



**PHOENIX**  
TECHNOLOGY INCOME FUND

## ANNUAL GENERAL MEETING

Presented by:

**John Hooks, President & CEO**

**Cameron Ritchie, Sr. VP Finance & CFO**

**May 10, 2006**



## 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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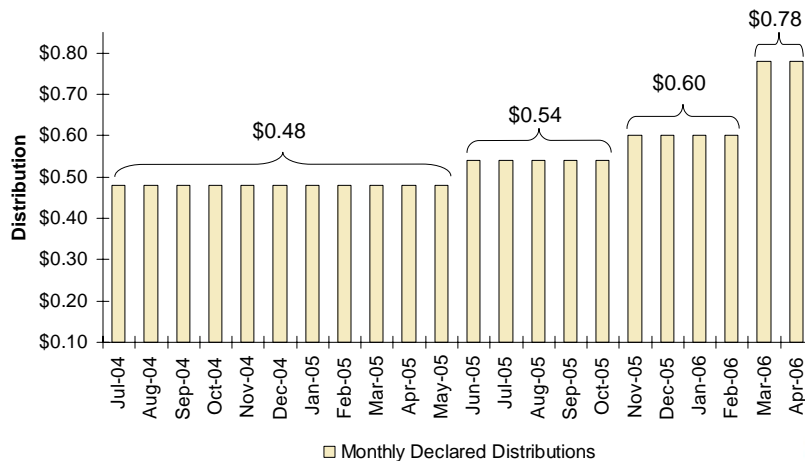
## Market Data PHX.UN

As of May 9, 2006

Exchange	Toronto Stock Exchange
Shares Outstanding	22.2 million
Share Price	\$10.18
52 Week High / Low	\$12.70 / \$5.19
Current Distributions	\$0.065 month / \$0.78 year
Market Capitalization	\$226 million
Trading Average (for month of April)	38,514 / day
Insiders Position	36%
Yield	7.66%

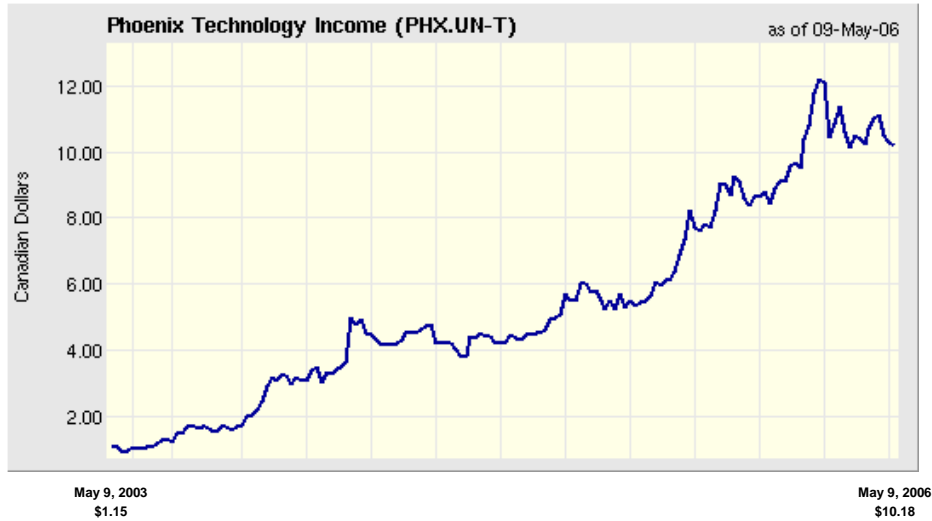
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## Declared Distributions



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## Three-Year Share Price Graph



## 2005 Success'

- ++ Development and deployment of high voltage CLT EM-MWD system.**
- ++ Underbalanced drilling program in Jean Marie, B.C. completed successfully.**
- ++ Successful field tests of the following R&D Projects:**
  - Inclination at Bit Sensor
  - Extended Reach Antenna
  - Envision Gamma Software
  - Version 5 CLT EM-MWD Operating Software

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## Expansion



- ✦ Expanded job capacity in 2005 by adding 15 CLT EM-MWD Systems to our fleet bringing Phoenix's job capacity to 71 at year end.
- ✦ Currently expanding US Operations into Traverse City, Michigan.
- ✦ Additional experienced personnel hired in Houston, Texas and Casper, Wyoming.
- ✦ 2006 CLT EM-MWD System production schedule will produce 10 additional systems.

## Locations



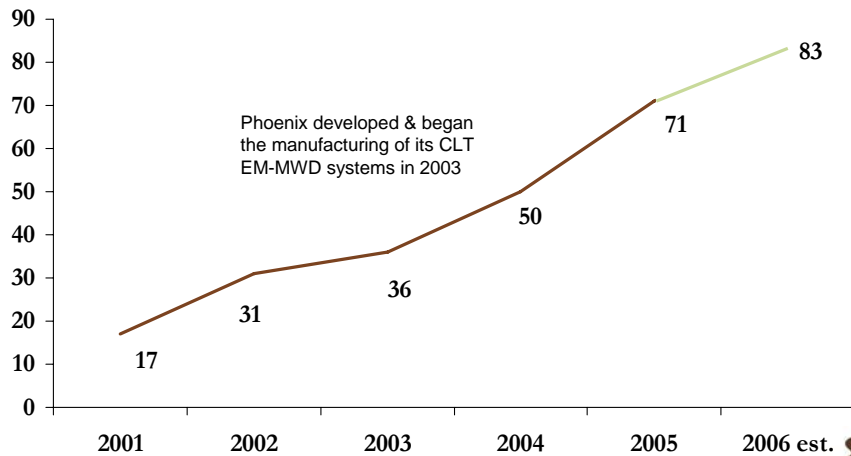
**Head Office**  
Suite 630, 435 - 4th Ave SW  
Calgary, Alberta T2P 3A8

**Canadian Operations and R&D**  
11560 - 42nd Street SE  
Calgary, Alberta T2Z 4E1

**US Operations**  
Houston, Texas  
Casper, Wyoming  
Traverse City, Michigan

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## MWD Operating Systems



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## Market Outlook



- ++ PSAC's latest forecast sees a total count of 26,725 wells drilled (rig released) in 2006.
- ++ Phoenix expects that approximately 25% of these wells utilized horizontal / directional drilling.
- ++ Potential high equipment utilization through longer duration wells.
- ++ Horizontal and Directional sector price / day rate strength.

## Financial Highlights

Year Ended December 31

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

Operating Results	2005	2004	% Chg.
Revenue	\$ 69,483	\$ 43,846	58
Net earnings	14,063	6,342	122
Earnings per unit - diluted	0.66	0.34	94
EBITDA	21,301	11,354	88
EBITDA per unit - diluted	1.00	0.62	61
<b>Cash Flow</b>			
Cash flow	\$ 21,236	\$ 10,492	102
Cash flow per unit - diluted	1.00	0.57	75
Cash distributions made <sup>(1)</sup>	10,789	4,464	142
Cash distributions per unit <sup>(2)</sup>	0.515	0.24	115
Cash payout ratio <sup>(3)</sup>	51%	43%	-
Capital expenditures <sup>(4)</sup>	9,390	5,366	75
<b>Financial Position</b>			
Working capital	\$ 18,217	\$ 12,213	49
Long-term debt <sup>(5)</sup>	1,775	3,275	(46)
Unitholders' equity	53,588	39,426	36
<b>Fund units outstanding</b>	<b>22,120,564</b>	<b>20,599,855</b>	<b>7</b>

(1) Phoenix commenced operations as an income fund and commenced making cash distributions to unitholders on July 1, 2004.

(2) Cash distributions on a per unit basis declared and paid to unitholders in the year.

(3) Phoenix defines its cash payout ratio as cash distributions made in the applicable period divided by cash flow for the same period.

(4) Excludes business acquisitions.

(5) Excludes current portion of long-term debt.

## Revenue by Segment

Year Ended December 31

(Stated in millions of dollars)

	2005	2004	% Chg.
<b>Canada:</b>			
MWD drilling services	\$ 42.1	\$ 27.7	52
JAG Rentals	2.3	1.9	21
CLT kit sales	-	0.9	-
	44.4	30.5	46
<b>US:</b>			
MWD Drilling Services	25.1	13.3	89
	\$ 69.5	\$ 43.8	58

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## Financial Highlights

Three Months Ended March 31

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

Operating Results		Q1 2006	Q1 2005	% Chg.
Revenue	\$	21,887	\$ 16,092	36
Net earnings		5,031	3,512	43
Earnings per unit - diluted		0.22	0.17	29
EBITDA		7,294	4,895	49
EBITDA per unit - diluted		0.32	0.23	39
<b>Cash Flow</b>				
Cash flow	\$	7,466	\$ 4,812	55
Cash flow per unit - diluted		0.33	0.23	43
Cash distributions made		3,320	2,472	34
Cash distributions per unit <sup>(1)</sup>		0.15	0.12	25
Cash payout ratio <sup>(2)</sup>		44%	51%	-
Capital expenditures		3,191	1,402	128
<b>Financial Position</b>				
		31-Mar-06	31-Dec-05	
Working capital	\$	18,836	\$ 18,217	3
Long-term debt <sup>(3)</sup>		1,400	1,775	(21)
Unitholders' equity		55,305	53,588	3
Fund units outstanding		22,159,064	22,120,564	-

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

(2) Phoenix defines its cash payout ratio as cash distributions made in the applicable period divided by cash flow for the same period.

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

## Revenue by Segment

Three Months Ended March 31

(Stated in millions of dollars)

		Q1 2006	Q1 2005	% Chg.
<b>Canada:</b>				
MWD drilling services	\$	15.0	\$ 11.0	36
JAG Rentals		0.8	0.7	14
		15.8	11.7	35
<b>US:</b>				
MWD Drilling Services		6.1	4.4	39
	\$	21.9	\$ 16.1	36

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## Strategic Initiatives

### ++ Technical Field Training

- Hired a full time MWD system training Manager
- Developing comprehensive MWD system training manuals
- Initiated extensive MWD system failure reporting policy
- New and existing field operating personnel must complete Phoenix training program

### ++ MWD System Upgrades

- Acquired advanced pulsers and bottom ends
- Various R&D projects focused on MWD system upgrades

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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

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## Key Personnel

- ✦ John Hooks - President, CEO & Director
- ✦ Cameron M. Ritchie, Sr. VP Finance & CFO
- ✦ Dan Blanchard, VP Operations
- ✦ Mike Buker, VP Sales & Marketing
- ✦ Myron A. Tetreault, General Counsel & Corporate Secretary

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