

LONESTAR WEST INC.
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August 28, 2014

Symbol: LSI (TSX.V)

LONESTAR WEST ANNOUNCES Q2 RESULTS

Sylvan Lake, Alberta, (TSX.V: LSI) - Lonestar West Inc. today announced the financial results for the quarter ended June 30, 2014.

Lonestar is pleased to announce it has achieved record revenues and EBITDAC in the six month period ended June 30, 2014.

On November 12, 2013, Lonestar West Inc. ("Lonestar" or the "Company") announced that it changed its financial year-end from June 30 to December 31. This change in year-end allows the Company to provide continuous disclosure information on a comparable basis with its industry peer group.

Highlights for the six month period ended June 30, 2014 include:

- Revenues increased 40.6% to \$21,074,881 from \$14,988,921 in the previous year equivalent period.
- Gross margin increased to 22.1% from 18.9% in the previous year equivalent period.
- Normalized EBITDAC increased 66.1% to \$2,933,376 from \$1,765,306 in the previous year equivalent period.
- Normalized EBITDAC per basic share increased 28.8% to \$0.128 from \$0.099 in the previous year equivalent period.
- Income before taxes was \$935,946 a \$449,453 increase in comparison to the \$486,493 income before taxes in the previous year equivalent period.
- Net earnings for the period were \$701,960 a \$388,438 increase in comparison to the \$313,552 net earnings in the previous year equivalent period.
- The Company realized a \$242,114 profit in relation to a legal settlement in the Company's favour.

Normalized EBITDAC rose to \$2,933,376 from the previous year equivalent period of \$1,765,306. The significant growth can be credited to improved results from both the Canadian and United States Divisions year-over-year.

Gross margins for the Canadian Division increased to 23.7% from 19.6% in the prior year equivalent period, which is a direct result of improved operating efficiencies achieved during the period. These efficiencies translated to EBITDAC growth for the Canadian Division to \$2,597,465 or 15.1% of revenues compared to \$1,774,529 or 12.6% of revenues in the prior year comparable quarter.

Gross margins for the United States Division increased to 15.1% from 7.5% in the prior year comparable period. The significant increase in margins was mainly due to significant revenue growth experienced during the

period. Revenues rose to \$3,906,491 for the first half of fiscal 2014 from \$948,574 in the prior year equivalent period. A total of 28 trucks were added to the United States Division since June 30, 2013. The increased revenues translated to improved EBITDAC for the United States Division to \$335,911 or 8.6% of revenues a \$344,834 improvement from the negative EBITDAC of \$8,926 or negative 0.9% of revenues experienced in the prior year comparable period. The United States Division currently has 9 supervisory staff operating 38 trucks as of the date of this MD&A. Management estimates that the current level of supervisory staff will support an additional 20-30 trucks. Management anticipates the United States Division to experience a significant improvement in its operating efficiencies when additional trucks are added.

A total of 69 trucks were added to the Company's fleet since June 30, 2013 for a total of 122 trucks at the end of the period. In addition, the geographical reach of the business has been expanded with the addition of seven bases since June 30, 2013. The Company now operates 15 bases throughout Western Canada, California, Oklahoma, Texas, and Kansas as of June 30, 2014. The increase in fleet size and base coverage was reflected with a 40.6% increase in gross revenues from the previous year equivalent period.

Highlights for the quarter ended June 30, 2014 include:

- Revenues increased 53.8% to \$9,555,922 from \$6,212,254 in the previous year equivalent period.
- Gross margin increased to 18.2% from 12.4% in the previous year equivalent quarter.
- Normalized EBITDAC increased 286.6% to \$808,682 from \$209,172 in the previous year equivalent quarter.
- Normalized EBITDAC per basic share increased 191.8% to \$0.034 from \$0.012 in the previous year equivalent quarter.
- Loss before taxes was \$176,993 a \$355,834 improvement in comparison to the \$532,827 loss before taxes in the previous year equivalent quarter.
- Net loss for the quarter was \$132,744 a \$315,952 improvement in comparison to the \$448,696 net loss in the previous year equivalent quarter.
- The Company realized a \$242,114 profit in relation to a legal settlement in the Company's favour.

Normalized EBITDAC rose by 286.6% from the previous year equivalent quarter with a rise from \$209,172 to \$808,682. The increase in operating results can be credited to the significant improvement in gross margins as a result of improved operating efficiencies.

Normalized EBITDAC for the Canadian Division rose 666.4% from \$52,531 to \$402,564. In addition, normalized EBITDAC margin rose from 1.0% to 5.8% of Canadian revenues. The significant increase in results can be attributed to increased operating efficiencies realized from infrastructure implemented in the Canadian Division over the last four quarters.

The United States Division also contributed positively during the quarter ended June 30, 2014. EBITDAC for the United States Division was \$406,118, a 159.3% increase when compared to \$156,641 in the comparable prior year quarter. EBITDAC margin decreased 3.2% to 15.3% from 18.5%, this is a result of the increased costs related to the build out of the United States platform. Since June 30, 2013, the Company hired key personnel and opened 4 bases. These additional costs had a direct impact on the EBITDAC margin for the United States Division for the second quarter of fiscal 2014. Management anticipates the EBITDAC margin will improve in the coming quarters as the build out of the United States Division continues.

"Lonestar continues to realize strong revenues and EBITDAC growth as a result of the Company's implementation of its planned expansion strategy" commented James Horvath, CEO and President of Lonestar. "The Vamp purchase has positively contributed to the Company's EBITDAC since the acquisition on June 20, 2014, and is continuing to significantly contribute to the Canadian Division subsequent to June 30, 2014. The United States Division is continuing to experience revenue growth and is positively contributing to the overall EBITDAC as the 7 United States bases build on their existing infrastructure."

About Lonestar West

Based in Sylvan Lake, Alberta, Lonestar West Inc. operates a fleet of 125 HVAC, Vacuum and Auxiliary trucks throughout Western Canada, California, Oklahoma, Texas and has recently expanded into Kansas. 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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