

Select Sands Reports Results for Second Quarter 2020

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[Select Sands Corp.](#) ("Select Sands" or the "Company") (TSXV:SNS), (OTC:SLSDF) announced operational and financial results for Q2 2020, and the filing of its financial statements and associated management's discussion and analysis on www.sedar.com. All dollar references in this release are in U.S. dollars.

SECOND QUARTER 2020 AND RECENT HIGHLIGHTS

- - Generated revenue of \$0.04 million and a gross loss of \$0.6 million in Q2 2020, versus \$3.6 million of revenue and a gross loss of \$0.8 million in Q1 2020.
 - Reported a Q2 2020 net loss of \$1.2 million, or \$0.01 loss per diluted share, compared to a net loss of \$1.5 million, or \$0.01 loss per diluted share, in Q1 2020.
 - Posted an adjusted EBITDA(1) loss of \$0.8 million for Q2 2020, versus a loss of \$1.1 million in Q1 2020.
- - As of June 30, 2020, cash and cash equivalents were \$1.2 million, accounts receivable was \$0.1 million, and inventory was \$2.8 million.
 - Made significant progress during Q2 2020 and near completion on the Company's previously announced plant reconfiguration project to optimize and consolidate processing assets to improve costs. As a result, the plant reconfiguration project is nearing completion and has started processing all products at the Sandtown wet plant and 100 mesh at the Diaz location. More discussion is included in the "Plant Reconfiguration Project" section later in this release.
 - The Company is benefitting from its lower production cost profile as sales activities have steadily increased from the beginning of Q3 2020.
 - Customer shipments restarted on July 1 and have steadily ramped up since that time. Sales volumes remaining at or close to levels prior to COVID-19 for the remainder of the year.

1. (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, "The impact of the COVID-19 pandemic during the second quarter of 2020 on the global economy - and the oil and gas industry in particular - was unprecedented. While our topline results reflected the difficult operating environment, I am proud to report that our management and employee team rose quickly to the challenge by further reducing expenses as appropriate. In addition, we immediately transitioned our collective efforts to the completion of our plant reconfiguration project to ensure we would be ready to benefit from a lower cost profile once our customers' well completion activities resumed. We were pleased to see that happen at the beginning of the third quarter and look forward to continued improvement in production and sales levels as we move through the remainder of the year."

FINANCIAL SUMMARY

The following table includes summarized financial results for the three months ended June 30, 2020, March

31, 2020, and June 30, 2019:

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SALES VOLUMES

Based on current and expected market conditions, the Company anticipates sales volumes of frac and industrial sand of 35,000 to 50,000 tons for Q3 2020, with further growth in sales volumes expected for Q4 2020.

BUSINESS UPDATE

Operations

During the second quarter of 2020, Select Sands continued operations in Arkansas, where product is mined, processed and shipped.

The George West transload facility maintained a minimal staff during the second quarter to serve operational and maintenance needs as appropriate. In late June, the Company's primary customer in the Eagle Ford resumed placing orders for frac sand with scheduled July deliveries. On July 1, a number of staff were brought back to the George West transload facility as shipments re-started. By mid-July, staffing at the facility was at 95% of normal headcount.

In Arkansas, the Company took advantage of the lull in production and redeployed its workforce to focus on completion of the Plant Reconfiguration Project that will result in significant ongoing cost savings. In addition, during the second quarter the efforts of the Arkansas workforce centered on plant maintenance activities and, near the end of the second quarter, ramping up production and restarting rail shipments to the George West transload facility.

Even with some variance, weekly sales volume levels have generally increased since the start of the third quarter and, based on conversations with its primary customer, Select Sands expects continued improvement through the remainder of the year.

Plant Reconfiguration Project

The Company is nearing completion of a reconfiguration project that will reduce the number of interplant sites from four to two and allow all truck transport between facilities in open top dump trailers while discontinuing the necessity of interplant transport in closed hopper trailers. The savings include reducing three interplant transfers down to one. This will have the added benefit of eliminating pneumatic trailers and using the simpler dump trailers for the trip from the quarry to the Diaz dry and load facility. In addition, Select Sands has implemented a program to increase its own truck fleet to help lower transportation costs.

The new wet plant located at the Sandtown Quarry has started operations and is supplying the new dry plant at the Diaz rail facility. The Diaz dry plant is currently processing 100 mesh product that is being sent to the George West facility. The heritage Freeze Farm wet plant and dry plant at Possum Grape remain at a fully functional capability. Possum Grape will process 40/70 mesh for the time being, until 40/70 mesh processing is initiated at Diaz. The Company will determine the best economical use of the assets in the coming months.

OUTLOOK

Mr. Vitols concluded, "We are clearly pleased to see a significantly improved operating environment over the past several weeks. Customer shipments restarted on July 1 and have steadily ramped up since that time, and we see sales volumes remaining at or close to levels prior to COVID-19 for the remainder of the year. As

evidence is the activity we have seen to date in August, which indicates that we could yield the highest tons sold in a month for both this year and 2019. We do expect some volatility during the remaining months of the year, but should remain in an upward trend. Factors will include crude oil pricing and the industry experiencing volatility given the uncertainty associated with the ongoing COVID-19 situation. As such, we remain squarely focused on promoting the health and safety of our employees, customers, business partners and contractors. In addition, we will continue to concentrate our efforts on what we can control and ensure we execute on opportunities as they present themselves.

"A prime example is our plant reconfiguration project, which is nearing completion. We are already seeing efficiencies from our enhanced operating footprint, and we look forward to realizing the full benefits once the project is fully completed. These improvements are materially lowering our production cost profile, which will allow Select Sands to better leverage its unique position in the marketplace - an ability to provide customers a premium Northern White Sand product that is strategically located much closer to key oil and gas basins in the Southern U.S. as compared to traditional sources in the Upper Midwest."

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.

ADDITIONAL MANAGEMENT COMMENTARY

An audio recording of management's additional comments related to its results and outlook will be posted to the Company's website (<https://www.selectsands.com/>) under the Investors section prior to market open on Wednesday, August 26, 2020. Investors interested in having a follow-up discussion with management are encouraged to arrange a specific time for a call by contacting Arlen Hansen at Kin Communications at (604) 684-6730.

ABOUT SELECT SANDS CORP.

[Select Sands Corp.](#) is an industrial silica product company, which wholly owns a Tier-1 (Northern White), silica sands property and related production facilities located near Sandtown, Arkansas. Select Sands' goal is to become a key supplier of premium industrial silica sand and frac sand to North American markets. Select Sands' Arkansas properties have a significant logistical advantage of being significantly closer to oil and gas markets located in Oklahoma, Texas, Louisiana and New Mexico than sources of similar sands from the Wisconsin area. Select Sands' also operates a transload facility in George West, Texas in Live Oak County that serves customers operating in the Eagle Ford Shale Basin. The facility has a capacity for 180 rail cars and is equipped with two offload/loading stations with dedicated silos for a high throughput capacity.

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 and 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). The Sandtown deposit is 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, statements related to expected current and future state of operations in light of the COVID-19 global pandemic, the level of sales volumes for 2020, anticipated benefits resulting from the Plant Reconfiguration Project, facility improvements and use of the Company's own trucking fleet, and benefits of the Company's market position. 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.

COMPANY CONTACT

Please visit www.selectsandscorp.com or call:

Zigurds Vitols

President & CEO

Phone: (844) 806-7313

INVESTOR RELATIONS CONTACT

Arlen Hansen

SNS@kincommunications.com

Phone: (604) 684-6730

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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 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.

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As reflected in the above table for the periods presented, the Company defines EBITDA as net loss before depreciation and depletion, non-cash share-based compensation, finance costs and income taxes. The Company defines Adjusted EBITDA as net loss before depreciation and depletion, non-cash share-based compensation, finance costs, income taxes and share of loss of 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 (loss) 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, transaction costs or other items management views as unusual or one-time in nature. 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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