

PHX Energy Announces Operations Update and Further Increase to its 2018 Capital Expenditure Program

Calgary, Alberta - PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) announces that its Board of Directors (the "**Board**") has approved a \$15 million increase to the Corporation's 2018 capital expenditure program (the "**program**"). With this increase the Corporation now anticipates spending \$33.5 million in capital expenditures during the 2018-year. The increase will primarily be dedicated to further expanding the Atlas high performance drilling motor fleet ("**Atlas motors**") for activity in 2019.

On a Press Release dated May 30, 2018, PHX Energy announced an \$8 million increase to its initial 2018 program to support its performance drilling motor fleet and expand its new Atlas Power Rental division. These motors of various configurations are on order, including additional proprietary high performance 7.25" Atlas motors ("**7.25" Atlas**"), and are anticipated to be received during upcoming quarters.

PHX Energy's activity levels in the second quarter increased and are continuing to improve, with the majority of the growth being focused in the Permian basin in the US. This is the result of PHX Energy's strategic initiatives and targeted objectives to position itself as a prominent player in key operating areas, like the Permian, and deploy PHX Energy developed high performance technology.

The Atlas Power rental division is experiencing high demand for the technology. The Atlas motors deliver a higher level of performance and operators are benefiting from the ability to drill at faster speeds with superior reliability. PHX Energy foresees the opportunity to deploy an even greater number of the Atlas motors, and plans to dedicate the \$15 million increase toward fleet expansion. This includes adding additional 7.25" Atlas to its fleet and developing additional Atlas motor opportunities for prominent drilling applications in North America.

The increased program is anticipated to allow for future expansion while maintaining the Corporation's healthy balance sheet. PHX Energy will continue to take a disciplined approach toward growth and believes the increase to the 2018 program will aid in further improvements in profitability. 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" "foresees", 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 expansion in the Corporation's performance drilling motor fleet and timing thereof, 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 and 2019 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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