



PRESS RELEASE
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TSX - PHX

PHX Energy Announces its Fourth Quarter & Year End Results, Reporting Increased Activity

Financial Results

In light of improved industry conditions, PHX Energy successfully increased its activity levels in Canada and the US while maintaining its disciplined approach to costs, and as a result, experienced significant growth and improved profitability in 2017 as compared to 2016.

The Corporation generated \$241 million of consolidated revenue for the year ended December 31, 2017, 62 percent higher than the \$148.4 million generated in the 2016-year. This increase in revenue was primarily the result of higher activity levels as consolidated operating days grew by 51 percent from 15,536 days in the 2016-year to 23,504 days in 2017-year. In the fourth quarter of 2017, PHX Energy generated \$60.7 million of consolidated revenue, which is 30 percent higher than the \$46.6 million realized in the 2016-quarter. This level of fourth quarter revenue was the highest since 2014 and was achieved despite delays in the delivery of Velocity Real-Time Systems ("Velocity") and performance drilling motors, which are now expected to arrive in early 2018.

For the year ended December 31, 2017, PHX Energy realized adjusted EBITDA of \$22.7 million (9 percent of revenue), which is more than four times higher than the \$5.0 million (3 percent of revenue) reported for the 2016-year. In the 2017 three-month period ended December 31, 2017, adjusted EBITDA increased to \$5.4 million (9 percent of revenue) from \$3.2 million (7 percent of revenue) in the comparable 2016-quarter.

For the year ended December 31, 2017, PHX Energy reported a net loss of \$23.5 million, which is a 49 percent improvement compared to losses of \$46.5 million incurred in the 2016-year. The 2017 net loss includes a pre-tax, cash-settled share-based payment expense of \$1.3 million (2016 - \$4.1 million), provisions for inventory of \$1.1 million (2016 - \$3.2 million), a provision for onerous contracts of \$0.4 million revenue (2016 - \$2.3 million expense), severance costs of \$0.8 million (2016 - \$2.1 million) and an equity-settled share-based payment expense of \$2.6 million (2016 - \$1.5 million).

As at December 31, 2017, PHX Energy had long-term debt of \$14.0 million and working capital of \$49.8 million.

Capital Spending

For the year ended December 31, 2017, the Corporation increased capital spending to \$25.7 million as compared the \$7.8 million spent in 2016-year. The Corporation's capital expenditures in 2017 were primarily focused on Velocity, performance drilling motors, and Electronic Drilling Recorder ("EDR") equipment. As at December 31, 2017, \$5.4 million of equipment was on order and is expected to be received within the first half of 2018. These commitments include \$4.3 million in Velocity systems, \$0.9 million in measurement while drilling ("MWD") spare components, and \$0.2 million in rotors and collars.

PHX Energy anticipates that \$10.5 million in capital expenditures will be spent in the 2018-year. The 2018 program is mainly allocated toward the Velocity and 7.25" Atlas high performance drilling motor fleets as these technologies are in high demand and offer significant advantages in key basins across North America. The majority of Velocity systems are deployed to the Permian basin where this technology excels and offers a higher level of performance over conventional MWD technology.

Normal Course Issuer Bid

The TSX approved PHX Energy's Normal Course Issuer Bid ("NCIB") to purchase for cancellation, from time-to-time, up to a maximum of 2,929,494 common shares of the Corporation. Purchases of common shares will be made on the open market through the facilities of the TSX and through alternative trading systems. The price which PHX Energy will pay for any common shares purchased will be at the prevailing market price on the TSX or alternate trading systems at the time of such purchase. The NCIB commenced on June 26, 2017 and will terminate on June 25, 2018 or such earlier time as the NCIB is completed or terminated at the option of the Corporation. Pursuant to the NCIB, 192,000 shares were purchased and cancelled by the Corporation during 2017. PHX Energy intends to use the NCIB as another tool to enhance total long-term shareholder returns in conjunction with management's disciplined capital allocation strategy.

Equity Financings

On February 2, 2017, PHX Energy closed a bought deal short-form prospectus (the "2017 Prospectus") offering for aggregate proceeds of \$28.8 million. An aggregate of 7,187,500 common shares of the Corporation were issued at a price of \$4.00 per common share. Concurrent with the closing of the public offering, certain directors, officers, employees and consultants of PHX Energy purchased a total of 500,000 common shares at a price of \$4.00 per share on a private placement basis. The gross proceeds from the public offering and concurrent private placement totaled to approximately \$30.8 million.

The proceeds from the equity financing were initially used to reduce the outstanding loans and borrowings under the Corporation's credit facility, thereby freeing up borrowing capacity which was redrawn as required to fund the Corporation's ongoing capital expenditure program.

(Stated in thousands of dollars except per share amounts, percentages and shares outstanding)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Operating Results	<i>(unaudited)</i>	<i>(unaudited)</i>				
Revenue	60,660	46,629	30	241,001	148,401	62
Net income (loss)	(5,126)	(15,074)	(66)	(23,528)	(46,517)	(49)
Earnings (loss) per share – diluted	(0.09)	(0.30)	(70)	(0.41)	(1.01)	(59)
Adjusted EBITDA ⁽¹⁾	5,440	3,182	71	22,683	5,048	n.m.
Adjusted EBITDA ⁽¹⁾ per share – diluted	0.09	0.06	50	0.39	0.11	n.m.
Adjusted EBITDA ⁽¹⁾ as a percentage of revenue	9%	7%		9%	3%	
Cash Flow						
Cash flows from operating activities	10,135	359	n.m.	225	5,091	(96)
Funds from operations ⁽¹⁾	2,490	2,060	21	15,023	559	n.m.
Funds from operations per share – diluted ⁽¹⁾	0.04	0.04	-	0.26	0.01	n.m.
Dividends paid	-	-	-	-	416	(100)
Dividends per share ⁽²⁾	-	-	-	-	0.01	(100)
Capital expenditures	8,276	2,555	n.m.	25,673	7,811	n.m.
Financial Position, December 31,						
Working capital				49,787	44,230	13
Long-term debt				14,000	29,014	(52)
Shareholders' equity				181,538	178,387	2
Common shares outstanding				58,397,887	50,810,721	15

⁽¹⁾ Refer to non-GAAP measures section that follows the Outlook section

⁽²⁾ Dividends paid by the Corporation on a per share basis in the period.

n.m. – not meaningful

Non-GAAP Measures

PHX Energy uses certain performance measures throughout this document that are not recognizable under Canadian generally accepted accounting principles (“GAAP”). These performance measures include adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”), adjusted EBITDA per share, funds from operations, funds from operations per share and working capital. Management believes that these measures provide supplemental financial information that is useful in the evaluation of the Corporation’s operations and are commonly used by other oil and natural gas service companies. Investors should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with GAAP as an indicator of PHX Energy’s performance. The Corporation’s method of calculating these measures may differ from that of other organizations, and accordingly, these may not be comparable. Please refer to the non-GAAP measures section following the Outlook section for applicable definitions and reconciliations.

Cautionary Statement Regarding Forward-Looking Information and Statements

This document contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "could", "should", "can", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements.

The forward-looking information and statements included in this document are not guarantees of future performance and should not be unduly relied upon. These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. The Corporation believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements and information included in this document should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this document.

In particular, forward-looking information and statements contained in this document include, without limitation, delivery of capital expenditure items, and the projected capital expenditures budget and how this budget will be funded.

The above are stated under the headings: "Capital Spending", and "Capital Resources". Furthermore all statements in the Outlook section of this document contains forward-looking statements.

In addition to other material factors, expectations and assumptions which may be identified in this document and other continuous disclosure documents of the Corporation referenced herein, assumptions have been made in respect of such forward-looking statements and information regarding, among other things: the Corporation will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; anticipated financial performance, business prospects, impact of competition, strategies, the general stability of the economic and political environment in which the Corporation operates; exchange and interest rates; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the adequacy of cash flow; debt and ability to obtain financing on acceptable terms to fund its planned expenditures, which are subject to change based on commodity prices; market conditions and future oil and natural gas prices; and potential timing delays. Although Management considers these material factors, expectations, and assumptions to be reasonable based on information currently available to it, no assurance can be given that they will prove to be correct.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with the Canadian Securities Regulatory Authorities and may be accessed through the SEDAR website (www.sedar.com) or at the Corporation's website. The forward-looking statements and information contained in this document are expressly qualified by this cautionary statement. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements or

information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Revenue

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Revenue	60,660	46,629	30	241,001	148,401	62

For the three-month period ended December 31, 2017, consolidated revenue increased 30 percent to \$60.7 million from \$46.6 million in the 2016-quarter. The increase in revenue in the fourth quarter of 2017, as compared to 2016, was due to higher average day rates and drilling activity in Canada and the US. For the three-month period ended December 31, 2017, the average consolidated day rate, excluding the US motor rental and the Stream division, was \$10,299, which is 16 percent higher than the 2016-quarter's average day rate of \$8,874. Consolidated operating days increased 13 percent quarter-over-quarter, growing from 5,074 days in the 2016-quarter to 5,748 days in the 2017-quarter.

Overall North American rig counts in the fourth quarter of 2017 continued to show significant growth over the prior year's quarter, improving 46 percent. This was led by strong gains in the US where the rig count increased 56 percent as compared to the fourth quarter of 2016; whereas in Canada the number of active rigs in 2017 was 13 percent greater quarter-over-quarter. Horizontal and directional drilling continues to dominate the market representing 97 percent of the Canadian industry's operating days (2016 - 96 percent) and 93 percent of the US rigs running per day (2016 - 89 percent) (Source: Daily Oil Bulletin and Baker Hughes).

For the year ended December 31, 2017, PHX Energy's consolidated revenue increased to \$241 million, a 62 percent increase from the \$148.4 million generated in the 2016-year. US and international revenue, as a percentage of total consolidated revenue, was 57 percent (2016 – 53 percent) and 8 percent (2016 – 11 percent), respectively. The increase in revenue for the year ended December 31, 2017, as compared to 2016, was primarily due to higher drilling activity as consolidated operating days grew 51 percent to 23,504 days in 2017 from 15,536 days in 2016. Excluding the US motor rental and Stream divisions, the average consolidated day rate for the 2017-year increased by 8 percent to \$9,981 from \$9,277 in 2016-year. The improvement in the average consolidated day rate in the 2017-year was negatively affected by the weakening of the US dollar year-over-year.

Operating Costs and Expenses

(Stated in thousands of dollars except percentages)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Direct costs	58,111	49,590	17	235,687	172,495	37
Gross profit (loss) as a percentage of revenue	4%	(6%)		2%	(16%)	
Depreciation & amortization (included in direct costs)	10,187	10,886	(6)	41,621	49,752	(16)
Gross profit as percentage of revenue excluding depreciation & amortization	21%	17%		19%	17%	

Direct costs are comprised of field and shop expenses, and include depreciation and amortization of the Corporation's equipment. For the quarter and year ended December 31, 2017, direct costs increased to \$58.1 million and \$235.7 million, respectively, from \$49.6 million and \$172.5 million in the comparable 2016-periods. The greater direct costs in both 2017-periods were primarily related to higher activity levels, which in turn increased field labour, equipment repairs, MWD battery and third party rental costs.

For the quarter and year ended December 31, 2017, the gross profit as a percentage of revenue rose to 4 percent and 2 percent, respectively, an improvement over the gross loss as a percentage of revenue of 6 percent and 16 percent in the comparable 2016-periods. Excluding depreciation and amortization, gross profit as a percentage of revenue improved to 21 percent and 19 percent for the quarter and year ended December 31, 2017, up from 17 percent in both respective 2016-periods. The overall improved market and industry environment in 2017 helped produce greater volumes of drilling activity and a day rate recovery for the Corporation. These factors together with a disciplined approach to spending, mainly contributed to the generation of positive gross margins and higher profitability in both 2017-periods.

The reduction in the depreciation and amortization expense for the quarter and year ended December 31, 2017 was primarily the result of PHX Energy's lower levels of capital spending relative to the years before the industry downturn and more assets being fully depreciated.

(Stated in thousands of dollars except percentages)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Selling, general and administrative ("SG&A") costs	9,717	9,914	(2)	32,461	31,628	3
Equity-settled share-based payments (included in SG&A costs)	381	165	n.m	2,600	1,542	69
Cash-settled share-based payments (recoveries) (included in SG&A costs)	540	1,585	(66)	1,315	4,094	(68)
Onerous contract rent expense (included in SG&A costs)	(165)	2,300	n.m	(437)	2,300	n.m
SG&A costs excluding share- based payments and onerous expenses as a percentage of revenue	15%	13%		12%	16%	

n.m. – not meaningful

SG&A costs for the three-month period ended December 31, 2017 decreased by 2 percent to \$9.7 million from \$9.9 million in the comparable 2016-period mainly as a result of lower cash-settled share-based payments and the decreased provision for onerous contracts. Excluding the impact of equity and cash-settled share-based payments and the provision for onerous contracts, SG&A costs as a percentage of consolidated revenue for the 2017-quarter increased to 15 percent compared to 13 percent in the comparable 2016-quarter primarily due to greater personnel related costs in the 2017-quarter.

For the year ended December 31, 2017, SG&A costs marginally increased to \$32.5 million compared to \$31.6 million in the 2016-year despite the 51 percent increase in activity year-over-year. SG&A costs as a percentage of consolidated revenue, excluding the impact of equity and cash-settled share-based payments and the provision for onerous contracts, improved to 12 percent from 16 percent in the 2016-year. These positive results were mainly attributable to the increased volume of drilling activity, the stabilization of day rates, and effective cost control measures implemented since the onset of the downturn.

Equity-settled share-based payments relate to the amortization of the fair values of issued options of the Corporation using the Black-Scholes model. For the three-month period and year ended December 31, 2017, equity-settled share-based payments increased to \$0.4 million and \$2.6 million, respectively, compared to \$0.2 million and \$1.5 million in the comparable 2016-periods. The increase in the equity-settled compensation expense for both 2017-periods was primarily the result of higher fair values on options granted in the first quarter of 2017 as compared to 2016 and new options granted in the third quarter of 2017.

Cash-settled share-based retention awards, which are included in SG&A costs, are measured at fair value. In the quarter and year ended December 31, 2017, cash-settled share-based payments decreased by 66 percent and 68 percent, respectively, over the corresponding 2016-periods. The decrease in the compensation expense in 2017 was mainly driven by fluctuations in the Corporation's share price in both periods.

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Research and development expense	805	669	20	2,463	2,001	23

Research and development (“R&D”) expenditures during the quarter and year ended December 31, 2017 were \$0.8 million (2016 - \$0.7 million) and \$2.5 million (2016 - \$2.0 million), respectively. In 2017, the Corporation received a scientific research and experimental development (“SR&ED”) credit, which reduced the R&D expense by \$0.4 million (2016 - \$0.3 million).

Excluding the impact of SR&ED credits, R&D expenditures were higher in both 2017-periods resulting primarily from the addition of R&D personnel, who were required to support the development of new technology and other initiatives to further enhance and expand PHX Energy’s services.

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Finance expense	516	502	3	2,011	1,952	3

Finance expenses relate to interest charges on the Corporation’s long-term and short-term bank facilities. For the quarter and year ended December 31, 2017, the finance expense increased over the comparable 2016-periods. The increase in finance charges in both 2017-periods was primarily due to higher rates on borrowings, additional financing charges from the amendments to the credit facility completed in the fourth quarters of 2016 and 2017, and accretion charges associated with the Corporation’s provision for onerous contracts.

(Stated in thousands of dollars)

	Three-month periods ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
Net (gain) loss on disposition of drilling equipment	(2,273)	602	(6,061)	(115)
Foreign exchange (gain) loss	(126)	137	246	(30)
Provision for bad debts	103	173	479	369
Other (income) expense	(2,296)	912	(5,336)	224

For the quarter and year ended December 31, 2017, the Corporation realized other income of \$2.3 million (2016 – expense of \$0.9 million) and \$5.3 million (2016 – expense of \$0.2 million), respectively, which was mainly the result of gains on the disposition of drilling equipment. Gains typically result from insurance programs undertaken whereby proceeds for the lost equipment are at current replacement values, which are higher than the respective equipment’s book value. Losses typically result from any asset retirements that were made before the end of the equipment’s useful life and self-insured downhole equipment losses. In the 2017-periods, the gain on disposition of drilling equipment resulted primarily from the higher occurrence of insured lost equipment that was driven by increased drilling activity.

For the quarter and year ended December 31, 2017, the Corporation incurred a foreign exchange gain of \$0.1 million (2016 - loss of \$0.1 million) and loss of \$0.2 million (2016 - nil), respectively. Changes in foreign exchange gains and losses result mainly from the settlement and the revaluation of Canadian-denominated intercompany payables in the US.

During the quarter and year ended December 31, 2017, the Corporation recognized provisions for bad debts of \$0.1 million (2016 - \$0.2 million) and \$0.5 million (2016 - \$0.4 million), respectively. The provisions for bad debt in the 2017-year relate primarily to accounts receivable in the Corporation's US segment.

(Stated in thousands of dollars except percentages)

	Three-month periods ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
Provision for (Recovery of) income taxes	(1,066)	116	(2,757)	(13,383)
Effective tax rates	17%	(1%)	10%	22%

For the three-month period ended December 31, 2017, the Corporation recognized a recovery of income taxes of \$1.1 million (2016 – \$0.1 million provision) primarily from tax losses in the Corporation's Canadian entities. For the year ended December 31, 2017, a recovery of \$2.8 million was recorded as compared to \$13.4 million in the 2016-year. The expected combined Canadian federal and provincial tax rate for 2017 is 27 percent. The effective tax rates for the three-month period and year ended December 31, 2017 were lower than the expected rate mainly as a result of the effect of tax rates in foreign jurisdictions.

(Stated in thousands of dollars except per share amounts and percentages)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Net earnings (loss)	(5,126)	(15,074)	(66)	(23,528)	(46,517)	(49)
Earnings (loss) per share – diluted	(0.09)	(0.30)	(70)	(0.41)	(1.01)	(59)
Adjusted EBITDA	5,440	3,182	71	22,683	5,048	n.m.
Adjusted EBITDA per share – diluted	0.09	0.06	50	0.39	0.11	n.m.
Adjusted EBITDA as a percentage of revenue	9%	7%		9%	3%	

n.m. – not meaningful

As a result of improved drilling activity and higher average day rates, the Corporation realized reduced net losses in the 2017 fourth quarter and year. Adjusted EBITDA as a percentage of revenue for both the three-month period and year ended December 31, 2017 was 9 percent (2016 - 7 percent and 3 percent, respectively).

Segmented Information

The Corporation reports three operating segments on a geographical basis throughout the Canadian provinces of Alberta, Saskatchewan, British Columbia, and Manitoba; throughout the Gulf Coast, Northeast and Rocky Mountain regions of the US; and internationally, mainly in Albania and Russia.

Canada

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Revenue	19,782	19,581	1	84,405	53,996	56
Reportable segment profit (loss) before tax	680	(4,004)	n.m.	(5,162)	(18,526)	(72)

n.m. - not meaningful

For the three-month period ended December 31, 2017, PHX Energy's Canadian division generated \$19.8 million in revenue, flat when compared to the \$19.6 million generated in the comparable 2016-quarter. The segment's average day rate increased 12 percent from \$7,064 in the 2016-quarter to \$7,912 in 2017, excluding Stream revenue of \$0.9 million (2016 - \$1.0 million). The recovery in the average day rate was offset by a 9 percent decrease in operating days. In the 2017-quarter, 2,384 days were recorded as compared to 2,632 days in 2016-quarter. In comparison, the number of horizontal and directional drilling days in the industry increased by 26 percent quarter-over-quarter from 13,564 days in the 2016-quarter to 17,077 days in the 2017-quarter (Source: Daily Oil Bulletin). The decrease in PHX Energy's Canadian activity in the fourth quarter of 2017 was mainly due to a lower volume of activity generated by a few larger customers relative to market activity.

During the fourth quarter 2017, oil drilling, as measured by drilling days, represented approximately 78 percent of PHX Energy's Canadian activity and the Corporation remained active in the Montney, Wilrich, Bakken, Shaunavon, Duvernay, Cardium and Viking areas.

PHX Energy's Canadian revenue for year ended December 31, 2017, increased by 56 percent to \$84.4 million from \$54.0 million in the 2016-year. The Canadian segment recorded 10,882 operating days in 2017, a 56 percent increase over the 6,997 days in 2016. In comparison, for the year ended December 31, 2017, there were 67,784 horizontal and directional drilling days realized in the Canadian industry, which is 80 percent higher than the 37,634 days realized in 2016 (Sources: Daily Oil Bulletin). The average day rate, excluding Stream revenue, for the year ended December 31, 2017 was \$7,395, flat when compared to the prior year (2016 - \$7,425).

Reportable segment profit before tax for the three-month period and loss before tax for the year ended December 31, 2017 was \$0.7 million (2016 - \$4.0 million loss) and \$5.2 million (2016 - \$18.5 million), respectively. Improved profitability in both 2017-periods was primarily due to the increased volume of activity. The Canadian segment's profitability in both comparative 2016-periods were negatively affected by provisions for inventory and a provision for an onerous lease contract.

Stream Services

Included in the Canadian segment's revenue for the three-month period and year ended December 31, 2017 were Stream revenues of \$0.9 million (2016 - \$1.0 million) and \$3.9 million (2016 - \$2.0 million), respectively. For the three-month period ended December 31, 2017, the division realized a 4 percent increase in activity to 1,247 operating days from 1,199 days in the comparable 2016-quarter. The positive impact of higher activity was offset by an 11 percent decrease in the average day rate which was mainly the result of Stream providing a greater proportion of low-rate services during the quarter. For the year ended

December 31, 2017, the division recorded 5,178 operating days, an 81 percent increase compared to 2,855 days generated in the 2016-year, and realized a 6 percent improvement in the average day rate from \$717 in 2016 to \$761 in the 2017-year.

For the three-month period and year ended December 31, 2017, the Stream division incurred reportable losses before tax of \$1.4 million (2016 - \$1.6 million) and \$4.3 million (2016 - \$6.6 million), respectively. Included in the Stream division's losses in both 2017-periods were depreciation and amortization expenses \$0.6 million and \$2.4 million, respectively. Reduced losses in both 2017-periods were reflective of greater volumes of activity and fewer expenses related to the expansion of the division.

United States

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Revenue	36,264	21,721	67	137,625	78,593	75
Reportable segment loss before tax	(5,460)	(8,436)	(35)	(14,928)	(31,151)	(52)

For the three-month period ended December 31, 2017, the US segment realized revenue of \$36.3 million, an increase of 67 percent from the \$21.7 million generated in the 2016-period. This level of fourth quarter revenue was the highest achieved by the US segment since 2014. Increased revenue generated in the 2017-quarter was generally produced by greater volumes of drilling activity and a modest upturn in the average day rate. PHX Energy's US operating days increased to 2,744 days in the final quarter of 2017, an improvement of 58 percent over the 1,734 days in the same 2016-quarter. In comparison, industry activity has grown 63 percent with the number of horizontal and directional rigs running per day climbing to 858 in the fourth quarter of 2017 from 526 rigs in the comparative 2016-quarter (Source: Baker Hughes). As a result of recovering commodity prices, the average day rate, excluding the motor rental division, increased by 7 percent in the 2017-quarter to \$13,022 from \$12,175 in the 2016-quarter. The increase in the average day rate was adversely impacted by the weakening of the US dollar in the 2017 three-month period relative to the comparable period in 2016.

In the fourth quarter of 2017, horizontal and directional drilling continued to represent a large majority of the industry rig count, averaging 93 percent of the rigs running on a daily basis. Oil well drilling, as measured by wells drilled and excluding the motor rental and gyro surveying divisions, increased to 92 percent of PHX Energy's US activity in the 2017-quarter, as a large portion of the industry's drilling activity remained concentrated in Texas, specifically the Permian basin. During the third quarter of 2017, Phoenix USA remained active in the Permian, Mississippian/Woodford, Marcellus, Utica, Niobrara and Bakken basins.

For the year ended December 31, 2017, US revenue grew from \$78.6 million in 2016 to \$137.6 million, an increase of 75 percent. The Corporation's US operating days increased by 67 percent to 10,106 days from 6,055 days in 2016. In comparison, US industry activity, as measured by the average number of horizontal and directional rigs running on a daily basis, grew by 80 percent to 807 rigs in 2017 compared from 449 rigs in 2016 (Source: Baker Hughes). Excluding the motor rental division, Phoenix USA's average day rate increased by 6 percent in the 2017-year to \$13,373 from \$12,613 in 2016.

Reportable segment loss before tax for the three-month period and year ended December 31, 2017 was \$5.5 million (2016 - \$8.4 million) and \$14.9 million (2016 - \$31.2 million), respectively. The significant reduction in losses was primarily the result of increased drilling activity and day rates.

International

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Revenue	4,614	5,327	(13)	18,971	15,812	20
Reportable segment profit (loss) before tax	(174)	1,011	n.m.	(959)	(455)	n.m.

n.m. - not meaningful

For the three-month period ended December 31, 2017, the Corporation's international segment generated revenue of \$4.6 million, a decrease of 13 percent from the \$5.3 million earned in the comparable 2016-quarter. The decrease in revenue was primarily caused by lower activity as international operating days, excluding the MWD rental activity, decreased by 13 percent to 620 days in the fourth quarter of 2017 from 709 days in the 2016-period. The decrease in activity was due to Albania being idle during the 2017-quarter while active in the comparable 2016-period.

For the year ended December 31, 2017, international revenue grew by 20 percent to \$19.0 million from \$15.8 million in the comparable 2016-period. The increase in revenue was largely from the continued expansion of the Russian MWD rental activity and more activity in Albania in the 2017-year relative to 2016. The Russian ruble also strengthened year-over-year and this aided the improvement of the average day rate, which increased by 18 percent to \$7,537 in 2017 from \$6,363 in 2016. International operating days were relatively flat at 2,517 days in the 2017-year, as compared to 2,485 days in 2016.

During 2017, the Russian operation continued to grow its presence in Eastern Siberia and was successful in its efforts to diversify the business. A focus was also placed on the highly profitable MWD rental business. A satellite MWD repair facility was established in Eastern Siberia which will help reduce transportation costs and enhance service delivery capabilities.

For the three-month period and year ended December 31, 2017, the international segment reported losses before tax of \$0.2 million and \$1.0 million, respectively, compared to a profit of \$1.0 million and a loss of \$0.5 million in the comparable 2016-periods. Losses in the 2017-quarter were mainly due to inactivity in Albania. Profitability in both 2017-periods was negatively affected by provisions for inventory.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2017 was \$16.4 million (2016 - \$5.1 million). During 2017, the Corporation acquired \$25.7 million of drilling and other equipment (2016 - \$7.8 million) and received proceeds of \$11.6 million from the disposition of drilling equipment, primarily related to involuntary disposal of drilling equipment in well bores (2016 - \$4.5 million). The 2017 expenditures included:

- \$16.3 million in MWD systems and spare components;
- \$5.2 million in downhole performance drilling motors;
- \$2.9 million in EDR equipment and spare components; and
- \$1.3 million in other assets including computers, vehicles, and machinery and equipment.

The capital expenditure program undertaken in the period was financed generally from funds from operations and drawdowns on credit facilities.

In reference to the 2017 Prospectus, the anticipated expenditures as detailed in the “Use of Proceeds” section of the 2017 Prospectus differed from the actual use of proceeds mainly due to changes in customers’ demand for technology and services. The variance in the expenditures aided the Corporation in achieving increased activity levels in 2017. Variances were as follows:

(Stated in thousands of dollars)

	Anticipated Use of Proceeds per 2017 Prospectus	Actual Use of Proceeds in 2017	Variance
Velocity Real-Time Systems	10,500	13,514	(3,014)
Stream Services – EDR systems	6,475	2,855	3,620
Downhole motor fleet addition and development	4,000	5,229	(1,229)
Miscellaneous machinery, shop and downhole equipment	2,000	1,377	623
Velocity License	475	475	-
	23,450	23,450	-

During the year, the Corporation spent \$2.9 million in intangible assets consisting primarily of \$1.9 million in payments related to a license agreement and \$0.9 million in development costs.

The change in non-cash working capital balances of \$0.6 million (source of cash) for the year ended December 31, 2017, relates to the net change in the Corporation’s trade payables that are associated with the acquisition of capital assets. This compares to a \$1.9 million (source of cash) for the year ended December 31, 2016.

Financing Activities

The Corporation reported cash from financing activities of \$13.3 million in 2017 as compared to \$2.0 million of cash used in 2016. In the 2017-year:

- a total repayment of \$15.4 million was made on the Corporation's Operating, US Operating and Syndicated Facilities;
- through a bought deal short-form prospectus offering and a concurrent private placement, the Corporation issued 7,687,500 common shares for net proceeds of \$29.0 million;
- under the Corporation's NCIB, \$0.4 million was spent on repurchase of shares; and
- 91,666 common shares were issued for proceeds of \$0.2 million upon the exercise of share options.

Capital Resources

As of December 31, 2017, the Corporation had \$14.0 million drawn on its syndicated facility, \$5.6 million drawn on its Canadian Operating Facility and nil drawn on its US Operating Facility.

On November 30, 2017, the Corporation amended its credit agreement with its lenders. The key amendments included:

- The Corporation increased the maximum principal amounts available under the Operating Facility from CAD\$10.0 million to CAD\$15.0 million, and the US Operating Facility from USD\$1.5 million to US\$5.0 million.
- The Corporation extended the maturity date of the credit facilities to December 11, 2020.
- The Corporation will no longer be subject to a minimum liquidity test.
- The Corporation's net capital expenditures in any fiscal year cannot exceed CAD\$30.0 million, net of proceeds from dispositions, unless the Corporation's trailing twelve month EBITDA is greater than CAD\$30.0 million, and, debt to EBITDA ratio for the most recent quarter end is less than 3.00:1.00, and, the interest coverage ratio for the most recent quarter end is greater than 3.00:1.00.
- For the periods ending December 31, 2017 and thereafter, the debt to EBITDA ratio shall be calculated on a rolling four-quarter basis. The following financial statement covenants remain in effect:

Quarter Ending	Debt to Covenant EBITDA Ratio	Interest Coverage Ratio
Dec. 31, 2017	< 4.0x	> 3.0x
Mar. 31, 2018	< 3.5x	> 3.0x
June 30, 2018	< 3.5x	> 3.0x
Quarters ending thereafter	< 3.0x	> 3.0x

As at December 31, 2017, the Corporation was in compliance with all its financial covenants as follows:

Ratio	Covenant	As at December 31, 2017
Debt to covenant EBITDA	<4.0x	1.43
Interest coverage ratio	>3.0x	6.82
Net capital expenditures and intangible asset acquisitions	<\$31.8 million	\$28.6 million

The Corporation had approximately CAD\$43.4 million and USD\$5.0 million available to be drawn from its credit facilities as at December 31, 2017.

The credit facilities are secured by substantially all of the Corporation's assets.

Cash Requirements for Capital Expenditures

Historically, the Corporation has financed its capital expenditures and acquisitions through cash flows from operating activities, debt and equity. The 2018 capital budget has been set at \$10.5 million subject to quarterly review of the Board of Directors. These planned expenditures are expected to be financed primarily by funds from operations. However, if a sustained period of market and commodity price uncertainty and financial market volatility persists in 2018, the Corporation's activity levels, cash flows and access to credit may be negatively impacted, the proceeds from borrowing may be required to fund operations, and the expenditure level would be reduced accordingly. Conversely, if future growth opportunities present themselves, the Corporation would look at expanding this planned capital expenditure amount.

Outlook

The strengthening industry environment in 2017 created many positive results for PHX Energy and the Corporation achieved growth and improved profitability. The fourth quarter of 2017 was the highest revenue and operating days for any fourth quarter since 2014 when the downturn began. Looking forward to 2018, PHX Energy is cautiously optimistic that the industry will continue to recover and potentially create opportunities for growth.

The Canadian industry remains challenging and there are many obstacles affecting the further recovery of this market. As a result, the rig counts are anticipated to remain flat in 2018 as compared to 2017 with the first quarter being the most active of the year. In light of this industry outlook, the Corporation's strategy will be to leverage its expertise and strong operational performance in the prominent drilling regions to remain a dominant player in an environment with perceived limited growth opportunities.

In contrast, the US industry continues to show a recovery, and rig counts are forecasted to climb year-over-year in 2018. With a more positive outlook for industry growth, the US remains PHX Energy's primary market of focus. The reputation of the US operating division has strengthened over the past few years, with PHX Energy becoming a more prominent player in key basins such as the Permian. This is the result of the US segment delivering a high level of operational performance, which can partially be attributed to the Corporation's new technologies. PHX Energy's strategy for new technology deployment will continue to be directed towards the most active basins in the US market to further build market share and its client base.

PHX Energy's international operations were mainly focused in Russia in 2017 and this division is continuing to diversify its service offering, which includes expanding its MWD rental business. The strategy for 2018 is to further capture greater market share and PHX Energy anticipates future growth in Russia. In the first quarter of 2018, the Corporation resumed operations on one rig in Albania, and PHX Energy is cautiously optimistic that this will continue throughout the 2018-year.

Stream achieved modest activity growth year-over-year and remains focused on gaining greater volumes to improve profitability in the division. With its entrance into the US in the latter part 2017, Stream is gaining knowledge and experience in this market. As with the Corporation's directional division, the EDR division remains strategically focused on the US and strives to expand its North American footprint.

With the growth experienced over the past year, PHX Energy did not waiver on its disciplined approach to cost management and this aided the increased profitability in the 2017-year. PHX Energy is committed to sustaining this diligent approach to spending to maintain its healthy financial position.

Technology Update

PHX Energy continued its long-term strategy of developing and commercializing differentiating technologies that offer a unique set of competitive advantages including the ability to create operating efficiencies and enhance well site performance, support data driven drilling practices and create higher operating margins.

During the fourth quarter of 2017, gains anticipated from additional Velocity capacity were not fully realized as the delivery of systems was delayed. The Corporation expects delivery in the first half of 2018 and has dedicated additional capital expenditures to grow the fleet. Despite this expansion, PHX Energy believes Velocity will remain sold out throughout the upcoming year as it continues to be one of the premium MWD technologies on the market. Velocity delivers on all three of PHX Energy's technology objectives mentioned above and it is this success that puts Velocity in such high demand.

Just as Velocity was designed to be a new generation MWD platform, the objective of developing the 7.25" Atlas High Performance Drilling Motor ("Atlas") was to offer a step change in motor technology. In the fourth quarter, additional engineering and design enhancements were made and are currently being deployed to the field. Although these new enhancements have only recently been run downhole, the performance on these initial wells is surpassing what this powerful motor was already achieving. PHX Energy is excited about Atlas' potential to drive well site performance and deliver overall cost savings to operators.

PHX Energy has leveraged remote drilling capabilities in its operations for many years, and with the advancements to its technologies, such as the development of Connect, the Corporation is now being looked to by select customers to be a partner in their efforts to establish remote drilling centres. PHX Energy has state-of-the-art centres at its Calgary and Houston facilities and Connect offers specific advantages for customers' in-house remote operations.

PHX Energy believes further improvements in financial and operational performance will be made in 2018 as the industry continues to gradually recover from the challenges of the downturn. PHX Energy is diligently focused on propelling its technology development in order to achieve higher margins and greater growth in the US market. The Corporation will leverage the efficiencies and disciplined cost management established to survive the downturn to further strengthen its financial position.

Michael Buker, President
February 28, 2017

Non-GAAP Measures

1) Adjusted EBITDA

Adjusted EBITDA, defined as earnings before finance expense, income taxes, depreciation and amortization, impairment losses on goodwill and intangible assets, provisions for the settlement of litigations, equity and cash-settled share-based payments, severance costs, and other non-cash charges, is not a financial measure that is recognized under GAAP. However, Management believes that adjusted EBITDA provides supplemental information to net earnings that is useful in evaluating the results of the Corporation's principal business activities before considering certain charges, how it was financed and how it was taxed in various countries. Investors should be cautioned, however, that adjusted EBITDA should not be construed as an alternative measure to net earnings determined in accordance with GAAP. PHX Energy's method of calculating adjusted EBITDA may differ from that of other organizations and, accordingly, its adjusted EBITDA may not be comparable to that of other companies.

The following is a reconciliation of net earnings to adjusted EBITDA:

(Stated in thousands of dollars)

	Three-month periods ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
Net loss	(5,126)	(15,074)	(23,528)	(46,517)
Add:				
Depreciation and amortization	10,187	10,886	41,621	49,752
Provision for (Recovery of) income taxes	(1,066)	116	(2,757)	(13,383)
Finance expense	516	502	2,011	1,952
Equity-settled share-based payments	381	165	2,600	1,542
Cash-settled share-based payments (recoveries)	540	1,585	1,315	4,094
Severance costs	-	385	785	2,091
Provision for inventory	173	2,317	1,073	3,217
Provision for onerous contracts	(165)	2,300	(437)	2,300
Adjusted EBITDA as reported	5,440	3,182	22,683	5,048

Adjusted EBITDA per share - diluted is calculated using the treasury stock method whereby deemed proceeds on the exercise of the share options are used to reacquire common shares at an average share price. The calculation of adjusted EBITDA per share on a dilutive basis does not include anti-dilutive options.

2) Funds from Operations

Funds from operations is defined as cash flows generated from operating activities before changes in non-cash working capital, interest paid, and income taxes paid. This is not a measure recognized under GAAP. Management uses funds from operations as an indication of the Corporation's ability to generate funds from its operations before considering changes in working capital balances and interest and taxes paid. Investors should be cautioned, however, that this financial measure should not be construed as an alternative measure to cash flows from operating activities determined in accordance with GAAP. PHX Energy's method of calculating funds from operations may differ from that of other organizations and, accordingly, it may not be comparable to that of other companies.

The following is a reconciliation of cash flows from operating activities to funds from operations:

(Stated in thousands of dollars)

	Three-month periods ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
Net cash flows from operating activities	10,135	359	225	5,091
Add (deduct):				
Changes in non-cash working capital	(8,401)	1,791	17,065	(1,470)
Interest paid	223	400	962	1,382
Income taxes paid (recovered)	533	(490)	(3,229)	(4,444)
Funds from operations	2,490	2,060	15,023	559

Funds from operations per share - diluted is calculated using the treasury stock method whereby deemed proceeds on the exercise of the share options are used to reacquire common shares at an average share price. The calculation of funds from operations per share on a dilutive basis does not include anti-dilutive options.

3) Debt to covenant EBITDA Ratio

Debt is represented by loans and borrowings. Covenant EBITDA, for purposes of the calculation of this covenant ratio, is represented by net earnings for a rolling four quarter period, adjusted for finance expense, provision for income taxes, depreciation and amortization, equity-settled share-based payments, unrealized foreign exchange losses, impairment losses on goodwill and intangible assets, loss on disposition of drilling equipment, severance costs, provision for inventory obsolescence and provision for the settlement of litigations, subject to the restrictions provided in the amended credit agreement.

4) Working Capital

Working capital is defined as the Corporation's current assets less its current liabilities and is used to assess the Corporation's short-term liquidity.

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.

PHX Energy's Canadian directional drilling operations are conducted through Phoenix Technology Services LP. The Corporation maintains its corporate head office, research and development, Canadian sales, service and operational centres in Calgary, Alberta. In addition, PHX Energy has a facility in Estevan, Saskatchewan. PHX Energy's US operations, conducted through the Corporation's wholly-owned subsidiary, Phoenix Technology Services USA Inc. ("Phoenix USA"), is headquartered in Houston, Texas. Phoenix USA has sales and service facilities in Houston, Texas; Denver, Colorado; Casper, Wyoming; Midland, Texas; Bellaire, Ohio; and Oklahoma City, Oklahoma. Internationally, PHX Energy has sales offices and service facilities in Albania and Russia, and administrative offices in Nicosia, Cyprus; Dublin, Ireland; and Luxembourg City, Luxembourg.

PHX Energy markets its EDR technology and services in Canada through its division, Stream Services ("Stream"), which has an office and operations center in Calgary, Alberta. In the US, EDR technology and services are marketed under the US entity, Stream EDR Services. EDR technology is marketed worldwide, outside Canada and the US, through Stream's wholly-owned subsidiary Stream Services International Inc.

As at December 31, 2017, PHX Energy had 668 full-time employees and the Corporation utilized over 150 additional field consultants in 2017.

The common shares of PHX Energy trade on the Toronto Stock Exchange under the symbol PHX.

For further information please contact:

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PHX Energy Services Corp.

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Consolidated Statements of Financial Position

	December 31, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,122,539	\$ 7,007,293
Trade and other receivables	66,635,311	41,552,796
Inventories	22,009,483	24,988,472
Prepaid expenses	2,915,878	2,613,716
Current tax assets	1,353,622	5,293,489
Total current assets	97,036,833	81,455,766
Non-current assets:		
Drilling and other equipment	98,569,594	121,172,229
Intangible assets	26,925,046	26,302,314
Goodwill	8,876,351	8,876,351
Deferred tax assets	14,828,714	10,687,684
Total non-current assets	149,199,705	167,038,578
Total assets	\$ 246,236,538	\$ 248,494,344
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Operating facility	\$ 5,620,464	\$ 6,031,547
Trade and other payables	41,629,783	31,194,630
Total current liabilities	47,250,247	37,226,177
Non-current liabilities:		
Loans and borrowings	14,000,000	29,014,050
Provision for onerous contracts	2,015,000	2,300,000
Deferred income	1,433,339	1,566,671
Total non-current liabilities	17,448,339	32,880,721
Equity:		
Share capital	266,838,036	237,539,242
Contributed surplus	9,315,926	6,817,458
Retained earnings	(106,438,399)	(82,910,425)
Accumulated other comprehensive income	11,822,389	16,941,171
Total equity	181,537,952	178,387,446
Total liabilities and equity	\$ 246,236,538	\$ 248,494,344

Consolidated Statements of Comprehensive Income (Loss)

	Three-month periods ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
	<i>(Unaudited)</i>	<i>(Unaudited)</i>		
Revenue	\$ 60,660,416	\$ 46,628,582	\$ 241,000,892	\$ 148,400,609
Direct costs	58,110,822	49,589,582	235,687,393	172,495,460
Gross profit (loss)	2,549,594	(2,961,000)	5,313,499	(24,094,851)
Expenses:				
Selling, general and administrative expenses	9,716,748	9,914,244	32,460,524	31,627,880
Research and development expenses	805,242	669,028	2,463,114	2,000,895
Finance expense	515,853	501,767	2,010,678	1,952,106
Other (income) expense	(2,296,188)	912,033	(5,336,197)	224,052
	8,741,655	11,997,072	31,598,119	35,804,933
Loss before income taxes	(6,192,061)	(14,958,072)	(26,284,620)	(59,899,784)
Provision for (Recovery of) income taxes				
Current	180,854	697,433	411,765	(4,606,066)
Deferred	(1,246,429)	(581,042)	(3,168,411)	(8,776,922)
	(1,065,575)	116,391	(2,756,646)	(13,382,988)
Net loss	(5,126,486)	(15,074,463)	(23,527,974)	(46,516,796)
Other comprehensive income (loss)				
Foreign currency translation	554,095	3,518,743	(5,118,782)	(1,396,042)
Total comprehensive loss for the period	\$ (4,572,391)	\$ (11,555,720)	\$ (28,646,756)	\$ (47,912,838)
Loss per share – basic	\$ (0.09)	\$ (0.30)	\$ (0.41)	\$ (1.01)
Loss per share – diluted	\$ (0.09)	\$ (0.30)	\$ (0.41)	\$ (1.01)

Consolidated Statements of Cash Flows

	Three-month periods ended December 31,		Years ended December 31,	
	2017	2016	2017	2016
	<i>(Unaudited)</i>	<i>(Unaudited)</i>		
Cash flows from operating activities:				
Net loss	\$ (5,126,486)	\$ (15,074,463)	\$ (23,527,974)	\$ (46,516,796)
Adjustments for:				
Depreciation and amortization	10,187,316	10,885,569	41,620,740	49,752,222
Provision for (Recovery of) income taxes	(1,065,575)	116,391	(2,756,646)	(13,382,988)
Unrealized foreign exchange (gain) loss	(208,008)	106,503	155,832	1,573,606
Loss (Gain) on disposition of drilling equipment	(2,272,673)	602,465	(6,061,340)	(114,656)
Equity-settled share-based payments	381,343	164,999	2,600,015	1,542,013
Finance expense	515,853	501,767	2,010,678	1,952,106
Provision for bad debts	103,447	172,881	478,707	369,159
Provisions for inventory	172,851	2,317,472	1,072,851	3,217,371
Provision for onerous contracts	(165,000)	2,300,000	(437,000)	2,300,000
Amortization of deferred income	(33,333)	(33,333)	(133,332)	(133,332)
Interest paid	(222,652)	(400,684)	(962,240)	(1,382,272)
Income taxes recovered (paid)	(533,352)	490,316	3,229,839	4,444,822
Change in non-cash working capital	8,400,802	(1,790,922)	(17,065,226)	1,470,083
Net cash from operating activities	10,134,533	358,961	224,904	5,091,338
Cash flows from investing activities:				
Proceeds on disposition of drilling equipment	3,615,042	1,321,100	11,575,430	4,535,991
Acquisition of drilling and other equipment	(8,276,167)	(2,555,072)	(25,673,004)	(7,811,179)
Acquisition of intangible assets	(1,423,628)	(1,569,283)	(2,916,211)	(3,757,344)
Change in non-cash working capital	237,953	489,600	601,139	1,890,757
Net cash used in investing activities	(5,846,800)	(2,313,655)	(16,412,646)	(5,141,775)
Cash flows from financing activities:				
Proceeds from issuance of share capital (net)	-	194,748	29,154,582	23,438,637
Dividends paid to shareholders	-	-	-	(415,670)
Proceeds from (Repayment of) loans and borrowings	(1,872,000)	9,014,048	(15,014,050)	(31,004,592)
Repurchase of shares under the NCIB	(393,111)	-	(426,461)	-
Proceeds from (Repayment of) operating facility	473,674	(2,837,814)	(411,083)	6,031,547
Net cash from (used in) financing activities	(1,791,437)	6,370,982	13,302,988	(1,950,078)
Net increase (decrease) in cash and cash equivalents	2,496,296	4,416,288	(2,884,754)	(2,000,515)
Cash and cash equivalents, beginning of period	1,626,243	2,591,005	7,007,293	9,007,808
Cash and cash equivalents, end of period	\$ 4,122,539	\$ 7,007,293	\$ 4,122,539	\$ 7,007,293