

Select Sands Reports Full Year and Fourth Quarter 2017 Results

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Frac and Industrial Sand Sales Volumes Grew at 71% Quarterly Rate from Q1 to Q4, With Stronger Pricing Seen Throughout the Year

Continued to Generate Positive Net Income and Adjusted EBITDA in the Fourth Quarter

VANCOUVER, British Columbia, April 11, 2018 (GLOBE NEWSWIRE) -- [Select Sands Corp.](#) ("Select Sands" or the "Company") (TSXV:SNS) (OTC:SLSDF) today announced operational and financial results for the full year and fourth quarter of 2017 and the filing of its 2017 full year financial statements and associated management's discussion and analysis on [www.sedar.com](#). As previously announced, the Company's financial statements are presented in U.S. dollars to better reflect Select Sands' operations and to improve investors' ability to compare the Company's financial results with other publicly traded silica sand businesses in the United States. Previously, Select Sands' financial statements were reported in Canadian dollars. All amounts in this press release are presented in U.S. dollars.

2017 Full Year and Fourth Quarter Operational Highlights

- Sold frac sand volumes of more than 300,000 tons during 2017 – a major accomplishment given Select Sands' Sandtown operations in Arkansas, USA and related brownfield upgrade initiatives only began in the first quarter of the year;
- Made significant and steady improvements at Sandtown to bring the facilities up to operating at the 600,000 tons per year capability, including optimizing processes to reduce waste and upgrading pumps and piping to increase throughput;
- Entered into a multi-year frac sand supply agreement with an industry-leading oilfield services provider with commitments through 2019. Initial rail shipments began in the first quarter of 2017;
- Began barging frac sand in November and expect this will remain an important mode of delivery moving forward;
- Started construction during the fourth quarter of a private road direct from the Sandtown mining operations to the main highway that was subsequently completed in the first quarter of 2018, reducing transportation costs due to lower mileage to the Company's processing facilities; and
- Initiated sales of a new 30/50 mesh product in the fourth quarter and continue to evaluate additional opportunities to broaden Select Sands' product mix to satisfy incremental customer demand.

2017 Full Year and Fourth Quarter Financial Highlights

- Reported full year revenues of \$15.1 million and gross profit of \$2.9 million, resulting in a 19.2% gross profit margin for 2017;
- Posted a net loss for the full year of \$1.6 million as compared to a net loss of \$2.5 million for 2016 – a 36% improvement year-over-year;
- Increased revenue by 28% to \$6.5 million in the fourth quarter of 2017 as compared to \$5.1 million in the third quarter 2017. Driving the increase was higher transportation revenue, which is substantially passed through to cost of goods sold, and higher plant gate pricing;
- Gross profit for the fourth quarter 2017 was \$1.2 million, which was similar to the third quarter. Impacting cost of goods sold in the fourth quarter was revaluation of certain work-in-progress inventories, an accrual adjustment, and higher repair and maintenance expense;
- Reported net income of \$1.3 million for the fourth quarter of 2017, or \$0.01 per basic and diluted common share, versus third quarter net income of \$0.4 million;

- Generated adjusted EBITDA⁽¹⁾ of \$0.2 million compared to \$0.4 million for the third quarter 2017; and
- As of December 31, 2017, cash and cash equivalents were \$2.0 million, inventory on hand was \$2.0 million, accounts receivable was \$3.4 million, and working capital was \$5.3 million. Subsequent to the fourth quarter, Select Sands established a \$5 million line of credit with a bank for working capital purposes. This replaces the Company's previously disclosed \$2 million line of credit. The current line of credit presently charges 5.50% per annum in floating rate interest on any draws made, must be repaid in full by February 20, 2019, and is secured against the Company's accounts receivable. Select Sands currently has \$200,000 drawn on the line of credit.

(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, "Given that we only began commercial production at the start of last year, I am very pleased with the progress we made throughout 2017 both operationally and financially. Significant accomplishments were made on several fronts to get us to where we can now produce at the facilities' current design run rate of 600,000 tons per year, and I want to thank all our employees for their continued tireless efforts. While our fourth quarter financial results included certain items that impacted comparisons to the third quarter, during the period we materially improved our delivery flexibility through the addition of barging and began construction of a direct access road to reduce the number of miles driven to reach the recently rebuilt multi-lane highway. I am happy to report that the construction of our road was recently completed, and we are already seeing the benefits in our cost structure."

Quarterly Sales Volumes

- 2017 frac and industrial sales volumes grew at a compound quarterly rate of 71%, from 22,688 tons in the first quarter to 113,123 tons for the fourth quarter.
- Fourth quarter frac and industrial sales volumes were relatively flat with the third quarter of 2017, primarily due to holiday seasonality and certain congestion at destination transloads that resulted in delays in returning rail cars.

	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Frac sand	113,123	114,567	52,480	19,968
Industrial sand	-	283	466	2,720
Frac and Industrial sand	113,123	114,850	52,946	22,688
Other sand & gravel	4,288	3,632	4,164	6,801
	117,411	118,482	57,110	29,489

- For the first quarter of 2018, the Company expects frac and industrial sales volumes of approximately 92,000 tons, with the decrease from fourth quarter 2017 levels primarily due to rail associated logistics issues at transload locations, along with flooding on the Mississippi. Select Sands' barge customers were in-line to take additional delivery of product to help offset the temporary rail issues experienced in January. However, river flooding that crested at over 39 feet above normal levels ceased all loading activities on February 23, with loading operations resuming March 20. By the beginning of March, rail logistics had returned to normal and with the resumption of barge loading, and the Company recorded the second highest level of monthly sales volumes since the start of operations at the beginning of 2017.
- Partially offsetting the anticipated impact of the sequential quarterly sales volume decline is an expected approximate 15% increase in the average selling pricing for the first quarter of 2018 as compared to the fourth quarter of 2017. The price improvement is primarily due to increases implemented by Select Sands in late December and throughout the first quarter
- For the second quarter of 2018, the Company expects sales volumes of 120,000 to 140,000 tons.

Expansion Update

- During the 2017 fourth quarter, Select Sands announced that it had entered into an agreement providing for an option to purchase 223 acres of property in Independence County, Arkansas (the "Independence property"), to serve as a platform to support the Company's near- and long-term operational and capacity expansion initiatives. The Company's press release dated Tuesday April 10, 2018 announced the exercise of the option to purchase the Independence property. (Please refer to the press release for additional details regarding the option.)
- Highlights and features of the Independence property include:
 - Sufficient acreage to complete the current expansion, with additional acreage available for future expansion of a new-build facility;
 - Well suited for a future potential build of a 110-150 railcar loop track for efficient and economical loading of finished products;
 - Elevated above the floodplain allowing for uninterrupted operations;
 - Access to natural gas, three-phase electricity and water; and
 - Located next to a large coal power plant and adjacent to a state highway.
- The Company plans to immediately build a new stand-alone 400,000 ton per annum production facility comprising of both wet and dry processing capability to be located on the Independence Property (the "expansion project"). Completion is projected to be in the second half of 2018. The expansion project estimated cost of \$4.0 million to \$4.5 million is anticipated to be funded through bank financing and is expected to significantly reduce production costs primarily through interplant transport savings. The decision to build a new 400,000-ton facility is a change in the Company's plans. Originally, Select Sands had planned to simply increase the existing 600,000-ton facility to 1 million tons. The Company determined that building a new stand-alone 400,000-ton facility with the additional greenfield startup tasks will be more cost effective and profitable but will delay ramping up production to 1 million tons per annum by one or two quarters from its original plan.

Financial Summary

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

Select Sands Corp.

Summarized Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in United States Dollars)

(Unaudited)

	Three months ended December 31, 2017	Three months ended September 30, 2017 (1)	Three months ended June 30, 2017 (1)
Revenue	\$ 6,548,099	\$ 5,100,250	\$ 2,374,243
Cost of Goods Sold (excluding depreciation and depletion)	5,342,336	3,907,081	1,629,846
Gross Profit (Loss)	\$ 1,205,763	\$ 1,193,170	\$ 744,397
General and Administrative ("G&A") Expenses (2)	906,651	181,811	961,857
Depreciation and depletion	237,954	145,688	145,885
Interest on long-term debt	61,940	-	-
Operating (Loss) Income	\$ (782	) \$ 865,671	\$ (363,344
Interest income	2,542	2,841	6,195
Foreign exchange (loss) gain	(176,968	) (441,036	) (486,265
Share of loss in equity investee	(26,139	) (37,391	) (44,320
Provision for impairment - Investment in affiliate	(849,289	) -	-
(Loss) Income Before Income Taxes	\$ (1,050,636	) \$ 390,085	\$ (887,734
Deferred income tax recovery	2,356,000	-	-
Net Income (Loss)	\$ 1,305,364	\$ 390,085	\$ (887,734
Foreign currency translation adjustment	1,095,486	(17,413	) 274,816
Comprehensive Income (Loss)	\$ 2,400,850	\$ 372,671	\$ (612,919

Basic and Diluted Income (Loss) Per Common Share	\$ 0.01	\$ -	\$ (0.01
Weighted average number of shares outstanding	87,784,895	87,003,316	86,959,360
Adjusted EBITDA (3)	\$ 198,089	\$ 355,056	\$ (209,381

(1) Restated in US Dollars using the average 2017 CAD/USD foreign exchange of 1.2986

(2) Includes non-cash share-based compensation of \$73,403, (\$218,107), \$488,149 and \$1,691,374 for the fourth, third, second and first quarters, respectively.

(3) Excludes depreciation and depletion; non-cash share-based compensation; interest on long-term debt; share of loss of investee; provision for impairment - investment in affiliate; and deferred income tax recovery. See table under "Financial Measures" for reconciliation to net income (loss).

Outlook

"While our primary focus throughout much of 2017 centered on incrementally increasing our production levels to take advantage of our available capacity, we have now turned our attention to further improving plant processes that drive additional cost efficiencies, capacity expansion, as well as continued enhancement of our product offerings and delivery capabilities," concluded Mr. Vitols. "Given the outlook for increasing sand intensity in well completions and the strategic location of our operations relatively close to some of the most prolific producing oil and gas basins in the U.S., including the Permian, Eagle Ford, SCOOP/STACK/Woodford, Haynesville, Utica, Marcellus and DJ, we anticipate growing demand for our premium quality Northern White frac sand product. We are well-positioned to further capitalize on this strong industry backdrop and look forward to further development opportunities."

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 today at 8:45 a.m. Eastern to discuss its full year and fourth quarter 2017 results. To access the conference call, callers in North America may dial toll free 1-855-669-9657 and callers outside North America may dial 1-412-542-4135. Please call ten minutes ahead of the scheduled start time to ensure a proper connection and ask to be joined into the Select Sands call.

A playback of the conference call will be available in MP3 format by contacting investor relations below.

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 enhancements in logistics capabilities, continued growth in frac sand sales volumes, opportunity for increased shipments by barge, 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.

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Select Sands Corp.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in United States Dollars)

(Audited)

	Full Year Ended December 31, 2017	Full Year Ended December 31, 2016
Revenue	\$ 15,145,766	\$ -
Cost of Goods Sold (excluding depreciation and depletion)	12,239,286	-
Gross profit	2,906,480	-
Operating Expenses		
Compensation and consulting	993,740	543,337
Depreciation and depletion	622,926	-
Interest on long-term debt	61,940	-
Selling, general and administrative	1,088,818	654,605
Share-based compensation	2,034,818	375,235
Total Operating Expenses	4,802,242	1,573,177

Operating Loss	(1,895,762	)	(1,573,177)
Other (Expense) Income			
Interest income	19,605		8,267
Foreign exchange (loss) gain	(972,589	)	204,248
Gain on sale of mineral properties, net	-		557,184
Share of loss in equity investee	(228,795	)	(103,082)
Provision for impairment - Investment in affiliate	(849,289	)	(1,566,737)
Total Other Expense	(2,031,068	)	(900,120)
Loss Before Income Taxes	(3,926,830	)	(2,473,297)
Deferred income tax recovery	2,356,000		-
Net Loss	(1,570,830	)	(2,473,297)
Other Comprehensive Income			
Foreign currency translation adjustment	1,115,143		33,777
Comprehensive Loss	\$ (455,687	)	\$ (2,439,520)
Basic and Diluted Loss per Share	\$ (0.02	)	\$ (0.04)
Weighted Average Number of Shares Outstanding	86,808,075		60,148,891

Select Sands Corp.

Consolidated Statements of Financial Position

(Expressed in United States Dollars)

(Audited)

	As at December 31, 2017	December 31, 2016	January 1, 2016
ASSETS			
Current			
Cash and cash equivalents	\$ 2,047,515	\$ 8,770,627	\$ 2,291,944
Accounts receivable	3,385,597	99,567	9,866
Inventory	1,961,573	-	-
Prepaid expenses	83,223	35,584	23,808
Total Current Assets	7,477,908	8,905,778	2,325,618
Deposits	364,580	113,965	78,100
Deferred income taxes	2,356,000	-	-
Investment in Affiliate	1,275,409	2,234,304	-
Property, Plant and Equipment	13,415,238	5,037,010	-
Exploration and Evaluation Assets	-	1,596,027	3,660,743
Total Assets	\$ 24,889,135	\$ 17,887,084	\$ 6,064,461
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 1,418,182	\$ 310,725	\$ 80,732
Current portion of long-term debt	778,051	-	-
Total Current Liabilities	2,196,233	310,725	80,732
Long-term Debt	2,284,096	-	-
Total Liabilities	4,480,329	310,725	80,732
EQUITY			
Share Capital	34,717,344	33,327,114	19,722,362
Share subscriptions and option proceeds received	-	-	21,676
Commitment to issue shares	-	-	193,834

Share-based Payment Reserve	4,874,231	2,976,327	2,333,419
Accumulated Other Comprehensive Income (Loss)	57,538	(1,057,605)	(1,091,382)
Deficit	(19,240,307)	(17,669,477)	(15,196,180)
Total Equity	20,408,806	17,576,359	5,983,729
Total Liabilities and Equity	\$ 24,889,135	\$ 17,887,084	\$ 6,064,461

Select Sands Corp.
Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
(Audited)

	For the Year Ended	
	December 31, 2017	December 31, 2016
Operating Activities		
Net loss for the year	\$ (1,570,830)	\$ (2,473,297)
Adjustments for non-cash items:		
Depreciation and depletion	622,926	-
Share-based compensation	2,034,818	375,235
Foreign exchange	(225,314)	(17,068)
Loss on sale of equipment	28,426	-
Gain on sale of mineral properties, net	-	(557,184)
Share of loss in equity investee	228,795	103,082
Provision for impairment - Investment in affiliate	849,289	1,566,737
Deferred income tax recovery	(2,356,000)	-
Accretion on finance leases	51,653	-
Changes in non-cash operating assets and liabilities:		
Accounts receivable	(3,286,030)	(90,550)
Inventory	(1,961,573)	-
Prepaid expenses	(47,639)	(11,187)
Accounts payable and accrued liabilities	1,107,457	230,444
Total Cash Used in Operating Activities	(4,524,022)	(873,788)
Investing Activities		
Deposits	(250,615)	(33,895)
Exploration and evaluation assets	-	(1,126,982)
Investment in affiliate acquisition	-	(10,193)
Proceeds from disposal of equipment	7,786	-
Property, plant and equipment	(4,266,169)	(4,573,270)
Total Cash Used in Investing Activities	(4,508,998)	(5,744,340)
Financing Activities		
Share subscriptions and options exercise received	-	12,416,854
Warrants exercised	941,942	1,187,089
Options exercised	311,374	194,629
Share issue costs	-	(701,795)
Principal repayments of long-term debt	(47,867)	-
Proceeds from term loan	487,848	-
Total Cash Provided by Financing Activities	1,693,297	13,096,777
Effect of Exchange Rate Changes on Cash	616,611	34
(Decrease) Increase in Cash and Cash Equivalents	(6,723,112)	6,478,683
Cash and Cash Equivalents, Beginning of Year	8,770,627	2,291,944

Cash and Cash Equivalents, End of Year	\$ 2,047,515	\$ 8,770,627
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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) Income to EBITDA to Adjusted EBITDA:

	Year Ended December 31, 2017	Three Months December 31, 2017	September 30, 2017 *	June 30, 2017 *	March 31, 2017 *
Net (Loss) Income	\$ (1,570,830)	\$ 1,305,364	\$ 390,085	\$ (887,734)	\$ (2,378,545)
<i>Add Back</i>					
Depreciation and depletion	622,926	237,954	145,688	145,885	93,400
Share-based compensation	2,034,818	73,403	(218,107)	488,149	1,691,374
Interest on long-term debt	61,940	61,940	-	-	-
Deferred income tax recovery	(2,356,000)	(2,356,000)	-	-	-
EBITDA	\$ (1,207,146)	\$ (677,339)	\$ 317,665	\$ (253,701)	\$ (593,771)
<i>Add Back</i>					
Share of loss of equity investee	228,795	26,139	37,391	44,320	120,945
Provision for impairment in					
Investment in affiliate	849,289	849,289	-	-	-
Adjusted EBITDA	\$ (129,062)	\$ 198,089	\$ 355,056	\$ (209,381)	\$ (472,826)

* Restated in US Dollars using the average 2017 CAD/USD foreign exchange of 1.2986

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.

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