

Select Sands Reports Results for Second Quarter 2021

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[Select Sands Corp.](#) ("Select Sands" or the "Company") (TSXV:SNS), (OTC:SLSDF) today announced operational and financial results for Q2 2021, and the filing of its audited financial statements and associated management's discussion and analysis on www.sedar.com. All dollar references in this release are in U.S. dollars.

Q2 2021 AND RECENT KEY HIGHLIGHTS

- - Sold 85,242 tons of frac and industrial sand during Q2 2021, which was 42% higher than 59,970 tons sold in Q1 2021 and 61% higher than 53,009 tons sold for Q4 2020. Driving the increased sales volumes for Q2 2021 was further expansion in customer activities in response to an improved commodity price environment.
- - Generated revenue of \$4.8 million and gross margin of \$0.5 million in Q2 2021 - a significant improvement from \$3.6 million of revenue and a gross loss of \$0.04 million in Q1 2021, and substantially higher than revenue of \$0.04 million and a gross loss of \$0.6 million in Q2 2020. As discussed in the Company's Q1 2021 earnings release, Q1 2021 cost of goods sold, excluding depreciation and depletion, included higher expenses for utilities and repairs and maintenance, as well as costs to restart the Company's facilities as a result of the severe winter storm in February.
- Reported net income of \$0.3 million, or \$0.00 per diluted share, in Q2 2021, compared to a net loss of \$0.8 million, or \$0.01 loss per diluted share, in Q1 2021 and a net loss of \$1.2 million, or \$0.01 loss per diluted share, in Q2 2020.
- Posted adjusted EBITDA(1) of \$0.2 million for Q2 2021, versus an adjusted EBITDA loss of \$0.3 million in Q1 2020 and an adjusted EBITDA loss of \$0.8 million in Q2 2020.
- - As of June 30, 2021, cash and cash equivalents were \$0.2 million, accounts receivable was \$1.9 million, and inventory was \$3.7 million.
- As previously announced, Select Sands recently successfully negotiated and entered into a new five-year \$8.1 million loan agreement (the "Loan Agreement") with its bank to restructure its existing loans. Separately, Select Sands received confirmation that the Company's second Payroll Protection Program relief loan of \$574,990 was forgiven, which was reflected as a one-time gain in Q2 2021.

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

Zig Vitols, President and Chief Executive Officer, commented, "Supported by a substantial increase in sequential sales volumes driven by a further enhanced industry backdrop, we were pleased to see a meaningful improvement in our operational and financial performance for the second quarter. Contributing to our financial results are the permanent cost reductions afforded by our targeted Plant Reconfiguration Project that was completed in January. We look forward to further benefiting from our improved expense profile. In addition, with the recent execution of our Loan Agreement, we are in a much stronger financial position given the decrease in nearer term working capital needs and the lower interest rate we will pay going forward."

FINANCIAL SUMMARY

The following table includes summarized financial results for the three months ended June 30, 2021, March 31, 2021, and June 30, 2020, and for the six months ended June 30, 2021 and June 30, 2020:

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SALES VOLUMES

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For Q3 2021, the Company currently expects sales volumes of frac and industrial sand of 60,000 to 80,000 tons. The anticipated decrease from sales volumes levels for Q2 2021 is primarily associated with the timing of development activities for a certain customer. The Company continues to expect year over year sales volume growth as the backdrop for oil and gas drilling and completions activity continues to improve into 2022.

OPERATIONS UPDATE

As discussed previously, frac and industrial sand sales volumes increased sequentially by 42% from 59,970 tons in Q1 2021 to 85,242 tons in Q2 2021. The year-to-date sales volume of 145,212 tons marks a 147% increase from year-to-date volumes of 58,915 tons for the first half of 2020. Q2 2021 sales volumes were below the Company's full shipment capability, which presents the opportunity for continued improvement in sales volumes (and the opportunity to spread fixed costs over a wider base of tons produced) over time.

Supporting the increasing needs of customers in the Eagle Ford shale basin in South Texas, the Company's George West transload facility is continuing to operate 24 hours per day and seven days per week and is also offered to transload for other rail shippers. The Eagle Ford basin continues its recovery that started in Q4 2020, and Select Sands continues to see other oilfield services companies increasing their presence in the basin. In addition, during Q2 2021 the Company increased shipments to customers serving the Permian Basin.

Select Sands continued to see an efficient flow of rail traffic to the George West distribution facility in Q2, even though the Union Pacific Railroad has reported "crew challenges" as we move into Q3. As in most industries, the persistent truck driver shortage continues to hamper increasing shipments in all areas, including last mile logistics. This situation may actually favor Select Sands, as the George West distribution facility is closer to many well sites and therefore increasing the number of turns by trucker drivers. In short, fewer miles for delivery translates to increased delivery volumes with fewer drivers, thereby increasing the amount of frac sand being delivered to support increased productivity at the well site versus other sand providers operating in the Eagle Ford shale basin.

OUTLOOK

Mr. Vitols concluded, "We continue to see an outlook for further economic expansion and resulting growing global oil demand. We look forward to serving our current and future customers in the Eagle Ford, Permian and other key oil basins that recognize the superior quality characteristics our Northern White Sand offering can provide in terms of helping to drive higher returns on investment from their capital programs. As important is the cost savings we can provide as we are located much closer to key oil basins in the Southern U.S. compared to the majority of other Northern White Sand producers. By leveraging our unique market position, we look forward to capitalizing on additional opportunities to prudently expand our business. We appreciate the continued support of our shareholders as we further position Select Sands for long-term success."

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 before the market opens Thursday, August 26, 2021.

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 the majority of sources of similar sands from the Northern mid-west area such as Wisconsin. 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. In addition to transloading Select Sands product, the Company sells other sand products from this facility and is able to offer transload services.

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, sales volumes for 2021, customer activity levels in the Eagle Ford and other shale basins, and the unique market position of the Company. 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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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, interest on long-term debt, non-cash share-based compensation, and income taxes. The Company defines Adjusted EBITDA as net loss before depreciation and depletion, interest on long-term debt, non-cash share-based compensation, income taxes, unrealized gain on investment, gain on disposal of investments, gain on sale of equipment and gain on settlement of debt. 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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