

Frac and Industrial Sand Sales Volumes Increased More Than 135% Over Q1 2017 Levels

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 15, 2017) - [Select Sands Corp.](#) ("Select Sands" or the "Company") (TSX VENTURE:SNS)(OTCQX:SLSDF) today announced financial and operational results for the second quarter of 2017 and the filing of its 2017 second quarter financial statements and associated management's discussion and analysis on www.sedar.com. All results are stated in Canadian dollars (CAD) unless noted otherwise as US dollars (USD). The average currency conversion used for the second quarter was \$1 USD = \$1.3432 CAD.

Second Quarter 2017 Financial Highlights

- Revenue more than doubled to \$3.1 million from \$1.5 million in the first quarter 2017. Second quarter revenue would have been greater, except for lost sales volumes of 8,000 to 12,000 tons due to a pause in shipping during the May flood in Arkansas, and the installation of a vertical shaft impact crusher at the Freeze Farm Wet Processing Facility.
- Gross margin for the Company's Sand Operations was \$0.8 million, a substantial improvement over the gross margin loss of \$0.4 million during this year's first quarter.
- Comprehensive loss decreased more than 75% to \$0.8 million, or \$0.01 basic and diluted loss per common share, as compared to a first quarter 2017 comprehensive loss of \$3.4 million, or \$0.04 basic and diluted loss per common share. These results included non-cash share-based compensation of \$0.6 million and \$2.2 million for the second and first quarters, respectively.
- Adjusted EBITDA⁽¹⁾ loss totaled \$254,000 compared to a \$771,000 loss for first quarter 2017 - a 67% improvement quarter-over-quarter.
- Capital expenditures were approximately \$0.8 million as compared to \$3.2 million for the first quarter 2017. Included in first quarter capital spending was \$1.3 million for the purchase of the Bell Farm Property.
- As of June 30, 2017, cash and cash equivalents were \$3.4 million, inventory on hand was \$2.3 million, and accounts receivable was \$3.1 million. The primary driver of the \$1.7 million increase in accounts receivable from the \$1.4 million balance as of March 31, 2017 was the rapid growth in sales in the latter part of the second quarter.

(1) Adjusted EBITDA is a non-IFRS financial measure and is described and reconciled to net loss in the table under "Non-IFRS Financial Measures".

Zig Vitols, President and Chief Executive Officer, commented, "Considering that we only began commercial production at the beginning of this year and the impact of flooding during May, I am extremely pleased with our results for the second quarter. Driving our results was the hard work of our employees and I want to personally thank all of them for their continued dedication and efforts."

Second Quarter 2017 Operational Highlights

- Select Sands continues to see strong demand for its Northern White frac sand product due to its premium quality and the strategic location of the Company's operations relatively close to the oil and gas basins in Texas, Oklahoma, Colorado, and Louisiana (SCOOP/STACK/Woodford, Haynesville, Fayetteville, Permian, DJ Basin and Eagle Ford). The enhanced economics provided by improving technologies for drilling and completing horizontal wells (more wells drilled per rig, longer lateral lengths, more frac stages per foot, and more sand per frac stage) is driving increased use of frac sand and the Company anticipates frac sand intensity and demand will continue to grow.
- Second quarter 2017 sales volumes for total frac and industrial sand increased 136% from the first quarter:

	Percent			
	Q2 2017	Q1 2017	Change	
Frac sand	52,480	19,968	163	%
Industrial sand	466	2,459	-81	%
Frac and Industrial sand	52,946	22,427	136	%
Other sand and gravel	4,146	6,801	-39	%
	57,092	29,228	95	%

- Reconfiguration of operations processes were completed during the second quarter and the processing facility now has the capability to produce at a rate of 600,000 tons per year. To ensure optimal inventory management, Select Sands is producing at levels consistent with its ability to deliver product, which is primarily by rail.
- Efforts continue to assemble rail car sets to meet the strong demand for product. The Company is also pursuing opportunities for securing additional rail cars for product shipments through new and broadened customer relationships.
- At the end of the second quarter, more than 300 rail cars were in-service. Select Sands is working closely with interstate and short-line railroads to enhance service through efficiencies and increased loading capabilities. Complementing these efforts, the Company has secured additional rail car storage to improve sequencing of trains servicing its facility.
- To support Select Sand's plans for further capacity expansion of its processing facility, certain long lead time equipment has been purchased and is anticipated to be installed along with other components later this year once enhanced logistics capabilities are in place.

Financial Summary

The following table includes summarized financial results for the three months ended June 30, 2017 and March 31, 2017:

[Select Sands Corp.](#)

Summarized Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars) (Unaudited)

	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017
Revenue	\$ 3,083,192	\$ 1,458,553
Cost of Goods Sold	2,116,518	1,766,126
Depreciation and Depletion	189,126	121,289
Income from Sand Operations	\$ 777,548	\$ (428,862)
General and Administrative ("G&A") Expenses (1)	1,173,682	2,684,280
Depreciation in G&A Expenses	320	--
Operating Loss	\$ (396,454)	\$ (3,113,142)
Interest income	8,045	10,424
Foreign exchange (loss) gain	(631,708)	170,999
Gain on sale of equipment	1,596	--
Loss from flooding at plant	(76,737)	--
Share of loss in equity investee	(57,554)	(157,059)
Net Loss	\$ (1,152,812)	\$ (3,088,778)
Foreign currency translation adjustment	356,876	(308,736)
Comprehensive Loss	\$ (795,936)	\$ (3,397,514)
Basic and Diluted Loss Per Common Share	\$ (0.01)	\$ (0.04)
Weighted Average Number of Shares Outstanding	86,959,360	85,484,729
Adjusted EBITDA (2)	\$ (254,316)	\$ (771,071)

(1) Excludes depreciation. Includes non-cash share-based compensation of \$633,910 and \$2,196,418 for the second and first quarters, respectively.

(2) Excludes depreciation, depletion and amortization; non-cash share-based compensation; gain on sale of fixed assets; and, loss from flooding at plant. See table under "Non-IFRS Financial Measures" for reconciliation to net loss.

Outlook

"In preparation for improved rail movements, we increased our inventory levels during the second quarter," concluded Mr. Vitols. "This benefitted us significantly in July, as we sold our highest monthly level of product tons to date. We believe this bodes well for another quarter of solid growth in deliveries to our customers and increased revenue for Select Sands. We continue to make substantial progress on multiple fronts, with our primary focus remaining on further enhancing our logistics capabilities so as to reach our maximum production rate in the second half of the year. This will allow us to further capitalize on the strong demand for our frac sand products, including increased deliveries under our long-term one million-ton per year supply agreement for 2018 and 2019."

Elliott A. Mallard, PG of Kleinfelder is the qualified person as per the NI-43-101 and has reviewed and approved the technical contents of this news release.

Conference Call Information

The Company will host a conference call on Wednesday, August 16, 2017, at 11:00 a.m. Eastern to discuss its second quarter 2017 results. To access the conference call, U.S. callers may dial toll free 1-844-419-5430 and international callers may dial 1-216-562-0476. The conference call access code is 70093150. Please call ten minutes ahead of the scheduled start time to ensure a proper connection. The conference call will also be available for playback by telephone for one week beginning shortly after the call. To access the telephone playback, dial 1-855-859-2056 or 1-404-537-3406 for international calls. The replay conference call access code is 70093150.

About Select Sands Corp.

[Select Sands Corp.](#) is an industrial Silica Product company developing its 100% owned, 520-acre Northern White, Tier-1, silica sands project located in Arkansas, U.S.A. Select Sands' Arkansas property has a logistical advantage of being significantly closer to oil and gas markets located in Oklahoma, Texas, New Mexico, Colorado and Louisiana than Wisconsin sources. The Tier-1 reference above is a classification of frac sand developed by PropTester, Inc., an independent laboratory specializing in the research and testing of products utilized in hydraulic fracturing & cement operations, following ISO 13503-2:2006/API RP19C:2008 standards.

Select Sands' Sandtown project has NI 43-101 compliant Indicated Mineral Resources of 42.0MM tons (TetraTech Report; February, 2016) and Bell Farm has Inferred Mineral Resources of 49.6MM tons (Kleinfelder Report; April, 2017). Both deposits are considered Northern White finer-grade sand deposits of 40-70 Mesh and 100 Mesh.

Forward-Looking Statements

This news release includes forward-looking information and statements, which may include, but are not limited to, information and statements regarding or inferring the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. Information and statements which are not purely historical fact are forward-looking statements. The forward-looking statements in this press release relate to the continued escalation of rail car count, third quarter 2017 frac and industrial sand sales volumes, and further capacity expansion. Forward-looking information and statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking information and statements herein. Although the Company believes that any forward-looking information and statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such information and statements, there can be no assurance that any such forward-looking information and statements will prove to be accurate, and accordingly readers are advised to rely on their own evaluation of such risks and uncertainties and should not place undue reliance upon such forward-looking information and statements. Any forward-looking information and statements herein are made as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking information and statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward-looking information and statements herein, whether as a result of new information, future events or results, or otherwise, except as required by applicable laws.

[Select Sands Corp.](#)

Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	As at June 30, 2017	December 31, 2016
ASSETS		
Current		
Cash and cash equivalents	\$ 3,397,380	\$ 11,776,321
Amounts receivable	3,143,933	133,688
Inventory	2,336,696	-
Prepaid expenses	55,034	47,779
Total Current Assets	8,933,043	11,957,788
Deposits	431,460	153,021
Investment in Affiliate	2,785,387	3,000,000
Property, Plant and Equipment	14,640,813	6,763,193
Exploration and Evaluation Assets	-	2,142,986
Total Assets	\$ 26,790,703	\$ 24,016,988
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,111,557	\$ 417,210
Current portion of long-term debt	502,859	-
Total Current Liabilities	1,614,416	417,210
Long-term Debt	1,508,576	-
Total Liabilities	3,122,992	417,210
EQUITY		
Share Capital	40,985,314	39,388,462
Share-based Payment Reserve	6,014,048	3,349,517
Accumulated Other Comprehensive Income (Loss)	39,661	(8,479)
Deficit	(23,371,312)	(19,129,722)
Total Equity	23,667,711	23,599,778
Total Liabilities and Equity	\$ 26,790,703	\$ 24,016,988

[Select Sands Corp.](#)

Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating Activities		
Net loss for the period	\$ (4,241,590) \$ (749,611
Adjustments for non-cash items:		
Depreciation and depletion in cost of goods sold	310,415	-
Depreciation	320	-
Share-based compensation	2,830,328	238,847
Foreign exchange	48,140	6,490
Gain on sale of equipment	(1,596) -
Share of loss in equity investee	214,613	-
Changes in non-cash operating assets and liabilities:		
Amounts receivable	(3,010,245) (22,472
Inventory	(2,336,696) -
Prepaid expenses	(7,255) 22,171
Accounts payable and accrued liabilities	694,347	(23,604
Total Cash Used in Operating Activities	(5,499,219) (528,179
Investing Activities		
Property, plant and equipment	(4,040,124) -
Proceeds from disposal of equipment	7,786	-
Exploration and evaluation assets	-	(314,741
Deposits	(278,439) -
Total Cash Used in Investing Activities	(4,310,777) (314,741
Financing Activities		
Warrants exercised	1,041,705	43,555
Options exercised	389,350	-
Share issue costs	-	(5,000
Total Cash Provided by Financing Activities	1,431,055	38,555
Decrease in Cash and Cash Equivalents	(8,378,941) (804,365
Cash and Cash Equivalents, Beginning of Period	11,776,321	3,172,051
Cash and Cash Equivalents, End of Period	\$ 3,397,380	\$ 2,367,686
Supplementary Cash Flow Information and Non-Cash Investing and Financing Transactions:		
Cash received for interest	\$ 18,469	\$ 7,186
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -
Issue of vendor debt for assets acquired	\$ 2,011,435	\$ -
Issue of shares on exercise of warrants and options	\$ 165,797	\$ 19,034
Issuance of shares for convertible debenture	\$ -	\$ 218,000
Issuance of shares for interest on convertible debenture	\$ -	\$ 53,885
Debenture interest accrued	\$ -	\$ 9,589

Non-IFRS Financial Measures

The following information is included for convenience only. Generally, a non-IFRS financial measure is a numerical measure of a company's performance, cash flows or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Adjusted EBITDA is not a measure of financial performance (nor does it have a standardized meanings) under IFRS. In evaluating non-IFRS financial measures, investors should consider that the methodology applied in calculating such measures may differ among companies and analysts.

The Company uses both IFRS and certain non-IFRS measures to assess operational performance and as a component of employee remuneration. Management believes certain non-IFRS measures provide useful supplemental information to investors in order that they may evaluate Select Sand's financial performance using the same measures as management. Management believes that, as a result, the investor is afforded greater transparency in assessing the financial performance of the Company. These non-IFRS financial measures should not be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with IFRS.

Reconciliation of Net Loss to EBITDA to Adjusted EBITDA:

	Three Months Ended June 30, 2017	Three Months Ended March 31, 2017
Net Loss	\$ (1,512,812) \$ (3,088,778)
<i>Add Back</i>		
Depreciation and depletion	189,446	121,289
Share-based compensation	633,910	2,196,418
EBITDA	\$ (329,456) \$ (771,071)
<i>Add Back</i>		
Loss from flooding at plant	76,737	-
<i>Deduct For</i>		
Gain on sale of equipment	(1,596) -
Adjusted EBITDA	\$ (254,315) \$ (771,071)

The Company defines Adjusted EBITDA as net income (loss) before finance costs, income taxes, depreciation and amortization, non-cash share-based compensation, loss from flooding at its plant, and gain on sale of fixed assets. Select Sands uses Adjusted EBITDA as a supplemental financial measure of its operational performance. Management believes Adjusted EBITDA to be an important measure as they exclude the effects of items that primarily reflect the impact of long-term investment and financing decisions, rather than the performance of the Company's day-to-day operations. As compared to net income according to IFRS, this measure is limited in that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in the Company's business, the charges associated with impairments, termination costs or Proposed Transaction costs. Management evaluates such items through other financial measures such as capital expenditures and cash flow provided by operating activities. The Company believes that these measurements are useful to measure a company's ability to service debt and to meet other payment obligations or as a valuation measurement.

Indicated Resources Disclosure

The Company advises that the production decision on the Sandtown deposit (the Company's current "Sand Operations") was not based on a Feasibility Study of mineral reserves, demonstrating economic and technical viability, and, as a result, there may be an increased uncertainty of achieving any level of recovery of minerals or the cost of such recovery, including increased risks associated with developing a commercially mineable deposit. Historically, such projects have a much higher risk of economic and technical failure. There is no guarantee that production will occur as anticipated or that anticipated production costs will be achieved.

Contact

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