SELECT SANDS CORP.

Management's Discussion and Analysis
For the Three Months Ended March 31, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2020 of Select Sands Corp. ("We", "Select Sands" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has been prepared as of June 1, 2020.

Nature of Operations and Going Concern

The Company's primary business is its advanced stage silica sand quarry and production facilities located in Arkansas, USA. The Company is focused on developing this business to enable long-term, profitable commercial silica sand sales to industrial and energy customers. Select Sands' goal is to be a premium silica sand supplier selling into the specialty industrial and oil & gas markets.

Select Sands Corp. was incorporated in Canada on July 31, 2006 pursuant to the *Business Corporations Act (British Columbia)*. Its corporate office and principal place of business is Suite 310, 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1. The Company also maintains offices in Houston, Texas and Newark, Arkansas, U.S.A. The Company's wholly owned subsidiary Select Sands America Corp. actively operates the Company's silica sand business operations in Arkansas, USA. Select Sands shares trade on both the TSX Venture Exchange ("TSX-V") in Canada under symbol "SNS" as a Tier 2 company and in the U.S. on the OTCQB exchange under symbol "SLSDF".

The Company's condensed consolidated interim financial statements for the three months ended March 31, 2020 have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. For the three months ended March 31, 2020, sales were $3,590,857 (2019 – $1,566,261), a gross loss of $820,312 (2019 – $104,660), negative cash flow from operating activities of $3,744,296 (2019 – $1,269,755), a net loss of $1,477,219 (2019 – $806,546) and may not be able to continue to finance day to day activities through operations alone. The Company's continuation as a going concern is dependent upon achieving higher levels of sales and gross margin to maintain profitable operations and generate funds there from and/or raising equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash from operations, cash on hand, loans from financial institutions, the sale of non-core assets and if necessary, private placement of common shares. The Company's condensed consolidated interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

COVID-19 Pandemic

During the three months ended March 31, 2020, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

The Company has been actively pursuing relief programs such as sick leave supplements and the Paycheck Protection Program loans available through the Small Business Administration in the USA. In April 2020, the Company received $416,153 from the Payroll Protection Program available in the USA.

In early Q2 2020, the Company's number one contract customer announced that it would enter a "break" period with its fleets where the Company supplies products. The Company is in discussions with the customer and is evaluating its options. During this break, the Company will maintain a minimum crew available for any needed transload activity in George West, Texas. The Company's contract with its contract customer contains provisions for purchasing minimum quantities which may generate some levels of revenues for the Company in the coming months, depending on a number of contractual factors. The precise details contained in that contract are confidential.

The Company is using this lull in production to redeploy its Arkansas workforce to concentrate on the reconfiguration project that will introduce significant cost savings once operations normalize.

Discussion of Ongoing Business Operations

The Company's new contract customer started receiving shipments in January of 2020 that significantly improved sales. Q1, 2020 volume was 59,089 tons in frac and industrial product sales versus 39,981 tons in Q1, 2019. Q1 2020 volume was the highest volume for any quarter reported throughout 2019. Total frac and industrial sales revenue was $3,589,362 versus Q1, 2019 of $1,535,745.

The Company is in the midst 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 load/unload points by half, significantly decrease interplant transportation mileage and allow the use of simpler dump trailers for transport.
The Company has completed the construction of the new drying plant at its Diaz property in Arkansas. The Diaz facility also hosts the Select Sands bulk rail loading facility.

A wet plant continues to be assembled at the Sandtown quarry near Cave City, Arkansas. Once the wet plant is completed, product will be mined and wet processed at Cave City and transported to Diaz where it will be dried and shipped.

The heritage wet plant called Freeze Farm and the dry plant at Possum Grape remain fully operationally capable throughout the reconfiguration project. Once the new plants become fully operational, the heritage facilities may be shuttered for the near term.

Although the second quarter is expected to be extremely challenging, with oil prices recovering recently we are cautiously optimistic that the market will improve in Q3, and if so, sales of the Company's frac sand is expected to resume at a brisk pace.

The COVID-19 Pandemic, as well as the recent downward pressure on oil prices, added to the challenges being faced by the Company of depressed pricing and low market demand. The Company has been actively pursuing relief programs such as sick leave supplements and the Paycheck Protection Program loans available through the Small Business Administration.

Silica Sand Business

The Company is mining a 520-acre site called the Sandtown quarry. Sandtown is a commercial silica producing quarry underlain by the Ordovician St. Peter Sandstone Formation. It has a competitive location advantage by being closer to the Texas/Louisiana oil/gas plays, Houston Port and Industrial Hub compared to Wisconsin-based sand mines.

The St. Peter Sandstone formation is host to a number of producing silica sand mines/quarries throughout the central U.S.A. The Sandtown quarry contains "Tier 1" quality commercial silica sand (also known as "Northern White" or "Ottawa White Sand") which it supplies to oil and gas operations in the US. Tier 1 commercial silica sand specifications are detailed in ISO 13503-2:2006/API RP 19C Recommended Practice for Measurement of Properties of Proppants Used in Hydraulic Fracturing and Gravel-Packing Operations. These properties include sand sphericity and roundness, crush (K Value), acid solubility, turbidity and SiO_2 content.

Oil & Gas Sector Sand

The Company has enhanced its product offering this year by adding a 30/50 mesh silica sand product to its 40/70 and 100 mesh products. The three products meet or exceed the API Tier-I specifications for frac sand.

The 100 mesh and 40/70 mesh silica sand products are the most commonly used proppant grades in the continental U.S for the unconventional hydrocarbon extraction process, commonly known as hydraulic fracturing or "fracking".

Plant Reconfiguration Project and Completion of the Purchase of its Diaz Rail Facility

On January 15, 2020, the Company started a reconstruction project to optimize and consolidate processing assets to lower costs of production and transportation. The Company also completed the purchase of the Diaz Rail Loading Facility, located in Diaz Arkansas (the "Diaz Rail Facility"), for the remaining payment of US$968,747. Under the lease-to-purchase agreement, the total cost of the Diaz Rail Facility was $2,050,000 with prior lease payments applied to the total purchase price.

The Plant Reconfiguration Project includes installation of dry-process equipment at the Diaz Rail Facility, thereby increasing process efficiency by reducing inter-plant transportation costs. Dry processing at Diaz will immediately save approximately 16 miles of interplant transportation and save over one hour in transload logistics. In addition, the Company has implemented a program to increase its own truck fleet to help lower transportation costs. Logistical improvements will also be carried out at the Company's Sandtown Quarry. No disruption to production or shipping are expected to be experienced during the Plant Reconfiguration Project.

The final payment for the Diaz Rail Facility and the Plant Reconfiguration Project are being funded by a secured bank loan of up to $4,500,000 being provided to the Company's wholly owned subsidiary Select Sands America Corp. The loan bears interest at a rate of 5.25% per annum, matures on July 9, 2023 and is secured by a general security agreement and guaranteed by the Company.

Results of Operations for the Three Months Ended March 31, 2020

For the three months ended March 31, 2020, the Company generated a net loss of $1,477,219 (three months ended March 31, 2019 ("2019") – $806,546). Differences of note between the two periods are:

- The Company recorded total revenue of $3,590,857 (2019 – $1,566,261) primarily from silica sand sales. The Company's Northern White Sand sales have increased significantly due to a new supply contract. Q1, 2020 sales of 59,089 tons of silica sand versus Q1, 2019 of 39,981 tons, and prior quarter Q4, 2019 of 10,017 tons.
- The Company recorded cost of goods sold of $4,411,169 (2019 – $1,670,921) primarily from silica sand sales. Included in cost of goods sold is $627,482 (2019 – $426,987) for employee compensation.
- Compensation and consulting decreased to $226,399 (2019 – $349,215) due to the Company employing fewer human resources for its sand operations compared to 2019.
- Interest on long-term debt increased to $78,528 (2019 – $44,510) due to the Company using long-term debt to finance its heavy equipment, reconstruction loan, and other fixed asset acquisitions.
- Selling, general and administrative expenses decreased to $117,659 (2019 – $212,585) due to the Company reducing costs due to lower activity.

For the three months ended March 31, 2020, net property plant and equipment acquisitions totaled $1,399,949 compared to $196,083 in 2019.

Cash Flows for the three months ended March 31, 2020

For the three months ended March 31, 2020, the Company used $3,744,295 in operating activities compared to receiving $1,269,755 in 2019. The increase is mostly due to an increase in accounts receivable, gross loss and inventory during the current period.

For the three months ended March 31, 2020, the Company used $1,697,726 in investing activities compared to using $17,082 in 2019. The Company spent $1,399,949 on property, plant and equipment for its plant reconfiguration project (2019 - $17,082) and increased deposits by $301,157.

For the three months ended March 31, 2020, the Company received $4,847,500 from financing activities compared to using $372,143 in 2019. The Company received $2,181,794 on its line of credit and $2,665,756 in long-term debt for operations and plant reconfiguration project.

Cash decreased by $622,058 in the current period, compared to a $1,622,282 decrease in 2019.

Discussion of First Quarter 2020 Results

The Company recorded first quarter total revenues of $3,590,857 with frac and industrial sand sales volume of 59,089 tons, and miscellaneous sand & gravel sales of 256 tons for a total of 59,345 tons sold. Revenue increased by $3,310,437 or 1181% from the fourth quarter, 2019. The gross loss from sand operations including depreciation was $820,312 for the quarter ended March 31, 2020. The Company ended the first quarter of 2020 with inventory valued at $2,555,153 and accounts receivable from customers of $2,143,434.

Expressed in United States Dollars unless otherwise noted

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for the three months ended March 31, 2020 and each of the prior eight quarters.

Quarter Ending	Revenue	Net (Loss) Income	(Loss) Earnings per share
March 31, 2020	$3,590,857	$(1,477,219)	$(0.02)
December 31, 2019	$280,419	$(3,373,728)*	$(0.04)
September 30, 2019	$1,146,487	$(1,992,381)**	$(0.02)
June 30, 2019	$1,367,450	$(3,077,785)***	$(0.03)
March 31, 2019	$1,566,261	$(806,546)	$(0.01)
December 31, 2018	$913,482	$(2,517,676)****	$(0.03)
September 30, 2018	$3,992,438	$(136,140)	$(0.00)
June 30, 2018	$9,504,445	$1,605,078	$0.02
March 31, 2018	$5,655,410	$574,058	$0.01

* Net loss includes impairment of property, plant and equipment for $952,313.
** Net loss includes impairment of Bell Farm property for $274,476.
*** Increase in net loss due to the Company taking a non-cash one-time charge derecognizing $2,075,595 in deferred income taxes and continued lower sales.
**** Increased loss due to lower sales during the period and recognition of $668,024 loss in equity investee.

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. EBITDA and Adjusted EBITDA are not recognized measures of financial performance (nor do they have 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 Sand's 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.

Expressed in United States Dollars unless otherwise noted

EBITDA and Adjusted EBITDA

The Company defines EBITDA as net loss before finance costs, income taxes, depreciation and amortization and non-cash share-based compensation. The Company defines Adjusted EBITDA as net loss income before finance costs, income taxes, depreciation and amortization, non-cash share-based compensation, share of loss of equity investee, provision for impairment in investment in affiliate, provision for impairment of property, plant and equipment, loss on sale of property, plant and equipment and gain on extinguishment of debt. Select Sands uses Adjusted EBITDA as a supplemental financial measure of its operational performance. The Company defines Adjusted EBITDA per ton as Adjusted EBITDA divided by the total tons sold during the period. Management believes Adjusted EBITDA and Adjusted EBITDA per ton to be important measures 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 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 or Proposed Transaction costs. 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.

Reconciliation of Net Loss to EBITDA to Adjusted EBITDA

	Three Months Ended	
	March 31, 2020	**March 31, 2019**
Net Loss	**$ (1,477,219)**	**$ (806,546)**
Add Back		
Depreciation and depletion	270,670	276,165
Share-based compensation	-	56,918
Interest on long-term debt	78,528	44,510
Deferred income tax recovery	-	(321,234)
EBITDA	**$ (1,128,021)**	**$ (750,187)**
Add Back		
Gain on settlement of debt	-	(21,195)
Share of loss of equity investee	-	141,166
Adjusted EBITDA	**$ (1,128,021)**	**$ (630,216)**

Liquidity

As of March 31, 2020, the Company had working capital of $188,873 including cash on hand of $529,265.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Expressed in United States Dollars unless otherwise noted

Related Parties Transactions

As of the date of this report, the Company's officers and directors are as follows:

Name	Position
Zigurds Vitols	President, Chief Executive Officer and Director
Daniel Gillett	Director and Chair
John Kime	Director and Audit Committee Chair
Douglas Turnbull	Director
Steven Goldman	Director
Darren Urquhart	Chief Financial Officer

The following amounts were incurred with respect to officers and directors of the Company or corporations controlled by them:

	Three months ended			
		March 31, 2020		**March 31, 2019**
Zigurds Vitols – Salary	$	32,308	$	64,615
Zigurds Vitols – Share based compensation		-		9,416
Doug Turnbull – Consulting fees		2,000		7,875
Doug Turnbull – Share based compensation		-		7,560
John Kime – Consulting fees		1,500		8,475
John Kime – Share based compensation		-		7,533
Dan Gillet – Consulting fees		7,500		20,239
Dan Gillet – Share based compensation		-		3,321
Steven Goldman – Consulting fees		1,500		9,250
Steven Goldman – Share based compensation		-		3,321
Darren Urquhart – Consulting fees		15,615		20,308
Darren Urquhart – Share based compensation		-		3,821
Rasool Mohammad (Former Director and COO) – Salary		-		53,846
Rasool Mohammad (Former Director and COO) – Share based compensation		-		7,668
Total compensation of officers and directors	$	60,423	$	227,248
Total salaries and consulting fees		60,423		184,608
Total share based compensation		-		42,640
Total compensation of officers and directors	$	60,423	$	227,248

Note: Share based compensation is a non-cash expense for valuing stock option grants that is computed using the Black-Scholes Valuation Model.

The Company shares office space with Comstock Metals Ltd. which has a common director and officer. During the three months ended March 31, 2020, the Company recovered $3,293 in shared office costs (2019 - $7,679).

As at March 31, 2020, the Company had accounts payable and accrued liabilities to directors and officers in the amount of $14,417 (2019 - $41,741) for consulting fees and reimbursement of expenses.

The above transactions were in the normal course of operations and have been recorded at amounts agreed to by the related parties. All amounts either due from or due to related parties are non-interest bearing, unsecured and have no fixed terms of repayment.

Lawsuit

A legal claim against the Company, its CEO and former COO was filed in 2018. During the year ended December 31, 2019, the legal claim was settled by all parties. The terms of the settlement remain confidential as of the date of this report, but were not material to the Company.

2019 AGM Results

At the Company's annual and special meeting of shareholders held August 15, 2019, each of Zigurds Vitols, Douglas Turnbull, John Kime, Daniel Gillett and Steven Goldman, management's director nominees, were elected as directors. In addition, Morgan & Company LLP was re-appointed as auditors of the Company.

The resolution re-approving the stock option plan of the Company was not approved by shareholders. Existing stock option agreements remain in effect, but the Company cannot grant new stock options until a new stock option plan is approved by the Company's shareholders.

Subsequent Events

COVID-19 Pandemic

The Company is actively pursuing relief programs such as sick leave supplements and the Paycheck Protection Program loans available through the Small Business Administration in the USA as a result of the COVID-19 Pandemic (See also Note 1). In April 2020, the Company received $416,153 from the Payroll Protection Program available in the USA.

In early Q2 2020, the Company's number one contract customer announced that it would enter a "break" period with its fleets where the Company supplies products. The Company is in discussions with the customer and is evaluating its options. During this break, the Company will furlough eight employees at the George West, Texas Transload facility and keep a small crew available for any needed transload activity. The Company's contract with its contract customer is a "take or pay" contract which will likely generate some levels of revenues for the Company in the coming months, depending on a number of contractual factors.

Outstanding Share Data as of the Report Date

The Company's authorized share capital consists of an unlimited number of common shares. As of the date of this report, there are an aggregate of 88,563,316 common shares issued, Nil warrants and 4,995,000 stock options outstanding.

Proposed Transactions

The Company is continually reviewing potential acquisitions and joint venture transactions and opportunities that could enhance shareholder value. The Company is actively working on a number of potential M & A and joint venture opportunities, one or more of which are in advanced stages of discussions, and which management believes could be material for the Company. There is no assurance that any of these opportunities will be finalized.

Critical Accounting Estimates

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Commencement of commercial production is an important "point in time" determination for accounting purposes and signifies the point in time at which a constructed asset is capable of operating in the manner intended by management. At this point in time, recognition of revenue and expenses from the operation commences for accounting purposes. The date of transition from pre-commercial production to production accounting is based on both qualitative and quantitative measures such as substantial physical project construction, sustained level of mining and sustained levels of processing activity.

- Management determines costs for stock-based compensation using market-based valuation techniques. The fair value of the share awards was determined at the date of grant using the Black-Scholes option pricing model. Assumptions were made, and judgment was used in applying the valuation model. The assumptions and judgments on the estimated future volatility of the Company's stock price and the expected forfeiture rate may have a very high degree of estimation uncertainty. Such judgments and assumptions are inherently uncertain and as such the grant date fair value estimates of stock-based compensation can be materially different from the fair values of the stock options when the stock options are exercised or expire in the future.

- The Company uses significant judgment in its assessment of impairment indicators on its equity-accounted investment and its related estimate of the recoverable amount of the investment.

- The Company uses significant judgment in its allocation of costs between inventory and cost of goods sold. The Company measures its remaining inventory at the end of each quarter and uses drones to assist in estimating quantities.

- The Company uses significant judgment in recognizing and derecognizing deferred income tax assets. Managements performs a "more likely than not" test to see if there is a greater than 50% chance that the Company will realize its deferred income tax assets in the future.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's activities expose the Company to various financial and operational risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below. The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

Operational Risks

The Company is subject to operational risk from such factors as personnel and/or environmental accidents at the plant or sand quarry; fire; title disputes; changes in supplier pricing; non-performance of obligations under existing agreements; technical difficulties including plant and equipment breakdown; loss of significant customers; access to water, fuel and electricity; problems with product transportation and logistics; legal action from persons or entities adversely impacted by the Company's business; the ability to obtain financing to expand and improve cost per ton efficiency; and plant and mine shutdown due to regulatory violations.

Governmental Regulation

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Sand mining and production on the Company's properties are affected by government regulations relating to such matters as environmental protection, health, safety and labour, mining law reform, restrictions on production, price control, tax increases, maintenance of claims, and tenure. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

Customer Demand

The Company is subject to risk from falling customer demand for its products. Customer demand for silica sand can be influenced by demand for oil and gas products; industrial demand for silica sand; global, regional and seasonal economic, political and military events including recessions and wars; competition including pricing and availability of similar products from competitors; changes in technology; and changes in laws and regulations affecting the Company's customers.

Financial Instruments and Risk Management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As of the date of this report and March 31, 2020, the Company's financial instruments which are measured at fair value on a recurring basis are cash and cash equivalents and available for sale investments. The available-for-sale investments are based on quoted prices. The carrying values of the Company's loans and receivables and financial liabilities were a reasonable approximation of fair value due to the short-term nature of their maturities.

The Company is exposed to potential loss from various risks including commodity price risk, interest rate risk, currency risk, credit risk and liquidity risk. Based on the Company's operations the liquidity risk and commodity price risk are considered the most significant. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

Commodity Price Risk

Market prices for silica sand products historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators.

Liquidity Risk

The liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through careful management of its financial obligations in relation to its cash position. Using budgeting processes, the Company manages its liquidity requirements based on expected cash flow to ensure there are adequate funds to meet the short-term obligations during the year, as well as capital expansion plans.

During the past year the Company has been able to maintain its liquidity position through cash flow from operations and cash on hand, as well as some bank loans. The Company intends to continue using cash flow from operations and bank loans to fund its operations through 2020.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist of cash and cash equivalents and accounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed on demand.

Accounts receivable are subject to counter-party risk of not being collected. The Company manages credit risk of accounts receivable through its credit and collection policies and established allowances for doubtful accounts as required at each reporting period.

The Company had sales to two major customers of approximately 90% of total sales for the quarter ended March 31, 2020. Approximately 70% of total sales for the quarter ended March 31, 2020 are from the largest customer. Approximately 20% of total sales for the quarter ended March 31, 2020 are attributable to the other major customer. Approximately 83% of outstanding accounts receivables due are from these two major customers at March 31, 2020.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the $5 million line of credit, which bears a floating interest rate of 5.25% per annum. As a result, the Company is subject to a moderate level of interest rate risk. All other financial assets and liabilities are non-interest bearing or bear interest at fixed rates

Approval

The Board of Directors of Select Sands Corp. has approved the contents of this Management Discussion and Analysis as of the date of this report.

Additional Information

Additional information relating to the Company and its operations is available on SEDAR at www.sedar.com and also on the Company's website at www.selectsandscorp.com

Cautionary Note Regarding Forward Looking Statements

This MD&A includes some statements that may be considered "forward-looking statements". All statements in this discussion that address the Company's expectations about future exploration and development are forward-looking statements. Although the Company believes the expectations presented in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, availability of capital and financing, future sales and cost projections and general economic, market, and business conditions, as well as COVID-19 pandemic related business disruptions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.