



PHOENIX  
TECHNOLOGY INCOME FUND

Peters & Co Limited  
2007 North American Oil & Gas Conference  
September 13, 2007

Presented by:  
John Hooks, President & CEO

**When the going gets tough,**

## Forward-Looking Statements

Some matters discussed in this presentation may be considered to be forward-looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Actual results could differ materially from those indicated by such forward-looking statements. Such risks and uncertainties include: the possible unavailability of financing, risks related to the uncertainty inherent in the oil and gas horizontal and directional services industry, the impact of energy price fluctuations, the seasonal nature of business, the dependence on third party suppliers and contractors, changes in government regulation, the impact of competition, the successful commercialization of certain technologies, the dependence upon competent employees including senior management, and fluctuations in currency exchange rates and interest rates.

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## Market Data PHX.UN

As of September 8, 2007

Exchange	Toronto Stock Exchange
Shares Outstanding	22.4 million
Share Price (as of September 8, 2007)	\$9.00
52 Week High / Low	\$9.85 / \$6.25
Current Distributions	\$0.065 month / \$0.78 year
Market Capitalization (as of September 8, 2007)	\$202 million
Trading Average (for month of August)	22,810 / day
Insiders Position	36%
Yield	8.7%

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## Description of Trust

- Provides horizontal and directional drilling services and technology in Canada and US.
- Develops and manufactures proprietary drilling guidance systems.
- Strong foundation to reward shareholders with distributions and shareholder value.



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## Recent Initiatives

- Expanded presence in US.
  - Operations Centre in Traverse City Michigan.
  - Sales Office in Denver, Colorado and Oklahoma City, Oklahoma.
  - Additional Senior Sales Representative in Houston, Texas.

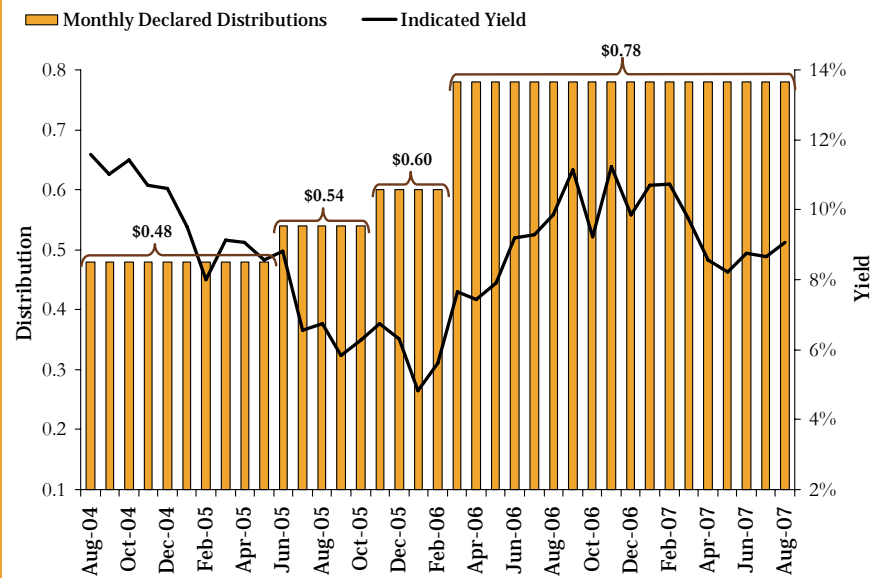
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## Recent Initiatives

- ❧ MWD fleet at June 30, 2007 contained 88 systems.
  - Additional 13 systems planned for 2007.
  
- ❧ Motor Servicing Facilities
  - Operational in Calgary Q4 2006 and Traverse City Q1 2007.
  - Houston facility projected for Q4 2007.
  - Full benefits to be realized in 2008.

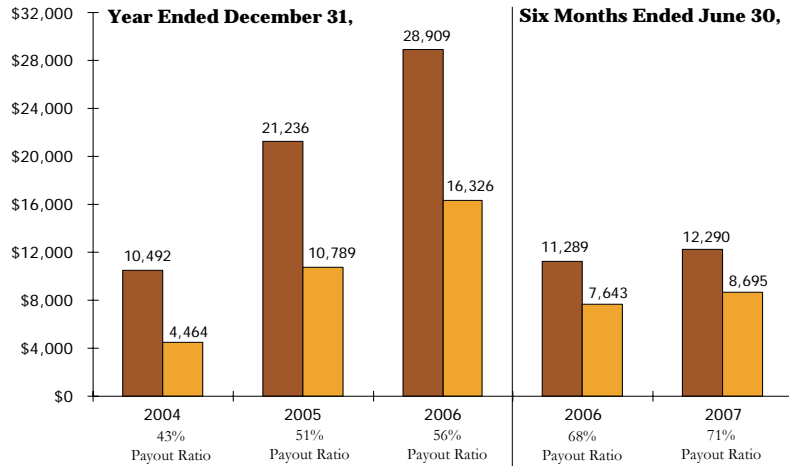
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## Monthly Declared Distribution & Indicated Yield



## Distributable Cash/Cash Distributions Made

■ Distributable Cash ■ Cash Distributions Made  
(Stated in 000's of dollars)



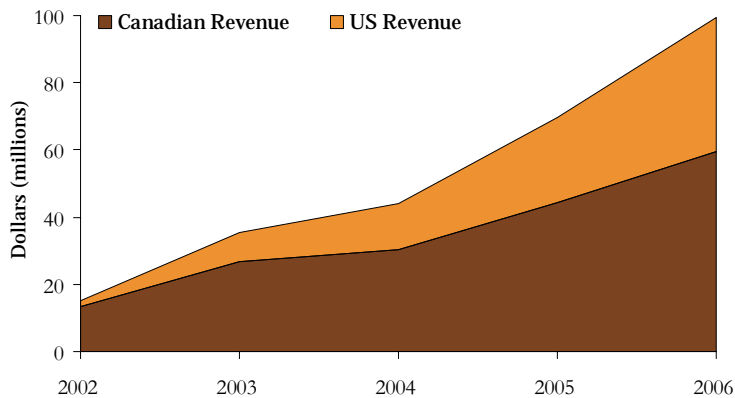
**Notes:**

(1) Cash distributions did not commence until July 2004

## Revenue for Operating Segments

US revenue for the six month period ended June 30, 2007 represented 47% of the Fund's consolidated revenue.

Year Ended December 31,



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## Financial Highlights Three and Six Months Ended June 30,

(Stated in 000's of dollars except per unit amounts, percentages and units outstanding)

	Three Month period ended June 30,			Six Month period ended June 30,		
	2007	2006	% Change	2007	2006	% Change
<b>Operating Results</b>	<i>(Unaudited)</i>	<i>(Unaudited)</i>		<i>(Unaudited)</i>	<i>(Unaudited)</i>	
Revenue	20,961	18,490	13	50,969	40,377	26
Net earnings	928	2,356	(61)	6,803	7,387	(8)
Earnings per unit - diluted	0.04	0.11	(64)	0.29	0.33	(12)
EBITDA <sup>(1)</sup>	2,332	4,175	(44)	10,825	11,469	(6)
EBITDA per unit - diluted <sup>(1)</sup>	0.10	0.19	(47)	0.47	0.51	(8)
<b>Cash Flow</b>						
Cash flow from operating activities	8,377	8,965	(7)	13,858	13,345	4
Distributable cash <sup>(1)</sup>	3,815	3,823	-	12,290	11,289	9
Distributable cash per unit - diluted <sup>(1)</sup>	0.16	0.17	(6)	0.53	0.51	4
Cash distributions made	4,351	4,324	1	8,695	7,643	14
Cash distributions per unit <sup>(2)</sup>	0.195	0.195	-	0.390	0.345	13
Cash payout ratio <sup>(1)</sup>	114%	113%		71%	68%	
Capital expenditures	1,890	4,294	(56)	5,329	7,486	(29)
<b>Financial Position</b>				30-Jun-07	31-Dec-06	
Working capital				17,841	19,611	(9)
Long-term debt <sup>(3)</sup>				1,775	1,775	-
Unitholders' equity				57,178	58,908	(3)
Fund units outstanding				22,389,154	22,274,773	1

(1) Non-GAAP measure, please refer to Non-GAAP Measures section of Q2 Report.

(2) Cash distributions on a per unit basis paid in the period.

(3) Includes current portion of long-term debt.

## Goals

- 🔪 US Expansion
  - Currently hold 2% of market share, Canadian market share is greater, estimated at 15%.
  - Larger rig count than Canada.
- 🔪 Deploy new Phoenix-developed technologies.
- 🔪 Considering international agreements/partnerships.

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## Remote Access Directional Drilling (RADD)

- ⌘ Simultaneously operates multiple drilling projects from one central location.
- ⌘ Field system can be controlled and re-designed over the link to suit customer's needs.
- ⌘ Lower operating costs with reduced field personnel on each well.
- ⌘ Well progress information is available 24 hour/day.

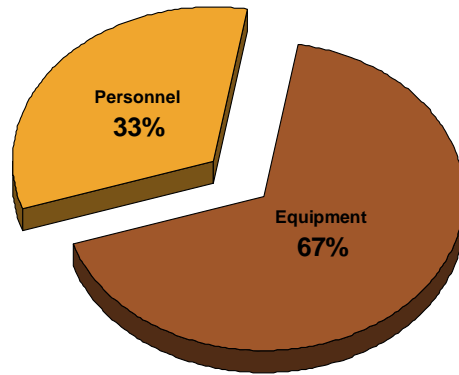
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## RADD Operation Details

- ⌘ To date this system has drilled 25 wells in Canada.
- ⌘ Satellite System requires 1 cross-trained MWD Operator in the field and 2 Directional Drillers at a central command center.
  - Capable of operating up to 3-4 rigs in close proximity.
- ⌘ Directional Driller in command center uses CLT EM-MWD data from satellite and Pason data to make steering decisions.

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## Conventional Directional Well Costs



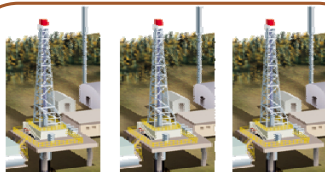
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## Three Well Comparison

Conventional Operation

VS

RADD Operation



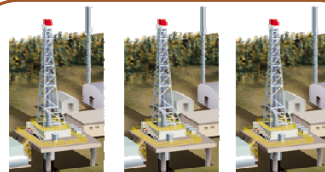
Rig 1 Rig 2 Rig 3

6-Directional Drillers  
3-MWD Operator



9 Personnel

Daily labour cost of \$9150



Rig 1 Rig 2 Rig 3

2-Directional Drillers  
1-MWD Operator



3 Personnel

Daily labour cost of \$3050

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## Benefits of RADD Operations

- ❧ Significant cost savings resulting from fewer personnel.
  - Reduces personnel mileage charges to and from rig.
  - Fewer well site trailers on location
  - Less travel between rigs.
- ❧ Opportunity to increase market share.
- ❧ Minimizes the number of safety risks.
- ❧ MWD system can be controlled at command center where experienced personnel can access data and troubleshoot.

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## The Tough Keep Growing

- ❧ Revenue in Q2 2007 was a record second quarter for the Fund.
- ❧ Results in Q1 2007 surpassed all previous first quarters in the Company's history.
- ❧ Diversification to aid growth .
  - Oil well drilling represented 38% of Canadian wells drilled in the period ending June 30, 2007.
- ❧ Low payout ratio and strong balance sheet will provide stable cash distributions.
- ❧ R&D incentives and projects remain a priority.

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## Board of Directors



- James K. Gray, O.C.
- J.G. (Jeff) Lawson
- Randolph M. Charron
- Elson J. McDougald
- J. Cameron Bailey
- John M. Hooks
- Myron Tetreault

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## Key Personnel

- John Hooks - President, CEO & Director
- Cameron M. Ritchie, Sr. VP Finance & CFO
- Mike Buker, Sr. VP Business Development
- Dan Blanchard, VP Operations
- Jeff Shafer, VP Sales & Marketing

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