

PHX Energy Announces 2018 Capital Expenditure Program

PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) announces that its Board of Directors (the "**Board**") has approved the 2018 capital expenditure program of \$10.5 million (the "**program**"), of which \$3.8 million was committed in 2017 but delivery of the equipment was delayed into 2018. PHX Energy has remained strategically focused on developing differentiating technologies that support the growth of higher margin services, and the 2018 capital expenditure program reflects a disciplined approach to furthering this objective.

The 2018 program is mainly allocated toward the Velocity Real-Time System ("**Velocity**") and 7.25" Atlas performance drilling motor ("**Atlas**") fleets as these technologies are in high demand and offer significant advantages in key basins across North America. The Corporation projects that at the end of 2018 it will have a fleet of 70 Velocity systems. Additionally a portion of the 2018 program is allocated toward the maintenance of its legacy measurement while drilling ("MWD") and motor equipment.

In 2017, there was a recovery in overall industry conditions, and thus far, in the second half of 2017, the Corporation has experienced significant growth and improved profitability as compared to 2016. PHX Energy achieved these results despite the delayed delivery of Velocity systems and performance drilling motors, which are now expected to arrive in early 2018.

PHX Energy is optimistic that in 2018 it will further build upon the momentum of 2017, achieving improved profitability and greater activity levels as it deploys the additional equipment currently on order and projected in the 2018 program.

About PHX Energy Services Corp.

The Corporation, through its directional drilling subsidiary entities, provides horizontal and directional drilling technology and services to oil and natural gas producing companies in Canada, the US, Russia and Albania. PHX Energy also provides EDR technology and services.

Forward Looking Statements

Certain statements contained in this document constitute "forward looking statements" and/or "forward looking information" within the meaning of applicable securities laws (collectively referred to as "forward looking statements"). When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", and similar expressions, are intended to identify forward looking statements. Such statements reflect the current views of PHX Energy with respect to future events, program and operating performance and speak only as of the date of this document. In particular, this document contains forward looking statements pertaining to the amount of the Corporation's 2018 capital expenditure program, the source of funding the program, the allocation of the program and the anticipated 2018 activity.

Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether such results will be achieved. Readers are cautioned not to place undue reliance on these statements as a number of factors could cause actual results to defer materially from the results discussed in these forward looking statements, including but not limited to those factors referred to under the heading "Risk Factors" in the Corporation's Annual Information Form ("**AIF**") for the year ended December 31, 2016 and the Corporation's management's discussion and analysis for the three and nine months ended September 30, 2017. Although forward looking statements contained in this press release are based upon what the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward looking statements. The forward looking statements in this press release are expressly qualified by this cautionary statement. Unless otherwise required by law, PHX Energy does not intend, or assume any obligation, to update these forward looking statements.

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