

PHX Energy Announces Credit Facility Increase and Normal Course Issuer Bid

PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) is pleased to announce that it has entered into amended and restated increased credit facilities with its current lending syndicate and additional syndicate members (the "**Syndicated Facility**").

The Syndicated Facility which has been increased to \$200 million in aggregate is comprised of a Canadian revolving line of credit of \$160 million, a Canadian operating line of credit of \$15 million and a United States revolving line of credit of \$25 million, representing an increase of \$70 million over the Corporation's current aggregate credit facilities. Upon request by the Corporation and approval by the lenders, the Syndicated Facility can be expanded to \$250 million through the exercise of an additional \$50 million accordion option to the Canadian revolving line of credit.

The Syndicated Facility is a four year, committed facility, initially maturing on December 12, 2018. Upon request by the Corporation and agreement by the lenders, it can be extended annually, provided that the requested new maturity date does not exceed four years. The Syndicated Facility is secured by substantially all of the Corporation's assets and includes typical terms, conditions and covenants for a facility of this nature.

In addition, the Corporation announced that the Toronto Stock Exchange ("**TSX**") has accepted PHX Energy's Notice of Intention to commence a normal course issuer bid (the "**NCIB**"). Under the NCIB, PHX Energy may purchase for cancellation, from time to time, as PHX Energy considers advisable, up to a maximum of 1,759,678 common shares of the Corporation ("**Common Shares**"), which represents 5% of the currently issued and outstanding Common Shares. Purchases of Common Shares will be made on the open market through the facilities of the TSX. The price which PHX Energy will pay for any Common Shares purchased by it will be the prevailing market price of the Common Shares on the TSX at the time of such purchase. The actual number of Common Shares that may be purchased for cancellation and the timing of any such purchases will be determined by PHX Energy, subject to a maximum daily purchase limitation of 18,106 Common Shares which equates to 25% of PHX Energy's average daily trading volume for the six months ended November 30, 2014.

The NCIB will commence on December 17, 2014 and will terminate on December 16, 2015 or such earlier time as the NCIB is completed or terminated at the option of PHX Energy. Peters & Co. Limited will act on the Corporation's behalf to make purchases of Common Shares pursuant to the NCIB.

Management of PHX Energy believes that, from time to time, the market price of its Common Shares may not fully reflect the underlying value of the Common Shares and that at such times the purchase of Common Shares would be in the best interests of PHX Energy. Such purchases will increase the proportionate interest of, and may be advantageous to, all remaining shareholders.

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, Albania, and Russia. PHX Energy manufactures its E-360 electromagnetic and P-360 positive pulse MWD

technologies that are made available for internal operational use. As the result of an acquisition completed in November 2013, PHX Energy provides EDR technology and services, through Stream Services (formerly RigManager Services).

For further information please contact:

John Hooks, President and CEO; or Cameron Ritchie, Senior Vice President Finance and CFO

PHX Energy Services Corp.

Suite 1400, 250 2nd Street SW

Calgary, Alberta T2P 0C1

Tel: 403-543-4466

Fax: 403-543-4485

www.phxtech.com