

# Select Sands Reports Results for Second Quarter 2023

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Houston, August 25, 2023 - [Select Sands Corp.](#) ("Select Sands", "We" or the "Company") (TSXV:SNS) (OTC:SLSDF) today announces operational and financial results for the three months ended June 30, 2023 ("Q2 2023"), and the filing of its financial statements and associated management's discussion and analysis on [www.sedar.com](http://www.sedar.com) by end of day. All dollar references in this release are in U.S. dollars.

## KEY HIGHLIGHTS

- Sold 53,894 tons of frac and industrial sand during Q2 2023 compared to 83,027 tons in the three months ended March 31, 2023 ("Q1 2023") and 83,207 tons in the three months ended June 30, 2022 ("Q2 2022"). As discussed in the Company's Q1 2023 earnings release, Select Sand's guidance for Q2 2023 frac and industrial sand sales volumes was 45,000 to 60,000 tons.
- Recorded revenue of \$3.2 million and a gross loss of \$0.1 million in Q2 2023 versus \$5.1 million of revenue and gross margin of \$0.4 million in Q1 2023, and revenue of \$5.3 million and gross margin of \$1.0 million for Q2 2022.
- Reported a net loss of \$1.0 million, or \$0.01 per share, in Q2 2023 compared to a net loss of \$0.5 million, or \$0.01 per share, in Q1 2023 and net income of \$0.1 million, or \$0.00 per share, in Q2 2022.
- Generated an Adjusted EBITDA(1) loss of \$0.4 million for Q2 2023 versus positive Adjusted EBITDA of \$0.1 million in Q1 2023 and \$0.7 million for Q2 2022.
- As of June 30, 2023, cash and cash equivalents were \$0.5 million, accounts receivable was \$0.4 million, and inventory was \$4.4 million. Of note, the Company has received full payment on all of its accounts receivable balance outstanding on June 30, 2023.

(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, "While clearly less than we would have liked, our second quarter sales volumes levels did come in above the mid-point of our guidance range. Substantially impacting second quarter sales tons was the continued involvement of one of our largest customer's schedule of field development activities and previous product purchase obligations. The industry dry spell has affected any brokerage and transload opportunities at the George West facility as well. Unfortunately, this trend continued into the third quarter as U.S. rig activity levels measured last week declined 11% from three months earlier and more than 15% from this same time last year. We quickly reacted to the lower sales volumes backdrop by reducing staffing levels and temporarily halting certain production activities to save on cash outlays for blasting, electricity, fuel and other expenses until our sales outlook improved. I am pleased to report that we have just recently received an uptick in customer interest for products, although it is substantially for deliveries that will occur in the fourth quarter. In short, we look forward to an improved sales environment beginning in the fourth quarter based on recently scheduled frac sand jobs and additional scheduling conversations."

## FINANCIAL SUMMARY

The following table includes summarized financial results for the three months ended June 30, 2023, March 31, 2023 and June 30, 2022, as well as for the six months ended June 30, 2023 and June 30, 2022:

## SALES VOLUMES

Select Sands sold 53,894 tons of frac and industrial sand during Q2 2023 compared to 83,027 tons in Q1 2023. Sales volume levels for Q2 2023 were below the full shipment capability of the Company's Arkansas' operations (approximately 150,000 tons per quarter). This 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 Q3 2023, the Company expects frac and industrial sand sales volumes to be forecasted the same as Q2 2023 at 45,000 to 60,000 tons. As previously discussed, the Company has recently received an uptick in customer interest for products, although it is substantially for deliveries that will occur in the fourth quarter.

## OUTLOOK

Mr. Vitols concluded, "While our sales volumes levels for the second quarter and third quarter to date have been lower than we anticipated at the beginning of the year, we continue to have a positive outlook on the long-term dynamics of the oil and gas industry. Supporting this view is the U.S. EIA's projection that hydrocarbons will remain the most used energy source in the U.S. through 2050. We look forward to continuing to support oil and gas operators in their ongoing field development efforts designed to maximize the ultimate recovery of their inventory of assets through use of our premium Northern White Sand product offerings that are located much closer to key oil basins in the Southern U.S. compared to the majority of other Northern White Sand producers. As in the past, I want to thank our workforce for their continued hard work and dedication. As important, we appreciate the support of our shareholders as we remain squarely focused on driving long-term value through our targeted sales efforts, efficient operations and evaluation of external opportunities designed to prudently expand the business and provide a solid risk-adjusted return on investment."

## ABOUT SELECT SANDS CORP.

[Select Sands Corp.](#) is an industrial silica product company, which wholly owns a 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 products, the Company sells other sand products from this facility and is able to offer transload services.

## 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 2023, 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

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## COMPANY CONTACTS

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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 meaning) 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.

As reflected in the above tables for the periods presented, the Company defines EBITDA as net loss adjusted for items listed. The Company defines Adjusted EBITDA as net loss 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 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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