

LONESTAR WEST INC.
Site 5, RR#1, Box 1, Sylvan Lake, AB T4S 1X6



August 22, 2016

Symbol: LSI (TSX.V)

LONESTAR WEST ANNOUNCES Q2 2016 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, 2016.

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

- Revenues decreased by 0.2% to \$10,626,555 from \$10,643,600 in the previous year equivalent period.
- Gross margin¹ increased to 23.0% from 18.7% in the previous year equivalent period.
- Normalized EBITDAC² increased 114% to \$1,252,592 from \$584,432 in the previous year equivalent period.
- Normalized EBITDAC³ per basic share increased to \$0.04 from \$0.02 in the previous year equivalent period.
- Loss before taxes was \$415,931, a decrease of \$257,811 in comparison to loss before taxes of \$673,742 in the previous year equivalent period.
- Net loss for the period was \$449,713, a decrease of \$332,257 in comparison to a net loss of \$781,970 in the previous year equivalent period.

The Company achieved normalized EBITDAC² of \$1,252,592 for the quarter ended June 30, 2016, which is an increase from \$584,432 for the prior year equivalent period. The normalized EBITDAC margin was 11.8% for the quarter ended June 30, 2016 as compared to 5.5% for the prior year comparable period. The increase in EBITDAC is due primarily to the reduction of operating expenses as revenues remained consistent.

Highlights for the six months ended June 30, 2016 include:

The Company achieved normalized EBITDAC² of \$2,161,745 for the six month period ended June 30, 2016, which is a decrease from \$2,827,139 for the prior year equivalent period. The normalized EBITDAC margin was 9.6% for the six month period ended June 30, 2016 as compared to 11.8% for the prior year comparable period. The decrease in EBITDAC is due primarily to lower revenues in the first quarter of 2016 with only a marginal decrease in the operating costs as the cost savings implemented did not take full effect until the second quarter of 2016.

“The Company is pleased with the growth in both the gross margin percentage and normalized EBITDAC, considering the ongoing depressed commodity prices in the second quarter of fiscal 2016,” commented James Horvath, President and CEO of Lonestar. “Our diversification efforts have been paying off, and we will continue to focus on expanding into underserved areas”.

The Company is continuing to focus on cost control while maintaining superior services to its customer base. In addition, the Company is continually assessing the location of its fleet and redeploys assets to areas less impacted by the energy markets.

About Lonestar West

Based in Sylvan Lake, Alberta, Lonestar West Inc. operates a fleet of 158 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

For further information please contact:

James Horvath
President & CEO
Phone: 403-887-2074
info@lonestarwest.com

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.

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.