



PHOENIX
TECHNOLOGY INCOME FUND

**PSAC PETROLEUM SERVICES
INVESTMENT SYMPOSIUM**

Presented by:
John Hooks, President & CEO



June 17, 2005



RELIABLE DATA. PRECISE DRILLING. MAXIMUM RETURNS

Market Data PHX.UN

| Exchange | Toronto Stock Exchange |
|--------------------------------------|-----------------------------|
| Shares Outstanding (June 8, 2005) | 20.6 million |
| Share Price (June 8, 2005) | \$6.05 / share |
| 52 Week High / Low | \$6.20 / \$3.67 |
| Distributions (June 30, 2005) | \$0.045 month / \$0.54 year |
| Market Capitalization (June 8, 2005) | \$124.63 million |
| Trading Average (for month of May) | 50,000 / day |
| Insiders Position (June 30, 2005) | 40% |



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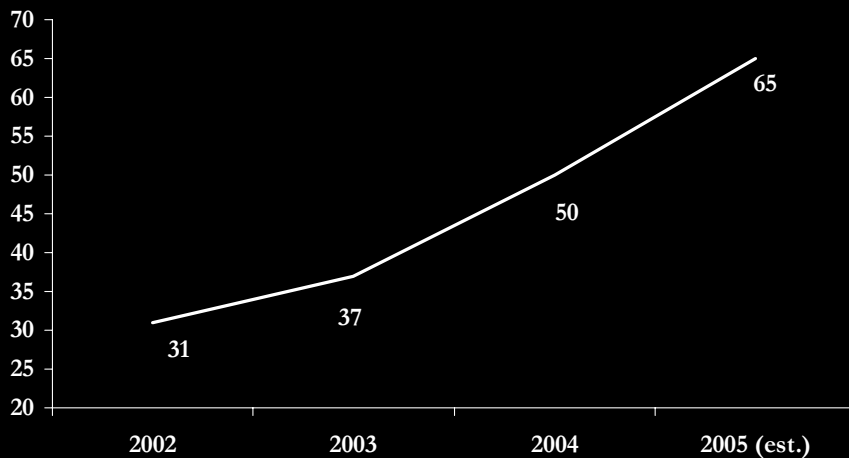
Horizontal & Directional Drilling

- ❖ 32 positive and negative pulse Measurement While Drilling “MWD” Systems.
- ❖ 23 Electromagnetic (“EM”) Phoenix developed Current Loop Telemetry (“CLT”) Systems.
- ❖ CLT manufacturing expands current job capacity with reduced capital required.
- ❖ Approximately 161 Downhole Positive Displacement Mud Motors.



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MWD / CLT Operating Systems





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Emerging Markets

- ❖ **Underbalanced Market**
 - Currently two suppliers
- ❖ **Steam Assisted Gravity Drainage (“SAGD”)**
 - Currently 2-3 Suppliers
- ❖ **Coalbed 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
 - New Casper, Wyoming division.



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Emerging Markets

- ❖ **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 Peace 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.**



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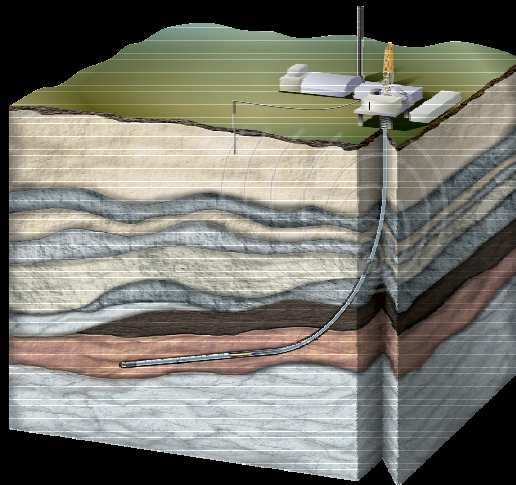
Challenges

- ❖ 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 (“SAGD”).
- ❖ 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
- ❖ SAGD produces from 40 to 60 percent of allowable oil.



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Current Loop Telemetry





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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.



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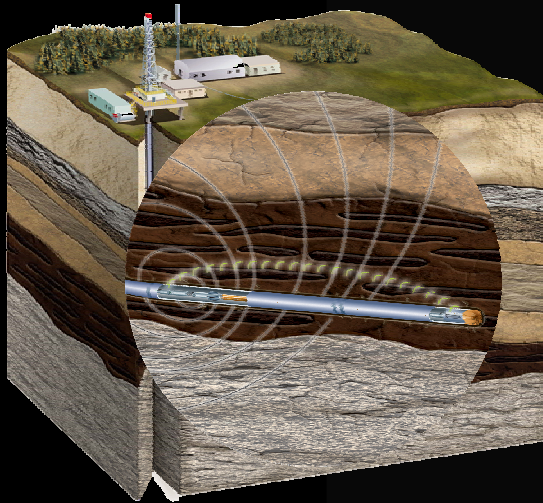
Phoenix Solutions

- ❖ 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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Financial Highlights

Quarter Ended March 31

| Operating Results | Q1 2005 | Q1 2004 |
|---------------------------------------|------------|------------|
| Revenue | \$ 16,092 | \$ 12,400 |
| Net earnings | 3,512 | 3,031 |
| Earnings per unit - diluted | 0.17 | 0.17 |
| EBITDA | 4,895 | 4,535 |
| EBITDA per unit - diluted | 0.23 | 0.25 |
| Cash Flow | | |
| Cash flow | \$ 4,812 | \$ 4,022 |
| Cash flow per unit - diluted | 0.23 | 0.23 |
| Cash distributions made | 2,472 | - |
| Cash distributions per unit | 0.12 | - |
| Financial Position | | |
| Working capital | \$ 13,037 | \$ 11,755 |
| Long-term debt | 2,900 | 4,502 |
| Unitholders' equity | 40,570 | 34,655 |
| Fund units outstanding, end of period | 20,608,189 | 18,151,841 |



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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



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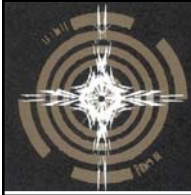
Directors and Officers

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 -

2394 North Clover
Casper, Wyoming 82601