



PHX

ENERGY SERVICES CORP.

**ANNUAL GENERAL MEETING
MAY 9, 2017**

Forward-Looking Statements

Some matters discussed in this presentation may be considered to be forward- looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Such risks and uncertainties include: the possible unavailability of financing, risks related to the uncertainty inherent in the oil and gas horizontal and directional services industry, the impact of energy price fluctuations, the seasonal nature of business, the dependence on third party suppliers and contractors, changes in government regulation, the impact of competition, the successful commercialization of certain technologies, the dependence upon competent employees including senior management, and fluctuations in currency exchange rates and interest rates.

Financial Results

	Three-Month Period ended March 31,			Year Ended December 31,		
<i>Stated in thousands of dollars except per unit amounts, percentages and operating days</i>	2017	2016	% Chg	2016	2015	% Chg
Operating Results	<i>(unaudited)</i>	<i>(unaudited)</i>				
Revenue	61,222	40,449	51	148,401	286,780	(48)
Adjusted EBITDA ⁽¹⁾	4,333	4,115	5	5,048	23,631	(79)
Cash Flow						
Funds from operations ⁽¹⁾	3,983	3,584	11	559	13,846	(96)
Capital expenditures	1,799	857	n.m.	7,811	18,029	(57)
Operating Days						
Consolidated Operating Days	6,684	4,069	64	15,536	22,784	(32)
Financial Position						
Working Capital ⁽¹⁾	58,866	44,230	33	44,230	61,041	(28)
Long-term debt	11,995	29,014	(59)	29,014	60,000	(52)

Positive Direction in Q1

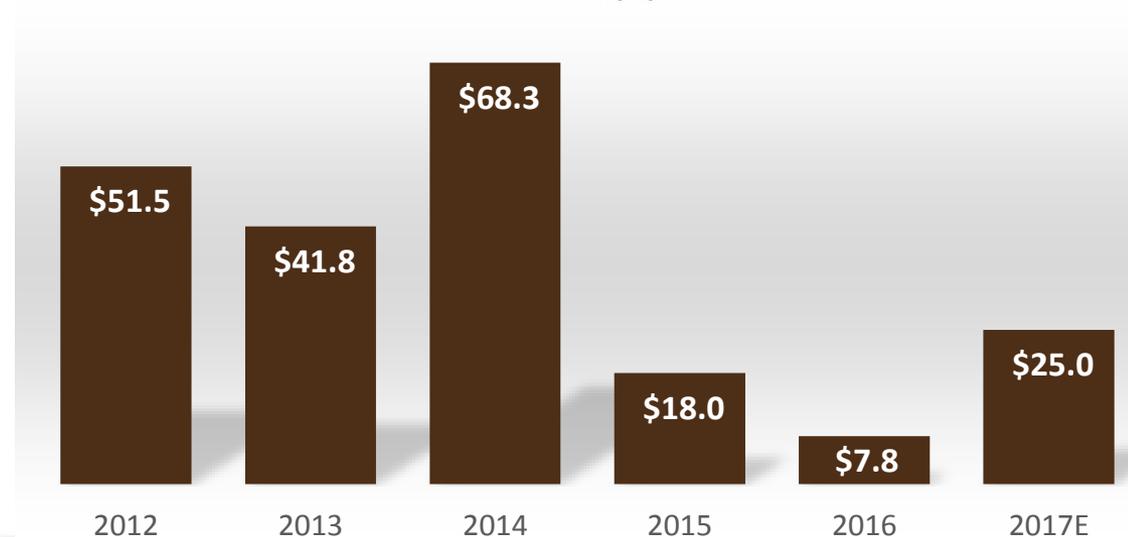
- Industry activity showed signs of recovery with higher rig counts in North America
 - Canadian rig count improved 71% and US rig count 36%
- Increased revenue and operating days in all segments quarter-over-quarter
- Continued demand for Velocity and DataStream EDR Platform
- Day rates did not increase with greater activity levels due to high level of competition in the directional market

	Revenue		Operating Days	
	Q1 '16	Q1 '17	Q1 '16	Q1 '17
Canada	15.3	28.0	1,951	4,004
Stream	0.3	1.4	385	1,739
US	21.7	26.8	1,564	1,990
International	3.1	4.9	554	691

Disciplined Capital Spending Focused on Growth

- We have remained strategically focused on developing differentiating technologies that support the growth of higher margin service offerings
- PHX Energy is positioned to thrive in “new” markets and provide unmatched performance with disruptive technology
 - 2017 capital expenditures are primarily dedicated to growing Velocity and DataStream EDR capacity

Capital Expenditures
In millions



Focus on Efficiency Gains

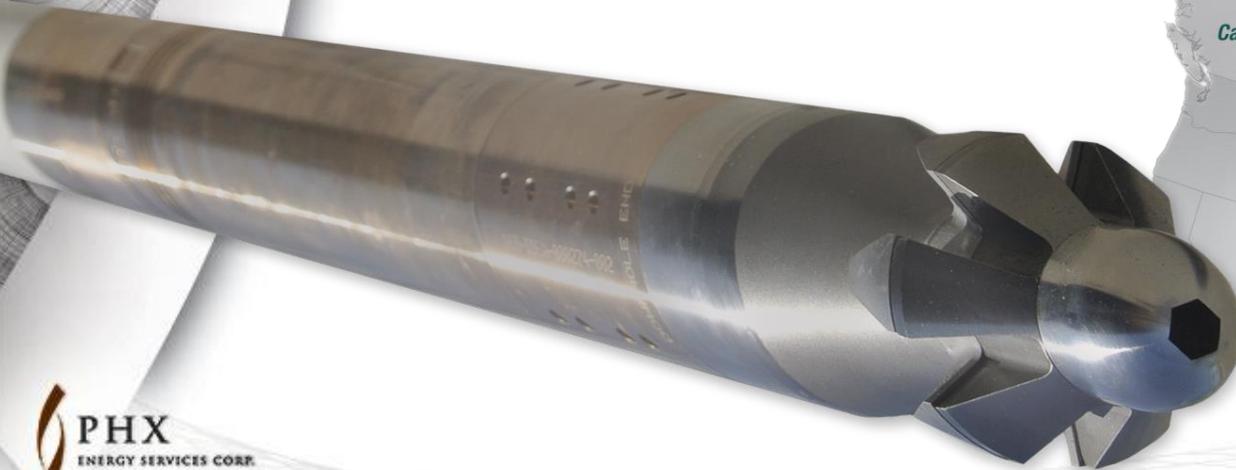
- Directional drilling operations have a very large impact on overall drilling efficiency
- PHX Energy is focused on being a leader in developing solutions that increase wellsite efficiency and reduce operating costs
 - Remote operations that reduce personnel
 - Technology that provides faster data transmission and higher Rate of Penetration (ROP)
 - Prism optimization center and expertise
 - Recommendations on drilling practices
 - Performance tracking and continuous improvement cycle
- Advancing wellsite software for improved data acquisition and greater automation
 - Connect Surface System & DataStream EDR



Velocity Operations Update

Over 2,900 downhole runs in North America

- Today we are operating Velocity for the most active operators in all key North American basins
- Velocity is generating additional market share gains in these basins for PHX Energy
- Currently, Velocity is operating at full capacity
 - PHX Energy intends to increase fleet capacity to 65 systems by the end of Q3 2017



Performance Drilling Motor Development

- Engineering efforts are focused on developing one of the most powerful performance drilling motors on the market
 - Further adding to our suite of differentiating technology
- Our new design is one of the most rugged and reliable in the market and will offer a significant advantage in the Permian basin
 - Shorter bit-to-bend
 - Proprietary flow options
 - Proprietary power section
- Will be compatible for in-house manufacturing which will allow us to maintain lower maintenance costs



Introducing Connect Surface System

*PHOENIX DEVELOPED A PROPRIETARY SOFTWARE APPLICATION
ENABLING AUTOMATED DRILLING OPERATIONS WITH REMOTE SUPPORT*

WELLSITE

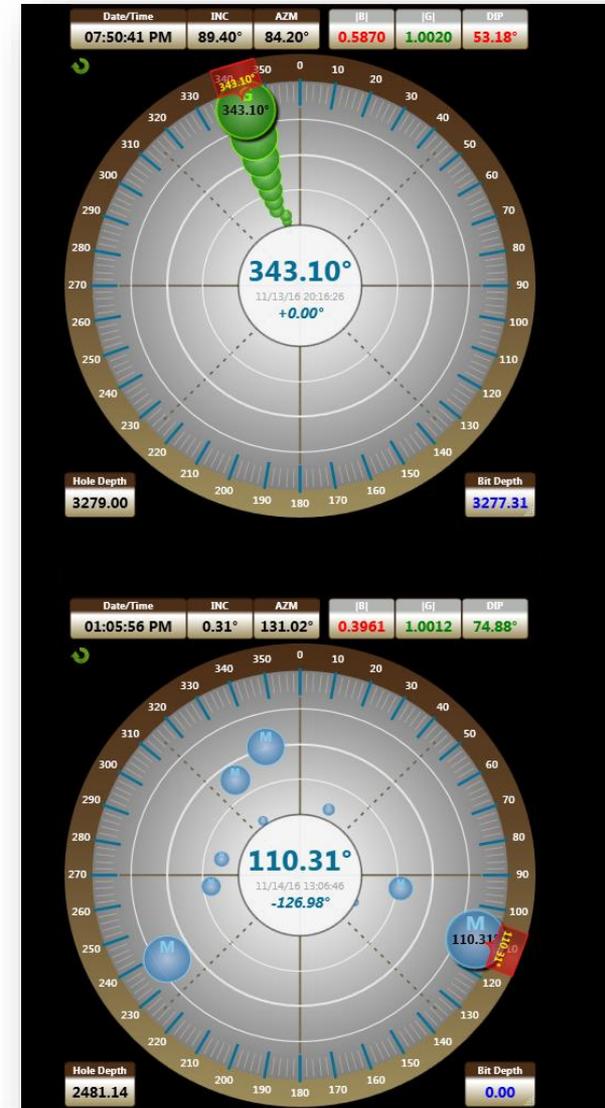
**TWO-WAY
COMMUNICATION**

**DESKTOP
APPLICATIONS**



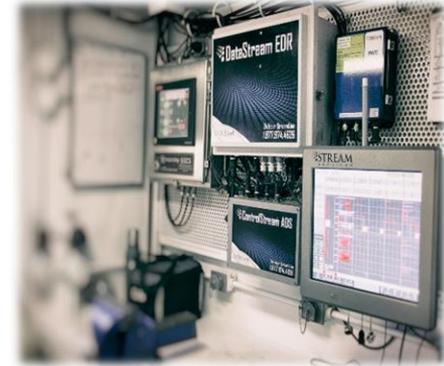
Connect Powers Remote Drilling Center

- Remote directional drilling center can be powered by Connect
 - View multiple rigs at one time
- Directional drillers and MWD operators on location can be reduced
 - Opportunity to deploy 1 MWD operator for every 2 rigs in the field and have all other directional personnel in a remote center
 - Steering decisions made using Connect
- Currently deployed with select clients with the opportunity to expand as demand grows



Diversifying PHX Energy with Stream Services

- A new growth platform with attractive returns
 - Low capital requirement to expand
 - Attractive sector with minimal competitors
- Stream was operating at maximum capacity in Q1 2017 and at the end of 2016
 - Intend to increase Stream's job capacity to 50 by the end of Q2 2017
- Stream's strategic marketing is focused on areas of high density drilling rig activity
 - With additional capacity, we will be poised to expand to additional basins in Canada and the US



QUESTIONS