



NEWS RELEASE

JUNE 8, 2016

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### **PHX ENERGY SERVICES CORP. ENTERS INTO BOUGHT DEAL FINANCING**

**Calgary, Alberta** - PHX Energy Services Corp. (TSX - PHX) ("PHX Energy" or the "Corporation") is pleased to announce that it has entered into a bought-deal financing with a syndicate of underwriters led by Peters & Co. Limited and including Scotia Capital Inc., HSBC Securities (Canada) Inc. and AltaCorp Capital Inc. PHX Energy will issue 7,500,000 common shares ("**Common Shares**") at a price of \$2.70 per Common Share for gross proceeds of approximately \$20.3 million (the "**Offering**"). The Underwriters have been granted an option to purchase up to an additional 15% of the Common Shares issued under this Offering at a price of \$2.70 per Common Share to cover over-allotments exercisable in whole or in part at any time until 30 days after the closing. In addition to and in conjunction with the Offering, certain officers, directors and employees of PHX Energy and their associates intend to participate by purchasing up to an additional 550,000 Common Shares at a price of \$2.70 per Common Share on a private placement basis for additional gross proceeds to the Corporation of up to \$1.5 million (the "**Concurrent Private Placement**").

The Offering will be completed by way of short form prospectus in all of the provinces of Canada other than Quebec and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the *U.S. Securities Act of 1933*, as amended, (the "**U.S. Securities Act**"). The Offering and the Concurrent Private Placement are subject to customary conditions including receipt of applicable regulatory approvals and are expected to close on or about June 28, 2016.

The net proceeds of the Offering and the Concurrent Private Placement will be used to reduce bank indebtedness, which will then be available to be redrawn and applied to fund the Corporation's ongoing capital expenditure program, including the continued expansion of its Velocity Real-Time System fleet, funding increased job capacity of its electronic drilling recorder ("**EDR**") division, Stream Services, and for general corporate purposes. The use of proceeds is consistent with PHX Energy's ongoing core strategy focused on providing state-of-the-art technology corresponding to a higher level of drilling performance, while optimizing cost efficiencies.

In conjunction with the completion of the Offering and Concurrent Private Placement, the Corporation anticipates an initial increase in its 2016 capital expenditure budget by approximately \$5.0 million to \$8.6 million.

The securities offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**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 the Corporation provides EDR technology and services through its Stream Services division.

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

**Forward-Looking Information**

This news release contains forward-looking information that involves known and unknown risks and uncertainties, most of which are beyond PHX Energy's control, including, without limitation, those listed under "Risk Factors" and "Forward-Looking Statements" in PHX Energy's Annual Information Form and in its other filings available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking information in this press release includes, but is not limited to, the anticipated use of proceeds of the Offering and Concurrent Private Placement, the completion of the Offering and Concurrent Private Placement and the timing thereof, receipt of necessary approvals, and the anticipated increase in the 2016 capital expenditures budget. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking information. Accordingly, undue reliance should not be placed on this forward-looking information. This forward-looking information is made as of the date of this release and, other than as required by applicable securities laws, PHX Energy does not assume any obligation to update or revise it to reflect new events or circumstances. The forward looking information contained in this release is expressly qualified by this cautionary statement.

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