

Select Sands Reports Results for Third Quarter 2020

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[Select Sands Corp.](#) ("Select Sands" or the "Company") (TSXV:SNS), (OTC:SLSDF) announced operational and financial results for Q3 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.

THIRD QUARTER 2020 AND RECENT HIGHLIGHTS

- - Sold 49,248 tons of frac and industrial sand during Q3 2020, compared to 73 tons in Q2 2020. Actual sales volumes for Q3 2020 were at the high-end of the Company's guidance of 35,000 to 50,000 tons, which was provided in Select Sands' second quarter earnings results released on August 25, 2020.
 - Generated revenue of \$2.9 million and a gross margin of \$0.1 million in Q3 2020, versus \$0.04 million of revenue and a gross loss of \$0.6 million in Q2 2020.
 - Reported a Q3 2020 net loss of \$0.7 million, or \$0.01 loss per diluted share, compared to a net loss of \$1.2 million, or \$0.01 loss per diluted share, in Q2 2020.
 - Posted a lower adjusted EBITDA(1) loss of \$0.3 million for Q3 2020, versus a loss of \$0.8 million in Q2 2020.
- - As of September 30, 2020, cash and cash equivalents were \$0.7 million, accounts receivable was \$1.0 million, and inventory was \$2.4 million.
 - Continued to make significant progress on the Company's previously announced plant reconfiguration project to optimize and consolidate processing assets to improve costs. During Q3 2020, the new wet plant at Sandtown processed all products and the new dry plant at the Diaz rail facility processed 100 mesh product. More discussion is included in the "Plant Reconfiguration Project" section later in this release.
 - Benefitted in Q3 2020 from its lower production cost profile and expects to achieve additional operational efficiencies in Q4 2020.
 - Recently advised by its lending institution that Select Sands had successfully met all of the criteria necessary to have its Paycheck Protection Program loan of \$416,153 made available through the Small Business Administration in the USA forgiven. This will be reflected in the Company's Q4 2020 results.

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(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, "We were clearly pleased to see a material increase in customer activity levels in the third quarter. Combined with our lower cost profile due to the plant reconfiguration project, the result was a significant improvement in our financial performance versus the second quarter. I want to thank all of our employees and contractors for their continued hard work as we navigate the challenging backdrop as a result of the COVID-19 pandemic. Their steadfast dedication to performing at a sustained high-level while ensuring the health and safety of themselves, their co-workers and our customers has been amazing. I look forward to their continued efforts as we successfully finish out this year and move into what we expect will be a better backdrop for oil demand in 2021 as COVID-19 vaccines

and related immunology therapies come more fully to market."

FINANCIAL SUMMARY

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

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SALES VOLUMES

Based on current and expected market conditions, the Company anticipates sales volumes of frac and industrial sand of 55,000 to 70,000 tons for Q4 2020.

BUSINESS UPDATE

Operations

In late June, primarily driven by a much-improved commodity price environment, the Company's primary customer with operations in the Eagle Ford shale play in South Texas resumed placing orders. This continued through Q3 2020 with additional deliveries scheduled for Q4 2020. In support of these activities, Select Sands continues to mine, process and ship product from its operations in Arkansas to the Company's George West transload facility located in the heart of the Eagle Ford.

During Q3 2020, Select Sands focused on the production and processing of its premium 100 mesh product to supply the needs of its' primary customer. While 100 mesh is expected to remain in highest demand, customers have recently communicated their desire for the Company's 40/70 mesh product. As such, Select Sands is expanding its processing capabilities in Arkansas and will begin to ship 40/70 mesh in late Q4 2020 and continue into 2021.

Plant Reconfiguration Project

The Company will complete its reconfiguration project in Arkansas in Q4 2020. As previously announced, the project materially improves the efficiency of Select Sands' mining, processing and shipping operations by reducing the number of interplant sites from four to two and allowing for all truck transport between facilities in open top dump trailers while discontinuing the necessity of interplant transport in closed hopper trailers. In addition, Select Sands has increased the level of its own truck fleet capacity to help lower transportation costs.

The new wet plant located at the Sandtown Quarry remains in full operations and continues to supply the new dry plant at the Diaz rail facility.

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 Thursday, November 19, 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 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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