



**PHOENIX**  
TECHNOLOGY INCOME FUND

**Presented by:**  
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**February 28, 2005**



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## Market Data PHX.UN

<b>Exchange</b>	<b>Toronto Stock Exchange</b>
<b>Shares Outstanding (February 15, 2005)</b>	<b>20.6 million</b>
<b>Share Price (February 15, 2005)</b>	<b>\$5.75 / share</b>
<b>52 Week High / Low</b>	<b>\$5.90 / 2.51</b>
<b>Distributions (February 15, 2005)</b>	<b>\$0.04 month / \$0.48 year</b>
<b>Market Capitalization (February 15, 2005)</b>	<b>\$118.45 million</b>
<b>Trading Average (for month of January)</b>	<b>43,092 / day</b>
<b>Insiders Position (February 15, 2005)</b>	<b>40%</b>



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## Financial Highlights

Years Ended December 31, 2004 and 2003

(Stated in 000's of dollars except per share amounts and shares outstanding)

	2004	2003	% Change
<b>Operating Results</b>			
Revenue	\$ 43,846	\$ 35,343	24
Net earnings	6,342	4,258	49
Earnings per unit - diluted	0.34	0.25	36
EBITDA	11,354	8,482	34
EBITDA per unit - diluted	0.62	0.49	27
<b>Cash Flow</b>			
Cash flow	\$ 10,492	\$ 8,475	24
Cash flow per unit - diluted	0.57	0.49	16
Capital expenditures	5,366	4,354	23
Cash distributions made	4,464	845	428
Cash distributions per unit	0.24	0.05	380
<b>Financial Position</b>			
Working capital	\$ 12,213	\$ 13,509	(10)
Long-term debt	3,275	3,500	(6)
Unitholders' equity	39,426	28,064	40
Fund units outstanding, end of period	20,599,855	16,908,649	22



## Balance Sheet

Stated in (000's)

	Dec. 31, 2004	Dec. 31, 2003
<b>Working Capital</b>	<b>12,213</b>	<b>13,509</b>
<b>Fixed Assets</b>	<b>22,164</b>	<b>16,895</b>
<b>Total Assets</b>	<b>52,554</b>	<b>42,489</b>
<b>Long Term Debt</b>	<b>3,275</b>	<b>3,500</b>
<b>Unitholder's Capital</b>	<b>39,426</b>	<b>28,064</b>



## Yield Comparison

As of February 15, 2005	Mkt. Cap. (\$ millions)	Current Yield	Unit Price	Annual Dist.
<b>Badger Income Fund</b>	<b>183.7</b>	<b>5.11%</b>	<b>\$ 17.25</b>	<b>\$ 0.88</b>
<b>Cathedral Energy Services</b>	<b>101.4</b>	<b>7.14%</b>	<b>\$ 4.20</b>	<b>\$ 0.30</b>
<b>CCS Income Trust</b>	<b>1,210.2</b>	<b>4.98%</b>	<b>\$ 46.96</b>	<b>\$ 2.34</b>
<b>Foremost Industries Income Fund</b>	<b>183.2</b>	<b>5.09%</b>	<b>\$ 29.45</b>	<b>\$ 1.50</b>
<b>Newalta Income Fund</b>	<b>662.6</b>	<b>6.17%</b>	<b>\$ 24.32</b>	<b>\$ 1.50</b>
<b>Peak Energy Services Trust</b>	<b>229.3</b>	<b>9.60%</b>	<b>\$ 10.00</b>	<b>\$ 0.96</b>
<b>Trinidad Energy Services Income Trust</b>	<b>518.2</b>	<b>6.63%</b>	<b>\$ 10.86</b>	<b>\$ 0.72</b>
<b>Wellco Energy Services Trust</b>	<b>146.8</b>	<b>8.85%</b>	<b>\$ 10.85</b>	<b>\$ 0.96</b>
<b>Phoenix Technology Income Fund</b>	<b>118.5</b>	<b>8.35%</b>	<b>\$ 5.75</b>	<b>\$ 0.48</b>
<b>Average Yield</b>	<b>-</b>	<b>6.88%</b>	<b>-</b>	<b>-</b>



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## Yield Comparison

- ❖ **Implied price of Phoenix per unit using average yield of 6.88% = \$ 6.97**
- ❖ **Implied price of Phoenix per unit using Cathedral's yield of 7.14% = \$ 6.72**



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## Phoenix Drilling Systems

	# MWD Operating Systems
<b>January 1, 2002</b>	<b>17</b>
<b>January 1, 2003</b>	<b>31</b>
<b>January 1, 2004</b>	<b>37</b>
<b>January 1, 2005</b>	<b>50</b>
<b>Year End, 2005 (projected)</b>	<b>65</b>



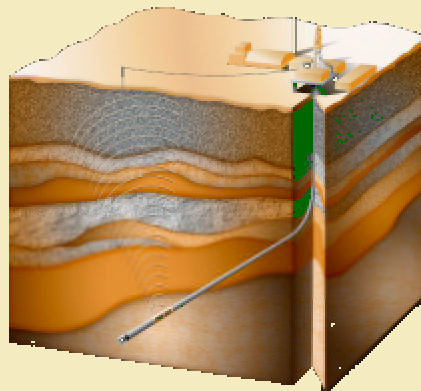
## Horizontal & Directional Drilling

- ❖ **32 positive and negative pulse Measurement While Drilling “MWD” Systems.**
- ❖ **18 Electromagnetic (“EM”)Phoenix developed Closed Loop Telemetry (“CLT”) Systems.**
- ❖ **5 additional CLT systems in construction for February 2005 delivery.**
- ❖ **CLT manufacturing expands current job capacity with reduced capital required.**
- ❖ **Approximately 145 Downhole Positive Displacement Mud Motors.**



## Current Loop Telemetry “CLT”

- ❖ **Developed in house at Phoenix’s Research & Development department over the past 2 years.**
- ❖ **Commercially proven in over 300 operators wells to date.**
- ❖ **New technology will provide entry into:**
  - Coal bed methane projects
  - Under-balanced Drilling
  - Steam assisted gravity projects
  - International growth





## Emerging Market

- ❖ **Alberta's oil sands are arguably the largest oil deposit in the world.**
- ❖ **Estimates as high as 1.6 trillion barrels are located in the Athabasca, Cold Lake and Peach River tar sands.**
- ❖ **Current technology can recover 174 billion barrels.**
  - **Approximately 20% can be mined from the surface**
- ❖ **80% or 142 billion barrels are recoverable at depths greater than 75 meters.**



## Challenges

- ❖ **The oil is very thick and must be separated from the sand.**
- ❖ **The only proven commercial method to extract the oil is steam assisted gravity drainage ("SAG-D").**
- ❖ **Process:**
  - **Aligned pairs of horizontal wells must be drilled**
  - **Steam is then injected into the upper well**
  - **This allows the oil to flow into bottom well**
- ❖ **SAG-D produces from 40 to 60 percent of allowable oil.**



## Technology Required

- ❖ **To align or pair the wells, the wells must be drilled horizontally.**
- ❖ **Operators demand high speed data to guide the drilling bit. Electromagnetic (EM) transmission is required.**
- ❖ **Highly accurate steering aligns wells and can only be attained with near bit sensor technology.**
- ❖ **Presently, only a few horizontal and directional service firms have this technology.**



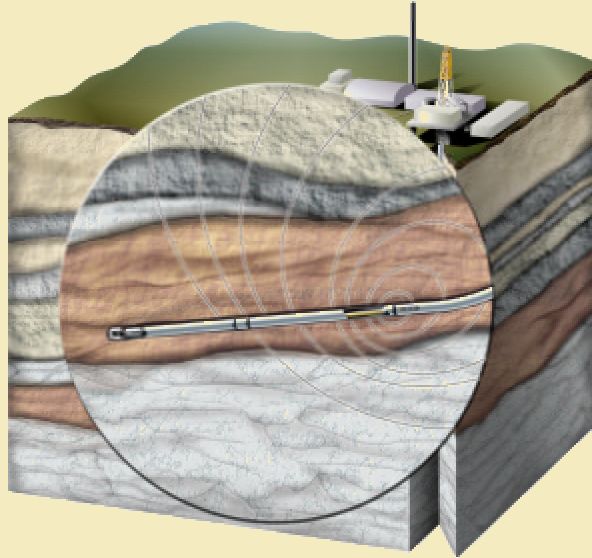
## Phoenix Solutions

- ❖ **Past and present horizontal drilling experience, and operator's demand for alternative competition, will give Phoenix increased opportunities.**
- ❖ **Company developed Current Loop Telemetry System ("CLT") provides the required EM high speed data transmission.**
- ❖ **Phoenix's Research & Development department is developing the required near bit sensor ("Inclination at bit").**
- ❖ **The R&D department has produced lab working prototype.**
- ❖ **Upcoming field trials will commence to attain commercial viability.**



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## Inclination at Bit



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## Outlook

- ❖ **In 2005 Phoenix Technology Income fund predicts that 25,000 wells will be drilled in western Canada.**
- ❖ **Phoenix expects that approximately 25% of wells will utilize horizontal / directional drilling.**
- ❖ **Growth in Canada and in the United States through:**
  - **Expansion of customer base**
  - **Capital equipment additions**
  - **Increased rig drilling well count**





## Emerging New Markets for Phoenix

- ❖ **Under-balanced Market**
  - Currently two suppliers
- ❖ **Steam Assisted Gravity Drainage (“SAG-D”)**
  - Currently 2-3 Suppliers
- ❖ **Coal-Bed Methane (“CBM”)**
  - Phoenix experience derived from US operations
- ❖ **US Operations**
  - Presently deploy 20 MWD operating systems from a fleet of only 4 two years ago



## Directors and Officers

### **DIRECTORS:**

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

### **OFFICERS:**

- ❖ **John Hooks - President, CEO & Director**
- ❖ **Cameron M. Ritchie, Sr. VP Finance & CFO**
- ❖ **Reid A. Hansen, Sr. VP**
- ❖ **Myron A. Tetreault, General Counsel & Corporate Secretary**



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## Locations

### **Head Office**

Suite 630, 435 - 4th Ave SW  
Calgary, Alberta T2P 3A8

### **Canadian Operations and R&D**

11560 - 42nd Street SE  
Calgary, Alberta T2Z 4E1

### **US Operations**

1724-B Townhurst Drive  
Houston, Texas 77043

- and -

3146 Willer Drive  
Casper, Wyoming 82604

