



PHX ENERGY ANNOUNCES AMENDMENTS TO CREDIT FACILITIES AND COURT APPROVAL OF SETTLEMENT OF CLASS ACTIONS

October 16, 2015
Calgary, Alberta

PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) announced today that it has entered into an agreement with its syndicate of lenders to make certain amendments to its credit facilities (collectively, as amended, the "**Credit Facility**").

The amendments reflect, without limitation, the following revisions to PHX Energy's financial and negative covenants under the Credit Facility:

- The ratio of Debt to EBITDA shall not exceed 5.0x for the quarters ended December 31, 2015, March 31, 2016, June 30, 2016 and September 30, 2016, shall not exceed 4.0x for the quarter ended December 31, 2016 and shall not exceed 3.0x for the quarter ended March 31, 2017 and all quarter ends thereafter, all calculated on a four quarter rolling basis;
- For the purposes of the calculation of EBITDA during the period from March 31, 2015 to March 31, 2016, PHX Energy shall be permitted to add back actual severance costs paid in the relevant calculation period up to a maximum of CDN\$5.0 million and settlement amounts to be paid by the Corporation in respect of the Class & Collective Actions (as defined below) to a maximum aggregate of CDN\$6.5 million;
- The annual dividend covenant relating to restriction based on distributable cash flow shall not apply to the financial year ended December 31, 2015;
- During the Covenant Relief Period through December 31, 2016 there will be no increases permitted in the rate of dividends payable by the Corporation.

The Corporation and its lenders have also agreed to certain other amendments and additional terms to the Credit Facility, including, without limitation, the following:

- The maximum principal amounts available to the Corporation under each of the Syndicated Credit Facility and the U.S. Operating Facility have been reduced from CDN\$160 million to CDN\$90 million and US\$25 million to US\$2.5 million, respectively;
- Addition of tiers to its pricing grid providing for increases in interest rates and stand-by fees where Debt to EBITDA thresholds exceed 3.0x; of up to 125 basis points and 25 basis points, respectively, depending on the pricing grid.

Defined terms used herein have the meanings ascribed thereto in the Credit Facility, a copy of which can be found under the Corporation's profile on SEDAR at www.sedar.com.

The Corporation also announces that it has received the requisite court approval of the settlement agreement (the "**Settlement Agreement**") among PHX Energy's U.S. subsidiary, Phoenix Technology Services USA, Inc. ("**Phoenix USA**") and the parties to the previously disclosed actions relating to the three wage and hour lawsuits (collectively, the "**Class & Collective Actions**") involving Phoenix USA. The details of the Class & Collective Actions and the Settlement Agreement were contained within the Corporation's press release dated September 10, 2015.

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 electronic drilling recorder ("**EDR**") technology and services, through Stream Services.

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

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