

Select Sands Reports Results for the Third Quarter 2018

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VANCOUVER, Nov. 14, 2018 - [Select Sands Corp.](#) (“Select Sands” or the “Company”) (TSXV: SNS, OTC: SLSDF) today announced operational and financial results for Q3 2018 and the filing of its financial statements and associated management’s discussion and analysis on [www.sedar.com](#). The Company’s financial statements are presented in U.S. dollars to better reflect Select Sands’s operations and to improve investors’ ability to compare the Company’s financial results with other publicly traded silica sand businesses in the U.S. Prior to reporting its Q4 2017 and full year results, Select Sands’s financial statements were stated in Canadian dollars. The Company will host a conference call on Thursday, November 15, 2018 at 10:00 A.M. Central to discuss its Q3 2018 results (see “Conference Call Information” section in this release for access information).

Q3 2018 Highlights

- Sold 81,626 tons of frac and industrial sand during Q3 2018, with the decrease in frac sand demand from Q2 2018 levels primarily driven by an accelerated slowdown in well completions in the Permian Basin as a result of temporary takeaway capacity constraints, exploration and production budget exhaustion for 2018 and in-basin supply additions;

	Q3 2018	Q3 2017	Q2 2018
Frac sand	81,604	114,567	164,848
Industrial sand	22	283	24
Frac and Industrial sand	81,626	114,850	164,872
Other sand & gravel	2,165	3,632	1,401
	83,791	118,482	166,273

- Generated revenue of \$4.0 million and gross profit of \$0.7 million in Q3 2018, as compared to \$9.5 million and \$3.0 million, respectively, in Q2 2018;
- Reported a net loss of \$0.1 million, or \$0.00 per basic and diluted share, in Q3 2018 versus net income of \$1.6 million, or \$0.02 per basic and diluted share, in the preceding quarter;
- Generated Q3 2018 adjusted EBITDA⁽¹⁾ of \$0.2 million as compared to \$2.9 million in Q2 2018; and
- As of September 30, 2018, cash and cash equivalents were \$5.3 million, inventory on hand was \$2.6 million, accounts receivable was \$0.8 million and working capital was \$6.4 million. This is compared to cash and cash equivalents of \$4.2 million, inventory on hand of \$1.8 million, accounts receivable of \$4.0 million and working capital of \$7.0 million as of June 30, 2018.

(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”.

Recent Updates

- On October 18, 2018, the Company announced it had placed certain employees at its Arkansas operations on temporary furlough until further notice. Shipments and limited production continue, and Select Sands is pursuing additional opportunities, including evaluating sand production and sand-related business opportunities in or near other basins.
- The Company’s Independence property expansion project remains on hold, with progress resuming once frac sand demand reaches appropriate levels.

Zig Vitols, President and Chief Executive Officer, commented, “Along with other frac sand producers in the industry, we were not immune to the widespread disruptions that impacted demand during the third quarter. Given this backdrop, we quickly took the necessary steps to manage costs and preserve working

capital, including moving to single shift operations to ensure optimal control of overhead. As one would expect, this has been a difficult situation for our employees and contract-personnel and I want to thank them for their continued assistance and hard-work.”

Financial Summary

The following table includes summarized financial results for the three months ended September 30, 2018, September 30, 2017 and June 30, 2018:

Select Sands Corp.

Summarized Consolidated Interim Statements of Operations and Comprehensive (Loss) Income

(Expressed in United States Dollars)

(Unaudited)

	For the Three Months Ended	
	September 30, 2018	September 30, 2017
Revenue	\$ 3,992,438	\$ 5,135,956
Cost of goods sold (excluding depreciation and depletion)	3,295,315	3,941,999
Gross Profit	\$ 697,123	\$ 1,193,957
General and administrative ("G&A") expenses (1)	640,063	240,078
Depreciation and depletion	243,818	149,499
Interest on long-term debt	44,840	-
Operating (Loss) Income	\$ (231,598) \$ 804,380
Interest income	9,076	3,106
Foreign exchange gain (loss)	44,000	(444,985)
Share of (loss) in equity investee	(17,815) (40,449
(Loss) Income Before Income Taxes	\$ (196,337) \$ 322,052
Provision for income taxes	60,197	-
Net (Loss) Income	\$ (136,140) \$ 322,052
Foreign currency translation adjustment	10,930	(16,554)
Comprehensive (Loss) Income	\$ (125,210) \$ 305,498
Basic (Loss) Earnings Per Share	\$ (0.00) \$ 0.00
Diluted (Loss) Earnings Per Share	\$ (0.00) \$ 0.00
Basic Weighted Average Number of Shares Outstanding	88,501,033	87,003,316
Diluted Weighted Average Number of Shares Outstanding	95,845,596	97,044,429
Adjusted EBITDA (2)	\$ 171,046	\$ 339,005

(1)

Includes non-cash share-based compensation of \$60,915, (\$172,995) 2018, third quarter 2017 and second quarter 2018.

(2)

Excludes depreciation and depletion, non-cash share-based compensation of (loss) in equity investee and provision for income taxes. See table Measures” for reconciliation to net (loss) income.

Outlook

Mr. Vitols concluded, “Given the strong underlying long-term fundamentals of the North American oil and gas industry, we view the decrease in demand faced by frac sand producers as transitory in nature. While it is difficult to estimate the specific timing, we currently expect market conditions to improve in early 2019, as budgets for E&P operators reset and well completion activity accelerates. We also anticipate further expansion of offtake capacity in the Permian, which will improve pricing differentials and thereby drive more activity in the region. Given the high-quality silica offerings we produce and our strategic location near key oil and gas basins in the U.S., in this improved environment we expect to return to full rate production. In addition, we will be in a better position to move forward with the Independence property expansion project, which will increase our production capacity to one million tons per year – a 67% increase over current capacity – and significantly lower the cost profile of our overall operations.”

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 Thursday, November 15, 2018 at 10:00 a.m. Central (CT) to discuss Q3 of 2018 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, which owns a number of properties in Arkansas and is currently in production at its 100% owned, Tier-1, silica sands property located near Sandtown, Arkansas, U.S.A. Select Sands's goal is to become a key supplier of premium industrial silica sand and frac sand to North American markets. Select Sands's Arkansas properties have a significant logistical advantage of being significantly closer to oil and gas markets located in Oklahoma, Texas and Louisiana than sources of similar sands from the Wisconsin area. 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's 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 comments that include, but are not limited to improved customer demand for frac sand, returning to full production levels, further capacity expansion and a lower cost profile. 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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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Select Sands Corp.

Consolidated Interim Statements of Operations and Comprehensive Income (Loss)

(Expressed in United States Dollars)

(Unaudited)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Revenue	\$ 3,992,438	\$ 5,135,956	\$ 19,152,293	\$ 8,539,797
Cost of Goods Sold (excluding depreciation and depletion)	3,295,315	3,941,999	14,084,597	6,908,187
Gross Profit	697,123	1,193,957	5,067,696	1,631,610
Operating Expenses				
Compensation and consulting	292,768	396,888	744,239	698,346
Depreciation and depletion	243,818	149,499	704,344	382,381
Interest on long-term debt	44,840	-	117,750	-
Selling, general and administrative	286,385	16,185	429,528	484,894
Share-based compensation	60,910	(172,995)	488,154	1,948,213
Total Operating Expenses	(928,721)	(389,577)	(2,484,015)	(3,513,834)
Operating Income (Loss)	(231,598)	804,380	2,583,681	(1,882,224)
Other (Expense) Income				
Interest income	9,076	3,106	12,731	16,948
Foreign exchange gain (loss)	44,000	(444,985)	40,207	(790,266)
Share of (loss) in equity investee	(17,815)	(40,449)	(67,548)	(201,292)
Total Other (Expense) Income	35,261	(482,328)	(14,610)	(974,610)
Net Income (Loss) Before Income Taxes	(196,337)	322,052	2,569,071	(2,856,834)
Provision for income taxes	60,197	-	(526,075)	-
Net Income (Loss)	\$ (136,140)	\$ 322,052	\$ 2,042,996	\$ (2,856,834)
Other Comprehensive (Loss) Income				
Foreign currency translation adjustment	10,930	(16,554)	(153,507)	19,525
Comprehensive Income (Loss)	\$ (125,210)	\$ 305,498	\$ 1,889,489	\$ (2,837,309)
Basic Earnings (Loss) Per Share	\$ (0.00)	\$ 0.00	\$ 0.02	\$ (0.03)
Diluted Earnings (Loss) Per Share	\$ (0.00)	\$ 0.00	\$ 0.02	\$ (0.03)
Basic Weighted Average Number of Shares Outstanding	88,501,033	87,003,316	88,376,576	86,488,033
Diluted Weighted Average Number of Shares Outstanding	95,845,596	97,044,429	95,721,139	86,488,033

Select Sands Corp.
 Consolidated Interim Statements of Financial Position
 (Expressed in United States Dollars)
 (Unaudited)

	As at	
	September 30, 2018	December 31, 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 5,299,781	\$ 2,047,515
Accounts receivable	756,137	3,385,597
Inventory	2,560,041	1,961,573
Prepaid expenses	83,446	83,223
Total Current Assets	8,699,405	7,477,908
Deposits	320,994	364,580
Deferred income taxes	2,165,121	2,356,000
Investment in Affiliate	1,270,603	1,275,409
Property, Plant and Equipment	15,631,747	13,415,238
Total Assets	\$ 28,087,870	\$ 24,889,135
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 1,122,994	\$ 1,418,182
Current portion of long-term debt	1,170,616	778,051
Total Current Liabilities	2,293,610	2,196,233
Long-term Debt	2,955,388	2,284,096
Total Liabilities	5,248,998	4,480,329
EQUITY		
Share Capital	34,803,675	34,717,344
Share-based Payment Reserve	5,328,477	4,874,231
Accumulated Other Comprehensive (Loss) Income	(95,969)	57,538
Deficit	(17,197,311)	(19,240,307)
Total Equity	22,838,872	20,408,806
Total Liabilities and Equity	\$ 28,087,870	\$ 24,889,135

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

	For the Nine Months Ended	
	September 30, 2018	September 30, 2017
Operating Activities		
Net income (loss) for the period	\$ 2,042,996	\$ (2,856,833)
Adjustments for non-cash items:		
Depreciation and depletion	704,344	382,381
Share-based compensation	488,154	1,948,213
Foreign exchange	101,011	204,735
Gain on sale of equipment	-	(1,196)
Share of loss in equity investee	67,548	201,292

Accretion on finance leases	55,171	-
Provision for income taxes	127,152	-
Changes in non-cash operating assets and liabilities:		
Accounts receivable	2,629,460	(2,473,237)
Inventory	(598,468)	(1,953,157)
Prepaid expenses	(223)	4,380
Accounts payable and accrued liabilities	(558,455)	749,900
Total Cash Provided by (Used in) Operating Activities	5,058,690	(3,793,522)
Investing Activities		
Deposits	43,586	(231,928)
Investment in affiliate	(100,000)	-
Proceeds from disposal of equipment	-	5,955
Property, plant and equipment	(1,155,800)	(3,612,562)
Total Cash Used in Investing Activities	(1,212,214)	(3,838,535)
Financing Activities		
Warrants exercised	37,279	796,776
Options exercised	15,144	297,805
Proceeds from short-term loan	900,000	-
Repayments of short-term loan	(900,000)	-
Proceeds from long-term debt	266,558	-
Principal repayments of long-term debt	(759,684)	-
Total Cash (Used in) Provided by Financing Activities	(440,703)	1,094,581
Effect of Exchange Rate Changes on Cash	(153,507)	354,365
Increase (Decrease) in Cash and Cash Equivalents	3,252,266	(6,183,111)
Cash and Cash Equivalents, Beginning of Period	2,047,515	8,770,627
Cash and Cash Equivalents, End of Period	\$ 5,299,781	\$ 2,587,516

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 Sands' 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:

	For the Three Months Ended		
	September 30, 2018	September 30, 2017	June 30, 2018
Net (Loss) Income	\$ (136,140)	\$ 322,052	\$ 1,605,078
<i>Add Back</i>			
Depreciation and depletion	243,818	149,499	235,293

Share-based compensation	60,910	(172,995)	426,055
Interest on long-term debt	44,840	-	40,741
Provision for income taxes	(60,197)	-	586,272
EBITDA	\$ 153,231	\$ 298,556	\$ 2,893,439
<i>Add Back</i>			
Share of loss of equity investee	17,815	40,449	51,904
Adjusted EBITDA	\$ 171,046	\$ 339,005	\$ 2,945,343

The Company defines Adjusted EBITDA as net (loss) income before finance costs, income taxes, depreciation and amortization, non-cash share-based compensation and share of loss from equity investee. 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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