

PHX Energy Increases its 2022 Capital Expenditure Program by Approximately 80% to \$85 Million

Calgary, Alberta - PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) announces that its Board of Directors (the "**Board**") has approved to increase its 2022 capital expenditure program (the "**Program**") to \$85 million, a \$37.3 million increase from the previously announced Program.

- The increase is expected to be primarily dedicated to further expanding the fleet of Atlas High Performance Drilling Motor ("**Atlas Motors**"), by up to 100 motors, and Velocity Real-Time System ("**Velocity**"), by up to 30 kits, for anticipated activity in late 2022 and into 2023. It is anticipated the remaining expenditures will be allocated towards PowerDrive Orbit Rotary Steerable Systems ("**RSS**") and other ancillary equipment.
- Of the \$85 million Program, \$76.4 million is expected to be allocated towards growth, while the remaining \$8.6 million is anticipated to be spent on maintenance capital.
- Strong commodity prices are driving industry growth, especially in the US market where there were 60% more rigs running in the first quarter of 2022 compared to the same quarter of 2021.
- The Corporation's premium technology fleet is currently running at capacity as its activity levels continue to grow and demand strengthens.
- Supply chain challenges are persisting with long lead times, increased costs and shortages. PHX Energy anticipates that this situation will continue for the foreseeable future. Past expenditures placed well in advance have been advantageous and this increase is focused on continuing this proactive strategy.
- PHX Energy will remain disciplined in its approach towards growth to ensure its financial strength continues and believes the increase to the 2022 Program will fuel further opportunities to reward shareholders as it is committed to remaining an outlier in the energy services sector.
- The 2022 Program is expected to be financed from a combination of cash and cash equivalents, cash flow from operations and the Corporation's unused credit facilities as the Corporation anticipates minimal borrowing in 2022 as deliveries are received.
- The Corporation's strong financial position creates a competitive advantage to equip its operations for the robust industry activity and grow its market share in this attractive environment.
- By placing these orders immediately, the Corporation will be strategically positioned to capitalize on a very strong 2023.

About PHX Energy Services Corp.

PHX Energy is a growth oriented, public oil and natural gas services company. The Corporation, through its directional drilling subsidiary entities provides horizontal and directional drilling services to oil and natural gas exploration and development companies principally in Canada and the US. In connection with the services it provides, PHX Energy engineers, develops and manufactures leading-edge technologies. In recent years, PHX Energy has developed various new technologies that have positioned the Corporation as a technology leader in the horizontal and directional drilling services sector in North America.

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, the 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 2022 capital expenditure program, the source of funding the Program, the planned allocation of the Program, the anticipated fleet increases, the anticipated 2022 and 2023 activity and demand for the Corporation's services, and the continuation of supply chain disruptions.

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, 2021 and the Corporation's management's discussion and analysis for the three-month period and year then ended December 31, 2021. 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.

For further information please contact:

John Hooks, CEO;

Michael Buker, President; 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