer to the wellsite. As a result, we have developed frac sand production capacity to meet the growing demand for in-basin sand. The increase in supply of in-basin sand, which may be of lower cost, in the Permian, Mid-Continental, and Eagle Ford basins, could adversely affect our locations where we sell Northern White sand, and our business as a whole if supply and demand are not congruent with our production capabilities.

In addition, the discovery by competitors of minerals in locations which are closer to our customers could provide competitors with a geographic advantage. Any significant reduction in demand for products sold from our facilities could have an adverse effect on our profitability, results of operations and financial condition.

A large percentage of our sales are subject to fluctuations in market pricing.

A large percentage of our supply agreements have market-based pricing mechanisms. Accordingly, in periods with decreasing prices, our results of operations may be weaker than if our supply agreements had fixed prices. In periods with increasing prices, our supply agreements permit us to increase prices; however, our customers may elect to cease purchasing our products if they do not agree with the price increases or are able to find alternative, cheaper sources of supply. Furthermore, certain volume-based supply agreements may influence our ability to fully capture current market pricing as such agreement may fix pricing. These pricing provisions may result in significant variability in our results of operations and cash flows from period to period.

A significant percentage of our volumes are also supplied under fixed price contracts. Over the life of such contracts, the contracted price for such minerals may be below the current market price, at times, significantly so. During such periods, this dynamic may depress our profit margins as compared to industry peers.

Changes in supply and demand dynamics could also impact market pricing for our products. A number of existing frac sand providers and new industry entrants have recently announced reserve acquisitions, processing capacity expansions and greenfield projects. In periods where sources of supply of raw frac sand exceed demand, prices for frac sand may decline and our results of operations and cash flows may decline, be volatile or otherwise be adversely affected. For example, several new and current sand suppliers have developed new in-basin facilities in the Permian, Mid-Continental, and Eagle Ford basins. While the quality and type of proppants

produced in-basin are not always the same as those produced in Northern White locations, the cost of this in-basin sand could be lower and the increase in supply of in-basin sand could become a suitable replacement for all or a portion of the Northern White sands particularly if customers change their sizing and quality specifications to favor in-basin sands. These factors could adversely affect our business, particularly at locations where we sell Northern White sand.

We may not be able to complete capital expansion projects, the actual costs of any capital expansion may exceed estimated costs, and we may not be able to secure demand for the incremental production capacity. In addition, actual operating costs for the new capacity may be higher than anticipated.

We undertake projects from time to time to expand our production capacity and distribution network and to modernize operations. For example, we are modernizing our nepheline syenite operations in Canada.

Capital expansion projects are subject to numerous regulatory, environmental, political and legal risks and uncertainties beyond our control that could delay the expansion, construction or optimization of our facilities, including but not limited to:

- our ability to timely obtain necessary authorizations, approvals and permits from regulatory agencies (including environmental agencies, such as the U.S. Fish and Wildlife Service agency, where our operations in West Texas may be slowed or halted due to conservation efforts targeted at the habitat of the dunes sagebrush lizard) on terms acceptable to us;
- potential changes in applicable federal, state and local statutes and regulations, including environmental requirements, that prevent a project from proceeding or increase the anticipated cost of the project;
- the inability to acquire rights-of-way or land or water rights on a timely basis on terms acceptable to us;
- the inability to acquire necessary energy supplies, including electricity, natural gas and diesel fuel;
- labor shortage risks, safety issues and work stoppages;
- engineering issues;
- contamination problems;
- equipment or raw material supply constraints; and
- unexpected equipment maintenance requirements.

If our assumptions regarding our estimated capital expenditures change or are inaccurate, we may require additional funding. Such funding may not be available on acceptable terms or at all. Moreover, actual operating costs after we complete a capacity expansion project may be higher than initially anticipated. We also may not secure off-take commitments for the incremental production from the incremental capacity and may not be able to secure adequate demand for the incremental production.

If we undertake capital expansion projects, they may not be completed on schedule or at the budgeted cost or at all. Upon the expenditure of future funds on a project, our revenues may not increase immediately, or as anticipated, or at all. For instance, we may construct new facilities over an extended period and will not receive any material increases in revenues until the projects are completed. Moreover, we may construct facilities to capture anticipated future growth in a location in which such growth does not materialize or for which we are unable to acquire new customers. We may also rely on estimates of proved, probable or possible reserves in our decision to undertake expansion projects, which may prove to be inaccurate. As a result, our new facilities and infrastructure may be unable to achieve our expected investment return, which could materially and adversely affect our results of operations and financial position. Furthermore, substantial investments in our transportation infrastructure may be required to effectively execute the capacity expansion, and we may not be successful in expanding our logistical capabilities to accommodate the additional production capacity.

Any failure to successfully implement any capacity expansion plans or realize the anticipated benefits of our capacity expansion plans could have a material adverse effect on our business, financial condition and results of operations.

Our future performance will depend on our ability to succeed in competitive industries and to appropriately react to potential fluctuations in demand for and supply of our products.

We operate in highly competitive industries involving several large, national producers and a larger number of small, local producers. Competition in the industries in which we operate is based on price, consistency and quality of product, site location, distribution and logistics capabilities, customer service, reliability of supply, breadth of product offering, availability of economic substitutes and technical support. Certain of our large competitors may have greater financial and other resources than we do, may develop superior technology or may have production facilities that are located closer to key customers than our facilities. Furthermore, competitors may choose to consolidate, which could provide them with greater financial and other resources and negatively impact demand for our products.

We also compete with smaller, local producers. In addition, oil and natural gas exploration and production companies and other providers of hydraulic fracturing services could acquire their own frac sand reserves, expand their existing frac sand production capacity or otherwise fulfill their own proppant requirements and existing or new frac sand producers could add to or expand their frac sand production capacity, which may negatively impact demand for our frac sand products.

We may not be able to compete successfully against either larger or smaller competitors in the future, and competition could have a material adverse effect on our business, financial condition and results of operations.

Certain of our products may be susceptible to displacement by alternative products.

Our customers have limited alternatives currently available for certain of our products. For example, we are one of the world's leading producers of low-iron nepheline syenite used in glass, ceramics, paint and plastics. However, while there are currently limited alternatives available to our nepheline syenite customers, other minerals can provide similar functional benefits. If these alternative products can be processed to provide a more cost-effective solution, the nature of the business presents an increased risk of an industry-wide switch to such alternative product, which could have a material adverse effect on our business, financial condition and results of operations.

If our customers delay or fail to pay a significant amount of their outstanding receivables, it could have a material adverse effect on our business, results of operations and financial condition.

Our credit procedures and policies may not be adequate to fully eliminate customer credit risk. Our customers may delay or fail to pay their invoices or may experience financial difficulties, including insolvency. In weak economic environments, we may experience increased delays or failures due to, among other reasons, a reduction in customers' cash flow from operations and their access to the credit markets. We may not be able to collect sums owed customers who file for bankruptcy protection, and also may be required to refund pre-petition amounts paid during the preference period (typically 90 days) prior to the bankruptcy filing. If our customers delay or fail to pay a significant amount of their outstanding receivables, it could have a material adverse effect on our business, results of operations and financial condition. Since our credit sales are highly-concentrated with customers dependent on the oil and gas markets, downturns in that industry could have a material adverse effect on our business, financial condition, and cash flows.

A large portion of our sales is generated by a limited number of customers, and the loss of, or a significant reduction in purchases by, our largest customers could adversely affect our operations.

In 2019, our top 10 customers accounted for approximately 36% of our revenues and no customers individually exceeded 10% of our revenues. These customers may not continue to purchase the same level of our products in the future due to a variety of reasons. For example, some of our top customers could go out of business or, alternatively, be acquired by other companies that purchase the same products and services provided by us from other third-party providers. Our customers could also seek to capture and develop their own sources of minerals they purchase from us.

We have sold product to our largest customers on both a purchase order basis and pursuant to supply agreements. We currently have supply agreements with certain of our top customers that contain customary termination provisions for that would allow the customer to terminate the agreement in the event of our insolvency, upon a bankruptcy filing or upon an uncured breach of the applicable agreement. Upon the expiration of our current supply agreements, we may choose to renegotiate existing contracts on less favorable terms or at reduced volumes in order to preserve relationships with our customers. Upon the expiration of our current contract terms, we may be unable to renew existing contracts or enter into new contracts on terms favorable to us, or at all. The demand for our products or prevailing prices at the time our current supply agreements expire may render entry into new long-term supply agreements

difficult or impossible. Any renegotiation of our contracts on less favorable terms, or inability to enter into new contracts on economically acceptable terms upon the expiration of our current contracts, could have a material adverse effect on our business, financial condition and results of operations.

If any of our major customers substantially reduces or altogether ceases purchasing our products and we are not able to generate replacement sales, our business, financial condition and results of operations could be materially and adversely affected.

Certain of our contracts contain provisions requiring us to deliver minimum amounts of minerals or purchase minimum amounts of services. Noncompliance with these contractual obligations may result in fees or termination of the agreement.

In certain instances, we commit to deliver products or purchase services under threat of nonperformance. If we are unable to meet the minimum contract requirements, the counterparty may be permitted to terminate the agreement or require us to pay a fee. The amount of the fee may be based on the difference between the minimum amount contracted for and the amount delivered or purchased. In such events, our business, financial condition and results of operations may be materially adversely affected.

A significant portion of our volume is generated from our Utica, Wedron, Crane, Kermit, and Tunnel City production facilities. Additionally, a significant portion of our energy sales are generated at terminals located in various shale plays. Any adverse developments at any of these production facilities and terminals or in the industries they serve could have a material adverse effect on our business, financial condition and results of operations.

A significant portion of our volumes are generated from our Utica, Illinois; Wedron, Illinois; Crane, Texas; Kermit, Texas and Tunnel City, Wisconsin production facilities. For 2019, approximately 44% of our total volumes were shipped from these facilities. In addition, a significant portion of our energy sales are generated at terminals located in various shale plays. Any adverse developments at these production facilities and terminals or in the industries these facilities serve, including adverse developments due to catastrophic events or weather (including floods, windstorms, ice storms or tornadoes), adverse government regulatory impacts, private actions by residents of the local or surrounding communities, or transportation-related constraints, could have a material adverse effect on our business, financial condition and results of operations.

In addition, any adverse development at our production facilities that would cause us to curtail, suspend or terminate operations at the production facilities could result in being unable to meet contracted deliveries. If we are unable to deliver contracted volumes within the required time frame, or otherwise arrange for delivery from a third party, we could be required to pay make-whole payments to customers that could have a material adverse effect on our financial condition and results of operations.

The manufacture of our products is dependent on the availability of raw materials and feedstocks.

We depend on suppliers for the raw materials and feedstocks necessary to produce many of our products. If we are unable to secure adequate, cost effective supply commitments for the raw materials and feedstocks associated with our products, our ability to produce and sell various products at profitable margins may be adversely impacted. Many raw materials and feedstocks are not sold pursuant to long-term contracts and we cannot guarantee that our suppliers will continue to provide necessary raw materials or feedstocks at reasonable prices or at all. The loss of key suppliers could have material adverse effect on our business, financial condition and results of operations.

Reduced access, lack of or inability to obtain access to water may adversely affect our operations or the operations of our customers.

The mining and processing that we engage in at a number of our facilities require significant amounts of water, and some of our facilities are located in areas that are water-constrained. Additionally, the development of oil and gas properties through fracture stimulation requires significant water use. We have obtained water rights that we currently use to service the activities on various properties, and we plan to obtain all required water rights to service other properties we may develop or acquire in the future. However, the amount of water that we and our customers are entitled to use pursuant to our water rights must be determined by the appropriate regulatory authorities in the jurisdictions in which we and our customers operate. Such regulatory authorities may amend the regulations regarding such water rights, increase the cost of maintaining such water rights or eliminate our current water rights, and we and our customers may be unable to retain all or a portion of such water rights. These new regulations, which could also affect local municipalities and other industrial operations, could have a material adverse effect on our operating costs if implemented. Such changes in laws, regulations or government policy and related interpretations pertaining to water rights may alter the environment in

which we and our customers do business, which may negatively affect our financial condition and results of operations. Additionally, a water discharge permit may be required to properly dispose of water at our processing sites. The water discharge permitting process is also subject to regulatory discretion, and any inability to obtain the necessary permits could have a material adverse effect on our financial condition and results of operations.

Title to our mineral properties and water rights, and royalties related to our production, may be disputed.

Title to, and the area of, mineral properties and water rights, and royalties related to our production of sand and other minerals, may be disputed. A successful claim that we lack appropriate mineral and water rights on one or more of our properties could cause us to lose any rights to explore, develop and operate mines on that property. Any decrease or disruption in our mineral rights may adversely affect our operations. In some instances, we have received access rights or easements from third parties, which allow for a more efficient operation than would exist without the access or easement. A third party could take action to suspend the access or easement, and any such action could have a material adverse effect on our results of operations or financial condition.

We do not own the land on which the majority of our terminal facilities are located and in some cases do not own the related terminal assets and, as a result, we rely on long-term leases or access agreements with third parties, including customers, with respect to certain of our terminal facilities and related assets, the loss or renegotiation of which could disrupt our operations.

We do not own the land on which the majority of our terminals are located and instead own leasehold interests and rights-of-way for the operation of these facilities. Upon expiration, termination or other lapse of our current leasehold terms, we may be unable to renew our existing leases or rights-of-way on terms favorable to us, or at all. Any renegotiation on less favorable terms or inability to enter into new leases on economically acceptable terms upon the expiration, termination or other lapse of our current leases or rights-of-way could cause us to cease operations on the affected land, increase costs related to continuing operations elsewhere and have a material adverse effect on our business, financial condition and results of operations. In addition, operating a terminal under a lease can involve escalating costs to us and additional operational difficulties, including with regard to hiring and retaining skilled personnel, which may be specifically controlled by the lessor.

In addition, with respect to certain terminals, we do not own the terminal assets themselves and have instead negotiated either long term leases with third parties or, in the case of certain customer-owned terminals, exclusive access agreements to the terminal. Any leases are subject to the risks of renegotiation at less favorable terms or the risk of failure to enter into new leases on economically acceptable terms. In certain circumstances, the terminals we use are owned by customers and our terminal access agreements are tied to supply agreements with these customers. In these cases, it is possible that our ability to continue operating these terminals could be impeded if the customer's volume needs diverge from our ability to supply those needs and the customer no longer allows us access to or use of the terminals.

If we cannot successfully complete acquisitions or integrate acquired businesses, our growth may be limited and our financial condition may be adversely affected.

One element of our business strategy includes supplementing internal growth by pursuing acquisitions. Any acquisition may involve potential risks, including, among other things:

- the validity of our assumptions about mineral reserves and future production, sales, capital expenditures, operating expenses and costs, including synergies;
- difficulties and delays in realizing anticipated benefits from the acquired businesses;
- an inability to successfully integrate the businesses that we acquire;
- the use of a significant portion of our available cash or borrowing capacity to finance acquisitions and the subsequent decrease in our liquidity;
- a significant increase in our interest expense or financial leverage if we incur additional debt to finance acquisitions;
- the assumption of unknown liabilities, losses or costs for which we are not indemnified or for which the indemnity we obtained is inadequate;
- the diversion of management's attention from other business concerns;
- an inability to hire, train or retain qualified personnel both to manage and to operate our growing business and assets;

- the incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges;
- unforeseen difficulties encountered in operating in new geographic areas;
- the loss of customers or key employees at the acquired businesses; and
- the accuracy of data obtained from production reports and engineering studies, geophysical and geological analyses, and other information used when deciding to acquire a property, the results of which are often inconclusive and subject to various interpretations.

If we cannot successfully complete acquisitions, realize the anticipated benefits of such acquisitions or integrate acquired businesses, our growth or financial condition may be adversely affected.

Inaccuracies in our estimates of mineral reserves could result in lower than expected sales and higher than expected costs.

We base our mineral reserve estimates on engineering, economic and geological data assembled and analyzed by our engineers and geologists, which are reviewed by outside firms. However, estimates of the quantities and qualities of mineral reserves and costs to mine recoverable reserves are imprecise because they are based on several factors and assumptions, all of which may vary considerably from actual results, such as:

- statistical inferences drawn from available drilling data;
- products, operating costs, mining technology improvements, development costs and reclamation costs;
- assumptions concerning future effects of regulation, including the issuance of required permits and taxes by governmental agencies; and
- changes in product mix.

Any inaccuracy in our estimates related to our mineral reserves could result in lower than expected sales and higher than expected costs.

We have incurred, and may incur in the future, costs to idle facilities, idled facility carrying costs, or increased costs to resume production at idled facilities.

As a result of new sources of supply and sequentially slower proppant demands, particularly as a result of the increase in demand for in-basin sand, we have idled operations at various mine locations, including at a number of our facilities producing Northern White. If we resume production at an idled facility, we would incur increased costs related to preparing for operation, performing any required repairs and maintenance, and training employees. We may idle additional facilities depending on future economic and market conditions and we would incur higher fixed costs to operate. Conversely, should market conditions improve rapidly, we may not be able to reactivate capacity quickly enough to capture incremental business.

Mine closures entail substantial costs, and if we close one or more of our mines sooner than anticipated, our results of operations and financial condition may be adversely affected.

We base our assumptions regarding the life of our mines on detailed studies that we perform from time to time, but these studies and the underlying assumptions are not always accurate. If we close any of our mines sooner than expected, sales will decline unless we are able to increase production at other mines, which may not be possible. The closure of a mine also involves significant fixed closure costs, including accelerated employment legacy costs, severance-related obligations, reclamation and other environmental costs and the costs of terminating long-term obligations, including energy contracts and equipment leases. We accrue for the costs of reclaiming open pits, stockpiles, tailings ponds, roads and other mining support areas over the estimated mining life of our property. If we reduce the estimated life of any of our mines, the fixed mine closure costs would be applied to a shorter period of production, which would increase production costs per ton produced and could materially and adversely affect our results of operations and financial condition.

Applicable statutes and regulations require that mining property be reclaimed following a mine closure in accordance with specified standards and an approved reclamation plan. The reclamation plan must address matters such as removal of facilities and equipment,

regrading, prevention of erosion and other forms of water pollution, re-vegetation and post-mining land use. We may be required to post a surety bond or other form of financial assurance equal to the cost of reclamation as set forth in the approved reclamation plan. The establishment of the final mine closure reclamation liability is based on permit requirements and requires various estimates and assumptions, principally associated with reclamation costs and production levels. If our accruals for expected reclamation and other costs associated with mine closures for which we will be responsible are determined to be insufficient, our business, results of operations and financial condition would be adversely affected.

Our production processes consume large amounts of natural gas and electricity. An increase in the price or a significant interruption in the supply of these or any other significant raw material costs could have a material adverse effect on our business, financial condition or results of operations.

Energy costs, primarily natural gas and electricity, are among our highest costs of goods sold. Natural gas is the primary fuel source used for drying sand in the commercial silica production process and, as such, our profitability is impacted by the price and availability of natural gas we purchase from third parties. The price and supply of natural gas are unpredictable and can fluctuate significantly based on international, political and economic circumstances, as well as other events outside our control, such as changes in supply and demand due to weather conditions, actions by OPEC and other oil and natural gas producers, local production patterns and environmental concerns. Furthermore, utility companies could enforce natural gas curtailments that affect our operations. In addition, potential climate change regulations or carbon or emissions taxes could result in higher production costs for energy, which may be passed on to us in whole or in part. In the past, the price of natural gas has been extremely volatile, and we expect that this volatility may continue. For example, during the year ended December 31, 2019, the monthly closing price of natural gas on the New York Mercantile Exchange ranged from a high of \$3.64 per million British Thermal Units (“BTUs”) to a low of \$2.14 per million BTUs. In order to manage the volatility risk, we may hedge natural gas prices through the use of derivative financial instruments, such as forwards, swaps and futures. However, these measures carry risk (including nonperformance by counterparties) and do not eliminate the risk of decreased margins as a result of natural gas price increases. A significant increase in the price of energy that is not recovered through an increase in the price of our products or an extended interruption in the supply of natural gas or electricity to our production facilities could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

Increases in the price of diesel fuel may adversely affect our results of operations.

Diesel fuel costs generally fluctuate with increasing and decreasing global crude oil prices and accordingly are subject to political, economic and market factors that are outside of our control. Our operations are dependent on earthmoving equipment, railcars and tractor trailers, and diesel fuel costs are a significant component of the operating expense of these vehicles. We use earthmoving equipment in our mining operations, and we ship the vast majority of our products by either railcar or tractor trailer. To the extent that we perform these services with equipment that we own, we are responsible for buying and supplying the diesel fuel needed to operate these vehicles. To the extent that these services are provided by independent contractors, we may be subject to fuel surcharges that attempt to recoup increased diesel fuel expenses. To the extent that we are unable to pass along increased diesel fuel costs to our customers, our results of operations could be adversely affected.

Phenol is the primary component of the resins we buy, and our resin supply agreements contain market-based pricing provisions based on the cost of phenol. As a result, we are exposed to fluctuations in the prices for phenol.

A significant increase in the price of phenol that is not recovered through an increase in the price of our resin products could have a material adverse effect on our business, financial condition and results of operations.

A shortage of skilled labor together with rising labor costs in the mining industry may further increase operating costs, which could adversely affect our results of operations.

Efficient mining using modern techniques and equipment requires skilled laborers, preferably with several years of experience and proficiency in multiple mining tasks, including processing of mined minerals. If the shortage of experienced labor continues or worsens or if we are unable to train the necessary number of skilled laborers, there could be an adverse impact on our labor productivity and costs and our ability to expand production.

Our business may suffer if we lose, or are unable to attract and retain, key personnel.

Our success depends, to a large extent, on the services of our key personnel and on our ability to attract, employ and retain highly-skilled personnel. Our key employees have extensive experience and expertise in evaluating and analyzing industrial mineral properties, building new processing facilities, maximizing production from such properties, marketing industrial mineral production, transportation, distribution and developing and executing financing and hedging strategies, as well as substantial experience and relationships with participants in the industries that we serve. Competition for management and key personnel is intense, and the pool of qualified candidates is limited. Further, most of our key employees are not employed pursuant to employment agreements. The loss of any of our key employees or the failure to attract additional personnel, as needed, could have a material adverse effect on our operations and could lead to higher labor costs or the use of less-qualified personnel. If any of our key employees join a competitor, or form a competing company, we could lose customers, suppliers, know-how and key personnel. We do not maintain key-man life insurance with respect to any of our employees.

Our profitability could be negatively affected if we fail to maintain satisfactory labor relations.

As of December 31, 2019, approximately 35% of our labor force was covered under approximately 25 union agreements in the U.S., Canada and Mexico. These agreements have varying terms and expiration dates and are renegotiated when their terms expire. If we are unable to renegotiate acceptable collective bargaining agreements with these labor unions in the future, we could experience, among other things, strikes, work stoppages or other slowdowns by our workers and increased operating costs as a result of higher wages, health care costs or benefits paid to our employees. An inability to maintain good relations with our workforce could cause a material adverse effect on our business, financial condition and results of operations.

Failure to maintain effective quality control systems at our mining, processing and production facilities could have a material adverse effect on our business, financial condition and operations.

The performance, quality and safety of our products are critical to the success of our business. These factors depend significantly on the effectiveness of our quality control systems, which, in turn, depends on a number of factors, including the design of our quality control systems, our quality-training program and our ability to ensure that our employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our business, financial condition, results of operations and reputation.

Severe weather conditions could have a material adverse impact on our business.

Our business could be materially adversely affected by weather conditions. Severe weather conditions may affect our customers' operations, thus reducing their need for our products. Weather conditions may impact our operations, resulting in weather-related damage to facilities and equipment or an inability to deliver equipment, personnel and products to job sites in accordance with contract schedules. In addition, the EPA has stated that climate change may lead to the increased frequency and severity of extreme weather events. Any such interference with our operations could force us to delay or curtail services and potentially breach our contractual obligations or result in a loss of productivity and an increase in operating costs.

In addition, severe winter weather conditions impact our operations by causing us to halt our excavation and wet plant related production activities at many of our facilities during the winter months. At such facilities, during non-winter months, we excavate excess sand to build a washed sand stockpile that feeds the dry plant, which continues to operate during the winter months. Unexpected winter conditions (e.g., if winter conditions arrive earlier or last longer than expected) may result in us not having a sufficient sand stockpile to supply feedstock for our dry plant during winter months, which could result in us being unable to meet our contracted sand deliveries during such time and lead to a material adverse effect on our business, financial condition, results of operations and reputation.

We rely upon trade secrets, contractual restrictions and patents to protect our proprietary rights. Failure to protect our intellectual property rights may undermine our competitive position, and protecting our rights or defending against third-party allegations of infringement may be costly.

Our commercial success depends on our proprietary information and technologies, know-how and other intellectual property. Because of the technical nature of our business, we rely on patents, trade secrets, trademarks and contractual restrictions to protect our intellectual property rights. The measures we take to protect our trade secrets and other intellectual property rights may be insufficient. If we fail to protect, monitor and control the use of existing intellectual property rights, we could lose our competitive

advantage and incur significant expenses. Our competitors or others could independently develop the same or similar technologies or otherwise obtain access to our unpatented technologies. In such case, our trade secrets would not prevent third parties from competing with us and our results of operations may be adversely affected. Furthermore, third parties or our employees may infringe or misappropriate our proprietary technologies or other intellectual property rights, which could also harm our business and results of operations. Policing unauthorized use of intellectual property rights can be difficult and expensive, and adequate remedies may not be available.

In addition, third parties may claim that our products infringe or otherwise violate their patents or other proprietary rights and seek corresponding damages or injunctive relief. Defending against such claims, with or without merit, could be time-consuming and result in costly litigation. An adverse outcome in any such litigation could subject us to significant liability to third parties (potentially including treble damages) or temporary or permanent injunctions prohibiting the manufacture or sale of our products, the use of our technologies or the conduct of our business. Any adverse outcome could also require us to seek licenses from third parties (which may not be available on acceptable terms, or at all) or to make substantial one-time or ongoing royalty payments. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation. In addition, we may not have insurance coverage in connection with such litigation and may have to bear all costs arising from any such litigation to the extent we are unable to recover them from other parties. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to interruptions or failures in our information technology systems. A cyber incident could occur and result in information theft, data corruption, operational disruption and/or financial loss.

We rely on sophisticated information technology systems and infrastructure to process transactions, summarize our operating results and manage our business. Our information technology systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events, such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism and usage errors by our employees. If our information technology systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data, interruptions or delays in our operations and become subject to negative publicity. The reliability and capacity of our information technology systems is critical to our operations and the implementation of our growth initiatives. Any material disruption in our information technology systems, or delays or difficulties in implementing or integrating new systems or enhancing current systems, could have an adverse effect on our business and results of operations.

Our information technologies, systems and networks, and those of our vendors, suppliers and other business partners, may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information (including information we collect and retain in connection with our business about our business partners and employees), or other disruption of business operations, and require us to incur significant expense (that we may not be able to recover in whole or in part from our service providers or responsible parties, or their or our insurers) to address and remediate or otherwise resolve. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. Our systems and insurance coverage for protecting against cyber security risks may not be sufficient. The unintended and/or unauthorized public disclosure or the misappropriation of proprietary, personal identifying or confidential information may also lead to litigation or other proceedings against us by affected individuals and/or business partners and/or by regulators, and the outcome of such proceedings, which could include losses, penalties, fines, injunctions, expenses and charges recorded against our earnings, could have a material and adverse effect on our financial position, results of operations and cash flows and harm our reputation. In addition, the costs of maintaining adequate protection against such threats, based on considerations of their evolution, increasing sophistication, pervasiveness and frequency and/or increasingly demanding government-mandated standards or obligations regarding information security and privacy, could be material to our consolidated financial statements in a particular period or over various periods.

Our international business exposes us to risks inherent in doing business abroad.

We conduct business in many parts of the world outside of the U.S., including Argentina, Mexico, Canada, Denmark, and China. Our international business is subject to the various laws and regulations of those respective countries as well as various risks peculiar to each country, which may include, but are not limited to:

- global economic conditions;

- political actions and requirements of national governments, including trade restrictions, embargoes, seizure, detention, nationalization and expropriations of assets;
- changes in and interpretation of tax statutes and requirements of taxing authorities worldwide, routine examination by taxing authorities and assessment of additional taxes, penalties and/or interest;
- war, civil unrest, riots and insurrections;
- acts of terrorism;
- criminal activities, including activities of drug cartels;
- the potential for the expropriation and nationalization of mines and other assets;
- devaluations and other fluctuations in currency exchange rates;
- the impact of inflation;
- changes in trade agreements, tariffs and other trade protection measures;
- restrictions on foreign investments;
- limitations on our ability to enforce legal rights and remedies;
- difficulty in repatriating foreign currency received in excess of the local currency requirements; and
- weak intellectual property protection.

We are currently subject to the U.S. Foreign Corrupt Practice Act (“FCPA”) and other antibribery legislation and regulations applicable in other countries. Our ability to comply with the FCPA and other anti-bribery legislation is dependent on the success of our ongoing compliance program, including our ability to continue to manage agents and business partners, and supervise, train and retain competent employees. We could be subject to sanctions and civil and criminal prosecution as well as fines and penalties in the event of a finding of a violation of the FCPA by us or any of our employees.

An epidemic, pandemic or public health crisis could disrupt our operations and have a material adverse effect on our business.

Our business could be materially and adversely affected by the outbreak of a widespread health epidemic or pandemic, such as coronavirus, avian flu or African swine flu. Outbreaks of contagious illness occur from time to time around the world. The occurrence of such an outbreak or other adverse public health developments could materially disrupt our business and operations, including if government authorities impose mandatory closures, seek voluntary closures or impose restrictions on operations. Furthermore, the risk of contracting viruses or other illnesses that may be transmitted through human contact could cause employees to avoid interacting with other people, which could materially and adversely affect the ability to adequately staff our operations. An outbreak could also cause disruption in our supply chain and adversely impact our ability to ensure supplies to our facilities and to provide safety measures to protect our employees, which could materially and adversely affect our continuous operations. If an outbreak reaches pandemic levels, there may also be long-term effects on the economies of effected countries. Any of the foregoing within the countries in which we or our customers and suppliers operate or are dependent on supplies or revenues would severely disrupt our operations and could have a material adverse effect on our business, results of operations, cash flows and financial condition

The extent to which our operations will be impacted by the outbreak will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of the outbreak and the actions by the government authorities to contain the outbreak or treat its impact, among other things. Insurance may be unavailable to cover any losses we incur as a result of the outbreak.

Even if a virus or other illness does not spread significantly, the perceived risk of infection or health risk may affect our business. Our operations could also be disrupted if any of our employees or employees of our customers and suppliers were suspected of having a contagious illness or susceptible to becoming infected with a contagious illness, since this could require us or our customers and suppliers to screen and/or quarantine some or all of such employees.

A terrorist attack or armed conflict could harm our business.

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the U.S. or other countries in which we operate could adversely affect the U.S. and global economies and could prevent us from meeting financial and other obligations. We could experience loss of business, delays or defaults in payments from payors or disruptions of fuel supplies and markets if pipelines, production facilities, processing facilities or refineries are direct targets or indirect casualties of an act of terror or war. Such activities could reduce the overall demand for oil and gas, which, in turn, could also reduce the demand for our products and services. Terrorist activities and the threat of potential terrorist activities and any resulting economic downturn could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies.

We may incur substantial product liability exposure due to the use or misuse of our products, and product liability insurance may be insufficient to cover claims against us.

Our business exposes us to potential liability risks as a result of the use or misuse of our products. We may face liability to distributors and customers and could also face substantial liability for damages if the ultimate end use of our products causes harm to consumers and other users. Any such failures or defects could affect our relationships with distributors and customers, harm our reputation in the market and have an adverse effect on our business. In addition, if any judgments or liabilities are material in size, we may be unable to satisfy such liabilities. It is possible that widespread product liability claims could increase our costs and adversely affect revenues and operating income. Moreover, liability claims arising from a serious adverse event may increase our costs through higher insurance premiums and deductibles and may make it more difficult to secure adequate insurance coverage in the future. In addition, our product liability insurance may fail to cover future product liability claims, thereby requiring us to pay substantial monetary damages and adversely affecting our business.

The increasing cost of employee healthcare may have an adverse effect on our profitability.

The cost of providing healthcare coverage for employees is becoming an increasingly significant operating cost for many companies. If healthcare costs continue to increase at a rapid pace, we may not pass on these costs to employees. Therefore, if we are unable to offset rising healthcare costs through improved operating efficiencies and reduced expenditures, the increased costs of employee healthcare may have an adverse effect on our profitability and operating results.

An impairment of goodwill, intangible assets, or long-lived assets may adversely affect our financial condition and results of operations.

We recorded goodwill as a result of the Merger, and other assets were recorded as a result of the purchase price allocation performed in connection with the Merger. Under U.S. Generally Accepted Accounting Principles (“GAAP”), goodwill and intangible assets with indefinite lives are not amortized but are tested for impairment annually, or more often if an event or circumstance indicates that an impairment loss may have been incurred. Other intangible assets with a finite life are amortized on a straight-line basis over their estimated useful lives and reviewed for impairment whenever there is an indication of impairment. Long-lived assets are periodically evaluated for impairment when current events or circumstances indicate that the carrying value of our long-lived assets may not be recoverable. Impairment evaluations are, by their nature, highly subjective. The use of different estimates and assumptions could result in a materially different outcome, which could impact the need to record an impairment charge and the amount of any charge taken. Further, our products may become obsolete or commercially less desirable due to changes in technology, market demand, or market expectations, and result in a charge.

As a result of the dynamic shift in Energy markets, we incurred goodwill and other asset impairment charges of \$1.4 billion and \$267.0 million in the years ended December 31, 2019 and 2018, respectively. See Note 6 in the Notes to the Consolidated Financial Statements for further information. Additional impairment charges may be incurred in the future, which could be significant, and which could have an adverse effect on our financial condition and results of operations.

Risks Related to Our Indebtedness

Our substantial indebtedness and pension obligations could adversely affect our financial flexibility, competitive position and may be difficult to refinance.

In connection with the Merger, we completed a debt refinancing transaction with Barclays by entering into the Term Loan and the Revolver. The proceeds of the Term Loan were used to repay the indebtedness of Unimin and Fairmount Santrol, repurchase shares from Sibelco, and to pay the cash portion of the Merger consideration and expenses related to the Merger. We voluntarily cancelled the Revolver in conjunction with receiving a commitment from PNC Bank, National Association for a new, three-year credit facility,

effective on December 31, 2019. The new facility is expected to bear interest of LIBOR plus 1.75% and be secured by our U.S. accounts receivables. As of December 31, 2019, we had approximately \$1.57 billion outstanding on the Term Loan compared to an Adjusted EBITDA of \$143.0 million. As our Adjusted EBITDA has declined sharply since we completed the debt refinancing, we may be unable to refinance our Term Loan when it matures in 2025. See Note 14 in our consolidated financial statements included in this Report for further detail.

We also have significant pension obligations. As of December 31, 2019, the underfunded amount of our pension plans was approximately \$50.0 million. In addition, we contribute to several multiemployer pension plans based on obligations arising under collective bargaining agreements with unions representing employees covered by those agreements. Approximately 7% of our current U.S. employees participate in such multiemployer plans. In 2019, our total contributions to our pension plans were approximately \$3.8 million. Fairmount Santrol previously participated in a multiemployer defined benefit pension plan. Fairmount Santrol withdrew from the plan in October 2015 and recorded a liability of approximately \$9.3 million as of December 31, 2016, which is payable in annual installments until November 2035 and has a net present value of \$4.1 million at December 31, 2019.

Our indebtedness and pension obligations could have important consequences and significant effects on our business. For example, they could:

- increase our vulnerability to adverse changes in general economic, industry and competitive conditions;
- require us to dedicate a substantial portion of cash flow from operations to making payments on our indebtedness and pension obligations, thereby reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- restrict us from exploiting business opportunities;
- make it more difficult to satisfy our financial obligations, including payments on our indebtedness;
- place us at a disadvantage compared to our competitors that have less debt and fewer pension obligations; and
- limit our ability to refinance our current indebtedness or borrow additional funds for working capital, capital expenditures, railcar or other future purchase commitments, acquisitions, debt service requirements, execution of our business strategy or other general corporate purposes.

In addition, we have exposure to increases in interest rates under our debt, which will accrue interest at variable rates. As a result of this variable interest rate debt, our financial condition could be adversely affected by increases in interest rates.

The agreements governing our indebtedness contain covenants and substantial restrictions that may restrict our business and financing activities.

The agreements that govern our indebtedness contain, and any future financing agreements we may enter into will likely contain, operating and financial restrictions and covenants that may restrict our ability to finance future operations or capital needs or to engage in, expand or pursue business activities. These covenants include, among other things, limitations on the incurrence of indebtedness, the incurrence of liens, investments, asset sales, affiliate transactions, repurchases of equity securities, the declaration and payment of dividends, and mergers, consolidations and other fundamental transactions.

Our ability to comply with these restrictions and covenants is uncertain and will be affected by the levels of cash flow from operations and events or circumstances beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests set forth in the debt agreements, a significant portion of our indebtedness may become immediately due and payable and the lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. Even if we could obtain alternative financing, that financing may not be on terms that are favorable or acceptable to us. In addition, our obligations under the agreements governing our indebtedness will be secured by substantially all of our assets, and if we are unable to repay our indebtedness under these agreements, the lenders could seek to foreclose on our assets and could initiate a bankruptcy proceeding or liquidation proceeding against the collateral.

We may incur substantial additional debt in the future in order to maintain or increase production levels and to otherwise pursue our business plan. We may not be able to borrow funds successfully or, if we can, this debt may impair our ability to operate our business.

Over the past several months, we have evaluated and pursued, and we expect that we will continue to assess our strategic options, including additional external funding sources, to maximize value for our stockholders. The cost of potential borrowings and our obligations to repay such borrowings could have important consequences because:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms, or at all;
- covenants contained in our existing and future credit and debt arrangements may require us to meet financial tests that may affect flexibility in planning for, and reacting to, changes in business, including possible acquisition opportunities;
- we will need to dedicate a substantial portion of cash flow to make principal and interest payments on indebtedness, reducing the funds that would otherwise be available for operations and future business opportunities; and
- our debt level makes us more vulnerable than less leveraged competitors to competitive pressures or a downturn in business or the economy generally.

Our ability to service or refinance our indebtedness will depend on, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to generate cash flows in order to service current or future indebtedness, we would be forced to take actions such as reducing or delaying business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms or at all.

Changes in the method by which LIBOR rates are determined could impact our interest payments for loans under our Term Loan and our Revolver.

Actions by the Intercontinental Exchange Benchmark Administration (“ICE”), regulators or law enforcement agencies may result in changes to the manner in which London Interbank Offered Rate (“LIBOR”) is determined or the establishment of alternative reference rates. For example, on July 27, 2017, the U.K. Financial Conduct Authority (“FCA”) announced that it will no longer compel or persuade banks to submit LIBOR rates after 2021. The FCA announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. Further, the Federal Reserve began suggesting the use of the Secured Overnight Financing Rate (“SOFR”) as part of an effort to move away from LIBOR. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the United Kingdom, the U.S., or elsewhere. Any changes announced by the ICE, the FCA, other regulators or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which the LIBOR rates are determined may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. Loans under our Term Loan bear interest at either LIBOR or a base rate, at the borrower’s election, plus a spread determined by our leverage ratio. If a sudden or prolonged increase or decrease in the reported LIBOR rates were to occur, the level of interest payments for loans under our Term Loan may be affected.

Risks Related to Environmental, Mining, and Other Regulation

We and our customers are subject to extensive environmental and health and safety regulations that impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect our results of operations and financial condition.

We are subject to a variety of federal, state, provincial and local environmental laws and regulations applicable to the mining and mineral processing industry, including without limitation, laws and regulations relating to employee health and safety, environmental permitting and licensing, air and water emissions, GHG, water pollution, waste management, remediation of soil and groundwater contamination, land use, reclamation and restoration of properties, hazardous materials and natural resources. Some environmental laws impose substantial penalties for noncompliance, and others, such as CERCLA, impose strict, retroactive and joint and several liability for the remediation of releases of hazardous substances. Liability under CERCLA, or similar state, provincial and local laws in the jurisdictions where we operate, may be imposed as a result of conduct that was lawful at the time it occurred or for the conduct of, or conditions caused by, prior operators or other third parties. Failure to properly handle, transport, store or dispose of hazardous materials or otherwise conduct operations in compliance with applicable environmental laws and regulations could expose us to liability for governmental penalties, cleanup costs and civil or criminal liability associated with releases of such materials into the environment, damages to property or natural resources and other damages, as well as potentially impair our ability to conduct our

operations. In addition, future environmental laws and regulations could restrict our ability to expand our facilities or extract mineral reserves or could require us to modify operations, acquire costly equipment or incur other significant expenses in connection with our business. Future events, including changes in any environmental laws or regulations (or their interpretation or enforcement) and the costs associated with complying with such requirements, could have a material adverse effect on us.

Our failure to comply with applicable environmental laws and regulations may cause governmental authorities to take actions that could adversely impact our operations and financial condition, including:

- issuance of administrative, civil and criminal penalties;
- denial, modification or revocation of permits or other authorizations;
- imposition of injunctive obligations or other limitations on our operations, including cessation of operations; and
- requirements to perform site investigatory, remedial or other corrective actions.

Moreover, environmental requirements, and the interpretation and enforcement thereof, change frequently and have tended to become more stringent over time. For example, greenhouse gas emission regulation is becoming more rigorous. Additional greenhouse gas emission related requirements at the supranational, federal, state, regional, provincial and local levels are in various stages of development. We are required to annually calculate greenhouse gas emissions for operations in Wedron, Illinois; Nephton, Ontario, Canada; Saint Canut, Quebec, Canada; Canoitas, Mexico; and Jaltipan, Mexico. The U.S. Congress has considered, and may adopt in the future, various legislative proposals to address climate change, including a nationwide limit on greenhouse gas emissions. In addition, the EPA has issued regulations that subject greenhouse gas emissions from certain stationary sources to the Prevention of Significant Deterioration and Title V provisions of the federal Clean Air Act. Any such regulations in the U.S., Canada or Mexico could require us to modify existing permits or obtain new permits, implement additional pollution control technology, curtail operations or significantly increase operating costs. Any regulation of greenhouse gas emissions, including, for example, through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business, financial condition, reputation, operating performance and product demand.

We may not be able to comply with any new laws and regulations that are adopted, and any new laws and regulations could have a material adverse effect on our operating results by requiring us to modify our operations or equipment or shut down some or all of our facilities. Additionally, our customers may not be able to comply with any new laws and regulations, and any new laws and regulations could have a material adverse effect on our customers by requiring them to shut down old facilities or to relocate facilities to locations with less stringent regulations farther away from our facilities. We cannot, at this time, reasonably estimate our costs of compliance or the timing of any costs associated with any new laws and regulations or any material adverse effect that any new standards will have on our customers and, consequently, on our operations.

Our customers' operations are subject to a number of risks arising out of the threat of climate change, including regulatory, political, litigation and financial risks, which could result in increased operating and capital costs for our customers and reduced demand for the products and services we provide.

Climate change continues to attract considerable attention in the United States and in foreign countries. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of GHGs, as well as to limit such future emissions. As a result, the operations of our customers are subject to a series of regulatory, political, litigation and financial risks associated with the production and processing of oil and gas and emission of GHGs.

In the United States, no comprehensive climate change legislation has been implemented at the federal level, to date. However, with the U.S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources, and implement New Source Performance Standards directing the reduction of methane from certain new, modified or reconstructed facilities in the oil and natural gas sector. Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs and restriction of emissions. At the international level, there exists the United Nations-sponsored "Paris Agreement," which is a non-binding agreement for nations to limit their GHG emissions through individually-determined reduction goals every five years after 2020, although the United States has announced its withdrawal from such agreement, effective November 4, 2020.

Governmental, scientific and public concern over the threat of climate change arising from GHG emissions has resulted in federal political risks in the United States in the form of pledges made by certain candidates seeking the office of the President of the United States in 2020. Critical declarations made by one or more presidential candidates include proposals to ban hydraulic fracturing of oil and natural gas wells and ban new leases for production of minerals on federal properties, including onshore lands and offshore waters. Other actions to oil and natural gas production activities that could be pursued by presidential candidates may include more restrictive requirements for the establishment of pipeline infrastructure or the permitting of liquefied natural gas export facilities, as well as the rescission of the United States' withdrawal from the Paris Agreement in November 2020. Litigation risks are also increasing, as a number of cities, local governments and other plaintiffs have sought to bring suit against the largest oil and natural gas exploration and production companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts.

There are also increasing financial risks for fossil fuel producers as stockholders and bondholders currently invested in fossil-fuel energy companies concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-fossil fuel energy related sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. Additionally, the lending and investment practices of institutional lenders have been the subject of intensive lobbying efforts in recent years, oftentimes public in nature, by environmental activists, proponents of the international Paris Agreement and foreign citizenry concerned about climate change not to provide funding for fossil fuel producers. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities.

The adoption and implementation of any federal or state legislation or regulations or international agreements that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased compliance costs or costs of consuming fossil fuels. Moreover, such new legislation or regulatory programs could also materially and adversely affect demand for the oil and natural gas our customers produce, which may reduce demand for our frac sand products and services. Additionally, political, financial and litigation risks may result in our oil and natural gas customers restricting or canceling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing the ability to continue to operate in an economic manner, which also could reduce demand for our products and services. Any one or more of these developments could have a material adverse effect on our business, financial condition and results of operations. Finally, increasing concentrations of GHG in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, rising sea levels and other climatic events. If any such climate changes were to occur, they could have an adverse effect on our financial condition and results of operations and the financial condition and operations of our customers.

We are subject to the Federal Mine Safety and Health Act of 1977, the Occupational Safety and Health Act of 1970 and other laws and regulations which impose stringent health and safety standards on numerous aspects of our operations.

Our operations are subject to the Federal Mine Safety and Health Act of 1977, as amended by the Mine Improvement and New Emergency Response Act of 2006, and the Occupational Safety and Health Act of 1970. These statutes and the regulations adopted pursuant thereto impose stringent health and safety standards on numerous aspects of mineral extraction and processing operations, including the training of personnel, operating procedures, operating equipment and other matters. We are subject to laws and regulations relating to human exposure to respirable crystalline silica. Several federal and state regulatory authorities, including MSHA and OSHA, may continue to propose changes in their regulations regarding workplace exposure to respirable crystalline silica, such as permissible exposure limits and required controls and personal protective equipment. For example, in June 2016, OSHA adopted regulations that reduced permissible exposure limits to 50 micrograms of respirable crystalline silica per cubic meter of air, averaged over an eight-hour day. Our failure to comply with such laws, regulations and standards, or changes in such laws, regulations and standards or the interpretation or enforcement thereof, may have a material adverse effect on our business, financial condition and results of operations or otherwise impose significant restrictions on our ability to conduct mineral extraction and processing operations.

Silica-related health issues and litigation could have a material adverse effect on our business, reputation or results of operations.

The inhalation of respirable crystalline silica can lead to the lung disease silicosis. There is some evidence of an association between respirable silica exposure and lung cancer as well as a possible association with other diseases, including immune system disorders such as scleroderma. These health risks have been, and may continue to be, a significant issue confronting the silica industry. Concerns over silicosis and other potential adverse health effects, as well as concerns regarding potential liability from the use of silica, may have the effect of discouraging our customers' use of silica products. The actual or perceived health risks of mining, processing and handling silica could materially and adversely affect silica producers, including us, through reduced use of silica products, the threat of product liability or employee lawsuits, increased scrutiny by federal, state and local regulatory authorities of us and our customers, or reduced financing sources available to the silica industry.

We and/or our predecessors have been named as a defendant, usually among many defendants, in numerous products liability lawsuits alleging damages caused by silica exposure, mostly brought by or on behalf of current or former employees of customers of the defendants. As of December 31, 2019, there were 40 active silica-related products liability claims pending in which we are a defendant. During the year ended December 31, 2019, 100 plaintiffs' claims against us were dismissed. Many of the claims pending against us arise out of the alleged use of silica products in foundries or as an abrasive blast media and have been filed in various jurisdictions. In accordance with our insurance obligations, these claims are being defended by our subsidiaries' insurance carriers, subject to our payment of a percentage of the defense costs. We cannot predict with certainty the outcomes of these legal proceedings and other contingencies, and the costs incurred in litigation can be substantial, regardless of the outcome. Substantial unanticipated verdicts, fines and rulings do sometimes occur. As a result, we could from time to time incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations in the period in which the amounts are accrued and/or our cash flows in the period in which the amounts are paid.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing and the potential for related litigation could result in increased costs and additional operating restrictions or delays for our customers, which could cause a decline in the demand for sand-based proppants and negatively impact our business, financial condition and results of operations.

A significant portion of our business supplies frac sand to hydraulic fracturing operators in the oil and natural gas industry. Although we do not directly engage in hydraulic fracturing activities, our customers purchase frac sand from us for use in their hydraulic fracturing operations. Hydraulic fracturing is a widely used industry production technique that is used to recover natural gas and/or oil from dense subsurface rock formations. The process involves the injection of water, sand and chemicals, under pressure, into the formation to fracture the surrounding rock and stimulate production.

The hydraulic fracturing process has historically been regulated by state or local governmental authorities. However, the practice of hydraulic fracturing has become controversial in some areas and is undergoing increased scrutiny. Several federal agencies, regulatory authorities and legislative entities are investigating the potential environmental impacts of hydraulic fracturing and whether additional regulation may be necessary. For instance, the EPA has asserted limited federal regulatory authority over hydraulic fracturing and has indicated it may seek to further expand its regulation of hydraulic fracturing. The U.S. Congress has from time to time considered the adoption of legislation to provide for federal regulation of hydraulic fracturing.

In addition, various state, local and foreign governments have implemented, or are considering, increased regulatory oversight of hydraulic fracturing through additional permitting requirements, operational restrictions, disclosure requirements and temporary or permanent bans on hydraulic fracturing in certain areas such as environmentally sensitive watersheds. For example, Vermont and New York banned hydraulic fracturing in 2012 and 2015, respectively. Several local municipalities across the U.S. have instituted measures temporarily or permanently banning or otherwise limiting or delaying hydraulic fracturing in their jurisdictions. Such moratoriums and bans could make it more difficult to conduct hydraulic fracturing operations and increase our customers' cost of doing business, which could negatively impact demand for our frac sand products. In addition, new OSHA rules regulating certain aspects of the use of silica in the hydraulic fracturing industry and becoming effective in 2021 will increase costs for companies in the hydraulic fracturing industry by compelling them to meet the same standards for employees that we currently satisfy. A number of states, including the major oil and gas producing states of North Dakota, Ohio, Oklahoma, Pennsylvania, Texas and West Virginia, have also enacted legislation or issued regulations that impose various disclosure requirements on hydraulic fracturing operators. The availability of information regarding the constituents of hydraulic fracturing fluids could make it easier for third parties opposing the hydraulic fracturing process, including non-governmental organizations, to challenge the exploration, development and production of oil and natural gas, or initiate individual or class action legal proceedings based on allegations that specific chemicals used in the hydraulic fracturing process could adversely affect groundwater and drinking water supplies or otherwise cause harm to human health or the environment. Moreover, disclosure to third parties or to the public, even if inadvertent, of our customers' proprietary chemical

formulas could diminish the value of those formulas and result in competitive harm to such customers, which could indirectly impact our business, financial condition and results of operations.

Although we do not conduct hydraulic fracturing, the adoption of new laws or regulations at the federal, state, local or foreign levels imposing reporting obligations on, or otherwise limiting or delaying, the hydraulic fracturing process could make it more difficult to complete oil and natural gas wells, increase our customers' costs of compliance and doing business and otherwise adversely affect the hydraulic fracturing services they perform, which could negatively impact demand for our sand-based proppants. In addition, heightened political, regulatory and public scrutiny of hydraulic fracturing practices, including nuisance lawsuits, could expose us or our customers to increased legal and regulatory proceedings, which could be time-consuming, costly or result in substantial legal liability or significant reputational harm. We could be directly affected by adverse litigation involving us or indirectly affected if the cost of compliance limits the ability of our customers to operate. Such costs and scrutiny could directly or indirectly, through reduced demand for our sand-based proppants, have a material adverse effect on our business, financial condition and results of operations.

We and our customers are subject to other extensive regulations, including licensing, plant and wildlife protection and reclamation regulations that impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect our results of operations.

In addition to the regulatory matters described above, we and our customers are subject to extensive governmental regulation on matters such as permitting and licensing requirements, plant and wildlife protection, wetlands protection, and the reclamation and restoration of mining properties after mining is completed. Our future success depends on, among other things, the quantity of our mineral reserves and our ability to extract these reserves profitably and customers being able to operate their businesses as they currently do.

In order to obtain permits and renewals of permits in the future, we may be required to prepare and present data to governmental authorities pertaining to the impact that any proposed exploration or production activities, individually or in the aggregate, may have on the environment. Certain approval procedures may require preparation of archaeological surveys, endangered species studies and other studies to assess the environmental impact of new sites or the expansion of existing sites. Compliance with these regulatory requirements is expensive and significantly lengthens the time needed to develop a site. Finally, obtaining or renewing required permits is sometimes delayed or prevented due to community opposition, including nuisance lawsuits, and other factors beyond our control. The denial of a permit essential to our operations or the imposition of conditions with which it is not practicable or feasible to comply could impair or prevent our ability to develop or expand a site. New legal requirements, including those related to the protection of the environment, or the identification of certain species as threatened or endangered could be adopted that could materially adversely affect our mining operations (including our ability to extract mineral reserves), our cost structure or our customers' ability to use sand-based proppants. Such current or future regulations could have a material adverse effect on our business and we may not be able to obtain or renew permits in the future.

Our inability to acquire, maintain or renew financial assurances related to the reclamation and restoration of mining property could have a material adverse effect on our business, financial condition and results of operations.

We are generally obligated to restore property in accordance with regulatory standards and our approved reclamation plan after it has been mined. We are required under federal, state and local laws to maintain financial assurances, such as surety bonds, to secure such obligations. The inability to acquire, maintain or renew such assurances, as required by federal, state and local laws, could subject Covia to fines and penalties as well as the revocation of operating permits. Such inability could result from a variety of factors, including:

- the lack of availability, higher expense or unreasonable terms of such financial assurances;
- the ability of current and future financial assurance counterparties to increase required collateral; and
- the exercise by financial assurance counterparties of any rights to refuse to renew the financial assurance instruments.

Our inability to acquire, maintain or renew necessary financial assurances related to the reclamation and restoration of mining property could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Investing in and Ownership of Our Common Stock

Future sales or issuances of our common stock, including sales by Sibelco, could have a negative impact on our common stock price.

Sibelco owns, directly or indirectly, approximately 65% of our common stock. Sales of our common stock by Sibelco or the perception that sales may be made by Sibelco could significantly reduce the market price of our common stock. In addition, even if Sibelco does not sell a large number of shares of our common stock into the market, its right to transfer such shares may depress the stock price of our common stock.

Pursuant to the terms and conditions of a Registration Rights Agreement, Sibelco is entitled to registration rights with respect to the shares of our common stock it owns. These registration rights include the right to demand that its shares be registered, the right to choose the method by which its shares of common stock are distributed, a choice as to the underwriter and registration rights in conjunction with other registered offerings by us. Expenses incident to our performance of or compliance with a demand registration made by Sibelco will be borne by us. If Sibelco exercises its registration rights, the market price of shares of our common stock may be adversely affected.

Additionally, Sibelco is party to the Stockholders Agreement that was effective upon the closing of the Merger by and among Sibelco, Unimin and the other stockholders named therein (“Stockholders Agreement”) pursuant to which Sibelco is subject to certain transfer restrictions. In particular, for three years following the effective time, Sibelco will not, and will cause its controlled affiliates not to, transfer or agree to transfer any of our common stock or other shares of capital stock to any person (other than an affiliate of Sibelco) or group if such person or group would, following such transfer, beneficially own in excess of (i) 15% of the voting power of the outstanding shares of our voting stock or (ii) 50% of the voting power of our outstanding shares of voting stock, unless such person agrees to make an offer to purchase all shares of our common stock held by our stockholders for the same consideration and on substantially the same terms and conditions.

Notwithstanding the foregoing, Sibelco can transfer shares of our common stock at any time (i) to any wholly owned affiliate of Sibelco who signs a joinder to the Stockholders Agreement, (ii) pursuant to a public offering of shares of our common stock (including pursuant to spin-off or split-off transactions or related actions involving a person holding Sibelco’s interest in us) or (iii) in connection with a change of control of Sibelco. A change of control of Sibelco means (i) the acquisition by any other person, directly or indirectly, of record or beneficial ownership of more than 50% of the total voting securities of Sibelco, (ii) the acquisition by any other person of all or substantially all of the consolidated assets of Sibelco or (iii) the acquisition by any other person of the ability to vote or direct the voting securities of Sibelco for the election of a majority of Sibelco’s directors.

Sibelco will exercise significant influence over us, and its interests in us may be different than yours.

Sibelco beneficially owns, directly or indirectly, approximately 65% of the outstanding shares of our common stock. In addition, pursuant to the Stockholders Agreement, Sibelco has certain preemptive rights pursuant to which it will be able to purchase its pro rata portion of any new securities that we may, from time to time, propose to issue or sell to any person, with certain exceptions. Accordingly, subject to applicable law and the limitations set forth in our certificate of incorporation, bylaws and the Stockholders Agreement, Sibelco is able to exercise significant influence over our business policies and affairs, including any action requiring the approval of our stockholders, including the adoption of amendments to our certificate of incorporation and bylaws and the approval of a merger or sale of all or substantially all of our assets.

Subject to the limitations included in our certificate of incorporation, bylaws and the Stockholders Agreement, the directors nominated by Unimin in connection with the Merger will have significant authority to effect decisions affecting our capital structure, including the issuance of additional capital stock, the incurrence of additional indebtedness, the implementation of stock repurchase programs and the decision of whether or not to declare dividends. In addition, we entered into a Contribution Agreement, Tax Matters Agreement, Distribution Agreements, Agency Agreements and Non-Compete Agreement with Sibelco, which are discussed in the section entitled “Certain Relationships and Related Party Transactions – Relationship with Sibelco” in the Form S-4.

The interests of Sibelco may conflict with the interests of our other stockholders. For example, Sibelco may support certain long-term strategies or objectives for us that may not be accretive to our stockholders in the short term. The concentration of ownership may also delay, defer or even prevent a change in control of us, even if such a change in control would benefit our other stockholders, and may make some transactions more difficult or impossible without the support of Sibelco. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in companies with stockholders who own significant percentages of a company’s outstanding stock. In addition, sales by

Sibelco of shares of our common stock in the market, or the perception that Sibelco might sell shares in the market, or the fact that a large portion of our common stock is not part of the public float, could have an adverse effect on the trading market for our common stock.

We are a “controlled company” within the meaning of the rules of the NYSE and, as a result, qualify for, and may rely on, exemptions from certain corporate governance requirements.

In addition to the consequences of the concentration of share ownership and possible conflicts between the interests of Sibelco and your interests discussed above, we are a “controlled company” within the meaning of the rules of the NYSE. Under these rules, a company in which over 50% of the voting power is held by an individual, a group or another company is a “controlled company” and is not required to have:

- a majority of its board of directors be independent directors;
- a nominating/corporate governance committee or a compensation committee, or to have such committees be composed entirely of independent directors; and
- the compensation of our Chief Executive Officer be determined, or recommended to the board of directors for determination, either by a compensation committee comprised of independent directors or by a majority of the independent directors on the board of directors.

We may rely on certain of these exemptions. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE without regard to the exemptions available for “controlled companies,” and our status as a “controlled company” may adversely affect the trading price for our common stock.

We currently do not intend to pay dividends on our common stock, and our debt agreements place certain restrictions on our ability to do so. Consequently, unless there is a change to our dividend policy, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We do not plan to declare dividends on shares of our common stock in the foreseeable future. Any determination to pay dividends will be at the discretion of our Board and will be dependent on then-existing conditions, including our financial condition, earnings, legal requirements, including limitations under Delaware law, restrictions in our debt agreements that limit our ability to pay dividends to stockholders and other factors our Board deems relevant. If our Board decides to declare dividends in the future, it may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. For these reasons, you will not be able to rely on dividends to receive a return on your investment. Accordingly, realization of a gain on your shares of our common stock will likely depend solely on the appreciation of the price of our common stock, which may never occur.

Our certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities.

Our certificate of incorporation provides that, to the fullest extent permitted by applicable law, we renounce any interest or expectancy we may have in, or in being offered an opportunity to participate in, business opportunities that are from time to time presented to Sibelco or any of Sibelco’s officers, directors, agents, members, affiliates and subsidiaries (other than us) (each, a “Specified Party”), or business opportunities in which a Specified Party participates or desires to participate, even if the opportunity is one that we might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so. In addition, each such Specified Party has no duty to communicate or offer such business opportunity to us and, to the fullest extent permitted by law, will not be liable to us or any of our stockholders for a breach of any fiduciary or other duty, as a director or officer or controlling stockholder or otherwise, by reason of the fact that such Specified Party pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to us.

As a result of this provision, any of our directors who also serves as a director, officer or employee of Sibelco or any of Sibelco’s subsidiaries or affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. These potential conflicts of interest could have a material adverse effect on our business, financial condition and results of operations if attractive corporate opportunities are allocated by Sibelco to itself or its subsidiaries or affiliates instead of us.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our Reserves

We control one of the largest bases of industrial mineral reserves in North America. From our reserves, we are able to produce a broad range of specialized silica sand, micro crystalline silica, feldspar, nepheline syenite, clay, and kaolin for use by our Energy segment and Industrial segment customers in North America and around the world.

According to SEC Industry Guide 7, reserves are defined as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are categorized into proven (measured) reserves and probable (indicated) reserves, which are defined as follows:

- *Proven (measured) reserves.* Reserves for which (i) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (ii) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
- *Probable (indicated) reserves.* Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

Our reserves meet the definition of proven or probable reserves in accordance with SEC Industry Guide 7. We estimate that we have approximately 1.0 billion tons of proven or probable mineral reserves, with estimated recoveries between 11% and 98%, as of December 31, 2019. Mineral reserve estimated quantities and characteristics at our properties are overseen by our internal geologists and engineers and validated by an independent third party consulting company, GZA GeoEnvironmental, Inc.

We assess the economic viability of our minerals reserves for each operation primarily by evaluating the following key criteria for mining feasibility: estimate of saleable quality reserves; percent recovery following processing; overburden stripping and other operational costs and annual production volumes. These factors are considered in preparation of a mine plan that ultimately estimates the tons of product to be sold per year and the estimated life of the mine. Historical mineral prices are considered in the context of market supply and demand dynamics to further assess the long-term economic viability of the mineral reserve assets. Certain reserves of properties previously owned by Fairmount Santrol have been reclassified to resources or have been reclassified as probable reserves as a result of policy and practice harmonization following the Merger, which include minimum drill core spacing and permitting requirements. Additionally, reserve estimates have been updated to reflect changes to the understanding of the various ore bodies as well as new economic assumptions over the price of frac sand (range of \$25 to \$35) in 2019. Prices assumed for industrial plants were left relatively unchanged from 2018 (\$25 to \$40). These changes have not materially altered the weighted average life of mine. The reserve estimates are updated annually based on sales, changes to reserve boundaries, new physical or chemical information on the reserve deposit or overburden, changes in the mine plan, changes in customer demand, current pricing forecasts and other business strategies.

Summary of Reserves

The following table provides information on each of our mining facilities with mineral reserves. Included is the location and area of the facility; the type, amount and ownership status of the location’s reserves and whether or not they meet API standards; the primary minerals produced; and the primary industries served:

Mine/Facility ⁽¹⁾	Acres ^(A)	API Designation ^(B)		Proven Reserves ⁽²⁾	Probable Reserves ⁽²⁾	Proven & Probable Reserves ⁽²⁾	Estimated Recovery Percentage	Primary Mineral(s)	Principal Industries Served
U.S. Operations									
Camden ⁽⁶⁾	715	O	Non-API	7,160	1,442	8,602	77%	Silica Sand	Glass, Commercial
	1,306	L							
Chardon	583	O	Non-API	-	2,758	2,758	80%	Silica Sand	Glass, Construction, Non Renewable Energy
Cleburne	2,075	O	Non-API	8,953	5,983	14,936	81%	Silica Sand	Glass, Construction, Non Renewable Energy
Crane	7,769	L	API	-	32,277	32,277	85%	Silica Sand	Non Renewable Energy
Dividing Creek	169	O	Non-API	-	10,928	10,928	65%	Silica Sand	Glass, Construction
	1,969	L							
Elco ⁽³⁾	2,495	O	Non-API	-	2,932	2,932	98%	Microcrystalline Silica	Coatings & Polymers, Ceramics
	1,367	L							
	7,748	M							
Emmett	377	O	Non-API	5,950	3,427	9,377	60%	Feldspathic Sand	Glass, Construction
	423	M							
Gore	937	O	Non-API	-	3,635	3,635	83%	Silica Sand	Glass, Construction
	173	L							
Guion ⁽⁴⁾	3,835	O	API	14,403	18,426	32,829	57%	Silica Sand	Non Renewable Energy, Construction
	348	L							
	32	M							
Hephzibah	1,481	O	Non-API	3,947	5,953	9,900	68%	Kaolin Clay	Glass, Ceramics
	302	L							
Huntingburg	10	O	Non-API	-	37	37	90%	Ball Clay	Ceramics, Commercial, Coatings & Polymers
	81	L							
Junction City ⁽⁵⁾	851	L	Non-API	10,048	-	10,048	37%	Silica Sand	Glass, Construction
Kernit	3,313	L	API	163,395	-	163,395	87%	Silica Sand	Non Renewable Energy
Lugoff	1,811	L	Non-API	5,126	9,499	14,625	74%	Silica Sand	Glass, Commercial, Construction
Marston	2,107	O	Non-API	19,387	2,265	21,652	66%	Silica Sand	Glass, Construction, Ceramics
	363	L							
McIntyre	587	O	Non-API	510	-	510	73%	Kaolin Clay	Glass, Coatings & Polymers, Ceramics
	1,310	L							
	215	M							
Menomonie	10	O	API	12,608	-	12,608	70%	Silica Sand	Non Renewable Energy, Glass, Foundry
	363	L							
Oregon	805	O	API	30,325	-	30,325	80%	Silica Sand	Glass, Metals & Mining, Non Renewable Energy
Ottawa ⁽⁸⁾	2,655	O	API	11,096	20,757	31,853	50%	Silica Sand	Construction, Glass, Metals & Mining
Pevely	606	O	API	9,451	-	9,451	82%	Silica Sand	Glass, Metals & Mining
Portage	856	O	API	2,467	14,405	16,872	87%	Silica Sand	Glass, Metals & Mining
Roff	2,841	O	API	6,466	1,876	8,342	85%	Silica Sand	Glass, Non Renewable Energy, Metals & Mining
Seiling	320	L	Non-API	29,999	-	29,999	74%	Silica Sand	Non Renewable Energy
Southern	102	O	Non-API	12,302	-	12,302	60%	Industrial Sand	Construction
	382	L							
Troup	402	O	Non-API	2,618	4,153	6,771	90%	Ball Clay	Ceramics
	2,243	L							
Tunnel City	2,171	O	API	37,544	118,832	156,376	47%	Silica Sand	Non Renewable Energy
Tuscaloosa	345	L	Non-API	3,521	-	3,521	65%	Industrial Sand	Metals & Mining, Construction
Utica	2,888	O	API	60,518	7,505	68,023	60%	Silica Sand	Non Renewable Energy, Glass
Wedron	2,511	O	API	115,869	55,405	171,274	75%	Silica Sand	Non Renewable Energy, Glass, Foundry
Canada Operations									
Nephton/Blue Mountain	4,302	L	Non-API	5,064	18,468	23,532	74%	Nepheline Syenite	Coatings & Polymers, Glass, Ceramics, Metals & Mining
Saint Canut	539	L	Non-API	9,457	-	9,457	97%	Silica Sand	Glass, Construction
	613	M							
Mexico Operations									
Ahuazotepec	1,148	O	Non-API	12,926	1,110	14,036	38%	Sodium Feldspar	Ceramics, Glass
Canoitas	4,967	O	Non-API	33,493	-	33,493	60%	Silica Sand	Glass, Ceramics, Foundry
Jaltipan	1,147	O	Non-API	21,022	16,642	37,664	52%	Silica Sand	Glass, Metals & Mining
San Juan	682	O	Non-API	4,989	-	4,989	35%	Silica Sand	Glass, Metals & Mining
Inactive Operations									
Bay City ⁽⁷⁾	62	O	API	-	-	-	72%	Silica Sand	Non Renewable Energy
	1,431	L							
Brewer	343	O	API	-	-	-	79%	Silica Sand	Non Renewable Energy, Glass, Foundry
Grand Haven	143	O	Non-API	-	-	-	85%	Industrial Sand	Foundry, Construction
Green Mountain	192	O	Non-API	-	-	-	72%	Olivine	—
Kasota	3,791	O	API	-	-	-	72%	Silica Sand	Non Renewable Energy

Maiden Rock ⁽⁷⁾	842	O	API	-	-	-	72%	Silica Sand	Non Renewable Energy, Glass, Foundry
	1,002	L							
Shakopee	88	O	API	-	-	-	50%	Silica Sand	Non Renewable Energy, Glass, Foundry
	161	L							
Voca (East)	634	O	API	-	-	-	42%	Silica Sand	Non Renewable Energy
Voca (West)	2,044	O	API	-	-	-	50%	Silica Sand	Non Renewable Energy, Glass, Foundry
Wexford	401	O	Non-API	-	-	-	72%	Industrial Sand	Foundry, Construction
Development Sites									
Cawood	988	M	Non-API	-	-	-	50%	Nepheline Syenite	Coatings & Polymers, Glass, Ceramics, Metals & Mining
Dungannon	690	O	API	-	-	-	50%	Nepheline Syenite	Coatings & Polymers, Glass, Ceramics, Metals & Mining
Katemcy	778	O	API	-	-	-	50%	Silica Sand	Non Renewable Energy
Hixton	228	O	API	-	-	-	60%	Silica Sand	Non Renewable Energy
Magdalena Del Kino	4,455	O	Non-API	-	-	-	11%	Borate	Glass, Ceramics
Torreón	361	O	Non-API	-	-	-	75%	Calcium Carbonate	Paints, fillers and extenders
Wedeen River	201	M	Non-API	-	-	-	22%	Magnetite	—
Total				660,614	358,715	1,019,329			

(A) Acres owned ("O") indicates combined surface and mineral rights acreage

Acres leased ("L") indicates leased acreage

Mineral ("M") indicates mineral rights only and mineral claims acreage

(B) Designated as "API" if reserves meet API RC 19C and "Non-API" if reserves do not meet API RC 19C.

(1) Delineated Facility Mineral Resources (Measured, Indicated, Inferred) are not included.

(2) Reserves reported in U.S. Short Tons.

(3) Elco product recovery derived from high and blend grade tripoli ore intervals is presented only. Insitu cement grade tripoli is excluded.

(4) Guion plant recovery is 57%. Underground mine extraction recovery is 70%. Guion has both underground and open-pit mining sites.

(5) Junction City projects a combined Glassil / Puresil product yield of 37% in 2020.

(6) Camden recovery based on the primary B2 Mine product (77%). B1 Mine product recovery is 60%.

(7) Bay City and Maiden Rock yield is based on a 38.7% Underground Mine extraction and 72.4% Process Plant recovery.

(8) Ottawa currently mines from the plant's tailings cells at a recovery of 90%. Insitu Jordan Sandstone recovery is estimated at 50%.

Facilities

We currently have 36 active mining facilities with reserves, six active coating facilities, 10 inactive facilities (including six development sites), and approximately 1.0 billion tons of proven and probable mineral reserves in North America, making us one of North America's leading industrial mineral producers.

Mining Facilities with Reserves

The mineral rights and access to mineral reserves for the majority of our facilities are secured through land that is owned. There are no underlying agreements and/or royalties associated with the owned properties. For leased properties where there are associated agreements and/or royalties, we have provided more information in the facility descriptions below. We are required to pay production royalties on a per ton basis pursuant to our mineral reserve leases. For the year ended December 31, 2019, total royalty expense associated with these agreements was \$11.2 million in royalty payments, representing approximately 0.7% of our revenues.

Ahuazotepec, Puebla, Mexico. We acquired our Ahuazotepec facility in 1997 from Vitro, the leading Mexican glass manufacturer. The facility was built in 1958. The Ahuazotepec facility produces sodium feldspar for sanitary ware, floor tiles and glass markets. The facility is in Ahuazotepec County, Puebla, and consists of approximately 1,100 acres of owned real property. It is about 25 miles from the city of Tulancingo, Hidalgo. The facility uses natural gas and electricity to process feldspar and has an annual capacity of approximately 412,000 short tons. The average utilization rate over the past three years was 57%. The net book value of Ahuazotepec's real property, fixed assets, and right-of-use assets was \$17.4 million at December 31, 2019. The processed dry material is shipped via truck to customers.

The mine is an open-pit, the overburden consists of an altered basalt that is removed with an excavator and hydraulic hammer. A bulldozer is then used to extract the non-compact crystalline tuff. This material is loaded and hauled to a nearby washing plant, where it is processed by screening and washing. The processed wet feldspar is then loaded and hauled to the nearby Ahuazotepec facility where the drying, screening and magnetic separation processes are applied. A portion of the coarse feldspar is ground in the Ahuazotepec facility and a portion is sent in bulk by truck to our Benito Juárez grinding facility, in Monterrey, Nuevo León, for further particle size reduction for ceramic applications.

The Ahuazotepec mine extracts a Tertiary volcanic tuff, which is characterized by containing sub-angular grains, with a size of medium to coarse of anorthoclase feldspar and iron oxide staining. The mining sequence must focus on the selection of three types of quality intended for markets in ceramic glazes, sanitary ware bodies and floor tiles. The main quality parameters are: (i) the product contents of iron oxide and (ii) aluminum oxide. Also, ore is selected based on the color that is defined by the Cielab L index. The facility has a dedicated ceramic process circuit, where the plant produces a material that is separated into two ranges of grain sizes: coarse feldspar-6+20 mesh that it is used for the ceramic market and fine-20 mesh that is used for the glass applications.

Beaver (Southern), Ohio. Our Beaver, Ohio facility, acquired in 1994 from Schrader Sand and Gravel, is located in Jackson Township, Pike County, Ohio and consists of owned and leased real property. The mineral reserves at this facility are secured under mineral leases that, with the exercise of renewal options, expire in 2024. The facility, which is approximately six miles northeast of Beaver, Ohio, is accessible via County Road 521. The facility utilizes electricity to process sand. Mining methods include the mechanical removal of glacial overburden followed by drilling, blasting and mechanical mining. The total net book value of the Beaver facility's real property, fixed assets, and right-of-use assets was \$5.6 million at December 31, 2019.

The sand reserve mined from the open-pit mine at the Beaver facility is the Sharon Conglomerate. The Beaver facility produces high purity, sub-angular grain silica sand and gravel. Mining at the Beaver facility is completed on a seasonal basis. Existing equipment dates to the 1960's and is repaired as needed during the winter months; in addition, equipment (dating to 2013 or newer) has been acquired. The annual mining capacity is approximately 425,000 tons and the average utilization rate over the past three years was 10%. The deposit has a minimum silica content of 99% and is ideal for turf/landscaping and industrial applications. The controlling attribute is cleanliness, which is controlled through wet processing.

Camden, Tennessee. We acquired the Camden facility from the Morie Company in 1996, Morie purchased the plant in the late 1970's from Hardy Sand Company, and Hardy Sand operated the plant for approximately 20 years prior. The facility is located in Camden, Benton County, Tennessee, off U.S. Highway 70, 90 miles west of Nashville. The site utilizes natural gas for drying and electricity to process sand. The facility consists of approximately 900 acres of owned and approximately 1,100 acres of leased real property. The leased property consists of pipeline right of ways and sand reserves. The lease for the pipeline, with the exercise of renewal options of five to 10 years, expires in 2035. The remaining lease has unlimited renewal options. The total net book value of the Camden facility's real property, fixed assets, and right-of-use assets was \$8.4 million at December 31, 2019.

The Camden facility mines sand via load and carry operations. The facility operations consist of washing, flotation, drying and screening processes to make finished product. Since its acquisition, Covia has made several upgrades to the facility, including safety, operational and rail loading improvements. Currently, annual capacity is approximately 837,000 tons and the average utilization rate over the past three years was 58%. Additional capacity expansions are possible depending on market conditions.

The Camden facility utilizes approximately 4,100 linear feet of rail. The sand mined at the Camden facility is sub-angular sand, which is suitable for glass, mineral fillers, foundry and general industrial use. Final product is shipped from the facility via bulk truck or bulk rail via the CSX railroad.

The site mines in an open-pit manner in the McNairy Sand. The local sand section is medium to fine grained in the upper part of the deposit (B2 grade sand) and is fine grained in the lower section (B1 grade sand). Mining is conducted from two independent pits to obtain feed from both the B2 and B1 sections of the deposit to support glass and foundry sand production. The primary key quality parameters controlling mine sequence development are: (i) the percentage of product iron oxide; (ii) the percentage of retained product-140 mesh sand; and (iii) the percentage of product-140 mesh fines fraction.

Canoitas, Coahuila, Mexico. The Canoitas facility was constructed in 1988, and was acquired by Covia in 1997 from Vitro, the Mexican glass manufacturer. The Canoitas facility mainly produces glass sand. It is in Hidalgo County, Coahuila, Mexico, approximately 55 miles northwest of Nuevo Laredo City, and is accessible via State Highway 2. The Canoitas facility utilizes diesel, heavy oil and electricity to process sand. Annual capacity at the Canoitas facility is approximately 1.2 million short tons and the average utilization rate over the past three years was 89%. The processed material is shipped via bulk truck to customers. The total net book value of the Canoitas facility's real property, fixed assets, and right-of-use assets was \$61.0 million at December 31, 2019.

The facility's open-pit operations require drilling and blasting to fragment the silica cemented sand. The material is loaded and hauled with wheel front end loaders and rigid frame haul trucks for feeding the crushing system. The material is processed by primary and secondary crushing, screening, milling, attrition, hydro sizing, drying and magnetic separation.

The Canoitas facility extracts silica sand ore from the Carrizo Sand. The sandstone section is mined in two benches to optimize blending capabilities to support the production of glass, ceramic and foundry sand products. Mine development is focused on optimizing extraction of glass grade sand with an iron oxide content of less than 0.065%. Sand containing an iron oxide content above 0.065% is directed to the production of colored glass and float glass grade products. The primary key quality parameters controlling mine sequence development are (i) the percentage of product iron oxide and (ii) the percentage of product aluminum oxide.

Beneficiated wet sand from the Canoitas facility is shipped via trucks to our Lampazos facility for further processing. The Lampazos facility produces flint glass grade by leaching, drying and magnetic separation processes of the Canoitas sand material. The wet sand is also dried and ground to produce ceramic grade materials. The products produced at the Lampazos facility are shipped via trucks to customers in northeastern Mexico.

Chardon, Ohio. Our Chardon, Ohio facility is located in Geauga County, Ohio and consists of owned real property. The facility, which is approximately two miles south of Chardon, is accessible via State Route 44. The site utilizes natural gas and electricity to process sand. Mining methods include the mechanical removal of glacial overburden followed by drilling, blasting and mechanical mining.

The mine was opened in 1938 and acquired by Best Sand in 1978. We acquired the mine as a result of the merger of Wedron Silica and Best Sand in 1986. Upgrades were made to the wash plant in 2009, the fluid bed dryer in 2012 and the rotary dryer circuit in 2012. The total net book value of the Chardon facility's real property, fixed assets, and right-of-use assets was \$57.1 million at December 31, 2019.

The sand reserve mined from the open-pit mine at the Chardon facility is the Sharon Conglomerate formation. This plant produces high purity, sub-angular grain silica sand and gravel used for industrial and recreational markets. The mining capacity is approximately 1.1 million tons per year and the average utilization rate over the past three years was 53%. The surface deposit at the Chardon facility is a high purity, sub-round grain silica sand/gravel. The deposit has a minimum silica content of 99% ideal for glass and foundry applications. The contributing attributes are iron and grain size distribution. The mine's iron averages 0.084%.

Cleburne, Texas. We acquired our Cleburne facility in 1983 from Martin Marietta. The facility has been in operation since 1976. The facility is located near Cleburne, Johnson County, Texas, approximately 50 miles southwest of Fort Worth, Texas and is accessible via State Highway 67 via U.S. Interstate Highway 35W. The site consists of 2,075 acres of owned real property and utilizes

natural gas and electricity to process sand. Annual capacity at the Cleburne facility is approximately 1.4 million tons of sand and the average utilization rate over the past three years was 76%. The total net book value of the Cleburne facility's real property, fixed assets, and right-of-use assets was \$11.7 million at December 31, 2019. Processed material is shipped via truck and is also transloaded onto the Fort Worth & Western Railroad.

The mine is an open-pit operation where silica sand is mined and transported to the facility via trucks. Mine operations are completed on a year-round basis. The whole grain material is then washed, dried and screened and sold for proppant, glass, commercial and industrial applications. The Cleburne facility also has a grinding facility for producing products servicing fiberglass, construction and ceramics.

The Cleburne facility derives its silica sand ore from the Paluxy Formation. The sand section is mined in a single bench. Dozer and excavators are used to mine ore from multiple sections of the stripped mining cuts to support optimizing production of glass and frac sand products. End users are the frac sand, glass/industrial, and ground product businesses. The Cleburne plant meets or exceeds all frac sand and industrial customer specifications.

Crane, Texas. We began construction on our Crane location in December 2017. The facility is located near the town of Crane, Crane County, Texas, and consists of approximately 7,600 acres of leased real property. The Crane deposit was a greenfield discovery in 2017. The reserves are secured by lease agreements. The facility is located approximately 50 miles southwest of Odessa and is accessible via U.S. Highway 385 & FM 1233. The facility commenced shipments and final processing refinements in late July 2018 and has an annual capacity of approximately 3 million tons. Utilization in 2018 (year of commissioning) was 16% and utilization in 2019 was 75%. The total net book value of the Crane facility's real property, fixed assets, and right-of-use assets was \$93.1 million at December 31, 2019.

The mining process at Crane is open-pit and carried out by excavators and articulated haul trucks capable of operating around the clock on a daily basis. Run of mine material does not require crushing and will be washed, dried, and screened for size before being loaded into five silos, each with a 4,000 ton capacity. The Crane facility derives its raw feed from Quaternary eolian sand dunes. The deposit is mined for frac sand and meets or exceeds all customer API specifications.

Dividing Creek, New Jersey. Our Dividing Creek facility is located near Dividing Creek, Cumberland County, New Jersey and consists of over 2,100 acres of owned and leased real property. The mineral reserves at the Dividing Creek facility are secured under a mineral lease that expires in 2035 and has a renewal option through 2065. The facility is located approximately 30 miles south of Philadelphia and is accessible via State Highway 55 as well as State Highway 77. The facility utilizes natural gas and electricity to process sand. Annual capacity is approximately 971,600 and the average utilization rate over the past three years was 70%. The total net book value of the Dividing Creek facility's real property, fixed assets, and right-of-use assets was \$8.2 million at December 31, 2019. Finished product is shipped via truck and rail with over 7,600 linear feet of rail. We use the Winchester & Western railroad to move minerals from the Dividing Creek and Gore facilities to customers via access to the Norfolk Southern and CSX railroads.

Materials are pumped from the mine location to the processing facility. The processing facility has distinct circuits to produce glass and construction products as well as frac sand. The glass circuits utilize beneficiation techniques to remove iron and other impurities that are detrimental to glass and construction customers. The frac circuits rely upon wet sizing to produce 100 mesh frac sand. The facility utilizes stock pile towers for the draining of materials prior to drying. The Dividing Creek facility was upgraded over the last five years with frac sand capacity additions and a new fluid bed dryer.

The Dividing Creek facility derives its silica sand ore from the Cohansey Formation. Mining is completed on a year-round basis. The facility utilizes dredge mining and is completed using two dredges operating in separate ponds. Products are sold into the glass, construction, and frac sand businesses. The Dividing Creek plant meets or exceeds all API and industrial customer specifications.

Elco, Illinois. We acquired our Elco facility in 1989 from The Illinois Minerals Company. The facility is located in Tamms, Alexander County, Illinois and consists of over 11,000 acres of owned and leased real property and mineral rights. The majority of the reserves are owned and approximately 10% are secured under mineral leases that, with the exercise of renewal options, expire between 2023 and 2034. The Elco facility is approximately 130 miles southeast of St. Louis and is accessible via major highways, including U.S. Interstate Highways 55 and 57. The site utilizes natural gas and electricity to process silica. The facility's capacity is approximately 60,000 tons annually and the average utilization rate over the past three years was 71%. The total net book value of the Elco facility's real property, fixed assets, and right-of-use assets was \$2.7 million at December 31, 2019.

The Elco facility performs an initial size reduction of the ore prior to drying. From the dryer, the material is then deagglomerated and classified and conveyed to silos for shipping or packaging. Material from Elco is sold into the coatings, ceramics, rubber and

cementing industries. The Elco facility derives its microcrystalline silica (tripoli) ore from the Clear Creek Chert. The deposit is mined in an open pit utilizing multiple benches to optimize blending capabilities and allow for more efficient segregation of primary tripoli ore and cement grade tripoli (chert).

Emmett, Idaho. We acquired our Emmett facility in 1983 from Martin Marietta. The facility has been in operation since 1953. The facility is located in Emmett, Gem County, Idaho, approximately 30 miles northwest of Boise, Idaho, and is accessible via State Highway 52. The site consists of 723 acres of owned real property and utilizes natural gas and electricity to process sand. Annual capacity at the Emmett facility is approximately 253,000 tons of sand. The average utilization rate over the past three years was 41%. The total net book value of the Emmett facility's real property, fixed assets, and right-of-use assets was \$2.4 million at December 31, 2019. Processed material is shipped via truck and rail using the Idaho Northern Pacific railroad with access to the Union Pacific railroad.

The mine is an open-pit operation where feldspathic silica sand is mined and transported to the facility via trucks. Mining, wet processing and grinding operations are scheduled ten months out of the year to avoid cold weather. Drying and screening operations are performed all year long from damp stockpiles. The whole grain material is then washed, ground, dried and screened and sold for glass, fiberglass, construction, golf, and industrial applications. The Emmett facility also has a packaging facility for producing bagged products servicing construction, filtration, as well as, the sports and leisure industries. The Emmett facility derives its feldspathic sand ore from the Idaho Group. The deposit is mined in multiple benches. The Emmett plant meets or exceeds all industrial customer specifications.

Gore, Virginia. We acquired our Gore facility in 1972 from Virginia Glass Sand. The facility is located in Gore, Frederick County, Virginia, approximately 12 miles west of Winchester, Virginia. The site consists of approximately 1,100 combined acres of owned and leased real property and utilizes propane and electricity to process sand. The facility's mineral reserves are secured by a lease that expires in 2033. Annual capacity at the Gore facility is approximately 750,000 tons of sand and the average utilization rate over the past three years was 75%. The total net book value of the Gore facility's real property, fixed assets, and right-of-use assets was \$5.6 million at December 31, 2019. Processed material is shipped via truck or rail. The Winchester and Western Railroad transports rail deliveries from Gore.

Mining operations consist of two open-pit quarries where sandstone ore is mined and transported to the facility via haul trucks. Mine operations are completed on a year-round basis. The material is crushed, ground, sized, floated, dried, screened, and sold for flat glass, container glass, grouts, foundries, and insulation. Byproducts are used on golf courses, horse farms and at cement plants.

The facility derives its silica sand ore from the Oriskany Sandstone. The consolidated sandstone section occurs within two limbs of an anticlinal structure trending across the property. Mining is occurring on the Cove Ridge (northwest limb) and the South Quarry (southeast limb) sections of the deposit. Overburden shale and poor-quality sandstone are selectively removed as part of stripping operations to uncover the targeted economic portion of the sandstone section. Stripping operations are performed by regional excavation contractors. Mining is conducted in multiple benches on each limb to optimize ore blending capabilities. The primary key quality parameters controlling mine sequence development are: (i) the percentage of iron oxide to support glass product production; and (ii) the percentage of +40 mesh agglomerated sand clusters remaining after crushing.

Guion, Arkansas. We acquired our Guion facility from Silica Products in 1988. The facility has been in operation since 1917. It is located in Guion, Izard County, Arkansas, approximately 95 miles west of Jonesboro, Arkansas and is accessible via County Highway 58 off County Highway 9 via U.S. Interstate Highway 40. The property consists of approximately 3,000 acres of owned real property and 300 acres of leased property (the lease is perpetual as long as we are transporting over it, mining it, sand is being shipped from our mill, and we are paying the royalty). The site utilizes natural gas and electricity to process sand. The Guion facility utilizes approximately 6,900 linear feet of rail, including 4,500 linear feet for raw sand and 2,400 linear feet for a resin-coated sand product. Annual capacity is approximately 1.2 million tons of sand and approximately 180,000 tons of resin-coated sand. The average utilization rate over the past three years was 82%. The total net book value of the Guion facility's real property, fixed assets, and right-of-use assets was \$61.0 million at December 31, 2019. Processed material is shipped via truck or rail using the Missouri Northern Arkansas railroad connecting with the Union Pacific railroad.

The sand reserve is mined from the St. Peter Sandstone. Covia utilizes both open-pit and underground mining, with the reserves located at depths of up to 200 feet. The underground mine utilizes a "room-and-pillar" mining method with both horizontal and vertical blasting. The facility utilizes multiple stages of crushing and washing to produce materials that meet API standards for proppant products as well as glass and foundry sand products. Mining operations are completed on a year-round basis.

The Guion facility has an integrated resin coating sand facility that can receive materials from the adjacent Guion silica sand facility or substrate from our other facilities. The resin coating facility has two processing lines, each with the capacity to coat 180 million pounds, or 90,000 tons, per year of substrate. The facility has the flexibility to coat various substrates using novolac or resole technology. The Guion resin facility was idled in 2019.

The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The sandstone section is mined in both open-pit and underground mining operations with approximately 40% of the facility feed derived from the open-pit operation and approximately 60% from the underground mine. The deposit typically contains varying degrees of calcite cementation in the upper part of the section and increased silica cementation in the lower part of the section. The ore control process is optimized by blending feed from multiple underground workings and from the open pit. The primary key quality parameter controlling mine sequence development is the percentage of the -40/+70 mesh sand fraction.

Hephzibah, Georgia. We acquired our Hephzibah facility in 2000 from Albion Kaolin Company. The facility is located in Hephzibah, Richmond County, Georgia and consists of over 1,700 acres of owned and leased real property. The mineral reserves at the Hephzibah facility not owned by us are secured under a mineral leases that expires in 2022. The facility is located approximately 15 miles southwest of Augusta and is accessible via State Highway 88. It utilizes methane, natural gas, and electricity in its production processes. Annual capacity is approximately 236,000 tons and the average utilization rate over the past three years was 92%. The total net book value of the Hephzibah facility's real property, fixed assets, and right-of-use assets was \$4.9 million at December 31, 2019. Finished material is shipped via truck and via rail using the Norfolk Southern railroad with approximately 6,400 linear feet of rail.

The Hephzibah property also produces construction grade sand which is mined, processed, and marketed by a regional materials contractor. This sand is produced from the overburden above the clay. Production of this material reduces the volume of overburden removal that the plant must perform to access the clay.

The Hephzibah facility utilizes open-pit mining methods to feed the facility. Overburden removal, and clay mining are both performed by a regional excavating contractor, who specializes in kaolin. After mining, the material is then shredded and sent to one of two processing lines or fed directly in a continuous blunger for producing slurry products. One of the processing lines produces materials primarily for ceramics utilizing deagglomerating systems with classifiers. The second system utilizes milling and classifying circuits to produce materials for the fiberglass industry. The final product is shipped via bulk truck and rail or via Intermediate Bulk Containers ("IBCs").

The Hephzibah facility derives its kaolin clay ore from the Buffalo Creek Formation. At the Hephzibah operation the mineable clay ranges in thickness from 0-24 feet. The clay ore section is subdivided into three mining units (Form, Sperse and Bond) to facilitate blending to formulate the facility's ceramic and fiberglass grade products. The primary key quality parameters controlling mine sequence development are: (i) the percentage of +325 mesh "grit" fraction; (ii) the percentage of product iron oxide; (iii) the percentage of product titanium oxide; and (iv) the specific surface area ("SSA") of the clay product.

Huntingburg, Indiana. We acquired the Huntingburg facility in 1999 from United Clays, but the facility has been in operation since 1981. The facility is located in Huntingburg, Dubois County, Indiana, approximately 40 miles east of Evansville, Indiana, and is accessible via State Highway 231 North to State Highway 64 West from U.S. Interstate Highway 64. The site consists of 10.3 acres of owned real property and utilizes natural gas and electricity to process calcium carbonate and clays. Annual capacity at the Huntingburg facility is approximately 79,000 tons of processed calcium and clay minerals and the average utilization rate over the past three years was 31%. The total net book value of the Huntingburg facility's real property, fixed assets, and right-of-use assets was \$0.1 million at December 31, 2019. Processed material is shipped via truck in bulk or bagged quantities.

The mine is an open-pit operation where two Indiana Fire Clays are mined. The mine is located approximately 6 miles from the plant site. The mining process is campaigned annually, where a large stockpile of the clays is staged. The clays are transported to the plant processing facility throughout the year. The clays are shredded, ground, dried and packaged for brick, chemical stoneware, ceramics, sealants, rubber, and other commercial and industrial applications. The calcium carbonate is purchased from a third party and is ground, dried, packaged for rubber, anti-stick, ceramic glaze and other commercial and industrial applications.

The Huntingburg facility derives its fire clay ore primarily from the Brazil Formation. The clay ore section is derived from "underclays" associated with overlying organic-rich coal and lignite seams. Overburden shale and limestone are selectively removed to expose the target economic portion of the ball clay section. The primary clay ore unit is termed "WT" or white clay. Within the overburden section, a second clay seam, termed "RD" or red clay, is mined as a byproduct to WT clay production. The extent of overburden stripping is controlled by the thickness of consolidated limestone occurring within the section. The key quality parameters

defining clay ore quality and controlling mine sequence development are: (i) the percentage of iron oxide; (ii) the percentage of carbon; and (iii) the percentage of sulfur.

Jaltipan, Veracruz, Mexico. The Jaltipan facility was constructed in 1955 and was acquired by us in 1997 from Vitro. The facility is located at Jaltipan, Veracruz State, Mexico and is approximately 19 miles southwest from the Minatitlan City airport. The Jaltipan facility utilizes natural gas and electricity to process sand. Its annual capacity is approximately 1.2 million short tons and the average utilization rate over the past three years was 87%. The total net book value of the Jaltipan facility's real property, fixed assets, and right-of-use assets was \$22.2 million at December 31, 2019. The processed material is shipped via truck and rail using Ferrocarril del Sureste, commonly known as Ferrosur. The Jaltipan facility ships directly to the glass and foundry industries in central Mexico via trucks and the Ferromex railway.

The Jaltipan facility extracts silica sand ore in an open-pit operation from the Filisola Formation. The unconsolidated sand section is mined in multiple benches to produce glass and foundry sand products. The primary key quality parameters controlling mine sequence development are: (i) the percentage of product iron oxide and (ii) the percentage of total -140 mesh fine waste.

We utilize excavators and trucks in an open-pit environment to produce feed for the Jaltipan facility. The mine operation requires the extraction of interburden plastic clays as waste material that are disposed in dumps or employed in the construction of pond dikes. The mine also needs an effective dewatering operation because the water table is as shallow as 66 feet above sea level. The mining operation is carried out between minus 16 feet to 100 feet above sea level. The material is preprocessed on a pre-washing stage with mud hog, screening and dewatering processes. The preprocessed material is pumped via slurry pumping for 1.6 miles to the Jaltipan facility. The final processes applied at the Jaltipan facility are hydraulic sizing, flotation, drying and magnetic separation.

A portion of beneficiated dry sand from the Jaltipan facility is shipped via trucks to our Tlaxcala facility, which produces glass fiber grade product. Tlaxcala utilizes grinding and high efficiency classifier processes. The Tlaxcala facility ships its product to customers in glass and foundry industries in central Mexico via trucks.

Junction City, Georgia. We acquired our Junction City location from the Morie Company in 1996. The facility is located in Mauk, Marion County, Georgia and consists of leased real property. The mineral reserves are secured by a lease that expires in 2033, which Covia has the option to extend through 2053. The facility is approximately 50 miles east of Columbus, Georgia and accessible via State Highway 90. Annual capacity at the Junction City facility is approximately 887,000 tons and the average utilization rate over the past three years was 59%. The total net book value of the Junction City facility's real property, fixed assets, and right-of-use assets was \$9.7 million at December 31, 2019. Finished product is shipped via truck and via rail using the CSX railroad. The Junction City facility uses approximately 3,000 linear feet of rail. The facility utilizes natural gas and electricity to process sand.

The Junction City facility receives ore from open-pit hydraulic mining systems. It produces low iron and ultra-low iron sand products as well as coarse products. The low iron process involves washing the materials and classifying them into glass grade and industrial grades. Materials are sent to drainage areas to reduce moisture prior to being fed to the drying and screening circuit. The ultra-low iron products utilize the washing process as well as a beneficiation process to lower finished product iron values. Product from the beneficiation process is stored in a covered storage area to maintain quality control prior to being fed to the drying and screening circuit. End products are shipped via bulk rail, truck, IBCs and bags.

The operations at the Junction City facility have recently undergone a capital investment to upgrade the water conservation circuit that will allow increased operating time for the washing and beneficiation circuits. The facility currently services the glass, ceramics, concrete, industrial, and fiberglass industries.

The Junction City facility derives its silica sand ore from the Cusseta-Blufftown Sands. The sand section is mined in a single bench. The primary key quality parameters controlling mine sequence development are: (i) the percentage of product iron oxide; and (ii) the percentage of retained product +40 mesh sand fraction.

Kermit, Texas. Our Kermit, Texas reserves are located eight miles east of Kermit, Winkler County, Texas and consists of approximately 3,250 acres of leased property. The Kermit deposit was a greenfield discovery in 2017. The location is accessible via Highway 115 with access to the Delaware and Midland basins. The facility mines sand through the excavation method and uses natural gas and electricity to process sand. The sand will be transported by slurry to the processing plant where it will be washed, screened, and dried. The finished product will be shipped via truck. The plant began commercial production in mid-2018. The mining capacity is approximately 3.0 million tons. Utilization in 2018 (year of commissioning) was 14% and utilization in 2019 was 50%. The total net book value of the Kermit facility's real property, fixed assets, and right-of-use assets was \$214.7 million at

December 31, 2019. The Kermit facility derives its raw feed from Quaternary eolian sand dunes. The deposit is open-pit mined for frac sand and meets or exceeds all customer API specifications.

Lugoff, South Carolina. Covia acquired the Lugoff operation in 1983 from Martin Marietta. The facility has been in operation since the early 1970's. Located just outside of Lugoff, Kershaw County, South Carolina, the operation consists of approximately 1,800 acres of leased real property. The reserves are secured by a lease agreement that expires in 2057. The facility is located approximately 20 miles northeast of Columbia, South Carolina, and is accessible via U.S. Interstate Highway 20. Annual capacity at the Lugoff facility is approximately 850,000 tons of sand and the average utilization rate over the past three years was 30%. The total net book value of the Lugoff facility's real property, fixed assets, and right-of-use assets was \$1.4 million at December 31, 2019.

Processed material is shipped via truck. Shipment by rail is also available via the CSX railroad, but not used. The mine is an open-pit operation where silica sand is mined using a front-end loader to dig sand from the face and transport it to a hopper. From the hopper, the sand is slurried and pumped to the plant. The plant sizes damp sands that are dried or sold damp to the golf, cement and EQ industries. Dried material is used for foundry, golf, cement, commercial and industrial applications. The Lugoff facility also has a grinding mill for producing products servicing the fiberglass industry.

Marston, North Carolina. We acquired our Marston operation in 1983 from Carolina Silica. The facility is located in Marston, Richmond County, North Carolina and consists of over 2,400 acres of owned and leased real property. The Marston facility is approximately 50 miles west of Fayetteville, NC and is accessible via U.S. Highway 1. Annual capacity at Marston is approximately 1.1 million tons and the average utilization rate over the past three years was 82%. The total net book value of the Marston facility's real property, fixed assets, and right-of-use assets was \$8.1 million at December 31, 2019.

Processed material is shipped via bulk truck or by bulk rail using the CSX railroad. The facility operations consist of washing, beneficiation, drying, screening, grinding, and classifying processes to make finished product servicing the concrete, ceramic, industrial, glass, fiberglass, foundry and sport and leisure industries. Marston derives its silica sand ore from the Pinehurst Sand. The sand section primarily is mined in a single bench. Open-pit mining is conducted using loaders to excavate sand from the unconsolidated above water mining face.

McIntyre, Georgia. We acquired our McIntyre facility in 2000 from Albion Kaolin, but the facility has been in continuous operation since the early 1900s. The facility is located in McIntyre, Wilkinson County, Georgia, and consists of approximately 2,100 acres of owned and leased real property and mineral rights. The reserves are secured by lease agreements that expire between 2021 and 2036. The facility is approximately 30 miles east of Macon, Georgia and 20 miles south of Milledgeville, Georgia, and is accessible via U.S. Highway 441. The site utilizes natural gas and electricity to process kaolin clay. Annual capacity at the McIntyre facility is approximately 238,000 tons and the average utilization rate over the past three years was 50%. The total net book value of the McIntyre facility's real property, fixed assets, and right-of-use assets was \$8.2 million at December 31, 2019. Processed material is shipped in bulk or bag via truck. Shipment by rail is also available via the Norfolk Southern railroad.

The kaolin clay reserves are mined from multiple open-pits within a 35-mile radius of McIntyre. Overburden ranges from 50 to 120 feet with clay seams ranging between 15 and 40 feet. Crude clay is delivered to a covered crude shed at the plant via dump trucks on a year-round basis. The milling operation is fed from the crude shed via front-end loaders. Crude clay is processed via drying and milling/classifying equipment into a minus 325-mesh powder and stored in concrete silos until bagged or loaded into bulk trucks or railcars for shipment.

The McIntyre facility derives its kaolin clay ore from the Huber Formation. The operation extracts its ore feed from multiple mining pits. The clay is subsequently blended to formulate the plant's fiberglass, ceramic and functional filler products. Mining is completed by a third-party contractor working under an established mining supply agreement. The primary key quality parameters controlling mine sequence development are: (i) GEB Brightness; (ii) the percentage of Residue (+325 mesh); (iii) SSA; (iv) the percentage of clay passing 2 micron particle size; and (v) the percentage of iron oxide.

Menomonie, Wisconsin. Our Menomonie, Wisconsin facility is located in Menomonie, Dunn County, Wisconsin and consists primarily of leased real property. The mineral reserves at our Menomonie facility are secured under mineral subleases that expire in 2044. We constructed the Menomonie facility in 2007 approximately two miles east of Menomonie and it is accessible via US Highway 12 / State Highway 16. The Menomonie facility utilizes natural gas and electricity to process sand. Mining methods include the mechanical removal of glacial overburden followed by drilling, blasting, and mechanical mining. Mined sand is processed and shipped by truck or rail. A remote transload facility adjacent to the Union Pacific ("UP") Railroad is located approximately one mile north of the site.

The sand reserve mined from the open-pit at the Menomonie facility is derived from the Wonewoc Sandstone. The ore deposit at the Menomonie facility is a high purity, round grain sand with a minimum silica content of 99%, which meets API requirements for proppant applications. Both hydraulic fracturing sand proppants and industrial sands for glass manufacturing are produced by the operation. In 2018, a total of 230,000 net tons of proppant sand and 167,000 net tons of industrial sand were shipped. The three year average utilization rate is 44% based on an operational capacity of approximately 750,000 net tons per year. The total net book value of the Menomonie facility's real property, fixed assets, and right-of-use assets was \$11.9 million at December 31, 2019. The controlling attributes are grain size, iron oxide, and turbidity. Maximum average full face iron content is 0.080%. The deposit tends to exhibit a coarser grain size distribution in top half of deposit. Turbidity is controlled through the use of attrition scrubbers during wet processing. Iron is controlled during processing through the use of magnetic separators.

Nephton, Ontario, Canada. We acquired our Nephton and Blue Mountain facilities in 1990 from Indusmin LTD. The facilities are located in Havelock-Belmont-Methuen Township in central-eastern Ontario, Canada. They are located approximately 60 kilometers north of Peterborough and consist of over 4,300 acres of leased real property. These facilities use propane and electricity to process nepheline syenite. Annual capacity at the Nephton and Blue Mountain facilities is approximately 1.1 million tons and the average utilization rate over the past three years was 58%. The total net book value of the Nephton facility's real property, fixed assets, and right-of-use assets was \$71.6 million at December 31, 2019. The facilities have over 30,000 linear feet of rail. Processed material is shipped via truck and rail using the Canadian Pacific railroad.

The facilities derive nepheline syenite ore from igneous intrusives metamorphosed during the Grenville Orogeny. The nepheline syenite ore section is open-pit mined in multiple benches to optimize blending capabilities and to allow for the more efficient removal of inner burden waste. Deposit definition employs both core and more tightly spaced percussion drilling to provide adequate grade control information to support the facility's mining operations. The primary key quality parameters controlling mine sequence development are: (i) the percentage of iron oxide; (ii) the percentage of aluminum oxide; (iii) the percentage of sodium oxide; and (iv) the percentage of calcium oxide.

We utilize drill and blast processes in an open-pit environment to produce feed for the facility. Material is transported from the mine to the facility utilizing rigid frame haul trucks. The material is sent through drying, crushing, screening and beneficiation steps for producing products for the glass and ceramics industries and feed for grinding operations. Grinding operations for the coatings and polymers industries utilizes high efficiency classifiers for producing products that have distinct size distributions meeting customer requirements. Products are packaged in gravity and positive displacement railcars, bulk pneumatic trucks, IBCs and bags. The facility services customers in the abrasives, cement, ceramic, industrial, glass, fiberglass, coatings and polymer industries.

Beneficiated dry sand material from nepheline syenite operations in Nephton is shipped to our Tamms and Troy Grove facilities in Illinois for further processing. The Tamms facility receives nepheline syenite for grinding in circuits specifically designed for supplying the polymer industry. The facility utilizes grid electricity and finished material is packaged in IBCs and bags. The Troy Grove facility receives nepheline syenite for grinding in a dedicated circuit designed for supplying the coatings industry. The material is only produced for bulk customers. In order to produce products for the coatings industry at the Troy Grove facility, Covia installed a high efficiency classifier at the facility in order to produce products that have the necessary particle size distribution for coatings. The Troy Grove facility utilizes grid electricity.

The Blue Mountain facility is undergoing a substantial capital investment program to modernize the facility and expand our grinding capacity to serve the coatings and polymers markets.

Oregon, Illinois. We acquired our Oregon facility in 1983 from Martin Marietta. The facility is located in Oregon, Ogle County, Illinois and consists of owned real property. It is located approximately 30 miles southwest of Rockford and is accessible via State Highway 2. The Oregon facility utilizes natural gas and electricity to process sand.

Annual capacity at the Oregon facility is approximately 1.7 million tons and the average utilization rate over the past three years was 75%. The total net book value of the Oregon facility's real property, fixed assets, and right-of-use assets was \$14.9 million at December 31, 2019. Processed sand is shipped via truck or rail. The Oregon facility has unit train capabilities using the BNSF Railway and over 15,000 linear feet of rail.

We utilize drill and blast processes in an open-pit environment to produce feed for the facility. In-pit crushing, screening and secondary crushing are utilized to generate hydraulic classifier feed. The crushing and hydraulic classification operations are seasonal and large stockpiles are created to feed the facility during winter months. From the classified material piles, the facility utilizes drying and screening operations to produce frac, foundry, glass and construction products. Products are shipped via bulk rail, bulk truck, via

IBCs and bags. Over the last five years, we have invested in projects to increase frac sand capacity at the Oregon facility as well as its reserve base.

The Oregon facility derives its silica sand ore from the St. Peter Sandstone. The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The sandstone section is mined in two benches to optimize blending capabilities to support the production of glass and frac sand products. Occurrences of iron oxide in the deposit tend to be higher in the lower mining bench. The primary key quality parameters controlling mine sequence development are: (i) the percentage of iron oxide, aluminum oxide and magnesium oxide to support glass grade product production; and (ii) the percentage of retained product 140 mesh sand fraction.

Ottawa, Minnesota. We acquired our Ottawa location in 1971 from Gopher State Silica and in 1978 completed brownfield construction of its current Ottawa facility. The facility is located in Le Sueur, Le Sueur County, Minnesota, approximately 65 miles southwest of Minneapolis. It consists of approximately 2,650 acres of owned real property and is accessible by using major highways, including U.S. Interstate 169. The facility uses natural gas and electricity to process sand. Processed material is shipped via rail using the Union Pacific railroad utilizing the site's 10,000 linear feet of rail. Currently, annual capacity is approximately 688,000 tons and the average utilization rate over the past three years was 92%. The total net book value of the Ottawa facility's real property, fixed assets, and right-of-use assets was \$4.5 million at December 31, 2019.

The sand reserve mined from the open-pit mine is from the Jordan Sandstone. The mine has overburden ranging from 10 to 100 feet that needs to be removed to access the silica sand reserves. The facility is a load and carry operation with wheel loaders feeding conveyors to the in-pit crushing system. The mining operations are completed on a year-round basis. The silica sand is processed via multiple steps of crushing and then is dried and screened to produce API grade silica sand proppant, glass sand, foundry sand and products for the construction industry.

The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The sandstone section is mined in two benches to optimize production of glass, foundry and frac sand products. The upper bench ore is medium to coarse grained and the underlying bench is largely fine to medium grained. The primary key quality parameters controlling mine sequence development are: (i) the percentage of iron oxide; (ii) the percentage of aluminum oxide; and (iii) the percentage of -40/+140 mesh sand fraction distribution. Mine production recently has been augmented with the extraction of sand previously disposed of in the facility's tailings cells.

Pevely, Missouri. We acquired the Pevely facility from Bussen Quarries and the Masters Brothers Silica Sand Co in 1991. The Pevely facility is located in Pevely, Jefferson County, Missouri and consists of entirely owned real property. It is located approximately 30 miles southwest of St. Louis and is accessible via U.S. Interstate Highway 55. The Pevely facility utilizes natural gas, propane and electricity to process sand. The facility's capacity is approximately 627,000 tons annually and the average utilization rate over the past three years was 70%. The total net book value of the Pevely facility's real property, fixed assets, and right-of-use assets was \$15.3 million at December 31, 2019. We ship processed sand via truck, and barge and railcars on the Union Pacific railroad utilizing a local third party transloading facility.

We utilize drill and blast processes in an open-pit environment to produce feed for the facility. Mining operations are performed year-round. Overburden removal to access sandstone is typically performed under contract by a regional excavating contractor. Crushing, screening, deagglomeration, dewatering, drying and screening are utilized to produce final products. During the last five years, the Pevely facility has undergone a frac sand expansion and a crushing upgrade as well as an extension of the reserve base. The Pevely facility services the concrete, glass, foundry, frac sand and ceramics industries.

The Pevely facility derives its silica sand ore from the St. Peter Sandstone and mines from a single bench. The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The primary key quality parameters controlling mine sequence development are the percentages of calcium oxide, iron oxide, and acid demand value ("ADV") to support glass and foundry product production.

Portage, Wisconsin. We acquired the Portage facility from Martin Marietta in 1983. The facility is located in Pardeeville, Columbia County, Wisconsin and consists of owned real property. It is located approximately 30 miles north of Madison and is accessible via State Highway 51. The facility utilizes natural gas, propane and electricity to process sand. The facility's capacity is approximately 660,000 tons annually and the average utilization rate over the past three years was 62%. The total net book value of the Portage facility's real property, fixed assets, and right-of-use assets was \$2.7 million at December 31, 2019. The facility utilizes approximately 3,500 linear feet of rail. Processed material is shipped via truck and rail using the Canadian Pacific railroad.

Mining at the Portage facility is completed on a seasonal basis. Material from the open-pit dredging operation is hydraulically transported to the facility. The facility creates a large stockpile for operations to utilize during the winter months. The facility utilizes wet screening and classifying circuits to prepare material for its drying and screening operations. During the last eight years, Covia has replaced the dredge at the Portage facility and completed upgrades to the drying, screening and packaging circuits. The facility produces products for the concrete, glass, foundry and frac sand industries. Materials are packaged in bulk rail, bulk truck, IBCs and bags.

The Portage facility derives its silica sand ore from the Wonewoc Sandstone. The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The sandstone is mined by dredge. The primary below-water dredge mining process is augmented by sand feed derived from the above water sandstone section. Dozers are used to rip and push above-water sandstone into the dredge pond for follow-on extraction. The primary key quality parameters controlling mine sequence development are (i) the percentage of iron oxide, aluminum oxide, and calcium oxide to support glass product production; (ii) the percentage of total -140 mesh fines; and (iii) deposit -20/+140 mesh fraction sieve distributions and associated grain fineness (“GFN”) numbers.

Roff, Oklahoma. We acquired our Roff facility in 1980 from Mid Continent Glass Co. The facility is located in Roff, Pontotoc County, Oklahoma and consists of over 3,200 acres of owned real property. It is located approximately 90 miles south of Oklahoma City and is accessible via U.S. Interstate Highway 35. The Roff facility utilizes natural gas and electricity to process sand and has an annual capacity of approximately 1.2 million tons. The average utilization rate over the past three years was 90%. The total net book value of the Roff facility’s real property, fixed assets, and right-of-use assets was \$4.3 million at December 31, 2019. The facility has approximately 5,000 linear feet of rail. Processed sand is shipped via truck and rail via the BNSF Railway.

The open-pit operations at the Roff facility utilize some surface equipment to transport material to a hydraulic mining and screening system for feed to the facility. The facility hydraulically transports the material to the plant for further wet screening, beneficiation, drying and final product screening. The facility produces material for the frac, glass, foundry and fiberglass industries. Products are only shipped in bulk containers via truck and or rail. Over the last five years, Covia has invested in infrastructure improvements (rail) at the Roff facility, production capacity for frac and glass and land acquisitions to improve the resource base.

The Roff facility derives its silica sand ore from the Oil Creek Formation. As a local facility, the Roff facility has a built-in cost advantage against sand that is shipped in from outside the basin. The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The sandstone section is mined in multiple benches to optimize blending capabilities and allow for more efficient removal of inner burden waste. The sandstone ore sections are commonly associated with fault structures that necessitate infill drilling to adequately delineate ore and waste boundaries and support pit design development.

The primary key quality parameters controlling mine sequence development are: (i) the percentage of -40/+70 mesh sand fraction; and (ii) the percentage of iron oxide, aluminum oxide and calcium oxide to support glass product production.

Saint Canut, Quebec, Canada. We acquired the Saint Canut facility in 1990 from Indusmin LTD. The facility is located approximately 60 kilometers northwest of Montreal. It is accessible via Quebec Route 158 and consists of owned real property. The facility uses natural gas and electricity to process sand. Annual capacity at the Saint Canut facility is approximately 450,000 tons and the average utilization rate over the past three years was 47%. The total net book value of the Saint Canut facility’s real property, fixed assets, and right-of-use assets was \$1.6 million at December 31, 2019.

We use drill and blast processes in an open-pit environment to produce feed for the facility. The material is sent through primary and secondary crushing to stockpiles for feeding to the drying system. From the drying system, the sand material is sent through tertiary crushing, screening and beneficiation steps for producing products for the glass and construction industries. Products are shipped via the Quebec Gatineau Railway with access to both the Canadian Pacific Railway and the Canadian National Railway and truck. Product is packaged in bulk rail, bulk trucks, IBCs and bags.

The Saint Canut facility derives its silica sand ore from the Cairnside Sandstone. The sandstone is a high purity, with minimum silica content of 99.4% ideal for glass industries. The sandstone section is mined in two benches to optimize blending capabilities to support production of glass and construction sand products. Local elevated occurrences of high iron and calcium oxide bearing sandstone are present in the deposit, which requires adequate grade control monitoring and blending. The primary key quality parameters controlling mine sequence development are: (i) the percentage of product iron oxide; (ii) the percentage of aluminum oxide; and (iii) the percentage of calcium oxide.

San Juan, Veracruz, Mexico. The San Juan facility was acquired in 2003 from Silices San Juan, whose initial business was the extraction of gravel. The plant process and capacity were improved to produce glass sand for the float glass, and to a lesser extent for foundry and construction. The facility is in the San Juan Evangelista County, Veracruz, Mexico, and consists of 457 acres of owned real property. It is approximately 49 miles from the international airport of Minatitlán, Veracruz, and is accessible by the road 145 Tierra Blanca–Sayula de Alemán. The San Juan facility uses electricity to process sand and has an annual capacity of approximately 320,000 short tons. The average utilization rate over the past three years was 62%. The total net book value of the San Juan facility's real property, fixed assets, and right-of-use assets was \$3.8 million at December 31, 2019. The processed material is shipped via trucks in bulk to customers.

The mine operation uses excavators and trucks in an open-pit environment to generate feed for the San Juan facility. The mine overburden is formed by soil, clays and gravels which are disposed of or used in the construction of dams for tailings ponds. The ore body transitions in depth from coarse to medium grain sand. The processes that are used at San Juan are screening, hydro sizing, washing, separation by gravity (spiral) and hydrocyclone classification. The final product is damp sand.

The operation of the mine in San Juan extracts silica sand from Filisola formation of the upper Miocene. The non-consolidated sand section is mined in multiple benches to provide the product mix for glass and foundry sand products. The main key quality parameters which control the development of the mining sequence are: (i) the percentage of product iron oxide; (ii) the percentage of product aluminum oxide; and (iii) the percentage of product oxide of titanium. The specifications of the products also require controls of the coarse grains and fine material passing the 140 mesh.

Seiling, Oklahoma. We completed greenfield construction of the Seiling facility in 2019. The facility is located 10 miles west of Canton, Dewey County, Oklahoma and consists of owned real property. It is approximately 11 miles southeast of Seiling and is accessible via State Highway 51. The Seiling facility utilizes natural gas to process and dry sand. Annual capacity at the Seiling facility is approximately 2,000,000 tons. Utilization in 2019 (year of commissioning) was 34%. The total net book value of the Seiling facility's real property, fixed assets, and right-of-use assets was \$16.5 million at December 31, 2019.

Mining operations consist of an open-pit where sand is mined and transported to the facility stockpile via haul trucks. Stockpiled sand is fed into a hopper where water is added to produce a slurry for transport into the plant. A small volume of sand and organic material is removed as stripping to reduce root contamination. Mine operations are completed on a year-round basis.

The Seiling facility derives its frac sand ore from Quaternary aged eolian sand deposits. The silica sand product contains a minimum silica content of 90% and meets API standards for proppant applications. The unconsolidated sandstone section is mined in a single bench to support production of frac sand products. The primary key quality parameter controlling mine sequence development is the percentage of the -30/+140 mesh sand fraction.

Troup, Texas. We acquired the Troup facility in 1999 from United Clays. The facility is located in Troup, Cherokee County, Texas and consists of over 2,600 acres of owned and leased real property. The facility's mineral reserves are secured by either leases that expire between 2019 and 2036 or by perpetual leases that remain valid for so long as annual minimum royalties are paid. The Troup facility is located approximately 120 miles southeast of Dallas and is accessible via U.S. Interstate Highway 20. The Troup facility utilizes natural gas and electricity to process ball clay. Annual capacity at the Troup facility is approximately 400,000 tons and the average utilization rate over the past three years was 64%. The total net book value of the Troup facility's real property, fixed assets, and right-of-use assets was \$2.7 million at December 31, 2019. The facility has approximately 3,200 linear feet of rail. Processed material is shipped via truck and rail via the Union Pacific railroad.

The facility transports ore from the open-pit mining operations via over-the-road trucks. Material is deposited in drying sheds for preparation for processing. The material is shredded and placed in sheds for shipment or for feeding to the drying circuit for further processing. The original Shredding and Dryer processes were constructed in 1986 with additional shredded clay and crude clay storage being added later. The plant continues to use relay logic controls for all plant processes. The plant maintains a fleet of 3 front end loaders to move clay through the shredding and loadout processes. Additionally, the plant maintains two tracked excavators which are used to mine clay and miscellaneous ancillary mobile equipment to support mining and processing ball clay.

The Troup facility derives its ball clay ore from the Wilcox Formation. We extract crude clay ore feed from multiple mining pits to optimize blending capabilities. Crude clay grades are primarily delineated using water loss and loss on ignition testing (LOI). These clay grades are subsequently mined and blended to formulate the facility's ceramic clay products. The primary key quality parameters controlling mine sequence development are: (i) the percentage of loss on ignition (LOI); (ii) the percentage of carbon; (iii) the percentage of clay shrinkage; and (iv) the percentage of sulfur.

Tunnel City, Wisconsin. We completed greenfield construction of our Tunnel City facility in 2014. The facility is located in Tomah, Monroe County, Wisconsin, approximately 45 miles east of La Crosse. It consists of over 2,000 acres of owned real property and is accessible by using major highways, including U.S. Interstate 90. The facility utilizes natural gas, propane and electricity to process sand. Processed material is shipped via rail using the Canadian Pacific railroad. The Tunnel City facility is unit train capable with over 42,000 linear feet of rail. Annual capacity is approximately 3.2 million tons per year and the average utilization rate over the past three years was 64%. The total net book value of the Tunnel City facility's real property, fixed assets, and right-of-use assets was \$28.3 million at December 31, 2019.

The sand reserve is mined from the open-pit mine with ripping and dozing to feed the crushing facility. The mine operations are completed on a year-round basis. The silica sand is processed via two steps of crushing and is then wet sized, dried and screened to produce API grade silica sand proppants. It utilizes "advanced technologies" to minimize water and energy consumption, implemented process and design controls to help minimize impacts to the surrounding environment and is working to re-establish pine barren habitat, oak savannah habitat and native prairie plants to the landscape. Through its Tunnel City facility, Covia is also a Wisconsin DNR Habitat Conservation Partner for the Karner Blue Butterfly and is helping to re-establish a bat hibernaculum as a partner in the Wisconsin DNR's Bat Habitat Program.

The sand reserve mined from the open-pit is the Ironton and Galesville members of the Wonewoc Sandstone. The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The sandstone section is mined in two benches to optimize production of frac sand products. The upper bench derives sand feed primarily from the medium to coarse to fine grained sandstone section (Ironton-upper Galesville) and the underlying bench is comprised largely of medium to fine grained sandstone (Galesville). The primary key quality parameters controlling mine sequence development are: (i) the percentage of -20/+40 mesh sand fraction; (ii) the percentage of -40/+70 mesh sand fraction; and (iii) the percentage of silt and clay fraction to support optimizing filter press plant waste disposal operations.

Tuscaloosa, Alabama. We acquired our Tuscaloosa facility in 1996 from the Morie Company. The facility was originally opened in 1968 by Hardy Sand and has been in continuous operation ever since. It is located on the southern side of the city of Tuscaloosa in Tuscaloosa County off Highway 69 and consists of approximately 350 acres of leased real property. The mineral reserves at Tuscaloosa are secured under mineral leases that expire between 2020 and 2035. Annual capacity is approximately 270,000 tons and the average utilization rate over the past three years was 31%. The total net book value of the Tuscaloosa facility's real property, fixed assets, and right-of-use assets was \$1.8 million at December 31, 2019.

Materials produced at Tuscaloosa are sold both dry and damp and are shipped via truck. The mine is a dredging operation where gravel, silica sand and clay is dredged. The dredge then pumps the mixture to the plant where the gravel is scalped off and sand is passed through a classifier, dried and placed into silos for load out. Damp sand is sold from the stockpiles. The Tuscaloosa facility derives its industrial sand ore from the Cottondale Formation. Oversize gravel is also sold as a byproduct as market demands warrant.

Utica, Illinois. We acquired our Utica operation in 1980 from Bellrose Silica. The facility is located in Utica, La Salle County, Illinois and consists of over 2,800 acres of owned real property. It is approximately 10 miles west of Ottawa and is accessible from Interstate 80 via Illinois State Highway 178. The facility is unit train capable and has over 33,000 linear feet of rail. Processed sand is shipped via truck and rail using the CSX railroad. Product can also be shipped via barge at a transload facility within 10 miles of the Utica facility. The facility's mining operations are completed year-round in an open-pit environment to produce its plant feed. There are three operating facilities on site that utilize the ore body (Utica 1, Utica 2 and Utica 3).

The facility's total site capacity is approximately 3.4 million tons per year and the average utilization rate over the past three years was 74%. The total net book value of the Utica facility's real property, fixed assets, and right-of-use assets was \$39.2 million at December 31, 2019. Utica derives its silica sand ore from the St. Peter Sandstone. The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications.

Wedron, Illinois. Our Wedron, Illinois facility is located in Wedron, LaSalle County, Illinois and consists of owned real property. The facility, which is approximately 6 miles northeast of Ottawa, Illinois, is accessible via County Highway 21 off of State Highway 71 and State Highway 23. The site utilizes natural gas and electricity to process sand. Mining methods include mechanical removal of glacial overburden followed by drilling, blasting, and hydraulic mining. Hydraulically mined sand is pumped to the wash plant to be hydraulically sized and sent to the dry plant where it is dried and screened.

Our Wedron facility and its predecessors have operated since 1890. The washing and drying operations at our Wedron facility were upgraded in 2012, 2013, 2014, 2015 and 2016 in conjunction with significant capacity and reserve base increases. Significant railyard

expansions in 2014 and 2015 facilitated greater flexibility and provided for unit train capabilities. Processed sand is shipped from the facility via truck or rail on the BNSF and CSX Railroads via the Illinois Railnet. Our Wedron facility utilizes approximately 50,000 linear feet of rail. A portion of the sand is transferred by conveyor or trucked from our Wedron facility and is coated at our Technisand Wedron and/or Troy Grove, Illinois resin-coating facilities. Annual capacity is approximately 9.0 million tons and the average utilization rate over the past three years was 72%. The total net book value of the Wedron facility's real property, fixed assets, and right-of-use assets was \$166.2 million at December 31, 2019.

The sand reserve mined from the open-pit mine at the Wedron facility is the St. Peter Sandstone formation. The Wedron facility produces high purity, round grain silica sand that meets the API requirements for proppant application. The Wedron facility production capacity is approximately 9.0 million tons per year. The surface deposit at the Wedron facility is a high purity, round grain sand with a minimum silica content of 99%, which meets API requirements for proppant application. The controlling attributes are iron and grain size. Iron is concentrated near the surface, where orange iron staining is evident and also increases where the bottom contact becomes concentrated in iron pyrite. Maximum average full face iron content is 0.020%. The deposit tends to exhibit a coarser grain size distribution in the top half of the deposit.

Processing Facilities

Apodaca, Nuevo Leon, Mexico. We acquired our Apodaca facility, then known as Molinos del Norte, from Quinsa Company in 2002. The facility is in Apodaca County, Apodaca, Nuevo Leon and consists of owned real property. The facility is 12 miles from Monterrey and is accessible via the Apodaca-Huinala road. The main process at the facility is grinding and it utilizes electricity. Annual capacity of the Apodaca facility is approximately 115,700 short tons and the average utilization rate over the past three years was 36%. The total net book value of the Apodaca facility's real property, fixed assets, and right-of-use assets was \$4.2 million at December 31, 2019.

The main product produced at the Apodaca facility is calcium carbonate which is ground from 45 to less than 5 microns. Calcium carbonate is used as a functional filler in the ceramics as well as the coatings and polymers industries. Materials needed for processing (white marble, talc and barite) are externally sourced and transported in via bulk truck and rail. The products produced at the Apodaca facility are shipped via bulk truck or in 50-pound paper bags by truck.

Benito Juarez, Nuevo Leon, Mexico. Greenfield construction of our Benito Juarez facility was completed in 2001. This facility is in Benito Juarez County, Nuevo Leon and consists of owned real property. The facility is located 17.5 miles east of Monterrey and is accessed via Monterrey-Reynosa highway 40. The facility uses electricity to process its material and has an annual capacity of approximately 138,900 short tons. The average utilization rate over the past three years was 87%. The total net book value of the Benito Juarez facility's real property, fixed assets, and right-of-use assets was \$1.5 million at December 31, 2019.

The Benito Juarez facility produces sodium feldspar, which is supplied to ceramics, sanitary-ware and tiles manufacturers who are in the same industrial area as the facility. Feldspar for the facility is supplied from the Ahuazotepec facility via truck. The Benito Juarez facility produces ground products with particle sizes less than 75 microns and they are shipped via bulk trucks over short distances to end users.

Hamilton, Ontario, Canada. We acquired our Lakeshore facility in 2000. It has been in operation since 1963. It is located in Hamilton, Ontario and is accessible via the QEW highway and consists of leased real property, fixed assets, and right-of-use assets. The facility processes lake sand GFN 50-80 (dried) and silica sand (damp) and serves the foundry, sports and recreation, building products, and glass industries. Lake sand is received from a supplier via vessel and product is dried, screen, and stored in silos. Products can be shipped to customers via bulk truck or bulk bag methods. Annual capacity of Lakeshore is approximately 336,000 tons and the average utilization rate over the past three years was 39%]. The total net book value of the Lakeshore facility's real property, fixed assets, and right-of-use assets was \$0.8 million at December 31, 2019.

Lampazos, Nuevo Leon, Mexico. We acquired our Lampazos facility from Mexican glass producer Vitro in 1997, but the facility has been operating since 1970. The facility is in Lampazos County, Nuevo Leon and consists of owned real property. The facility is located 98 miles north of Monterrey and is accessed via Interstate NL1 road. The Lampazos facility utilizes heavy fuel oil and electricity to process its material. The processes at the facility are leaching, drying, magnetic separation and grinding. The annual capacity is approximately 441,600 short tons and the average utilization rate over the past three years was 77%. The total net book value of the Lampazos facility's real property, fixed assets, and right-of-use assets was \$10.0 million at December 31, 2019.

The Lampazos facility produces silica sands for tableware glass, ceramics and, to a lesser extent, foundry markets. The facility's supply comes from the Canoitas facility, where it is transported as wet sand. The Lampazos facility mainly produces silica sand with low iron oxide content for the tableware glass market. It also generates ground products from 75 to 45 microns for ceramics industry manufacturers mainly located in the city of Monterrey. Finished material is shipped either in bulk or large bags via truck.

San Jose, Guanajuato, Mexico. We acquired our San Jose facility from Vitro in 1997. It has been in operation for more than 40 years. The facility is located in San Jose Iturbide County, Guanajuato and consists of owned real property. It is located 35 miles north of Queretaro and is accessed via Highway 57 Queretaro-San Luis Potosi. The San Jose facility generates two main products: silica sand and potassium feldspar. The facility utilizes electricity to process its material. The current primary process at the San Jose facility is grinding and its annual production capacity is approximately 100,000 tons. The average utilization rate over the past three years was 15%. The total net book value of the San Jose facility's real property, fixed assets, and right-of-use assets was \$0.1 million at December 31, 2019.

Ground silica sand and feldspar produced at the San Jose facility are supplied mainly to the electric ceramics industry. The potassium feldspar is supplied by a third party and silica sand as raw material is supplied by the Jaltipan facility. The products produced at the San Jose facility are shipped via bulk truck.

Tamms, Illinois. We acquired the Tamms facility from Tammsco, Inc. in 1986. This facility has been in operation since the early 1900's and consists of owned real property located in Tamms, Alexander County, Illinois, just off State Highway 127, 20 miles north of Cairo, Illinois, the southernmost tip of the state. The site is currently a nepheline syenite milling/sizing operation utilizing electricity with an annual capacity of approximately 28,000 tons. The average utilization rate over the past three years was 87%. The total net book value of the Tamms facility's real property, fixed assets, and right-of-use assets was \$1.0 million at December 31, 2019.

We supply products produced at the Tamms facility to the coatings and polymer industries. The site receives partially processed nepheline syenite feedstock from the Nephton facility and subsequently processes the material to produce several grades of finished products, primarily less than 15 microns in size. The products are then bagged and shipped on van or container trucks.

Tlaxcala, Tlaxcala, Mexico. We completed greenfield construction of its Tlaxcala milling facility in 2010. This facility is in Tetla County, Tlaxcala and consists of owned real property. It is located 25 miles northeast of the city of Tlaxcala and is accessed via the road 119 Apizaco-Ciudad de Mexico. The facility utilizes electricity to produce ground products of silica sand. The annual capacity is approximately 105,000 tons and the average utilization rate over the past three years was 92%. The total net book value of the Tlaxcala facility's real property, fixed assets, and right-of-use assets was \$1.5 million at December 31, 2019.

The Tlaxcala facility produces ground silica for the fiberglass industry. The silica sand is supplied from the Jaltipan facility. The Tlaxcala facility generates ground products with particle sizes from 75 to 45 microns and its processed material is shipped via bulk truck.

Troy Grove, Illinois. We acquired its Troy Grove facility from Martin Marietta in 1983. It has been in operation since 1960. The facility is located in Troy Grove, La Salle County, Illinois and consists of approximately 60 acres of owned real property. It is approximately 20 miles from Ottawa and is accessible via U.S. Interstate Highway 52. The facility uses electricity to process its material and has an annual capacity of approximately 39,000 tons. The average utilization rate over the past three years was 64%. The total net book value of the Troy Grove facility's real property, fixed assets, and right-of-use assets was \$0.9 million at December 31, 2019.

The Troy Grove facility supplies nepheline syenite to the coatings and polymers industries. The facility receives its feed stock from the Nephton facility. The facility then grinds and classifies the material into bins for sale via bulk truck or rail.

Inactive Facilities

Bay City, Wisconsin. Our Bay City, Wisconsin facility is located in Isabelle and Hartland Township, Pierce County, Wisconsin and consists of owned and leased real property. The mineral reserves at the Bay City facility are secured under mineral leases that, with the exercise of renewal terms, expire between 2045 and 2106. The Bay City facility was opened in 1919 and operated continuously until 1989. We acquired the mine through the acquisition of Wisconsin Specialty Sand and constructed the associated Hager City processing (drying) plant in 2007. This underground mine is approximately 1.5 miles northeast of Bay City on State Highway 35. The reserves are located at a depth of 230 feet. The mine utilizes electricity to process sand. Mining methods include drilling and

blasting. As a result of the challenging conditions in the global oil and gas markets, these operations were idled in 2015. Although the processing facility was idled, the railyard remains active and provides unit train capabilities for the Maiden Rock facility.

Mined sand is shipped approximately five miles to the Hager City plant for further processing and eventual shipment via truck or rail on the BNSF Railroad. The Hager City plant, constructed by Wisconsin Industrial Sand Company, LLC in 2007, was expanded in 2013 and 2014 with the addition of a new rail yard containing approximately 19,000 linear feet of rail for assembling unit trains.

The sand reserve mined from the underground mine at the Bay City facility is the Jordan Sandstone. The Bay City facility produces high purity, round grain silica that meets API requirements for proppant application. The mining capacity is approximately 780,000 tons per year. The facility has been idled since 2015. The railyard remains active. The total net book value of the Bay City facility's real property, fixed assets, and right-of-use assets was \$2.5 million at December 31, 2019. The underground deposit at the Bay City facility is a high purity, round grain sand with a minimum silica content of 99% which meets API requirements for proppant application. The controlling attributes are turbidity, acid solubility, and grain size. The deposit tends to exhibit a coarser grain size distribution near the top of the deposit. Grain size distributions are maintained through control of mine horizon. Turbidity and acid solubility are controlled through the use of hydrosizers during wet processing.

Brewer, Missouri. Our Brewer, Missouri mine is located in Brewer, Perry County, Missouri and consists of owned real property. The facility, approximately one-half mile northwest of Brewer, Missouri, is accessible via State Highway M. We acquired the inactive mine in 2013. The operation was reactivated and began production in December 2014 but was idled in 2015 due to the challenging conditions in the global oil and gas markets. In January 2017, the decision was made to return Brewer to full production due to an increase in demand for proppants. The mine resumed production in the first quarter of 2017. In September 2018, the decision was made to idle the Brewer site due to reduced customer demand. Mining methods include the mechanical removal of overburden followed by drilling, blasting and mechanical mining.

The sand reserve mined from the open-pit mine at the Brewer facility is the St. Peter Sandstone. The deposit produces high purity, round grain silica that meets API requirements for proppant application. The mining capacity is approximately 1.3 million tons per year and the average utilization rate over the past three years was 29%. The total net book value of the Brewer facility's real property, fixed assets, and right-of-use assets was \$0.5 million at December 31, 2019. The surface deposit at the Brewer facility is a high purity, round grain sand with a minimum silica content of 99% which meets API requirements for proppant application. The controlling attributes are turbidity and grain size. The deposit tends to exhibit a coarser grain size distribution in top half of deposit. Turbidity is controlled through the use of hydrosizers and attrition scrubbers during wet processing.

Grand Haven, Michigan. Our Grand Haven, Michigan facility is located in Grand Haven, Ottawa County, Michigan. The mine and facility consist of owned real property that is subject to a reverter to the prior property owner in 2021. The mine and facility have been closed since 2014. There is no net book value assigned to the Grand Haven facility. The facility, which is approximately two miles south of Grand Haven, Michigan, is accessible via Lakeshore drive and US Highway 31.

The sand resource historically mined from the open-pit mine at the facility is a dune sand deposit. This surface dune deposit is a high purity, sub-round grain sand with minimum silica content of 96% ideal for foundry metal casting applications. The controlling attribute is ADV. The mine's ADV ranges from 30-50. ADV is controlled through floatation during wet processing. The grain size distribution averages greater than 50% plus 50 mesh.

Kasota, Minnesota. We completed initial greenfield construction of our Kasota site in 1982. The facility is located in Kasota, Le Sueur County, Minnesota, approximately 75 miles southwest of Minneapolis. It consists of approximately 3,700 acres of owned real property and is accessible by using major highways, including U.S. Interstate 35. The site utilizes natural gas and electricity to process sand. The site has grown through two capacity expansions, one in 2009, when 1.2 million tons of capacity per year was added to produce all grades of API grade silica sand proppant, and another in 2014, when 800,000 tons per year were added to produce 40/70 and 100 mesh grade silica sand proppants. Kasota was idled in 2019. Currently, annual capacity of the Kasota facility is approximately 3.0 million tons per year and the average utilization rate over the past three years was 66%. The total net book value of the Kasota facility's real property, fixed assets, and right-of-use assets was \$27.0 million at December 31, 2019. Processed material is shipped via rail using the Union Pacific railroad. The Kasota facility is unit train capable and utilizes approximately 25,000 linear feet of rail.

The sand reserve mined from the open-pit mine is from the Jordan Sandstone. Dolomite cap rock ranging from 0-30 feet in thickness is removed to expose the silica reserves. The open-pit operations require drilling and blasting to fragment the sandstone. The facility

is a load and carry operation with wheel loaders feeding conveyors to the in-pit crushing system. The mining operations occur on a year-round basis. The silica sand is processed via multiple steps of crushing and then is wet sized, dried, and screened.

The silica sand product contains a minimum silica content of 99% and meets API standards for proppant applications. The sandstone section is mined in two benches to optimize production of frac sand products. The upper bench ore is medium to coarse grained and the underlying bench is largely fine to medium grained. Mine production has been augmented with the extraction of medium to fine grained sand previously disposed of in the facility's tailings cells

Maiden Rock, Wisconsin. Our Maiden Rock, Wisconsin facility is located in Maiden Rock, Pierce County, Wisconsin and consists of owned and leased real property. The mineral reserves at the Maiden Rock facility are secured under mineral leases that, with the exercise of renewal options, expire between 2021 and 2046. The facility is within the Village and Township of Maiden Rock along State Highway 35. The Maiden Rock facility utilizes natural gas and electricity to process sand. Maiden Rock produces from an underground mine utilizing a "room-and-pillar" mining method which includes horizontal drilling and blasting. The reserves are located at a maximum depth of 230 feet. After blasting, the sand is removed from the face of the tunnels with a front-end-loader and deposited into a hopper where it is combined with water to form a slurry. The slurry is pumped to the surface wash plant to be hydraulically sized and sent to the plant where it is dried and screened.

The Maiden Rock facility and its predecessors have operated since the 1920s. We acquired a 50% equity interest in the facility from Wisconsin Industrial Sand in 1997 and acquired the remaining equity interest in 1999. The washing and drying operations at the Maiden Rock facility were upgraded in 2012 in conjunction with a significant capacity increase. Processed sand is shipped from the Maiden Rock facility via truck or rail on the Burlington Northern Santa Fe ("BNSF") Railway. The Maiden Rock facility has a rail loadout facility that has approximately 5,000 linear feet of rail. This plant is unit train capable utilizing the new unit train railyard, approximately 16,000 linear feet at the Hager City facility.

The sand reserve mined from the underground mine at the Maiden Rock facility is the Jordan Sandstone. The Maiden Rock facility produces high purity, round grain silica that meets API requirements for proppant application. The mining capacity is approximately 1.3 million tons per year and the average utilization rate over the past three years was 34%. The total net book value of the Maiden Rock facility's real property, fixed assets, and right-of-use assets was \$2.1 million at December 31, 2019. The sandstone deposit at this facility is a high purity, round grain sand with a minimum silica content of 99%, which meets API requirements for proppant application. The controlling attributes are turbidity, acid solubility, and grain size. The deposit tends to exhibit a coarser grain size distribution near the top of the deposit. Grain size distribution is maintained through control of mine horizon. Turbidity and acid solubility are controlled through the use of hydrosizers during wet processing. The Maiden Rock facility was idled in 2019.

Shakopee, Minnesota. Our Shakopee, Minnesota facility is located in Shakopee, Scott County, Minnesota and consists of owned and leased real property. The mineral reserves at our mine are secured by fee ownership and a lease agreement that, with the exercise of renewal options, expires in 2030. The facility is approximately four miles south of Shakopee, Minnesota and is accessible via US Highway 169. The Shakopee facility utilizes natural gas and electricity to process sand. Mining methods include the mechanical removal of glacial overburden followed by drilling, blasting, and mechanical mining.

Mining occurred at the Shakopee facility for a short time in the 1980s by others until the property was reclaimed. The mine was permitted by Great Plains Sand in 2012 and acquired by us in 2013, at which time we changed the name to Shakopee Sand LLC. The washing and drying operations were upgraded at the facility following the acquisition. Processed sand is shipped from the Shakopee facility via truck or by rail on the UP. As a result of reduced customer demand, the facility was idled in 2018 after being re-opened in 2017. Annual capacity is approximately 718,000 tons and the average utilization rate over the past three years was 14%. The total net book value of the Shakopee facility's real property, fixed assets, and right-of-use assets was \$5.5 million at December 31, 2019.

The sand reserve mined from the open-pit mine at the Shakopee facility is derived from the Jordan Sandstone. The ore deposit is a high purity, round grain sand with a minimum silica content of 99%, which meets API requirements for proppant applications. The controlling attributes are turbidity and grain size. The deposit tends to exhibit a coarser grain size distribution in the top half of deposit. Turbidity is controlled through the use of hydrosizers and attrition scrubbers (scrubbers idled in 2018) during wet processing.

Voca (East), Texas. We completed greenfield construction of the Voca facility in 1996. The facility is located in Voca, McCulloch County, Texas and consists of owned real property. It is approximately 110 miles west of Austin and is accessible via State Highway 71. The Voca East facility utilizes natural gas and electricity to process. Annual capacity at the Voca (East) facility is approximately 419,000 tons and the average utilization rate over the past three years was 46%. The total net book value of the Voca (East) facility's real property, fixed assets, and right-of-use assets was \$0.8 million at December 31, 2019. The Voca (East) facility was idled in 2018.

We use drill and blast processes in an open-pit environment to produce feed for the Voca East facility. Mine operations are year-round. Material is transported to the facility via rigid frame trucks. Material is processed through three stages of crushing for preparation to the hydraulic classification circuits and beneficiation circuits. Product from the wet processing circuits is stockpiled to reduce moisture and then fed to a natural gas fired dryer prior to finished product screening. Products produced from the Voca facility are utilized for frac sand. Product is shipped via bulk truck.

The Voca East facility derives its silica sand ore from the Hickory Sandstone Member of the Riley Formation. The silica sand product contains a minimum silica content of 96% and meets API standards for proppant applications. The sandstone section is mined in multiple benches to support production of frac sand products. The facility's mine production recently has shifted to focus on the extraction of sand previously disposed of in the facility's tailings cells. The primary key quality parameter controlling mine sequence development is the percentage of the -30/+140 mesh sand fraction.

Voca (West), Texas. Our Voca West, Texas facility is located in Voca, Mason and McCulloch Counties, Texas and consists of owned real property. The facility, which is approximately 1.5 miles southeast of Voca, is accessible via County Highway 1851, south of State Highway 71. Sand mining and processing operations were developed at the facility during 2008, with the construction of existing plants completed in 2012. We acquired the operations in 2013. The Voca West facility utilizes natural gas with propane back-up and electricity to process sand. Mining methods include the mechanical removal of thin overburden followed by drilling, blasting, and mechanical mining. Annual capacity at the Voca West facility was 1.2 million tons and the average utilization rate over the past three years was 38%. The total net book value of the Voca (West) facility's real property, fixed assets, and right-of-use assets was \$0.8 million at December 31, 2019. The Voca (West) facility was idled in 2018.

The sand reserve mined at our Voca property is the Hickory Sandstone Member of the Riley Formation. The Voca facility produces high purity, round grain silica which meets API requirements for proppant application. The surface deposit at the Voca West facility is a high purity, round grain sand with a minimum silica content of 98% which meets API requirements for proppant application. The controlling attributes are turbidity and grain size. Turbidity is controlled through the use of hydrosizers and attrition scrubbers during wet processing. Grain size is controlled through the use of hydrosizers and wet screening.

Wexford, Michigan. Our Harrietta, Michigan facility is located in Slagle Township, Wexford County, Michigan and consists of owned and leased real property. The facility, which is approximately three miles northeast of Harrietta, Michigan, is accessible via West 28th Road and State Highway 37. The facility utilizes recycled oil and electricity to process sand. Mining methods include mechanical removal of overburden and excavation of sand.

We acquired Wexford Sand from Sargent Sand in 1998. A new screen plant was installed in 2008. The processed sand is shipped from the Harrietta facility by bulk via truck or rail on the Great Lakes Central Railroad. The sand reserve mined from the open-pit mine at the Harrietta facility is a glacial outwash sand deposit for proppant applications. Glacial outwash is glacial sediments deposited by melting glacial ice at the terminus of a glacier. The mining capacity is approximately 625,000 tons per year. The total net book value of the Wexford facility's real property, fixed assets, and right-of-use assets was \$0.6 million at December 31, 2019. This surface deposit at the Harrietta facility is sub-round grain sand with minimum silica content of 96% ideal for foundry applications. The controlling attributes are ADV and grain size distribution.

As a result of challenging conditions in end markets, the Wexford plant was idled from 2014 to 2018. The plant reopened briefly in March 2018 but was idled in September 2018 due to reduced customer demand.

Development Sites

Cawood, Quebec, Canada. Our Cawood nepheline syenite prospect is located approximately 80 kilometers northwest of Ottawa, Ontario in the Cawood Township of southwestern Quebec. The Cawood property consists of 10 mineral claims (5112689 through 5112698). Covia is required to maintain these mineral claims by completing geologic work, or paying in lieu of geologic work, every two years. In 2018, geologic work was completed (diamond core drilling) that will maintain these mineral claims to approximately 2027, contingent upon Quebec Ministry review and approval.

The region lies within the Proterozoic Grenville Province of the Central Meta-Sedimentary Belt. The rock is characterized by upper amphibolite-granulite facies metamorphism and includes Grenvillian paragneiss, marble and orthogneiss with intrusions of late Proterozoic plutons and Phanerozoic easterly trending diabase dikes. The Cawood complex was identified as the only principal pluton within the property area by regional mapping and is bounded within our mineral claim block. The area has been geologically mapped. Qualitative evaluation has been completed through bulk sampling and diamond core drilling. Diamond core drilling was completed by us in 2001, 2015 and 2018.

The nepheline syenite is typically white to grey, medium grained and containing hornblende, biotite, magnetite and aegirine as mafic minerals. Grain size varies from fine to very coarse with the core of the complex having pegmatitic bands. Nepheline content varies from 10 to 25%.

There was no net book value assigned to the Cawood location's real property, fixed assets, and right-of-use assets at December 31, 2019.

Dungannon, Ontario, Canada. The Dungannon nepheline syenite prospect is located approximately 2 kilometers east of Bancroft, Ontario within the Dungannon Township of southern Ontario. The Dungannon prospect consists of a total of 13 Patent Lands and one License of Occupation, for a total of 293.2 ha. The area lies within the Central Metasedimentary Belt of the Grenville Province. The majority of these lands are underlain by nepheline syenite gneiss and/or nepheline-feldspar pegmatites.

An economic evaluation was completed for Lots 25 through 29 of Concession 13 Dungannon Township (covered by Patents 9918, 9936 through 9939). No resource evaluations are available for the Morrison (Patents 9934 & 9935) or the Davis Quarry (Patents 9919 & 9920), nor the lands covered by Patents 9915 through 9917 and 9940 and License of Occupation 13624. The area has been geologically mapped. Qualitative evaluation has been completed through bulk sampling. Historic development of the Morrison and Davis quarries occurred in the late 1930's and 1940's for the feldspar market.

There was no net book value assigned to the Dungannon location's real property, fixed assets, and right-of-use assets at December 31, 2019.

Katemcy, Texas. Our Katemcy, Texas resources are located in Katemcy, Mason County, Texas and consist of owned real property. The mine property was purchased in September 2013 and is accessed via County Road 1222 and State Highway 87. The prospective mining area has not been developed and the property is currently used as agricultural land.

The sandstone resource at this proposed open-pit mine is derived from the Hickory Sandstone Member of the Riley Formation. This deposit is capable of producing high purity, round grain silica sand with a minimum silica content of 98% which meets API requirements for proppant applications. The controlling key quality attributes will be grain size and turbidity.

The total net book value of the Katemcy location's real property, fixed assets, and right-of-use assets is included in the net book value of the Voca (West) facility.

Wedeen River, British Columbia, Canada. Our Wedeen River property is a magnetite prospect in British Columbia, Canada, approximately 8 miles north of the coastal town of Kitimat. The prospect is comprised of four Crown Granted mineral claims (Mineral Hill #1, #2, #3 and Summit). We acquired these properties during Unimin's Indusmin acquisition. Several surrounding previously held mineral claims have been allowed to lapse due to the magnetite deposit being shown to lie wholly within our Crown Granted mineral claims. Geologic mapping and diamond core drilling (occurring between 1958-1962) has identified the deposit as an iron skarn deposit with high grade magnetite lenses (40-60% Fe) separated by low grade disseminated magnetite zones (5-15% Fe). In 1994, a resource estimate reported "almost 6 million net tons grading to 22.009% acid soluble Fe", equivalent to 1.3 million tons of iron.

There was no net book value assigned to the Wedeen River location's real property, fixed assets, and right-of-use assets at December 31, 2019.

Torreón, Coahuila, Mexico. Our Terrazo, and La Chiche properties are marble deposits, approximately 33 miles northwestern of Torreón, Coahuila Mexico. Terrazo is accessed via State Highway 40 Torreón-Cuencame, while La Chiche can be accessed via State Highway 49 Torreón-Jiménez. These properties were acquired as calcium carbonate mineral resources for our Apodaca facility. This commodity is used as a functional filler in the ceramics as well as the coatings and polymers industries. The mineral deposits are in Cretaceous limestone from de Aurora Formation located in skarn zone around the quartz monzonite igneous intrusion. Geologic mapping and diamond core drilling (occurring between 2007-2010) has identified the marble deposits. The resources of calcium carbonate in the Terrazo property are 1,201,000 net metric tons, while resources of calcium carbonate in La Chiche property are 5,776,000 net metric tons. There was no net book value assigned to the Torreón location's real property, fixed assets, and right-of-use assets at December 31, 2019.

The mineral resource is a high concentration, marble product material. This mineral resource should define the reserves with a minimum calcium carbonate content of 98.5%, and a minimum LCIELAB value of 96.0 which meets specification requirements for filler and coating application.

The following map reflects the location of our mining, processing and development facilities in North America as of December 31, 2019, as well as the segment in which they serve. If a facility serves both the Industrial and Energy segments, we refer to them as Hybrid facilities:



The following table reflects the segment(s) served by various locations:

Location	Segment		
	Energy	Industrial	Administrative
Ahuazotepc, Puebla, Mexico	—	✓	—
Apodaca, Nuevo Leon, Mexico	—	✓	—
Bay City, WI	✓	—	—
Beaver, OH	—	✓	—
Benito Juarez, Nuevo Leon, Mexico	—	✓	—
Benton Harbor, MI	—	—	✓
Brewer, MO	✓	—	—
Bridgeton, NJ	—	—	✓

Camden, TN	—	✓	—
Canoitas, Coahuila, Mexico	—	✓	—
Chardon, OH	—	✓	—
Cleburne, TX	✓	✓	—
Cornelius, NC	—	—	✓
Crane, TX	✓	—	—
Cutler, IL	✓	—	—
Dividing Creek, NJ	✓	✓	—
Elco, IL	—	✓	—
Emmett, ID	—	✓	—
Fresno, TX	—	✓	—
Gore, VA	—	✓	✓
Grand Haven, MI	—	✓	—
Green Mountain, NC	—	✓	—
Guion, AR	✓	✓	—
Hephzibah, GA	—	✓	—
Huntersville, NC	—	—	✓
Huntingburg, IN	—	✓	—
Independence, OH	—	—	✓
Jaltipan, Veracruz, Mexico	—	✓	—
Junction City, GA	—	✓	—
Kasota, MN	✓	—	—
Kermit, TX	✓	—	—
Lakeshore Sand, Hamilton, ON, Canada	—	✓	—
Lampazos, Nuevo Leon, Mexico	—	✓	—
Lugoff, SC	—	✓	—
Magdalena de Kino, Sonora, Mexico	—	—	✓
Maiden Rock, WI	✓	—	—
Mankato, MN	—	—	✓
Marston, NC	—	✓	—
McIntyre, GA	—	✓	—
Menomonie, WI	✓	✓	—
Monterrey, Nuevo Leon, Mexico	—	—	✓
Nephton, Ontario, Canada	—	✓	—
New Canaan, CT	—	—	✓
Oregon, IL	✓	✓	—
Ottawa, IL	—	—	✓
Ottawa, MN	✓	✓	—
Peterborough, Ontario, Canada	—	—	✓
Pevely, MI	✓	✓	—
Portage, WI	✓	✓	—
Roff, OK	✓	✓	—
Saint Canut, Quebec, Canada	—	✓	—
San Jose, Guanajuato, Mexico	—	✓	—
San Juan, Veracruz, Mexico	—	✓	—
Seiling, OK	✓	—	—
Serena, IL	—	✓	—
Shakopee, MN	✓	—	—
Sibley, LA	✓	—	—
Sugar Land, TX	—	—	✓
Tamms, IL	—	✓	—
The Woodlands, TX	—	—	✓
Tlaxcala, Tlaxcala, Mexico	—	✓	—
Toronto, Ontario, Canada	—	—	✓
Troup, TX	—	✓	—
Troy Grove, IL	✓	—	—
Tunnel City, WI	✓	—	—
Tuscaloosa, AL	—	✓	—
Utica, IL	✓	✓	—
Voca, TX	✓	✓	—
Wedron, IL	✓	✓	—
Winchester, VA	—	—	✓

Product Delivery

We have established an oil and gas logistics network that we believe is highly responsive to our customers' needs and includes distribution terminals in all major oil and gas basins, as well as selected locations to serve Industrial customers. These terminals are a

combination of facilities that we own or lease, as well as properties that are owned and operated by third parties. They generally consist of rail and transload operations, plus in some cases additional storage and handling facilities.

ITEM 3. LEGAL PROCEEDINGS

Product Liability Matters

We and/or our predecessors have been named as a defendant, usually among many defendants, in numerous product liability lawsuits brought by or on behalf of current or former employees of our customers seeking monetary relief, alleging damages caused by silica exposure. As of December 31, 2019, we were subject to approximately 40 active silica exposure cases. Many of the claims pending against us arise out of the alleged use of our silica products in foundries or as an abrasive blast media and have been filed in various jurisdictions over the years. In accordance with the terms of our insurance coverage, these claims are being defended by our subsidiaries' insurance carriers, subject to our payment of a percentage of the defense costs. Based on information currently available, management cannot reasonably estimate a loss at this time. Although the outcomes of these lawsuits cannot be predicted with certainty, management does not believe that the pending lawsuits, individually or in the aggregate, are reasonably likely to have a material adverse effect on our financial position, results of operations or cash flows.

Other Matters

We are involved in other legal actions and claims arising in the ordinary course of business. We currently believe that each such action and claim will be resolved without a material adverse effect on our financial condition, results of operations, or liquidity. However, litigation involves an element of uncertainty and future developments could cause these actions or claims to have a material adverse effect on our financial condition, results of operations, and liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

Our safety program establishes a system for promoting a safety culture that encourages incident prevention and continually strives to improve our safety and health performance. Our safety program includes as its domain all established safety and health specific programs and initiatives for our material compliance with all local, state and federal legislation, standards, and regulations as they apply to a safe and healthy employee, stakeholder, and work environment.

Our safety program has the ultimate goal of the identification, elimination or control of all risks to personnel, stakeholders, and facilities, that can be controlled and directly managed, and those it does not control or directly manage, but can expect to have an influence upon.

The operation of our U.S.-based mines is subject to regulation by MSHA under the Mine Act. MSHA inspects our mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Following passage of The Mine Improvement and New Emergency Response Act of 2006, MSHA significantly increased the numbers of citations and orders charged against mining operations. The dollar penalties assessed for citations issued has also increased in recent years.

We are required to report certain mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K, and that required information is included in ***Exhibit 95.1*** to this Report and is incorporated by reference.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Shares of our common stock, traded under the symbol "CVIA," have been publicly traded since June 1, 2018, when our common stock was listed and began trading on the NYSE. Prior to that date, there was no public market for our common stock.

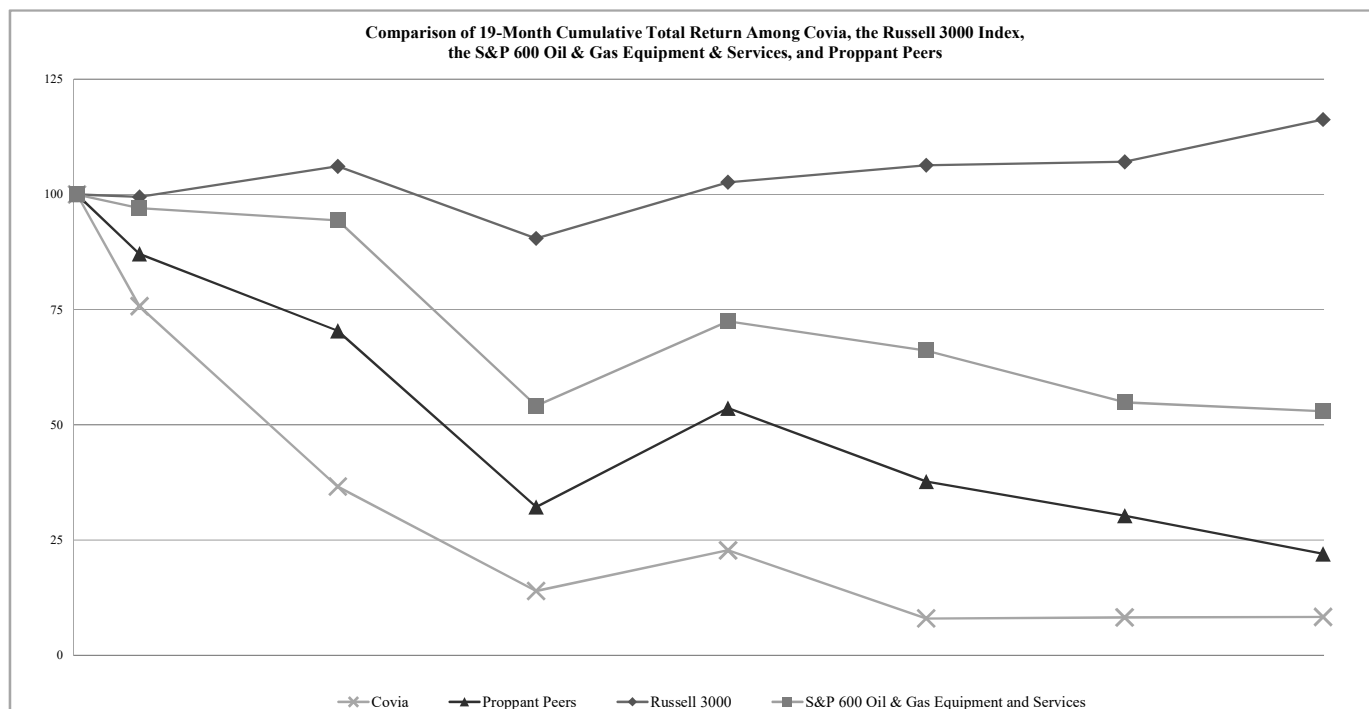
Holders of Record

On March 9, 2020, there were 132,023,251 shares of our common stock outstanding, which were held by 8,472 stockholders of record. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Comparative Stock Performance Graph

The graph below compares the cumulative total shareholder return on our common stock, the cumulative total return on the Russell 3000 Index, the Standard and Poor's Small Cap 600 GICS Oil & Gas Equipment & Services Sub-Industry index, and a composite average of publicly traded proppant peer companies (U.S. Silica Holdings, Inc., Hi-Crush Inc., and Smart Sand Inc.) since June 1, 2018, the first day our stock traded on the NYSE.

The graph assumes \$100 was invested on June 1, 2018, the first day our stock was traded on the NYSE, in our common stock, the Russell 3000, the Standard and Poor's Small Cap 600 GICS Oil & Gas Equipment & Services Sub-Industry Index, and a composite of publicly-traded proppant peer companies. The cumulative total return assumes the reinvestment of all dividends. We have included a composite of our proppant peers as their share performance tends to be more closely correlated with ours than our industrial peers at this time.



	TOTAL RETURN			
	Russell 3000	S&P Oil & Gas Equipment & Services	Proppant Peers	Covia Holdings Corporation
June 1, 2018	100.00	100.00	100.00	100.00
June 30, 2018	99.48	97.03	87.14	75.76
September 30, 2018	106.09	94.38	70.43	36.61
December 31, 2018	90.46	54.16	32.17	13.96
March 30, 2019	102.66	72.50	53.63	22.82
June 30, 2019	106.36	66.11	37.69	8.00
September 30, 2019	107.08	54.89	30.29	8.24
December 31, 2019	116.27	52.94	22.02	8.33

ITEM 6. SELECTED FINANCIAL DATA

The following table presents our consolidated statement of operations and certain operating data. The results of operations by segment are discussed in further detail following the consolidated overview.

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
Statement of Income Data:					
Revenues	\$ 1,595,446	\$ 1,842,937	\$ 1,295,112	\$ 982,696	\$ 1,371,678
Operating income (loss) from continuing operations	(1,432,642)	(163,841)	162,704	24,457	(90,289)
Income (loss) from continuing operations before provision (benefit) for income taxes	(1,534,113)	(278,995)	122,062	(31,102)	(121,506)
Net income (loss) from continuing operations	(1,289,979)	(282,982)	130,887	(5,770)	(83,350)
Income from discontinued operations, net of tax	-	12,587	23,284	9,435	10,992
Net income (loss) attributable to Covia Holdings Corporation	\$ (1,290,102)	\$ (270,498)	\$ 154,171	\$ 3,665	\$ (72,358)
Continuing operations earnings (loss) per share					
Basic	\$ (9.81)	\$ (2.26)	\$ 1.09	\$ (0.05)	\$ (0.97)
Diluted	(9.81)	(2.26)	1.09	(0.05)	(0.97)
Earnings (loss) per share					
Basic	(9.81)	(2.16)	1.29	0.03	(0.58)
Diluted	(9.81)	(2.16)	1.29	0.03	(0.58)
Cash dividends declared per share	\$ -	\$ -	\$ -	\$ 0.42	\$ -
Operating Data:					
Total tons sold	30,486	29,581	23,286	18,923	19,249
Average selling price per ton	\$ 52.33	\$ 62.30	\$ 55.62	\$ 51.93	\$ 71.26
Balance Sheet Data (at period end):					
Cash and cash equivalents	\$ 319,484	\$ 134,130	\$ 308,059	\$ 183,361	\$ 359,478
Total assets	2,446,518	3,756,117	2,040,098	1,839,099	2,247,580
Long-term debt (including current portion)	1,557,706	1,628,369	417,012	367,436	637,616
Total liabilities	2,269,354	2,301,164	814,783	768,681	1,142,596
Total equity	\$ 177,164	\$ 1,454,953	\$ 1,225,315	\$ 1,070,418	\$ 1,104,984

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with the section entitled "Business" and our consolidated financial statements and related notes thereto and other financial information appearing elsewhere in this Report. The following discussion contains forward-looking statements that involve risks, uncertainties and assumptions. See the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 3 of this Report. Our actual results could differ materially from those contained in forward-looking statements as a result of many factors, including those discussed in "Item 1A—Risk Factors" in Part I of this Report. The following discussion contains certain non-GAAP (defined herein) financial measures, including EBITDA and Adjusted EBITDA (defined herein). See "—Key Metrics Used to Evaluate Covia's Business" for a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA.

Overview

We are an application-focused minerals company providing materials solutions to customers drawing from a diversified product portfolio. We produce a wide range of specialized silica sand, feldspar, nepheline syenite, calcium carbonate, clay, and kaolin products for use in the Industrial and Energy markets in North America and around the world. We have 36 active mining facilities with over 40 million tons of annual processing capacity and significant proven and probable mineral reserves that serve both the Industrial and Energy markets and six active coating facilities with more than two million tons of annual coating capacity. Our mining and coating facilities span North America and also include operations in China and Denmark. We believe our U.S., Mexico, and Canada operations are among the largest, most flexible, and cost-efficient facilities in the industry with close proximity to our customer base.

Our operations are organized into two segments based on the primary end markets we serve – Industrial and Energy. Our Energy segment offers the oil and gas industry a comprehensive portfolio of raw frac sand, value-added proppants, well-cementing additives, gravel-packing media and drilling mud additives that meet or exceed the API standards. Our products serve hydraulic fracturing operations in the U.S., Canada, Argentina, Mexico, China, and northern Europe.

Our Industrial segment provides raw, value-added, and custom-blended products to the glass, construction, ceramics, foundry, coatings, polymers, sports and recreation, filtration and various other industries primarily in North America.

We believe our segments are complementary. Our ability to sell to a wide range of customers across multiple end markets allows us to maximize the recovery of our reserve base within our mining operations and to mitigate the cyclical nature of our earnings.

Our Strategy

Our strategy is centered on three objectives – repositioning our Energy segment, growing our Industrial segment's profitability and strengthening our balance sheet. During 2019, we made significant progress executing on these three areas.

- *Repositioning our Energy Segment.* In response to a customer shift in demand toward in-basin sand, from late 2018 through 2019, we idled approximately 15 million tons of our Northern White or regional sand production capacity. The remaining production capacity of Northern White sand is located at our lower-cost plants. We also commissioned three in-basin sand production plants to meet growing customer demand for this product.

The market shift in demand toward in-basin sand also resulted in a reduction in demand for the railcars and terminals that are used to transport Northern White sand to an oil and gas basin. This resulted in an industry oversupply of railcars, including within our own fleet. In response, we negotiated with railcar builders to terminate approximately \$195 million in future railcar purchase commitments in exchange for immaterial consideration, which included cash and lease modifications to a small portion of the fleet. Additionally, we exited leases from terminals which were no longer necessary to serve customers.

- *Growing our Industrial Segment's Profitability.* During 2019, we successfully lowered unit production costs in our Industrial segment, which served as a tailwind to Industrial segment profitability.

We also made capital investments within our Industrial segment to target specific growth opportunities. These investments included expanding our Canoitás, Mexico silica plant and expanding and modernizing our nepheline syenite plant in Nephton, Ontario. The Canoitás expansion was completed in 2019 and is expected to add additional capacity to meet growing customer demand in Mexico. The Nephton expansion and modernization is expected to be completed in 2021 and

reduce costs and maintenance capital, as well as add production capacity to meet forecasted growth in demand for nepheline syenite.

- *Strengthening our Balance Sheet.* To improve our liquidity and strengthen our balance sheet, in 2019 we successfully divested several non-core assets, including our Calera, Alabama lime processing facility and Winchester & Western Railroad, which collectively generated over \$240 million in proceeds. Additionally, we took advantage of favorable trading conditions to repurchase \$63 million of face value of our Term Loan for \$48 million. Other actions we took to improve our balance sheet in 2019 included improving working capital by more than \$100 million and securing a commitment for a \$75 million standby liquidity facility.

Recent Trends and Outlook

Energy segment market trends:

- *Volatility of drilling activity.* Demand for proppant is primarily determined by the level of drilling and well completions by E&P companies, which depends largely on the current and anticipated profitability of developing oil and natural gas reserves. In 2019, E&P capital spending on drilling and completions activity accelerated in the first half of the year, due in part to higher hydrocarbon prices. Activity declined in the second half of 2019 as many of our customers exhausted their annual budgets and did not want to outspend the cash flow they were generating. In March 2020, OPEC and non-OPEC producers failed to secure an agreement on plans for oil production cuts. This is anticipated to result in increased competition amongst oil producers for gaining market share, increasing the supply of oil. Combined with a decrease in consumer demand for oil due to the coronavirus, the supply of oil could far exceed demand and further reduce the need for drilling activity and E&P capital spending in 2020 and, relatedly, a reduction in demand for proppant. WTI pricing, as of March 11, 2020 was approximately \$33 per barrel. The full impact of these dynamics are not yet known.
- *Shifts in drilling activity affect the mix of proppants customers require.* Well design and completion trends in oil and gas impact the demand for and the mix of proppants we sell. In 2013 and 2014, well designs centered on guar and crosslinked gel utilizing coarse grade proppants with high conductivity. E&P companies also used ceramics and/or resin-coated proppants for added strength and flowback control. In 2015 and 2016, lower crude oil prices caused E&P companies to seek to reduce short-term operating costs, including experimenting with slickwater designs utilizing longer laterals and high loading of lower priced, finer grades of proppant. Beginning in 2018, E&P companies began increasing their usage of sand that is mined within the same basin as their well locations (in-basin sand) due to the lower transportation costs associated with this sand, which is almost entirely fine mesh and significant reduce the use of many more expensive value added proppants. This trend accelerated in 2019 as E&P companies increased adoption of in-basin sand and new in-basin mines opened in multiple oil and gas plays. We believe that in-basin sand adoption will continue in 2020, but at a slower pace than 2019.
- *Reacting to changing conditions.* In response to reduced customer demand, between the third quarter of 2018 and the end of 2019, we idled mining operations at Shakopee, Minnesota; Brewer, Missouri; Wexford, Michigan; Kasota, Minnesota; Maiden Rock, Wisconsin; and resin-coating facilities at Roff, Oklahoma; Guion, Arkansas; and Cutler, Missouri, adding to the previously idled mining operation at Hager Bay, Wisconsin. While we also idled or reduced capacity at certain of our Northern White facilities and all of our Voca, Texas facilities, we also commissioned two new facilities in the Permian basin in the third quarter 2018 and a facility in Oklahoma in the fourth quarter 2018. Through March 2020, we reduced our Energy segment nameplate annual capacity by 15 million tons through these capacity reduction measures, allowing us to lower fixed plant costs and consolidate volumes into lower cost and logistically-advantaged operations. With the reduced expectation for the future demand of Northern White sand and associated logistical assets, as well as reduced expectations for Mid-Continental in-basin sand, we incurred non-cash impairment charges of \$1.4 billion in 2019 and \$267.0 million in 2018.
- *Volatility in selling prices for proppants.* The rapid decline in oil and gas prices that occurred in late 2014 into 2016, and again in 2020, reduced drilling activity and demand for proppants. As a result, the proppant market became oversupplied, which caused selling prices for all proppants to decline throughout the majority of 2016. In 2017 and the first half of 2018, the market experienced a turnaround and proppant pricing increased across all basins as growth outpaced the ability to add idled and new capacity back into the market. In the second half of 2018, decreased completions activity, combined with the opening of several new mines in basins with oil activity, namely the Permian, Eagle Ford and Mid-Continental, resulted in a significant deterioration of proppant pricing in the second half of 2018. In 2019, several new in-basin sand mines opened, while demand plateaued, resulting in a large oversupply of sand. This had a significantly negative impact on proppant

pricing. Coupled with the low cost to reactivate idled capacity, we expect this supply imbalance to continue and do not expect significant price improvement for the foreseeable future.

- *Demand for in-basin delivery of proppant.* A proppant vendor's logistics capabilities have become an important differentiating factor when competing for business, on both a spot and contract basis. In recent years, many customers have sought to outsource proppant logistics and purchase proppant from a supplier's own terminal (e.g., in-basin) or local mines, allowing them to focus on their core competencies, minimize inventory costs and maximize flexibility. Our terminal network in all major oil and gas basins differentiates us from competitors but was utilized less in 2019 than in prior years as more customers choose to use in-basin sand, which does not need to be delivered to a terminal.
- *In-basin supply.* In 2018 and 2019, multiple sand suppliers, including Covia, commissioned new sand mines in the Permian basin and, to a lesser extent, the Eagle Ford, and Mid-Continental basins. In 2020, new in-basin mines are being developed in the Bakken and Rocky Mountain basins. Locating a plant in-basin significantly reduces the logistics costs, and therefore the overall delivered product cost. However, the quality of in-basin proppant differs from Northern White sand in that in-basin proppant generally possesses lower crush strength and less sphericity, which we believe may impact well performance under higher pressure wells. Local proppant products appear, however, to be fit for purpose in certain well applications, and given their lower costs, demand for local proppant products has strengthened considerably. Most local plants were developed to supply local basins in which they are located and lack the logistical infrastructure to economically ship product to other basins. The proliferation of in-basin mines has resulted in significant oversupply across North American and put pressure on pricing of all proppants. In the second half of 2018, we commissioned two plants in the Permian basin and one in the Mid-Continental basin with a total added nameplate capacity of 8 million tons annually. These facilities allow us to offer a low-cost local solution. In the Mid-Continental basin, demand for proppant declined precipitously late in 2019 and into 2020 causing a severe oversupply of in-basin sand.
- *Shift toward finer proppant grades.* Slickwater frac designs, which are generally less expensive, became the dominant method for fracturing wells beginning in 2016 and continuing into recent periods. These designs rely on a higher percentage of fine grade sands compared to coarse grades. Currently, we estimate the market is over 85% fine grade (40/70 and 100 mesh) compared to roughly 55% fine grade in 2014. The strong demand for finer proppants negatively impacts production costs for facilities that have relatively coarse reserves.
- *Reduced consumption of value-added proppants.* As E&P companies' budgets have contracted over the last year, the demand for proppant and the average selling price of proppant both decreased. In efforts to keep well completion costs low, E&P companies significantly reduced their consumption of certain value-added proppants, leading to a decline in the sales of such value-added proppants. In response to this trend, we discontinued sales and marketing efforts related to our Propel SSP® self-suspending proppant due to lack of demand for high-price point value-added proppant. Accordingly, in the third quarter of 2019, we recorded an impairment charge of \$7.8 million related to property, plant, and equipment used in the production of our Propel SSP® self-suspending proppant, as well as the associated intangible asset and earn-out contingent consideration liability. The discontinued sale of our Propel SSP® self-suspending proppant is not expected to have a material impact on our financial results in the future.
- *E&P direct sales.* Throughout 2019, E&P companies sourced an increasing percentage of their proppant directly from proppant suppliers to control cost and have better visibility across the entire supply chain. This trend presents an opportunity to work directly with the end user and provides improved communication between supplier and consumer with respect to job or grade changes and our percentage of sales directly to E&P companies increased in 2019. Concurrently with these direct sales, many E&P companies are looking to the supplier to coordinate the "last mile" of the supply chain, or the moving of product from the in-basin terminal to the well site. In response to this trend, we have entered into agreements with last mile solutions providers that allow us to provide this service to customers who desire it.
- *Proppant intensity is expected to stabilize.* From 2015 through 2018 the amount of proppant used per well increased as well laterals became longer, frac stages tightened and proppant per lateral foot increased. In 2019, the amount of proppant used per well was similar to 2018 and this trend is expected to continue in 2020.

Industrial segment market trends:

- *Historically stable demand in Industrial end markets.* The primary end markets served by production in our Industrial segment are glass, building products, ceramics, foundry, coatings, polymers and various other industries. The sales in our Industrial segment historically correlate strongly with overall economic activity levels in the U.S. and Mexico as reflected in the gross domestic product, unemployment levels, vehicle production and growth in the housing market. Demand in our Industrial segment's end markets is historically relatively stable and is primarily influenced by key macroeconomic drivers such as housing starts, light vehicle sales, repair and remodel activity, industrial production as well as consumer trends. To the extent these demand drivers continue on their current trends, we expect that demand for the products of our Industrial segment will remain relatively stable. The effects of the coronavirus on our Industrial segment are not yet known. Overall, we expect Industrial markets to grow at rates similar to GDP growth. To the extent trends deviate from those of 2019 due to the economic uncertainty introduced by the coronavirus pandemic or other U.S. and global market developments, we may see similar deviations in our Industrial segment trends.
- *Historically favorable housing, commercial constructions and consumer trends.* Certain submarkets and geographies within our Industrial segment historically grow at attractive rates driven by solid housing, commercial construction and various consumer trends that utilize our products. These trends are expected to benefit our products serving the building products and coating and polymers end markets.
- *Certain U.S. end markets facing pressure.* Due to reduced manufacturing activity in the U.S., foundry markets felt pressure in the second half of 2019 and are expected to face continued pressure in 2020. Consumer trends of consuming less U.S.-produced beer caused demand from containerized glass customers in the U.S. to decline in 2019. This trend is expected to continue throughout 2020.

How We Generate Our Sales

We derive our sales from mining and processing silica sand products and other minerals that customers purchase for use in a wide variety of applications. Covia's sales are primarily a function of the price per ton paid by the customer and the number of tons sold to the customer. The price invoiced reflects the cost of production, the cost of transportation to our distribution terminals or customer site and the cost of transloading the product from railcars to trucks, as applicable. Generally, logistics costs can comprise up to 70-80% of the delivered cost of products sold by the Energy segment, depending on the basin into which the product is delivered.

We primarily sell products under supply agreements with terms that vary by contract. Generally, the supply agreements include both fixed prices and variable prices. Fixed price agreements have prices set for one or more years while variable price agreements are subject to regular price adjustments generally tied to market pricing or other market-related indices. Our supply agreements have a variety of volume provisions. While certain of our contracts have no minimum volume requirements, certain of our supply agreements require the customer to purchase a specified percentage of its product requirements or a minimum volume of product. Certain of these minimum volume contracts include a provision which may trigger penalties if the purchased volume does not meet the required minimums.

Our Energy segment represented 54% of our revenues for the year ended December 31, 2019. A large portion of our sales are generated by our top customers, and the loss of, or significant reduction in, purchases by our largest customers could adversely affect our operations. During the years ended December 31, 2019 and 2018, our top ten customers were Energy customers and collectively represented 36% and 44% of our revenues, respectively. In 2019, no customers exceeded 10% of revenues. In 2018, one customer exceeded 10% of revenues. This customer accounted for 13% of our revenues in 2018. Our Industrial segment represented 46% of our revenues for the year ended December 31, 2019.

The Costs of Conducting Our Business

The principal costs involved in operating our business are: logistics costs associated with transporting products from our production facilities to our terminals; production costs; labor costs; maintenance and repair costs at our production facilities; raw material costs; energy costs; stripping costs; and corporate costs. We own or lease most of our sand and other mineral reserves.

Logistics Costs

Logistics costs, including freight, railcar leases, demurrage and handling, represented approximately 34% and 36% of our revenues during the years ended December 31, 2019 and 2018, respectively. Freight costs primarily represent charges to transport our product

by rail, but we also ship product by truck and barge. In order to move product by rail, we lease a substantial number of railcars under operating leases with durations ranging from three to 15 years. Demurrage costs are charged by the railroads based on the time a railcar spends on the railroad property in excess of an allotted time which can vary significantly from period to period depending on railcar cycle times and delivery schedules. Handling costs are incurred at our distribution and terminal facilities to move product from one mode of transportation to another (e.g., railcar to truck) and to move product into storage facilities. Railcar storage costs are incurred when railcars are temporarily stored at a rail yard or storage facility.

Labor Costs

Labor costs associated with employees at our processing and production facilities represent the most significant cost of converting raw frac sand to finished product. Labor costs, including wages and benefits, represented approximately 13% and 11% of our revenues during the years ended December 31, 2019 and 2018, respectively. Approximately 35% of our workforce was party to collective bargaining contracts as of December 31, 2019.

Maintenance and Repair Costs

We capitalize the costs of our mining and processing equipment and depreciate such equipment over their expected useful life. Depreciation, depletion, and amortization costs represented approximately 14% and 11% of revenues during the years ended December 31, 2019 and 2018, respectively. Repair and maintenance costs that do not involve the replacement of major components of our equipment and facilities are expensed through cost of goods sold as incurred. These repair and maintenance costs can be significant due to the abrasive nature of our products and represented approximately 4% of revenues during each of the years ended December 31, 2019 and 2018.

Energy Costs

We consume energy, including natural gas, diesel and electricity, for mine and plant production. Natural gas is the primary fuel source used for drying sand in the commercial silica production process. Energy costs are typically negotiated on an annual or multi-year basis and certain input costs are subject to prevailing market prices for the underlying commodity (e.g., natural gas, diesel), which can vary during the year.

Corporate Costs

Our selling, general and administrative costs, which include the wages and benefits costs noted above, represented approximately 10% and 8% of revenues during the years ended December 31, 2019 and 2018, respectively. These costs are related to our corporate functions, including costs for the sales and marketing; research and development; finance; legal; and environmental, health and safety functions of our organization, as well as non-cash stock-based compensation expense.

Combination with Fairmount Santrol

On June 1, 2018 (“Merger Date”), Unimin completed a business combination (“Merger”) whereby Fairmount Santrol merged into a wholly-owned subsidiary of Unimin and ceased to exist as a separate corporate entity. Immediately following the consummation of the Merger, Unimin changed its name and began operating as Covia. The common stock of Fairmount Santrol was delisted from the NYSE prior to the market opening on June 1, 2018, and Covia commenced trading under the ticker symbol “CVIA” on that date. Upon the consummation of the Merger, the former stockholders of Fairmount Santrol (including holders of certain Fairmount Santrol equity awards) received, in the aggregate, \$170 million in cash consideration and approximately 35% of the common stock of Covia. Approximately 65% of Covia common stock is owned by SCR-Sibelco NV (“Sibelco”), previously the parent company of Unimin.

In connection with the Merger, we redeemed approximately 18.5 million shares of Unimin common stock from Sibelco in exchange for an amount in cash equal to (i) \$660 million plus interest accruing at 5.0% per annum for the period from September 30, 2017 through June 1, 2018 less (ii) \$170 million in cash paid to Fairmount Santrol stockholders.

In the years ended December 31, 2019, 2018, and 2017, we incurred \$0.9 million, \$53.0 million and \$19.3 million, respectively, of costs and expenses related to the Merger, which are recorded in Other non-operating expense, net in the accompanying Consolidated Statements of Income and include legal, accounting, valuation and financial advisory services, integration and other costs.

Discontinued Operations

On May 31, 2018, prior to, and as a condition to the closing of the Merger, Unimin contributed certain assets, comprising its global high purity quartz business to HPQ Co. in exchange for all of the stock of HPQ Co. and the assumption by HPQ Co. of certain liabilities. Unimin distributed all of the stock of HPQ Co. to Sibelco in exchange for certain shares of Unimin common stock held by Sibelco. HPQ Co. is presented as discontinued operations in our Consolidated Financial Statements included in this Report.

As part of the disposition of HPQ Co., Covia and HPQ Co. entered into the Tax Matters Agreement. Under the Tax Matters Agreement, Covia and HPQ Co. (and their affiliates) are responsible for income taxes required to be reported on their respective separate and group tax returns; however, HPQ Co. is responsible for any unpaid income taxes attributable to the HPQ Co. business prior to May 31, 2018, as well as any unpaid non-income taxes as of May 31, 2018 attributable to the HPQ Co. business (whether arising prior to May 31, 2018 or not). Covia is responsible for all other non-income taxes. We and HPQ Co. will equally bear any transfer taxes imposed as a result of the disposition of HPQ Co. Rights to refunds in respect of taxes will be allocated in the same manner as the responsibility for tax liabilities.

Dispositions

On August 1, 2019, we completed the sale of the Calera, Alabama lime processing facility (“Calera”), to Mississippi Lime Company for approximately \$135 million in cash, subject to certain adjustments. Calera was a non-core asset included within our Industrial segment. On September 10, 2019, we completed the sale of the Winchester & Western Railroad (“W&W Railroad”) to an affiliate of OmniTRAX, Inc. for approximately \$105 million in cash, subject to certain adjustments. The W&W Railroad was a non-core asset that was included in both our Energy and Industrial segments.

How We Evaluate Our Business

Our management uses a variety of financial and operational metrics to analyze our performance across our Industrial and Energy segments. We determine our reportable segments based on the primary industries we serve, our management structure and the financial information reviewed by our chief operating decision maker in deciding how to allocate resources and assess performance. We evaluate the performance of our segments based on their volumes sold, average selling price, and segment contribution margin and associated per ton metrics. We evaluate the performance of our business based on company-wide operating cash flows, earnings before interest, taxes, depreciation and amortization (“EBITDA”), costs incurred that are considered non-operating, and Adjusted EBITDA. Segment contribution margin, EBITDA, and Adjusted EBITDA are defined in the Non-GAAP Financial Measures section below. We view these metrics as important factors in evaluating profitability and review these measurements frequently to analyze trends and make decisions, and believe these metrics provide beneficial information for investors for similar reasons.

Segment Gross Profit

Segment gross profit is defined as segment revenue less segment cost of sales, excluding depreciation, depletion and amortization expenses, selling, general, and administrative costs, and corporate costs.

Non-GAAP Financial Measures

Segment contribution margin, EBITDA, and Adjusted EBITDA are supplemental non-GAAP financial measures used by management in evaluating our operating performance.

Segment contribution margin is a key metric we use to evaluate our operating performance and to determine resource allocation between segments, as it excludes non-operating site costs and excess railcar costs. This metric allows for evaluation of business results without unnecessary overlap of costs that are inconsistent with current market conditions. We define segment contribution margin as segment revenue less segment cost of sales, excluding any depreciation, depletion and amortization expenses, selling, general, and administrative costs, and operating costs of idled facilities and excess railcar capacity. Segment contribution margin per ton is defined as segment contribution margin divided by tons sold. Segment contribution margin is not a measure of our financial performance under GAAP and should not be considered as an alternative or superior to measures derived in accordance with GAAP. Refer to Note 26 to our Consolidated Financial Statements for further detail regarding the use of segment contribution margin to evaluate our operating segments, including a reconciliation of operating income (loss) from continuing operations, the most directly comparable GAAP financial measure, to segment contribution margin.

We define EBITDA as net income before interest expense, income tax expense (benefit), depreciation, depletion and amortization. Adjusted EBITDA is defined as EBITDA before non-cash stock-based compensation and certain other income or expenses, including restructuring and other charges, impairments, and Merger-related expenses. Beginning in the first quarter of 2019, we also include non-cash lease expense of intangible assets in our calculation of Adjusted EBITDA as a result of the adoption of ASC 842.

We believe EBITDA and Adjusted EBITDA are useful because they allow management to more effectively evaluate our normalized operations from period to period as well as provide an indication of cash flow generation from operations before investing or financing activities. Accordingly, EBITDA and Adjusted EBITDA do not take into consideration our financing methods, capital structure or capital expenditure needs. As previously noted, Adjusted EBITDA excludes certain non-operational income and/or costs, the removal of which improves comparability of operating results across reporting periods. However, EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered as alternatives to, or more meaningful than, net income as determined in accordance with GAAP as indicators of our operating performance. Certain items excluded from EBITDA and Adjusted EBITDA are significant components in understanding and assessing our financial performance, such as our cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of EBITDA or Adjusted EBITDA.

Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Adjusted EBITDA contains certain other limitations, including the failure to reflect our cash expenditures, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized, and excludes certain non-operational charges. We compensate for these limitations by relying primarily on our GAAP results and by using Adjusted EBITDA only as a supplement. Non-GAAP financial information should not be considered in isolation or viewed as a substitute for measures of performance as defined by GAAP.

Although we attempt to determine EBITDA and Adjusted EBITDA in a manner that is consistent with other companies in our industry, our computation of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies due to potential inconsistencies in the methods of calculation. We believe that EBITDA and Adjusted EBITDA are widely followed measures of operating performance.

The following table sets forth a reconciliation of net income, the most directly comparable GAAP financial measure, to EBITDA and Adjusted EBITDA. Refer to Note 26 in the Notes to our Consolidated Financial Statements for a reconciliation of segment contribution margin to operating income (loss) from continuing operations, the most directly comparable GAAP financial measure:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
<u>Reconciliation of EBITDA and Adjusted EBITDA</u>			
Net income (loss) from continuing operations attributable to Covia	\$ (1,290,102)	\$ (283,085)	\$ 130,887
Interest expense, net	107,891	60,322	14,653
Provision (benefit) for income taxes	(244,134)	3,987	(8,825)
Depreciation, depletion, and amortization expense	222,042	196,455	101,560
EBITDA	(1,204,303)	(22,321)	238,275
Non-cash stock compensation expense ⁽¹⁾	10,028	5,812	-
Goodwill and asset impairments ⁽²⁾	1,434,148	267,034	-
Restructuring and other charges ⁽³⁾	33,189	27,660	-
Gain on sale of subsidiaries ⁽⁴⁾	(125,430)	-	-
Gain on debt extinguishment ⁽⁵⁾	(13,411)	-	-
Costs and expenses related to the Merger and integration ⁽⁶⁾	896	52,979	19,300
Non-cash charges relating to operating leases ⁽⁷⁾	7,904	-	-
Adjusted EBITDA (non-GAAP)	\$ 143,021	\$ 331,164	\$ 257,575

(1) Represents the non-cash expense for stock-based awards issued to our employees and outside directors. Stock compensation expense related to the accelerated awards as a result of the Merger is included above in costs and expenses related to the Merger and integration for the 2018 periods presented. Stock compensation expenses are reported in Selling, general and administrative expenses.

(2) Represents expenses associated with the impairment of long-lived assets, Propel SSP® self-suspending proppant, idled facilities and railcars, and spare parts inventory in the Energy segment in 2019. Represents expenses associated with the impairment of goodwill in the Energy reporting unit and the impairment of assets from idled facilities and assets under construction in 2018.

(3) Represents expenses associated with restructuring activities as a result of the Merger and idled facilities, strategic costs, other charges related to executive severance and benefits, as well as restructuring-related SG&A expenses.

(4) Represents the gains associated with the sale of Calera and the W&W Railroad.

(5) Represents the gain, net of \$1.0 million of deferred financing fees and \$0.2 million of transaction fees, on \$62.9 million of Term Loan repurchases in December 2019.

(6) Costs and expenses related to the Merger and integration include legal, accounting, financial advisory services, severance, debt extinguishment, integration and other expenses.

(7) Represents the amount of operating lease expense incurred in 2019 related to intangible assets that were reclassified to Operating right-of-use assets, net on the Consolidated Balance Sheets, as a result of the adoption of ASC 842. The expense, previously recognized as non-cash amortization expense, is now recognized in Cost of goods sold (excluding depreciation, depletion, and amortization shown separately) on the Consolidated Statement of Income (Loss).

Results of Operations

The following table presents an overview of certain operating data by segment for the years ended December 31, 2019, 2018, and 2017, which are discussed in further detail following the consolidated overview.

	Year Ended December 31,	
	2019	2018
	(in thousands)	
Operating Data		
Energy		
Tons sold	16,498	16,101
Revenues	\$ 862,878	\$ 1,114,424
Segment gross profit	54,083	258,996
Segment contribution margin	\$ 89,173	\$ 275,947
Industrial		
Tons sold	13,988	13,480
Revenues	\$ 732,568	\$ 728,513
Segment gross profit	222,191	203,175
Segment contribution margin	\$ 222,191	\$ 203,175
Totals		
Tons sold	30,486	29,581
Revenues	\$ 1,595,446	\$ 1,842,937
Segment gross profit	276,274	462,171
Segment contribution margin	\$ 311,364	\$ 479,122

Financial results for 2018 include our results subsequent to the Merger on June 1, 2018, and legacy Unimin and legacy Fairmount Santrol for the twelve months and seven months ended December 31, 2018, respectively. Our reported financial results for 2017 include legacy Unimin. Our financial results, and the table above, exclude HPQ Co. (legacy Unimin's Electronics segment), which is reported as discontinued operations in our consolidated financial statements for 2018 and 2017.

2019 Compared to 2018

Revenues and Volumes

Revenues were \$1.6 billion for 2019 compared to \$1.8 billion for 2018, a decrease of \$0.2 billion, or 11%. With the inclusion of legacy Fairmount Santrol revenues of \$477.3 million for the five months ended May 31, 2018, total revenues for 2018 were \$2.3 billion. Total revenues for 2019 decreased \$724.7 million, or 31%, from 2018, including legacy Fairmount Santrol revenues for the five months ended May 31, 2018.

Volumes were 30.5 million tons for 2019 compared to 29.6 million tons for 2018, an increase of 0.9 million tons, or 3%. With the inclusion of legacy Fairmount Santrol volumes of 5.6 million tons for the five months ended May 31, 2018, total volumes for 2018 were 35.2 million tons. Total volumes for 2019 decreased 4.7 million tons, or 13%, from 2018, including legacy Fairmount Santrol volumes for the five months ended May 31, 2018. Our revenues decreased largely due to pricing and volumes declines in Energy business, as well as a shift in mix from Northern White sand toward local sands, which carry lower average selling prices.

Revenues in the Energy segment were \$862.9 million for 2019, compared to \$1.1 billion for 2018, a decrease of \$251.5 million, or 23%. With the inclusion of legacy Fairmount Santrol Energy revenues of \$421.5 million for five months ended May 31, 2018, total Energy revenues were \$1.5 billion for 2018. Total Energy revenues for 2019 decreased \$673.0 million, or 44%, from 2018, including legacy Fairmount Santrol revenues for the five months ended May 31, 2018.

Volumes in the Energy segment were 16.5 million tons for 2019 compared to 16.1 million tons for 2018, an increase of 0.4 million tons, or 2%. With the inclusion of legacy Fairmount Santrol Energy volumes of 4.6 million tons for the five months ended May 31, 2018, total Energy volumes for 2018 were 20.7 million tons. Total volumes for 2019 decreased 4.2 million tons, or 20%, from 2018, including legacy Fairmount Santrol volumes for the five months ended May 31, 2018. Energy revenues decreased primarily due to pricing and volume declines coupled with product mix shifts toward local sand sales and sales at the mine, each of which carry lower average selling prices. Additionally, E&P companies reached budget exhaustion for year and began to reduce operations starting in third quarter of 2019, further impacting the proppant market and reducing demand.

Revenues in the Industrial segment were \$732.6 million for 2019, compared to \$728.5 million for 2018, an increase of \$4.1 million, or 1%. With the inclusion of legacy Fairmount Santrol Industrial revenues of \$55.8 million for the five months ended May 31, 2018, total Industrial revenues for 2018 were \$784.3 million. Total Industrial revenues for 2019 decreased \$51.7 million, or 7%, from 2018, including legacy Fairmount Santrol revenues for the five months ended May 31, 2018.

Volumes in the Industrial segment were 14.0 million tons for 2019, compared to 13.5 million tons for 2018, an increase of 0.5 million tons, or 4%. With the inclusion of legacy Fairmount Santrol Industrial volumes of 1.0 million tons for the five months ended May 31, 2018, total Industrial volumes for 2018 were 14.5 million tons. Total Industrial volumes decreased 0.5 million tons, or 3%, from 2018, including legacy Fairmount Santrol volumes for the five months ended May 31, 2018. Industrial revenues decreased primarily due to lower transportation-related revenues (for which we do not earn a margin), the sale of our Calera, Alabama lime facility and the W&W Railroad, and lower volumes in ceramics markets, offset somewhat by increased volumes in coatings and polymers markets.

Segment Gross Profit and Segment Contribution Margin

Segment gross profit was \$276.3 million for 2019 compared to segment gross profit of \$462.2 million for 2018, a decrease of \$185.9 million, or 40%. With the inclusion of legacy Fairmount Santrol segment gross profit of \$158.1 million for the five months ended May 31, 2018, total segment gross profit for 2018 was \$620.3 million. Total segment gross profit for 2019 decreased \$344.0 million, or 55%, from the 2018, including legacy Fairmount Santrol gross profit for the five months ended May 31, 2018. The segment gross profit decrease was primarily due to lower volumes as a result of the proppant market downturn and reductions in E&P operations. Segment gross profit was also negatively affected by downward pricing pressure and higher railcar maintenance and storage costs. Additionally, for 2019, gross profit was negatively impacted by \$7.9 million in costs associated with operating lease expense related to the adoption of ASC 842.

Segment contribution margin was \$311.4 million for 2019 and further excludes \$5.4 million of operating costs of idled facilities and \$29.7 million of excess railcar capacity costs. Segment contribution margin was \$479.1 million for 2018 and further excludes \$3.0 million of operating costs of idled facilities and \$14.0 million of excess railcar capacity costs. These excluded costs are entirely attributable to the Energy segment

Energy segment gross profit was \$54.1 million for 2019 compared to \$259.0 million for 2018, a decrease of \$204.9 million, or 79%. With the inclusion of legacy Fairmount Santrol Energy segment gross profit of \$136.7 million for the five months ended May 31, 2018, total Energy segment gross profit was \$395.7 million. Total Energy segment gross profit for 2019 decreased \$341.6 million, or 86%, from 2018, including legacy Fairmount Santrol gross profit for the five months ended May 31, 2018. For 2019, the Energy segment gross profit included \$7.9 million of operating lease expense related to the adoption of ASC 842, and \$0.4 million of expense related to the write-up of legacy Fairmount Santrol's inventories to fair value as a result of the Merger under GAAP. The remaining Energy segment gross profit decrease was primarily due to lower volumes, downward pricing pressure, reductions in E&P operations and higher railcar maintenance and storage costs.

Industrial segment gross profit was \$222.2 million for 2019 compared to \$203.2 million for 2018, an increase of \$19.0 million, or 9%. With the inclusion of legacy Fairmount Santrol Industrial segment gross profit of \$21.4 million for the five months ended May 31, 2018, total Industrial segment gross profit was \$224.6 million, a decrease of \$2.4 million, or 1% from 2018. Excluding divested Calera and W&W Railroad businesses, Industrial segment gross profit would have increased 9% in 2019 from 2018. For 2019, the Industrial segment gross profit included \$0.7 million of expense related to the write-up of legacy Fairmount Santrol's inventories to fair value as a result of the Merger under GAAP.

Selling, General and Administrative Expenses ("SG&A")

SG&A increased \$8.0 million, or 5%, to \$153.6 million for 2019 compared to \$145.6 million for 2018. SG&A for 2019 included stock compensation expense of \$10.0 million compared to \$5.8 million of stock compensation expense for 2018. With the inclusion of legacy Fairmount Santrol SG&A of \$44.2 million for 2018, total SG&A was \$189.8 million. Total SG&A decreased \$36.2 million, or 19%, from 2018, including legacy Fairmount Santrol SG&A for the five months ended May 31, 2018. The decrease is primarily due to expense reduction initiatives, facility and headcount rationalization, and synergy realization.

Depreciation, Depletion and Amortization

Depreciation, depletion and amortization increased \$25.5 million to \$222.0 million for 2019, compared to \$196.5 million for 2018. The increase compared to the prior year was due to the inclusion of mineral reserves depletion for production facilities acquired in connection with the Merger, partially offset by the full amortization, disposal, or impairment of certain intangible assets.

Goodwill and Other Asset Impairments

For 2019, goodwill and other asset impairments was \$1.4 billion, an increase of \$1.2 billion, compared to goodwill and other asset impairments of \$267.0 million for 2018. In 2019, due to a sharp decline in customer demand for Northern White sand caused by shifts toward local in-basin frac sands with lower logistics costs, we impaired Propel SSP® technology for \$7.8 million, long-lived assets and right-of-use assets for \$1.4 billion, idled facilities and railcars for \$11.0 million, and spare parts inventory for \$3.9 million. In 2018, we impaired goodwill for \$217.1 million, idled facilities for \$37.7 million, and assets under construction for \$12.3 million.

Throughout 2019, our Energy segment was impacted by new sources of supply and sequentially slower proppant demand, resulting in a surplus of proppant and significantly lower proppant pricing. In response to changing market demands, we idled operations at certain mines, terminals, and resin-coating facilities, rationalized our railcar fleet and reduced production capacity and total production at certain of our Northern White sand plants. In total, we have reduced our Energy segment annual production capacity by over 15 million tons since September 2018.

Restructuring and Other Charges

We incurred restructuring and other charges of \$30.6 million in 2019 compared to \$22.0 million in 2018, an increase of \$8.6 million, or 39%. Restructuring charges are primarily related to separation costs associated with plant closures and other headcount initiatives. Restructuring charges in 2019 also include minimum quantity penalties incurred in connection with reduced production at idled facilities, \$5.5 million of other charges related to executive severance and benefits, and \$9.0 million of strategic-related charges.

Gain on Sale of Subsidiaries

In 2019, we recorded a gain of \$125.4 million on the sale of Calera and the W&W Railroad. There were no such sales in 2018.

Other Operating Income, net

Other operating income, net increased \$1.0 million to \$6.0 million for 2019, compared to \$5.0 million for 2018. Other operating income, net for 2019 included the income related to realization of liquidated damages from certain customers who failed to meet minimum purchase obligations and income related to easements granted for consideration on certain of our properties in Mexico and Virginia.

Operating Income (Loss) from Continuing Operations

Operating loss from continuing operations increased \$1.2 billion to a loss of \$1.4 billion for 2019, compared to a loss of \$163.8 million for 2018. The change in operating income from continuing operations for 2019 was primarily due to Energy asset impairments and lower profitability in the Energy segment, partially offset by the gain on the sales of Calera and the W&W Railroad.

Interest Expense, net

Interest expense increased \$47.6 million, or 79%, to \$107.9 million for 2019, compared to \$60.3 million for 2018. The increase in expense was primarily due to a full year of interest on our Term Loan, compared to only seven months of 2018. The Term Loan was used to finance the Merger.

Other Non-Operating Expense, net

Other non-operating expense, net decreased \$47.8 million to \$7.0 million in 2019, compared to \$54.8 million in 2018. The decrease was primarily due to a \$49.0 million reduction in legal, accounting, and other expenses incurred in connection with the Merger, partially offset by \$1.2 million in acceleration of previously deferred pension-related expenses due to settlement accounting application in 2019 as distributions exceed the current period service and interest cost recognized.

Provision (Benefit) for Income Taxes

The provision for income taxes decreased \$248.1 million to a benefit of \$244.1 million for 2019 compared to a provision of \$4.0 million for 2018. Loss before income taxes increased \$1.2 billion to a loss of \$1.5 billion for 2019 compared to a loss of \$279.0 million for 2018. The increase in tax benefit was primarily related to the asset impairment, which resulted in a large reversal of our deferred tax liability, offset by adjustments to our valuation allowance on deferred taxes.

The Tax Cuts and Jobs Act of 2017 (the “Tax Act”), effective December 22, 2017, established a corporate income tax rate of 21% replacing the 35% rate and created a territorial tax system rather than a worldwide system. The transition to a territorial system included a one-time transition tax on certain unremitted foreign earnings. The Tax Act generally eliminated the U.S. federal income tax on dividends from foreign subsidiaries but included new provisions for the taxation of global intangible low-taxed income (GILTI). The Tax Act also included new provisions limiting the deductibility of interest expense.

We applied the guidance in Staff Accounting Bulletin 118 when accounting for the enactment-date effects of the Tax Act in 2017 and throughout 2018. We completed our accounting of the Tax Act during 2018.

The effective rate for the period differs from the U.S. federal statutory rate primarily due to depletion, the impact of foreign taxes, tax provisions requiring U.S. income inclusion of foreign income, and changes to a valuation allowance set up on deferred taxes.

Net Income (Loss) Attributable to Covia

Net loss attributable to Covia increased \$1.0 billion to a loss of \$1.3 billion for 2019 compared to a loss of \$270.5 million for 2018, which includes income of \$12.6 million from discontinued operations. The remaining change in net loss attributable to Covia is primarily due to the increases in goodwill and other asset impairments and lower profitability in Energy segment, partially offset by the gain on the sales of Calera and the W&W Railroad.

Adjusted EBITDA

Adjusted EBITDA decreased \$188.2 million to \$143.0 million for 2019 compared to \$331.2 million for 2018. Adjusted EBITDA for 2019 excludes the impact of \$10.0 million of non-cash stock compensation expense, \$1.4 billion of impairment charges, \$33.2 million in restructuring and other charges, \$125.4 million in gain on the sale of subsidiaries, \$13.4 million in gain on extinguishment of debt, \$0.9 million in Merger-related and integration expenses and \$7.9 million in costs associated with operating lease expense related to the adoption of ASC 842. The change in Adjusted EBITDA is largely due to lower profitability.

2018 Compared to 2017

Discussions of 2017 items and full year comparisons between 2018 and 2017 that are not included in this Report can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of our Annual Report on Form 10-K for 2018.

Liquidity and Capital Resources

Overview

Our liquidity is principally used to service our debt, meet our working capital needs, and invest in both maintenance and organic growth capital expenditures. Historically, we have met our liquidity and capital investment needs with funds generated from operations and the issuance of debt, if necessary.

On the Merger Date, we entered into the \$1.65 billion Term Loan to repay the outstanding debt of each of Fairmount Santrol and Unimin and to pay the cash portion of the Merger consideration and transaction costs related to the Merger. The Term Loan was issued at par with a maturity date of June 1, 2025. The Term Loan requires quarterly principal payments of \$4.1 million, reduced to \$4.0 million after the December 2019 repurchases, and quarterly interest payments from September 30, 2018 through March 31, 2025 with the balance payable at the maturity date. Interest accrues at the rate of the three-month LIBOR plus 325 to 400 basis points depending on Total Net Leverage (as hereinafter defined) with a LIBOR floor of 1.0% or the Base Rate (as hereinafter defined). Total Net Leverage is defined as total debt net of up to \$150.0 million of non-restricted cash, divided by EBITDA. The Term Loan is guaranteed by all of our wholly-owned, material, domestic, restricted subsidiaries (including Bison Merger Sub, LLC, as successor to

Fairmount Santrol, and all of the wholly-owned material restricted subsidiaries of Fairmount Santrol), subject to certain exceptions. In addition, subject to various exceptions, the Term Loan is secured by substantially all of our assets and those of each guarantor, including, but not limited to (a) a perfected first-priority pledge of all of the capital stock held by us or any guarantor of each existing or subsequently acquired or organized wholly-owned restricted subsidiary (no more than 65% of the voting stock of any foreign subsidiary) and (b) perfected first priority security interests in substantially all of our tangible and intangible assets and those of each guarantor. The Term Loan is not guaranteed by certain foreign subsidiaries, including our Mexican and Canadian subsidiaries. We have the option to prepay the Term Loan without premium or penalty other than customary breakage costs with respect to LIBOR borrowings. There are no financial covenants governing the Term Loan. The Term Loan places certain restrictions on our ability to pay dividends on our common stock.

Due to the continued challenging market conditions impacting our Energy segment, deteriorating financial performance, and the risk of exceeding the financial ratio covenant contained in the Revolver, we voluntarily cancelled the Revolver effective December 31, 2019. The Revolver, as amended by the First Amendment on March 19, 2019, included a total net leverage ratio covenant, tested on a quarterly basis, of no more than 6.60:1.00 through December 31, 2019, 5.50:1.00 for the fiscal quarters ending March 31, 2020 to December 31, 2020, 4.50:1.00 for the fiscal quarters ending March 31, 2021 to June 30, 2021, 4.25:1.00 for the fiscal quarters ending to September 30, 2021 to December 31, 2021, and 4.00:1.00 for fiscal quarters ending March 31, 2022 and thereafter. The \$11.3 million of standby letters of credit issued by PNC Bank, National Association under the Revolver are now supported by a separate reimbursement agreement with PNC Bank, National Association.

Our principal sources of liquidity are cash on-hand and cash flow from operations, both now and in the near future. In addition, the Term Loan provides us flexibility to raise additional debt, including at least \$75 million secured by accounts receivable and an incremental \$275 million of financing at non-guarantor subsidiaries. In December 2019, we received a commitment from PNC Bank, National Association for a new, three-year credit facility for up to \$75 million. The new facility is expected to bear interest of LIBOR plus 1.75% and be secured by our U.S. accounts receivable.

Interest on the Term Loan accrues at a per annum rate of either (at our option) (a) LIBOR plus a spread or (b) the alternate base rate plus a spread. The spread will vary depending on our total net leverage ratio, defined as the ratio of debt (less up to \$150 million of cash) to EBITDA for the most recent four fiscal quarter period, as follows:

Leverage Ratio	Term Loan	
	Applicable Margin for Eurodollar Loans	Applicable Margin for ABR Loans
Greater than or equal to 2.50x	4.00%	3.00%
Greater than or equal to 2.0x and less than 2.50x	3.75%	2.75%
Greater than or equal to 1.50x and less than 2.0x	3.50%	2.50%
Less than 1.50x	3.25%	2.25%

The table below provides certain financial metrics for guarantor subsidiaries and non-guarantor subsidiaries:

	Guarantor		Non-Guarantor		Total
Revenues	\$	1,352,204	\$	243,242	\$ 1,595,446
Gross profit		185,787		90,487	276,274
EBITDA	\$	(1,268,902)	\$	64,599	\$ (1,204,303)
Adjustments		1,347,324		-	1,347,324
Adjusted EBITDA	\$	78,422	\$	64,599	\$ 143,021

The Term Loan contains customary representations and warranties, affirmative covenants, negative covenants and events of default. Negative covenants include, among others, limitations on debt, liens, asset sales, mergers, consolidations and fundamental changes, dividends and repurchases of equity securities, repayments or redemptions of subordinated debt, investments, transactions with affiliates, restrictions on granting liens to secure obligations, restrictions on subsidiary distributions, changes in the conduct of the business, amendments and waivers in organizational documents and junior debt instruments and changes in the fiscal year. As of December 31, 2019, we were in compliance with all covenants in accordance with the terms of the Term Loan and are no longer required to comply with the quarterly financial ratio covenant under the Credit Agreement.

The proceeds of the Term Loan were primarily used to repay certain debt of legacy Fairmount Santrol and legacy Unimin, which included additional debt incurred to fund the Cash Redemption and to pay \$170 million to Fairmount Santrol stockholders as part of the Merger.

See Note 14 in the consolidated financial statements included in this Report for further detail regarding the credit agreement.

As of December 31, 2019, we had outstanding Term Loan borrowings of \$1.57 billion and cash on-hand of \$319.5 million. In the third quarter of 2019, we sold Calera and the W&W Railroad for a combined \$240 million in cash.

Our operations are capital intensive and short-term capital expenditures related to certain strategic projects can be substantial. As of the date of this Report, we believe that our liquidity will be sufficient to meet cash obligations, including working capital requirements, anticipated capital expenditures, and scheduled debt service over the next 12 months.

Working Capital

Working capital is the amount by which current assets (excluding cash and cash equivalents) exceed current liabilities (excluding current portion of long-term debt) and represents a measure of liquidity. Our working capital was \$61.7 million at December 31, 2019 and \$216.3 million at December 31, 2018. The decrease in working capital is primarily due to improvements in cash collections and days sales outstanding ratios of our accounts receivable portfolio, cash proceeds from the sales of Calera and the W&W Railroad, increases in days payables outstanding, decreases from the dispositions of Calera and the W&W Railroad and overall lower sales levels. The decrease in working capital is primarily offset by the current portion of operating lease liabilities as a result of the adoption of ASC 842.

Cash Flow Analysis

For 2019, cash and cash equivalents increased by \$185.4 million, compared with a decrease of \$173.9 million for 2018. Excluding the favorable impact of changes in working capital and proceeds from asset sales, cash decreased by \$161.1 million in 2019, compared to an increase of \$152.1 million in 2018. This \$313.2 million variance was primarily due to lower earnings, noted previously.

Net Cash Provided by (Used in) Operating Activities

Operating activities consist primarily of net income adjusted for non-cash items, including depreciation, depletion, and amortization, and the effect of changes in working capital.

Net cash provided by operating activities was \$103.9 million for 2019 compared with \$247.4 million in 2018. This \$143.5 million variance was primarily due to lower earnings and the changes in working capital, noted previously.

Net Cash Used in Investing Activities

Investing activities consist primarily of capital expenditures for growth and maintenance. Capital expenditures generally are for expansions of production or terminal facilities, land and reserve acquisition or maintenance related expenditures for asset replacement and health, safety, and quality improvements.

Net cash provided by investing activities was \$148.4 million for 2019 compared to \$356.6 million used for 2018. The \$505.0 million variance was primarily related to the net proceeds of \$232.2 million from the sale of Calera and the W&W Railroad, the decrease in capital expenditures, and payments made in connection with the Merger in 2018.

Capital expenditures of \$87.5 million, including stripping costs, in 2019 were primarily focused on growth expenditures at our Canoitás, Mexico facility and the completion of in-basin sand plants.

Capital expenditures were \$264.1 million in 2018 were primarily focused on construction of new facilities in West Texas and Seiling, Oklahoma, completion of the expansion of the Utica, Illinois, and Oregon facilities, and expanding capacity at the Canoitás facility in Mexico, as well as our nepheline syenite operations in Canada.

For 2020, we expect capital expenditures to be in a range of \$60 million to \$70 million, of which \$20 million to \$25 million is related to the modernization and expansion of the nepheline syenite operations in Canada. We expect the remaining \$40 million to \$45 million is related to maintenance and growth capital expenditures at existing locations.

Net Cash Provided by (Used in) Financing Activities

Financing activities consist primarily of borrowings under our Term Loan, repayments of Unimin and Fairmount Santrol debt, and the Cash Redemption payment made in connection with the Merger.

Net cash used in financing activities was \$67.6 million in 2019 compared to \$66.8 million used in 2018. The \$0.8 million variance is the largely due to the various debt transactions that occurred as part of the Merger in 2018, including borrowing the \$1.65 billion Term Loan, \$1.11 billion in payments on Unimin and Fairmount Santrol debts, a \$520.4 million Cash Redemption payment, and \$41.2 million in Merger-related debt refinancing fees. In December 2019, we repurchased \$62.9 million of outstanding debt on the Term Loan at a weighted average of 76.8% of par value for cash of \$48.5 million.

Inflation

We conduct the majority of our business operations in the U.S., Canada, and Mexico and are subject to certain inflationary pressures in these countries, should they arise.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

As of December 31, 2019, we have contractual obligations for long-term debt, finance leases, operating leases, terminal operating costs, capital commitments, and other long-term liabilities. Substantially all of the operating lease obligations are for railcars. In December 2019, we entered into definitive agreements with certain railcar manufacturers to restructure our railcar purchase obligations, which were scheduled to mature in 2020 and 2021. The agreements terminated railcar purchase obligations of approximately \$195 million in exchange for immaterial consideration, which included cash and lease modifications to a small portion of the fleet. We no longer have any minimum railcar purchase obligations. See Notes 22 and 24 in the Notes to our Consolidated Financial Statements for further detail regarding our leases and commitments and contingencies.

	Payments Due by Period				
	(in thousands)				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations⁽¹⁾					
Long-term debt ⁽²⁾	\$ 1,576,585	\$ 19,906	\$ 31,794	\$ 31,726	\$ 1,493,159
Finance lease obligations	7,268	3,713	3,040	515	-
Operating lease obligations ⁽³⁾	400,978	81,148	132,077	94,524	93,229
Capital commitments	25,677	25,677	-	-	-
Other non-current liabilities reflected on the registrant's balance sheet under GAAP; asset retirement obligation and other	46,510	17,839	-	100	28,571
Total contractual cash obligations	\$ 2,057,018	\$ 148,283	\$ 166,911	\$ 126,865	\$ 1,614,959

(1) The amounts set forth in this table exclude our minimum pension funding obligations as required by the Employee Retirement Income Security Act of 1974 ("ERISA"). Our minimum pension funding obligations depend on several factors, including the discount rate, investment returns, and any changes in applicable laws and regulations. Currently, it is not possible to reasonably predict future contributions by year. We also have payment obligations due under the Postretirement Medical Plans (as defined in Note 20 in our consolidated financial statements), which is a pay-as-you-go plan and not required to be funded in advance.

(2) Consists of obligations under the Term Loan, the Industrial Revenue Bond and other borrowings, all of which are described in more detail in Note 14 in the Notes to our Consolidated Financial Statements. Interest payments on the Term Loan are calculated quarterly using variable interest rates based on market indices and, as a result, are not readily determinable for this analysis.

(3) Our operating lease obligations are related to land, furniture and fixtures, mobile equipment, buildings, railroad equipment, and terminals.

Environmental Matters

We are subject to various federal, state and local laws and regulations governing, among other things, hazardous materials, air and water emissions, environmental contamination and reclamation and the protection of the environment and natural resources. We have made, and expect to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. We may also incur fines and penalties from time to time associated with noncompliance with such laws and regulations.

As of December 31, 2019 and 2018, we had \$46.5 million and \$31.2 million, respectively, accrued for Asset Retirement Obligations, which include future reclamation costs. The increase is primarily related to shortened mine lives and renewed estimates. There were no other significant changes with respect to environmental liabilities or future reclamation costs.

We discuss certain environmental matters relating to our various production and other facilities, certain regulatory requirements relating to human exposure to crystalline silica and our mining activity and how such matters may affect our business in the future under the “Regulation and Legislation” section in “Item 1 – Business” and “Item 1A – Risk Factors” in Part I of this Report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenues and expenses during the reporting periods. We evaluate these estimates and assumptions on an ongoing basis and base our estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Our actual results may materially differ from these estimates. These critical accounting policies and estimates should be read in conjunction with our consolidated financial statements as filed in this Report.

Listed below are the accounting policies we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved, and that we believe are critical to the understanding of our operations.

Impairment of Long-Lived Assets, Definite-Lived Intangible Assets and Goodwill

We periodically evaluate whether current events or circumstances indicate that the carrying value of our long-lived assets may not be recoverable. If such circumstances exist, an estimate of undiscounted future net cash flows produced by the asset group is compared to the carrying value of the asset group. If the carrying value of the asset group is greater than the undiscounted cash flows, we recognize an impairment loss equal to the amount by which the carrying value exceeds the fair value of the asset group. Factors we generally consider important in our evaluation and that could trigger a review of recoverability include expected operating trends, significant changes in the way assets are used, underutilization of our tangible assets, discontinuance of certain products by us or by our customers, and significant negative industry or economic trends.

The recoverability of the carrying value of our development stage mineral properties is dependent upon the successful development, start-up and commercial production of our mineral deposits and related processing facilities. Our evaluation of mineral properties for potential impairment primarily includes assessing the existence or availability of required permits and evaluating changes in our mineral reserves, or the underlying estimates and assumptions, including estimated production costs. Assessing the economic feasibility requires certain estimates, including the prices of products to be produced and processing recovery rates, as well as operating and capital costs.

Goodwill is reviewed for impairment annually as of October 31, or more frequently if events and circumstances indicate that the reporting unit to which goodwill has been allocated might be impaired. In testing goodwill for impairment, we have the option to perform a qualitative assessment to determine whether the existence of events or circumstances indicate that it is more-likely-than-not (more than 50%) that the fair value of a reporting unit is less than its carrying amount. When performing a qualitative assessment, we evaluate factors such as a sustained decrease in our share price; macroeconomic conditions; industry and market considerations; cost factors; overall financial performance; events affecting the reporting unit, such as the sale of all or a portion of the reporting unit and other relevant entity-specific events. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, or if we choose not to perform the qualitative assessment, then a quantitative

assessment is performed to determine the reporting unit's fair value. If the reporting unit's carrying value exceeds its fair value, then an impairment loss is recognized for the amount of the excess of the carrying amount over the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

The evaluation of goodwill for impairment includes estimating fair value using one or a combination of valuation techniques, such as discounted cash flows or comparable companies' earnings multiples or transactions. These valuations require us to make estimates and assumptions regarding future operating results, cash flows, changes in working capital, future capital expenditures, selling prices, profitability, and the cost of capital. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce a materially different result.

As a result of declining market conditions in the Energy segment, we recorded goodwill and other asset impairments in the years ended December 31, 2019 and 2018. See Note 11 in the consolidated financial statements for further detail.

Asset Retirement Obligations

We estimate the future cost of dismantling, restoring, and reclaiming operating excavation sites and related facilities in accordance with federal, state, and local regulatory requirements. We record the initial estimated present value of these costs as a liability in other non-current liabilities and increase the carrying amount of the related asset by a corresponding amount on the Consolidated Balance Sheets. The accretion of the liability is recorded as other operating expense (income), net and the related asset is classified as property, plant, and equipment and amortized over the estimated life of the mine or site. We adjust the related asset and liability for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate. Future cost estimates are escalated for inflation and market risk premium, then discounted at the credit adjusted risk free rate. If the asset retirement obligation is settled for more or less than the carrying amount of the liability, a loss or gain will be recognized in the period the obligation is settled.

Employee Benefit Plans

We provide a range of benefits to our employees and retired employees, including pensions and post-retirement healthcare and life insurance benefits. We record annual amounts relating to these plans based on calculations specified by GAAP, which include various actuarial assumptions, including discount rates, assumed rates of returns, compensation increases, turnover rates, mortality rates and healthcare cost trend rates. We review the actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is deemed appropriate to do so. As required by GAAP, the effect of changes in assumptions are generally recorded or amortized over future periods. We believe that the assumptions utilized in recording our obligations under the plans are reasonable based on advice from actuaries. In 2019, the assumptions included discount rates from 3.10% to 7.05% and rates of return from 2.90% to 7.05%.

Fair Value of Derivatives

Due to our variable-rate indebtedness, we are exposed to fluctuations in interest rates. We enter into interest rate swap agreements as a means to partially hedge our variable interest rate risk. The derivative instruments are reported at fair value in accrued expenses and other non-current liabilities. Changes in the fair value of derivatives are recorded each period in accumulated other comprehensive loss. For derivatives not designated as hedges, the gain or loss is recognized in current earnings. No components of our hedging instruments were excluded from the assessment of hedge effectiveness.

Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional value. The gain or loss on the interest rate swap is recorded in accumulated other comprehensive loss and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings.

Taxes

Deferred taxes are provided on the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. This approach requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based upon the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the expenses are expected to reverse. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We recognize a tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure the tax benefit as the largest amount that we judge to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management.

We evaluate quarterly the realizability of our deferred tax assets by assessing the need for a valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income in the appropriate jurisdiction to utilize the asset, the reversal of taxable temporary differences, and available tax planning strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. Factors that may affect our ability to achieve sufficient forecasted taxable income include, but are not limited to, the following: a decline in sales or margins, increased competition or loss of market share.

In addition, we operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended time to resolve. We believe that adequate provisions for income taxes have been made for all years.

Typically, the largest permanent item in computing both our effective rate and taxable income is the deduction for statutory depletion. The depletion deduction is dependent upon a mine-by-mine computation of both gross income from mining and taxable income.

The Tax Act subjects us to current tax on our global intangible low-taxed income (“GILTI”). To the extent that tax expense is incurred under the GILTI provisions, it will be treated as a component of income tax expense in the period incurred.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Swaps

Due to our variable-rate indebtedness, we are exposed to fluctuations in interest rates. We use fixed interest rate swaps to manage this exposure. These derivative instruments are reported at fair value in accrued expenses and other non-current liabilities. Changes in the fair value of derivatives are recorded each period in other comprehensive income. For derivatives not designated as hedges, the gain or loss is recognized in current earnings. No components of our hedging instruments were excluded from the assessment of hedge effectiveness. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for making fixed-rate payments over the life of the agreements without exchange of the underlying notional value. The gain or loss on the interest rate swap is recorded in accumulated other comprehensive loss and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings.

We do not use derivative financial instruments for trading or speculative purposes. By their nature, all such instruments involve risk, including the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract (credit risk) or the possibility that future changes in market price may make a financial instrument less valuable or more onerous (market risk). As is customary for these types of instruments, we do not require collateral or other security from other parties to these instruments. We believe that there is no significant risk of loss in the event of nonperformance of the counterparties to these financial instruments.

We formally designate and document instruments at inception that qualify for hedge accounting of underlying exposures in accordance with GAAP. We assess, both at inception and for each reporting period, whether the financial instruments used in hedging transactions are effective in offsetting changes in cash flows of the related underlying exposure.

As of December 31, 2019, the fair value of the interest rate swap was a liability of \$21.2 million.

A hypothetical increase or decrease in interest rates by 1.0% on variable rate debt would have had an approximate \$16.4 million impact on our interest expense in the year ended December 31, 2019.

Market Risk

We are exposed to various market risks, including changes in interest rates. Market risk related to interest rates is the potential loss arising from adverse changes in interest rates. We do not believe that inflation has a material impact on our financial position or results of operations during periods covered by the financial statements included in this Report.

Credit Risk

We are subject to risks of loss resulting from nonpayment or nonperformance by our customers. In 2019, no customers exceeded 10% of revenues. In 2018, one customer exceeded 10% of revenues. This customer accounted for 13% of our revenues in 2018. At December 31, 2019, we had no customers whose accounts receivable balance exceeded 10% of total receivables. At December 31, 2018, we had two customers whose accounts receivable balances each exceeded 10% of total receivables. Approximately 10% of our accounts receivable balance at December 31, 2018 was from each of these two customers. We examine the creditworthiness of third-party customers to whom we extend credit and manage our exposure to credit risk through credit analysis, credit approval, credit limits and monitoring procedures, and for certain transactions, we may request letters of credit, prepayments or guarantees, although collateral is generally not required.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements are filed as part of this Annual Report on Form 10-K:

<u>Covia Holdings Corporation and Subsidiaries</u>	<u>Page</u>
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Consolidated Statements of Income (Loss) for the years ended December 31, 2019, 2018, and 2017	86
Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2019, 2018, and 2017	87
Consolidated Balance Sheets as of December 31, 2019 and 2018	88
Consolidated Statements of Equity for the years ended December 31, 2019, 2018, and 2017	89
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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Covia Holdings Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Covia Holdings Corporation and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of income (loss), comprehensive income (loss), equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(b) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 16, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Adoption of ASU No. 2016-02

As discussed in Note 3 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (*Topic 842*), and the related amendments.

We have served as the Company's auditor since 2013.

/s/ Ernst & Young LLP
Cleveland, Ohio
March 16, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Covia Holdings Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Covia Holdings Corporation and subsidiaries internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Covia Holdings Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2019 and 2018, the related consolidated statements of income (loss), comprehensive income (loss), equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule listed in the Index at Item 15(b) (collectively referred to as the “consolidated financial statements”) and our report dated March 16, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Cleveland, Ohio
March 16, 2020

	Year Ended December 31,		
	2019	2018	2017
	(in thousands, except per share amounts)		
Revenues	\$ 1,595,446	\$ 1,842,937	\$ 1,295,112
Cost of goods sold (excluding depreciation, depletion, and amortization shown separately)	1,319,172	1,380,766	928,659
Operating expenses			
Selling, general and administrative expenses	153,596	145,593	99,087
Depreciation, depletion and amortization expense	222,042	196,455	101,560
Goodwill and other asset impairments, net	1,434,148	267,034	-
Restructuring and other charges	30,600	21,954	-
Gain on sale of subsidiaries	(125,430)	-	-
Other operating expense (income), net	(6,040)	(5,024)	3,102
Operating income (loss) from continuing operations	(1,432,642)	(163,841)	162,704
Interest expense, net	107,891	60,322	14,653
Gain on extinguishment of debt	(13,411)	-	-
Other non-operating expense, net	6,991	54,832	25,989
Income (loss) from continuing operations before provision (benefit) for income taxes	(1,534,113)	(278,995)	122,062
Provision (benefit) for income taxes	(244,134)	3,987	(8,825)
Net income (loss) from continuing operations	(1,289,979)	(282,982)	130,887
Less: Net income (loss) from continuing operations attributable to the non-controlling interest	123	103	-
Net income (loss) from continuing operations attributable to Covia Holdings Corporation	(1,290,102)	(283,085)	130,887
Income from discontinued operations, net of tax	-	12,587	23,284
Net income (loss) attributable to Covia Holdings Corporation	\$ (1,290,102)	\$ (270,498)	\$ 154,171
Continuing operations earnings (loss) per share			
Basic	\$ (9.81)	\$ (2.26)	\$ 1.09
Diluted	(9.81)	(2.26)	1.09
Earnings (loss) per share			
Basic	(9.81)	(2.16)	1.29
Diluted	\$ (9.81)	\$ (2.16)	\$ 1.29
Weighted average number of shares outstanding			
Basic	131,512	125,514	119,645
Diluted	131,512	125,514	119,645

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

	2019	Year Ended December 31, 2018 (in thousands)	2017
Net income (loss) from continuing operations	\$ (1,289,979)	\$ (282,982)	\$ 130,887
Income from discontinued operations, net of tax	-	12,587	23,284
Net income (loss) before other comprehensive income (loss)	(1,289,979)	(270,395)	154,171
Other comprehensive income (loss), before tax			
Foreign currency translation adjustments	5,805	1,182	2,606
Employee benefit obligations	(2,154)	48,321	(1,991)
Amortization and change in fair value of derivative instruments	(17,417)	(5,083)	-
Total other comprehensive income (loss), before tax	(13,766)	44,420	615
Provision (benefit) for income taxes related to items of other comprehensive income	(3,905)	11,417	(111)
Comprehensive income (loss), net of tax	(1,299,840)	(237,392)	154,897
Comprehensive income (loss) attributable to the non-controlling interest	123	103	-
Comprehensive income (loss) attributable to Covia Holdings Corporation	\$ (1,299,963)	\$ (237,495)	\$ 154,897

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

	December 31, 2019	December 31, 2018
	(in thousands, except par value)	
Assets		
Current assets		
Cash and cash equivalents	\$ 319,484	\$ 134,130
Accounts receivable, net of allowance for doubtful accounts of \$2,211 and \$4,488 at December 31, 2019 and 2018, respectively	199,027	267,268
Inventories, net	121,790	162,970
Other receivables	15,879	40,306
Prepaid expenses and other current assets	20,843	20,941
Total current assets	677,023	625,615
Non-current assets		
Property, plant and equipment, net	1,419,982	2,834,361
Operating right-of-use assets, net	158,489	-
Deferred tax assets, net	13,725	8,740
Goodwill	119,822	131,655
Intangibles, net	33,630	137,113
Other non-current assets	23,847	18,633
Total assets	\$ 2,446,518	\$ 3,756,117
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt	\$ 18,633	\$ 15,482
Operating lease liabilities, current	63,773	-
Accounts payable	97,313	145,070
Accrued expenses	126,895	120,424
Deferred revenue	7,815	9,737
Total current liabilities	314,429	290,713
Non-current liabilities		
Long-term debt	1,539,073	1,612,887
Operating lease liabilities, non-current	272,378	-
Employee benefit obligations	66,073	54,789
Deferred tax liabilities, net	131	267,350
Other non-current liabilities	77,270	75,425
Total liabilities	2,269,354	2,301,164
Commitments and contingent liabilities (Note 24)		
Equity		
Preferred stock: \$0.01 par value, 15,000 authorized shares at December 31, 2019 and 2018		
Shares outstanding: 0 at December 31, 2019 and 2018	-	-
Common stock: \$0.01 par value, 750,000 authorized shares at December 31, 2019 and 2018		
Shares issued: 158,195 at December 31, 2019 and 2018		
Shares outstanding: 131,743 and 131,188 at December 31, 2019 and 2018, respectively	1,777	1,777
Additional paid-in capital	400,047	388,027
Retained earnings	357,857	1,647,959
Accumulated other comprehensive loss	(105,086)	(95,225)
Total equity attributable to Covia Holdings Corporation before treasury stock	654,595	1,942,538
Less: Treasury stock at cost		
Shares in treasury: 26,452 and 27,007 at December 31, 2019 and 2018, respectively	(478,110)	(488,141)
Total equity attributable to Covia Holdings Corporation	176,485	1,454,397
Non-controlling interest	679	556
Total equity	177,164	1,454,953
Total liabilities and equity	\$ 2,446,518	\$ 3,756,117

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

Equity attributable to Covia Holdings Corporation

	Common Stock	Shares of Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shares of Treasury Stock	Subtotal	Non- Controlling Interest	Total
Balances at December 31, 2016	\$ 1,777	119,645	\$ 43,941	\$ 1,753,831	\$ (118,499)	\$ (610,632)	38,550	\$ 1,070,418	\$ -	\$ 1,070,418
Adoption of accounting standards update related to reclassification of certain tax effects	-	-	-	10,455	(10,455)	-	-	-	-	-
Net (loss) income	-	-	-	154,171	-	-	-	154,171	-	154,171
Other comprehensive loss	-	-	-	-	726	-	-	726	-	726
Balances at December 31, 2017	\$ 1,777	119,645	\$ 43,941	\$ 1,918,457	\$ (128,228)	\$ (610,632)	38,550	\$ 1,225,315	\$ -	\$ 1,225,315
Net loss	-	-	-	(270,498)	-	-	-	(270,498)	103	(270,395)
Other comprehensive income	-	-	-	-	33,003	-	-	33,003	-	33,003
Distribution of HPQ Co. to Sibelco	-	(15,097)	-	-	-	(165,383)	15,097	(165,383)	-	(165,383)
Cash Redemption	-	(18,528)	-	-	-	(520,377)	18,528	(520,377)	-	(520,377)
Consideration transferred for share-based awards	-	-	40,414	-	-	-	-	40,414	-	40,414
Issuance of Covia common stock to Fairmount Santrol Holdings Inc. stockholders	-	45,044	296,221	-	-	807,026	(45,044)	1,103,247	-	1,103,247
Share-based awards exercised or distributed	-	124	(761)	-	-	1,225	(124)	464	-	464
Stock compensation expense	-	-	8,212	-	-	-	-	8,212	-	8,212
Transactions with non-controlling interest	-	-	-	-	-	-	-	-	453	453
Balances at December 31, 2018	\$ 1,777	131,188	\$ 388,027	\$ 1,647,959	\$ (95,225)	\$ (488,141)	27,007	\$ 1,454,397	\$ 556	\$ 1,454,953
Net loss	-	-	-	(1,290,102)	-	-	-	(1,290,102)	123	(1,289,979)
Other comprehensive loss	-	-	-	-	(9,861)	-	-	(9,861)	-	(9,861)
Share-based awards exercised or distributed	-	555	(10,017)	-	-	10,031	(555)	14	-	14
Stock compensation expense	-	-	10,028	-	-	-	-	10,028	-	10,028
Immaterial error	-	-	12,009	-	-	-	-	12,009	-	12,009
Balances at December 31, 2019	\$ 1,777	131,743	\$ 400,047	\$ 357,857	\$ (105,086)	\$ (478,110)	26,452	\$ 176,485	\$ 679	\$ 177,164

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

	Year Ended December 31,		
	2019	2018 (in thousands)	2017
Net income (loss) attributable to Covia Holdings Corporation	\$ (1,290,102)	\$ (270,498)	\$ 154,171
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation, depletion, and amortization	222,042	200,525	112,705
Amortization of deferred financing costs	9,828	3,489	-
Prepayment penalties on Senior Notes	-	2,213	-
Goodwill and other asset impairments	1,430,166	267,034	-
Inventory write-downs	3,982	6,744	-
(Gain) loss on disposal of fixed assets	(21)	107	-
Gain on sale of subsidiaries	(125,430)	-	-
Gain on extinguishment of debt	(13,411)	-	-
Change in fair value of interest rate swaps, net	-	(296)	-
Deferred income tax provision (benefit)	(268,345)	(6,542)	(47,215)
Stock compensation expense	10,028	8,212	-
Net income from non-controlling interest	123	103	-
Other, net	15,659	14,447	(1,308)
Change in operating assets and liabilities, net of business combination effect:			
Accounts receivable	62,405	105,850	(55,554)
Inventories	33,607	14,653	(7,383)
Prepaid expenses and other assets	18,943	(6,067)	5,101
Accounts payable	(24,458)	(59,062)	32,405
Accrued expenses	18,898	(33,525)	39,285
Net cash provided by operating activities	103,914	247,387	232,207
Cash flows from investing activities			
Capital expenditures	(87,535)	(264,052)	(108,854)
Cash of HPQ Co. distributed to Sibelco prior to Merger	-	(31,000)	-
Payments to Fairmount Santrol Holdings Inc. shareholders, net of cash acquired	-	(64,697)	-
Capitalized interest	(7,312)	-	-
Proceeds from sale of fixed assets	11,025	3,180	695
Proceeds from sale of subsidiaries	232,249	-	-
Other investing activities	-	-	770
Net cash provided by (used in) investing activities	148,427	(356,569)	(107,389)
Cash flows from financing activities			
Proceeds from borrowings on Term Loan	-	1,650,000	-
Payments on Term Loan	(12,375)	(8,250)	-
Repurchase of Term Loan	(48,335)	-	-
Fees for repurchase of Term Loan	(157)	-	-
Proceeds from borrowings on term debt	-	-	49,642
Payments on term debt	-	-	(103)
Prepayment on Unimin Term Loans	-	(314,642)	-
Prepayment on Senior Notes	-	(100,000)	-
Prepayment on Fairmount Santrol Holdings Inc. term loan	-	(695,625)	-
Fees for Term Loan and Senior Notes prepayment	-	(36,733)	-
Payments on other long-term debt	(1,664)	(36,818)	-
Payments on finance lease liabilities	(4,401)	-	-
Fees for Revolver	-	(4,500)	-
Cash Redemption payment to Sibelco	-	(520,377)	-
Proceeds from share-based awards exercised or distributed	14	464	-
Tax payments for withholdings on share-based awards exercised or distributed	(636)	(318)	-
Dividends paid	-	-	(50,000)
Net cash used in financing activities	(67,554)	(66,799)	(461)
Effect of foreign currency exchange rate changes	567	2,052	341
Increase (decrease) in cash and cash equivalents	185,354	(173,929)	124,698
Cash and cash equivalents [including cash of Discontinued Operations (Note 5)]:			
Beginning of period	134,130	308,059	183,361
End of period	\$ 319,484	\$ 134,130	\$ 308,059
Supplemental disclosure of cash flow information:			
Interest paid, net of capitalized interest	\$ (77,601)	\$ (67,960)	\$ (17,360)
Income taxes (paid) refunded	7,030	(15,532)	(32,390)
Non-cash increase in asset retirement obligations	13,785	-	-
Non-cash investing activities:			
Capital expenditures and capitalized interest in accounts payable and accrued expenses	2,491	12,222	(3,063)
Right-of-use assets obtained in exchange for lease liabilities	\$ 426,079	\$ -	\$ -

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

1. Organization

Nature of Operations

Covia Holdings Corporation, including its consolidated subsidiaries (collectively, “we,” “us,” “our,” “Covia,” and “Company”), is a leading provider of diversified mineral-based and material solutions for the Industrial and Energy markets. We provide a wide range of specialized silica sand, nepheline syenite, feldspar, calcium carbonate, clay, and kaolin products for use in the glass, ceramics, coatings, foundry, polymers, construction, water filtration, sports and recreation, and oil and gas markets in North America and around the world. Our Industrial segment provides raw, value-added and custom-blended products to the glass, ceramics, metals, coatings, polymers, construction, foundry, filtration, sports and recreation and various other industries, primarily in North America. Our Energy segment offers the oil and gas industry a comprehensive portfolio of raw frac sand, value-added-proppants, well-cementing additives, gravel-packing media and drilling mud additives. Our products serve hydraulic fracturing operations in the U.S., Canada, Argentina, Mexico, China, and northern Europe.

The Merger

On June 1, 2018 (“Merger Date”), Unimin Corporation (“Unimin”) completed a business combination (“Merger”) whereby Fairmount Santrol Holdings Inc. (“Fairmount Santrol”) merged into a wholly-owned subsidiary of Unimin and ceased to exist as a separate corporate entity. Immediately following the consummation of the Merger, Unimin changed its name to Covia Holdings Corporation and began operating under that name. The common stock of Fairmount Santrol was delisted from the New York Stock Exchange (“NYSE”) prior to the market opening on June 1, 2018, and Covia commenced trading under the ticker symbol “CVIA” on that date. Upon the consummation of the Merger, the former stockholders of Fairmount Santrol (including holders of certain Fairmount Santrol equity awards) received, in the aggregate, \$170.0 million in cash consideration and approximately 35% of the common stock of Covia. Approximately 65% of the outstanding shares of Covia common stock is owned by SCR-Sibelco NV (“Sibelco”), previously the parent company of Unimin. See Note 4 for further discussion of the Merger.

In connection with the Merger, we redeemed approximately 18.5 million shares of Unimin common stock from Sibelco in exchange for an amount in cash equal to approximately (i) \$660.0 million plus interest accruing at 5.0% per annum for the period from September 30, 2017 through June 1, 2018 less (ii) \$170.0 million in cash paid to Fairmount Santrol stockholders.

In connection with the Merger, we also completed a debt refinancing transaction, with Barclays Bank PLC as administrative agent, by entering into a \$1.65 billion senior secured term loan (“Term Loan”) and a \$200.0 million revolving credit facility (“Revolver”). The proceeds of the Term Loan were used to repay the indebtedness of Unimin and Fairmount Santrol and to pay the cash portion of the Merger consideration and expenses related to the Merger. In December 2019, we repurchased \$62.9 million of the Term Loan and voluntarily canceled the Revolver, effective December 31, 2019. See Note 14 for further discussion of these transactions and terms of such indebtedness.

As a condition to the Merger, Unimin contributed certain of its assets comprising its global high purity quartz business (the “Electronics segment”), including \$31.0 million of cash, to a newly-formed wholly-owned subsidiary of Unimin (“HPQ Co.”), in exchange for all of the stock of HPQ Co. and the assumption by HPQ Co. of certain liabilities. Unimin distributed all of the stock of HPQ Co. to Sibelco in exchange for 0.17 million shares (or 15.1 million shares subsequent to the stock split, see Note 7) of Unimin common stock held by Sibelco. See Note 5 for a discussion of HPQ Co. which is presented as discontinued operations in these consolidated financial statements.

Costs and expenses incurred related to the Merger are recorded in Other non-operating expense, net in the accompanying Consolidated Statements of Income (Loss) and include legal, accounting, valuation and financial advisory services, integration and other costs totaling \$0.9 million, \$51.1 million, and \$19.3 million for the years ended December 31, 2019, 2018, and 2017, respectively.

Unimin was determined to be the acquirer in the Merger for accounting purposes, and the historical financial statements and certain historical amounts included in the Notes to the Consolidated Financial Statements relate to Unimin. The Consolidated Balance Sheet at December 31, 2018 reflects Covia. The presentation of information for periods prior to the Merger Date are not fully comparable to the presentation of information for periods presented after the Merger Date because the results of operations for Fairmount Santrol are not included in such information prior to the Merger Date.

Immaterial Error

In 2011, Unimin acquired the remaining 49% noncontrolling interest of a subsidiary within its resin-coated sand business. The difference between the consideration paid by Unimin to the noncontrolling interest holder and the adjustment to the carrying amount of the noncontrolling interest in the subsidiary was recognized directly in equity (e.g., additional paid-in capital). A corresponding deferred tax benefit for the resulting difference between the financial statement and income tax basis of the interest in the subsidiary of \$12 million was not recorded at the time of the initial transaction.

In accordance with U.S. GAAP, management has quantitatively and qualitatively evaluated the materiality of the error and has determined that the misstatement was immaterial to the previously issued interim and annual financial statements. Accordingly, the adjustment was recorded prospectively in the Consolidated Statements of Income (Loss) in the fourth quarter of 2019 and in the Consolidated Balance Sheets as of December 31, 2019. The effect of correcting the error was not material to the 2019 financial statements. The adjustment resulted in an increase to additional paid-in capital of approximately \$12.0 million, an increase in income tax expense in the Consolidated Statements of Income (Loss) of \$4.4 million and an increase to Deferred tax assets, net of \$7.6 million in the Consolidated Balance Sheets as of December 31, 2019. The adjustments also resulted in an increase to basic and diluted earnings per common share of \$0.03 for 2019.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with GAAP and reflect all adjustments, consisting of normal recurring adjustments, which management believes are necessary to fairly present the Consolidated Balance Sheet as of December 31, 2019 and 2018, and the Consolidated Statements of Income (Loss), Comprehensive Income (Loss), Equity and Cash Flows for the years ended December 31, 2019, 2018 and 2017.

The accompanying consolidated financial statements comprise Covia Holdings Corporation and its wholly-owned and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

On June 1, 2018, following the Merger, we effected an 89:1 stock split with respect to our shares of common stock (the “Stock Split”). See Note 7 to these Consolidated Financial Statements for additional information regarding the Stock Split. Unless otherwise noted, impacted amounts and share information included in the consolidated financial statements and notes thereto have been retroactively adjusted for the stock split as if such stock split occurred on the first day of the first period presented. Certain amounts in the notes to the consolidated financial statements may be slightly different than previously reported due to rounding of fractional shares as a result of the Stock Split.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions relate to: business combination purchase price allocation, the useful life of definite-lived intangible assets; future cash flow estimates utilized in impairment calculations; units-of-production amortization calculations; asset retirement obligations; estimates of allowance for doubtful accounts; estimates of fair value for reporting units and asset impairments (including impairments of goodwill and other long-lived assets); adjustments of inventories to net realizable value; post-employment, post-retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; reserves for contingencies and litigation and the fair value of financial instruments, including derivative instruments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, including the use of valuation experts. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

Reclassifications

Certain reclassifications of prior period presentations have been made to conform to the current period presentation, including deferred revenue.

Revenue Recognition

We primarily derive our revenues by mining, manufacturing, and processing minerals that our customers purchase for various uses. Revenues are primarily derived from contracts with customers with terms typically ranging from one to eight years in length, and are measured by the amount of consideration we expect to receive in exchange for transferring our products. The consideration we expect to receive is based on the volumes and price of the product per ton as defined in the underlying contract. The price per ton is based on the market value for similar products plus costs associated with transportation and transloading, as applicable. Depending on the contract, this may also be net of discounts and rebates. The transaction price is not adjusted for the effects of a significant financing component, as the time period between transfer of control of the goods and expected payment is one year or less. Sales, value-added, and other similar taxes collected are excluded from revenue.

Revenues are recognized as each performance obligation within the contract is satisfied. This occurs with the transfer of control of our product in accordance with delivery methods as defined in the underlying contract. Performance obligations do not extend beyond one year. Transfer of control to customers generally occurs when products leave our facilities or at other predetermined control transfer points. We account for shipping and handling activities that occur after control of the related good transfers as a cost of fulfillment instead of a separate performance obligation. Transportation costs to move product from our production facilities to our distribution terminals are borne by us and capitalized into inventory. These costs are included in cost of goods sold as the products are sold. Our contracts may include one or multiple distinct performance obligations. Revenues are assigned to each performance obligation based on its relative standalone selling price, which is generally the contractually-stated price.

Our products may be sold with rebates, discounts, take-or-pay provisions, or other features which are accounted for as variable consideration. Rebates and discounts are not material and have not been separately disclosed. Contracts that contain take-or-pay provisions obligate customers to pay shortfall payments if the required volumes, as defined in the contracts, are not purchased. Shortfall payments are recognized as revenues when the likelihood of the customer purchasing the minimum volume becomes remote, subject to renegotiation of the contract and collectability.

We enter into certain supply agreements with customers that include provisions requiring payment at the inception of the supply agreement. Deferred revenue is recorded when payment is received in advance of the performance obligation. See Note 13 for further detail.

We disaggregate revenues consistent with our segment reporting. See Note 26 for further detail.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash as well as liquid investments with original maturities of three months or less. Our cash and cash equivalents are held on deposit and are available to us on demand without restriction, prior notice, or penalty. At December 31, 2019 and 2018, we had time deposits totaling \$150.0 million and \$60.0 million, respectively.

Accounts Receivable

Accounts receivable as presented in the consolidated balance sheets are related to our contracts and are recorded when the right to consideration becomes likely at the amount management expects to collect. Accounts receivable do not bear interest if paid when contractually due, and payments are generally due within thirty to forty-five days of invoicing. We typically do not record contract assets, as the transfer of control of our products results in an unconditional right to receive consideration.

Allowance for Doubtful Accounts

The collectability of all outstanding receivables is subject to review and evaluation by management. This review includes consideration for the risk profile of the customers, customer credit quality and certain indicators such as the aging of past-due amounts and general industry and economic conditions. If it is determined that a receivable balance will not likely be recovered, an allowance for such outstanding receivable balance is established.

Inventories

The cost of inventories is based on weighted average cost, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing inventories to their existing location and condition. In the case of finished goods and work-in-process, cost includes an appropriate share of production overhead. Consumables and regularly-replaced spare

parts are stated at cost, less any provision for obsolescence. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling costs. Inventories are written down to net realizable value when the cost of the inventories exceeds that value.

Property, Plant, and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation, depletion and impairment losses (if any). Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor and other costs directly attributable to bringing the assets to a working condition for their intended use.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized within Other operating expense (income), net in the Consolidated Statements of Income (Loss).

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets from the date that they are installed and are ready for use, or with respect to internally constructed assets, from the date that the asset is completed and ready for use. Where components of a large item have different useful lives, they are accounted for as separate items of property, plant and equipment. The estimated service lives of property, plant and equipment are principally as follows:

Land improvements	2-35 years
Machinery and equipment	2-35 years
Buildings and improvements	12-50 years
Railroad equipment	3-40 years
Furniture, fixtures, and other	2-15 years

Depletion and amortization of mineral rights properties are recorded as the minerals are extracted, based on units of production and estimates of minable reserves.

Stripping costs are costs of removing overburden and waste materials to gain access to mineral reserves. Prior to the production phase of the mine, stripping costs are capitalized to mineral rights properties. The production phase of a mine is deemed to begin when saleable materials, beyond a de minimis amount, are produced. Stripping costs incurred during the production phase are variable production costs included in the costs of inventory, to be recognized in cost of sales in the same period as the sale of inventory. The determination of the production phase becomes complex when second and subsequent pits at multiple pit-mines are developed. The stripping costs of second and subsequent pits are expensed if they are determined to be part of the integrated operations of the first pit which is in the production phase. The stripping costs of second and subsequent pits in a mine are capitalized if the pits are not integrated operations and are separate and distinct areas within the mine. Capitalized stripping costs are amortized on a units of production method.

Assets under construction are stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and put into use. We capitalize interest costs incurred on funds used to construct property, plant, and equipment. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. Interest cost capitalized was \$8.1 million and \$8.6 million in 2019 and 2018, respectively. .

Deferred Financing Costs

We defer costs directly associated with acquiring third-party financing, primarily debt origination costs and related professional expenses. Deferred financing costs ("DFC") are amortized over the term of the related debt obligations. DFC associated with the Term Loan are reflected as a direct reduction of the long-term debt and DFC associated with the Revolver are included in other assets on the Consolidated Balance Sheets. In connection with the repurchases of portions of the Term Loan and cancellation of the Revolver in December 2019, we wrote off \$4.7 million of DFC that were previously capitalized. Refer to Note 14 Long Term Debt for additional information.

Amortization of DFC are included in interest expense. The following table presents DFC as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
	(in thousands)	
Deferred financing costs	\$ 33,788	\$ 40,151
Accumulated amortization	(8,034)	(3,489)
Deferred financing costs, net	\$ 25,754	\$ 36,662

Goodwill

Goodwill is reviewed for impairment annually as of October 31, or more frequently if events and circumstances indicate that the reporting unit to which goodwill has been allocated might be impaired. In testing goodwill for impairment, we have the option to perform a qualitative assessment to determine whether the existence of events or circumstances indicate that it is more-likely-than-not (more than 50%) that the fair value of a reporting unit is less than its carrying amount. When performing a qualitative assessment, we evaluate factors such as a sustained decrease in our share price, macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, events affecting the reporting unit (e.g., the sale of all or a portion of the reporting unit), and other relevant entity-specific events. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying amount, or if we choose not to perform the qualitative assessment, then a quantitative assessment is performed to determine the reporting unit's fair value. If the reporting unit's carrying value exceeds its fair value, then an impairment loss is recognized for the amount of the excess of the carrying amount over the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

The evaluation of goodwill for impairment includes estimating fair value using one or a combination of valuation techniques, such as discounted cash flows or comparable companies' earnings multiples or transactions. These valuations require us to make estimates and assumptions regarding future operating results, cash flows, changes in working capital, future capital expenditures, selling prices, profitability, and the cost of capital. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce a materially different result. Refer to Note 11 for additional information.

Impairment of Long-Lived Assets

We periodically evaluate whether current events or circumstances indicate that the carrying value of our long-lived assets may not be recoverable. If such circumstances exist, an estimate of undiscounted future net cash flows produced by the asset group is compared to the carrying value of the asset group. If the carrying value of the asset group is greater than the undiscounted cash flows, we recognize an impairment loss equal to the amount by which the carrying value exceeds the fair value of the asset group. Factors we generally consider important in our evaluation and that could trigger a review of recoverability include expected operating trends, significant changes in the way assets are used, underutilization of our tangible assets, discontinuance of certain products by us or by our customers, and significant negative industry or economic trends.

The recoverability of the carrying value of our development stage mineral properties is dependent upon the successful development, start-up and commercial production of our mineral deposits and related processing facilities. Our evaluation of mineral properties for potential impairment primarily includes assessing the existence or availability of required permits and evaluating changes in our mineral reserves, or the underlying estimates and assumptions, including estimated production costs. Assessing the economic feasibility requires certain estimates, including the prices of products to be produced and processing recovery rates, as well as operating and capital costs. Refer to Note 6 for further information.

Earnings per Share

Basic and diluted earnings per share is presented for net income (loss) attributable to us. Basic earnings per share is computed by dividing income (loss) available to our common stockholders by the weighted-average number of outstanding common shares for the period. Diluted earnings per share is computed by increasing the weighted-average number of outstanding shares of common stock to include the additional shares of common stock that would be outstanding after exercise of outstanding stock options and restricted stock units calculated using the treasury stock method. Potential shares of common stock in the diluted earnings per share calculation are excluded to the extent that they would be anti-dilutive.

Prior to the Merger, we had no stock options, warrants, convertible securities, or other potentially dilutive financial instruments and, therefore, there is no difference in the number of basic weighted average shares outstanding and diluted weighted average shares outstanding.

Derivatives and Hedging Activities

Due to our variable-rate indebtedness, we are exposed to fluctuations in interest rates. We enter into interest rate swap agreements to partially hedge our variable interest rate risk. The derivative instruments are reported at fair value in accrued expenses and other non-current liabilities. Changes in the fair value of derivatives are recorded each period in accumulated other comprehensive loss. For derivatives not designated as hedges, the gain or loss is recognized in current earnings. No components of our hedging instruments were excluded from the assessment of hedge effectiveness.

Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional value. The gain or loss on the interest rate swap is recorded in accumulated other comprehensive loss and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. See Note 16 for further information.

Foreign Currency Translation

The financial statements of subsidiaries with a functional currency other than the reporting currency are translated into U.S. dollars using month-end exchange rates for assets and liabilities and average monthly exchange rates for income and expenses. We record resulting translation adjustments in accumulated other comprehensive loss within stockholders' equity. Foreign currency exchange gains or losses that arise from currency exchange rate changes on transactions denominated in currencies other than the functional currency are recorded in the Consolidated Statements of Income (Loss), as applicable.

Concentration of Labor

Approximately 35% of our labor force is covered under union agreements in the U.S., Canada, and Mexico. These agreements are renegotiated when their terms expire between 2020 and 2024.

Concentration of Credit Risk

At December 31, 2019, we had no customers whose accounts receivable balances exceeded 10% of total receivables. At December 31, 2018, we had two customers whose accounts receivable balance exceeded 10% of total receivables. These two customers each comprised approximately 10% of our accounts receivable balance at December 31, 2018.

Income Taxes

Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry-forwards and deferred tax liabilities are recognized for taxable temporary differences. This approach requires recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based upon the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the expenses are expected to reverse. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

We recognize a tax benefit associated with an uncertain tax position when, in our judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, we initially and subsequently measure the tax benefit as the largest amount that we judge to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized entirely in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management.

We evaluate quarterly the realizability of our deferred tax assets by assessing the need for a valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income in the appropriate jurisdiction to utilize the asset, the reversal of taxable temporary differences, and available tax planning

strategies that could be implemented to realize the net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. Factors that may affect our ability to achieve sufficient forecasted taxable income include, but are not limited to, the following: a decline in sales or margins, increased competition or loss of market share.

In addition, we operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues, which may require an extended time to resolve. We believe that adequate provisions for income taxes have been made for all years.

Typically, the largest permanent item in computing both our effective rate and taxable income is the deduction for statutory depletion. The depletion deduction is dependent upon a mine-by-mine computation of both gross income from mining and taxable income.

The Tax Act subjects us to current tax on our GILTI. To the extent that tax expense is incurred under the GILTI provisions, it will be treated as a component of income tax expense in the period incurred.

Leases

We lease railcars, machinery, equipment, land, buildings and office space under operating lease arrangements. Certain mobile equipment leasing arrangements, subject to purchase options, are leased under finance lease arrangements.

We determine if an arrangement is or contains a lease at contract inception and exercise judgement and apply certain assumptions when determining the discount rate, lease term and lease payments. Generally, we do not have knowledge of the rate implicit in the lease and, therefore, in most cases we use the incremental borrowing rate for a lease. The incremental borrowing rate is determined based on lease term and the currency in which lease payments are made, adjusted for the impacts of collateral. The lease term includes the non-cancelable period of the lease plus any additional periods covered by an option to extend that we are reasonably certain to exercise, or an option to extend that is controlled by the lessor. Lease payments included in the measurement of the lease liability comprise fixed payments, and the exercise price of an option to purchase the underlying asset if we are reasonably certain to exercise the option.

For lease arrangements that include lease and non-lease components, we elected to use the practical expedient to combine lease and non-lease components for all classes of leased assets and have elected to apply the short-term lease exemption to all classes of leased assets. The short-term lease exemption allows for the non-recognition of right-of-use assets and lease liabilities for leases with a term of twelve months or less. Certain of our lease agreements include rental payments based on a percentage of usage and others include rental payments adjusted periodically based on an index, such as the Consumer Price Index. These payments are recorded as variable costs under operating leases.

All right-of-use assets are periodically reviewed for impairment losses and are included in our analysis of long-lived asset impairment. See Note 6 for further information.

Asset Retirement Obligation

We estimate the future cost of dismantling, restoring, and reclaiming operating excavation sites and related facilities in accordance with federal, state, and local regulatory requirements, as imposed by contract. We record the initial estimated present value of those costs as a liability in other non-current liabilities and increase the carrying amount of the related asset by a corresponding amount on the Consolidated Balance Sheets. The accretion of the liability is recorded as other operating expense (income), net and the related asset is classified as property, plant, and equipment and amortized over the estimated life of the mine or site. We adjust the related asset and liability for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate. Future cost estimates are escalated for inflation and market risk premium, then discounted at the credit adjusted risk free rate. If the asset retirement obligation is settled for more or less than the carrying amount of the liability, a loss or gain will be recognized in the period the obligation is settled.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is a separate line within the Consolidated Statements of Equity that reports our cumulative income (loss) that has not been reported as part of net income (loss). The components of accumulated other comprehensive loss attributable to Covia Holdings Corporation at December 31, 2019 and 2018 were as follows:

	December 31, 2019		
	Gross	Tax Effect (in thousands)	Net Amount
Foreign currency translation adjustments	\$ (47,584)	\$ -	\$ (47,584)
Amounts related to employee benefit obligations	(54,650)	14,882	(39,768)
Unrealized gain (loss) on interest rate hedges	(22,500)	4,766	(17,734)
	<u>\$ (124,734)</u>	<u>\$ 19,648</u>	<u>\$ (105,086)</u>

	December 31, 2018		
	Gross	Tax Effect (in thousands)	Net Amount
Foreign currency translation adjustments	\$ (53,389)	\$ -	\$ (53,389)
Amounts related to employee benefit obligations	(52,496)	14,574	(37,922)
Unrealized gain (loss) on interest rate hedges	(5,083)	1,169	(3,914)
	<u>\$ (110,968)</u>	<u>\$ 15,743</u>	<u>\$ (95,225)</u>

The following tables presents the changes in accumulated other comprehensive loss by component for the year ended December 31, 2019 and 2018:

	Year Ended December 31, 2019			
	Foreign currency translation adjustments	Amounts related to employee benefit obligations	Unrealized gain (loss) on interest rate hedges	Total
	(in thousands)			
Beginning balance	\$ (53,389)	\$ (37,922)	\$ (3,914)	\$ (95,225)
Other comprehensive income before reclassifications	5,805	(7,266)	(15,627)	(17,088)
Amounts reclassified from accumulated other comprehensive loss	-	5,420	1,807	7,227
Ending balance	<u>\$ (47,584)</u>	<u>\$ (39,768)</u>	<u>\$ (17,734)</u>	<u>\$ (105,086)</u>

	Year Ended December 31, 2018			
	Foreign currency translation adjustments	Amounts related to employee benefit obligations	Unrealized gain (loss) on interest rate hedges	Total
	(in thousands)			
Beginning balance	\$ (54,571)	\$ (73,657)	\$ -	\$ (128,228)
Other comprehensive income before reclassifications	1,182	31,829	(4,714)	28,297
Amounts reclassified from accumulated other comprehensive loss	-	3,906	800	4,706
Ending balance	<u>\$ (53,389)</u>	<u>\$ (37,922)</u>	<u>\$ (3,914)</u>	<u>\$ (95,225)</u>

The following table presents the reclassifications out of accumulated other comprehensive loss during the years ended December 31, 2019, 2018, and 2017:

Year Ended December 31, 2019	Amount reclassified from accumulated other comprehensive loss	Affected line item on the statement of income (loss)
Details about accumulated other comprehensive loss		
Change in fair value of derivative swap agreements		
Interest rate hedging contracts	\$ 2,277	Interest expense, net
Tax effect	(470)	Provision for income taxes
	\$ 1,807	Net of tax
Amortization of employee benefit obligations		
Prior service costs	\$ 330	Other non-operating expense, net
Actuarial losses	7,118	Other non-operating expense, net
Tax effect	(2,028)	Provision for income taxes
	5,420	Net of tax
Total reclassifications for the period	\$ 7,227	Net of tax

Year Ended December 31, 2018	Amount reclassified from accumulated other comprehensive loss	Affected line item on the statement of income (loss)
Details about accumulated other comprehensive loss		
Change in fair value of derivative swap agreements		
Interest rate hedging contracts	\$ 1,040	Interest expense, net
Tax effect	(240)	Provision for income taxes
	\$ 800	Net of tax
Amortization of employee benefit obligations		
Prior service costs	\$ 1,675	Other non-operating expense, net
Actuarial losses	3,606	Other non-operating expense, net
Tax effect	(1,375)	Provision for income taxes
	3,906	Net of tax
Total reclassifications for the period	\$ 4,706	Net of tax

Year Ended December 31, 2017	Amount reclassified from accumulated other comprehensive loss	Affected line item on the statement of income (loss)
Details about accumulated other comprehensive loss		
Amortization of employee benefit obligations		
Prior service cost	\$ 552	Other non-operating expense, net
Actuarial losses	5,745	Other non-operating expense, net
Tax effect	(354)	Provision for income taxes
Total reclassifications for the period	\$ 5,943	Net of tax

3. Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

On January 1, 2019, we adopted Accounting Standards Update (“ASU”) No. 2016-02 – *Leases (Topic 842)*, which created ASC 842 and requires lessees to recognize a right-of-use asset and lease liability on their consolidated balance sheet related to the rights and obligations created by most leases, while continuing to recognize expense on their consolidated statements of income over the lease term.

We transitioned to ASC 842 using the option to apply the standard on its effective date, January 1, 2019, and elected the package of practical expedients permitted under the transition guidance. Utilizing the practical expedients, we did not reassess (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct costs for any existing leases.

The impact of the adoption of ASC 842 on the accompanying Consolidated Balance Sheets resulted in recording additional right-of-use assets and lease liabilities of approximately \$442.1 million and \$406.8 million, respectively, at January 1, 2019. The right-of-use assets at the date of adoption included approximately \$36.5 million of lease intangible assets related to favorable market terms of certain railcar leases acquired in the Merger. Comparative periods presented reflect the former lease accounting guidance and the required comparative disclosures are included in Note 22. Also, see Note 6 for discussion of impairment of right-of-use assets during year ended December 31, 2019.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 – *Financial Instruments – Credit Losses (Topic 326)* (“ASU 2016-13”). ASU 2016-13 replaces the incurred loss impairment methodology in current GAAP with a methodology that applies a forward-looking “expected loss” model to receivables, loans and other instruments. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years, and requires a modified retrospective approach. We are currently evaluating the impact of this new standard on our consolidated financial statements and disclosures however, we do not believe that the adoption of ASU 2016-13 will result in a material impact to our current methodology or our results of operations and financial condition.

In August 2018, the FASB issued ASU No. 2018-14 – *Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20): Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans* (“ASU 2018-14”). The amendments in ASU 2018-14 remove various disclosures that no longer are considered cost-beneficial, namely amounts in accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost over the next fiscal year. Further, ASU 2018-14 requires disclosure or clarification of the reasons for significant gains or losses related to changes in the benefit obligation for the period, as well as projected and accumulated benefit obligations in excess of plan assets. ASU 2018-14 is effective for fiscal years ending after December 15, 2020 and should be applied on a retrospective basis, with early adoption permitted. We are in the process of evaluating the impact of this new guidance on our consolidated financial statements and disclosures.

In December 2019, the FASB issued ASU No. 2019-12 – *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes* (“ASU 2019-12”). The amendments in ASU 2019-12 simplify the accounting for income taxes by removing certain exceptions regarding the incremental approach for intra-period tax allocations, deferred tax liabilities for equity method investments, and general methodology calculations when a year-to-date loss exceeds the anticipated loss. Additionally, ASU 2019-12 further simplifies accounting for income taxes by requiring certain franchise taxes to be accounted for as income-based tax or non-income-based tax, requiring evaluation of the tax basis of goodwill in business combinations, specifying the requirements and elections for allocating consolidated current and deferred tax expense to legal entities separately not subject to tax and requiring reflection of the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The various amendments can be applied on a retrospective, modified retrospective, or prospective basis, depending on the amendment. We are in the process of evaluating the impact of this new guidance on our consolidated financial statements and disclosures.

4. Merger and Purchase Accounting

As previously noted, on June 1, 2018, Fairmount Santrol was merged into a subsidiary of Unimin, after which Fairmount Santrol ceased to exist as a separate corporate entity. Refer to Note 1 for additional information related to the Merger.

The Merger Date fair value of consideration transferred was \$1.3 billion, which consisted of share-based awards, cash, and Covia common stock. The consideration transferred to Fairmount Santrol’s stockholders included cash of \$170.0 million. The cash portion of the Merger consideration was funded with proceeds of the Term Loan, as well as cash on Unimin’s balance sheet. See Note 14 for additional information.

The operating results of Fairmount Santrol since the Merger Date are included in the consolidated financial statements. The Merger qualifies as a business combination and is accounted for using the acquisition method of accounting.

The estimates of fair values of the assets acquired and liabilities assumed were based on information available as of the Merger Date. During the third and fourth quarter of 2018, we refined certain underlying inputs and assumptions in our valuation models and finalized the purchase accounting fair value assessment as of December 31, 2018. The following table summarizes the purchase price accounting of the acquired assets and liabilities assumed as of June 1, 2018, including measurement period adjustments.

	June 1, 2018
	(in thousands)
Cash and cash equivalents	\$ 105,303
Inventories, net	108,005
Accounts receivable	159,373
Property, plant, and equipment, net	1,649,876
Intangible assets, net	136,222
Prepaid expenses and other assets	9,563
Other non-current assets	4,182
Total identifiable assets acquired	2,172,524
Debt	748,722
Other current liabilities	160,117
Deferred tax liability	199,627
Other long-term liabilities	45,169
Total liabilities assumed	1,153,635
Net identifiable assets acquired	1,018,889
Non-controlling interest	453
Goodwill	295,224
Total consideration transferred	\$ 1,313,660

The fair values were based on management's analysis, including work performed by third-party valuation specialists. Several significant assumptions and estimates were used in the application of valuation methods, including sales volumes and prices, royalty rates, production costs, tax rates, capital spending, discount rates, and working capital changes. Cash flow forecasts were generally based on Fairmount Santrol's pre-Merger forecasts. Valuation methodologies used for the identifiable assets acquired and liabilities assumed utilize Level 1, Level 2, and Level 3 inputs including quoted prices in active markets and discounted cash flows using current interest rates.

Accounts receivable, other current liabilities, non-current assets and other long-term liabilities, excluding asset retirement obligations and contingent consideration included in other long-term liabilities, were valued at the existing carrying values as they represented the estimated fair value of those items at the Merger Date based on management's judgement and estimates.

Raw material inventory was valued using the cost approach. The fair value of work-in-process inventory and finished goods inventory is a function of the estimated selling price less the sum of any cost to complete, costs of disposal, holding costs and a reasonable profit allowance.

The fair value of non-depletable land was determined using the market approach which arrives at an indication of value by comparing the land being valued to land recently acquired in arm's-length transactions or land listings for similar uses. Building and site improvements were valued using the cost approach in which the value is established based on the cost of reproducing or replacing the asset, less depreciation from physical deterioration, functional obsolescence and economic obsolescence, if applicable. Personal property assets with an active and identifiable secondary market, such as mobile equipment were valued using the market approach. Other personal property assets, such as machinery and equipment, furniture and fixtures, leasehold improvements, laboratory equipment and computer software, were valued using the cost approach which is based on replacement or reproduction costs of the assets less depreciation from physical deterioration, functional obsolescence and economic obsolescence, if applicable. The fair value of the mineral reserves, which is included in property, plant, and equipment, net, were valued using the income approach which is predicated upon the value of the future cash flows that an asset will generate over its economic life.

The fair value of the customer relationship intangible assets was determined using the With and Without Method which is an income approach and considers the time needed to rebuild the customer base. The fair value of the railcar leasehold interest was determined using the discounted cash flow method which is an income approach. The fair value of the trade name and technology intangible assets was determined using the Relief from Royalty Method which is an income approach and is based on a search of comparable third party licensing agreements and internal discussions regarding the significance of the trade names and technology and the profitability of the associated revenue streams.

The fair value of the acquired intangible assets and the related estimated useful lives at the Merger Date were the following:

	Approximate Fair Value (in thousands)	Estimated Useful Life
Customer relationships	\$ 73,000	6 years
Railcar leasehold interests	40,914	1-15 years
Trade name	17,000	1 year
Technology	5,000	12 years
Other	308	95 years
Total approximate fair value	\$ 136,222	

Goodwill is calculated as the excess of the purchase price over the fair value of net identifiable assets acquired. Goodwill represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Goodwill of \$78.1 million and \$217.1 million allocated to the Industrial and Energy reporting units respectively, is attributable to the earnings potential of Fairmount Santrol's product and plant portfolio, anticipated synergies, the assembled workforce of Fairmount Santrol, and other benefits that we believed would result from the Merger. During the third quarter of 2018 it was determined the goodwill allocated to the Energy reporting unit was impaired and was written off in its entirety. Refer to Note 6 and Note 11 for additional information. None of the goodwill was deductible for income tax purposes.

The carrying value of the debt approximated the fair value of the debt at June 1, 2018.

The deferred tax liability relates to the tax effect of fair value adjustments of the assets and liabilities acquired, including mineral reserves, property, plant and equipment and intangible assets.

Asset retirement obligations are included in other long-term liabilities in the table of fair values noted above. The related asset is included in Property, plant, and equipment, net in the table of fair values noted above. The asset retirement obligations assumed and related assets acquired in connection with the Merger were adjusted to reflect revised estimates of the future cost of dismantling, restoring, and reclaiming of certain sites and related facilities as of the Merger Date.

Included in other long-term liabilities is \$9.5 million for a pre-acquisition contingent consideration arrangement in the form of earnout payments, related to the purchase of the Propel SSP® technology. We entered into an amendment to the SSP purchase agreement on June 1, 2018. Based on information and estimates at the time, we estimated the fair value of contingent consideration to be approximately \$9.5 million. Subsequent to the Merger Date, changes in projected cash flows were revised downward based on post-Merger decline in the market conditions for the Energy segment and a customer supply agreement that was not renewed at December 31, 2018. These revisions gave rise to a reduction of the contingent consideration liability of approximately \$5.0 million, which is recorded as income in Other operating expense (income), net in the Consolidated Statements of Income (Loss). The earnout payments are based on a fixed percentage of sales of Propel SSP® and other products incorporating the Propel SSP® technology for thirty years commencing on June 1, 2018. The amendment eliminated the threshold payments of \$195 million which were previously required in order for us to retain 100% ownership of the technology. It also provides for the non-exclusive right to license the technology at a negotiated rate. The fair value of the earnout was determined using a scenario-based method due to the linear nature of the consideration payments. The assets related to Propel SSP® self-suspending proppant were impaired in September 2019. Refer to Note 6 for additional information.

We assumed the outstanding stock-based equity awards, including time-vesting restricted stock units ("RSUs"), performance-vesting restricted stock units ("PSUs"), and nonqualified stock options ("Options" and, together with the RSUs and PSUs, the "Award(s)"), of Fairmount Santrol at the Merger Date. Each outstanding Award of Fairmount Santrol was converted to a Covia award with similar terms and conditions at the exchange ratio of 5:1. We recorded \$40.4 million of Merger consideration for the value of Awards earned prior to the Merger Date. The remaining value represents post-Merger compensation expense of \$10.4 million, which will be recognized over the remaining vesting period of the Awards. In addition, at June 1, 2018, we recorded \$2.4 million of expense for Awards whose vesting was accelerated upon a change in control and certain other terms pursuant to the Merger agreement and therefore considered a Merger related expense and recorded in Other non-operating expense, net in the accompanying Consolidated Statements of Income (Loss). Refer to Note 19 for additional information.

We have not separately disclosed the revenue and earnings of Fairmount Santrol from the Merger Date through December 31, 2018. Due to the integration of Fairmount Santrol's operations and customer contracts into the Covia supply chain network and customer contracts, it is impracticable to provide a reasonable estimate of these revenue and earnings.

Pro Forma Condensed Combined Financial Information (Unaudited)

The following unaudited pro forma condensed combined financial information presents our combined results as if the Merger had occurred on January 1, 2017. The unaudited pro forma financial information was prepared to give effect to events that are (i) directly attributable to the Merger; (ii) factually supportable; and (iii) expected to have a continuing impact on our results. All material intercompany transactions during the periods presented have been eliminated. These pro forma results include adjustments for interest expense that would have been incurred to finance the transaction and reflect purchase accounting adjustments for additional depreciation, depletion and amortization on acquired property, plant and equipment and intangible assets. The pro forma results exclude Merger related transaction costs and expenses that were incurred in conjunction with the Merger in the years ended December 31, 2018 and 2017:

	Year Ended December 31,	
	2018	2017
	(in thousands, except per share data)	
Revenues	\$ 2,320,269	\$ 2,254,907
Net income	(185,497)	143,785
Earnings (loss) per share – basic	\$ (1.48)	\$ 1.20
Earnings (loss) per share – diluted	\$ (1.48)	1.20

The unaudited pro-forma condensed combined financial information is presented for information purposes only and is not intended to represent or to be indicative of the combined results of operations or financial position that would have been reported had the Merger been completed as of the date and for the period presented, and should not be taken as representative of our consolidated results of operations or financial condition following the Merger. In addition, the unaudited pro-forma condensed combined financial information is not intended to project our future financial position or results of operations.

5. Discontinued Operations

On May 31, 2018, prior to, and as a condition to the closing of the Merger, Unimin transferred assets and liabilities of its Electronics segment to HPQ Co., a newly formed wholly-owned subsidiary of Unimin, in exchange for all of the stock of HPQ Co. and the assumption by HPQ Co. of certain liabilities and, thereafter, distributed all of the stock of HPQ Co. to Sibelco in exchange for 0.17 million shares (or 15.1 million shares subsequent to the stock split) of Unimin common stock held by Sibelco.

The transaction was between entities under common control and therefore the Unimin common stock received from Sibelco was recorded at the carrying value of the net assets transferred at May 31, 2018, in the amount of \$165.4 million, in Treasury stock within Equity. The transfer of all of the stock of HPQ Co. to Sibelco was a tax-free transaction.

The disposition of HPQ Co. qualified as discontinued operations, as it represented a significant strategic shift of our operations and financial results. In addition, the operations and cash flows of HPQ Co. could be distinguished, operationally and for financial reporting purposes, from the rest of our operations.

The operating results of our discontinued operations up to the Merger Date are as follows:

	Year Ended December 31,	
	2018	2017
	(in thousands)	
Major line items constituting income from discontinued operations		
Revenues	\$ 74,015	\$ 149,375
Cost of goods sold (excluding depreciation, depletion, and amortization shown separately)	46,442	99,974
Selling, general and administrative expenses	8,762	14,519
Depreciation, depletion and amortization expense	4,072	11,145
Other operating income	(69)	(155)
Income from discontinued operations before provision for income taxes	14,808	23,892
Provision for income taxes	2,221	608
Income from discontinued operations, net of tax	\$ 12,587	\$ 23,284

The significant operating and investing cash and noncash items of the discontinued operations included in the Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017 were as follows:

	Year Ended December 31,	
	2018	2017
	(in thousands)	
Depreciation, depletion and amortization expense	\$ 4,072	\$ 11,145
Capital expenditures	\$ 3,549	\$ 2,559

6. Goodwill and Other Asset Impairments

Throughout 2019, our Energy segment was impacted by new sources of supply and sequentially slower proppant demand, resulting in a surplus of proppant and significantly lower proppant pricing. In response to changing market demands, we idled operations at certain mines, terminals and resin-coating facilities, rationalized our railcar fleet and reduced production capacity and total production at certain of our Northern White sand plants.

We recorded the following impairments in the years ended December 31, 2019 and 2018, all of which were related to assets within our Energy segment. We did not incur impairment charges during 2017. These impairment charges are classified as Goodwill and other asset impairments in the Consolidated Statements of Income (Loss):

Description	2019	2018
	(in thousands)	
Propel SSP® technology	\$ 7,761	\$ -
Long-lived asset impairment	1,411,366	-
Idled facilities and railcars	11,039	37,653
Spare parts	3,982	-
Assets under construction	-	12,300
Goodwill impairment	-	217,081
Total	\$ 1,434,148	\$ 267,034

2019

In response to the reduced consumption of certain value-added proppants, in September 2019 we discontinued sales and marketing efforts related to our Propel SSP® self-suspending proppant and recorded a total net impairment charge of \$7.7 million to write-off equipment used in the production of Propel SSP® and intangible assets related to the acquired technology. These charges were offset by the reversal of the contingent consideration liability for future earnout payments related to the purchase of the Propel SSP® technology that are no longer required. Refer to Note 4 for additional information on the Propel SSP® self-suspending proppant.

We also reviewed the recoverability of our long-lived asset groups and, based upon our assessments, we determined the carrying amount of certain long-lived asset groups within the Energy segment exceeded their respective fair values. In the fourth quarter of 2019, we recorded a total impairment charge of \$1.4 billion, which was allocated to the long-lived assets in the asset groups based on the relative carrying amounts of those assets. We determined the fair value of our long-lived asset groups based on the present value of the future cash flows that the underlying assets are expected to generate. Such estimates included unobservable inputs that required significant judgement.

Due to the impact of slower proppant demand, surplus of proppant and significantly lower proppant pricing, we idled certain of our mining and processing facilities and transitioned excess railcars to storage. Equipment at the idled facilities that was not redeployed to our active sites was determined to no longer be useful to us. We recorded an impairment charge of \$2.8 million to adjust the useful life of the equipment to the estimated salvage value of the equipment. We lease most of our railcars under operating leases and recorded an impairment charge of \$4.3 million to write-down the related right-of-use asset for those railcars we do not expect to use during their remaining lease terms.

During the fourth quarter of 2019, we evaluated our asset retirement obligations and increased our estimated future obligations at certain facilities. We recorded an impairment charge in the amount of \$3.9 million for the related retirement asset costs at our idled locations.

We evaluated our spare parts inventory at our idled facilities and recorded an impairment charge of \$4.0 million for spare parts that could not be redeployed to alternative sites.

2018

In the second quarter of 2018, we wrote down \$12.3 million of assets under construction related to a facility expansion that was terminated. The write down reflects the cost of assets that could not be used or transferred to other facilities.

Due to the idling of certain facilities in the Energy segment, we stopped using certain long-lived assets and therefore were considered abandoned assets. We recorded an expense of \$37.6 million in the fourth quarter of 2018 to adjust the carrying amount of these long-lived assets to their salvage value.

The decline in market conditions during 2018 within our Energy reporting unit combined with the decline in our share price, triggered testing for goodwill impairment at September 30, 2018 and December 31, 2018 using unobservable inputs that required significant judgement. The tests were performed using a combination of the discounted cash flow forecast methodology and using a peer-based, risk adjusted weighted average cost of capital and the market multiples approach. Upon completion of the tests, the entire amount of goodwill in the Energy reporting unit was determined to be impaired and an impairment charge in the amount of \$217.1 million was recorded. The goodwill attributed to the Industrial reporting unit was determined to not be impaired for any of the testing periods.

7. Stockholders' Equity

Prior to the consummation of the Merger, Unimin redeemed 0.17 million shares (or 15.1 million shares subsequent to the stock split) of common stock from Sibelco in connection with the disposition of HPQ Co. Additionally, Unimin redeemed 0.21 million shares (or 18.5 million shares subsequent to the stock split) of common stock from Sibelco in exchange for a payment of \$520.4 million to Sibelco (the "Cash Redemption"). The Cash Redemption was financed with the proceeds of the Term Loan and cash on hand. On June 1, 2018, following the Merger, we effected an 89:1 stock split with respect to our shares of common stock and, in connection therewith, amended and restated our certificate of incorporation to increase our authorized capital stock to 750.0 million shares of common stock and 15.0 million shares of preferred stock and decreased our par value per share from \$1.00 to \$0.01.

As a result of the Merger, Fairmount Santrol stockholders received 45.0 million shares of Covia common stock, which were issued out of Covia treasury stock.

8. Inventories, net

At December 31, 2019 and 2018, inventories consisted of the following:

	December 31, 2019	December 31, 2018
	(in thousands)	
Raw materials	\$ 44,218	\$ 30,410
Work-in-process	2,809	19,886
Finished goods	42,766	73,628
Spare parts	31,997	39,046
Inventories, net	\$ 121,790	\$ 162,970

As a result of the Merger, we recorded approximately \$38.4 million of fair value adjustments in inventory, which included approximately \$7.6 million of spare parts. Of this amount, approximately \$28.3 million was recorded in costs of goods sold, based on inventory turnover, during the year ended December 31, 2018. We recorded approximately \$1.1 million of inventory adjustments through Cost of goods sold in the Consolidated Statements of Income (Loss) in 2019.

In the third quarter of 2018, we recorded the write-down of inventories at four idled facilities in the amount of \$6.7 million. The expense is recorded in Cost of goods sold in the Consolidated Statements of Income (Loss). All of the idled facilities are within the Energy segment. In the fourth quarter of 2019, we recorded a \$3.9 million write-down of spare parts inventory. The expense is recorded in Goodwill and other asset impairments in the Consolidated Statements of income (Loss). Refer to Note 6 additional information.

9. Property, Plant, and Equipment, net

At December 31, 2019 and 2018, property, plant, and equipment consisted of the following:

	December 31, 2019	December 31, 2018
	(in thousands)	
Land and improvements	\$ 230,300	\$ 224,894
Mineral rights properties	677,238	1,323,090
Machinery and equipment	1,338,411	1,607,116
Buildings and improvements	327,314	544,117
Railroad equipment	59,761	155,998
Furniture, fixtures, and other	5,382	5,260
Assets under construction	103,715	184,360
	2,742,121	4,044,835
Accumulated depletion and depreciation	(1,322,139)	(1,210,474)
Property, plant, and equipment, net	\$ 1,419,982	\$ 2,834,361

Finance right-of-use assets are classified as machinery and equipment. The amortization of finance right-of-use assets is recorded in depreciation, depletion, and amortization expenses in the Consolidated Statements of Income (Loss). Their cost and related accumulated amortization in the balance sheet are as follows:

	December 31, 2019	December 31, 2018
	(in thousands)	
Cost	\$ 13,963	\$ 19,215
Accumulated depreciation	(2,880)	(2,245)
Net carrying value	\$ 11,083	\$ 16,970

Depreciation, depletion and amortization expense of property, plant, and equipment was \$200.6 million, \$171.7 million, and \$98.8 million in the years ended December 31, 2019, 2018, and 2017, respectively.

We recorded impairment charges of \$1.2 billion and \$50.0 million related to property, plant and equipment during the years ended December 31, 2019 and 2018, respectively. Refer to Note 6 for a further discussion of asset impairments.

10. Gain on Sale of Subsidiaries

On August 1, 2019, we completed the sale of our former Calera, Alabama lime processing facility (“Calera”). Calera was a non-core asset included within our Industrial segment. On September 10, 2019, we completed the sale of our former Winchester & Western Railroad (“W&W Railroad”). The W&W Railroad was a non-core asset that was included in our Industrial segment.

The following is a summary of our significant disposition activity:

	Calera	W&W Railroad
	(in thousands)	
Carrying value of major assets and liabilities		
Current assets	\$ 10,674	\$ 1,132
Property, plant and equipment, net	24,006	61,957
Goodwill	8,623	3,210
Intangibles, net	17,953	-
Current liabilities	5,393	848
Non-current liabilities	\$ -	\$ 14,495

	Year Ended December 31, 2019	
	Calera	W&W Railroad
	(in thousands)	
Net proceeds from dispositions	\$ 130,481	\$ 101,768
Gain on sale of subsidiaries	\$ 74,618	\$ 50,812

11. Goodwill and Intangible Assets

As of December 31, 2019 and 2018, goodwill was \$119.8 million and \$131.7 million, respectively, and the activity within those years is as follows:

	Industrial	Energy	Total
	(in thousands)		
Balances at December 31, 2017	\$ 53,512	\$ -	\$ 53,512
Acquisitions	78,143	217,081	295,224
Impairment	-	(217,081)	(217,081)
Balances at December 31, 2018	131,655	-	131,655
Dispositions	(11,833)	-	(11,833)
Balances at December 31, 2019	\$ 119,822	\$ -	\$ 119,822

The reported amounts of goodwill for each reporting unit are assessed for impairment on an annual basis and also on an interim basis when indicators of impairment exist. As a result of our goodwill impairment assessments performed in the year ended December 31, 2018, we determined the fair value of the Energy reporting unit was less than its carrying value, and a goodwill impairment charge of \$217.1 million was recorded. The goodwill attributable to the Industrial reporting unit was determined to not be impaired in 2018. Refer to Note 6 for further discussion of goodwill and other asset impairments. The sustained decline in our share price and the disposition of Calera and the W&W Railroad triggered an assessment of goodwill impairment at August 31, 2019. Upon completion of the August 31, 2019 assessment, we determined the goodwill attributable to the Industrial reporting unit was not impaired. We evaluated goodwill again at October 31, 2019, our annual impairment assessment date, and at December 31, 2019, and determined the goodwill of the Industrial reporting unit was not impaired.

Intangible assets, net includes the following:

	December 31, 2019				
	Gross Carrying Amount	Accumulated Amortization	Impairment	Intangible Assets, net	Weighted Average Amortization Period
	(in thousands)				
Stream mitigation rights	\$ 4,170	\$ (971)	\$ (1,842)	\$ 1,357	17 years
Customer relationships	73,000	(19,264)	(21,463)	32,273	4 years
Intangible assets, net	\$ 77,170	\$ (20,235)	\$ (23,305)	\$ 33,630	5 years

	December 31, 2018			
	Gross Carrying Amount	Accumulated Amortization	Intangible Assets, net	Weighted Average Amortization Period
	(in thousands)			
Supply agreements	\$ 48,026	\$ (28,598)	\$ 19,428	8 years
Stream mitigation rights	4,170	(781)	3,389	18 years
Customer relationships	73,000	(7,097)	65,903	5 years
Railcar leasehold interests	41,222	(4,669)	36,553	7 years
Trade names	17,000	(9,917)	7,083	1 year
Technology	5,000	(243)	4,757	11 years
Intangible assets, net	\$ 188,418	\$ (51,305)	\$ 137,113	7 years

Refer also to Note 4, which includes a discussion of the intangible assets acquired in the Merger included in the balance of Intangibles, net at December 31, 2018.

For the year ended December 2019, we recorded impairment charges of \$4.5 million related to the Propel SSP® technology and \$23.3 million of impairment charges allocated to intangible assets resulting from the impairment assessment of our long-lived asset groups. See Note 6 for further detail. Customer supply agreements related to the disposition of Calera were \$17.9 million. Refer to Note 10 for information on the sale of Calera. Additionally, \$36.5 million of railcar leasehold interest intangible assets were reclassified to right-of-use assets as a result of the adoption of ASC 842. See Note 3 for further detail.

Amortization expense is recognized in Depreciation, depletion, and amortization expense in the Consolidated Statements of Income (Loss). Amortization expense of intangible assets was \$21.4 million, \$24.7 million, and \$2.9 million in years ended December 31, 2019, 2018, and 2017, respectively.

Estimated future amortization expense related to intangible assets at December 31, 2019 is as follows:

	Amortization (in thousands)
2020	\$ 7,388
2021	7,388
2022	7,388
2023	7,388
2024	3,125
Thereafter	953
Total	\$ 33,630

12. Accrued Expenses

At December 31, 2019 and 2018, accrued expenses consisted of the following:

	December 31, 2019	December 31, 2018
	(in thousands)	
Accrued bonus & other benefits	\$ 9,220	\$ 38,445
Accrued Merger related costs	-	502
Accrued restructuring and other charges	8,212	15,819
Accrued interest	24,480	1,047
Accrued insurance	8,770	7,026
Accrued property taxes	11,741	9,120
Accrual for capital spending	-	19,289
Other accrued expenses	64,472	29,176
Accrued expenses	\$ 126,895	\$ 120,424

13. Deferred Revenue

Changes in deferred revenue were as follows:

	Year Ended December 31, 2019	2018
	(in thousands)	
Beginning balance	\$ 10,826	\$ -
Deferral of revenue	23,370	12,349
Adjustments for future orders	(6,660)	-
Recognition of unearned revenue	(14,342)	(1,523)
Ending balance	\$ 13,194	\$ 10,826

At December 31, 2019 and 2018, deferred revenue balances of \$7.8 million and \$9.7 million, respectively, were recorded as current liabilities. At December 31, 2019 and 2018, deferred revenue balances of \$5.4 million and \$1.1 million, respectively, were recorded in other non-current liabilities.

14. Long-Term Debt

At December 31, 2019 and 2018, long-term debt consisted of the following:

	December 31, 2019	December 31, 2018
	(in thousands)	
Term Loan	\$ 1,566,440	\$ 1,641,750
Finance lease liabilities	6,875	6,417
Industrial Revenue Bond	10,000	10,000
Other borrowings	145	1,809
Term Loan deferred financing costs, net	(25,754)	(31,607)
	1,557,706	1,628,369
Less: current portion	(18,633)	(15,482)
Long-term debt including finance leases	\$ 1,539,073	\$ 1,612,887

Term Loan

On the Merger Date, we entered into the \$1.65 billion Term Loan to repay certain indebtedness of each of Fairmount Santrol and Unimin and to pay the cash portion of the Merger consideration and transaction costs related to the Merger. The Term Loan was issued at par with a maturity date of June 1, 2025. The Term Loan requires quarterly principal payments of \$4.1 million, reduced to \$4.0 million after the December 2019 repurchases, and quarterly interest payments through March 31, 2025 with the balance payable at the maturity date. Interest accrues at the rate of the three-month LIBOR plus 325 to 400 basis points depending on Total Net

Leverage (as hereinafter defined) with a LIBOR floor of 1.0% or the Base Rate (as hereinafter defined). Total Net Leverage is defined as total debt (net of up to \$150.0 million of non-restricted cash), divided by EBITDA. The Term Loan is guaranteed by all of our wholly-owned, material, domestic, restricted subsidiaries (including Bison Merger Sub, LLC, as successor to Fairmount Santrol, and all of the wholly-owned material restricted subsidiaries of Fairmount Santrol), subject to certain exceptions. In addition, subject to various exceptions, the Term Loan is secured by substantially all of our assets and those of each guarantor, including, but not limited to (a) a perfected first-priority pledge of all of the capital stock held by us or any guarantor of each existing or subsequently acquired or organized wholly-owned restricted subsidiary (no more than 65% of the voting stock of any foreign subsidiary) and (b) perfected first priority security interests in substantially all of our tangible and intangible assets and those of each guarantor. The Term Loan is not guaranteed by certain foreign subsidiaries, including our Mexican and Canadian subsidiaries. We have the option to prepay the Term Loan without premium or penalty other than customary breakage costs with respect to LIBOR borrowings. There are no financial covenants governing the Term Loan. The Term Loan places certain restrictions on our ability to pay dividends on our common stock.

At December 31, 2019 and 2018, the Term Loan had an interest rate of 6.0% and 6.6%, respectively.

In December 2019, we repurchased \$62.9 million of outstanding debt on the Term Loan at a weighted average of 76.8% of par value for cash of \$48.5 million. The transactions resulted in a \$13.4 million gain on extinguishment of debt calculated as follows:

	December 2019 Repurchases (in thousands)
Term Loan carrying amount repurchased	\$ 62,935
Less: Unamortized DFC	1,032
Term Loan carrying amount, net	61,903
Cost to repurchase	48,335
Transaction fees	157
Reacquisition price	48,492
Gain on extinguishment of debt	\$ 13,411

Revolver

On the Merger Date, we entered into the Revolver. There were no borrowings under the Revolver at December 31, 2019 and 2018. We voluntarily cancelled the Revolver, effective December 31, 2019, in connection with receiving a commitment from PNC Bank, National Association, for a new, three-year credit facility for up to \$75 million. The new facility is expected to bear interest of LIBOR plus 1.75% and be secured by our U.S. accounts receivable.

As a result of the cancellation of the Revolver, we wrote off \$3.7 million of DFC that were previously capitalized. This amount is included in interest expense, net on the Consolidated Statements of Income (Loss) in the year ended December 31, 2019.

Industrial Revenue Bond

We hold a \$10.0 million Industrial Revenue Bond related to the construction of a mining facility in Wisconsin. The bond bears interest, which is payable monthly at a variable rate. The rate was 1.78% and 1.75% at December 31, 2019 and 2018, respectively. The bond matures on September 1, 2027 and is collateralized by a letter of credit of \$10.0 million.

Other Borrowings

Other borrowings at December 31, 2019 and 2018 were comprised of a promissory note with three unrelated third parties that Unimin entered into on January 17, 2011. Two of these unrelated parties received interest rates of 1.0% and 4.11%, respectively, at both December 31, 2019 and 2018. The third unrelated party was repaid with proceeds from the sale of the W&W Railroad and did not require any interest payments.

One of our subsidiaries has a C\$2.0 million Canadian dollar overdraft facility with the Bank of Montreal. We have guaranteed the obligations of the subsidiary under the overdraft facility. As of December 31, 2019 and 2018, there were no borrowings outstanding under the overdraft facility. The rates of the overdraft facility were 4.95% at December 31, 2019 and 2018.

At December 31, 2019 and 2018, we had \$11.3 million and \$1.9 million, respectively, of outstanding standby letters of credit held outside of a credit facility.

Maturities of long-term debt are as follows:

	Finance Lease Liabilities			Long-Term Debt	Aggregate Maturities of Debt
	Lease Payment	Less Interest	Present Value (in thousands)		
Year Ended:					
2020	\$ 3,713	\$ 217	\$ 3,496	\$ 19,906	\$ 23,402
2021	1,879	115	1,764	15,931	17,695
2022	1,161	47	1,114	15,863	16,977
2023	434	14	420	15,863	16,283
2024	81	-	81	15,863	15,944
Thereafter	-	-	-	1,493,159	1,493,159
Subtotal	7,268	393	6,875	1,576,585	1,583,460
Less: unamortized discount	-	-	-	(25,754)	(25,754)
Total	\$ 7,268	\$ 393	\$ 6,875	\$ 1,550,831	\$ 1,557,706

15. Earnings (Loss) per Share

The table below shows the computation of basic and diluted earnings (loss) per share for the years ended December 31, 2019, 2018, and 2017, respectively:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands, except per share data)		
Numerators:			
Net income (loss) from continuing operations attributable to Covia Holdings Corporation	\$ (1,290,102)	\$ (283,085)	\$ 130,887
Income from discontinued operations, net of tax	-	12,587	23,284
Net income (loss) attributable to Covia Holdings Corporation	<u>\$ (1,290,102)</u>	<u>\$ (270,498)</u>	<u>\$ 154,171</u>
Denominator:			
Basic weighted average shares outstanding	131,512	125,514	119,645
Dilutive effect of employee stock options and RSUs	-	-	-
Diluted weighted average shares outstanding	<u>131,512</u>	<u>125,514</u>	<u>119,645</u>
Continuing operations earnings (loss) per share – basic	\$ (9.81)	\$ (2.26)	\$ 1.09
Continuing operations earnings (loss) per share – diluted	(9.81)	(2.26)	1.09
Discontinued operations earnings per share – basic	-	0.10	0.20
Discontinued operations earnings per share – diluted	-	0.10	0.20
Earnings (loss) per share – basic	(9.81)	(2.16)	1.29
Earnings (loss) per share – diluted	<u>\$ (9.81)</u>	<u>\$ (2.16)</u>	<u>\$ 1.29</u>

We effected an 89:1 stock split in June 2018. The stock split is reflected in the calculations of basic and diluted weight average shares outstanding for all periods presented.

The calculation of diluted weighted average shares outstanding for 2019 and 2018 excludes 4.2 million and 1.3 million potential shares of common stock, respectively. These potential shares of common stock are excluded from the calculations of diluted weighted average shares outstanding because the effect of including these potential shares of common stock would be antidilutive.

The dilutive effect of 0.4 million and 0.2 million shares in 2019 and 2018, respectively, was omitted from the calculation of diluted weighted average shares outstanding and diluted earnings per share because we were in a loss position in those periods.

16. Derivative Instruments

Due to our variable-rate indebtedness, we are exposed to fluctuations in interest rates. We enter into interest rate swap agreements as a means to partially hedge our variable interest rate risk. Changes in the fair value of derivatives are recorded each period in other comprehensive income (loss). For derivatives not designated as hedges, the gain or loss is recognized in current earnings. No components of our hedging instruments were excluded from the assessment of hedge effectiveness.

Interest rate swaps involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional value. The gain or loss on the interest rate swap is recorded in accumulated other comprehensive loss and subsequently reclassified into interest expense in the same period during which the hedged transaction affects earnings. On June 1, 2018, we entered into two interest rate swap agreements and, on December 20, 2018, we entered into three additional interest rate swap agreements as a means to partially hedge our variable interest rate risk on the Term Loan. An additional interest rate swap held by Fairmount Santrol was assumed in conjunction with the Merger. The following table summarizes our interest rate swap agreements at December 31, 2019 and 2018:

Interest Rate Swap Agreements	Maturity Date	Rate	Notional Value (in thousands)	Debt Instrument Hedged	Percentage of Term Loan Outstanding
December 31, 2019					
Designated as cash flow hedge	June 1, 2023	2.81%	\$ 100,000	Term Loan	6%
Designated as cash flow hedge	June 1, 2025	2.87%	200,000	Term Loan	13%
Designated as cash flow hedge	June 1, 2024	2.81%	50,000	Term Loan	3%
Designated as cash flow hedge	June 1, 2025	2.85%	50,000	Term Loan	3%
Designated as cash flow hedge	June 1, 2025	2.87%	50,000	Term Loan	3%
			\$ 450,000		28%
December 31, 2018					
Designated as cash flow hedge	June 1, 2023	2.81%	\$ 100,000	Term Loan	6%
Designated as cash flow hedge	June 1, 2025	2.87%	200,000	Term Loan	12%
Designated as cash flow hedge	September 5, 2019	2.92%	210,000	Term Loan	13%
Not designated as cash flow hedge	June 1, 2024	2.81%	50,000	Term Loan	3%
Not designated as cash flow hedge	June 1, 2025	2.85%	50,000	Term Loan	3%
Not designated as cash flow hedge	June 1, 2025	2.87%	50,000	Term Loan	3%
			\$ 660,000		40%

At the Merger Date, our existing interest rate swaps qualified, but were not designated for hedge accounting until August 1, 2018. The interest rate swaps entered into in December 2018 qualified, but were not designated for hedge accounting until January 2019. Changes in the fair value of the undesignated interest rate swaps were included in interest expense in the related period. Amounts reported in accumulated other comprehensive loss related to interest rate swaps will be reclassified to interest expense as interest payments are made on the Term Loan. We expect \$5.3 million to be reclassified from accumulated other comprehensive loss into interest expense within the next twelve months.

The following table summarizes the fair values and the respective classification in the Consolidated Balance Sheets as of December 31, 2019 and 2018. The net amount of derivative liabilities can be reconciled to the tabular disclosure of fair value in Note 17:

Interest Rate Swap Agreements	Balance Sheet Classification	Liabilities	
		December 31, 2019	December 31, 2018
		(in thousands)	
Designated as cash flow hedges	Other non-current liabilities	\$ (13,420)	\$ (2,846)
Designated as cash flow hedges	Accrued expenses	(7,827)	-
Not designated as cash flow hedges	Other non-current liabilities	-	(1,271)
		\$ (21,247)	\$ (4,117)

The tables below present the effect of cash flow hedge accounting on accumulated other comprehensive loss as of December 31, 2019, 2018, and 2017:

Derivatives in Hedging Relationships Designated as Cash Flow Hedges	Amount of (Gain) Loss Recognized in Other Comprehensive Income		
	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Interest rate swap agreements	\$ 19,694	\$ 6,124	\$ -

Derivatives in Hedging Relationships Designated as Cash Flow Hedges	Location of Loss Recognized on Derivative	Amount of Loss Reclassified from Accumulated Other Comprehensive Loss		
		Year Ended December 31,		
		2019	2018	2017
		(in thousands)		
Interest rate swap agreements	Interest expense, net	\$ 2,277	\$ 1,040	\$ -

The table below presents the effect of our derivative financial instruments on the Consolidated Statements of Income (Loss) in the years ended December 31, 2019, 2018, and 2017, respectively:

	Location of Loss on Derivative Interest expense, net		
	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Total Interest Expense presented in the Statements of Income (Loss) in which the effects of cash flow hedges are recorded	\$ 107,891	\$ 60,322	\$ 14,653
Effects of cash flow hedging:			
Loss on Hedging Relationships			
Interest rate swap agreements			
Amount of loss reclassified from accumulated other comprehensive loss to earnings	\$ 2,277	\$ 1,040	\$ -

The table below presents the effect of our derivative financial instruments that were not designated as hedging instruments in the years ended December 31, 2019, 2018, and 2017, respectively:

Derivatives Not Designated as ASC 815-20 Cash Flow Hedging Relationships	Location of (Gain) Loss Recognized	Year Ended December 31,		
		2019	2018	2017
		(in thousands)		
Interest rate swap agreements	Interest expense, net	\$ -	\$ 1,336	\$ -

17. Fair Value Measurements

Financial instruments held by us include cash equivalents, accounts receivable, accounts payable, long-term debt (including the current portion thereof) and interest rate swaps. Previously, we were also obligated for contingent consideration for our Propel SSP® self-suspending proppant that was subject to fair value measurement. The contingent consideration liability was written off in the third quarter of 2019 and was recorded in goodwill and other asset impairments on the Consolidated Statements of Income (Loss). See Note 6 for further detail.

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 at the measurement date. In determining fair value, we utilize certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique.

Based on the examination of the inputs used in the valuation techniques, we are required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities at fair value will be classified and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical assets or liabilities
- Level 2 Observable market based inputs or unobservable inputs that are corroborated by market data
- Level 3 Unobservable inputs that are not corroborated by market data

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying value of cash equivalents, accounts receivable and accounts payable are considered to be representative of their fair values because of their short maturities. The carrying value of our long-term debt (including the current portion thereof) is recognized at amortized cost. The fair value of the Term Loan differs from amortized cost and is valued at prices obtained from a readily-available source for trading non-public debt, which represents quoted prices for identical or similar assets in markets that are not active, and therefore is considered Level 2. See Note 14 for further details on our long-term debt. The following table presents the fair value as of December 31, 2019 and 2018, respectively, for our long-term debt:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Long-Term Debt Fair Value Measurements				
December 31, 2019				
Term Loan	\$ -	\$ 1,210,075	\$ -	\$ 1,210,075
Industrial Revenue Bond	-	10,000	-	10,000
	<u>\$ -</u>	<u>\$ 1,220,075</u>	<u>\$ -</u>	<u>\$ 1,220,075</u>
December 31, 2018				
Term Loan	\$ -	\$ 1,182,060	\$ -	\$ 1,182,060
Industrial Revenue Bond	-	10,000	-	10,000
	<u>\$ -</u>	<u>\$ 1,192,060</u>	<u>\$ -</u>	<u>\$ 1,192,060</u>

The following table presents the amounts carried at fair value as of December 31, 2019 and 2018 for our other financial instruments.

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Recurring Fair Value Measurements				
December 31, 2019				
Interest rate swap agreements liability	<u>\$ -</u>	<u>\$ 21,247</u>	<u>\$ -</u>	<u>\$ 21,247</u>
December 31, 2018				
Interest rate swap agreements liability	\$ -	\$ 4,117	\$ -	\$ 4,117
Contingent consideration liability	-	-	4,500	4,500
	<u>\$ -</u>	<u>\$ 4,117</u>	<u>\$ 4,500</u>	<u>\$ 8,617</u>

Fair value of interest rate swap agreements is based on the present value of the expected future cash flows, considering the risks involved, and using discount rates appropriate for the maturity date. These are determined using Level 2 inputs. Refer to Note 16 for additional information.

The contingent consideration at December 31, 2018 was considered a Level 3 liability in the form of earn-out payments related to our Propel SSP® self-suspending proppant that we acquired in the Merger.

18. Income Taxes

Income (loss) before provision (benefit) for income taxes includes the following components:

	2019	2018	2017
Domestic operations	\$ (1,587,976)	\$ (329,229)	\$ 74,547
Foreign operations	53,863	50,234	47,515
Income (loss) from continuing operations before provision (benefit) for income taxes	\$ (1,534,113)	\$ (278,995)	\$ 122,062

The components of the provision (benefit) for income taxes are as follows:

	2019	2018	2017
Current:			
Federal	\$ (6,432)	\$ (6,549)	\$ 16,512
State	(1,158)	959	922
Foreign	20,051	16,119	15,857
Total current taxes	12,461	10,529	33,291
Deferred:			
Federal	(241,925)	(3,754)	(40,804)
State	(10,277)	(938)	1,072
Foreign	(4,393)	(1,850)	(2,384)
Total deferred taxes	(256,595)	(6,542)	(42,116)
Provision (benefit) for income taxes	\$ (244,134)	\$ 3,987	\$ (8,825)

Income tax provision (benefit) differs from the amount that would result from apply the statutory federal income tax rate to our effective tax rate is as follows:

	2019	2018	2017
Income tax provision (benefit) at U.S. statutory tax rate	\$ (322,164)	\$ (58,589)	\$ 42,721
Effect of tax rate in foreign jurisdictions	3,666	3,476	(3,140)
Nondeductible expenses	4,298	687	142
U.S. statutory depletion	(12,124)	(7,618)	(8,306)
Production activity deduction	-	1,417	(2,621)
Provision to return adjustments	(2,580)	1,029	(310)
State taxes	(23,269)	(2,615)	1,146
Other foreign taxes	97	1,442	1,900
Transition tax	-	-	2,923
Change in valuation allowance	87,919	13,414	-
Foreign provisions of the Tax Act	2,510	2,831	-
Deferred remeasurement	-	-	(42,180)
Nondeductible transaction costs	-	2,566	-
Goodwill impairment	-	45,741	-
Write-off of foreign capital loss	14,459	-	-
Other	3,054	206	(1,100)
Provision (benefit) for income taxes	\$ (244,134)	\$ 3,987	\$ (8,825)

The difference between the statutory U.S. tax rate of 21% and our 2019 effective tax rate of 15.9% is primarily due to adjustments to our valuation allowance on deferred taxes.

The Tax Act established a corporate income tax rate of 21%, replacing the 35% rate and created a territorial tax system rather than a worldwide system. The transition to a territorial system included a one-time transition tax on certain unremitted foreign earnings. The

Tax Act generally eliminated the U.S. federal income tax on dividends from foreign subsidiaries but included new provisions for the taxation of GILTI. The Tax Act also included new provisions limiting the deductibility of interest expense.

We applied the guidance in Staff Accounting Bulletin 118 when accounting for the enactment-date effects of the Tax Act in 2017 and throughout 2018. We completed our accounting of the Tax Act during 2018.

The effective rate differs from the U.S. federal statutory rate primarily due to depletion, the impact of foreign taxes, tax provisions requiring U.S. income inclusion of foreign income, and changes to a valuation allowance set up on deferred taxes.

Significant components of deferred tax assets and liabilities as of December 31, 2019 and 2018 are as follows:

	2019	2018
Deferred tax assets:		
Tax credits	\$ 16,402	\$ 22,985
Intangible assets	23,376	-
Inventories	3,191	4,001
Interest	44,690	20,359
Accrued expenses	11,061	11,780
Pension	14,985	12,892
Stock compensation	7,236	10,199
Other items	2,988	3,286
Net operating loss carryforward	92,505	96,745
Total deferred tax assets	216,434	182,247
Valuation allowance	(140,118)	(52,199)
Net deferred tax assets	76,316	130,048
Deferred tax liabilities:		
Plant, property, equipment, and mineral reserves	(61,335)	(385,800)
Intangible assets	-	(614)
Reclamation	(1,387)	(1,558)
Other items	-	(686)
Total deferred tax liabilities	(62,722)	(388,658)
Net deferred tax assets (liabilities)	\$ 13,594	\$ (258,610)

At December 31, 2019, we had \$78.2 million of federal net operating loss carryforwards. Of these losses, \$29.5 million expire in 2036 and \$48.7 million have no expiration. Of these losses, \$29.5 million were acquired as part of the Merger and are subject to IRC Section 382, which could limit annual utilization of the loss carryforward. These losses will expire in 2036 if not utilized. At December 31, 2019, we had \$12.7 million of state net operating loss carryforwards. The majority of these losses expire between 2029 and 2039. At December 31, 2019, we had \$1.6 million of foreign net operating loss carryforwards. These losses expire between 2021 and 2029.

At December 31, 2019, we had \$2.8 million of alternative minimum tax credit carryforwards. These credits will be utilized or refunded before 2022. At December 31, 2019, we had \$0.9 million of research and development tax credit carryforwards. These credits expire between 2034 and 2038. At December 31, 2019, we had \$12.8 million of foreign tax credit carryforwards. These credits expire between 2021 and 2025.

A valuation allowance is set up on deferred tax assets estimated as not realizable. Valuation allowances set up on deferred taxes were \$140.1 million for the year ending December 31, 2019, representing an increase of \$87.9 million from the year ending December 31, 2018. The increase in the valuation allowance for the year ended December 31, 2019 was primarily due to the assessment of realizability of deferred tax assets resulting from consideration of the impact of the asset impairment.

The amount of undistributed earnings and profits of foreign subsidiaries as of December 31, 2019 is approximately \$150.4 million. For subsidiaries in foreign jurisdictions where earnings are not permanently reinvested, an income and withholding tax liability of approximately \$0.4 million has been recorded for the year ending December 31, 2019. For subsidiaries in foreign jurisdictions where earnings are permanently reinvested, no income and withholding tax liability is recorded. An estimate of the income and withholding tax liability were these earnings distributed is approximately \$5.7 million as of December 31, 2019.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2019	2018	2017
Unrecognized tax benefits balance at January 1	\$ 3,914	\$ 1,460	\$ 1,460
Unrecognized tax benefits acquired in Merger	-	2,364	-
Increases (decreases) for tax positions in prior years	(1,549)	(179)	164
Increases (decreases) for tax positions in current year	1,177	269	(164)
Unrecognized tax benefits balance at December 31	\$ 3,542	\$ 3,914	\$ 1,460

At December 31, 2019 and 2018, the Company had \$3.5 million and \$3.9 million, respectively, of unrecognized tax benefits. If \$3.5 million were recognized, \$2.8 million would affect the effective tax rate. The total amount of interest and penalties recognized in the Consolidated Statements of Income (Loss) for the years ended December 31, 2019 and 2018 was \$0.1 million. Interest and penalties are included as a component of tax expense. At December 31, 2019 and 2018, the Company had \$1.8 million and \$1.7 million, respectively, of accrued interest and penalties related to unrecognized tax benefits recorded.

We file income tax returns in the United States, Canada, China, Mexico, and Denmark. The years 2017 through 2019 are open for examination for U.S. federal purposes. Generally, for our remaining state and foreign jurisdictions, the years 2014 through 2019 are open to examination.

19. Common Stock and Stock-Based Compensation

We have a single class of common stock, par value \$0.01 per share. Each share of common stock has identical rights and privileges and is entitled to one vote per share. We have authorized, but not issued, a single class of preferred stock, par value \$0.01 per share.

Stock-based compensation includes RSUs, PSUs, and Options. These Awards are governed by various plans: the FMSA Holdings Inc. Long Term Incentive Compensation Plan (“2006 Plan”), the FMSA Holdings, Inc. Stock Option Plan (“2010 Plan”), the FMSA Holdings Inc. Amended and Restated 2014 Long Term Incentive Plan (“2014 Plan”), and the Covia Holdings Corporation 2018 Omnibus Incentive Plan (“2018 Plan”). Options may be exercised, in whole or in part, at any time after becoming exercisable, but not later than the date the Option expires, which is typically ten years from the original grant date. All Options granted under the 2006 Plan and 2010 Plan became fully vested as part of the Merger agreement, and no Options have been granted since the Merger Date. PSUs granted under the 2014 Plan were converted to RSUs as part of the Merger agreement. All stock-based compensation awards granted since the Merger Date have been made under the 2018 Plan.

Award agreements issued under the 2014 Plan and the 2018 Plan provide that employees who are a minimum age of 55 and have provided a minimum of 10 consecutive years of service are deemed retirement eligible. As a result, a retirement-eligible employee can continue to vest in Options even after termination of employment, as though he or she were still an employee. Additionally, RSUs for retirement-eligible employees will continue to vest within 12 months of termination of employment. Stock compensation expense related to Awards of retirement-eligible employees is subject to acceleration once that employee attains retirement-eligible status. Further, PSUs granted in 2019 to retirement-eligible employees are subject to vesting in prorated quantities depending upon the achievement of the PSU’s performance criteria and the date of the termination of employment.

The fair values of the RSUs and Options were estimated at the Merger Date. The fair value of the RSUs was determined to be the opening share price of Covia stock at the Merger Date. The fair value of Options was estimated at the Merger date using the Black Scholes-Merton option pricing model.

Options granted from 2014 through 2015 under the 2014 Plan vest over a four-year period under various vesting methods. Options granted in 2016 and 2017 under the 2014 Plan vest ratably over a three-year period. RSUs granted in 2015 under the 2014 Plan vest after a six-year period. RSUs granted from 2016 through the Merger Date under the 2014 Plan vest ratably over a four-year period. RSUs granted subsequent to the Merger Date vest ratably over one to three years. PSUs (converted to RSUs) granted from 2016 through the Merger Date under the 2014 Plan cliff-vest over a three-year period. PSUs granted in 2019 cliff-vest over a three-year period and are subject to pre-defined performance criteria.

All Awards activity during 2019 was as follows:

	Options	Weighted Average Exercise Price, Options	RSUs	Weighted Average Price at RSU Issue Date	PSUs	Weighted Average Price at PSU Issue Date
(in thousands, except per share data)						
Outstanding at December 31, 2018	2,503	\$ 33.49	746	\$ 26.12	-	\$ -
Granted	-	-	2,444	3.82	1,491	4.74
Exercised or distributed	-	-	(696)	17.42	-	-
Forfeited	(30)	41.97	(425)	8.94	(440)	4.74
Expired	(769)	27.58	-	-	-	-
Outstanding at December 31, 2019	1,704	\$ 36.01	2,069	\$ 6.10	1,051	\$ 4.74
Exercisable at December 31, 2019	1,690	\$ 35.91	-	\$ -	-	\$ -

Our policy is to issue shares from Treasury Stock upon exercise of options or distribution of RSUs and PSUs.

We recorded \$10.0 million and \$5.8 million of stock compensation expense in the years ended December 31, 2019 and 2018, respectively. We account for forfeitures as they occur. Stock compensation expense is included in selling, general, and administrative expenses on the Consolidated Statements of Income (Loss) and in additional paid-in capital on the Consolidated Balance Sheets.

We recorded stock compensation expense of \$2.4 million in the second quarter of 2018 due to accelerated vesting of Awards because of the Merger. This amount is included in other non-operating expense, net on the Consolidated Statements of Income (Loss) and in additional paid-in capital on the Consolidated Balance Sheets. Refer to Note 4 for additional information.

Options outstanding as of December 31, 2019 and 2018 have a weighted average remaining contractual life of 2.4 years and 3.4 years, respectively, and do not have an aggregate intrinsic value. Options that are exercisable as of December 31, 2019 and 2018 have a weighted average remaining contractual life of 2.4 years and 2.8 years, respectively, and do not have an aggregate intrinsic value. The aggregate intrinsic value represents the difference between the fair value of our shares of \$2.04 per share and \$3.42 at December 31, 2019 and 2018, respectively, and the exercise price of the dilutive options, multiplied by the number of dilutive options outstanding at that date.

There were no Options exercised in 2019. The aggregate intrinsic value of Options exercised in 2018 was \$0.01 million. Net cash proceeds from the exercise of Options or distribution of RSUs were \$0.01 million and \$0.5 million in the years ended December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, Options to purchase 1.7 million and 2.5 million common shares, respectively, were outstanding at a range of exercise prices of \$10.20 to \$102.60 per share and \$7.15 to \$102.60 per share, respectively. Unrecognized compensation cost and weighted average periods remaining for non-vested Awards as of December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
(in thousands)		
Unrecognized compensation cost		
Options	\$ 10	\$ 697
RSUs	4,596	6,785
PSUs	\$ 3,624	\$ -
Weighted average period remaining		
Options	0.3 years	1.0 years
RSUs	2.1 years	2.4 years
PSUs	2.3 years	-

20. Pension and Other Post-Employment Benefits

We maintain retirement, post-retirement medical and long-term benefit plans in several countries.

In the U.S., we sponsor the Covia Holdings Corporation Pension Plan, formerly known as the Covia Corporation Pension Plan (the “Pension Plan”), a defined benefit plan for hourly and salaried employees, and the Covia Holdings Corporation Restoration Plan, formerly known as the Covia Corporation Pension Restoration Plan (the “Restoration Plan”), a non-qualified supplemental benefit plan. The Pension Plan is a funded plan. Minimum funding and maximum tax-deductible contribution limits for the Pension Plan are defined by the Internal Revenue Service. The Restoration Plan is unfunded. Salaried participants accrue benefits based on service and final average pay. Hourly participants' benefits are based on service and a benefit formula. The Pension Plan was closed to new entrants effective January 1, 2008, and union employee participation in the Pension Plan at the last three unionized locations participating in the Pension Plan was closed to new entrants effective November 1, 2017. The Pension Plan was frozen as of December 31, 2018 for all non-union employees. Until the Restoration Plan was amended to exclude new entrants on August 15, 2017, all salaried participants eligible for the Pension Plan were also eligible for the Restoration Plan. The Restoration Plan was frozen for all participants as of December 31, 2018. An independent trustee has been appointed for the Pension Plan whose responsibilities include custody of plan assets as well as recordkeeping. A pension committee consisting of members of senior management provides oversight. In addition, an independent advisor has been engaged to provide advice on the management of the plan assets. The primary risk of the Pension Plan is the volatility of the funded status. Liabilities are exposed to interest rate risk and demographic risk (e.g., mortality, turnover, etc.). Assets are exposed to interest rate risk, market risk, and credit risk. In addition to these retirement plans in the U.S., we offer a retiree medical plan to certain union employees that is exposed to risk of increases in health care costs. The retiree medical plan covers certain salaried employees and certain groups of hourly employees. Effective December 31, 2018, the retiree medical plan was terminated for salaried employees but remains open to certain groups of union employees.

In Canada, we sponsor three defined benefit retirement plans. Two of the plans are for hourly employees and one is for salaried employees. Salaried employees were eligible to participate in a plan consisting of a defined benefit portion that has been closed to new entrants since January 1, 2008 and a defined contribution portion for employees hired after January 1, 2018. Minimum funding is required under the provincial Pension Benefits Act (Ontario) and regulations and maximum funding is set in the Federal Income Tax Act of Canada and regulations. The pension plans are administered by Covia Canada. A pension committee exists to ensure proper administration, management and investment review with respect to the benefits of the pension plan through implementation of governance procedures. The medical plans are administered by an insurance company with Covia Canada having the ultimate responsibility for all decisions. In addition, there are two post-retirement medical plans in Canada.

In Mexico, we sponsor four retirement plans, two of which are seniority premium plans as defined by Mexican labor law. The remaining plans are defined benefit plans with a minimum benefit equal to the severance payment that would have been paid in the event of termination for other than just cause, required by Mexican labor law. Minimum funding is not required, and maximum funding is defined according to the actuarial cost method registered with the Mexican Tax Authority. Investment decisions are made by an administrative committee of Grupo de Materias Primas. All plans in Mexico pay lump sums on retirement and pension plans pay benefits through five annual payments conditioned on compliance with non-compete covenants.

As part of the Merger, we assumed the two defined benefit pension plans of Fairmount Santrol, the Wedron pension plan and the Troy Grove pension plan. These plans cover union employees at certain facilities and provide benefits based upon years of service or a combination of employee earnings and length of service. Benefits under the Wedron pension plan were frozen effective December 31, 2012. Benefits under the Troy Grove pension plan were frozen effective December 31, 2016. The Wedron pension plan and the Troy Grove pension plan were merged into the Covia Pension Plan effective December 2020.

The Pension Plan, Restoration Plan, the pension plans in Canada and Mexico, and the Wedron and Troy Grove pension plans were merged into one plan, effective December 31, 2019 (the “Covia Pension Plan”). For 2018 and 2017, the Wedron and Troy Grove pension plans are collectively referred to as the “Fairmount Pension Plans.” The post-retirement medical plans in the United States and Canada are collectively referred to as the “Postretirement Medical Plans.”

We applied settlement accounting in 2019 due to distributions exceeding current period service and interest costs. These amounts are included in other non-operating expense, net on the Consolidated Statements of Income (Loss).

In June 2018, we recorded a curtailment gain of \$5.2 million in connection with the transfer of HPQ Co. to Sibelco. The gain was recognized in Accumulated other comprehensive loss in the Consolidated Balance Sheet. In the third quarter of 2018, we recognized a loss on settlement of \$2.6 million related to lump sum payments from the Covia Pension Plan. In the fourth quarter of 2018, we recognized an additional loss on settlement of \$3.0 million related to lump sum payments from the Covia Pension Plan and \$0.7 million for curtailment loss due to the freeze on the Covia Pension Plan. In connection with the termination of the retiree medical

plans, we recognized a curtailment gain of \$8.0 million in the fourth quarter of 2018. These items are recorded in Other non-operating expense, net in the Consolidated Statements of Income (Loss).

The following assumptions were used to determine our obligations under the Covia Pension Plan, Postretirement Medical Plans, and, in 2018, the Fairmount Pension Plans:

	U.S.		Canada		Mexico	
	2019	2018	2019	2018	2019	2018
Assumptions for Covia Pension Plan:						
Discount rate	3.35%	4.15%	3.40%	3.90%	7.05%	8.75%
Rate of compensation increase	4.50%	4.50%	3.50%	4.50%	4.75%	5.75%
Assumptions for Postretirement Medical Plans:						
Discount rate	3.15%	4.10%	3.10%	3.90%	—	—

	Wedron Pension 2018	Troy Grove Pension 2018
Assumptions for Fairmount Pension Plans:		
Discount rate	4.15%	4.30%

The following assumptions were used to determine our net periodic benefit costs under the Covia Pension Plan, Postretirement Medical Plans, and, in 2018, the Fairmount Pension Plans:

	U.S.			Canada			Mexico		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Assumptions for Covia Pension Plan:									
Discount rate	4.18%	3.50%	4.00%	3.90%	3.40%	3.80%	8.75%	7.70%	7.65%
Long-term rate of return	6.50%	6.50%	6.50%	4.37%	4.29%	4.30%	8.75%	7.70%	7.70%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	5.75%	5.75%	5.75%
Assumptions for Postretirement Medical Plans:									
Discount rate	4.10%	3.35%	3.75%	3.90%	3.40%	3.90%	—	—	—

	Wedron Pension 2018	Troy Grove Pension 2018
Assumptions for Fairmount Pension Plans:		
Discount rate	3.95%	4.10%
Long-term rate of return	7.40%	7.40%

The difference in the discount rates used for the Covia Pension Plan is due to the differing characteristics of the plans, including employee characteristics and plan size. We use a cash flow matching approach to determine our discount rate using each plan's projected cash flows and actuarial yield curves.

In developing the expected long-term rate of return on plan assets, we considered long-term historical rates of return, our plan asset allocations as well as the opinions and outlooks of investment professionals.

The investment policy for the Covia Pension Plan includes a target allocation of approximately 35% in equities and 65% in fixed income investments. Only high-quality diversified securities similar to stocks and bonds are used. Higher-risk securities or strategies (such as derivatives) are not currently used but could be used incidentally by mutual funds held by the plans. The Covia Pension Plan's obligations are long-term in nature and the investment policy is therefore focused on the long-term. Goals include achieving gross returns at least equal to relevant indices. Management and the plans' investment advisor regularly review and discuss investment performance, adherence to the investment policy, and the investment policy itself.

The following table summarizes the benefit obligations, assets and funded status associated with the Covia Pension Plan and Postretirement Medical Plans:

	Covia Pension Plan		Postretirement Medical Plans	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 217,206	\$ 265,380	\$ 13,288	\$ 25,437
Assumption of Fairmount benefit obligation	-	8,659	-	-
Service cost	2,236	7,213	325	989
Interest cost	8,067	9,479	438	744
Actuarial loss (gain)	26,957	(21,129)	(136)	(1,228)
Other movements	890	176	-	-
Settlements	(19,914)	(23,078)	-	-
Curtailments	-	(22,919)	-	(11,304)
Benefit payments	(6,334)	(6,060)	(618)	(1,323)
Exchange differences	(7,226)	(515)	(938)	(27)
Benefit obligation at end of year	\$ 221,882	\$ 217,206	\$ 12,359	\$ 13,288
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 175,705	\$ 193,019	\$ -	\$ -
Assumption of Fairmount plan assets	-	7,688	-	-
Actual return on plan assets	25,966	(6,986)	-	-
Employer contributions	3,754	11,509	618	1,323
Settlements	(19,914)	(23,078)	-	-
Benefit payments	(6,334)	(6,060)	(618)	(1,323)
Exchange differences	(7,245)	(387)	-	-
Fair value of plan assets at end of year	\$ 171,932	\$ 175,705	\$ -	\$ -
Unfunded status	\$ (49,950)	\$ (41,501)	\$ (12,359)	\$ (13,288)

The unfunded balance of the Covia Pension Plans and the Postretirement Medical Plans is recorded in Employee benefit obligations in the Consolidated Balance Sheets.

The accumulated benefit obligation for the Covia Pension Plans totaled \$214.8 million and \$210.7 million at December 31, 2019 and 2018, respectively.

The following summarizes the components of net periodic benefit costs for the years ended December 31, 2019, 2018, and 2017, respectively:

	Covia Pension Plan			
	Year Ended December 31,			
	2019	2018	2017	
	(in thousands)			
Components of net periodic benefit cost				
Service cost	\$ 2,236	\$ 7,213	\$ 8,081	
Interest cost	8,067	9,479	9,590	
Expected return on plan assets	(9,208)	(10,546)	(9,976)	
Amortization of prior service cost	330	450	552	
Amortization of net actuarial loss	2,082	4,444	4,845	
Settlement loss	4,935	6,727	320	
Recognized curtailment prior service cost	-	1,224	-	
Net periodic benefit cost	\$ 8,442	\$ 18,991	\$ 13,412	

Postretirement Medical Plans Year Ended December 31,			
	2019	2018	2017
	(in thousands)		
Components of net periodic benefit cost			
Service cost	\$ 325	\$ 989	\$ 982
Interest cost	438	744	873
Amortization of net actuarial loss	102	430	580
Recognized curtailment prior service cost	-	(7,995)	-
Net periodic benefit cost	\$ 865	\$ (5,832)	\$ 2,435

The following summarizes the changes in other comprehensive (income) loss for the years ended December 31, 2019, 2018, and 2017 that are included in the Consolidated Statements of Comprehensive Income (Loss):

Covia Pension Plan Year Ended December 31,			
	2019	2018	2017
Changes in other comprehensive (income) loss			
Net actuarial (gain) loss	\$ 10,271	\$ (26,516)	\$ 9,583
Amortization of net actuarial (gain) loss	(7,016)	(11,171)	(4,845)
Recognized settlement loss	-	-	(320)
Prior service cost	890	176	-
Amortization of prior service cost	(330)	(1,675)	(552)
Exchange differences	(1,352)	(3,995)	195
Deferred tax asset	(308)	11,248	(12,955)
Other comprehensive income	\$ 2,155	\$ (31,933)	\$ (8,894)

Postretirement Medical Plans Year Ended December 31,			
	2019	2018	2017
Changes in other comprehensive (income) loss			
Net actuarial (gain) loss	\$ (113)	\$ (12,532)	\$ (1,208)
Amortization of net actuarial (gain) loss	(102)	7,565	(580)
Exchange differences	(94)	(173)	(282)
Deferred tax asset	-	1,338	(1,371)
Other comprehensive income	\$ (309)	\$ (3,802)	\$ (3,441)

Net periodic benefit cost totaled \$9.3 million, \$13.2 million, and \$15.8 million for the years ended December 31, 2019, 2018, and 2017, respectively. Contributions into the Covia Pension Plan and the Postretirement Medical Plans for the year ended December 31, 2020 are expected to be \$4.0 million.

The actuarial loss and prior service cost that we expect will be amortized from accumulated other comprehensive loss into net periodic benefit cost in the year ending December 31, 2020 is \$2.6 million and \$0.3 million, respectively.

Benefits expected to be paid out over the next ten years:

Year Ending	Expected Benefit Payments	
	Covia Pension Plan	Postretirement Medical Plans
2020	\$ 11,866	\$ 545
2021	11,840	537
2022	10,925	569
2023	12,655	595
2024	15,218	635
2025-2029	61,993	3,221

The expected benefit payments to be paid are based on the same assumptions used to measure our benefit obligations as of December 31, 2019, and include estimated future employee service.

The annual measurement date is December 31 for pension benefits and other postretirement benefits. For measurement purposes, the assumed health care cost trend rate for the U.S. postretirement plan was 8.4% in 2019 decreasing to an ultimate trend rate of 4.5% in 2027. For measurement purposes, the assumed health care cost trend rate for the Canada postretirement plan was 6.0%, decreasing to an ultimate trend rate of 4.5% in 2024.

The assumed health care cost trend rate assumptions can have an impact on the amounts reported for the Postretirement Medical Plans. A one percent increase or decrease each year in the health care cost trend rate utilized would have the following effects as December 31, 2019:

	One Percentage Point	
	Increase	Decrease
Effect on the postretirement benefit obligation	\$ 1,266	\$ (1,047)
Effect on the net periodic benefit cost	139	(108)

Fair value measurements for assets held in the benefit plans as of December 31, 2019 and 2018 are as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance at December 31, 2019
Cash and cash equivalents	\$ 1,811	\$ -	\$ -	\$ 1,811
Common stock	21,870	-	-	21,870
Government and agency securities	29,047	-	-	29,047
Corporate bonds	-	41,447	-	41,447
Mutual funds	9,139	-	-	9,139
Total^(A)	\$ 61,867	\$ 41,447	\$ -	\$ 103,314

(A) At December 31, 2019, certain investments that are measured at fair value using the net asset value ("NAV") per share as a practical expedient have not been categorized in the fair value table above. These investments of \$68.6 million are principally invested in commingled trust funds whose investment policy principally follows the investment strategy of the Covia Pension Plan.

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Balance at December 31, 2018
Cash and cash equivalents	\$ 6,226	\$ -	\$ -	\$ 6,226
Common stock	22,349	-	-	22,349
Government and agency securities	11,148	-	-	11,148
Corporate bonds	-	38,742	-	38,742
Mutual funds	28,319	-	-	28,319
Total^(B)	\$ 68,042	\$ 38,742	\$ -	\$ 106,784

(B) At December 31, 2018, certain investments that are measured at fair value using NAV per share as a practical expedient have not been categorized in the fair value table above. These investments of \$68.9 million are principally invested in commingled trust funds whose investment policy principally follows the investment strategy of the Covia Pension Plan.

21. Other Benefit Plans

Multiemployer Pension Plans

We contribute to four multiemployer defined benefit pension plans under the terms of collective-bargaining agreements for union-represented employees. A multiemployer plan is subject to collective bargaining for employees of two or more unrelated companies. These plans allow multiple employers to pool their pension resources and realize efficiencies associated with the daily administration of the plan. Multiemployer plans are generally governed by a board of trustees composed of management and labor representatives and are funded through employer contributions.

The risks of participating in multiemployer plans differ from single employer plans as follows: (i) assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and (iii) if we cease to have an obligation to contribute to one or more of the multiemployer plans to which we contribute, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

A summary of each multiemployer pension plan for which we participate is presented below:

Pension Fund	EIN / Pension Plan No.	Pension Protection Act Zone Status ^(A)		FIP / RP Status / Pending / Implemented	Company Contributions			Surcharge Imposed	CBA Expiration Date
		2019	2018		2019	2018	2017		
IAM National Pension Fund	51-6031295	Red	Green	No	\$ 180	\$ 181	\$ 141	No	Apr-2021; Jul-2021
Laborers National Industrial Pension Fund	52-6074345	Red	Red	Implemented	8	7	7	Yes	Oct-2020
National Integrated Group Pension Plan	22-6190618	Red	Red	Implemented	75	12	12	Yes	Apr-2020
Steelworkers Pension Trust	23-6648508	Green	Green	No	\$ 208	\$ 209	\$ 210	No	Mar-2021

(A) The Pension Protection Act of 2006 defines the zone status as follows: green - healthy, yellow - endangered, orange - seriously endangered, and red - critical.

Our contributions to individual multiemployer pension plans did not exceed 5% of the plan's total contributions in any of the three years ended December 31, 2019, 2018, and 2017.

Fairmount Santrol previously participated in a multiemployer defined benefit pension plan and withdrew from the plan in October 2015 with a withdrawal liability of \$9.3 million, which is payable in annual installments until November 2035. The present value and balance of this withdrawal liability was \$4.1 million as of December 31, 2019.

Defined Contribution Plans

In the U.S., we sponsored the Unimin Corporation Savings Plan ("Unimin Savings Plan"), a defined contribution plan, which provides participants with an opportunity to defer their pay into an account that may be used for providing income during retirement. The Unimin Savings Plan was open to all Unimin U.S. employees. We contributed to the Unimin Savings Plan in two ways, (i) for certain employees not covered by a defined benefit plan, we made a contribution equal to 4% of salary for salaried employees and 1% for most hourly employees, (ii) we made a matching contribution for certain employees of 100% on the first 1% and 50% on the next 5% of each dollar contributed by an employee. Also for certain unionized employees, we matched 50% on the first 1% and 25% on the next 4% of each dollar contributed by an employee. The Unimin Savings Plan was fully funded by participants' pay deferrals, employer matching and non-matching contributions. Our contributions were \$4.7 million and \$4.8 million for the years ended December 31, 2018, and 2017, respectively.

Fairmount Santrol had a defined contribution plan ("Fairmount 401(k) Plan") covering substantially all employees. Under the provisions of the Fairmount 401(k) Plan, we matched 50% of the first 5% of each union employee's contribution into the Fairmount 401(k) Plan and matched 100% of the first 3% and 50% of the next 2% of each non-union employee's contribution. Our match contributions were \$1.5 million for the year ended December 31, 2018. Included in these contributions were contributions to the Fairmount 401(k) Plan for union members, which were \$0.4 million for the year ended December 31, 2018.

In May 2019, we merged the Fairmount 401(k) Plan into the Unimin Savings Plan to create the Covia Retirement Savings Plan (the "Covia Plan"). Our common stock in the Covia Plan was transferred to the Covia Plan as a frozen investment option contemporaneously with the Plan merging into the Covia Plan, and participants in the Covia Plan no longer had the option of purchasing additional shares of our common stock in the Covia Plan as of May 20, 2019. Under the Covia Plan, we match 100% of the first 3% and 50% of the next 2% of each non-union employee's contribution. We match union employees' contributions in accordance with the terms of the applicable collective bargaining agreement. Our contributions into the Covia Plan were \$5.8 million for the year ended December 31, 2019. Participant accounts in the Covia Plan held 1.4 million shares of our common stock as of December 31, 2019.

In Canada, we sponsor a defined contribution plan covering employees not covered by the defined benefit plan. We make contributions equal to 5% of the eligible employees' salary. In addition, we participate in a group plan that covers our hourly employees at our St. Canut location. We contribute a fixed one thousand dollars per employee per year, as well as make a matching

contribution for 65% of employee contributions up to a maximum of seven hundred seventy-five dollars per year. Our contributions into the Canada and St. Canut defined contribution plans were \$0.2 million for each of the years ended December 31, 2019, 2018 and 2017, respectively.

We are self-insured for medical benefits. We have an accrued liability of \$6.0 million as of December 31, 2019 for anticipated future payments on claims incurred to date. Management believes this amount is adequate to cover all required payments.

Deferred Compensation Plan

In March 2019, we implemented a non-qualified deferred compensation plan for management employees that provides for supplemental payments upon termination of employment or through scheduled distributions elected by the participant. These amounts are being accrued for over the estimated employment periods of these individuals. The balance of deferred compensation was \$2.4 million at December 31, 2019 and is included in Other non-current liabilities on the Consolidated Balance Sheets.

22. Leases

Operating leases and finance leases are included in the Consolidated Balance Sheets as follows:

	Classification	December 31, 2019 (in thousands)
Lease assets		
Operating right-of-use assets, net	Assets	\$ 158,489
Finance right-of-use assets, net	Property, plant, and equipment, net	11,083
Total lease assets		\$ 169,572
Lease liabilities		
Operating lease liabilities, current	Current liabilities	\$ 63,773
Operating lease liabilities, non-current	Liabilities	272,378
Finance lease liabilities, current	Current portion of long-term debt	3,496
Finance lease liabilities, non-current	Long-term debt	3,379
Total lease liabilities		\$ 343,026

Operating lease rental expense for the years ended December 31, 2018 and 2017 was \$73.9 million and \$49.2 million, respectively. Operating lease costs are recorded on a straight-line basis over the lease term. The components of lease cost from continued operations recognized within our Consolidated Statements of Income (Loss) were as follows:

	Year Ended December 31, 2019
	(in thousands)
Operating leases	
Operating lease costs	\$ 102,040
Variable lease costs	1,284
Short-term lease costs	17,436
Total operating lease costs	\$ 120,760
Financing leases	
Amortization of right-of-use asset	\$ 2,944
Interest on finance lease liabilities	295
Total finance lease costs	\$ 3,239

Maturities of lease liabilities as of December 31, 2019 are as follows:

	Operating	Finance	Total
		(in thousands)	
2020	\$ 81,148	\$ 3,713	\$ 84,861
2021	70,879	1,879	72,758
2022	61,198	1,161	62,359
2023	54,289	434	54,723
2024	40,235	81	40,316
2025 and Thereafter	93,229	-	93,229
Total lease payments	400,978	7,268	408,246
Less imputed lease interest	(64,827)	(393)	(65,220)
Total lease liabilities	\$ 336,151	\$ 6,875	\$ 343,026

Minimum lease payments under ASC 840, as of December 31, 2018, are as follows:

	(in thousands)
2019	\$ 104,602
2020	81,365
2021	69,358
2022	59,044
2023	52,121
Thereafter	121,014
Total	\$ 487,504

Additional information related to our leasing arrangements is presented as follows:

	Year Ended December 31, 2019
Operating leases	
Weighted average remaining lease term	6.4 years
Weighted average discount rate	5.7%
Financing leases	
Weighted average remaining lease term	2.5 years
Weighted average discount rate	4.2%

	Year Ended December 31, 2019 (in thousands)
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 95,463
Financing cash flows from finance leases	4,745
Total cash paid	\$ 100,208

For the year ended December 31, 2019, we recorded impairment charges of \$202.8 million for right-of-use assets included in one of our long-lived asset groups and \$4.3 million to impair the right-of-use asset related to certain railcars that will no longer be in use during their remaining lease term. These impairments are related to assets supporting our Northern White sand sales. Refer to Note 6 for further information.

23. Asset Retirement Obligations

Asset retirement obligations are recorded in Other non-current liabilities in the Consolidated Balance Sheets. Changes in the asset retirement obligations during the years ended December 31, 2019 and 2018 were as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>(in thousands)</u>	
Beginning balance	\$ 31,199	\$ 12,472
Accretion	1,526	2,543
Additions and revisions of prior estimates	13,785	-
Adjustments related to Fairmount Santrol acquisition	-	16,184
Ending balance	\$ 46,510	\$ 31,199

24. Commitments and Contingent Liabilities

Contingent Liabilities

We are involved in various legal proceedings, including as a defendant in several lawsuits. Although the outcomes of these proceedings and lawsuits cannot be predicted with certainty, we do not believe that any of the pending legal proceedings and lawsuits are reasonably likely to have a material adverse effect on our financial position, results of operations or cash flows. In addition, we believe that our insurance coverage will mitigate many of these claims.

We and/or our predecessors have been named as a defendant, usually among many defendants, in numerous product liability lawsuits brought by or on behalf of current or former employees of our customers alleging damages caused by silica exposure. During the year ended December 31, 2019, 100 plaintiffs' claims against us were dismissed. As of December 31, 2019, there were 40 active silica-related products liability lawsuits pending in which we are a defendant. Although the outcomes of these lawsuits cannot be predicted with certainty, we do not believe that these matters are reasonably likely to have a material adverse effect on our financial position, results of operations or cash flows.

On March 18, 2019, in connection with a non-public SEC investigation, we received a subpoena seeking information relating to certain value-added proppants marketed and sold by Fairmount Santrol or Covia within the Energy segment since January 1, 2014. Since the issuance of that subpoena, the SEC has requested additional information and subpoenaed certain current and former employees to testify. We have been cooperating with the SEC's investigation. The investigation is ongoing, and we cannot provide an estimate of the potential range of loss, if any, that may result. Accordingly, no accrual has been made with respect to this matter.

Capital Commitments

As of December 31, 2019, capital commitments relating to property, plant, and equipment amount to \$25.7 million.

Royalties

We have entered into numerous mineral rights agreements, in which payments under the agreements are expensed as incurred. Certain agreements require annual or quarterly payments based upon annual tons mined or the average selling price of tons sold. Total royalty expense associated with these agreements was \$11.2 million, \$6.3 million, and \$3.3 million for the years ended December 31, 2019, 2018, and 2017, respectively.

25. Transactions with Related Parties

We sell minerals to Sibelco and certain of its subsidiaries ("related parties"). Sales to related parties amounted to \$7.6 million, \$6.7 million, and \$7.3 million in the years ended December 31, 2019, 2018, and 2017, respectively. At December 31, 2019 and 2018, we had accounts receivable from related parties of \$1.8 million and \$0.8 million, respectively. These amounts are included in Accounts receivable, net in the accompanying Consolidated Balance Sheets.

We purchased minerals from certain of our related parties. Purchases from related parties amounted to \$2.7 million, \$5.3 million, and \$6.8 million in the years ended December 31, 2019, 2018, and 2017, respectively. At December 31, 2019 and 2018, we had accounts payable to related parties of \$0.9 million and \$0.5 million, respectively. These amounts are included in Accounts payable in the accompanying Consolidated Balance Sheets.

Prior to the Merger, Sibelco provided certain services on behalf of Unimin, such as finance, treasury, legal, marketing, information technology, and other infrastructure support. The cost for information technology was allocated to Unimin on a direct usage basis. The costs for the remainder of the services were allocated to Unimin based on tons sold, revenues, gross margin, and other financial

measures for Unimin compared to the same financial measures of Sibelco. The financial information presented in these consolidated financial statements may not reflect the combined financial position, operating results and cash flows of Unimin had it not been a consolidated subsidiary of Sibelco. Actual costs that would have been incurred if Unimin had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. Effective on the Merger Date, Sibelco no longer provides such services to us. Prior to the Merger, during the year ended December 31, 2017 and the five months ended May 31, 2018, Unimin incurred \$2.5 million and \$2.4 million, respectively, for management and administrative services from Sibelco. These costs are reflected in SG&A expenses in the accompanying Consolidated Statements of Income (Loss).

Additionally, we are compensated for providing transitional services, such as accounting, human resources, information technology, mine planning, and geological services, to HPQ Co. and such compensation is recorded as a reduction of cost in selling, general, and administrative expenses. Compensation for these transitional services was \$0.02 million and \$0.6 million for the year ended December 31, 2019 and 2018, respectively. Amounts are included in SG&A expenses on the Consolidated Statements of Income (Loss) and in Other receivables in the Consolidated Balance Sheets at December 31, 2019 and December 31, 2018.

In connection with the Merger, we entered into a transition services agreement with Sibelco (“Sibelco Transition Services Agreement”) pursuant to which Sibelco will provide certain information technology transition services to us. In exchange, we pay a fee to Sibelco intended to allow Sibelco to recover all of its direct and indirect costs, generally without profit. The initial term of the Sibelco Transition Services Agreement is up to 24 months, varying by the type of service being provided. The initial term may be extended. Under the Sibelco Transition Services Agreement, we recognized \$1.5 million of information technology related expenses in 2019. These costs are reflected in SG&A expenses on the Consolidated Statements of Income (Loss).

On June 1, 2018, we entered into an agreement with Sibelco whereby Sibelco is providing sales and marketing support for certain products supporting the performance coatings and polymer Solutions markets in North America and Mexico, for which we pay a 5% commission of revenue, and in the rest of the world, for which we pay a 10% commission of revenue. Sibelco also assists with sales and marketing efforts for certain products in the ceramics and sanitary ware industries outside of North America and Mexico for which we pay a 5% commission of revenue. In addition, we provide sales and marketing support to Sibelco for certain products used in ceramics in North America and Mexico for which we earn a 10% commission of revenue. We recorded net commission expense of \$2.2 million and \$2.5 million the year ended December 31, 2019 and 2018, respectively. These amounts are recorded in Selling, general, and administrative expenses.

Prior to the Merger Date, we had term loans outstanding with a wholly-owned subsidiary of Sibelco. During the year ended December 31, 2018, we incurred \$3.1 million of interest expense for such term loans. These costs are reflected in Interest expense, net in the accompanying Consolidated Statements of Income (Loss). Upon closing of the Merger, these term loans were repaid with the proceeds of the Term Loan.

26. Segment Reporting

We organize our business into two reportable segments, Industrial and Energy. Our Energy segment offers the oil and gas industry a comprehensive portfolio of raw frac sand, value-added-proppants, well-cementing additives, gravel-packing media and drilling mud additives. Our products serve hydraulic fracturing operations in the U.S., Canada, Argentina, Mexico, China, and northern Europe. The Industrial segment provides raw, value-added and custom-blended products to the glass, ceramics, metals, coatings, polymers, construction, foundry, filtration, sports and recreation and various other industries.

Prior to the second quarter of 2019, the Company’s chief operating decision maker (“CODM”) primarily evaluated an operating segment’s performance based on segment gross profit, which does not include any selling, general, and administrative costs or corporate costs. Beginning with the second quarter of 2019, the CODM changed the method to evaluate the Company’s operating segments’ performance based on segment contribution margin. Segment contribution margin excludes selling, general, and administrative costs, corporate costs, operating costs of idled facilities, and operating costs of excess railcar capacity. This change was made to better measure the operating performance of the reportable segments and to monitor performance without these non-operational costs.

The reportable segments are consistent with how management views the markets served by us and the financial information reviewed by the CODM in deciding how to allocate resources and assess performance.

Segment information for all periods presented in the table below has been revised accordingly to reflect the new measure of profit and loss.

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Revenues			
Energy	\$ 862,878	\$ 1,114,424	\$ 655,937
Industrial	732,568	728,513	639,175
Total revenues	1,595,446	1,842,937	1,295,112
Segment contribution margin			
Energy	89,173	275,947	181,715
Industrial	222,191	203,175	184,738
Total segment contribution margin	311,364	479,122	366,453
Operating costs of idled facilities and excess railcar capacity	35,090	16,951	-
Selling, general, and administrative	153,596	145,593	99,087
Depreciation, depletion, and amortization	222,042	196,455	101,560
Goodwill and other asset impairments	1,434,148	267,034	-
Restructuring and other charges	30,600	21,954	-
Gain on sale of subsidiaries	(125,430)	-	-
Other operating expense (income), net	(6,040)	(5,024)	3,102
Operating income (loss) from continuing operations	(1,432,642)	(163,841)	-
Interest expense, net	107,891	60,322	14,653
Gain on extinguishment of debt	(13,411)	-	-
Other non-operating expense, net	6,991	54,832	25,989
Income (loss) from continuing operations before provision (benefit) for income taxes	\$ (1,534,113)	\$ (278,995)	\$ 122,062

On May 31, 2018, Unimin transferred certain assets, representing its Electronics segment to HPQ Co., a newly formed wholly-owned subsidiary of Unimin in exchange for all of the stock of HPQ Co. and the assumption by HPQ Co. of certain liabilities. Unimin then distributed all of the stock of HPQ Co. to Sibelco in exchange for certain shares of Unimin common stock held by Sibelco. The disposition of the Electronics segment qualifies as discontinued operations and, therefore, the Electronics segment information has been excluded from the above table.

Asset information, including capital expenditures and depreciation, depletion, and amortization, by segment is not included in reports used by management in its monitoring of performance and, therefore, is not reported by segment.

In the year ended December 31, 2019, no customers exceeded 10% of revenues. In the years ended December 31, 2018, and 2017, one customer exceeded 10% of revenues. This customer accounted for 13% of revenues in each of the years ended December 31, 2018, and 2017. This customer is part of our Energy segment.

27. Restructuring Charges

In response to changing market demands, we idled operations and reduced capacities at facilities serving the Energy segment. We did not allocate restructuring charges to our Energy segment.

Additionally, in connection with the Merger, we initiated restructuring activities to achieve cost synergies from our combined operations. We did not allocate these Merger-related restructuring charges to either of our business segments.

The following table presents a summary of restructuring charges for the years ended December 31, 2019 and 2018:

	Merger-related	Idled facilities (in thousands)	Total
Year Ended December 31, 2019			
Severance and relocation costs	\$ 5,024	\$ 9,825	\$ 14,849
Contract termination costs	-	1,293	1,293
Total restructuring charges	\$ 5,024	\$ 11,118	\$ 16,142
Year Ended December 31, 2018			
Severance and relocation costs	\$ 15,286	\$ 2,487	\$ 17,773
Contract termination costs	992	3,189	4,181
Total restructuring charges	\$ 16,278	\$ 5,676	\$ 21,954

The following table presents our restructuring reserve activity during 2019 and 2018:

	Merger-related	Idled facilities (in thousands)	Total
Accrued restructuring charges			
Balances at December 31, 2017	\$ -	\$ -	\$ -
Charges	16,278	5,676	21,954
Cash payments	(700)	(1,702)	(2,402)
Balances at December 31, 2018	15,578	3,974	19,552
Charges	5,024	11,118	16,142
Cash payments	(12,867)	(14,615)	(27,482)
Balances at December 31, 2019	\$ 7,735	\$ 477	\$ 8,212

No restructuring charges were incurred in 2017. All of our restructuring reserve is current and included in Accrued expenses.

Restructuring and other charges on the Consolidated Statements of Income (Loss) for the year ended December 31, 2019 includes other charges related to executive severance and benefits of \$5.5 million and consulting and strategic costs of \$9.0 million. These other charges were recorded in Accrued expenses on the Consolidated Balance Sheet but not included in the above tables.

28. Geographic Information

The following tables show total revenues and long-lived assets. Revenues are attributed to geographic regions based on the selling location. Long-lived assets are in the respective geographic regions.

	Year Ended December 31,		
	2019	2018	2017
Revenues			
Domestic	\$ 1,421,957	\$ 1,632,722	\$ 1,059,938
International	173,489	210,215	235,174
Total revenues	\$ 1,595,446	\$ 1,842,937	\$ 1,295,112

	December 31, 2019	December 31, 2018	December 31, 2017
Long-lived assets			
Domestic	\$ 1,378,722	\$ 2,659,254	\$ 1,008,569
International	199,749	175,107	127,535
Long-lived assets	\$ 1,578,471	\$ 2,834,361	\$ 1,136,104

29. Quarterly Financial Data (Unaudited)

The following tables set forth our unaudited quarterly consolidated statements of operations for each of the last four quarters for the periods ended December 31, 2019 and 2018. This unaudited quarterly information has been prepared on the same basis as our annual audited financial statements and includes all adjustments, consisting only of normal recurring adjustments that are necessary to present fairly the financial information for the fiscal quarters presented.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2019:				
Revenues	\$ 428,246	\$ 444,936	\$ 408,957	\$ 313,307
Cost of goods sold (excluding depreciation, depletion, and amortization)	361,560	345,969	332,234	279,409
Selling, general and administrative expenses	41,960	38,644	35,628	37,364
Depreciation, depletion and amortization expense	58,095	59,204	51,920	52,823
Goodwill and other asset impairments	-	-	7,761	1,426,387
Restructuring charges	2,002	9,535	3,378	15,685
Gain on sale of subsidiaries	-	-	(127,195)	1,765
Other operating expense (income), net	(6,392)	1,670	18	(1,336)
Operating income (loss) from continuing operations	(28,979)	(10,086)	105,213	(1,498,790)
Interest expense, net	25,136	27,866	26,894	27,995
Gain on extinguishment of debt	-	-	-	(13,411)
Other non-operating expense, net	2,187	1,571	1,924	1,309
Provision (benefit) for income taxes	(4,054)	(5,136)	22,471	(257,415)
Net income (loss) from continuing operations	(52,248)	(34,387)	53,924	(1,257,268)
Net income (loss) from continuing operations attributable to the non-controlling interest	(3)	7	152	(33)
Net income (loss) from continuing operations attributable to Covia Holdings Corporation	(52,245)	(34,394)	53,772	(1,257,235)
Income (loss) from discontinued operations, net of tax	-	-	-	-
Net income (loss) attributable to Covia Holdings Corporation	(52,245)	(34,394)	53,772	(1,257,235)
Continuing operations earnings (loss) per share, basic	\$ (0.40)	\$ (0.26)	\$ 0.41	\$ (9.54)
Continuing operations earnings (loss) per share, diluted	(0.40)	(0.26)	0.41	(9.54)
Earnings (loss) per share, basic	(0.40)	(0.26)	0.41	(9.54)
Earnings per share, diluted	\$ (0.40)	\$ (0.26)	\$ 0.41	\$ (9.54)
Weighted average number of shares outstanding, basic	131,287	131,458	131,562	131,736
Weighted average number of shares outstanding, diluted	131,287	131,458	131,745	131,736

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2018:				
Revenues	\$ 369,821	\$ 508,418	\$ 523,368	\$ 441,330
Cost of goods sold (excluding depreciation, depletion, and amortization)	260,319	355,311	405,602	359,534
Selling, general and administrative expenses	25,224	31,377	43,164	45,828
Depreciation, depletion and amortization expense	27,131	36,744	68,584	63,996
Goodwill and other asset impairments	-	12,300	265,343	(10,609)
Restructuring charges	-	-	14,750	7,204
Other operating expense (income), net	-	644	(974)	(4,694)
Operating income (loss) from continuing operations	57,147	72,042	(273,101)	(19,929)
Interest expense, net	2,298	9,497	23,530	24,997
Other non-operating expense (income), net	8,193	38,923	9,043	(1,327)
Provision (benefit) for income taxes	9,870	6,454	(16,848)	4,511
Net income (loss) from continuing operations	36,786	17,168	(288,826)	(48,110)
Net income (loss) from continuing operations attributable to the non-controlling interest	-	106	(32)	29
Net income (loss) from continuing operations attributable to Covia Holdings Corporation	36,786	17,062	(288,794)	(48,139)
Income (loss) from discontinued operations, net of tax	8,757	3,830	-	-
Net income (loss) attributable to Covia Holdings Corporation	45,543	20,892	(288,794)	(48,139)
Continuing operations earnings (loss) per share, basic	\$ 0.31	\$ 0.14	\$ (2.20)	\$ (0.37)
Continuing operations earnings (loss) per share, diluted	0.31	0.14	(2.20)	(0.37)
Earnings (loss) per share, basic	0.38	0.17	(2.20)	(0.37)
Earnings per share, diluted	\$ 0.38	\$ 0.17	\$ (2.20)	\$ (0.37)
Weighted average number of shares outstanding, basic	119,645	123,460	131,154	131,182
Weighted average number of shares outstanding, diluted	119,645	124,166	131,154	131,182

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as that term is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving the desired control objectives of such controls and procedures. Our management, under the supervision and with the participation of our Chief Executive Officer (“CEO”) (our principal executive officer) and Chief Financial Officer (“CFO”) (our principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2019. Based on that evaluation, our CEO and CFO have each concluded that such disclosure controls and procedures were effective as of December 31, 2019.

Report of Management on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for us. Under the supervision and with the participation of our CEO and CFO, management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019 based on criteria specified in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). Based on our assessment, management, including our CEO and CFO, concluded that, as of December 31, 2019, our internal control over financial reporting was effective. Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on our internal control over financial reporting which appears herein.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act, that occurred during the quarter ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Except as set forth below, the information required by Item 10 is hereby incorporated by reference to the sections of the Proxy Statement for the Annual Meeting of Stockholders of Covia to be held on May 21, 2020 (the “2020 Proxy Statement”) captioned “ITEM 1 – ELECTION OF DIRECTORS,” “GOVERNANCE – Role of the Board’s Committees,” “GOVERNANCE – Nominating Procedures,” “SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT – Delinquent Section 16(a) Reports,” and “GOVERNANCE – Code of Business Conduct and Ethics and Financial Code of Ethics.”

The information set forth below is provided as required by Item 10 and the listing standards of the NYSE.

The following table sets forth information with respect to our current executive officers, including their ages, as of March 16, 2020. There are no family relationships between any of our executive officers.

Name	Age	Position
Richard A. Navarre	59	Chairman, President and CEO
Cameron J. Berry	52	Executive Vice President, Energy
Andrew D. Eich	39	Executive Vice President, Chief Financial Officer
Paolo Gennari	41	Executive Vice President, Industrial
Campbell J. Jones	59	Executive Vice President, Chief Operating Officer
Chadwick P. Reynolds	46	Executive Vice President, Chief Legal Officer and Secretary
Brian J. Richardson	47	Executive Vice President, Chief Transformation Officer
Rory F. O'Donnell	42	Senior Vice President, Corporate Controller

Executive Officers of the Registrant

Richard A. Navarre, age 59, Mr. Navarre has served as our Chairman, President, and CEO since September 2019. Prior to his permanent appointment as President and CEO, Mr. Navarre served as our Chairman beginning in June 2018 and assumed the additional roles as our President and CEO on an interim basis in May 2019. Mr. Navarre has more than 35 years of diverse international business and finance experience. From 2012 to 2019, Mr. Navarre was an independent advisor to companies in the energy industry. From 1993 until his retirement in 2012, Mr. Navarre held several executive positions with Peabody Energy Corporation, including serving as its President – Americas, President and Chief Commercial Officer, and Executive Vice President of Corporate Development and Chief Financial Officer. He is currently a director of Natural Resource Partners LP (NYSE: NRP) (where he serves as a member of the audit committee and as chairman of the conflicts committee), Arch Coal (NYSE: ARCH) (where he serves as the chair of the compensation committee and a member of the nominating and governance committee), and Civeo Corporation (NYSE: CVEO) (where he is the Chairman of the Board and serves as a member of the nominating and governance committee).

Cameron J. Berry, age 52, has served as Executive Vice President, Energy, since September 2019. In this role, Mr. Berry provides leadership for the Energy business segment, including Sales, Marketing, and Research & Development as well as Supply Chain, S&OP and Terminals. Prior to his current role, Mr. Berry served as Senior Vice President, Energy, from January 2018 to September 2019, and our Senior Vice President, Supply Chain from June 2018 to December 2018. Prior to the establishment of Covia, Mr. Berry served as Vice President of Sales for the Oil & Gas division of Connecticut-based Unimin from February 2013 to May 2018. From 2001 to 2013, Mr. Berry served in a variety of roles at Solvay Chemicals. Mr. Berry received a Bachelor of Commerce from the University of Calgary.

Andrew D. Eich, age 39, has served as our Executive Vice President and CFO since June 2018. He is responsible for our finance, accounting, treasury, investor relations, strategy and M&A functions. Mr. Eich served as Senior Vice President and Chief Commercial Officer of Unimin from June 2016 to May 2018. From 2012 to June 2016, he served as CFO of Unimin. From 2004 to 2012, Mr. Eich served in a variety of roles at Aetos Capital (private equity fund) including roles in M&A, portfolio management, corporate finance and investor relations. He started his career at KPMG LLP (audit, tax and advisory services provider) in New York, where he worked from 2002 to 2004 in KPMG’s assurance practice. Mr. Eich received a B.A. in Management Economics from Ohio Wesleyan University and is a CPA (inactive) and CFA charter holder.

Paolo Gennari, age 41, Mr. Gennari has served as our Executive Vice President, Industrial since October 2019. Previously, Mr. Gennari held several positions at Sibelco, including Executive Vice President, Global Business Unit, Coatings, Polymers & Chemical Solutions from January 2018 to October 2019, Executive Vice President of Global Businesses and Head of Commercial Excellence from January 2016 to December 2017, Vice President, Strategic Business Segment Specialties of Sibelco Europe, from December 2014 to January 2016, Sales Director, Industrial, of Sibelco Europe from December 2012 to December 2014, and Sales Director, Sibelco Italy from May 2011 to December 2012. Mr. Gennari received an executive master's degree in general management from Insead Business School, and a master's degree in industrial chemistry from Università Degli Studi Di Milano.

Campbell J. Jones, age 59, has served as our Executive Vice President and Chief Operating Officer since June 2018. He is responsible for our operations, engineering, environmental, health and safety, procurement, supply chain and R&D functions. Mr. Jones served as President and CEO of Unimin from May 2015 to May 2018, and was a member of the Unimin Board since 2015. He has also served as Group Chief Operating Officer of Sibelco (material solutions provider) from January 2016 to May 2018. Mr. Jones was with Sibelco or its affiliates since 2000. He was Managing Director of Sibelco Australia Limited from 2006 to 2014 and Executive General Manager/Chief Operating Officer of Sibelco Australia Limited from 2000 to 2006. Prior to joining Unimin, he was Executive General Manager at Commercial Minerals from 1997 to 2000 and Managing Director at Envirotech Australia from 1992 to 1997. Mr. Jones received a B.E. in Metallurgical Engineering from the University of New South Wales.

Chadwick P. Reynolds, age 46, has served as our Executive Vice President, Chief Legal Officer and Secretary since September 2019. He is responsible for the company's legal and corporate governance, information technology, risk management and corporate real estate functions. Mr. Reynolds joined us in September 2018 as Executive Vice President, General Counsel and Secretary. Prior to joining us, Mr. Reynolds served Stage Stores, Inc. (retailer) as its Executive Vice President, Chief Legal Officer and Secretary from April 2017 to August 2018, and its Senior Vice President, Chief Legal Officer and Secretary from August 2014 to March 2017, where he oversaw its legal, risk management, real estate, construction and facilities departments. Previously, he spent 16 years with Big Lots, Inc. (retailer), where he most recently served as Vice President, Deputy General Counsel and Assistant Corporate Secretary from March 2009 to August 2014. Mr. Reynolds received a B.A. from Indiana State University and a J.D. from Capital University Law School.

Brian J. Richardson, age 47, has served as our Executive Vice President and Chief Transformation Officer since September 2019. Administrative Officer since June 2018. He is responsible for delivering value from our strategic initiatives while also taking on the challenging tasks of defining how we measure success, aligning our organizational structure to drive execution and accountability, and building a sustainable culture of performance improvement. Previously, Mr. Richardson served as our Executive Vice President and Chief Administrative Officer from June 2018 to September 2019 and Executive Vice President, Chief People Officer at Fairmount Santrol from June 2015 to May 2018. Prior to joining Fairmount Santrol, Mr. Richardson was Senior Vice President of Human Resources for the Global Finishes Group of The Sherwin-Williams Company (manufacturer of coatings and related products). Mr. Richardson received a B.A. in Finance from Baldwin-Wallace College and MBA from The Ohio State University.

Rory F. O'Donnell, age 42, has served as our Senior Vice President, Corporate Controller since April 2019. Mr. O'Donnell is responsible for the finance and accounting functions of the company. Previously, Mr. O'Donnell served as our Senior Vice President, Accounting and Tax from February 2019 to April 2019. Prior to joining us, Mr. O'Donnell was the Senior Vice President and Controller at Signet Jewelers, Inc. (retailer) from 2014 to 2018, and served as the Assistant Controller at Cliffs Natural Resources (mining) from 2012 to 2014. Mr. O'Donnell received a B.S. from the University of Dayton and is a Certified Public Accountant in the State of Ohio.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is hereby incorporated by reference to the sections of the 2020 Proxy Statement captioned "EXECUTIVE COMPENSATION," "DIRECTOR COMPENSATION," and "GOVERNANCE - Compensation Committee Interlocks and Insider Participation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is hereby incorporated by reference to the sections of the 2020 Proxy Statement captioned "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT."

Equity Compensation Plan Information

The table below provides information, as of December 31, 2019, with respect to compensation plans under which our securities of Covia are authorized for issuance. Please see Note 19 in our Consolidated Financial Statements for further information:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (A) ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for future issuance under equity compensation plans [excluding securities reflected in column (A)] (C)
<i>Number of securities in thousands</i>			
Equity compensation plans approved by security holders ⁽²⁾	1,704	\$ 36.01	6,788
Equity compensation plans not approved by security holders	-	-	-
Total	1,704	\$ 36.01	6,788

(1) In addition, as of December 31, 2019, we had 2.1 million RSUs outstanding under the 2014 Plan and 2018 Plan and 1.1 million PSUs outstanding under the 2018 Plan.

(2) In addition, as of December 31, 2019, we had 1.1 million Options outstanding under the 2010 Plan and 0.6 million Options outstanding under the 2014 Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is hereby incorporated by reference to the sections of the 2020 Proxy Statement captioned “GOVERNANCE – Related Party Transactions” and “GOVERNANCE – Director Independence.”

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by Item 14 is hereby incorporated by reference to the sections of the 2020 Proxy Statement captioned “AUDIT COMMITTEE MATTERS – Policy for Pre-Approval of Independent Auditor Services” and “AUDIT COMMITTEE MATTERS – Principal Accountant Fees and Services.”

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this Report:

- A) The consolidated financial statements of Covia Holdings Corporation and Subsidiaries contained in Part II, Item 8 of this Report:
 - Consolidated Statements of Income (Loss) for the years ended December 31, 2019, 2018, and 2017
 - Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2019, 2018, and 2017
 - Consolidated Balance Sheets as of December 31, 2019 and 2018
 - Consolidated Statements of Equity for the years ended December 31, 2019, 2018, and 2017
 - Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018, and 2017
- B) Schedule II – Valuation and Qualifying Accounts and Reserves for the years ended December 31, 2019, 2018, and 2017, contained on page 138 of this Report
- C) The exhibits listed in the Exhibit Index beginning on page 139 of this Annual Report on Form 10-K

ITEM 16. FORM 10-K SUMMARY

None.

Covia Holdings Corporation and Subsidiaries
Schedule II – Valuation and Qualifying Accounts and Reserves
Years Ended December 31, 2019, 2018, and 2017
(in thousands)

	<u>Beginning Balance</u>	<u>Charged to Cost and Expenses</u>	<u>Charged to Other Accounts</u>	<u>Deductions</u>	<u>Ending Balance</u>
Allowance for Doubtful Accounts:					
Year ended December 31, 2019	\$ 4,488	\$ (164)	\$ -	\$ (2,113)	\$ 2,211
Year ended December 31, 2018	3,682	871	-	(65)	4,488
Year ended December 31, 2017	2,645	806	2	229	3,682
Valuation Allowance for Net Deferred Tax Assets:					
Year ended December 31, 2019	\$ 52,199	\$ 87,919	\$ -	\$ -	\$ 140,118
Year ended December 31, 2018	29,206	13,353	9,640	-	52,199
Year ended December 31, 2017	36,877	(7,671)	-	-	29,206

COVIA HOLDINGS CORPORATION EXHIBIT INDEX

The following documents are filed or furnished as exhibits to this Annual Report on Form 10-K. For convenient reference, each exhibit is listed in the following Exhibit Index according to the number assigned to it in the Exhibit Table of Item 601 of Regulation S-K.

(x) Filed herewith

(y) Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Annual Report on Form 10-K.

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of December 11, 2017, by and among Unimin Corporation, Fairmount Santrol Holdings Inc., SCR-Sibelco NV, Bison Merger Sub, Inc. and Bison Merger Sub I, LLC (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of Fairmount Santrol Holdings Inc., filed with the SEC on December 12, 2017) (File No. 001-36670).
2.2	Business Contribution Agreement, dated as of May 31, 2018, by and among Unimin Corporation, SCR-Sibelco NV and Sibelco North America, Inc. (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
2.3	Membership Interest Purchase Agreement, dated as of July 3, 2019, by and among Covia Holdings Corporation, Covia Lime, LLC and Mississippi Lime Company (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of the Company, filed with the SEC on July 10, 2019) (File No. 001-38510).
2.4	Stock Purchase Agreement, dated as of July 25, 2019, by and among Covia Holdings Corporation, WWR Acquisition, LLC, and OmniTRAX, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K of the Company, filed with the SEC on July 30, 2019) (File No. 001-38510).
3.1	Amended and Restated Certificate of Incorporation of Covia Holdings Corporation (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
3.2	Amended and Restated Bylaws of Covia Holdings Corporation incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
4.1	Stockholders Agreement, dated as of June 1, 2018, by and among Covia Holdings Corporation, SCR-Sibelco NV and the other parties named therein (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
4.2	Registration Rights Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
4.3	Amended and Restated Stockholders Agreement, dated as of September 1, 2019, by and among Covia Holdings Corporation, SCR-Sibelco NV and the other parties named therein (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on August 22, 2019) (File No. 001-38510).
4.4(x)	Description of Capital Stock.
10.1	Redemption Agreement, dated as of May 31, 2018, by and between Unimin Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.2	Tax Matters Agreement, dated as of May 31, 2018, by and between Unimin Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.3	Distribution Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).

<u>Exhibit No.</u>	<u>Description</u>
10.4	Distribution Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.5	Exclusive Agency Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.6	Exclusive Agency Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.7	Non-Compete Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.8	Transition Services Agreement, dated as of May 31, 2018, by and between Unimin Corporation and Sibelco North America, Inc. (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.9	Transition Services Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.9 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.10	Credit and Guarantee Agreement, dated as of June 1, 2018, by and among Covia Holdings Corporation, Barclays Bank PLC and BNP Paribas Securities Corp. as lead arrangers and joint bookrunners, and the other parties named therein (incorporated by reference to Exhibit 10.10 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.11	Pledge and Security Agreement, dated as of June 1, 2018, by and among Covia Holdings Corporation, Barclays Bank PLC and BNP Paribas Securities Corp. and the other parties named therein (incorporated by reference to Exhibit 10.11 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.12	Trademark License Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.12 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.13	Trademark Assignment Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and Sibelco Nederland NV (incorporated by reference to Exhibit 10.13 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.14	Patent License Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.14 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.15	Patent License Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.15 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.16	Patent License Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.16 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.17	Patent License Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.17 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.18	Patent License Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.18 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).

<u>Exhibit No.</u>	<u>Description</u>
10.19	Patent License Agreement, dated as of June 1, 2018, by and between Covia Holdings Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.19 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.20	Redemption Agreement, related to the Cash Redemption, by and between Unimin Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.20 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.21	Intercompany Note, dated as of May 29, 2018, by and between Unimin Corporation and SCR-Sibelco NV (incorporated by reference to Exhibit 10.21 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.22	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.22 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.23(y)	2018 Omnibus Incentive Plan of Covia Holdings Corporation (incorporated by reference to Exhibit 10.23 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.24(y)	Form of Restricted Stock Unit Agreement for 2018 Omnibus Incentive Plan of Covia Holdings Corporation (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on July 2, 2018) (File No. 001-38510).
10.25(y)	Form of Restricted Stock Unit Agreement for Non-Employee Directors for 2018 Omnibus Incentive Plan of Covia Holdings Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed with the SEC on July 2, 2018) (File No. 001-38510).
10.26(y)	Performance Measures for purposes of the 2018 Omnibus Incentive Plan of Covia Holdings Corporation (incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K of the Company, filed with the SEC on June 6, 2018) (File No. 001-38510).
10.27(y)	Form of Restricted Stock Unit Agreement for Interim President and CEO for 2018 Omnibus Incentive Plan of Covia Holdings Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed with the SEC on May 9, 2019) (File No. 001-38510).
10.28(y)	Covia Executive Severance Plan effective May 23, 2019 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on May 29, 2019) (File No. 001-38510).
10.29(y)	Form of Restricted Stock Unit Agreement for Independent Directors Pursuant to the Covia Holdings Corporation 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of the Company, filed with the SEC on August 8, 2019) (File No. 001-38510).
10.30(y)	Letter agreement with Richard A. Navarre dated August 19, 2019 and Form of Restricted Stock Unit Agreement for President and CEO for 2018 Omnibus Incentive Plan of Covia Holdings Corporation (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of the Company, filed with the SEC on August 22, 2019) (File No. 001-38510).
10.31(x)(y)	Form of Restricted Stock Unit Agreement Pursuant to the Covia Holdings Corporation 2018 Omnibus Incentive Plan.
10.32(x)(y)	Form of Restricted Stock Unit Agreement (for CEO) Pursuant to the Covia Holdings Corporation 2018 Omnibus Incentive Plan.
10.33(x)(y)	Form of Performance Stock Unit Agreement Pursuant to the Covia Holdings Corporation 2018 Omnibus Incentive Plan.
10.34(x)(y)	Form of Performance Stock Unit Agreement (for CEO) Pursuant to the Covia Holdings Corporation 2018 Omnibus Incentive Plan.
10.35(x)(y)	Form of Performance Award Agreement Pursuant to the Covia Holdings Corporation 2018 Omnibus Incentive Plan.
10.36(x)(y)	Form of Performance Award Agreement (for CEO) Pursuant to the Covia Holdings Corporation 2018 Omnibus Incentive Plan.

<u>Exhibit No.</u>	<u>Description</u>
10.37(y)	FMSA Holdings Inc. Long Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.38(y)	Form of Stock Option Agreement for FMSA Holdings Inc. Long Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.39(y)	Amendment I to the Form of Stock Option Agreement for FMSA Holdings Inc. Long Term Incentive Compensation Plan (incorporated by reference to Exhibit 10.13 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.40(y)	FMSA Holdings Inc. Stock Option Plan (incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.41(y)	Form of Stock Option Agreement for FMSA Holdings Inc. Stock Option Plan (incorporated by reference to Exhibit 10.15 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.42(y)	Amendment I to the Form of Stock Option Agreement for FMSA Holdings Inc. Stock Option Plan (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.43(y)	Form of Stock Option Agreement for FMSA Holdings Inc. 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 10.18 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.44(y)	Form of Notice of Grant of Stock Option for FMSA Holdings Inc. 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 10.19 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.45(y)	Form of Restricted Stock Unit Agreement for FMSA Holdings Inc. 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 10.21 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322).
10.46(y)	Form of Notice of Grant of Restricted Stock Unit for FMSA Holdings Inc. 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 10.22 to the Registration Statement on Form S-1 of Fairmont Santrol Holdings Inc., filed with the SEC on September 18, 2014) (File No. 333-198322)).
10.47(y)	Omnibus Amendment to Outstanding Stock Option Agreements under the FMSA Holdings Inc. 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Fairmont Santrol Holdings Inc., filed with the SEC on December 16, 2015) (File No. 001-36670).
10.48(y)	Omnibus Amendment to Outstanding Restricted Stock Unit Agreements under the FMSA Holdings Inc. 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Fairmont Santrol Holdings Inc., filed with the SEC on December 16, 2015) (File No. 001-36670).
10.49(y)	Omnibus Amendment to Outstanding Stock Option Agreements under FMSA Holdings Inc. 2006 Long Term Incentive Compensatory Plan (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of Fairmont Santrol Holdings Inc., filed with the SEC on November 3, 2016) (File No. 001-36670).
10.50(y)	Omnibus Amendment to Outstanding Stock Option Agreements under FMSA Holdings Inc. 2010 Stock Option Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of Fairmont Santrol Holdings Inc., filed with the SEC on November 3, 2016) (File No. 001-36670).
10.51(y)	Amended and Restated Omnibus Amendment to Outstanding Stock Option Agreements under FMSA Holdings Inc. 2014 Long Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of Fairmont Santrol Holdings Inc., filed with the SEC on November 3, 2016) (File No. 001-36670).

<u>Exhibit No.</u>	<u>Description</u>
10.52(y)	Amendment No. 1 to the FMSA Holdings Inc. 2014 Long Term Incentive Plan, dated February 1, 2017, by Fairmount Santrol Holdings Inc. (incorporated by reference to Exhibit 10.37 to the Annual Report on Form 10-K of Fairmount Santrol Holdings Inc., filed with the SEC on March 9, 2017) (File No. 001-36670).
10.53(y)	Fairmount Santrol Holdings Inc. 2014 Long Term Incentive Plan, as amended (incorporated by reference to Appendix A to the Definitive Proxy Statement of Fairmont Santrol Holdings Inc., filed with the SEC on April 6, 2017) (File No. 001-36670).
10.54	First Amendment to Credit and Guarantee Agreement dated March 19, 2019 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on March 21, 2019) (File No. 001-38510).
10.55	Letter Agreement with Richard A. Navarre dated May 8, 2019 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed with the SEC on May 9, 2019) (File No. 001-38510).
21.1(x)	List of Subsidiaries of Covia Holdings Corporation.
23.1(x)	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.
31.1(x)	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2(x)	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(x)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2(x)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1(x)	Mine Safety Disclosure Exhibit
99.1(x)	Consent of GZA GeoEnvironmental, Inc.
101.INS(x)	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH(x)	Inline XBRL Taxonomy Extension Schema Document.
101.CAL(x)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF(x)	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB(x)	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE(x)	Inline XBRL Taxonomy Extension Presentation Linkbase Document.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 16, 2020.

COVIA HOLDINGS CORPORATION

By: /s/ Richard A. Navarre
Richard A. Navarre
Chairman, President, and Chief Executive Officer

Pursuant to the requirements of the Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ Richard A. Navarre</u> Richard A. Navarre	Chairman, President, and Chief Executive Officer (Principal Executive Officer)	March 16, 2020
<u>/s/ Andrew D. Eich</u> Andrew D. Eich	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 16, 2020
<u>/s/ Rory F. O'Donnell</u> Rory F. O'Donnell	Senior Vice President and Corporate Controller (Principal Accounting Officer)	March 16, 2020
<u>/s/ Matthew F. LeBaron</u> Matthew F. LeBaron	Lead Independent Director	March 16, 2020
<u>/s/ William E. Conway</u> William E. Conway	Director	March 16, 2020
<u>/s/ Kurt Decat</u> Kurt Decat	Director	March 16, 2020
<u>/s/ Jean-Luc Deleersnyder</u> Jean-Luc Deleersnyder	Director	March 16, 2020
<u>/s/ Michel Delloye</u> Michel Delloye	Director	March 16, 2020
<u>/s/ Stephen J. Hadden</u> Stephen J. Hadden	Director	March 16, 2020
<u>/s/ William P. Kelly</u> William P. Kelly	Director	March 16, 2020
<u>/s/ Jean-Pierre Labroue</u> Jean-Pierre Labroue	Director	March 16, 2020
<u>/s/ Olivier Lambrechts</u> Olivier Lambrechts	Director	March 16, 2020
<u>/s/ Jeffrey B. Scofield</u> Jeffrey B. Scofield	Director	March 16, 2020

COVIA HOLDINGS CORPORATION AND SUBSIDIARIES
LIST OF SUBSIDIARIES AS OF DECEMBER 31, 2019

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>
Covia Holdings Corporation	Delaware
Covia Specialty Minerals Inc.	Delaware
Covia Financing LLC	Delaware
Covia Canada Ltd.	Ontario, Canada
Covia Finance Company LLC	Delaware
Grupo Materias Primas de Mexico S. de R. L. de C. V.	Mexico
Grupo Materias Primas S. de R. L. de C. V.	Mexico
Materias Primas Monterrey S. de R. L. de C. V.	Mexico
Materias Primas Minerales de Ahuazotepec, S. de R. L. de C. V.	Mexico
Servicios Integrales Lampazos S. de R. L. de C. V.	Mexico
909273 Ontario Inc.	Ontario, Canada
Bison Merger Sub I, LLC	Delaware
FMSA Inc.	Delaware
Fairmount Santrol Inc.	Delaware
Fairmount Minerals Sales de Mexico, S. de R. L. de C. V.	Mexico
Santrol de Mexico, S. de R. L. de C. V.	Mexico
Best Sand Corporation	Ohio
Best Sand of Pennsylvania, Inc.	Ohio
Cheyenne Sand Corp.	Michigan
Construction Aggregates Corporation of Michigan, Inc.	Michigan
Standard Sand Corporation	Michigan
Specialty Sands, Inc.	Michigan
Lake Shore Sand Company (Ontario) Ltd.	Ontario, Canada
Mineral Visions Inc.	Ohio
Technisand, Inc.	Delaware
Covia Europe ApS	Denmark
Wisconsin Industrial Sand Company L.L.C.	Delaware
Wisconsin Specialty Sands, Inc.	Texas
Alpha Resins, LLC	Ohio
Technimat LLC (90%)	Ohio
Santrol (Yixing) Proppant Co. Ltd (70%)	China
Wedron Silica Company	Ohio
Wexford Sand Co.	Michigan
Fairmount Minerals, LLC	Ohio
Black Lab LLC	Ohio
Self-Suspending Proppant LLC	Delaware
Shakopee Sand LLC	Minnesota
FML Resin, LLC	Ohio
FML Sand, LLC	Ohio
West Texas Housing LLC	Delaware
FML Terminal Logistics, LLC	Ohio
Fairmount Logistics LLC	Texas

*** Percentages in parentheses indicate Covia Holdings Corporation's ownership.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- 1) Registration statement (Form S-8 No. 333-225331) pertaining to the Fairmount Santrol Holdings Inc. Amended and Restated 2014 Long Term Incentive Plan, FMSA Holdings Inc. Stock Option Plan and FMSA Holdings Inc. Long Term Incentive Compensation Plan of Covia Holdings Corporation, and
- 2) Registration statement (Form S-8 No. 333-225662) pertaining to the Covia Holdings Corporation 2018 Omnibus Incentive Plan of Covia Holdings Corporation

of our report dated March 16, 2020, with respect to the consolidated financial statements of Covia Holdings Corporation, and the effectiveness of internal control over financial reporting of Covia Holdings Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2019.

/s/ Ernst & Young LLP
Cleveland, Ohio
March 16, 2020

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
(Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Richard A. Navarre, certify that:

1. I have reviewed this Annual Report on Form 10-K for Covia Holdings Corporation for the year ended December 31, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2020

By: /s/ Richard A. Navarre

Richard A. Navarre

Chairman, President, and Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
(Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002)**

I, Andrew D. Eich, certify that:

1. I have reviewed this Annual Report on Form 10-K for Covia Holdings Corporation for the year ended December 31, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2020

By: /s/ Andrew D. Eich

Andrew D. Eich

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
(Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Annual Report on Form 10-K for the year ended December 31, 2019 of Covia Holdings Corporation (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Richard A. Navarre, President and Chief Executive Officer of the Company, certify, pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2020

By: /s/ Richard A. Navarre

Richard A. Navarre

President and Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
(Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the Annual Report on Form 10-K for the year ended December 31, 2019 of Covia Holdings Corporation (the “Company”) as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Andrew D. Eich, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2020

By: /s/ Andrew D. Eich

Andrew D. Eich

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

MINE SAFETY DISCLOSURES

The following disclosures are provided pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) and Item 104 of Regulation S-K, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”).

Mine Safety Information. Whenever the Federal Mine Safety and Health Administration (“MSHA”) believes a violation of the Mine Act, any health or safety standard or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the U.S. mining operator must abate the alleged violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until the alleged hazards are corrected. When MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the alleged violation, that the operator is ordered to pay. Citations and orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the mine as well as by the MSHA inspector(s) assigned.

The below table reflects citations and orders issued to Covia Holdings Corporation by MSHA during the fiscal year from January 1, 2019 to December 31, 2019. The proposed assessments were obtained from the MSHA data retrieval system. The tables below do not include any orders or citations issued to independent contractors at our mines.

Mine ⁽¹⁾	Mine ID Number	Section 104 S&S Citations ⁽²⁾	Section 104(b) Orders ⁽³⁾	Section 104(d) Citations & Orders ⁽⁴⁾	Section 110(b)(2) Violations ⁽⁵⁾	Section 107(a) Orders ⁽⁶⁾	Proposed Assessments ⁽⁷⁾ (Amounts in Dollars)	Mining Related Fatalities
Guion Plant	03-00313	1	-	-	-	-	514	-
McIntyre Plant	09-00128	1	-	-	-	-	230	-
Hephzibah Plant	09-00149	1	-	-	-	-	1,242	-
Emmett Plant	10-00318	1	-	-	-	-	654	-
Oregon Plant	11-01579	1	-	-	-	-	832	-
Utica Plant	11-01015	3	-	-	-	-	851	-
Elco Plant	11-01981	2	-	-	-	-	758	-
Marston Plant	31-01518	1	-	-	-	-	832	-
Lugoff Plant	38-00299	1	-	-	-	-	250	-
Camden Plant	40-00793	2	-	-	-	-	500	-
Cleburne Plant	41-01059	2	-	-	-	-	744	-
Tunnel City Plant	47-03699	1	-	-	-	-	344	-
Best Sand	33-00015	1	-	-	-	-	-	-
Best Southern	33-03877	1	-	-	-	-	250	-
Brewer Sand	23-02364	1	-	-	-	-	311	-
Kermit	41-05310	2	-	-	-	-	3,398	-
Wedron Silica	11-01578	11	-	-	-	-	8,672	-
TOTALS		33	-	-	-	-	20,382	-

- (1) The definition of a mine under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting minerals, such as land, structures, facilities, equipment, machines, tools, and minerals preparation facilities. Unless otherwise indicated, any of these other items associated with a single mine have been aggregated in the totals for that mine. MSHA assigns an identification number to each mine and may or may not assign separate identification numbers to related facilities such as preparation facilities. We are providing the information in the table by mine rather than MSHA identification number because that is how we manage and operate our mining business and we believe this presentation will be more useful to investors than providing information based on MSHA identification numbers.
- (2) Mine Act section 104 Significant and Substantial (“S&S”) citations shown above are for alleged violations of mandatory health or safety standards that could significantly and substantially contribute to a mine health and safety hazard. It should be noted that, for purposes of this table, S&S citations that are included in another column, such as Section 104(d) citations, are not also included as Section 104 S&S citations in this column.
- (3) Mine Act section 104(b) orders are for alleged failures to totally abate a citation within the time period specified in the citation.
- (4) Mine Act section 104(d) citations and orders are for an alleged unwarrantable failure (i.e., aggravated conduct constituting more than ordinary negligence) to comply with mandatory health or safety standards.
- (5) Mine Act section 110(b)(2) violations are for an alleged “flagrant” failure (i.e., reckless or repeated) to make reasonable efforts to eliminate a known violation of a mandatory safety or health standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.
- (6) Mine Act section 107(a) orders are for alleged conditions or practices which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated and result in orders of immediate withdrawal from the area of the mine affected by the condition.

- (7) Represents the total dollar value of the proposed assessment from MSHA under the Mine Act including those citations and orders that are not required to be included within the above chart. Specific orders and/or citations for a Mine may not have had assessments posted to the MSHA data retrieval system or made available to the Company by MSHA.

Pending Legal Actions. The number of legal actions pending before the Federal Mine Safety and Health Review Commission as of December 31, 2019 that fall into each of the following categories is as follows:

Mine	Mine ID Number	Mining Related Fatalities	Received Notice of Pattern of Violations under Section 104(e) (yes/no) ⁽⁸⁾	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated during Period	Legal Actions Resolved during Period
Oregon Plant	11-01579	-	No	-	-	1
Kermit	41-05310	-	No	-	-	1
Wedron Silica	11-01578	-	No	-	1	1
TOTALS		<u>-</u>		<u>-</u>	<u>1</u>	<u>3</u>

- (8) Mine Act section 104(e) written notices are for an alleged pattern of violations of mandatory health or safety standards that could significantly and substantially contribute to a mine safety or health hazard.

Mine	Mine ID Number	Contests of Citations & Orders	Contests of Proposed Penalties	Complaints for Compensation	Complaints of Discharge/ Discrimination/ Interference	Applications for Temporary Relief	Appeals of Judges Rulings
Wedron Silica	11-01578	-	-	-	-	-	-
TOTALS		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

March 16, 2020

CONSENT OF: GZA GeoEnvironmental, Inc.

The undersigned hereby consents to the references to our company's name in the form and context in which they appear in the 2019 Annual Report on Form 10-K of Covia Holdings Corporation. We also hereby consent to the filing of this letter as an exhibit to the 2019 Annual Report on Form 10-K of Covia Holdings Corporation.

We hereby further consent to the use in such Annual Report on Form 10-K of information contained in our reports setting forth the estimates of reserves of Covia Holdings Corporation as of December 31, 2019.

GZA GeoEnvironmental, Inc.

By: /s/ Mark J. Krumenacher

Name: Mark J. Krumenacher

Title: Senior Principal, Senior Vice President

BOARD OF DIRECTORS

Richard Navarre

Chairman of the Board

Matthew LeBaron

Lead Independent Director

William Conway

Kurt Decat

Jean-Luc Deleersnyder

Michel Delloye

Stephen Hadden

William Kelly

Jean-Pierre Labroue

Olivier Lambrechts

Jeffrey Scofield

MANAGEMENT TEAM

Richard Navarre

President and Chief Executive Officer

Cameron Berry

Executive Vice President, Energy

Andrew Eich

Executive Vice President, Chief Financial Officer

Paolo Gennari

Executive Vice President, Industrial

Campbell Jones

Executive Vice President, Chief Operating Officer

Chad Reynolds

Executive Vice President, Chief Legal Officer and Secretary

Brian Richardson

Executive Vice President, Chief Transformation Officer

CORPORATE INFORMATION

Corporate Headquarters

3 Summit Park Drive, Suite 700

Independence, OH 44131

Annual Meeting of Stockholders

May 21, 2020 8:00 a.m. EDT

Covia Holdings Corporation

3 Summit Park Drive

Independence, OH 44131

Independent Registered Public Accounting Firm

Ernst & Young LLP, Cleveland, OH

Transfer Agent

American Stock & Trust Company, LLC

6201 15th Avenue, Brooklyn, NY 11219

Phone: 718-921-8124

E-mail: info@amstock.com

Investor Relations

Matthew Schlarb

Director Investor Relations

3 Summit Park Drive, Suite 700

Independence, OH 44131

Phone : 440-214-3284

E-mail : Matthew.Schlarb@coviacorp.com

Form 10-K

A copy of the Company's Annual Report or Form 10-K, as filed with the SEC for the fiscal year ended December 31, 2019, will be sent without charge upon written request to the Company's investor relations department at its Corporate Headquarters address.



3 Summit Park Drive, Suite 700, Independence, OH, 44131, USA
www.coviacorp.com