

LONESTAR WEST INC.
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(TSX.V)

Symbol: LSI

LONESTAR WEST ANNOUNCES Q3 2016 FINANCIAL RESULTS

Sylvan Lake, Alberta, (TSX.V: LSI) - Lonestar West Inc. today announced the financial results for the three and nine month periods ended September 30, 2016.

Highlights for the three months ended September 30, 2016 include:

- Revenues decreased by 27.2% to \$10,277,917 from \$14,123,380 in the previous year equivalent period.
- Gross margin¹ decreased to 14.1% from 25.0% in the previous year equivalent period.
- Normalized EBITDAC² decreased 95.3% to \$74,014 from \$1,562,412 in the previous year equivalent period.
- Normalized EBITDAC³ per basic share decreased to \$0.003 from \$0.05 in the previous year equivalent period.
- Loss before taxes was \$1,621,228, a decrease of \$911,515 in comparison to loss before taxes of \$709,713 in the previous year equivalent period.
- Net loss for the period was \$1,614,900, a decrease of \$1,111,369 in comparison to a net loss of \$503,531 in the previous year equivalent period.

The Company achieved normalized EBITDAC² of \$74,041 for the quarter ended September 30, 2016, which is a decrease from \$1,562,412 for the prior year equivalent period. The normalized EBITDAC margin was 0.7% for the quarter ended September 30, 2016 as compared to 11.1% for the prior year comparable period. The decrease in normalized EBITDAC is due primarily to a significant decrease in revenue offset by a marginal decrease in operating expenses. In the third quarter the operating costs did not decrease with revenue as there were start-up costs to redeploy assets and obtain local crews.

Highlights for the nine months ended September 30, 2016 include:

The Company achieved normalized EBITDAC² of \$2,126,002 for the nine month period ended September 30, 2016, which is a decrease from \$4,389,551 for the prior year equivalent period. The normalized EBITDAC margin was 6.5% for the nine month period ended September 30, 2016 as compared to 11.5% for the prior year comparable period. The decrease in normalized EBITDAC for the nine month period ended September 30, 2016 is related primarily to a lower gross margin in the first quarter of 2016 due to decreased pricing resulting from a more competitive operating environment. The other contributing factor to the decreased normalized EBITDAC for the nine month period ended September 30, 2016 is related to the decreased revenue, start-up costs and costs to redeploy assets in the third quarter of 2016.

“Results for the third quarter were disappointing. As a result, we have taken a number of steps to effect stronger cost controls, and reduce overhead” commented James Horvath, President of Lonestar. “Our goal is to return the business to its historical operating and profit margins. The Company has taken steps to optimize the number and location of our bases in both Canada and the US, and we will continue to direct our business development activities on expanding in our most profitable locations”.

About Lonestar West

Based in Sylvan Lake, Alberta, Lonestar West Inc. operates a fleet of 151 Hydrovac, Vacuum and Auxiliary units throughout Western Canada, Ontario, California, and the Southern United States. It is focused on profitably growing its HVAC services to become a major competitor in the North American market.

For more information please visit the Lonestar West website at www.lonestarwest.com

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This News Release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes. In particular, this News Release contains forward-looking statements relating to: demand for the Company's services and general industry activity level; the Company's growth opportunities; and expectations regarding the Company's revenue, normalized EBITDAC and equipment utilization. Lonestar believes the expectations reflected in such forward-looking statements are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Various material factors and assumptions are typically applied in drawing conclusions. Specific material factors and assumptions include, but are not limited to:

- Changes in industry conditions (including the levels of capital expenditures made by oil and gas producers and explorers)
- Credit risk to which the Company is exposed in the conduct of its business
- Fluctuations in prevailing commodity prices, currency and interest rates
- The competitive environment to which the business is, or may be, exposed in all aspects of its business
- The ability of the Company to access equipment and new technologies
- The Company's ability to maintain relationships with key suppliers
- The ability of the Company to attract and maintain key personnel and other qualified employees
- Various environmental risks to which the Company is exposed in the conduct of its operations
- Inherent risks associated with the conduct of the business in which the Company operates
- Timing and costs associated with the acquisition of capital equipment
- The impact of weather and other seasonal factors that affect business operations
- Availability of financial resources or third-party financing, and;
- The impact of new laws or changes in administrative practices on the part of regulatory authorities.

Readers are cautioned that these factors are difficult to predict. Accordingly readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the list of factors above are not exhaustive. Before placing reliance on any forward-looking statements to make decisions with respect to an investment in securities in Lonestar, prospective investors and others should carefully consider the factors identified above and other risks, uncertainties and potential changes that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties, some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Lonestar's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks identified in Lonestar's annual information form and management discussion and analysis for the year ended December 31, 2015 (the "MD&A"), which are available for viewing on SEDAR at www.sedar.com. In addition, the forward-looking statements contained in this News Release are made as of the date of this News Release. Lonestar does not undertake any obligation to publicly update or to revise any forward-looking statements except as expressly required by applicable securities laws. The forward-looking statements contained in this Press Release are expressly qualified by the cautionary statements contained herein.

Notes:

1. Gross margin is calculated as gross profit as a percentage of revenues
2. This News Release contains the term Normalized EBITDAC as presented and does not have any standardized meaning prescribed by international financial reporting standards ("IFRS") and therefore it may not be comparable with the calculation of similar measures for other entities. Management uses normalized EBITDAC to analyze the operating performance of the business. Normalized EBITDAC as presented is not intended to represent cash provided by operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. It is defined as Earnings before interest, taxes, depreciation, amortization, and stock based compensation excluding foreign exchange gains or losses which are primarily related to the US dollar activities of the Company and can vary significantly depending on exchange rate fluctuations, which are beyond the control of the Company.
3. Normalized EBITDAC per share is calculated as Normalized EBITDAC divided by the weighted average shares outstanding for the period.

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