

Select Sands Corp.

(formerly La Ronge Gold Corp.)

Annual Consolidated Financial Report

Five Months Ended December 31, 2015 and
Year Ended July 31, 2015

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Select Sands Corp. (formerly La Ronge Gold Corp.)**

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Select Sands Corp. (formerly La Ronge Gold Corp.), which comprise the consolidated statements of financial position as at December 31, 2015 and July 31, 2015 and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the five month period ended December 31, 2015 and the year ended July 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Select Sands Corp. (formerly La Ronge Gold Corp.) as at December 31, 2015 and July 31, 2015, and its financial performance and its cash flows for the five month period ended December 31, 2015 and the year ended July 31, 2015 in accordance with International Financial Reporting Standards.

Vancouver, Canada

March 29, 2016

"Morgan & Company LLP"

Chartered Professional Accountants

Select Sands Corp. (formerly La Ronge Gold Corp.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2015	July 31, 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 3,172,051	\$ 1,222,040
Sales tax recoverable	13,655	9,615
Prepaid expenses	32,950	12,302
Total Current Assets	3,218,656	1,243,957
Reclamation Bond (Note 6)	108,090	97,531
Exploration and Evaluation Assets (Note 7)	5,066,468	4,909,858
Total Assets	\$ 8,393,214	\$ 6,251,346
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 111,733	\$ 164,310
Total Current Liabilities	111,733	164,310
EQUITY		
Share Capital (Note 9)	21,354,003	17,895,459
Share Subscriptions and Option Proceeds Received (Note 9)	30,000	965,000
Commitment To Issue Shares (Note 9)	256,945	241,553
Share-based Payment Reserve	2,497,278	2,231,409
Accumulated Other Comprehensive Loss	(5,625)	(5,625)
Deficit	(15,851,120)	(15,240,760)
Total Equity	8,281,481	6,087,036
Total Liabilities And Equity	\$ 8,393,214	\$ 6,251,346

These consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2016. They are signed on the Company's behalf by:

"Rasool Mohammad"
Director

"Arnold Tenney"
Director

-- The accompanying notes are an integral part of these consolidated financial statements --

Select Sands Corp. (formerly La Ronge Gold Corp.)
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Five Months Ended December 31, 2015	Year Ended July 31, 2015
General and Administrative Expenses		
Administrative services and rent (Note 8)	\$ 8,929	\$ 35,044
Advertising and promotion	81,699	180,163
Compensation and consulting (Note 8)	205,600	145,450
Office and miscellaneous	32,985	45,247
Part XII.6 tax	(1,846)	2,925
Professional fees	148,399	116,866
Regulatory and stock transfer fees	9,043	22,438
Share-based compensation (Notes 8 and 9)	160,711	167,874
Loss Before Other Items	(645,520)	(716,007)
Other Items		
Loss on disposal of investment (Note 5)	-	(347,920)
Foreign exchange gain (loss)	33,007	(1,709)
Interest income	2,153	5,209
Write off property costs	-	(107,514)
Total Other Items	35,160	(451,934)
Loss Before Income Taxes	(610,360)	(1,167,941)
Income Taxes		
Deferred income taxes recovered	-	63,575
Net Loss and Comprehensive Loss For The Period	\$ (610,360)	\$ (1,104,366)
Basic and Diluted Loss Per Common Share (Note 13)	\$ (0.01)	\$ (0.03)

-- The accompanying notes are an integral part of these consolidated financial statements --

Select Sands Corp. (formerly La Ronge Gold Corp.)
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE SUBSCRIPTIONS AND OPTION PROCEEDS RECEIVED	COMMITMENT TO ISSUE SHARES	SHARE-BASED PAYMENT RESERVE	ACCUMULATED OTHER COMPREHENSIVE LOSS	DEFICIT	TOTAL EQUITY
	NUMBER	AMOUNT						
Balance July 31, 2014	41,626,408	\$ 17,505,281	\$ (50,000)	\$ -	\$ 2,051,394	\$ (5,625)	\$ (14,136,394)	\$ 5,364,656
Share register correction	50,000	-	-	-	-	-	-	-
Share subscriptions received	-	-	1,015,000	-	-	-	-	1,015,000
Issuance of convertible debentures	-	-	-	595,000	-	-	-	595,000
Debenture conversions	2,513,333	377,000	-	(377,000)	-	-	-	-
Warrants exercised	695,813	104,372	-	-	-	-	-	104,372
Options exercised	10,000	2,359	-	-	(859)	-	-	1,500
Share issuance costs								
Cash	-	(57,000)	-	-	-	-	-	(57,000)
Warrants	-	(13,000)	-	-	13,000	-	-	-
Debenture interest	-	(23,553)	-	23,553	-	-	-	-
Share based compensation	-	-	-	-	167,874	-	-	167,874
Net loss for the year	-	-	-	-	-	-	(1,104,366)	(1,104,366)
Balance, July 31, 2015	44,895,554	\$ 17,895,459	\$ 965,000	\$ 241,553	\$ 2,231,409	\$ (5,625)	\$ (15,240,760)	\$ 6,087,036
Shares issued for private placement	9,437,500	3,775,000	(965,000)	-	-	-	-	2,810,000
Warrants exercised	66,200	23,445	-	-	(8,895)	-	-	14,550
Option proceeds received	-	-	30,000	-	-	-	-	30,000
Share issuance costs								
Cash	-	(210,456)	-	-	-	-	-	(210,456)
Warrants	-	(114,053)	-	-	114,053	-	-	-
Debenture interest	-	(15,392)	-	15,392	-	-	-	-
Share based compensation	-	-	-	-	160,711	-	-	160,711
Net loss for the period	-	-	-	-	-	-	(610,360)	(610,360)
Balance, December 31, 2015	54,399,254	\$ 21,354,003	\$ 30,000	\$ 256,945	\$ 2,497,278	\$ (5,625)	\$ (15,851,120)	\$ 8,281,481

-- The accompanying notes are an integral part of these consolidated financial statements --

Select Sands Corp. (formerly La Ronge Gold Corp.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Five Months Ended December 31, 2015	Year Ended July 31, 2015
Operating Activities		
Net loss for the period	\$ (610,360)	\$ (1,104,366)
Adjustments for non-cash items:		
Deferred income tax recovered	-	(63,575)
Loss on disposal of investments	-	347,920
Share-based compensation	160,711	167,874
Write off property costs	-	107,514
Changes in non-cash operating assets and liabilities:		
Accounts payable and accrued liabilities	(52,577)	(50,101)
Prepaid expenses	(20,648)	4,576
Reclamation bond	(10,559)	-
Sales tax recoverable	(4,040)	1,310
Total Cash Used In Operating Activities	(537,473)	(588,848)
Investing Activities		
Exploration and evaluation assets	(156,610)	(726,602)
Reclamation bond	-	(97,531)
Investment deposit	-	652,080
Total Cash Used In Investing Activities	(156,610)	(172,053)
Financing Activities		
Share subscriptions and options exercise received	2,840,000	1,015,000
Proceeds from issuance of convertible debentures	-	595,000
Share issue costs	(210,456)	(57,000)
Warrants exercised	14,550	104,372
Options exercised	-	1,500
Total Cash Provided By Financing Activities	2,644,094	1,658,872
Increase In Cash and Cash Equivalents	1,950,011	897,971
Cash and Cash Equivalents, Beginning Of Period	1,222,040	324,069
Cash and Cash Equivalents, End Of Period	\$ 3,172,051	\$ 1,222,040
Supplementary Cash Flow Information and Non-cash Investing and Financing Transactions:		
Cash received for interest	\$ -	\$ -
Cash paid for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -
Issuance of shares for convertible debenture	\$ -	\$ 377,000
Debenture interest accrued	\$ 15,392	\$ 23,553
Issue of warrants for finders fees	\$ 114,053	\$ 13,000

-- The accompanying notes are an integral part of these consolidated financial statements --

Select Sands Corp. (formerly La Ronge Gold Corp.)
Notes to the Consolidated Financial Statements
For the five months ended December 31, 2015 and year ended July 31, 2015
(Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS

Select Sands Corp. (the “Company”) was incorporated in Canada on July 31, 2006 pursuant to the Business Corporations Act (British Columbia) (the “Act”). On June 18, 2015, the Company elected to change its year-end to December 31, 2015 to align its reporting periods with the industry standard calendar year-end. On October 31, 2014, the Company changed its name from La Ronge Gold Corp. to Select Sands Corp. to reflect the implementation of exploration activities in silica sand properties for the oil and gas industry as well as industrial applications. The Company is a public company listed on the TSX Venture Exchange (the “TSX.V”), trading under the “SNS” symbol (formerly the “LAR” symbol). The address of the Company’s corporate office and principal place of business is Suite 310, 850 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1E1.

The Company is in the process of acquiring, exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves, or upon future cash flows from production or sale of the properties.

2. BASIS OF PRESENTATION

a) Statement of Compliance

The consolidated financial statements of the Company for the five months ended December 31, 2015 and year ended July 31, 2015 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

b) Basis of Measurement and Presentation

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information. In the opinion of management, all adjustments (including normal recurring accruals), considered necessary for a fair presentation have been included. The accounting policies set out in Note 3 have been applied consistently to all periods presented in these consolidated financial statements.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, American Select Corp. All intercompany transactions and balances have been eliminated.

d) Foreign Currencies

The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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Notes to the Consolidated Financial Statements
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(Expressed in Canadian Dollars Unless Otherwise Noted)

2. BASIS OF PRESENTATION (Continued)

e) Significant Accounting Judgments and 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:

- the determination of cash generating units when performing impairment assessments of exploration and evaluation assets;
- the assessment of indications of impairment of the Company's exploration and evaluation assets and related determination of recoverable values and write-down of those assets where applicable;
- the fair value estimation of share-based payments included in the consolidated statements of operations and comprehensive loss;
- the accounting and recognition of income taxes which is included in the consolidated statement of operations and comprehensive loss;
- the classification of issued convertible debentures requires management to evaluate contractual terms with *IAS 32 financial instruments: presentation* requirements in order to determine debt and equity components; and
- the determination of the going concern assumption requires management to make judgments regarding the viability of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been adopted for the five months ended December 31, 2015 and year ended July 31, 2015 and have been applied consistently to all periods presented in these consolidated financial statements.

a) Financial Instruments and Risk Management

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statements of operations and comprehensive loss.

Select Sands Corp. (formerly La Ronge Gold Corp.)
Notes to the Consolidated Financial Statements
For the five months ended December 31, 2015 and year ended July 31, 2015
(Expressed in Canadian Dollars Unless Otherwise Noted)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments and Risk Management (Continued)

Financial assets (Continued)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of operations and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statements of operations and accumulated other comprehensive income (loss).

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities - This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified cash and cash equivalents and reclamation bond as fair value through profit or loss financial assets. Accounts payable and accrued liabilities are classified as other financial liabilities. Management did not identify any material embedded derivatives, which require separate recognition and measurement.

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(Expressed in Canadian Dollars Unless Otherwise Noted)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Financial Instruments and Risk Management (Continued)

Financial liabilities (Continued)

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liquidity risks is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk is significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal and mineral prices and the price of gold, silver, zinc and lead in particular. To mitigate this market risk, management of the Company actively pursues a diversification strategy with property holdings focusing on base minerals as well as precious metals.

Impairment of Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

b) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

c) Exploration and Evaluation Assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activities, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as incurred. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. Ancillary income received while the properties are in the exploration stage is credited to the carrying value of the mineral properties. Cost recoveries are credited against specific property costs, as received.

Select Sands Corp. (formerly La Ronge Gold Corp.)
Notes to the Consolidated Financial Statements
For the five months ended December 31, 2015 and year ended July 31, 2015
(Expressed in Canadian Dollars Unless Otherwise Noted)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Exploration and Evaluation Assets (Continued)

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Facts and circumstances as defined in *IFRS 6 exploration and evaluation assets* are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified as a development cost to property, plant, equipment and mine development.

It is management's judgment that none of the Company's exploration and evaluation assets have reached the development stage and as a result are all considered to be exploration and evaluation assets.

Although the Company has taken steps to verify title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

d) Property, Plant, Equipment and Mine Development

Plant and equipment

Plant and equipment are recorded at cost and depreciated over their estimated useful lives. Interest incurred during construction of facilities is capitalized and depreciated over the life of the asset. Costs for normal repairs and maintenance that do not extend economic life or improve service potential are expensed as incurred. Costs of improvements that extend economic life or improve service potential are capitalized and depreciated over the estimated remaining useful life.

Select Sands Corp. (formerly La Ronge Gold Corp.)
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(Expressed in Canadian Dollars Unless Otherwise Noted)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Property, Plant, Equipment and Mine Development (Continued)

Plant and equipment (Continued)

Depreciation is recorded using the straight-line method over the assets' estimated useful lives. Leasehold improvements are depreciated over the shorter of the asset life or lease term. Construction-in-progress is primarily comprised of machinery and equipment, which has not yet been placed in service.

Mining property and development

Mining property and development includes mineral deposits and mine exploration and development costs. Mineral deposits are initially recognized at cost, which approximates the estimated fair value on the date of purchase. Mine exploration and development costs include engineering and mineral studies, drilling and other related costs to delineate an ore body, and the removal of overburden to initially expose an ore body for production.

The cost of removing overburden and waste materials to access the ore body at an open pit mine prior to the commercial production phase are referred to as "pre-stripping costs." Pre-stripping costs are capitalized during the development of an open pit mine. The production phase of an open pit mine commences when saleable minerals, beyond a '*de minimis*' amount, are produced. Stripping costs incurred during the production phase of a mine are variable production costs that are included as a component of inventory to be recognized in costs applicable to sales in the same period as the revenue from the sale of inventory.

Depletion and amortization of mineral deposits and mine development costs are recorded as the minerals are extracted, based on units of production and engineering estimates of mineable reserves. The impact of revisions to reserve estimates is recognized on a prospective basis.

Provisions for mine reclamation and decommissioning obligations

We recognize the fair value of any liability for mine reclamation and decommissioning obligations, including environmental remediation liabilities when incurred, which is generally upon acquisition, construction or development and/or through the normal operation of the asset, if sufficient information exists to reasonably estimate the fair value of the liability. These obligations generally include the estimated net future costs of dismantling, restoring and reclaiming operating mines and related mine sites, in accordance with government, regulatory and land lease agreement requirements. The liability is accreted over time through periodic charges to earnings. In addition, the mine reclamation and decommissioning costs are capitalized as part of the asset's carrying value and amortized over the life of the related asset. Reclamation costs are periodically adjusted to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation and decommissioning costs.

e) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial period-end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the assets is written down accordingly.

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(Expressed in Canadian Dollars Unless Otherwise Noted)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Non-financial Assets (Continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

An impairment loss is recognized in the statement of operations, except to the extent they reverse gains previously recognized.

f) Share Capital

i) Non-monetary consideration

Agent's warrants issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as consideration for exploration and evaluation assets is based on the trading price of those shares on the TSX.V on the date of the agreement to issue shares as determined by the Board of Directors. Proceeds from unit placements are allocated between shares and warrants issued using the residual method.

ii) Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability on a pro rata basis and the premium is recognized as a deferred income tax recovery.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

iii) Share-based payments

The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

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(Expressed in Canadian Dollars Unless Otherwise Noted)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Share Capital (Continued)

iii) Share-based payments (Continued)

The fair value is measured at grant date, and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of operations and comprehensive loss over the remaining vesting period.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured indirectly at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

iv) Share issuance costs

Costs directly identifiable with the raising of share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations.

g) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income or loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the period-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Earnings Per Share

Basic earnings per share is computed by dividing the Company's earnings applicable to common shares by the weighted average number of shares outstanding for the relevant period.

Diluted earnings per share is computed by dividing the Company's earnings applicable to common shares, by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted at the beginning of the period unless the result is anti-dilutive.

4. FUTURE ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 1 Presentation of Financial Statement are designed to encourage companies to apply professional judgement to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

IFRS 9 Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 15 Revenue from Contracts with Customers establishes a five-step model that will apply to revenue earned from a contract, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the balance sheet by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

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5. INVESTMENT DEPOSIT

On April 29, 2014, the Company entered into an asset purchase agreement with Canfrac Sands Ltd. ("Canfrac"). Under the terms of the agreement, the Company would acquire Canfrac, including all assets and business operations for cash consideration of \$4,500,000.

The Company was required to deposit in escrow \$1,000,000 (paid) for the purposes of the asset acquisition including a capital expenditure program to improve the purchased assets. In the event the asset purchase agreement was terminated, the escrow amount would be released to the vendor, and the Company would receive 22% of the Canfrac's issued and outstanding voting share capital.

On September 2, 2014, the Company terminated the asset purchase agreement, released the remaining escrow to the vendor and received 22% of Canfrac's issued and outstanding voting shares.

In December 2014, Canfrac closed the sale of its frac sands business, including substantially all of its assets, for an aggregate sale price of \$3,500,000. On January 21, 2015, the Company received cash proceeds of \$410,018 and on June 29, 2015, the Company received a final cash payment of \$245,309. The Company recorded a loss on disposal of the Canfrac shares of \$347,920 as result of the sale for the year ended July 31, 2015.

6. RECLAMATION BOND

On May 1, 2015, the Company completed the requirements as set out by the Arkansas Quarry Operation, Reclamation and Safe Closure Act ("the Act") and acquired a five year Authorization to Quarry its prospective frac sand property located in northeast Arkansas, USA ("Sandtown"). The Act requires a reclamation bond of US\$1,100 per acre to be posted for restoration, reclamation and re-vegetation of the site. Pursuant to the Act, the Company has posted an initial bond of US\$78,100 (December 31, 2015 - CDN\$108,090, July 31, 2015 – CDN\$97,531).

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7. EXPLORATION AND EVALUATION ASSETS

For the five months ended December 31, 2015:

	Sandtown Arkansas USA	La Ronge Gold Belt Saskatchewan, Canada	Other Properties Saskatchewan, Canada	Other Properties Ontario, Canada	Total
	Note (a)	Note (b)	Note (c)	Note (d, e)	
Acquisition Costs					
Opening balance	\$ 239,975	264,356	\$ 1	\$ 1	\$ 504,333
Ending balance	239,975	264,356	1	1	504,333
Exploration Costs					
Opening balance	223,204	4,182,321	-	-	4,405,525
Air travel	1,049	-	-	-	1,049
Assays, samples	16,630	337	-	-	16,967
Crushing	10,847	-	-	-	10,847
Drilling	18,166	-	-	-	18,166
Engineering & consulting	3,560	-	-	-	3,560
Environmental	259	-	-	-	259
Geology & mapping	773	-	-	-	773
Land clearing & site prep	76,436	-	-	-	76,436
Supplies & Equipment	338	-	-	-	338
Test mining & production	6,550	-	-	-	6,550
Transportation	21,665	-	-	-	21,665
Ending balance	379,477	4,182,658	-	-	4,562,135
Balance, Beginning Of Period	463,179	4,446,677	1	1	4,909,858
Total Costs For The Period	156,273	337	-	-	156,610
Balance, End Of Period	\$ 619,452	4,447,014	\$ 1	\$ 1	\$ 5,066,468
Cost Summary					
Acquisition Costs	\$ 239,975	264,356	\$ 1	\$ 1	\$ 504,333
Exploration Costs	379,477	4,182,658	-	-	4,562,135
Total	\$ 619,452	4,447,014	\$ 1	\$ 1	\$ 5,066,468

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7. EXPLORATION AND EVALUATION ASSETS (Continued)

For the year ended July 31, 2015:

	Sandtown Arkansas USA	La Ronge Gold Belt Saskatchewan, Canada	Other Properties Saskatchewan, Canada	Other Properties Ontario, Canada	Total
	Note (a)	Note (b)	Note (c)	Note (d, e)	
Acquisition Costs					
Opening balance	\$ -	\$ 264,356	\$ 18,624	\$ 1	\$ 282,981
Acquisition	239,975	-	-	-	239,975
Write-off	-	-	(18,623)	-	(18,623)
Ending balance	239,975	264,356	1	1	504,333
Exploration Costs					
Opening balance	-	3,886,944	72,889	1	3,959,834
Accommodation	-	-	-	1,501	1,501
Air travel	-	-	-	1,322	1,322
Assays, samples	38,916	107,174	-	283	146,373
Drilling	28,415	-	-	-	28,415
Engineering & consulting	135,474	59,130	-	11,400	206,004
Field & camp	5,753	-	-	-	5,753
Geology & mapping	3,159	66,420	-	-	69,579
Geophysics / Survey	-	62,653	-	-	62,653
Supplies & Equipment	523	-	-	110	633
Transportation	-	-	-	1,385	1,385
Site administration	10,964	-	-	-	10,964
Write-off	-	-	(72,889)	(16,002)	(88,891)
Ending balance	223,204	4,182,321	-	-	4,405,525
Balance, Beginning Of Year	-	4,151,300	91,513	2	4,242,815
Total Costs For The Year	463,179	295,377	-	16,001	774,557
Write-off	-	-	(91,512)	(16,002)	(107,514)
Balance, End Of Year	\$ 463,179	\$ 4,446,677	\$ 1	\$ 1	\$ 4,909,858
Cost Summary					
Acquisition Costs	\$ 239,975	\$ 264,356	\$ 1	\$ 1	\$ 504,333
Exploration Costs	223,204	4,182,321	-	-	4,405,525
Total	\$ 463,179	\$ 4,446,677	\$ 1	\$ 1	\$ 4,909,858

a) Arkansas, USA

On October 9, 2014 the Company entered into a binding letter of agreement for an option to acquire a 100% undivided right, title and interest in an approximately 520-acre prospective frac sand property located in northeast Arkansas, USA ("Sandtown"). The Property is a greenfield frac sand exploration prospect underlain by the Ordovician St. Peter sandstone formation.

The acquisition was at arm's length and an initial payment was made of US\$25,000 (CA\$28,610), further payments of (i) US\$100,000 (C\$117,015) was made on December 22, 2014; and (ii) US\$75,000 (C\$97,342) was made on February 23, 2015; and (iii) a final payment of \$US1,800 (C\$2,336) per acre less prior payments made (or approximately US\$736,000; C\$955,254) is due to the vendor on or before April 25, 2016. The final payment can be delayed until April 25, 2018 if the company decides to pay \$4,000 (C\$5,192) per month to the vendors (half of the \$4,000 will go to the principal payment).

On March 1, 2015 the Company signed an addendum to the original property agreement that allows the Company to collect material from a 10 acre parcel of land for test mining purposes before the full option agreement is reached, provided the Company pays the vendor US \$0.75/ton for any material sold as either frac sand or other sand and gravel.

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7. EXPLORATION AND EVALUATION ASSETS (Continued)

b) La Ronge Gold Belt

Pursuant to an Option Agreement dated September 22, 2011 (as amended May 31, 2013) the Company has the option to acquire up to a 100% interest in three mineral claims known as the Pap-Preview Property in consideration for the following and the completion of a Preliminary Feasibility Study:

Date	Payments		Share issuances		Exploration expenditures
Date of signing.	\$ 5,000	(paid)	150,000	(issued)	\$ -
Within 10 business days of Exchange approval	10,000	(paid)	-		-
On or before September 22, 2012	20,000	(paid)	150,000	(issued)	200,000 (incurred)
On or before May 31, 2013	40,000	(paid)	-		-
Within 10 business days of Exchange acceptance	-		800,000	(issued)	-
On or before September 22, 2013					300,000 (incurred)
On or before September 22, 2014	-		-		300,000 (incurred)
On or before September 22, 2015	-		-		350,000 (incurred)
On or before September 22, 2016	-		-		350,000 (incurred)
	\$ 75,000		1,100,000		\$ 1,500,000

Under the amended agreement, the Company earned a 100% interest in the property upon completing the above payments, share issuances and work expenditures. An additional 625,000 common shares are issuable to the optionor in the event that a production decision is made. The Company has also granted the optionor a 2.5% NSR royalty on the property, of which 1.0% NSR can be repurchased for \$1,000,000 at any time prior to a production decision and the remaining 1.5% NSR can be repurchased for \$2,000,000.

c) Other Saskatchewan Properties

By staking, the Company acquired a 100% interest in a land package in Saskatchewan consisting of six mining claims. During the year ended July 31, 2015, as a result of management's focus on the La Ronge and Arkansas properties, other properties were written down by \$91,512 to a value of \$1.

d) Jacobson, Old Cabin

The Company entered into various agreements that granted the Company a 100% interest in a land package in Jacobson Townships, Ontario. The terms of the various agreements include:

- i) **Jacobson** - By an option agreement dated March 7, 2005, the Company acquired a 100% interest in a land package in Jacobson Township. A 2% Net Smelter Returns ("NSR") is payable on the property half of which can be purchased for \$750,000.
- ii) **Old Cabin** - By an option agreement dated July 13, 2004 and amended February 14, 2005, the Company acquired a 100% interest in a land package in Jacobson Township. A 2% NSR is payable on the property one-quarter of which can be purchased for \$500,000.

During the year ended July 31, 2012, as a result of management's focus on the La Ronge property, the Jacobson Old Cabin property was written down by \$146,241 to a value of \$1. During the year ended July 31, 2015, \$16,001 in incurred expenditures were written off.

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7. EXPLORATION AND EVALUATION ASSETS (Continued)

e) Elephant Head

By staking, the Company acquired a 100% interest in a land package in Connaught township of Ontario. Effective May 20, 2011, the Company staked 8 claims in the property.

During the year ended July 31, 2013, as a result of management's focus on the Pap-Preview property, the Company wrote this property down to \$1.

8. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions the five months ended December 31, 2015 and year ended July 31, 2015 and had the following balances with related parties outstanding as at December 31, 2015 and July 31, 2015:

a) Remuneration of key management and directors were as follows:

	Five Months ended December 31, 2015	Year ended July 31, 2015
Short-term compensation and consulting *	\$239,600	\$150,191
Share-based compensation	160,111	164,125
Total compensation of key management and directors	\$399,711	\$314,316

* Includes geological consulting fees of \$Nil (July 31, 2015 - \$20,716) capitalized as exploration and evaluation assets.

b) The Company incurred rent to a private company controlled by two common directors in the total amount of \$22,600 during the year ended July 31, 2015. The rental agreement was terminated during the year ended July 31, 2015. No such costs were incurred during the five months ended December 31, 2015.

c) As at December 31, 2015 the Company had accounts payable to directors and officers in the amount of \$17,537 (July 31, 2015 - \$24,550).

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.

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9. SHARE CAPITAL AND RESERVES

a) Authorized

Unlimited number of common shares without par value

b) Issued

Five Months ended December 31, 2015

On November 12, 2015, the Company closed a private placement raising gross proceeds of \$1,085,000. The private placement consisted of 2,712,500 Units at a price of \$0.40 per Unit. Each Unit was comprised of one common share of the Company and one share purchase warrant, with a warrant exercisable to purchase a further common share of the Company at a price of \$0.60 for a period of 3 years after closing.

In connection with the closing, the Company paid finders fees of \$60,000 and issued 200,000 compensation warrants. Each compensation warrant entitles the holder to acquire one common share in the capital of the Company at a price of \$0.40 for a period of three years after closing. The compensation warrants were given a value of \$42,441 using the Black-Scholes pricing model and the following assumptions:

Expected life: 3 years
Risk free rate: 0.69%
Expected volatility: 98.48%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

All securities issued in connection with the financing are subject to a four month hold period expiring on March 12, 2016.

On August 13, 2015, The Company closed a private placement raising gross proceeds of \$2,690,000. The private placement consisted of 6,725,000 Units at a price of \$0.40 per Unit. Each Unit was comprised of one common share of the Company and one-half of a share purchase warrant, with a whole warrant exercisable to purchase a further common share of the Company at a price of \$0.60 for a period of 3 years after closing.

Cash of \$110,250 and 306,250 warrants were paid as finder fees in connection with the private placement. Each finder warrant is exercisable to purchase a common share of the Company at a price of \$0.40 for a period of 3 years after closing. All securities issued have a four-month statutory hold period, expiring on December 14, 2015. The finder warrants were given a value of \$71,612 using the Black-Scholes pricing model and the following assumptions:

Expected life: 3 years
Risk free rate: 0.42%
Expected volatility: 111.38%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

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9. SHARE CAPITAL AND RESERVES (Continued)

b) Issued (Continued)

Year ended July 31, 2015:

In November, 2014, the Company completed a non-brokered private placement of convertible debentures in the principal amount of \$595,000 (the "Debentures"). The principal amount of the Debentures will bear interest at 15% per annum, compounded quarterly not in advance with the principal amount of the Debentures payable on May 19, 2016 (the "Maturity Date").

Subject to an early conversion (the "Early Conversion") of the principal amount of the Debentures, on the Maturity Date, the principal amount of the Debentures will be automatically converted into units (the "Principal Units") of the Company at a conversion price of \$0.15 per Principal Unit; and, provided that the Early Conversion has not occurred, all accrued interest on the Debentures will be automatically converted into common shares (the "Interest Shares") of the Company at a conversion price equal to the applicable market price (as determined pursuant to the policies of the TSX Venture Exchange) of the common shares on the Maturity Date. In the case of Early Conversion, interest will not be paid.

Upon conversion, each Principal Unit will be comprised of a common share of the Company and a full warrant exercisable into a common share at an exercise price of \$0.15 per share from issuance.

In connection with the private placement, the company paid an aggregate of \$37,000 in finder's fees and issued an aggregate of 246,346 broker warrants to arm's length third-party finders. Each broker warrant is exercisable to acquire one common share of the Company at \$0.15 until May 19, 2016. The broker warrants were given a value of \$13,000 using the Black-Scholes pricing model and the following assumptions:

Expected life: 1.5 years
Risk free rate: 0.98%
Expected volatility: 85%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

No Early Conversion occurred during the five months ended December 31, 2015. For the year ended July 31, 2015, the Company issued 2,513,333 shares and warrants from the Early Conversion of \$377,000 in Debentures.

The Company records the remaining balance owing as a commitment to issue shares in the equity section of the statements of financial position.

The Company has recorded \$15,392 in interest shares expense that is included in Commitment to issue shares for the five months ended December 31, 2015 (year ended July 31, 2015 - \$23,553).

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9. SHARE CAPITAL AND RESERVES (Continued)

c) Warrants

A summary of the changes in warrants follows:

	NUMBER OF WARRANTS	EXERCISE PRICES \$
Balance, July 31, 2014	1,603,350	
Issued	2,759,679	0.15
Expired/Cancelled	(1,368,850)	0.30/0.40/1.50/2.00
Exercised	(695,813)	0.15
Balance, July 31, 2015	2,298,366	0.15/0.25
Issued	6,581,250	0.40/0.60
Exercised	(66,200)	0.15/0.25
Balance, December 31, 2015	8,813,416	0.15/0.25/0.40/0.60

During the five months ended December 31, 2015, 66,200 warrants were exercised for \$23,445 (year ended July 31, 2015 – 695,813 warrants were exercised for \$104,372).

As at December 31, 2015 the following share purchase warrants were outstanding:

EXPIRY DATE	EXERCISE PRICE \$	NUMBER OF WARRANTS
May 19, 2016	0.15	213,533 *
May 29, 2016	0.25	188,300 *
October 9, 2016	0.15	1,680,000
November 29, 2016	0.15	150,333
August 13, 2018	0.40	306,250 *
August 13, 2018	0.60	3,362,500
November 12, 2018	0.40	200,000 *
November 12, 2018	0.60	2,712,500
		8,813,416

*Broker and finder's warrants.

As at December 31, 2015, the weighted average remaining contractual life of the share purchase warrants is 2.21 years and the weighted average exercise price is \$0.47 (July 31, 2015 – 1.13 years and \$0.16).

d) Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company exercisable pursuant to options granted under the Plan may not exceed ten percent of the issued and outstanding shares of the Company at the grant date. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the shares (defined as the last closing market price of the Company's shares immediately preceding the grant date, less the maximum discount permitted by TSX.V policy), or such other price as may be agreed to by the Company and accepted by the TSX.V. Stock options granted to consultants providing investor relations activities under the Plan are subject to minimum vesting restrictions such that one-quarter of the option shall vest on each of the date grant and three, six and twelve months after the date of grant.

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9. SHARE CAPITAL AND RESERVES (Continued)

d) Stock Options (Continued)

A summary of the changes in stock options follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE \$
Balance, July 31, 2014	2,155,500	0.42
Granted	1,750,000	0.18
Expired/Cancelled	(1,212,667)	0.48
Exercised	(10,000)	0.15
Balance, July 31, 2015	2,682,833	0.24
Granted	1,000,000	0.43
Expired/Cancelled	(40,000)	0.15
Balance, December 31, 2015	3,642,833	0.29

The following summarizes the stock options outstanding and exercisable as at December 31, 2015:

EXPIRY DATE	EXERCISE PRICE \$	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE
October 7, 2017	0.45	500,000	-
May 3, 2018	0.15	466,000	466,000
February 23, 2019	0.56	476,833	476,833
November 30, 2019	0.40	500,000	500,000
December 4, 2019	0.15	700,000	280,000
March 23, 2020	0.15	700,000	140,000
April 27, 2020	0.30	300,000	75,000
		3,642,833	1,937,833

Share-based compensation recognized during the five months ended December 31, 2015 was \$160,712 (year ended July 31, 2015 - \$167,874). The Company's valuation of share purchase options was estimated using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2015	July 31, 2015
Risk-free interest rate	0.53 – 0.67%	0.88 – 1.44%
Expected dividend yield and forfeiture	0%	0%
Expected stock price volatility	106 – 107%	159 – 165%
Expected option life in years	2 – 4	5

As at December 31, 2015, the weighted average remaining contractual life of the share purchase options is 3.42 years and the weighted average exercise price is \$0.29 (July 31, 2015 – 4.06 years and \$0.24).

e) Escrow

As of December 31, 2015, 625 common shares (July 31, 2015 - 625) were held in escrow.

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9. SHARE CAPITAL AND RESERVES (Continued)

f) Nature and Purpose of Reserve

The reserve recorded in equity on the Company's Statements of Financial Position includes Share-based Payment Reserve which is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation and the fair value of other share-based consideration recorded at the date of issuance.

10. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. There were no changes in the Company's approach to capital management during the five months ended December 31, 2015. The Company is not subject to externally imposed capital requirements.

11. 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 consolidated 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 at December 31, 2015, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	LEVEL	FVTPL	LOANS AND RECEIVABLES/ OTHER FINANCIAL LIABILITIES	TOTAL FAIR VALUE
Financial assets				
Cash and cash equivalents (a)	1	\$ 3,172,051	\$ -	\$ 3,172,051
Reclamation bond	1	\$ 108,090	\$ -	\$ 108,090
Financial liabilities				
Accounts payable and accrued liabilities (a)	2	\$ -	\$ 111,733	\$ 111,733

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

At December 31, 2015 and July 31, 2015, 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.

There have been no transfers between levels for the five months ended December 31, 2015 and year ended July 31, 2015.

a) Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of base and precious metals including gold, silver, zinc and lead, and the outlook for these metals. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for metals 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. The Company has elected not to actively manage its commodity price risk, as the nature of Company's business is in exploration.

b) 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.

During the past year the Company has been able to maintain its liquidity position through private placements. However, the variable market conditions make it uncertain whether the Company can continue to raise adequate funds to meet its financial obligations.

c) 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. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed on demand.

Select Sands Corp. (formerly La Ronge Gold Corp.)
Notes to the Consolidated Financial Statements
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12. INCOME TAXES

a) Provision for Income Taxes

The Company's provision for income taxes for the five months ended December 31, 2015 and the year ended July 31, 2015 differs from the amounts computed by applying the statutory income tax rates to the loss before income taxes as a result of the following:

	Five Months Ended December 31 2015	Year Ended July 31 2015
Statutory combined federal and provincial rate	26%	26%
Computed recovery of income taxes at statutory rates	\$ (159,000)	\$ (310,000)
Non-deductible permanent differences and other	96,000	(40,000)
Share issuance costs	(55,000)	(18,000)
Flow-through expenses renounced	-	66,000
Unrecognized deferred tax assets and other	118,000	238,425
Deferred income tax recovery	\$ -	\$ (63,575)

b) Deferred Income Tax Assets

The estimated tax effect of the significant components within the Company's deferred tax assets were as follows:

	December 31 2015	July 31 2015
Exploration resource deductions net of renounced amounts	\$ 129,000	\$ 101,000
Non-capital losses carried forward	1,826,000	1,815,000
Equipment	2,000	2,000
Share issue costs	91,000	56,000
Marketable securities	1,000	1,000
Capital losses carried forward	51,000	6,000
Unrecognized deferred tax assets	(2,100,000)	(1,981,000)
Net deferred income tax liabilities	\$ -	\$ -

The Company's non-capital losses in the approximate amount of \$7,021,000 begin to expire in 2027.

c) Flow-through Resource Expenditures

The Company is permitted, under Canadian income tax legislation, to renounce flow-through related resource expenditures to investors in advance of the Company incurring the expenditure. In accordance with this legislation, the Company has twelve months following the effective date of renunciation to incur the expenditures. The Company begins incurring interest charges for unspent funds after one month and fees for unspent funds at the end of the calendar year following the effective date of renunciation, and until such time as funds are fully expended.

During the year ended July 31, 2015, the Company met expenditure obligations of \$254,300 which were due December 31, 2014.

Select Sands Corp. (formerly La Ronge Gold Corp.)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars Unless Otherwise Noted)

13. EARNINGS PER SHARE

The Company calculates the basic and diluted earnings per common share using the weighted average number of common shares outstanding during each period and diluted earnings per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the period unless they are anti-dilutive. These options and warrants were excluded from the weighted average number of common shares calculation as they were anti-dilutive. As a result diluted earnings per share is equal to basic earnings per share.

	Five Months ended December 31, 2015	Year ended July 31, 2015
Issued common shares beginning of period	44,895,554	41,676,408
Weighted average issuances	7,118,135	820,148
Basic weighted average common shares	52,013,689	42,496,556

14. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and development. All of the Company's assets are located in Canada and the USA. See also Note 7.

15. SUBSEQUENT EVENTS

Subsequent to December 31, 2015:

- a) Certain Officers and Directors have been issued an aggregate of 1,000,000 options with an exercise price of \$0.40 pursuant to the Company's option plan. Each option is exercisable into one common share at an exercise price of \$0.40 at any time on or before the fifth anniversary of its issuance. All such options vest over a period of one year.
- b) 200,000 common shares were issued to a director of the Company upon exercise of previously granted stock options.
- c) 30,000 common shares were issued upon exercise of previously granted broker warrants.