



PHX ENERGY ANNOUNCES COMMERCIALIZATION OF STREAM SERVICES' NEW EDR PRODUCT LINE

September 6, 2016
Calgary, Alberta

PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) is pleased to announce that its electronic drilling recorder ("**EDR**") division, Stream Services ("**Stream**"), has commercially released its new DataStream EDR product line ("**DataStream**").

The launch of the DataStream EDR product line will allow the Corporation to successfully diversify its business with a competitive service offering in an attractive sector of the oil and gas services market where there are only a few providers. The Corporation anticipates that this will create an additional revenue stream that will improve its overall financial performance through the higher margins typical of this sector. PHX Energy will leverage its existing footprint and administrative and marketing resources to support the expansion of Stream, and expects no further capital commitments or discretionary spending will be required outside of increasing capacity to meet demand.

By the end of the third quarter, Stream will be at full capacity operating on 15 rigs in western Canada. Management believes in upcoming quarters demand for DataStream will outpace supply and intends to double Stream's job capacity by early 2017.

PHX Energy would like to express their sincere appreciation to the handful of Canadian Operators who partnered with Stream in the testing and qualification of DataStream. Through the constructive contributions of these valuable partners, the design and functionality of DataStream offer tailored and customizable solutions for capturing and leveraging drilling data.

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.

In addition, PHX Energy provides EDR technology and services, through Stream Services. EDR products offer drilling operators the ability to acquire and monitor vital drilling parameters in real-time at the rig site and in the office. Sophisticated measurement instrumentation technology captures drilling data, which is transmitted to the EDR system where it is displayed in meaningful configurations that can be utilized for analysis and optimization

The common shares of PHX Energy are traded on the Toronto Stock Exchange under the symbol "PHX".

Forward-Looking Statements

Certain statements contained in this press release 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", "potential" and similar expressions, are intended to identify forward looking statements. Such statements reflect the current views of PHX Energy with respect

to future events, and speak only as of the date of this press release. In particular, this press release contains forward looking statements pertaining to the commercialization of DataStream, the expected demand for Stream's services, the anticipated increase in capacity of the DataStream fleet, the capital commitments associated therewith, and the potential impact of DataStream on the Corporation's overall financial performance and profitability.

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, 2015 and the Corporation's management's discussion and analysis for the three and six month periods ended June 30, 2016. 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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