PRESS RELEASE
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PHOENIX REPORTS FINANCIAL AND OPERATIONAL RESULTS FOR THE THREE-MONTH PERIOD & YEAR ENDED DECEMBER 31, 2009

Phoenix Technology Income Fund ("Phoenix" or the" Fund") is pleased to report on its financial and operating results for the three-month period and year ended December 31, 2009. Although activity levels picked up for the Fund in the fourth quarter, the year's activity remains significantly lower than the levels obtained in 2008 due to a slow economy and low oil and natural gas commodity prices. Given these challenges, the Fund is pleased to report for the three-month period ended December 31, 2009 net earnings of $3.7 million (2008 - $6.4 million) and EBITDA of $6.4 million (2008 - $9.0 million). Phoenix's revenue for the three-month period ended December 31, 2009 declined by 32 percent to $34.9 million from $51.7 million in 2008.

Distributable cash for the three-month period ended December 31, 2009 decreased by 32 percent to $7.5 million from $11.1 million in 2008, and cash distributions paid to unitholders decreased 35 percent to $4.0 million for the same 2009 period from $6.2 million in 2008. The resulting cash payout ratio for the 2009 three-month period was 53 percent as compared to 56 percent in 2008.

As mentioned in the Fund's second quarter report, Phoenix has been looking to expand its operations into key areas outside of North America and it is anticipated that the Fund may enter an additional international market in early 2010.

(Stated in thousands of dollars except per unit amounts, percentages and units outstanding)

	Three-month periods ended December 31,			Years ended December 31,		
	2009	2008	% Change	**2009**	2008	% Change
Operating Results	***(unaudited)***	*(unaudited)*				
Revenue	**34,934**	51,654	(32)	**114,692**	175,528	(35)
Net earnings	**3,675**	6,414	(43)	**11,407**	25,531	(55)
Earnings per unit – diluted	**0.14**	0.26	(46)	**0.46**	1.07	(57)
EBITDA (1)	**6,407**	9,039	(29)	**18,955**	37,640	(50)
EBITDA per unit – diluted (1)	**0.25**	0.37	(32)	**0.77**	1.57	(51)
Cash Flow						
Cash flows from operating activities	**5,222**	15,188	(66)	**12,946**	32,922	(61)
Distributable cash (1)	**7,527**	11,053	(32)	**19,637**	36,329	(46)
Distributable cash per unit – diluted (1)	**0.30**	0.45	(33)	**0.80**	1.52	(47)
Cash distributions made	**4,011**	6,202	(35)	**22,586**	21,759	4
Cash distributions per unit (2)	**0.12**	0.255	(53)	**0.885**	0.92	(4)
Cash payout ratio(1)	**53%**	56%		**115%**	60%	
Capital expenditures	**6,392**	10,680	(40)	**15,101**	33,908	(55)
Financial Position, December 31,						
Working capital				21,013	26,600	(21)
Long-term debt				-	5,000	n.m
Unitholders' equity				91,452	90,198	1
Fund units outstanding				26,505,110	24,337,524	9

(1) Refer to non-GAAP measures section.
(2) Cash distributions made on a per unit basis in the year.
n.m. – not meaningful

Non-GAAP Measures

The Fund uses certain performance measures throughout this document that are not recognizable under Canadian generally accepted accounting principles ("GAAP"). These performance measures include earnings before interest, taxes, depreciation, and amortization ("EBITDA"), EBITDA per unit, distributable cash, distributable cash per unit, and cash payout ratio. Management believes that these measures provide supplemental financial information that is useful in the evaluation of the Fund's operations. Investors should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with GAAP as an indicator of Phoenix's performance. Phoenix's method of calculating these measures may differ from that of other organizations, and accordingly, these may not be comparable. Please refer to the non-GAAP measures section.

Cautionary Statement Regarding Forward-Looking Information and Statements

Certain statements and information contained in this document and other continuous disclosure documents of the Fund referenced herein, including statements related to the Fund's capital expenditures, projected growth, view and outlook toward future oil and natural gas commodity prices and activity levels, cash distributions, customer pricing, future market opportunities, possible expansion of international operations and other statements and information that contain the words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may" and similar expressions relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation

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These statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and information. The Fund believes the expectations reflected in such forward-looking statements and information are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements and information included in this document should not be unduly relied upon. These forward-looking statements and information speak only as of the date of this document.

In particular, forward-looking information and statements contain in this document include:

- It is expected that the Fund's drilling activity in Canada and the US will intensify in the first quarter of 2010 as a result of the current oil and natural gas price levels;
- The Fund may add further MWD systems to its fleet in 2010 if demand dictates;
- Peruvian operations began in late April 2009, and today, Phoenix has a concurrent job capacity of three full services MWD jobs. The Fund expects that existing and potential customers will increase future drilling programs in 2010;
- Phoenix currently has a two job capacity in Albania, and as expected, due to the rise in oil prices in the first half of the year, drilling activity re-commenced in the third quarter of 2009. The Fund expects that further increases in activity and profitability may be generated in this region throughout 2010;
- As mentioned in the Fund's third quarter report, Phoenix has been looking to expand its operations into key areas outside of North America and it is anticipated that the Fund may enter an additional international market in early 2010;
- The 2010 capital budget has been set at $20.6 million. These planned expenditures are expected to be financed from a combination of one or more of the following, cash flow from operations, the Fund's unused credit facilities or equity, if necessary;
- Phoenix believes that the economy experienced its lowest point during the recession in 2009 and now a cautious recovery is beginning to occur;
- Recently, capital money markets have opened up for companies in the oil and natural gas sector, and Phoenix expects this opportunity for its clients to raise funds and drill additional wells will continue. In addition, the industries that drive energy consumption have also seen new growth and have added strength to their balance sheets. Their profitability will lead to an increase in energy usage and help to fuel the oil and natural gas industry's growth in the future;
- An industry focused on new larger plays creates an upside for Phoenix, as it is likely that the expansion of shale gas and tight oil formations will continue to expand exponentially;

- Based on this activity level, management now feels that an increase in day rates is likely, although is cautious as to when this may take place and as to the size of the increase. Thus far in 2010, Phoenix has benefited from its efforts to emerge 2009 stronger and believes that its international and R&D efforts will continue to add strength.
- As the percentage of wells drilled that require horizontal and directional drilling technology continues to increase throughout the world, Phoenix believes it is positioned to continue to grow its market share.

In addition to other factors and assumptions which may be identified in this document and other continuous disclosure documents of the Fund referenced herein, assumptions have been made in respect of such forward-looking statements and information regarding, among other things: anticipated financial performance, business prospects, impact of competition, strategies, the general stability of the economic and political environment in which the Fund operates, exchange and interest rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services, and the ability to obtain financing on acceptable terms, which are subject to change based on commodity prices, market conditions, and future oil and natural gas prices, and potential timing delays. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect the Fund's operations and financial results are included in reports on file with the Canadian Securities Regulatory Authorities and may be accessed through the SEDAR website (www.sedar.com) or at the Fund's website. The forward-looking statements and information contained in this document are expressly qualified by this cautionary statement. The Fund does not undertake any obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Results of Operations

In 2009, Phoenix like other oil and natural gas service providers experienced large decreases in the demand for its services due to lower customer spending. Phoenix generated consolidated revenue for the year ended December 31, 2009 of $114.7 million as compared to $175.5 million in the 2008-year; a decrease of 35 percent.

(Stated in thousands of dollars except per unit amounts)

Years ended December 31,	2009	2008	% Change
Net earnings	**11,407**	25,531	(55)
Earnings per unit – diluted	**0.46**	1.07	(57)
EBITDA	**18,955**	37,640	(50)
EBITDA per unit – diluted	**0.77**	1.57	(51)

The Fund’s levels of net earnings and EBITDA of $11.4 million and $19.0 million, respectively, for the year ended December 31, 2009 were both impacted by lower margins and higher selling general and administrative (“SG&A”) costs.

The Fund’s strategies in 2009 focused on controlling costs wherever possible and maintaining a conservative balance sheet with no long-term debt. Capital expenditures of $15.1 million were made to meet the increasing requirements of Phoenix’s customers, and unitholders were rewarded with cash distributions of $22.6 million. An equity financing was closed in 2009 which contributed net proceeds of $14.1 million. Phoenix also continued to diversify by adding operations in Peru while maintaining its presence in Albania, and sustained its course on the development of new technologies.

Due to the strengthening of oil and natural gas commodity prices, Phoenix’s drilling activity within Canada and the US in the fourth quarter of 2009 increased significantly from third quarter levels; however, activity for the year was well below that in 2008. It is expected that the Fund’s drilling activity in Canada and the US will intensify in the first quarter of 2010 as a result of the current oil and natural gas price levels. Customer day rates weakened in the first part of 2009; however, rates stabilized in second half of the year.

The trend towards utilizing new well completion techniques that require horizontal drilling services continued. In 2009, industry horizontal and directional drilling activity represented approximately 58 and 60 percent of the total drilling activity in Canada and the US, respectively. This compares to 44 percent in Canada and 49 percent in the US for the 2008-year. (Sources: Daily Oil Bulletin and Baker Hughes)

Distributions to unitholders for the year ended December 31, 2009 were $22.6 million, or $0.885 per unit, as compared to $21.8 million, or $0.92 per unit, in 2008. As a result of lower 2009 net earnings levels, the Fund reduced its monthly cash distribution rate from $0.085 per unit to $0.04 per unit to create additional balance sheet strength and flexibility for future growth strategies. This reduced distribution rate of $0.04 per unit was effective for the Fund's October 2009 distribution, which was payable on November 13, 2009.
The Fund's distributable cash in the 2009-year decreased to $19.6 million, which resulted a cash payout ratio of 115 percent. Due in part to the completion of an equity financing, working capital increased to $21.0 million as at December 31, 2009.

During 2009, Phoenix's job capacity increased by five to 113 concurrent jobs through the addition of four Current Loop Telemetry Electromagnetic ("CLT EM") measurement while drilling ("MWD") systems and one positive pulse MWD system. As at December 31, 2009, the Fund had a fleet of 59 CLT EM-MWD systems and 54 positive pulse MWD systems, of which 64 MWD systems were deployed in Canada, 44 in the US, three in Peru and two in Albania. One CLT EM-MWD system was originally expected to be placed into service during 2009; however, the system's components were utilized as spare parts for the fleet. The Fund may add further MWD systems to its fleet in 2010 if demand dictates.

Revenue

Phoenix generated consolidated revenue for the year ended December 31, 2009 of $114.7 million as compared to $175.5 million in the 2008-year; a decrease of 35 percent. US and international revenue as a percentage of consolidated revenue was 51 and 4 percent, respectively, for the 2009-year as compared to 50 and 1 percent in 2008.

The Fund reports one operating segment on a geographical basis throughout the Canadian provinces of Alberta, Saskatchewan, British Columbia, Ontario, and Manitoba; throughout the Gulf Coast, Northeast and Rocky Mountain regions of the US; and internationally in Albania and Peru.

Canadian Revenue

The Fund's Canadian operating days for the three-month period ended December 31, 2009 decreased by 20 percent to 1,819 days in 2009 from 2,270 days in the comparable 2008 period. In comparison during the fourth quarter of 2009, Canadian industry horizontal and directional activity decreased by 25 percent to 1,623 wells compared to 2,169 wells in the corresponding 2008 period. (Source: Daily Oil Bulletin) The Fund's Canadian revenue for the three-month period ended December 31, 2009 decreased by 28 percent to $17.6 million versus $24.6 million in the corresponding 2008 period. Oil well drilling activity was very dominant in the fourth quarter of 2009 representing approximately 68 percent (2008 - 37 percent) of the Fund's Canadian activity; the majority of which was in the Bakken in southeastern Saskatchewan and the Cardium in south-central Alberta.

Canadian revenue for the year ended December 31, 2009 was $52.5 million compared to $85.2 million in the 2008-year; a decrease of 38 percent. For the year ended December 31, 2009, drilling days decreased by 34 percent to 5,412 days from 8,186 in the 2008-year. In light of decreased activity in the industry, day rates softened moderately during 2009.

In comparison, industry horizontal and directional drilling activity, as measured by wells drilled, decreased by 35 percent to 4,868 wells in 2009 as compared to 7,502 wells in 2008. Conversely, horizontal and directional wells drilled represented 58 percent of total wells drilled in the industry versus 44 percent in 2008. (Source: Daily Oil Bulletin)

For the 2009-year, approximately 52 percent of the Fund's Canadian activity was represented by horizontal oil well drilling, compared to 54 percent in 2008. The majority of the Fund's Canadian oil well drilling is concentrated in the Bakken area of southeastern Saskatchewan and the Cardium in south-central Alberta. Due to lower customer spending in 2009, drilling activity declined in all of Phoenix's primary drilling areas, including the Montney and shallow gas areas in southern Alberta.

United States Revenue

As with Canada, the Fund experienced lower customer demand for horizontal and directional services in 2009 that resulted in a decline in activity in all three US operating regions, namely the Gulf Coast, Northeast and Rocky Mountains.

Phoenix's US operations, Nevis Energy Services Inc. ("Nevis"), reported revenue of $15.2 million for the three-month period ended December 31, 2009 as compared to $26.0 million for the 2008 period, equating to a decrease of 41 percent. Operating days for the 2009 period decreased by 19 percent to 1,679 days from 2,063 days in the corresponding 2008 period. The decrease in revenue was significantly higher than the decrease in

operating days due to less favorable US-Canada exchange rates and more daily rentals present in the fourth quarter of 2009. For the three-month period ended December 31, 2009, US revenue accounted for 44 percent of consolidated revenue compared to 50 percent in the 2008 period. The average number of active rigs in the US for the 2009 period decreased by 29 percent to 706 rigs as compared to 996 rigs in 2008. (Source: Baker Hughes)

Revenue for the year ended December 31, 2009 decreased by 34 percent to $58.1 million from $88.3 million in 2008. Although historically Nevis has operated predominantly in natural gas drilling markets across the US, oil well drilling operations were on the rise in 2009 due in part to the Fund's penetration into the US Bakken area. Oil well drilling activity in the US represented approximately 15 percent of Nevis' overall yearly activity as compared to only 5 percent in 2008.

Annual 2009 activity rates in the industry are still significantly below 2008 levels. US industry activity, as measured by the average number of horizontal and directional rigs running on a daily basis, decreased by 29 percent to 657 rigs in 2009 from 925 rigs in 2008. (Source: Baker Hughes) In comparison, Nevis' 2009 operating days declined by 31 percent to 5,817 days as compared to 8,392 days in 2008. The US revenue decline was higher in 2009 in dollars due to decreases in customer pricing; however, this was offset by more favorable exchange rates that prevailed in 2009, namely a stronger US dollar relative to the Canadian dollar, and a significantly lower number of "rental only" jobs performed in 2009 as compared to 2008.

Some of Nevis' key clients have significantly cut back on drilling projects and activities due to natural gas price levels; however, several new clients have been added to help counter this. In addition, in order to further penetrate the market in the Gulf Coast, Nevis opened a new sales office in Corpus Christi, Texas during the third quarter of 2009. This strategic move is already proving to be successful for Nevis, and the Fund, with the addition of several clients.

International

For the three-month period ended December 31, 2009, Phoenix generated revenue of $2.1 million (2008 - $1.0 million) from its South American subsidiary based in Peru and from its Albanian branch operations. Revenue for the year ended December 31, 2009 increased by 109 percent to $4.2 million from $2.0 million in 2008.

Peruvian operations began in late April 2009, and today, Phoenix has a concurrent job capacity of three full services MWD jobs. The Fund expects that existing and potential customers will increase future drilling programs in 2010. Phoenix currently has a two job capacity in Albania, and as expected, due to the rise in oil prices in the first half of the year, drilling activity re-commenced in the third quarter of 2009. The Fund expects that further increases in activity and profitability may be generated in this region throughout 2010.

As mentioned in the Fund's third quarter report, Phoenix has been looking to expand its operations into key areas outside of North America and it is anticipated that the Fund may enter an additional international market in early 2010.

Operating Costs and Expenses

Direct costs are comprised of field and shop expenses and include current period research and development ("R&D") expenditures. For the three-month period ended December 31, 2009, direct costs decreased by 34 percent to $24.5 million compared to $37.1 million in 2008. Gross profit as a percentage of revenue increased from 28 percent in the 2008 period to 30 percent in 2009. International operations helped to contribute to this development; however, this was offset by higher field labour costs and equipment repairs. R&D expenditures for the three-month period ended December 31, 2009 were $0.4 million, of which $0.3 million were capitalized as development costs. In the 2008 period no development costs were capitalized and $0.5 million in R&D costs were expensed.

For the year ended December 31, 2009, direct costs decreased by 32 percent to $81.8 million from $119.8 million in 2008. Gross profit as a percentage of revenue decreased from 32 percent in 2008 to 29 percent in 2009. Included in direct costs in the first quarter of 2009 was a favorable adjustment of $3.6 million that related to revised cost accrual estimates relating to the 2008-year. If the impact of this is excluded from the 2009-year end results, gross profit as a percentage of revenue would have been 26 percent.

The key areas that adversely affected the Fund’s margins in the 2009-year as compared to 2008 include:

- field and shop labour costs which did not decline to the same extent as customer day rates in 2009, due in part to competitive labour markets, despite staff and rate cutbacks;
- increases in servicing costs for the repair of downhole performance drilling motors and MWD guidance equipment, due in part to programs that are geared at optimizing equipment performance; and
- the realization of lower customer day rates in 2009 as compared to 2008. In addition, there were a greater proportion of higher rate four-man horizontal drilling days in Canada in 2009. Since the added labour cost required to perform this work is charged out at little or no markup, the overall margin percentages of the Fund have been reduced.

R&D expenditures for the year ended December 31, 2009 were $2.7 million, of which $1.3 million were capitalized as development costs. In the 2008 no development costs were capitalized and $1.8 million in R&D costs were expensed.

SG&A costs decreased by 38 percent for the three-month period ended December 31, 2009 to $3.7 million as compared to $6.0 million in 2008. As a percentage of revenue, SG&A was 11 percent in the 2009 period as compared to 12 percent in 2008. The decrease in SG&A in the 2009 period is attributable to lower personnel and marketing related costs.

For the year ended December 31, 2009, SG&A costs decreased by 17 percent to $15.6 million, 14 percent of revenue, as compared to $18.7 million, 11 percent of revenue, in 2008. The decreases in SG&A costs in the 2009-year were not in line with the decrease in revenue, due to proportionally higher staff related costs and costs related to the Peruvian operations and international market development.

Depreciation and amortization increased by 21 percent to $11.1 million for the year ended December 31, 2009 as compared to $9.2 million, as a result of large capital expenditure programs in 2009 and 2008. Stock-based compensation was $1.3 million for the year ended December 31, 2009 as compared to $1.4 million in 2008. These costs related to the amortization of the fair values of issued Fund options in previous years using the Lattice-Binomial model.

A foreign exchange gain of $109,000 was reported for the year ended December 31, 2009 as compared to a foreign exchange loss of $333,000 in 2008. Foreign exchange losses are shown net of any gains and result primarily from the movements in US and Canadian dollar exchange rates and from the translation of US and Canadian denominated trade receivables and payable balances, and the translation of the Peruvian subsidiary accounts.

Interest on long-term debt increased for the year ended December 31, 2009 to $0.2 million as compared to $63,000 in the 2008-year, because of higher debt levels carried by the Fund during 2009. All of the Fund's long-term debt was repaid at the end of 2009.

The Fund realized a gain on disposition of drilling equipment of $2.8 million for the year ended December 31, 2009 compared to $2.4 million in 2008. The disposals relate to insured equipment lost in well bores and are uncontrollable in nature. The gain reported is net of any asset retirements that are made on capital assets before the end of their useful lives.

The recovery of income taxes for the year ended December 31, 2009 was $3.8 million as compared to a provision for income taxes of $2.9 million in 2008. The 2009 recovery differs from the amount that would be obtained by applying the expected combined Federal and Provincial tax rate of 29 percent to the Fund’s 2009 income before income taxes. The $6.0 million tax reduction was primarily due to the deductibility of declared cash distributions that are allowable in calculating taxable income of the Fund. As an investment trust, the Fund is subject to income taxes under the Income Tax Act only on income not distributed to its unitholders. The Fund, unlike its subsidiaries, will not recognize any future tax assets or liabilities on differences between the accounting and tax basis of its assets and liabilities

Investment

The Fund added $15.1 million in capital equipment in 2009 compared to $33.9 million in 2008. These 2009 expenditures included $4.6 million in downhole performance drilling motor additions, partially required by the greater number of horizontal wells drilled in the 2009-year. In addition, $4.0 million in spare guidance equipment was incurred, $1.7 million in tubulars and $1.3 million in capitalized development costs for research projects. The capital expenditure program undertaken in the year was financed from a combination of cash flow from operations, an equity financing and a portion of working capital.

The Fund realized proceeds from the involuntary disposal of drilling equipment in well bores of $5.2 million in 2009, compared to $6.1 million in 2008. The change in non-cash working capital balances of $4.7 million (use of cash) for the year ended December 31, 2009 relates to the net change in the Fund's trade payables that are associated with the acquisition of capital assets. This compares to $5.1 million (source of cash) for the year ended December 31, 2008.

Financing

The Fund had negative cash flows from financing activities of $8.5 million in 2009 as compared to $0.5 million in 2008. In the 2009-year:

- the Fund made distributions of $22.6 million to unitholders, or $0.885 per unit;
- through an equity financing the Fund realized net proceeds of $14.1 million through the issuance of 2,000,000 Fund units;
- through its unit option program the Fund received cash proceeds of $0.8 million from exercised options to acquire 141,469 Fund units; and,
- the fund drew on its overdraft facility and repaid its long-term debt facility for a combined outlay of $0.8 million.

Cash Requirements for Capital Expenditures

Historically, the Fund has financed its capital expenditures and acquisitions through cash flows from operating activities, debt and equity. The 2010 capital budget has been set at $20.6 million. These planned expenditures are expected to be financed from a combination of one or more of the following, cash flow from operations, the Fund's unused credit facilities or equity, if necessary. However, if a sustained period of market uncertainty and financial market volatility persists in 2010, the Fund's activity levels, cash flows and access to credit may be negatively impacted, and the expenditure level would be reduced accordingly. Conversely, if future growth opportunities present themselves, the Fund would look at expanding this planned capital expenditure amount.

Outlook

Through the difficult operating environment that defined 2009, Phoenix remained profitable. In the midst of the economic volatility and industry downturn the Fund maintained its balance sheet strength, and exited the year with positive net earnings and no long-term debt.

Phoenix believes that the economy experienced its lowest point during the recession in 2009 and now a cautious recovery is beginning to occur. The industry suffered a significant reduction in the number of wells drilled which in turn has created a rise in commodity prices for the onset of 2010.

Recently, capital money markets have opened up for companies in the oil and natural gas sector, and Phoenix expects this opportunity for its clients to raise funds and drill additional wells will continue. In addition, the industries that drive energy consumption have also seen new growth and have added strength to their balance sheets. Their profitability will lead to an increase in energy usage and help to fuel the oil and natural gas industry's growth in the future.

The drilling industry is being reshaped and redefined. Even in the less active 2009-year, we have already begun to witness what will drive the future for the energy service sector. Oil and natural gas producers are deriving profitability from new larger plays that rely on technology and horizontal and directional drilling to unlock their potential. An industry focused on these plays creates an upside for Phoenix as it is likely that the expansion of shale gas and tight oil formations will continue to expand exponentially.

With the upturn beginning, Phoenix is already experiencing a higher demand for its services. In particular, this increased demand is directed towards lucrative horizontal wells, which are advantageous projects for the Fund. Based on this activity level, management now feels that an increase in day rates is likely, although is cautious as to when this may take place and as to the size of the increase. Thus far in 2010, Phoenix has benefited from its efforts to emerge 2009 stronger and believes that its international and R&D efforts will continue to add strength.

As the percentage of wells drilled that require horizontal and directional drilling technology continues to increase throughout the world, Phoenix believes it is positioned to continue to grow its market share.

John Hooks
Chairman of the Board,
President and Chief Executive Officer
March 3, 2010

Non-GAAP Measures

1) EBITDA

EBITDA, defined as earnings before interest, taxes, depreciation and amortization, is not a financial measure that is recognized under GAAP. However, management believes that EBITDA provides supplemental information to net earnings that is useful in evaluating the Fund's operations before considering how it was financed or taxed in various countries. Investors should be cautioned, however, that EBITDA should not be construed as an alternative measure to net earnings determined in accordance with GAAP. Phoenix's method of calculating EBITDA may differ from that of other organizations and, accordingly, its EBITDA may not be comparable to that of other companies.

The following is a reconciliation of net earnings to EBITDA:

(Stated in thousands of dollars)

	Three-month periods ended December 31,		Years ended December 31,	
	2009	2008	**2009**	2008
Net earnings	3,675	6,414	11,407	25,531
Add (deduct):				
Depreciation and amortization	2,729	2,739	11,110	9,160
Provision for/(recovery of) income taxes	(77)	(132)	(3,778)	2,934
Interest on long-term debt	78	23	201	63
Other interest (income)	2	(5)	15	(48)
EBITDA as reported	6,407	9,039	18,955	37,640

EBITDA per unit - diluted is calculated using the treasury stock method whereby deemed proceeds on the exercise of the unit options are used to reacquire fund units at an average unit price. The calculation of EBITDA on a dilutive basis does not include anti-dilutive options.

2) Distributable Cash

Distributable cash is defined as cash flows generated from operating activities before net changes in non-cash working capital, and is not a measure recognized under GAAP. However, management believes that distributable cash provides supplemental information to cash flows from operating activities that is useful in evaluating the Fund's operating cash flow before considering changes in working capital balances. Management uses this measure to calculate its cash payout ratio to show what percentage of its distributable cash is paid out to its unitholders. Investors should be cautioned, however, that distributable cash should not be construed as an alternative measure to cash flows from operating activities determined in accordance with GAAP. Phoenix's method of calculating distributable cash may differ from that of other organizations and, accordingly, its distributable cash may not be comparable to that of other companies.

The Fund considers its maintenance capital expenditures to be minimal. Maintenance capital would only be relevant to the Fund's retirement of tubular equipment that is subsequently replaced. Typically, lost-in-hole equipment is replaced but these losses are funded by the proceeds from insurance or customers. In addition, due to the nature of the industry, the Fund's drilling equipment is frequently re-conditioned to an "as new" state with the associated costs expensed and included in the Fund's direct costs. Consequently, the Fund will not make an adjustment to distributable cash for capital maintenance expenditures. The Fund's assumptions used with respect to maintenance capital are believed to be reasonable at the time of preparation; however, no assurance can be given that these assumptions will prove to be correct and, consequently, the Fund's distributable cash could differ materially in the future.

The following is a reconciliation of cash flows from operating activities to distributable cash:

(Stated in thousands of dollars)	Three-month periods ended December 31,		Years ended December 31,	
	2009	2008	**2009**	2008
Cash flows from operating activities	**5,222**	15,188	**12,946**	32,922
Add (deduct):				
Changes in non-cash working capital	**2,305**	(4,135)	**6,691**	3,407
Distributable cash	**7,527**	11,053	**19,637**	36,329

Distributable cash per unit - diluted is calculated using the treasury stock method whereby deemed proceeds on the exercise of the unit options are used to reacquire fund units at an average unit price. The calculation of distributable cash per unit on a dilutive basis does not include anti-dilutive options.

3) Cash Payout Ratio

The cash payout ratio is defined as cash distributions made by the Fund in the period divided by its distributable cash for the same period. The cash payout ratio is not a measure recognized under GAAP. However, management believes the cash payout ratio provides supplemental information that is useful in evaluating the level of cash distributions in relation to the Fund's distributable cash. Investors should be cautioned, however, that the cash payout ratio should not be construed as an alternative measure to other GAAP measures. Phoenix's method of calculating its cash payout ratio may differ from other organizations and, accordingly, the cash payout ratio may not be comparable to other companies.

Overview of Business

Phoenix is in the business of providing horizontal and directional technology and drilling services in Canada, the United States, Peru and Albania. Phoenix manufactures its CLT-EM MWD tool, which was developed by its research and development department, for use in the Fund's internal operations .The Fund maintains its corporate head office, research and development, Canadian sales, service and operational centers in Calgary, Alberta. The Fund's US operations, conducted through the Fund's wholly-owned subsidiary, Nevis Energy Services Inc., is headquartered in Houston, Texas. Nevis has sales and service facilities in Houston, Texas; Traverse City, Michigan; and Casper, Wyoming. In addition, sales offices are located in Denver, Colorado, Fort Worth, Texas and just recently in Corpus Christi, Texas.

For further Information please contact:

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Consolidated Balance Sheets

December 31,	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,488,970**	$ 12,621,811
Accounts receivable	**28,660,353**	40,773,509
Inventory	**7,022,053**	6,680,448
Prepaid expenses	**2,085,643**	1,088,468
Income tax receivable	**2,845,643**	322,958
	43,102,662	61,487,194
Drilling and other equipment	**62,805,570**	63,570,964
Goodwill	**8,876,351**	8,876,351
	$ 114,784,583	$ 133,934,509
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**16,846,978**	32,818,149
Bank Indebtedness	**4,241,058**	-
Distributions payable	**1,001,384**	2,068,690
Income taxes payable	**-**	-
	22,089,420	34,886,839
Long-term debt	**-**	5,000,000
Future income taxes	**1,243,105**	3,849,398
	23,332,525	43,736,237
Unitholders' equity:		
Unitholders' capital	**82,433,639**	67,236,158
Contributed surplus	**3,872,850**	2,908,568
Retained earnings	**8,605,559**	18,901,636
Accumulated other comprehensive income (loss)	**(3,459,990)**	1,151,910
	5,145,569	20,053,546
	91,452,058	90,198,272
	$ 114,784,583	$ 133,934,509

Consolidated Statements of Earnings

Three months & years ended December 31, 2009 and 2008 ***(unaudited)***

	Three month-period ended December 31,		Years ended December 31,	
	2009	2008	**2009**	2008
Revenue	**$ 34,934,259**	$ 51,654,307	**$ 114,692,180**	$ 175,527,664
Direct costs	**24,461,849**	37,085,136	**81,796,156**	119,797,450
Gross profit	**10,472,410**	14,569,171	**32,896,024**	55,730,214
Expenses:				
Selling, general and administrative	**3,710,622**	6,021,974	**15,605,865**	18,740,406
Depreciation and amortization	**2,728,850**	2,738,566	**11,110,237**	9,160,340
Stock-based compensation	**471,670**	342,193	**1,270,270**	1,407,485
Foreign exchange loss (gain)	**209,280**	(5,429)	**(108,712)**	332,610
Interest on long-term debt	**78,460**	23,292	**200,780**	62,541
Other interest (income)	**1,572**	(5,176)	**14,872**	(47,074)
Gain on disposition of drilling equipment	**(326,028)**	(828,683)	**(2,825,918)**	(2,390,566)
	6,874,426	8,286,737	**25,267,394**	27,265,742
Earnings before income taxes	**3,597,984**	6,282,434	**7,628,630**	28,464,472
Provision (recovery of) for income taxes				
Current	**(839,714)**	(2,372,246)	**(2,474,850)**	683,002
Future	**762,834**	2,240,547	**(1,303,976)**	2,250,941
	(76,880)	(131,699)	**(3,778,826)**	2,933,943
Net earnings	**$ 3,674,864**	$ 6,414,133	**$ 11,407,456**	$ 25,530,529
Earnings per unit - basic	**$ 0.14**	$ 0.26	**$ 0.46**	$ 1.08
Earnings per unit - diluted	**$ 0.14**	$ 0.26	**$ 0.46**	$ 1.07

Consolidated Statements of Comprehensive Income

Three months & years ended December 31, 2009 and 2008 ***(unaudited)***

	Three month-period ended December 31,		Years ended December 31,	
	2009	2008	**2009**	2008
Net earnings	**$ 3,674,864**	$ 6,414,133	**$ 11,407,456**	$ 25,530,529
Foreign currency adjustment	**(505,083)**	3,485,935	**(4,611,900)**	4,950,041
Comprehensive income	**$ 3,169,781**	$ 9,900,068	**$ 6,795,556**	$ 30,480,570

Consolidated Statements of Cash Flows

Three months & years ended December 31, 2009 and 2008 ***(unaudited)***

	Three month-period ended December 31,		**Years ended December 31,**	
	2009	2008	**2009**	2008
Cash flows from operating activities:				
Net earnings	**$ 3,674,864**	$ 6,414,133	**$ 11,407,456**	$ 25,530,529
Add (deduct) items not affecting cash	**-**	-		
Depreciation and amortization	**2,728,850**	2,738,566	**11,110,237**	9,160,340
Future income taxes	**762,834**	2,240,547	**(1,303,976)**	2,250,941
Unrealized foreign exchange loss (gain)	**214,238**	(241,264)	**(82,678)**	(25,825)
Gain on disposition of drilling equipment	**(326,028)**	(828,683)	**(2,825,918)**	(2,390,566)
Stock-based compensation	**471,670**	342,193	**1,270,270**	1,407,485
Recovery of bad debts	**619**	387,756	**61,968**	396,250
	-	-		
Change in non-cash working capital	**(2,304,824)**	4,134,866	**(6,691,236)**	(3,407,298)
	5,222,223	15,188,114	**12,946,123**	32,921,856
Cash flows from investing activities:				
Proceeds on disposition of drilling equipment	**(1,327,905)**	2,125,745	**5,200,651**	6,079,081
Acquisition of drilling and other equipment	**(6,391,738)**	(10,680,443)	**(15,100,830)**	(33,908,041)
Change in non-cash working capital	**2,050,771**	2,428,513	**(4,724,852)**	5,060,620
	(5,668,872)	(6,126,185)	**(14,625,031)**	(22,768,340)
Cash flows from financing activities:				
Issuance of units from unit option plan	**240,154**	51,778	**809,526**	4,028,487
Issuance of units from equity financing	**14,081,967**	-	**14,081,967**	16,792,644
Distributions to unitholders	**(4,011,012)**	(6,202,367)	**(22,586,484)**	(21,759,278)
Proceeds on/ (repayment of) long-term debt	**(10,000,000)**	5,000,000	**(5,000,000)**	3,225,000
Proceeds on /(repayment of)bank overdraft facility	**1,523,283**	-	**4,241,058**	(2,827,355)
	1,834,392	(1,150,589)	**(8,453,933)**	- (540,502)
(Decrease)/ increase in cash and cash equivalents	**1,387,743**	7,911,340	**(10,132,841)**	9,613,014
Cash and cash equivalents, beginning of period	**1,101,227**	4,710,471	**12,621,811**	3,008,797
Cash and cash equivalents, end of period	**$ 2,488,970**	$ 12,621,811	**$ 2,488,970**	$ 12,621,811