



BADGER MINING CORPORATION (BMC)

ANNUAL ENVIRONMENTAL REPORT

Submitted To: **WDNR Green Tier Program**

Date: **3/16/2016**

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1.1 WHO WE ARE and WHAT WE VALUE

 <p>BADGER MINING CORPORATION</p> <p><i>Who We Are</i></p> <p>We are a family owned, values driven industrial sand supplier with a Team of awesome associates passionately pursuing excellence and stakeholder satisfaction.</p>	<p><i>What We Value</i></p> <p>PEOPLE</p> <p>Our associates are the heart of BMC. Our unwavering commitment to team, safety, health, wellness, integrity, personal growth, and community involvement creates a rewarding and fun place to work.</p> <p>PERFORMANCE</p> <p>We achieve the best outcomes through quality, innovation, persistence, dedication, hard work and continual improvement.</p> <p>PLANET</p> <p>Environmental responsibility starts with regulatory compliance. BMC does more! We demonstrate our commitment to environmental stewardship through conservation, pollution prevention and sustainable practices to enhance natural resources for future generations.</p> <p>PROSPERITY</p> <p>We are driven to provide superior value to all of our stakeholders.</p> <p><small>Approved by North Cliff Resource Team June 22, 2015</small></p>
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1.3 ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

The Badger Mining Corporation (BMC) Fairwater Plant, Taylor Plant and C.A. Chier Resource Center have been ISO 14001 certified since December 2014. On an annual basis we conduct internal environmental audits of our EMS system at each facility to ensure compliance with ISO 14001 and federal, state and local regulations. Management review is conducted annually with our Advisory / Leaders and Operations Teams. Additional annual surveillance audits are conducted by an external independent auditing firm, BSI, monitor our ISO 14001 certification.

On April 13, 2015, BMC completed the purchase of the production facility Northern Frac Proppants II, LLC (NFP) located in Alma Center, WI. The facility is now referred to as Badger Mining Corporation – Alma Center Plant. As part of our commitment to the Wisconsin Department of Natural Resources (WDNR) Green Tier Program, we have agreed to have an EMS in place within one year of participation in this program. The WDNR Green Tier Program welcomed the BMC – Alma Center Plant on October 16, 2015.





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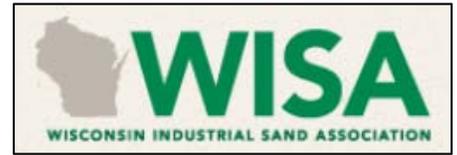
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1.4 ENVIRONMENTAL PERFORMANCE COMMITMENTS

Although our environmental practices emanate from the universal International Organization for Standardization (ISO) Standards, our strictest standard comes from our internal values. We work to comply with internal and external expectations and regulations every day. All BMC Associates are empowered to uphold environmental responsibility and stewardship.

BMC is a member of the Wisconsin Industrial Sand Association (WISA), an organization formed to promote safe and environmentally responsible sand mining standards, promote a fact-based discussion and create a positive dialogue among industry, citizens and Wisconsin government officials. WISA was formed in 2012. WISA members follow a mandatory Code of Conduct with strong principles and tough standards that guide the Association's efforts to be a leader in fostering a healthy, safe and environmentally responsible sand mining industry in Wisconsin.



Environmental objectives and targets are set within BMC as an ongoing process to ensure compliance and to go above and beyond expectations and regulations.

RECLAMATION CONNECTS GRASSLANDS

The BMC Taylor Plant reclaimed a total of 22 acres into grassland in 2015 that connected other grassland parcels together allowing for many continuous acres of desired grassland habitat. These reclaimed grasslands are planted with native prairie species including grasses, forbs and legumes. Our dedication to native prairie plantings has promoted a long lasting partnership with the U.S. Fish and Wildlife Service (USFWS) – Partners for Fish and Wildlife Program. Each year, BMC works with USFWS Land Biologists to help maximize natural resource benefits on these reclaimed lands. Many grassland birds, reptiles, amphibians, white-tailed deer, turkeys, coyotes, butterflies and beneficial insects call these reclaimed grasslands home.



Our knowledge and experience gives us the opportunity to set the bar high and lead our industry in best practices.



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ENERGY CONSERVATION QUEST

The quest for energy conservation at the Fairwater Plant continued in 2015 with the implementation of the following in the mine and wash processes:

- Reduction of the gallons per minute and horsepower (hp) needed to pump water to the mine site to run the mine process;
- Operation with two less 100 hp pumps and motors while maintaining production rates;
- Replacement of less efficient high pressure pumps with a single efficient pump; and
- Automation of pumping from tanks via tank level indicators rather than continuous pumping.



RECOVER, RECYCLE AND REUSE

In 2015, BMC worked with a wood recovery company to recycle and reuse wooden pallets and waste wood material. Pallets in good shape go through a process that allows them to be reused. Any pallets that are not salvagable for reuse along with all other waste wood products are stripped, chipped, and processed for use as decorative landscaping mulch. The mulch is distributed and sold in local Wisconsin communities.



We continue to find new and better ways to conserve and be efficient without compromising our values of environmental responsibility, quality and safety.



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STREAM ENHANCEMENT FISH SURVEYS

In 2013 and 2014, BMC completed 2,725 feet of trout stream enhancement work on the Jonah's Coulee Creek in Jackson County to help stabilize the banks, create better flood control, increase habitat structures and establish a vegetative buffer. The 2015 fish surveys conducted by the WDNR in the creek showed impressive population increases. Both trout populations and minnow species showed positive responses to the enhancement work. There were several year classes of trout surveyed during the annual study including young Brook Trout, which indicates natural reproduction is occurring. Additional water quality indicators found in the annual survey were the presence of brook lampreys, a good diversity of minnow species and a healthy invertebrate population. This was the third year the survey was conducted and plan to continue our partnership with the WDNR Fisheries.



POLLINATOR SPECIES AWARENESS

BMC recognizes the important role pollinator species play in nature. We have aligned our prairie mixes for pollinator species. Natural wildflowers, including milkweed, are planted and managed to help promote a robust ecosystem for insects. Monarch butterflies, native bumblebees and an array of other beneficial insects visit our reclaimed grassland communities throughout the growing season. A recent survey in 2013 revealed 22 different butterfly species utilizing the reclaimed grasslands. Additionally, our grasslands are managed by conducting rotations of controlled burns that help stimulate a diversity of forb species (wildflowers) which many pollinator species depend on.



Every day we strive to exceed environmental requirements and exceptional stewardship. It is a way of life for us.



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STAKEHOLDER OUTREACH

Our commitment to help educate stakeholders and support our local communities is put into action every day. We create relationships through participation in local organizations and associations, communication with local leaders and partnerships with local schools, businesses and neighbors.

BMC participates on the WDNR Nonmetallic Mining Advisory Committee, is a member of WISA and hosts numerous tours, talks and presentations with regulatory authorities and professional organizations regarding responsible nonmetallic mining and reclamation. BMC provided input in the WDNR's *Industrial Sand Mining Strategic Analysis* and the Institute for Wisconsin's Health, Inc. *Health Impact Assessment of Industrial Sand Mining in Western Wisconsin*.

In 2015, students, neighbors, customer, suppliers, regulatory authorities and wildlife organizations came to us for tours and to learn more about of our operations and reclamation efforts. We also went to classrooms and conferences to speak on what we do at BMC. Since 1986, BMC has been funding a scholarship program for students intending to pursue a degree in Mining Engineering, other Engineering curriculums or Environmental Science. Each year, one \$10,000 scholarship is awarded to a deserving student in each of the five areas BMC has an office and/or production facility. For the first time, BMC held a charity bass tournament at our Fairwater Plant in an effort to reduce the largemouth bass population in our ponds, provide an opportunity for comradery and donate food to a good cause. Father Carr's Place 2B in Oshkosh graciously accepted the 476 pounds and 6 ounces of fish that were caught, cleaned, bagged and delivered. For the first time also, BMC worked with Challenge the Outdoors to offer goose hunting for some disabled sportsmen at our Fairwater property and, for the 15th year in a row, BMC has been a company-sponsor of the WDNR 9-day disabled deer hunt that kicks off the first Saturday of October.



We believe many of the little things that we do have the biggest impacts.

