

LONESTAR WEST INC.
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Symbol: LSI (TSX.V)

LONESTAR WEST ANNOUNCES Q2 2015 FINANCIAL RESULTS

Sylvan Lake, Alberta, (TSX.V: LSI) - Lonestar West Inc. today announced the financial results for the three and six month periods ended June 30, 2015.

Highlights for the three months ended June 30, 2015 include:

- Revenues increased 11.4% to \$10,643,600 from \$9,555,922 in the previous year equivalent period.
- Gross margin¹ increased to 18.7% from 18.2% in the previous year equivalent period.
- Normalized EBITDAC² decreased 27.7% to \$584,432 from \$808,682 in the previous year equivalent period.
- Normalized EBITDAC³ per basic share decreased 41.2% to \$0.02 from \$0.034 in the previous year equivalent period.
- Loss before taxes was \$673,742, an increase of \$496,749 in comparison to loss before taxes of \$176,993 in the previous year equivalent period.
- Net loss for the period was \$781,970, an increase of \$649,226 in comparison to a net loss of \$132,744 in the previous year equivalent period.

The Company achieved normalized EBITDAC² of \$584,432 for the quarter ended June 30, 2015, which is a decrease from \$808,682 for the prior year equivalent period. The normalized EBITDAC margin was 5.5% for the quarter ended June 30, 2015 as compared to 8.5% for the prior year comparable period. The decrease in EBITDAC is due primarily to higher selling, general and administrative expenses, which offset higher revenues and gross margin for the period. The higher selling, general and administrative expenses were due primarily to \$402,808 of bad debt expense recorded during the period, on account of outstanding accounts receivable balances where the collections of certain accounts has been determined to be unlikely.

Highlights for the six months ended June 30, 2015 include:

- Revenues increased 13.7% to \$23,956,581 from \$21,074,881 in the previous year equivalent period.
- Gross margin¹ increased to 22.6% from 22.1% in the previous year equivalent period.
- Normalized EBITDAC² decreased 3.6% to \$2,827,139 from \$2,933,376 in the previous year equivalent period.
- Normalized EBITDAC³ per basic share decreased 24.2% to \$0.097 from \$0.128 in the previous year equivalent period.
- Loss before taxes was \$295,515, a decrease of \$1,231,461 in comparison to income before taxes of \$935,946 in the previous year equivalent period.
- Loss for the period was \$571,005, a decrease of \$1,272,965 in comparison to net earnings of \$701,960 in the previous year equivalent period.

The Company achieved normalized EBITDAC² of \$2,827,139 for the six month period ended June 30, 2015, which is a decrease from \$2,933,376 for the prior year equivalent period. The normalized EBITDAC margin was 11.8% for the six month period ended June 30, 2015 as compared to 13.9% for the prior year comparable period. The decrease in EBITDAC is due primarily to higher selling, general and administrative expenses, which offset higher revenues and gross margin for the period. The higher selling, general and administrative expenses were due primarily to the \$402,808 of bad debt expense recorded during the period as referenced previously.

“The Company is pleased with the growth in both revenue and gross margin percentage, considering the ongoing depressed commodity prices in the second quarter of fiscal 2015,” commented James Horvath, President and CEO of Lonestar. “Our growth strategy in the US has contributed to the increase in revenue, and we will continue to focus on expanding these underserved areas. The second quarter EBITDAC was adversely impacted by the depressed energy market along with bad debt expense recorded during the period. Management is focused on improving our credit and collections process and other internal processes with the addition of an experienced CFO.”

The Company has been successful in executing its planned growth strategy with three transformational acquisitions and organic expansion throughout the Southern United States, which has positioned Lonestar as a major Hydrovac and Vacuum services provider in North America. The Company recently announced the Hewitt Specialty Services, LLC (“Hewitt”) acquisition, providing a base to service the Cushing, Oklahoma region to complement its existing base in Elk City, Oklahoma and provide an expanded presence in the South Central United States.

The Company’s fleet remained at 152 units from March 31 to June 30, 2015. Since that time 8 units have been added, including 6 units added on a short term rental basis as part of the Hewitt acquisition, for a total of 160 units.

About Lonestar West

Based in Sylvan Lake, Alberta, Lonestar West Inc. operates a fleet of 160 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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Notes:

1. Gross margin is calculated as gross profit as a percentage of revenues
2. This News Release contains the term 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 EBITDAC to analyze the operating performance of the business. 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. EBITDAC per share is calculated as EBITDAC divided by the weighted average shares outstanding for the period.

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, 2014 (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.

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