

PHX Energy Announces Increased 2018 Capital Expenditure Program to Support New Atlas Power Rental Division and Continued Growth in the Permian Basin

Calgary, Alberta - PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) announces that its Board of Directors (the "**Board**") has approved an increase to the Corporation's 2018 capital expenditure program (the "**program**") by \$8 million to \$18.5 million. The increase to the 2018 program is expected to be principally directed to the expansion of PHX Energy's fleet of performance drilling motors, including its proprietary high performance 7.25" Atlas motor ("**Atlas**"), to support increasing activity in the Permian basin region of the Corporation's US operations.

The majority of the additional performance drilling motors being purchased will be dedicated to a new performance drilling motor rental business, branded Atlas Power. This division was recently engaged by a prominent operator in the Permian basin to provide an exclusive performance drilling motor rental fleet, which includes the Atlas high performance motor. Atlas' powerful performance and the resulting operating advantages were a key factor in PHX Energy securing this opportunity, as was the Corporation's extensive performance drilling motor expertise and sophisticated motor servicing facility. Management is optimistic that the Atlas Power division will see expanded activity and a growing client base during the course of the 2018-year. The high margin division will mainly target operators in the Permian basin where there are a large number of rigs operating, but could be scalable to any basin throughout North America.

The 2018 program will also support growth within PHX Energy's full service operations, which is placing greater demand on the Corporation's fleet. With the continued strengthening of crude oil prices driving industry rig counts upward, PHX Energy's US operations are gaining more work from both new and existing clients, again primarily in the Permian basin, and Management anticipates its Canadian operations to be more active coming out of spring break-up.

As the Corporation expands its operations, it will continue to take a disciplined approach toward this growth and believes the increase to the 2018 program will aid in further improvements in profitability and strengthen PHX Energy's financial position. The 2018 program is expected to be financed from a combination of cash flow from operations and the Corporation's unused credit facilities.

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, programs and operating performance and speak only as of the date of this document. In particular, this document contains forward looking statements pertaining to the Corporation's 2018 capital expenditure program, including the increase to the program and the anticipated resulting expansion in the performance drilling motor fleet, the source of funding for the program, the allocation of the program, the potential impact of the Atlas Power division on the Corporation's operations and profitability, and the anticipated increase in 2018 activity and growing demand for the Corporation's fleet.

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 differ 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, 2017 and the Corporation's management's discussion and analysis for the year then ended and the three-months ended March 31, 2018. 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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