



NEWS RELEASE
DECEMBER 31, 2010

**PHOENIX TECHNOLOGY INCOME FUND AND PHX ENERGY SERVICES CORP. ANNOUNCE COMPLETION
OF CONVERSION TO A DIVIDEND PAYING CORPORATION**

CALGARY, ALBERTA, December 31, 2010 – Phoenix Technology Income Fund (the "**Fund**") and PHX Energy Services Corp. ("**New Phoenix**") are pleased to announce the successful completion of the previously announced plan of arrangement (the "**Arrangement**") pursuant to which the Fund has been converted from an income trust to a growth oriented, dividend paying corporation that will operate under the name "PHX Energy Services Corp.".

Pursuant to the Arrangement, previous holders ("**Unitholders**") of trust units of the Fund ("**Trust Units**") received an equal number of common shares ("**Common Shares**") of New Phoenix. Letters of Transmittal have been forwarded to Unitholders to be utilized in order to exchange their Trust Units for Common Shares.

After giving effect to the Arrangement, New Phoenix has approximately 27.5 million Common Shares issued and outstanding.

Within 2 to 3 business days of the Toronto Stock Exchange (the "**TSX**") confirming receipt of all necessary documents in connection with the closing of the Arrangement and related matters, the Trust Units will be delisted from the TSX. Concurrent with the delisting of the Trust Units, the Common Shares of PHX Energy Services Corp. will be listed on the TSX under the symbol "PHX", which listing is anticipated to commence on or about January 7, 2011.

Beginning with the January 31, 2011 record date, shareholders of New Phoenix will be entitled to receive monthly payments in the form of dividends, with the initial monthly dividend forecast to remain at \$0.04 per Common Share.

Based upon information provided to New Phoenix, Mr. John Hooks is entitled to receive an aggregate of 5,712,168 Common Shares (20.7% of those outstanding after giving effect to the Arrangement) pursuant to the Arrangement in exchange for Trust Units previously owned or controlled by Mr. Hooks which were acquired by Mr. Hooks pursuant to a combination of historic private transactions and transactions through the facilities of the TSX. Mr. Hooks acquired the Trust Units for investment purposes and he may acquire additional Common Shares of New Phoenix from time to time as opportunities exist. Mr. Hooks will be filing a report as contemplated by National Instrument 62-103 – *The Early Warning System and Take-Over Bid and Insider Reporting Issues* in connection with the exchange of Trust Units for Common Shares pursuant to the Arrangement.

ABOUT PHX ENERGY SERVICES CORP.

PHX Energy Services Corp. provides horizontal and directional drilling services to oil and natural gas exploration and development companies in Canada, United States, Albania, Peru, and Russia. PHX Energy Services Corp. maintains its corporate head office, research and development, Canadian sales, service and operational centres in Calgary, Alberta. US operations are headquartered in Houston, Texas and sales and service facilities are located in Houston, Texas; Traverse City, Michigan; and Casper, Wyoming. In addition, US sales offices are located in Denver, Colorado, Fort Worth, Texas; Corpus Christi, Texas and Buckhannon, West Virginia. PHX Energy Services Corp. has a sales office and service facility in Peru, a service facility in Albania, a sales and operations facility in Russia and a recently opened sales office and service facility in Bogota, Colombia.

For further information please contact:

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or

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or

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Reader Advisory

Certain information in this news release contains forward-looking statements including the timing of the delisting of the Fund's trust units and listing of New Phoenix's shares on the TSX and the anticipated future dividend to be paid by New Phoenix following the Conversion. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond Phoenix's control including, without limitation, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of exchange rates, environmental risks, industry competition, availability of qualified personnel and management, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the forgoing list of factors is not exhaustive. Additional information on these and other factors that could effect Phoenix's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) and at Phoenix's website (www.phxtech.com). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Phoenix does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.