

Canadian Premium Sand Announces Significantly Improved Economics in Updated Pre-Feasibility Study

CALGARY, Alberta, March 20, 2020 -- **Canadian Premium Sand Inc.** (“CPS” or the “Company”) (TSXV: CPS) is pleased to announce that an updated Preliminary Feasibility Study and Mineral Resource Report effective March 19, 2020 (the “**Updated Technical Report**”) has been completed for the Company’s Wanipigow Sand Project (the “**Project**”) by APEX Geoscience Ltd. and John T. Boyd Company. The Updated Technical Report incorporates the results of the previously announced capital optimization review on February 4, 2020.

Driven by a significant reduction in estimated capital and operating costs, the project will produce a pre-tax internal rate of return (“IRR”) of 52.2% and a pre-tax net present value using an 8% discount rate (“NPV8”) of CAD \$397.5 million. The revised capital cost of CAD \$124 million before contingency, including CAD \$8 million in expected short line rail infrastructure upgrades north of Winnipeg, represents a dramatic improvement from the previous estimated capital cost of CAD \$204 million.

The table below highlights the key differences in economic valuation between the previously announced Technical Report on June 12, 2019 and the Updated Technical Report. Material downward changes in the oil and gas commodity price forecasts between June 2019 and February 2020 have been incorporated into the Updated Technical Report.

	March 2020	June 2019	Change	Change (%)
Capital cost ('000s) (CAD, before contingency) <i>Note 1</i>	\$123,800	\$204,000	-\$80,200	- 39.3%
Average annual production rate (tonnes / year)	1,250,000	1,360,000	-110,000	- 8.1%
Year 1 of production	2022	2020	+ 2 years	-
Grande Prairie Price Basis in 2022 (CAD / tonne, delivered in rail-car) <i>Note 2</i>	\$141	\$152	- \$11	- 7.2%
Grande Prairie Price Basis for 2026 onwards (CAD / tonne, delivered in rail-car) <i>Note 2</i>	\$145	\$157	- \$12	- 7.6%
5-yr Average Mine-Gate Operating Cash Cost (CAD / tonne) <i>Note 3</i>	\$32.3	\$51.7	- \$19.4	- 37.5%
Before-Tax NPV8 ('000s CAD)	\$397,466	\$316,400	+ \$81,066	+ 25.6%
Before-Tax IRR	52.2%	23.1%	+ 29.1%	+ 126%
Capital Payback	3.0 years	5.3 years	- 2.3 years	- 43.4%
After-Tax NPV8 ('000s CAD)	\$290,746	\$220,300	+ \$70,446	+ 32.0%
After-Tax IRR	46.0%	20.2%	+ 25.8%	+ 128%

Note 1: CAD / USD conversion rate of 1.33 was used to estimate the capital cost

Note 2: Grande Prairie Price Basis is provided as a reference point for the reader. Company sales plans include multiple locations

Note 3: In addition to plant operating costs, royalties and reclamation levy, the Mine-Gate Operating Cash Cost for March 2020 includes costs of barging across the lake and for June 2019 includes costs of trucking to Winnipeg

Subject to permitting, final investment decision and subsequent financing, the Project will be in production in early 2022. The Company believes that by 2022 market conditions, drilling activity and silica sand prices in Western Canada will have stabilized at much improved levels over the current volatile conditions.

In light of the current market volatility the Company and JT Boyd have utilized independent Sproule and Deloitte’s oil and gas commodity price forecasts from Q1 2020 to establish a reasonable drilling forecast by basin and play in Western Canada. The Company notes that establishing a reliable third party forecast for oil and gas commodities and related drilling activity with the recent oil price collapse is challenging. As such, the Company has prepared a sensitivity table to illustrate the financial effects on various future pricing scenarios for the Company’s silica sand.

A summary of the sensitivity of the pre-tax NPV8 and IRR to a change in revenue and operating costs is shown in the tables below. The full sensitivity analyses can be found in the Updated Technical Report.

Pre-Tax NPV8 Sensitivity (in '000s CAD) is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/c6101368-eb47-440c-8499-43cede77988b>

Pre-Tax IRR Sensitivity is available at <https://www.globenewswire.com/NewsRoom/AttachmentNg/df7ad1de-ab9d-4504-aaf4->

“With a successful conclusion of the capital optimization review, closing of convertible debenture financing in February 2020 and completion of the Updated Technical Report with significantly improved economics we look forward to continuing to engage with local stakeholders and regulatory groups and seek financing to advance the project to a Final Investment Decision to build the project and start production,” says Glenn Leroux, President & CEO of CPS. “We continue to advance our sales objectives in Western Canada, having made progress over the first two months of this year. The COVID-19 pandemic and the recent global oil-price collapse has dramatically impacted drilling and completion activity in Western Canada. There will however be a point of market stability in the future and management is doing everything within our means to ensure the Company is well positioned to benefit from that when it occurs.”

About the Wanipigow Sand Resource and Reserve Estimates

Since June 2019, the Project’s land position has changed due to the Government of Manitoba’s Infrastructure Department’s decision that the Province maintain a single Quarry Lease for municipal aggregate use. This single lease area may potentially be made available for silica sand extraction once the surficial aggregate is depleted however there is no firm assurance of that outcome. The subsurface sand underlying the Manitoba Infrastructure lease was originally considered as a CPS pending lease application in June 2019 and was included in the previous resource and reserve estimations. In the Updated Technical Report, the sand resource underlying this lease has been removed from the resource and reserve estimations. The Updated Technical Report supersedes and replaces the June 2019 report and resource estimates.

The Updated Technical Report prepared in accordance with National Instrument 43-101 (“**NI 43-101**”) predicts total resources of 35.5 million tonnes of Measured Resource, 6.8 million tonnes of Indicated Resource and 94.7 million tonnes of Inferred Resource. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The estimations were completed using the same methods as in June 2019 including a lower cutoff of mesh-sizes that are greater than or equal to 20 -mesh and less than or equal to 140-mesh fraction and *in-situ* compacted bulk densities of between 1.88 and 1.91 g/cm³ to convert the volumes to tonnages.

Furthermore, the Updated Technical Report indicates a total Proven and Probable Reserve of 24.1 million tonnes, upon which the published economics, mine-life and business plan are based. The Mineral Reserves estimated for the Project are subject to the types of risks common to most silica sand quarry operations that exist in Canada. Uncertainty that may materially impact mineral reserve estimation include but are not limited to: site-specific mining and geological conditions, management and personnel capabilities, availability of funding to properly operate and capitalize the operation, variations in cost elements and market conditions, developing and operating the mine in an efficient manner, unforeseen changes in legislation and new industry developments.

About Canadian Premium Sand Inc.

The Company is an exploration stage company which is developing its Wanipigow Sand Resource in Manitoba and developing a sales channel into Western Canada Sedimentary Basin to support the basis for a commercial operation at Wanipigow, when achieved. The Company is a reporting issuer in Ontario, Alberta and British Columbia. Its shares trade on the TSX Venture Exchange under the symbol "CPS".

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Technical Disclosure

The technical information in this press release has been reviewed and approved by Roy Eccles, P. Geol. of APEX Geoscience Ltd. and Michael Wick P. Eng. of John T. Boyd Company, each of whom is independent of CPS and a “qualified person” under NI 43-101. The Updated Technical Report, effectively dated March 19, 2020 was prepared by Roy Eccles, P. Geol. of APEX Geoscience Ltd. and Robert Farmer P. Eng. of John T. Boyd Company, each of whom is independent of CPS and a “qualified person” under NI 43-101 and provides the details of the Project including the quality assurance program and quality control measures applied and key assumptions, parameters and methods used to estimate the Mineral Resources and Reserves and is available for review under the Company’s profile on SEDAR at www.sedar.com.

Cautionary Note Regarding Mineral Reserves and Mineral Resources

*The terms "Mineral Reserve", "Proven Mineral Reserve" and "Probable Mineral Reserve" used in this press release are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "**CIM**") Standards on Mineral Resources and Mineral Reserves, as may be amended from time to time by the CIM. The terms "Mineral Resource", "Measured Mineral Resource", "Indicated Mineral Resource", "Inferred Mineral Resource" used in this press release are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.*

For a detailed discussion of the Company’s resource and reserve estimates and related matters see the Company’s Updated Technical Report filed under the Company’s profile on SEDAR at www.sedar.com.

Forward Looking Information

Certain statements contained in this press release constitute forward-looking statements relating to, without limitation,

expectations, intentions, plans and beliefs, including information as to the future events, results of operations and the Company's future performance (both operational and financial) and business prospects. In certain cases, forward-looking statements can be identified by the use of words such as "expects", "estimates", "forecasts", "intends", "anticipates", "believes", "plans", "seeks", "projects" or variations of such words and phrases, or state that certain actions, events or results "may" or "will" be taken, occur or be achieved. Such forward-looking statements reflect the Company's beliefs, estimates and opinions regarding its future growth, results of operations, future performance (both operational and financial), and business prospects and opportunities at the time such statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. Forward-looking statements are necessarily based upon a number of estimates and assumptions made by the Company that are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Forward-looking statements are not guarantees of future performance. In particular, this press release contains forward-looking statements pertaining, but not limited, to: estimates with respect to the revised capital costs for the Project and related future production rates and IRR and NPV8 estimates; future improvement in commodity prices and the anticipation of market stabilization and improvement and the ability to be well-positioned to take advantage of changing conditions; the impact of COVID-19 on the Company's business; the timing of production from the Project and changes in lease characterizations and the benefits to be derived therefrom; the ability to achieve meaningful capital cost reductions on the basis outlined in this press release and improve the investment opportunity and related economics of the Project; projections about future improvements in market conditions and silica sand pricing; future development plans; industry activity levels; industry conditions pertaining to the silica sand industry; the ability of and manner by which the Company expects to meet its capital needs and additional financing and final investment decision for building of the Project; and the Company's objectives, strategies and competitive strengths.

By their nature, forward-looking statements involve numerous current assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from those anticipated by the Company and described in the forward-looking statements.

With respect to the forward-looking statements contained in this press release, assumptions have been made regarding, among other things: the ability to obtain the necessary stakeholder, regulatory and environmental approval to advance the development of the Wanipigow Sand Project; the ability to secure 3rd party sales into Western Canada; the ability to enter into definitive documentation with Hi-Crush, the ability to continue to consult with, and address feedback received from interested stake holders including the Hollow Water First Nation and surrounding communities; environmental risks and regulations; future global economic and financial conditions; future commodity prices; operating, capital and sustaining costs; that the regulatory environment in which the Company operates will be maintained in the manner currently anticipated by the Company; future exchange and interest rates; geological and engineering estimates in respect of the Company's silica sand quantities; the recoverability of the Company's silica sand and its quality; the accuracy and veracity of information and projections sourced from third parties respecting, among other things, future industry conditions and product demand; demand for horizontal drilling and hydraulic fracturing and the maintenance of current techniques and procedures, particularly with respect to the use of silica sand; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts its business and any other jurisdictions in which the Company may conduct its business in the future; future capital expenditures to be made by the Company; future sources of funding for the Company's capital program; the Company's future debt levels; the impact of competition on the Company; and the Company's ability to obtain financing on acceptable terms.

A number of factors, risks and uncertainties could cause results to differ materially from those anticipated and described herein including, among others: the effects of competition and pricing pressures; effects of fluctuations in the price of proppants; risks related to indebtedness and liquidity, including the Company's capital requirements; risks related to interest rate fluctuations and foreign exchange rate fluctuations; changes in general economic, financial, market and business conditions in the markets in which the Company operates; the effects and impacts of the coronavirus disease (COVID-19) pandemic; changes in the technologies used to drill for and produce oil and natural gas; the Company's ability to obtain, maintain and renew required permits, licenses and approvals from regulatory authorities; the stringent requirements of and potential changes to applicable legislation, regulations and standards; the ability of the Company to comply with unexpected costs of government regulations; liabilities resulting from the Company's operations; the results of litigation or regulatory proceedings that may be brought against the Company; uninsured and underinsured losses; risks related to the transportation of the Company's products, including potential rail line interruptions or a reduction in rail car availability; the geographic and customer concentration of the Company; the ability of the Company to retain and attract qualified management and staff in the markets in which the Company operates; labour disputes and work stoppages and risks related to employee health and safety; general risks associated with the oil and natural gas industry, loss of markets, consumer and business spending and borrowing trends; limited, unfavourable, or a lack of access to capital markets; uncertainties inherent in estimating quantities of mineral resources; sand processing problems; and the use and suitability of the Company's accounting estimates and judgments.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in its forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will materialize or prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Readers should not place undue reliance on forward-looking statements. These statements speak only as of the date of this press release. Except as may be required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements or information whether as a result of new information, future events or otherwise.

Any financial outlook and future-oriented financial information contained in this press release regarding prospective financial performance, financial position, IRR or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action based on management's assessment of the relevant information that is currently available. Projected operational information contains forward-looking information and is based on a number of material assumptions and factors, as are set out above. These projections may also be considered to contain future oriented financial information or a financial outlook. The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. Actual results will vary from projected results. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein.

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