

LONESTAR WEST INC.  
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April 30, 2015

Symbol: LSI (TSX.V)

### LONESTAR WEST ANNOUNCES 2014 YEAR END FINANCIAL RESULTS

Sylvan Lake, Alberta, (TSX.V: LSI) - Lonestar West Inc. today announced the financial results for the year ended December 31, 2014.

#### Highlights for the year ended December 31, 2014 include:

- Revenues were \$47,252,647 for the year ended December 31, 2014, compared to \$17,581,642 in the six month fiscal year ended December 31, 2013.
- Gross margin<sup>1</sup> was 23.0% for the year ended December 31, 2014, compared to 17.9% in the six month fiscal year ended December 31, 2013.
- Normalized EBITDAC<sup>2</sup> was \$6,545,264 or 13.9% for the year ended December 31, 2014, compared to \$1,332,084 or 7.6% in the six month fiscal year ended December 31, 2013.
- Normalized EBITDAC<sup>3</sup> per basic share was \$0.25 for the year ended December 31, 2014, compared to \$0.06 in the six month fiscal year ended December 31, 2013.
- Income before taxes was \$1,448,974 for the year ended December 31, 2014 compared to a loss before taxes of \$289,353 in the six month fiscal year ended December 31, 2013.
- Net income for the year ended December 31, 2014 was \$1,072,537 compared to a net loss of \$188,295 in the six month fiscal year ended December 31, 2013

#### The Company also reported results for the quarter ended December 31, 2014, highlights include:

- Revenues increased 41.8% to \$13,161,175 from \$9,281,102 in the previous year equivalent period.
- Gross margin<sup>1</sup> increased to 21.4% from 16.2% in the previous year equivalent period.
- Normalized EBITDAC<sup>2</sup> increased 178.1% to \$1,168,960 from \$420,304 in the previous year equivalent period.
- Normalized EBITDAC<sup>3</sup> per basic share increased 300% to \$0.04 from \$0.01 in the previous year equivalent period.
- Loss before taxes was \$514,974, a decrease of \$103,140 in comparison to the \$411,834 loss before taxes in the previous year equivalent period.
- Net loss for the period were \$400,423 a \$120,147 decrease in comparison to the \$280,276 net loss in the previous year equivalent period.

The Company has been successful in executing its planned growth strategy over the last 24 months with two transformational acquisitions and organic expansion throughout the Southern United States, that has positioned Lonestar as a major Hydrovac and Vacuum services provider in North America. This growth has resulted in the Company achieving record revenues and EBITDAC for fiscal 2014.

The Company achieved gross margins of 21.4% for the quarter ended December 31, 2014, which is a significant improvement from 16.2% for the prior year comparable quarter. This improvement was a result of Managements diligence in monitoring housing and travel, and repair and maintenance costs. In addition, the Company has been successful in capitalizing on efficiencies resulting from the infrastructure implemented as part of the planned growth strategy.

“The Company is pleased with the results for fiscal 2014, and the growth it has achieved with record revenues for 2014,” commented James Horvath, President and CEO of Lonestar. “We have continued our focus on growth and utilization, as well as cost control, which has resulted in a 5% increase in our year end gross margin of 23%. Our U.S. expansion is a key factor in our growth strategy as the market is, in our belief, still in its developmental stage. The weaker Canadian dollar continues to work in our favour as well. Lonestar is proud of our efforts diversifying our fleet into utility and infrastructure applications so that we are not as dependant on the price of oil.”

With the recent decline in the energy markets, the Company is continuing to intensify its focus on cost control while maintaining superior service to its customer base. In addition, the Company will continue to assess the location of its fleet and deploy assets to areas less impacted by the energy markets. This is possible due to Managements successful efforts to expand and diversify its business over the last 2 years.

The Company believes that the United States market for Hydrovac services is still in its early stages of development. Lonestar believes that increasing acceptance of the Hydrovac technology across numerous sectors throughout the United States will continue and that the Company is well positioned to capitalize on these opportunities.

In addition, late in 2014, the Company expanded to Eastern Canada by opening a Toronto, Ontario, base. This area of Canada has increased demand for Hydrovac and Vacuum services and this area is less sensitive to the fluctuations in the oil and natural gas prices.

Subsequent to December 31, 2014 the Company added 15 units to its fleet for a total of 153 units as of the date of this press release.

### **About Lonestar West**

Based in Sylvan Lake, Alberta, Lonestar West Inc. operates a fleet of 153 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](http://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, 2014 (the "MD&A"), which are available for viewing on SEDAR at [www.sedar.com](http://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 is calculated as Normalized EBITDAC divided by the weighted average shares outstanding for the period.

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