



NEWS RELEASE
August 12, 2010
TSX - PHX.UN

PHOENIX TECHNOLOGY INCOME FUND ANNOUNCES INTENTION TO CONVERT TO A DIVIDEND PAYING CORPORATION

Calgary, Alberta, August 12, 2010 - Phoenix Technology Income Fund ("**Phoenix**" or the "**Fund**") (TSX: PHX.UN) is pleased to announce that the board of directors (the "**Phoenix Board**") of Phoenix Technology Services Inc. ("**PTSI**"), as administrator of the Fund, has unanimously approved Phoenix's strategic conversion (the "**Conversion**") from an income trust to a growth oriented, dividend paying, publicly listed corporation ("**New Phoenix**"). The Conversion will be completed pursuant to a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (Alberta) and is currently expected to become effective on January 1, 2011.

The Fund's present monthly distribution of \$0.04 per Trust Unit is anticipated to continue until completion of the Conversion, following which it is currently intended that New Phoenix will adopt a dividend policy under which an initial monthly dividend of \$0.04 per share will be paid to holders of common shares ("**New Phoenix Shares**") of New Phoenix.

The principal reason for the Conversion is the implementation of the Specified Investment Flow-Through Trust ("**SIFT**") income and distribution tax (the "**SIFT Tax**"), which effectively eliminates the viability of the Fund's income trust structure effective January 1, 2011. The Conversion removes the "normal growth" and "undue expansion" restrictions under the SIFT legislation that limited the Fund's ability to consider strategic acquisitions.

The anticipated dividend to be paid by New Phoenix will result in a higher after-tax cash yield to New Phoenix shareholders than that of the current distributions paid by the Fund for most taxable Canadian securityholders.

Pursuant to the Conversion, holders ("**Unitholders**") of trust units of the Fund ("**Trust Units**") will receive New Phoenix Shares on a one-for-one basis. The Conversion will result in New Phoenix and its subsidiaries holding the assets and business operations previously held and operated by the Fund and its subsidiaries. All members of the Phoenix Board and senior officers of PTSI will continue as the directors and senior officers of New Phoenix.

The Conversion will be structured to allow Unitholders resident in Canada to receive New Phoenix Shares on a tax-deferred basis for Canadian income tax purposes.

The Conversion will not trigger any change of control or other termination payments pursuant to any employment agreements or arrangements with Phoenix. In addition, the Conversion will not trigger the acceleration or vesting of any outstanding incentive rights of the Fund and following the Conversion, outstanding incentive rights will entitle the holders to acquire New Phoenix Shares in lieu of Trust Units on the same terms and conditions that existed prior to the Conversion, including as to exercise price, vesting and expiry dates.

The Conversion is subject to receipt of all required regulatory, stock exchange and Court approvals as well as approval of not less than 66⅔% of the votes cast by holders of Trust Units present, in person or by proxy, at a duly convened special meeting (the "**Special Meeting**") of the Unitholders. It is currently anticipated that the Special Meeting will be held in November, 2010. Subject to receiving all necessary approvals, the Conversion is expected to become effective on January 1, 2011.

About Phoenix Technology Income Fund

Phoenix Technology Income Fund provides horizontal and directional drilling services to oil and natural gas exploration and development companies in Canada, United States, Peru, Russia, and Albania. Phoenix maintains its corporate head office, research and development, Canadian sales, service and operational centres in Calgary, Alberta. The Fund's US operations, conducted through the Fund's wholly-owned subsidiary, Nevis Energy Services Inc. ("Nevis"), 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 Corpus Christi, Texas. Phoenix has a sales office and service facility in Peru, a service facility in Albania and a sales and service facility in Nizhnevartovsk, Russia. Phoenix's trust units are listed on the Toronto Stock Exchange under the symbol "PHX.UN".

For further information please contact:

Phoenix Technology Income Fund
John Hooks
President and Chief Executive Officer
Phone: (403) 543-4466

or

Phoenix Technology Income Fund
Cameron Ritchie
Chief Financial Officer
Phone: (403) 543-4466

or

visit our website at www.phoenixcan.com

Reader Advisory

Certain information in this news release contains forward-looking statements including management's assessment of future plans and operations of Phoenix, the effect and anticipated benefits of the Conversion, the timing of the completion of the Conversion and the anticipated 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.phoenixcan.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.