



ADVANTAGE

ENERGY INCOME FUND

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December 13, 2004

VIA FEDEX

Securities and Exchange Commission
450 Fifth Street, N.W.
Judiciary Plaza
Washington, D.C. 20549

SUPPL



Re: File No. 82-34742

Ladies and Gentlemen:

As a foreign private issuer, we are furnishing you, in accordance with Rule 12g3-2(b)(iii), with the following information that we have made public, filed or furnished to our security holders in Canada:

December 13, 2004 – Monthly distribution announcement
December 2004 Investor presentation

Kindly acknowledge receipt of this letter and the enclosure[s] by stamping the enclosed extra copy of this letter and returning it to us in the envelope which is also enclosed.

Sincerely,

Sandra Ronney
Investor Communications Coordinator
Advantage Energy Income Fund

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Advantage Energy Income Fund – News Release

December 13, 2004

Advantage Announces Monthly Distribution of Cdn\$0.25 per Unit

(TSX: AVN.UN)

Advantage Energy Income Fund is pleased to announce that the cash distribution for the month of December 2004 will be Cdn\$0.25 per Unit. The current monthly distribution represents an annualized yield of 14.3% based on the December 10, 2004 closing price of Cdn\$21.00 per Unit.

The distribution will be payable on January 17, 2005 to Unitholders of record at the close of business on December 31, 2004. The ex-distribution date is December 29, 2004. The cash distribution is based on approximately 45.9 million Units currently outstanding.

For further information contact:

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Advantage Energy Income Fund

Investor Presentation

December 2004

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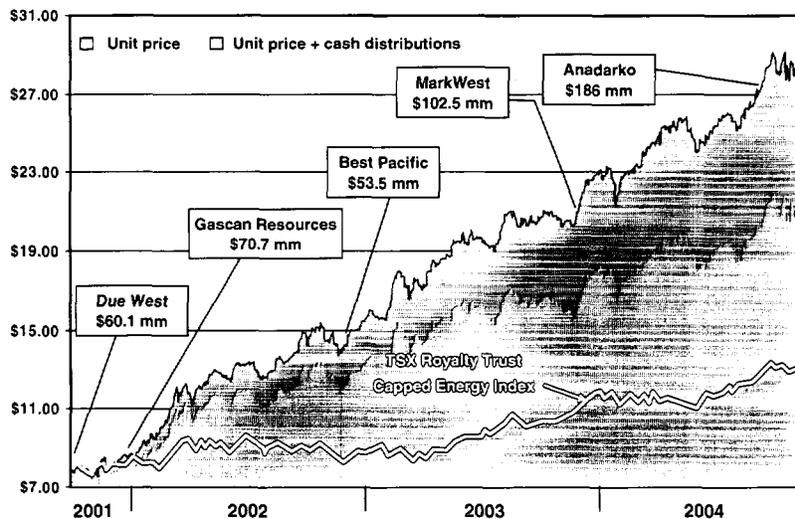
Fund Overview

- ◇ **Created May 23, 2001**
- ◇ **Management team**
 - ◇ Three principals were senior executives with the Enerplus Group
- ◇ **Market capitalization at November 25, 2004: \$999 million**
 - ◇ Approximately 45.6 million Units outstanding
- ◇ **Production split:**
 - ◇ 70% natural gas
 - ◇ 30% oil & NGLs
- ◇ **Monthly cash distribution increasing from \$0.25 to \$0.28 per Unit in January, 2005**
 - ◇ Subject to Defiant Energy Corporation acquisition closing in December, 2004
 - ◇ 15.3% yield
 - ◇ Tax deferral - 60% in 2003
- ◇ **Management and Directors own approximately 4.0% of outstanding units**

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Unit Price / Cash Distribution Performance

October 4, 2001 – November 25, 2004



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Due West Acquisition – August 1, 2001

	\$ 000	mboe	\$/boe
Reserves acquired	\$ 60,100	7,100	\$ 8.46
Cumulative Cash flow to Dec. 31/03	(31,142)	(1,564)	(19.91)
Capex	10,045	3,891	2.58
Net cost of reserves @ Dec. 31/03	\$ 39,003	9,427	\$ 4.14
1H 2004 Cash flow – annualized ⁽¹⁾	\$ 14,074	497	\$ 28.30
Cash-on-cash yield	<u>36.1%</u>		
Reserve life index (# of years)	<u>19.0</u>		
Recycle ratio	<u>6.8 x</u>		

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⁽¹⁾ WTI US\$36.73, NYMEX gas US\$5.83

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Gascan Acquisition – January, 2002

	<u>\$ 000</u>	<u>mboe</u>	<u>\$/boe</u>
Reserves acquired	\$ 70,700	8,800	\$ 8.03
Cumulative Cash flow to Dec. 31/03	(64,068)	(2,756)	(23.25)
Capex	<u>53,404</u>	<u>9,622</u>	<u>5.55</u>
Net cost of reserves @ Dec. 31/03	<u>\$ 60,036</u>	<u>15,666</u>	<u>\$ 3.83</u>
1H 2004 Cash flow - annualized	<u>\$ 48,167</u>	<u>1,527</u>	<u>\$ 31.54</u>
Cash-on-cash yield	<u>80.2%</u>		
Reserve life index (# of years)		<u>10.3</u>	
Recycle ratio			<u>8.2 x</u>

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Best Pacific Acquisition – December, 2002

	<u>\$ 000</u>	<u>mboe</u>	<u>\$/boe</u>
Reserves acquired	\$ 53,500	6,500	\$ 8.23
Cumulative Cash flow to Dec. 31/03	(18,802)	(779)	(24.13)
Capex	<u>12,619</u>	<u>1,106</u>	<u>11.41</u>
Net cost of reserves @ Dec. 31/03	<u>\$ 47,317</u>	<u>6,827</u>	<u>\$ 6.93</u>
1H 2004 Cash flow - annualized	<u>\$ 19,929</u>	<u>734</u>	<u>\$ 27.14</u>
Cash-on-cash yield	<u>42.1%</u>		
Reserve life index (# of years)		<u>9.3</u>	
Recycle ratio			<u>3.9 x</u>

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MarkWest Acquisition – November, 2003

	<u>\$ 000</u>	<u>mboe</u>	<u>\$/boe</u>
Reserves acquired	\$ 102,500	7,767	\$ 13.20
Cumulative Cash flow to Dec. 31/03	(3,500)	(143)	(24.26)
Capex	<u>1,876</u>	<u>2,886</u>	<u>0.65</u>
Net cost of reserves @ Dec. 31/03	<u>\$ 100,876</u>	<u>10,510</u>	<u>\$ 9.60</u>
1H 2004 Cash flow - annualized	<u>\$ 38,727</u>	<u>1,505</u>	<u>\$ 25.72</u>
Cash-on-cash yield	<u>38.4%</u>		
Reserve life index (# of years)		<u>7.0</u>	
Recycle ratio			<u>2.7 x</u>

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Q3 2004 Overview

Acquisitions

- ◊ Anadarko Assets (September 15, 2004)
 - ◊ 6,250 boe/d
 - ◊ 13.9 mboe of reserves
- ◊ Defiant Energy Corporation (Mid December 2004)
 - ◊ 3,450 boe/d
 - ◊ 15.2 mboe of reserves
- ◊ **Gas prices have risen sharply**
 - ◊ 2005 AECO strip is up 26% from Advantage Q3 2004 average
 - ◊ Hedging substantially expires December 31, 2004
- ◊ **Cash distribution increasing in January 2005 to \$0.28 per Unit, subject to Defiant closing**
- ◊ **Review Q3 2004 results as reported and pro forma Anadarko/Defiant**
- ◊ **Drilling at Nevis, Alberta**

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Anadarko and Defiant Acquisitions

Accretion Analysis – Key Measures ⁽¹⁾

Production per Unit	+ 35.4%
Cash flow per Unit	+ 36.9%
Reserves per Unit	+ 27.2%
Cash distribution per Unit (from \$0.23 to \$0.28 per Unit)	+ 21.7%
Payout ratio	- 11.1%

⁽¹⁾ Pro forma based on August 2004 production levels and average Q3 2004 commodity prices

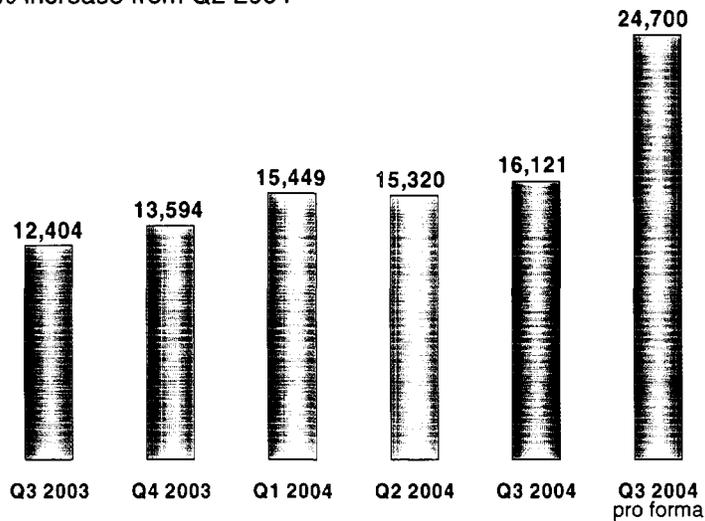
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BOE Production

(boe/d)

* 61% increase from Q2 2004



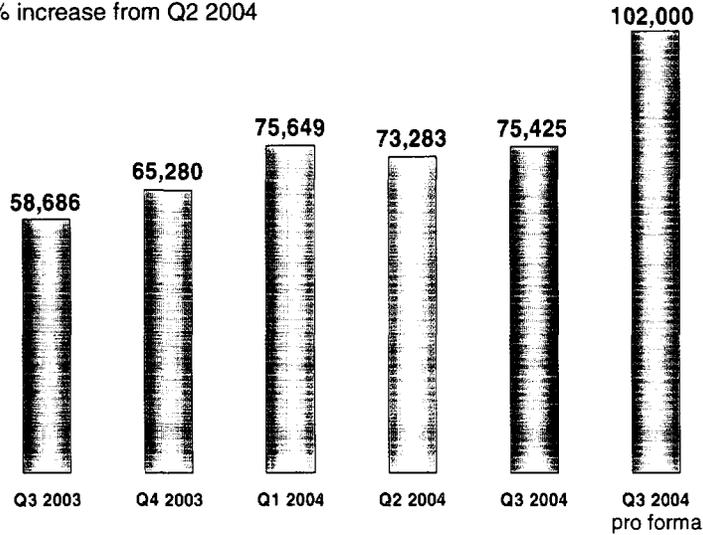
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Natural Gas Production

(mcf/d)

* 39% increase from Q2 2004



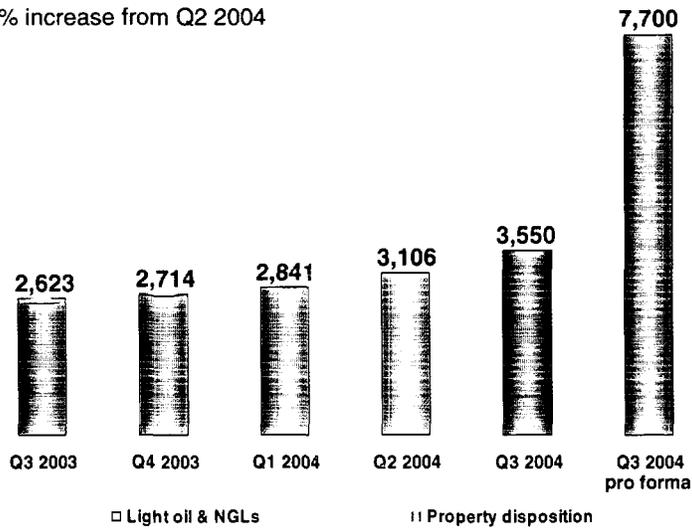
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Oil & NGL Production

(bbls/d)

* 148% increase from Q2 2004



□ Light oil & NGLs

|| Property disposition

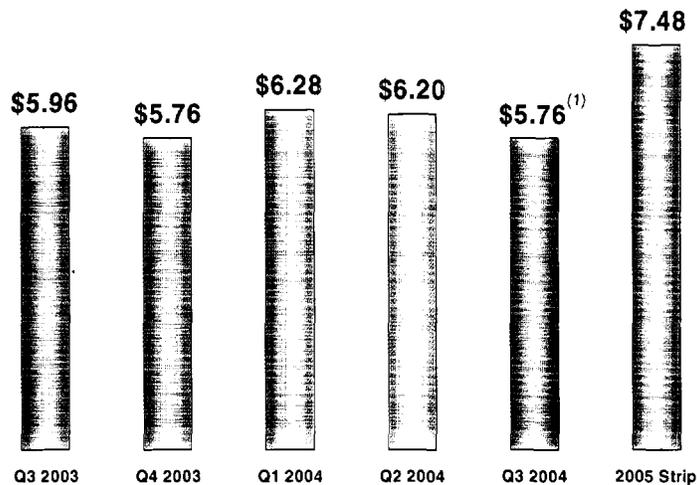
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Natural Gas Price Review

Advantage wellhead price, net of hedging (\$/mcf)

* Hedging program substantially expires Dec. 31, 2004



⁽¹⁾ Includes hedging loss of \$0.35 per mcf

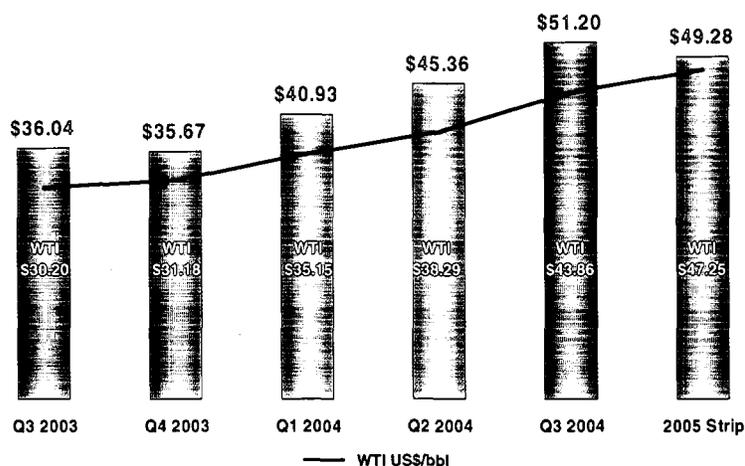
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Crude Oil Pricing

Crude oil and NGLs, net of hedging (Cdn\$/bbl)

* No crude oil hedges are currently in place

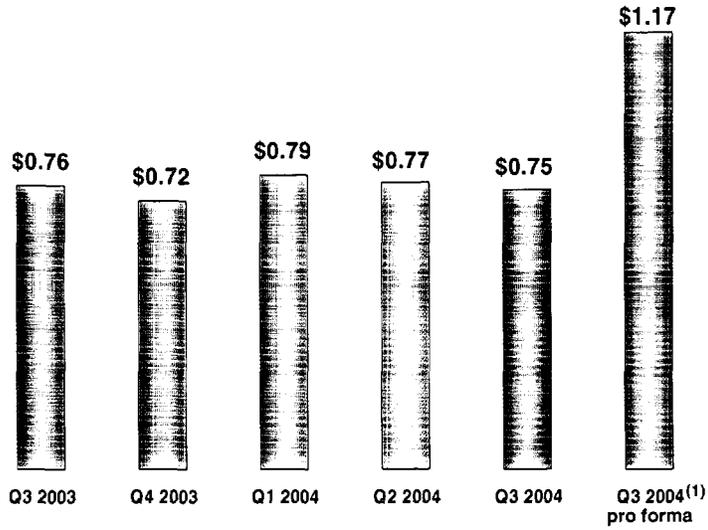


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Cash Available for Distribution

(\$/Unit)

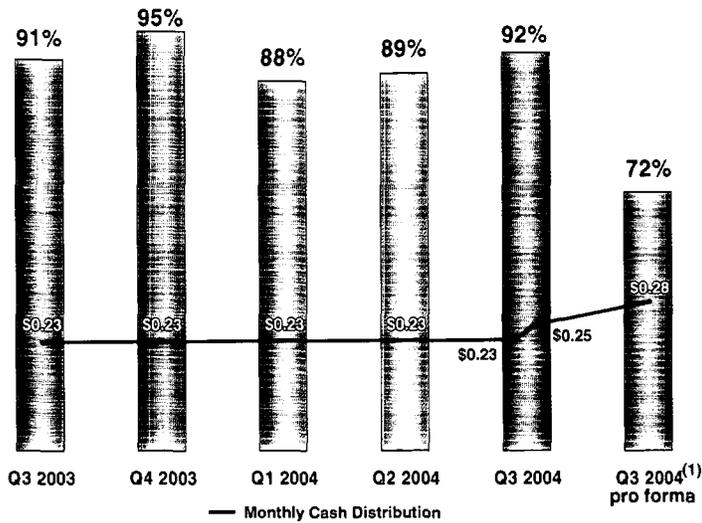


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⁽¹⁾ Based on 24,700 boe/d and 2005 commodity price strip WTI US\$47.25, NYMEX gas US\$7.50 and Cdn/US exchange 85 cents

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Payout Ratio



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⁽¹⁾ Based on 24,700 boe/d and 2005 commodity price strip WTI US\$47.25, NYMEX gas US\$7.50 and Cdn/US exchange 85 cents

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2005 Sensitivities – Pro forma

Monthly Cash Flow per Unit (net of debenture interest)

		WTI Oil US\$/bbl		
		\$42.00	\$47.00	\$52.00
	\$6.50 (C\$6.66)	\$0.31	\$0.33	\$0.36
NYMEX Gas				
US\$/mcf	\$7.50 (C\$7.81)	\$0.37	\$0.39	\$0.41
(C\$/mcf)				
	\$8.50 (C\$8.99)	\$0.42	\$0.44	\$0.46

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Nevis, Alberta

- ◇ **Property acquired in December, 2003 (MarkWest acquisition)**
 - ◇ Light, sweet crude oil discovery
- ◇ **Activity to September 30, 2004:**
 - ◇ Acquired additional 18 sections of land bringing the total to 41 sections
 - ◇ Shot 36 square kilometres of 3 dimensional seismic data
 - ◇ Drilled 10 horizontal wells, 4 vertical "earning" wells and 1 vertical natural gas well
 - ◇ 8 of the 10 horizontal wells are on-stream adding initial production of 130 to 140 boe/d per well, stabilizing at 90 to 100 boe/d after approximately 8 months
 - ◇ 3 of the 4 vertical "earning" wells encountered oil and will be re-entered and drilled as horizontal oil wells in Q4
- ◇ **Q4 activity:**
 - ◇ 3 horizontal re-entries
 - ◇ 6 horizontal wells
- ◇ **Up to 70 additional horizontal wells are planned over the next 12 to 18 months**

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Nevis, Alberta – Hz Well Drilling Program

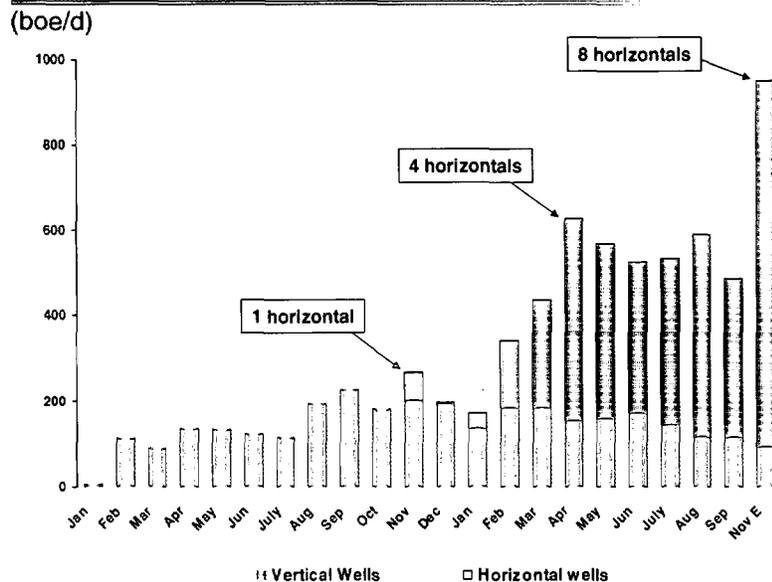
Single well economics:

Cost to drill, complete and tie-in	\$1,400,000
Cash flow for first eight months	<u>750,000</u>
Net cost to recover	<u>\$ 650,000</u>
Daily stabilized production after six months	<u>100 boe/d</u>
Cost per daily barrel	<u>\$ 6,500</u>

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Nevis Production History



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Summary

- ◇ **70% natural gas weighted**
- ◇ **High yield – approximately 15.3%**
 - ◇ Cash distribution increasing to \$0.28 per Unit in January 2005, subject to *Defiant* closing
 - ◇ Payout ratio declining to 72% in Q1 2005
- ◇ **Long reserve life index – 9.1 years**
- ◇ **Significant drilling inventory**
 - ◇ Low risk projects
 - ◇ High impact, light oil development at Nevis, Alberta
- ◇ **Experienced management team**
 - ◇ Proven track record of making accretive acquisitions
- ◇ **Strong balance sheet**

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The information in this presentation contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond Advantage's control, including: the impact of general economic conditions, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, fluctuations in commodity prices and foreign exchange and interest rates, stock market volatility and obtaining required approvals of regulatory authorities. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Advantage will derive from them.

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