

Select Sands Reports Results for First Quarter 2022

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[Select Sands Corp.](#) ("Select Sands" or the "Company") (TSXV:SNS), (OTC:SLSDF) today announced operational and financial results for Q1 2022, 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.

KEY HIGHLIGHTS

- [Sold 107,428 tons of frac and industrial sand during Q1 2022, which was 13% higher than 94,670 tons sold in Q4 2021 and 79% higher than 59,970 tons sold for Q1 2021. Driving the consistent increase in quarterly sales volumes throughout 2021 and into 2022 was higher demand for the Company's premium quality product offerings as petroleum pricing remained strong.](#)
 - Recorded revenue of \$6.2 million and gross margin of \$0.7 million in Q1 2022 compared to \$6.1 million of revenue and gross margin of \$0.7 million in Q4 2021, and revenue of \$3.6 million and a gross loss of \$0.04 million for Q1 2021.
 - Reported a net loss of \$0.1 million, or \$0.00 per share, in Q1 2022, compared to a net loss of \$0.8 million, or \$0.01 per share, in Q4 2021 and a net loss of \$0.8 million, or \$0.01 per share, in Q1 2021.
 - Generated adjusted EBITDA(1) of \$0.5 million for Q1 2022 compared to \$0.5 million in Q4 2021 and a loss of \$0.3 million for Q1 2021.
 - As of March 31, 2022, cash and cash equivalents were \$0.1 million, accounts receivable was \$2.7 million, inventory was \$3.4 million and working capital was \$1.2 million.
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, "I am pleased with our start for 2022, including the 13% increase in frac and industrial sales volumes we saw in the first quarter. During the period, we benefitted from a continued strong oil and natural gas pricing environment, and we expect to see ongoing growth in demand for our premium quality Northern White Sand and other product offerings for the remainder of 2022 and into next year. I want to thank our entire workforce for their continued hard work and dedication."

Mr. Vitols continued, "During the first quarter of 2022, we saw mine gate sales grow to approximately 40% of total sales from virtually zero in the fourth quarter of 2021. This impacted revenue but not gross margin as mine gate sales do not include transportation charges. Our first quarter sales also reflected an overall increase in the amount of time it took for customers to return rail cars, which impacted our ability to fully capitalize on the strength of the spot sales market. Although the issue of slow returning of rail cars persisted into the second quarter, we are working closely with our customers to find a resolution. We expect late railcar returns to be substantially eliminated by late summer or early autumn of this year."

FINANCIAL SUMMARY

The following table includes summarized financial results for the three months ended March 31, 2022, December 31, 2021, and March 31, 2021:

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SALES VOLUMES

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Select Sands sold 107,428 tons of frac and industrial sand during Q1 2022, which was below the full shipment capability of Select Sands' Arkansas' operations (approximately 150,000 tons per quarter), which presents the opportunity for continued improvement in sales volumes (and the ability to spread fixed costs over a wider base of tons produced) over time.

For Q2 2022, the Company expects frac and industrial sand sales volumes of 90,000 to 105,000 tons. Impacting Q2 sales volumes is the aforementioned delay in the return of rail cars from customers due to slower than expected unloading schedules. Select Sands expects sales volumes to increase in the third and fourth quarters of 2022 as the Company works with its customers over the coming months to substantially eliminate the delayed return of rail cars.

OPERATIONS UPDATE

Supporting the Company's positive outlook is Baker Hughes' recently published weekly drilling rig count estimates that show a U.S. onshore count of 728 rigs as of May 20, 2022 - a 60% increase from the same time last year. Select Sands expects the U.S. rig count to continue to grow modestly for the remainder of 2022 and remains focused on positioning its operations to capitalize on this trend by further leveraging its high-quality product offerings.

This includes serving the increasing needs of customers in the Eagle Ford shale basin in South Texas. The Company's George West transload facility continues to operate 24 hours per day and seven days per week and offering transload for other rail shippers.

OUTLOOK

Mr. Vitols concluded, "We have a continued positive outlook for strong operating and performance as we move through the remainder of the year. Supporting our view is the increase in oil and gas field development activities in the U.S. onshore basin plays driven by an expected strong hydrocarbon environment for the remainder of the year and into 2023. We remain uniquely positioned to benefit given the superior quality characteristics of our Northern White and other product offerings sourced from operations that are located much closer to key oil basins in the Southern U.S. compared to the majority of other Northern White Sand producers. While the oil and gas industry backdrop remains positive, the overall economic environment has been challenging in terms of continued inflationary cost pressures on inputs such as natural gas, diesel fuel and transport. We have been fortunate to reasonably adapt pricing and I want to thank our entire team for their collective success in providing our customers with a superior product and service offering. Concurrent with these efforts, we remain focused on evaluating and executing on targeted high rate-of-return opportunities to further expand our business for the benefit of our shareholders."

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 Friday, May 27, 2022.

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 2022, customer activity levels, 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 tables for the periods presented, the Company defines EBITDA as net (loss) income adjusted for items listed. The Company defines Adjusted EBITDA as net loss (income) adjusted for select items used to estimate EBITDA with additional adjustments as listed in the above table to estimate Adjusted EBITDA. 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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