



PRESS RELEASE
February 25, 2015
TSX - PHX

PHX Energy Announces All-Time Record Annual and Quarterly Financial and Operating Results and a Decrease to its Monthly Dividend

PHX Energy achieved the highest level of annual revenue, operating days, EBITDA, net earnings, and funds from operations in its history.

For the year ended December 31, 2014, the Corporation generated consolidated revenue of \$521.5 million as compared to \$380.7 million in the 2013-year; an increase of 37 percent. Excluding the \$15.0 million impairment loss on goodwill in the 2014-year and the gain on sale of land and operations centre of \$2.2 million, the write-down of technological assets of \$1.2 million, and the gains from pre-existing ownership interest in acquired subsidiaries of \$14.8 million in the 2013-year, EBITDA increased by 47 percent to \$83.7 million in 2014 as compared to \$56.9 million in 2013 and net earnings increased by 77 percent to \$37.0 million in 2014 from \$20.9 million in 2013. The Corporation's funds from operations were \$82.3 million in 2014, which is 55 percent greater than the \$53.2 million achieved in 2013.

The Corporation's Canadian and US segments both reported record level of annual revenues and operating days in 2014. PHX Energy's US operations achieved significant year-over-year growth, and in the 2014-year revenue from the US segment represented 54 percent of consolidated revenue compared to 48 percent in 2013. Activity in the Corporation's international operations remained strong with the segment's revenue representing 10 percent of consolidated revenue as compared to 13 percent in 2013.

As at December 31, 2014, \$22.4 million of goodwill relating to Stream Services ("Stream"), the Corporation's electronic drilling recorder ("EDR") division, was tested for impairment. Using the "value in use" approach with various assumptions Management deemed reasonable, it was determined that the carrying value of the Stream business unit exceeded its fair value by \$15.0 million. As a result, a corresponding impairment loss was recognized in the 2014-quarter.

For the year ended December 31, 2014, \$68.3 million in capital expenditures were incurred and PHX Energy's job capacity increased by 31 concurrent jobs to 228. Of these, 111 measurement while drilling ("MWD") systems were deployed in Canada, 102 in the US, 9 in Russia, and 6 in Albania. In addition, the Corporation has a worldwide resistivity while drilling ("RWD") job capacity of 17. The Corporation, in 2014, closed its Colombian operations.

The Corporation's capital expenditures were financed from a combination of cash flow from operations and borrowings under the Corporation's credit facilities. On December 12, 2014, the Corporation amended and restated its syndicated loan agreement with its current lending syndicate and additional syndicate members to increase its credit facilities to CAD\$175 million and US\$25 million. Under the amended syndicated loan agreement, the syndicated facility can be expanded through the exercise of an additional CAD\$50 million accordion option to the Canadian revolving line of credit. The maturity date was

amended to December 12, 2018 and can be extended annually, provided that the requested new maturity date does not exceed four years. As at December 31, 2014, the syndicated facility and US operating facility had an aggregate carrying amount of \$104.3 million classified as a non-current liability.

As previously announced, the Corporation's Board of Directors has approved the 2015 capital expenditure budget of \$16.0 million, with \$11.5 million allocated toward new equipment additions and the remainder allocated toward maintenance capital.

For the year ended December 31, 2014, the Corporation paid dividends of \$0.84 per share to its shareholders (2013 - \$0.73 per share), or \$29.2 million (2013 - \$21.4 million). PHX Energy ended 2014 with a cash dividend payout ratio of 35 percent (cash dividends paid divided by funds from operations).

Given the contracting industry that has resulted from depressed commodity prices, PHX Energy's outlook is that 2015 will be a challenging year. The Corporation has taken many pro-active cost-cutting measures, including personnel and salary reductions, and in line with these initiatives is announcing a 50 percent reduction to its dividend from \$0.84 per share per year (\$0.07 per share per month) to \$0.42 per share per year (\$0.035 per share per month) effective for the March dividend payable on April 15, 2015. PHX Energy's objective is to preserve the strong balance sheet that the record 2014-year created and to be poised for future opportunities that may arise including those related to the strategic objectives in progress, such as Velocity Real Time guidance platform ("Velocity") deployment.

PHX Energy, in collaboration with leading edge engineering companies in North America, is in the process of developing new technologies. One of these technologies is Velocity, which is in the latter phase of development and is expected to be commercial in 2015. As part of the development process PHX Energy has been field testing a fleet of Velocity systems for clients across North America. Velocity is designed to improve reliability and provide innovative mechanical, directional, and formation measurements to enhance the drilling process.

Financial Highlights

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

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Operating Results	<i>(unaudited)</i>	<i>(unaudited)</i>				
Revenue	152,881	115,543	32	521,467	380,663	37
Net earnings ^{(3) (4)}	16,220	7,501	116	36,995	20,858	77
Earnings per share – diluted ^{(3) (4)}	0.46	0.23	100	1.05	0.70	50
EBITDA ^{(1) (3) (4)}	29,040	17,611	65	83,671	56,930	47
EBITDA per share – diluted ^{(1) (3) (4)}	0.82	0.54	52	2.38	1.92	24
Cash Flow						
Cash flows from operating activities	23,686	17,367	36	41,350	35,378	17
Funds from operations ⁽¹⁾	28,543	15,161	88	82,263	53,160	55
Funds from operations per share – diluted ⁽¹⁾	0.81	0.46	76	2.34	1.79	31
Dividends paid	7,383	6,058	22	29,191	21,433	36
Dividends per share ⁽²⁾	0.21	0.19	11	0.84	0.73	15
Capital expenditures	12,521	13,272	(6)	68,282	41,818	63
Financial Position, December 31,						
Working capital				80,974	66,580	22
Long-term debt				104,281	70,208	49
Shareholders' equity				199,961	198,477	1
Common shares outstanding				35,237,839	34,218,974	3

⁽¹⁾ Refer to non-GAAP measures section.

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

⁽³⁾ Excludes the impairment loss on goodwill in the 2014-periods.

⁽⁴⁾ Excludes the gain on sale of land and operations centre, the write-down of technological assets, and the gains from pre-existing ownership interest in acquired subsidiaries in the 2013-periods.

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 earnings before interest, taxes, depreciation and amortization (“EBITDA”), EBITDA per share, funds from operations, funds from operations per share and senior debt to EBITDA ratio. 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.

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, the projected capital expenditure budget and how this budget will be funded, the outlook that 2015 will be a challenging year, the Corporation's ability to maintain a strong balance sheet and ability to be poised for possible future growth, the commercialization of new technologies, and the impact of the new gyro surveying division on US growth.

The above are stated under the headings: "Overall Performance", "Operating Costs and Expenses", "Segmented Information", and "Capita 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; tax laws; 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 MD&A 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,		
	2014	2013	% Change	2014	2013	% Change
Revenue	152,881	115,543	32	521,467	380,663	37

For the second consecutive quarter, PHX Energy generated the highest level of quarterly revenue in its history. Consolidated revenue for the fourth-quarter of 2014 was \$152.9 million compared to \$115.5 million in the comparable 2013-quarter, an increase of 32 percent. Consolidated operating days increased by 20 percent to an all-time record of 11,492 days in 2014 from 9,541 days in the 2013-quarter. For the three-month period ended December 31, 2014, Canadian and US operations both achieved record levels of activity and revenue for any quarter.

Average consolidated day rates for the three-month period ended December 31, 2014, excluding the motor rental division in the US and the Stream division, increased to \$12,712 which is 7 percent higher compared to the day rates of \$11,830 realized in the fourth quarter of 2013.

In the fourth quarter of 2014, both the Canadian and US industry experienced increased utilization of horizontal and directional drilling technologies. The increase was aided by the ongoing adoption of pad drilling in order to improve utilization rates, which consequently adds to the demand for horizontal and directional drilling services. In Canada, horizontal and directional drilling activity represented approximately 96 percent of total industry drilling days in the fourth quarter of 2014 (2013 – 93 percent). In the US, horizontal and directional activity levels increased to represent 82 percent of the rigs running per day in the 2014-quarter (2013 – 77 percent). (Sources: Daily Oil Bulletin and Baker Hughes)

For the year ended December 31, 2014, PHX Energy generated all-time record consolidated revenue of \$521.5 million, a 37 percent increase compared to 2013 revenue of \$380.7 million. US and international revenue, as a percentage of total consolidated revenue, was 54 and 10 percent, respectively, for the 2014-year as compared to 48 and 13 percent in 2013. Consolidated operating days increased by 24 percent to a record 39,222 days compared to 31,722 days in 2013. Average consolidated day rates for the year ended December 31, 2014, excluding the motor rental division in the US and the Stream division, increased by 8 percent to \$12,720 from \$11,737 in 2013.

Operating Costs and Expenses

(Stated in thousands of dollars except percentages)

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Direct costs	119,666	93,293	28	414,570	307,680	35
Depreciation & amortization (included in direct costs)	8,990	6,362	41	32,128	24,403	32
Gross profit as percentage of revenue excluding depreciation & amortization	28%	25%		27%	26%	

Direct costs are comprised of field and shop expenses, and include depreciation and amortization on the Corporation's equipment. Excluding depreciation and amortization, gross profit as a percentage of revenue increased to 28 percent for the three-month period ended December 31, 2014 as compared to 25 percent in the 2013-quarter. For the year ended December 31, 2014, gross profit as a percentage of revenue, excluding depreciation and amortization, increased to 27 percent as compared to 26 percent in 2013. The margin improvement realized in both 2014-periods was mainly due to stronger activity levels and higher day rates achieved.

For the fourth quarter and 2014-year, the Corporation's third party equipment rentals were 4 percent of consolidated revenue, as compared to 3 percent of revenue in the corresponding 2013-periods.

Depreciation and amortization for the three-month period ended December 31, 2014 increased by 41 percent to \$9.0 million as compared to \$6.4 million in the 2013-quarter. For the year ended December 31, 2014, depreciation and amortization increased by 32 percent to \$32.1 million from \$24.4 million in 2013. The increase in both periods is the result of the Corporation's high level of capital expenditures in 2013 and 2014 and depreciation and amortization expenses associated with the Stream division.

(Stated in thousands of dollars except percentages)

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Selling, general and administrative ("SG&A") costs	13,881	13,491	3	56,982	43,632	31
Share-based payments (included in SG&A costs)	151	301	(50)	772	1,061	(27)
SG&A costs excluding share-based payments as a percentage of revenue	9%	11%		11%	11%	

SG&A costs for the three-month period ended December 31, 2014 increased slightly by 3 percent to \$13.9 million as compared to the \$13.5 million incurred in the 2013-period. Included in SG&A costs for the 2014 and 2013-quarters are equity-settled share-based payments of \$0.2 million and \$0.3 million, respectively. Excluding these costs, SG&A costs as a percentage of consolidated revenue improved to 9 percent in the 2014 three-month period compared to 11 percent in the 2013-period.

For the year ended December 31, 2014, SG&A costs increased by 31 percent to \$57.0 million as compared to \$43.6 million in 2013. Excluding equity-settled share-based payments of \$0.8 million in the 2014-year and \$1.1 million in the 2013-year, SG&A costs as a percentage of consolidated revenue were 11 percent in both periods.

The increase in SG&A costs, in dollar terms, in both 2014-periods was mainly due to higher personnel and marketing related costs associated with overall increased activity, particularly in the US, and SG&A costs associated with the Stream division.

Equity-settled share-based payments relate to the amortization of the fair values of issued options of the Corporation using the Black-Scholes model. In the three-month period and year ended December 31, 2014, equity-settled share-based payments decreased by 50 percent and 27 percent, respectively, as compared to the corresponding 2013-periods. The decrease is mainly due to the Corporation's increased utilization of retention awards in rewarding employees.

Cash-settled share-based retention awards, which are included in SG&A costs, are measured at fair value. In the 2014-quarter, the related compensation expense recognized by PHX Energy is a recovery of \$1.4 million as compared to an expense of \$1.2 million in the 2013-quarter. For the year ended December 31, 2014, the compensation expense related to cash-settled share-based retention awards decreased to \$1.3 million from \$2.9 million in 2013. The decrease in both 2014-periods was mainly due to the re-valuation of the retention awards based on the decrease in PHX Energy's stock price from \$12.54 as at December 31, 2013 and \$13.72 as at September 30, 2014 to \$7.48 as at December 31, 2014.

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Research and development expense	(418)	565	(174)	1,995	2,004	-

During the three-month period ended December 31, 2014, PHX Energy recognized a net recovery of \$0.4 million in research and development ("R&D") expenses compared to an expense of \$0.6 million in the 2013-period. The recovery is mainly comprised of \$1.0 million of R&D expenses offset by scientific research and experimental development ("SR&ED") tax credits of \$1.4 million received during the 2014-quarter. During both the 2014 and 2013-quarters, none of the R&D expenditures were capitalized as development costs.

For both the years ended December 31, 2014 and 2013, R&D expenditures incurred were \$2.0 million, none of which were capitalized as development costs.

Excluding the recovery from SR&ED tax credits in the three-month period and year ended December 31, 2014, R&D expenses increased to \$1.0 million and \$3.4 million, respectively, from \$0.6 million and \$2.0 million in the comparative 2013-periods. The increase in R&D expenditures in both 2014-periods is mainly attributable to increased personnel in the R&D department who are working on cost-saving and reliability initiatives to enhance PHX Energy's services.

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Finance expense	1,308	1,131	16	4,232	4,789	(12)

Finance expenses relate to interest charges on the Corporation's long-term and short-term bank facilities. For the three-month period ended December 31, 2014, finance charges increased by 16 percent to \$1.3 million from \$1.1 million in the 2013-period primarily due to higher debt levels in the 2014-quarter compared to the 2013-quarter. For the year-ended December 31, 2014, finance charges decreased by 12 percent to \$4.2 million from \$4.8 million in 2013 mainly due to the lower amount of borrowings outstanding during 2014.

(Stated in thousands of dollars)

	Three-month periods ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
Net gain on disposition of drilling equipment	859	3,488	4,729	7,419
Provision for bad debts	(158)	(88)	(1,170)	(60)
Foreign exchange gains (losses)	(402)	297	64	(232)
Gains from pre-existing ownership interest in acquired subsidiaries	-	14,758	-	14,758
Gain on sale of land and operations centre	-	-	-	2,196
Write-down of technological assets	-	-	-	(1,245)
Other income	299	18,455	3,623	22,836

For the three-month period and year ended December 31, 2014, included in other income are net gains on disposition of drilling equipment of \$0.9 million (2013 - \$3.5 million) and \$4.7 million (2013 - \$7.4 million), respectively. The dispositions of drilling equipment relate primarily to equipment lost in well bores that are uncontrollable in nature. The gain reported is net of any asset retirements that are made before the end of the equipment's useful life and self-insured down hole equipment losses, if any. 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. During both 2014-periods, the decrease in the reported gain on disposition of drilling equipment is primarily due to a greater number of self-insured down hole equipment losses and scrapped assets.

Offsetting other income for the three-month period and year ended December 31, 2014 is provision for bad debts of \$0.2 million (2013 - \$0.1 million) and \$1.2 million (2013 - \$60,000), respectively, that relate primarily to Russian receivables.

Foreign exchange losses of \$0.4 million and foreign exchange gains of \$64,000 in the three-month period and year ended December 31, 2014, respectively, resulted mainly from the strengthened US dollar's impact on USD-denominated trade payables in Canada offset by its impact on Canadian-denominated payables in the US.

In the comparative 2013-periods, a total gain of \$14.8 million was recognized from the re-measurement to fair value of the Corporation's pre-existing ownership interests in acquired subsidiaries. This gain is comprised of a gain of \$11.3 million related to the re-measurement of RMS Systems Inc. (\$15.0 million less the \$3.7 million carrying amount of equity-accounted investee at the acquisition date) and a gain of \$3.4 million related to the re-measurement of RigManager International Inc.

(\$7.0 million less the \$3.6 million carrying amount of equity-accounted investee at the acquisition date). Also included in other income in the 2013-year was a gain of \$2.2 million that resulted from the sale of land and an operations centre in September, 2013 and a \$1.2 million write-down of certain assets, whereby the technology is no longer being utilized.

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Impairment loss on goodwill	15,000	-	n.m.	15,000	-	n.m.

n.m. - not meaningful

Goodwill is not amortized but is tested for impairment at the end of each year, or more frequently if events or changes in circumstances indicate that the asset might be impaired. As a result of the impairment testing performed as of December 31, 2014, the Corporation recognized a \$15.0 million impairment loss on goodwill that relates to Stream.

(Stated in thousands of dollars except percentages)

	Three-month periods ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
Provision for income taxes	2,523	2,618	10,315	6,880
Effective tax rates	67%	11%	32%	16%

The provision for income taxes for the three-month period ended December 31, 2014 was \$2.5 million as compared to \$2.6 million in the 2013-period. For the year ended December 31, 2014, the provision for income taxes was \$10.3 million as compared to \$6.9 million in 2013. The expected combined Canadian federal and provincial tax rate for 2014 is 25 percent. The effective tax rates in the three-month period and year ended December 31, 2014 were higher than the expected rates primarily due to the non-deductibility of the impairment loss on goodwill for tax purposes. The effective tax rates in the 2013-periods were lower than the expected rates primarily due to non-taxable accounting gains from the re-measurement to fair value of pre-existing ownership interests in acquired subsidiaries in 2013.

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

	Three-month periods ended December 31,			Years ended December 31,		
	2014 ⁽¹⁾	2013 ⁽²⁾	% Change	2014 ⁽¹⁾	2013 ^{(2) (3)}	% Change
Net earnings	16,220	7,501	116	36,995	20,858	77
Earnings per share – diluted	0.46	0.23	100	1.05	0.70	50
EBITDA	29,040	17,611	65	83,671	56,930	47
EBITDA per share – diluted	0.82	0.54	52	2.38	1.92	24
EBITDA as a percentage of revenue	19%	15%		16%	15%	

⁽¹⁾ Excludes impairment loss on goodwill.

⁽²⁾ Excludes gains from the re-measurement to fair value of pre-existing ownership interests in acquired subsidiaries.

⁽³⁾ Excludes gain on sale of land and operations centre and the write-down of technological assets.

The Corporation's level of net earnings for the three-month period and year ended December 31, 2014 increased to \$16.2 million and \$37.0 million, respectively, primarily due to record activity levels and overall improved profitability achieved. EBITDA as a percentage of revenue for the three-month period and year ended December 31, 2014 was 19 percent and 16 percent, respectively (2013 - 15 percent and 15 percent). Included in the earnings for the 2014-quarter and twelve-month period were losses of \$1.7 million and \$5.1 million, respectively, from the Stream division (2013 - losses of \$0.6 million and \$1.9 million).

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,		
	2014	2013	% Change	2014	2013	% Change
Revenue	59,333	47,521	25	190,692	146,896	30
Reportable segment profit before tax	1,670	3,152	(47)	16,208	22,285	(27)

PHX Energy's Canadian operations generated the highest level of quarterly revenue and operating days in its history. In the fourth quarter of 2014, revenue increased by 25 percent to \$59.3 million from \$47.5 million in the 2013-quarter and operating days increased by 17 percent to 5,291 days from 4,520 days in the 2013-quarter. In comparison, total industry horizontal and directional drilling activity, as measured by drilling days, was 3 percent higher in the 2014-quarter, 31,556 days, compared to the 2013-quarter's 30,493 days. (Source: Daily Oil Bulletin) Average day rates, excluding Stream revenue of \$2.0 million, increased by 4 percent to \$10,830 in the 2014-quarter compared to \$10,387 in the 2013-quarter.

In the fourth quarter of 2014, PHX Energy maintained its well-diversified client base, with oil well drilling representing 57 percent of the Corporation's Canadian activity. PHX Energy had a very strong presence in the Montney area and was also active in the Shaunavon, Bakken, Lloydminster, Cardium and Viking areas.

For the year ended December 31, 2014, PHX Energy's Canadian revenue increased to \$190.7 million, 30 percent higher than the \$146.9 million generated in the 2013-year. The increase in revenue was primarily driven by the Canadian segment's all-time record annual operating days of 16,952 days, which is a 22 percent increase compared to 13,912 days generated in the 2013-year. In comparison, Canadian industry activity, as measured by drilling days, increased by 9 percent to 119,263 days in the 2014-year as compared to 109,824 days in 2013. (Source: Daily Oil Bulletin) Average day rates, excluding Stream revenue of \$7.4 million, increased by 3 percent to \$10,815 in the 2014-year compared to \$10,517 in 2013.

Reportable segment profit before tax for the three-month period ended December 31, 2014 decreased to \$1.7 million (3 percent of revenue) from \$3.2 million (7 percent of revenue) in the 2013-period. For the year ended December 31, 2014, reportable segment profit before tax decreased to \$16.2 million (8 percent of revenue) from \$22.3 million (15 percent of revenue) in 2013. Included in the Canadian segment's profits in both 2014-periods was an impairment loss of \$15.0 million on goodwill related to the Stream division and operating losses from the Stream division of \$1.6 million in the 2014-quarter and \$6.1 million in the 2014-year. Excluding the impact of the impairment loss on goodwill, reportable segment profit before tax increased to \$16.7 million (28 percent of revenue) in the three-month period ended December 31, 2014 and increased to \$31.2 million (16 percent of revenue) in the year ended December 31, 2014, compared to the corresponding 2013-periods. Improved profitability in both the three and twelve-month periods ended December 31, 2014 was generally due to record activity levels and higher average day rates realized during these periods.

United States

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Revenue	80,125	53,094	51	279,418	182,695	53
Reportable segment profit before tax	302	4,348	(93)	17,232	4,688	268

For each quarter of 2014, PHX Energy's US operations consecutively achieved all-time record levels of quarterly revenue and operating days. For the three-month period ended December 31, 2014, revenue from the US segment increased by 51 percent to \$80.1 million compared to revenue of \$53.1 million generated in the 2013-period. The Corporation's US operating days also increased by 31 percent to 5,046 days from 3,851 days in the 2013-quarter. These successes were mainly the result of market share growth in all US operating regions driven by the high level of performance of PHX Energy's equipment and field personnel. Average day rates, excluding the motor rental division in Midland, Texas and the Rocky Mountain region, increased by 13 percent in the 2014-quarter to \$14,934 compared to \$13,242 in the 2013-quarter. The US dollar remained stronger during the 2014 three-month period and this continued to positively impact the average day rate.

The US industry continued to shift toward applying horizontal and directional techniques and in the fourth quarter of 2014, the average number of horizontal and directional rigs running on a daily basis increased by 16 percent to 1,560 rigs, which represented 82 percent of overall industry activity compared to the 2013-quarter's 1,348 rigs, which represented 77 percent of overall industry activity. (Source: Baker Hughes).

Despite lower oil commodity prices toward the end of the 2014-year, oil well drilling, as measured by wells drilled and excluding the motor rental division, in the three-month period ended December 31, 2014 represented 63 percent of PHX Energy's US activity. Phoenix USA remained active in the Permian, Eagle Ford, Bakken, Mississippian/Woodford, Marcellus, Niobrara and Utica basins during the 2014-quarter.

In 2014, PHX Energy's US operations also generated the highest level of annual revenue and operating days in its history. For the year ended December 31, 2014, US revenue increased by 53 percent to \$279.4 million from \$182.7 million reported in the 2013-year. The Corporation's US operating days also increased by 31 percent to 18,287 days in the 2014-year compared to 13,985 days in 2013. In comparison, US industry activity, as measured by the average number of horizontal and directional rigs running on a daily basis, increased by 12 percent to 1,483 rigs in 2014 compared to 1,326 rigs in 2013. (Source: Baker Hughes) Excluding the motor rental division in Midland, Texas, and the Rocky Mountain region, Phoenix USA's average day rates increased by 16 percent to \$14,449 in 2014 from 12,509 in 2013.

Reportable segment profit before tax for the three-month period ended December 31, 2014 decreased to \$0.3 million from \$4.3 million (8 percent of revenue) in the comparative 2013-period. The US segment's profits in the 2014-quarter were net of lease expenses charged for its use of non-US owned drilling equipment, the ownership of which is with a subsidiary of the Corporation. For the year ended December 31, 2014, reportable segment profit before tax increased to \$17.2 million (6 percent of revenue) from \$4.7 million (3 percent of revenue) in 2013. The improved margins realized in 2014 were primarily the result of higher activity and improved day rates achieved during the year.

The motor rental division in Midland, Texas and the Rocky Mountain region continued to develop during the year. Revenue generated from this division in 2014 increased to \$15.2 million, 96 percent greater than the \$7.8 million generated in the 2013-year. In addition, PHX Energy has expanded its service offering in the Permian basin and a new gyro surveying division became operational in October, 2014. This new division is expected to further add to the growth of PHX Energy's US operations in the upcoming periods.

International

(Stated in thousands of dollars)

	Three-month periods ended December 31,			Years ended December 31,		
	2014	2013	% Change	2014	2013	% Change
Revenue	13,423	14,928	(10)	51,357	51,072	1
Reportable segment profit before tax	4,695	4,258	10	12,571	13,156	(4)

The international segment reported its highest reportable segment profit before tax in the fourth quarter of 2014, despite the strong devaluation of the Russian ruble and the decline in oil prices at the end of 2014. For the three-month period ended December 31, 2014, the international segment generated \$13.4 million of revenue, which is 10 percent lower than the \$14.9 million generated in the corresponding quarter in 2013. Activity in the quarter, as measured by operating days, was similar to that reported in the fourth quarter of 2013, 1,155 days (2013 - 1,170 days). Reportable segment profit before tax in the fourth quarter of 2014 increased to \$4.7 million, which represents a 10 percent increase from the \$4.3 million generated in the corresponding 2013-quarter.

For the three-month period ending December 31, 2014, Phoenix Russia's operating days decreased by 6 percent as compared to the corresponding 2013-quarter. The Russian operations in the 2014-quarter were strong, despite the devaluation of the Russian currency, the tightened financial markets and the corresponding impact on the industry. Clients seeking pricing concessions, suppliers looking to achieve pricing increases, and costs for key personnel and equipment being Canadian dollar-denominated have all impacted the Russian operations. Despite all this, previous efforts to reduce international staff and source local materials for maintenance, spares and rentals have partly alleviated the negative impact of the devaluing ruble and the Russian operations reported positive profitability results in the 2014-quarter.

Phoenix Albania recorded record activity in the fourth quarter of 2014. As measured by operating days, Phoenix Albania's activity increased by 33 percent compared to the corresponding 2013-period. Due to pricing concessions with the company's primary client in Albania, profitability was impacted in the 2014-quarter. In the fourth quarter of 2014, the Corporation added a new client and this work has evolved into turnkey directional drilling services which has provided the Corporation with a platform to further the field careers of the Albanian personnel that account for 48 percent of all personnel dedicated to Albania.

In 2014, overall performance of the international segment was negatively impacted by the closure of the Colombia operation and the Russian economic and business environment. Despite this, international operations' activity increased from 3,825 operating days in 2013 to 3,984 operating days in 2014; a 4 percent increase. International segment revenue for the year remained relatively flat year-on-year at \$51 million. Reportable segment profit before tax, however, decreased to \$12.6 million in 2014 from 13.2 million in 2013, primarily due to weaker profitability in Russia in the first three quarters of 2014 and pricing concessions in Albania.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2014 was \$62.9 million as compared to \$21.5 million in 2013. During the 2014-year, PHX Energy added \$50.7 million net in capital equipment (2013 - \$28.4 million). These capital equipment amounts are net of proceeds from the involuntary disposal of drilling equipment in well bores of \$17.6 million (2013 - \$13.4 million). The 2014 capital expenditures included:

- \$27.6 million in MWD systems and spare components;
- \$16.4 million in down hole performance drilling motors;
- \$6.9 million in non-magnetic drill collars and jars;
- \$5.4 million in machinery and equipment for global service centres;
- \$4.1 million in leasehold improvements and furniture and fixtures;
- \$3.1 million in gyro equipment and vehicles;
- \$2.5 million in EDR systems and spare components; and
- \$2.3 million in other assets, including software, network, and computers.

The capital expenditure program undertaken in the year was financed from a combination of funds from operations, long-term debt, and working capital.

During the year, the Corporation spent \$9.7 million in intangible assets as follows:

- \$7.0 million related to a license agreement;
- \$1.6 million in technology development;
- \$0.7 million in systems and software; and
- \$0.4 million in development costs.

The change in non-cash working capital balances of \$2.5 million (use of cash) for the year ended December 31, 2014, relates to the net change in the Corporation's trade payables that are associated with the acquisition of capital assets. This compares to \$10.8 million (source of cash) for the year ended December 31, 2014.

Financing Activities

The Corporation reported cash flows from financing activities of \$18.9 million in 2014 as compared to \$12.5 million (use of cash) in 2013. In the 2014-year:

- the Corporation paid dividends of \$29.2 million to shareholders, or \$0.84 per share;
- through its option and DRIP program the Corporation received cash proceeds of \$10.6 million from exercised options and reinvested dividends to acquire 1,018,865 common shares of the Corporation; and
- the Corporation received net proceeds from its operating facility and syndicated facility in an aggregate of \$37.7 million to finance its capital expenditure program.

Capital Resources

On December 12, 2014, the Corporation amended and restated its syndicated loan agreement with its current lending syndicate and additional syndicate members to increase its credit facilities to CAD\$175 million and US\$25 million.

As at December 31, 2014, the Corporation has access to a CAD\$15 million operating facility. The facility bears interest based primarily on the Corporation's debt to EBITDA ratio, as defined in the restated agreement. At the Corporation's option, interest is at the bank's prime rate plus a margin that ranges from a minimum of 0.50 percent to a maximum of 1.75 percent, or the bank's bankers' acceptance rate plus a margin that ranges from a minimum of 1.50 percent to a maximum of 2.75 percent. As of December 31, 2014, the Corporation had \$5.5 million drawn on this facility.

As at December 31, 2014, the Corporation also has access to a CAD\$160 million syndicated facility and a US\$25 million operating facility in the US. The facilities bear interest at the same rates disclosed above. Based on the amended and restated terms of the Corporation's syndicated loan agreement with its bank, the new maturity date is on December 12, 2018 and can be extended annually, provided that the requested new maturity date does not exceed four years. As at December 31, 2014, CAD\$95 million was drawn on the syndicated facility and US\$8 million was drawn on the US operating facility.

Upon request by the Corporation and approval by the lenders, the syndicated facility can also be expanded by an additional CAD\$50 million accordion option to the Canadian revolving line of credit.

Under the amended syndicated loan agreement, the working capital ratio requirement was removed from the financial covenants. As at December 31, 2014, the Corporation was in compliance with all its financial covenants as follows:

Ratio	Covenant	As at December 31, 2014
Debt to EBITDA	< or = 3.00:1.00	1.28
Interest coverage ratio	> or = 3.00:1.00	20.31

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. As previously announced, the 2015 capital budget has been set at \$16.0 million subject to quarterly review of the Board of Directors. These planned expenditures are expected to be financed from a combination of one or more of the following, cash flow from operations, the Corporation's unused credit facilities or equity, if necessary. However, if a sustained period of market and commodity price uncertainty and financial market volatility persists in 2015, the Corporation's activity levels, cash flows and access to credit may be negatively impacted, 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.

Contingent Liabilities

- a) As previously announced, the Corporation's wholly-owned subsidiary, Phoenix USA, has been named in a legal action in Houston, Texas commenced by a former employee and was subsequently joined by two other employees (the "Claimants") alleging that they were improperly classified as exempt under the Fair Labour Standards Act and therefore entitled to unpaid overtime. Legal actions involving similar alleged violations have been filed in the United States against a number of other drilling companies.

Subsequent to December 31, 2014, the action was conditionally certified as a collective action which may result in additional employees or former employees of Phoenix USA joining the action. Phoenix USA has filed a defense to the action and intends to vigorously defend the same. Based upon an assessment of latest information available and certain assumptions the Corporation believes to be reasonable at this time, PHX Energy believes it has a number of defenses to the claims asserted and the action is not currently believed to be material to the Corporation.

- b) On February 20, 2015, the Corporation's wholly-owned subsidiary, Phoenix USA, was named in a second legal action in Houston, Texas commenced by two former consultants (the "Claimants") alleging that they were improperly classified as independent contractors (as opposed to employees) under the Fair Labor Standards Act and are entitled to unpaid overtime. Legal actions involving similar legal theories have been filed in the United States against a number of other drilling companies.

Given the recent filing of this lawsuit, Phoenix USA is in the early stages of its investigation into the subject matter and facts and has not yet been served with the lawsuit. The Claimants assert that a class of similarly situated individuals retained as consultants or contractors should be conditionally certified and notified of the lawsuit and allowed to join. However, no such motion to conditionally certify a class has been filed. Phoenix USA intends to file a defense to the action and vigorously defend the same including, without limitation, the conditional certification of the action. Based upon the recent filing of the lawsuit, the ongoing initial investigation, and the potential available defenses, PHX Energy currently does not believe this action to be material to the Corporation.

The Corporation does not undertake any obligation to update publicly the status of these actions whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws or the situation otherwise warrants.

Outlook

PHX Energy's momentum continued to drive new records in 2014, with each quarter outperforming the year before and as such the year end results also set many new milestones for the Corporation as well as for each operating region.

Unfortunately this achievement is now overshadowed by the reality of the year ahead; a year which began in a downward cycle and where weak commodity prices are likely to persist resulting in depressed industry activity. Operators' capital budgets are in some cases being drastically reduced and the demand for PHX Energy's services have been impacted. In this depressed environment competition is even greater and pricing pressures have already made it necessary for PHX Energy to reduce its day rates to remain active. There are many uncertainties in today's market making forecasting difficult; it is likely that the industry slowdown will only steepen, and it is not known at this time when it will begin to rebound.

The 2015 year will be a difficult one for our industry and will require focused and disciplined actions. To the benefit of shareholders PHX Energy has 20 years of industry experience and a management team that has been through past negative cycles. Our success in navigating these cycles is due to Management's ability to provide strategic leadership to our exceptional personnel. PHX Energy has already enacted operational and financial initiatives in response to the unfavorable outlook, which include personnel and compensation reductions company-wide. In addition, to maintain a strong balance sheet, the Board has approved a reduction to its monthly dividend from \$0.84 per share per year (\$0.07 per share per month) to \$0.42 per share per year (\$0.035 per share per month) effective for the March dividend payable on April 15, 2015. The capital expenditure budget is conservative and is primarily focused on PHX Energy's strategic direction to differentiate its service offering to respond to Operators' demands for lower costs and to operate at higher margins. All expenses are being scrutinized as the Corporation's current equipment fleet is expected to support 2015 activity. PHX Energy believes swift and early actions were necessary to weather the upcoming year and Management will continue to monitor the environment and take further actions where required.

In Canada, industry activity has been scaled back quicker than in past cycles, and PHX Energy expects rig counts to shrink further. It believes the market will enter a very slow spring break-up period earlier than in prior years and that this will be the low point in activity. In addition, the Corporation anticipates that the recovery in the summer months will be modest, and as a result is preparing for low utilization levels through the majority of the year in Canada. Despite cost reduction initiatives and a large and diversified client base, reduced revenues resulting from lower activity and day rates may not offset the cost structure that was built to sustain a much greater activity level.

Over the past year, PHX Energy's US operations have experienced noteworthy growth, however, as in Canada reductions in the industry's rig count are impacting PHX Energy's activity, although not as significantly. With Operator's projecting minimal capital spending, decreased activity levels will persist in the US. Despite this, PHX Energy believes that even in a contracted market there is an opportunity to grow its market share and build upon the reputation it has now established.

PHX Energy's international operations will also face challenges in the downgraded commodity environment. Albania is a country with vast reserves of heavy oil and the economics of drilling these wells relies on a higher oil price. As a result of the drop in oil prices, PHX Energy's operations have decreased by approximately 50 percent and the Corporation predicts this activity level will continue until such time that oil commodity prices return to a more profitable level. In Russia, fourth quarter operation levels are being maintained thus far in 2015, however, the devaluation of the Russian Ruble is impacting profitability. The Corporation is closely monitoring the economic and political issues surrounding Russia and will take actions as necessary.

Despite the tough road ahead, 2015 is a milestone year for PHX Energy, as it marks the Corporation's 20th year of operation. Through each downward cycle in the last 20 years, PHX Energy has not only survived but has been resilient and emerged stronger. With a targeted strategy in place, PHX Energy believes that it will do the same in 2015. Although it is unlikely that financial and operational records set in 2014 will be surpassed in 2015, the Corporation believes its strong client relationships and operational performance will allow for an increase in market share in key operating areas albeit in a smaller market.

A handwritten signature in blue ink, appearing to read 'John Hooks', with a stylized flourish at the end.

John Hooks,
Chairman of the Board
President and Chief Executive Officer
February 25, 2015

Non-GAAP Measures

1) EBITDA

EBITDA, defined as earnings before interest, taxes, depreciation and amortization, is not a financial measure that is recognized under GAAP. However, Management believes that EBITDA provides supplemental information to net earnings that is useful in evaluating the Corporation's operations before considering how it was financed or taxed in various countries. Investors should be cautioned, however, that EBITDA should not be construed as an alternative measure to net earnings determined in accordance with GAAP. PHX Energy's method of calculating EBITDA may differ from that of other organizations and, accordingly, its EBITDA may not be comparable to that of other companies.

The following is a reconciliation of net earnings to EBITDA:

(Stated in thousands of dollars)

	Three-month periods ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
Net earnings	1,220	22,259	21,995	36,567
Add (deduct):				
Depreciation and amortization	8,989	6,362	32,128	24,403
Provision for income taxes	2,523	2,617	10,315	6,880
Finance expense	1,308	1,131	4,233	4,789
Impairment loss on goodwill	15,000	-	15,000	-
Gains from pre-existing ownership in acquired subsidiaries	-	(14,758)	-	(14,758)
Gain on sale of land and operations centre	-	-	-	(2,196)
Write-down of technological assets	-	-	-	1,245
EBITDA as reported	29,040	17,611	83,671	56,930

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 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,	
	2014	2013	2014	2013
Net cash flows from operating activities	23,686	17,367	41,350	35,378
Add (deduct):				
Changes in non-cash working capital	(7,513)	(3,972)	24,364	12,254
Interest paid	1,387	1,469	4,167	4,201
Income taxes paid	10,983	297	12,382	1,327
Funds from operations	28,543	15,161	82,263	53,160

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) Senior Debt to EBITDA Ratio

Debt is represented by loans and borrowings. EBITDA, for purposes of the calculation of this covenant ratio, is represented by EBITDA as defined in Non-GAAP Measures above and adding share-based payments and unrealized foreign exchange losses.

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. PHX Energy manufactures its E-360 electromagnetic (“EM”) and P-360 positive pulse MWD technologies that are made available for internal operational use. As the result of an acquisition completed in November 2013, PHX Energy provides EDR technology and services, through Stream Services (formerly RigManager 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; Traverse City, Michigan; Casper, Wyoming; Denver, Colorado; Fort Worth, Texas; Midland, Texas; Buckhannon, West Virginia; Pittsburgh, Pennsylvania; and Oklahoma City, Oklahoma. Internationally, PHX Energy has sales offices and service facilities in Albania and Russia, and administrative offices in Nicosia, Cyprus and Luxembourg City, Luxembourg.

PHX Energy markets its EDR technology and services in Canada through its Stream Services division, which has an office and operations center in Calgary, Alberta. EDR technology is marketed worldwide outside Canada through its wholly-owned subsidiary Stream Services International Inc. (formerly RigManager International Inc.); mainly in Albania and Mexico.

As at December 31, 2014, PHX Energy had 1,289 full-time employees and the Corporation utilized over 400 additional field consultants in 2014.

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

For further information please contact:

John Hooks, President and CEO; or Cameron Ritchie, Senior Vice President Finance and CFO

PHX Energy Services Corp.

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Consolidated Statements of Financial Position

	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,018,445	\$ 5,663,880
Trade and other receivables	122,272,125	97,660,559
Inventories	32,423,158	30,024,019
Prepaid expenses	4,505,300	2,913,514
Total current assets	162,219,028	136,261,972
Non-current assets:		
Drilling and other equipment	190,891,854	165,771,615
Goodwill	16,229,756	31,229,756
Intangible assets	25,581,960	17,113,924
Total non-current assets	232,703,570	214,115,295
Total assets	\$ 394,922,598	\$ 350,377,267
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Operating facility	\$ 5,503,176	\$ -
Trade and other payables	72,203,463	64,815,732
Dividends payable	2,466,649	2,239,910
Current tax liabilities	832,352	2,410,198
Current portion of finance leases	238,911	215,697
Total current liabilities	81,244,551	69,681,537
Non-current liabilities:		
Loans and borrowings	104,280,800	70,208,400
Deferred tax liabilities	7,602,868	9,833,710
Deferred income	1,833,335	1,966,667
Finance leases	-	209,935
Total non-current liabilities	113,717,003	82,218,712
Equity:		
Share capital	178,650,340	165,451,599
Contributed surplus	4,513,265	6,361,710
Retained earnings	16,861,918	24,284,690
Accumulated other comprehensive income	(64,479)	2,379,019
Total equity	199,961,044	198,477,018
Total liabilities and equity	\$ 394,922,598	\$ 350,377,267

Consolidated Statements of Comprehensive Income

	Three-month periods ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
	<i>(unaudited)</i>	<i>(unaudited)</i>		
Revenue	\$ 152,880,588	\$ 115,542,950	\$ 521,466,624	\$ 380,663,302
Direct costs	119,666,344	93,293,464	414,570,044	307,680,358
Gross profit	33,214,244	22,249,486	106,896,580	72,982,944
Expenses:				
Selling, general and administrative expenses	13,880,981	13,490,502	56,981,813	43,632,454
Research and development expenses	(417,954)	564,883	1,994,744	2,004,384
Finance expense	1,307,557	1,130,527	4,232,462	4,789,168
Other income	(299,426)	(18,455,352)	(3,622,560)	(22,836,329)
Impairment loss on goodwill	15,000,000	-	15,000,000	-
	29,471,158	(3,269,440)	74,586,459	27,589,677
Share of loss of equity-accounted investees (net of tax)	-	642,468	-	1,946,892
Earnings before income taxes	3,743,086	24,876,458	32,310,121	43,446,375
Provision for income taxes:				
Current	2,115,377	(292,463)	13,164,824	3,572,010
Deferred	407,612	2,909,985	(2,849,600)	3,307,688
	2,522,989	2,617,522	10,315,224	6,879,698
Net earnings	1,220,097	22,258,936	21,994,897	36,566,677
Other comprehensive income:				
Foreign currency translation	(2,351,228)	2,288,659	(2,443,498)	4,010,860
Total comprehensive income for the period	\$ (1,131,131)	\$ 24,547,595	\$ 19,551,399	\$ 40,577,537
Earnings per share – basic	\$ 0.03	\$ 0.69	\$ 0.63	\$ 1.24
Earnings per share – diluted	\$ 0.03	\$ 0.68	\$ 0.63	\$ 1.23

Consolidated Statements of Cash Flows

	Three-month periods ended December 31,		Years ended December 31,	
	2014	2013	2014	2013
	(unaudited)	(unaudited)		
Cash flows from operating activities:				
Net earnings	\$ 1,220,097	\$ 22,258,936	\$ 21,994,897	\$ 36,566,677
Adjustments for:				
Depreciation and amortization	8,989,529	6,361,933	32,127,926	24,403,158
Provision for income taxes	2,522,989	2,617,522	10,315,224	6,879,698
Unrealized foreign exchange loss	86,737	7,099	1,513,243	581,933
Gain on disposition of drilling equipment	(859,261)	(3,488,320)	(4,729,399)	(7,419,366)
Equity-settled share-based payments	150,714	300,641	771,800	1,061,177
Finance expense	1,307,557	1,130,527	4,232,462	4,789,168
Provision for bad debts	157,626	87,830	1,170,332	59,374
Impairment loss on goodwill	15,000,000	-	15,000,000	-
Amortization of deferred income	(33,333)	-	(133,332)	-
Share of loss of equity-accounted investees	-	642,468	-	1,946,892
Write down of technological assets	-	-	-	1,244,946
Gain on sale of land and operations centre	-	-	-	(2,195,886)
Gains from pre-existing ownership interest in acquired subsidiaries	-	(14,757,588)	-	(14,757,588)
Change in non-cash working capital	7,513,135	3,971,513	(24,363,823)	(12,254,284)
Cash generated from operating activities	36,055,790	19,132,561	57,899,330	40,905,899
Interest paid	(1,387,623)	(1,468,922)	(4,167,669)	(4,200,775)
Income taxes paid	(10,982,658)	(296,660)	(12,381,716)	(1,327,187)
Net cash from operating activities	23,685,509	17,366,979	41,349,945	35,377,937
Cash flows from investing activities:				
Proceeds on disposition of drilling equipment	6,813,423	5,103,689	17,562,375	13,435,619
Acquisition of drilling and other equipment	(12,520,840)	(13,271,734)	(68,282,231)	(41,818,387)
Acquisition of intangible assets	(1,172,562)	(584,968)	(9,703,989)	(4,344,168)
Acquisition of subsidiary, cash acquired	-	334,150	-	334,150
Investment in pre-existing equity-accounted investees	-	-	-	(4,200,000)
Proceeds from sale of land and operations centre	-	-	-	23,100,000
Payments relating to the land and operations centre	-	-	-	(18,904,114)
Change in non-cash working capital	(10,891,336)	4,730,047	(2,514,455)	10,849,065
Net cash used in investing activities	(17,771,315)	(3,688,816)	(62,938,300)	(21,547,835)
Cash flows from financing activities:				
Proceeds from issuance of share capital	1,126,691	35,675,852	10,578,496	40,622,300
Dividends paid to shareholders	(7,382,944)	(6,058,376)	(29,190,931)	(21,432,880)
Proceeds from (Repayment of) loans and borrowings	(4,761,100)	(35,841,000)	32,238,900	(25,787,900)
Payments under finance leases	(43,165)	-	(186,721)	-
Proceeds from (Repayment of) operating facility	(1,279,911)	(6,076,407)	5,503,176	(5,897,711)
Net cash from (used in) financing activities	(12,340,429)	(12,299,931)	18,942,920	(12,496,191)
Net increase (decrease) in cash and cash equivalents	(6,426,235)	1,378,232	(2,645,435)	1,333,911
Cash and cash equivalents, beginning of year	9,444,680	4,285,648	5,663,880	4,329,969
Cash and cash equivalents, end of year	\$ 3,018,445	\$ 5,663,880	\$ 3,018,445	\$ 5,663,880