

PHX Energy Announces Agreement for the Sale of Russian Operations

CALGARY, ALBERTA - PHX Energy Services Corp. ("**PHX Energy**" "**we**" "**our**" or the "**Corporation**") (TSX: PHX) announced today that it has entered into a preliminary sale and purchase agreement with Well Tech Services Ltd (the "**Purchaser**"), a company incorporated under the laws of the Russian Federation, for the sale of our Russian operations to the Purchaser (the "**Transaction**"). Under the Transaction, the Purchaser will acquire all of the outstanding shares of Phoenix TSR LLC ("**Phoenix TSR**"), an indirect wholly-owned subsidiary of PHX Energy. The Transaction is expected to be completed late in the first quarter of 2021, subject to satisfaction of certain conditions including execution of a final agreement, a stipulated minimum working capital requirement and the preparation and delivery of customary closing documentation. The agreed purchase price for the disposition is 240 000 000 Russian Rubles, or approximately \$4.2 million CAD using an exchange rate of 57.392. Upon completion, the Corporation intends to apply the net proceeds from the Transaction to partially fund its 2021 capital expenditure program.

Phoenix TSR was established in Russia a decade ago and over this time has built a positive reputation. The sale of Phoenix TSR will strengthen our balance sheet and cash position and is aligned with our strategy to operate our high-performance technologies in the most lucrative basins in the world, benefitting from the higher margins generated. This divestment will allow our personnel to focus on our objectives to continue gaining market share and assist our customers' in their efforts to constantly drill faster.

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 primarily in Canada and the US.

Forward-Looking Statements

This news release contains certain forward-looking statements or information ("forward-looking statements") as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond PHX Energy's control. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward looking statements. The use of any of the words "plan", "expect", "prospective", "project", "intend", "believe", "should", "anticipate", "estimate", or other similar words or statements that certain events "may" or "will" occur are intended to identify forward-looking statements.

Forward looking statements contained herein include, but are not limited to: the anticipated entering into of a final agreement in respect of the Transaction; the anticipated satisfaction of conditions to completion of the Transaction; that the Transaction will be completed on the terms contemplated or at all; the anticipated timing of completion of the Transaction and, if completed, the intended use of proceeds and the expected impact of the Transaction on the Corporation including its financial position and growth prospects. There can be no assurances that the final agreement will be entered into nor

assurances the Transaction will be completed on the basis contemplated herein or at all and, accordingly undue reliance should not be placed on the same.

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, 2019 and the Corporation's management's discussion and analysis for the three and nine months ended September 30, 2020. Although forward-looking statements contained in this news 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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