



# ADVANTAGE

## ENERGY INCOME FUND

NYSE: AAV  
TSX: AVN.UN

May 2008

Advantage Energy Income Fund is a conventional oil and gas royalty trust that acquires and develops reserves in Western Canada. Through a series of acquisitions and successful drilling programs, Advantage grew production from 6,300 boe per day at inception in 2001 to 33,133 boe per day in the first quarter of 2008 (63% natural gas). During that period, the Trust generated a total return to Unitholders of 276% or 42% on an annual basis.

Advantage achieved record level of funds from operations and a lower payout ratio in the first quarter of 2008 which reinforces our strategy to fund our capital program out of cash flow. Currently, with over 5 years of conventional drilling inventory, upside potential in the Montney natural gas resource play and the highest tax pool coverage in the Sector, Advantage is very well positioned to continue generating long term value for Unitholders.

### Highlights

- **Natural Gas Weighting** 63%
- **Q1 2008 Payout Ratio** 53%
- **Long Life Assets, RLI** 12.1 years
- **Conventional Drilling Inventory** >5 years
- **Montney Natural Gas Resource Potential**
- **Highest Tax Pool Coverage in Sector**



### Fund Profile

as at May 26, 2008

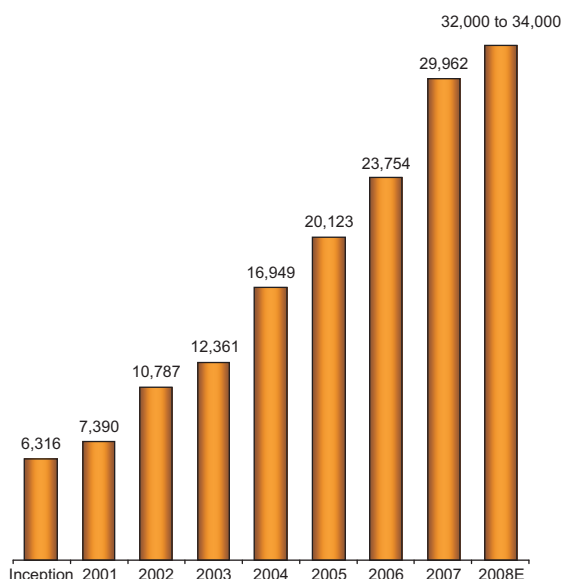
- **Current Monthly Cash Distribution:** \$ 0.12 per Unit
- **Annualized Yield:** 10.8%
- **TSX Unit Price:** \$13.30
- **Market Capitalization:** \$1.9 billion

### US Unitholder Information

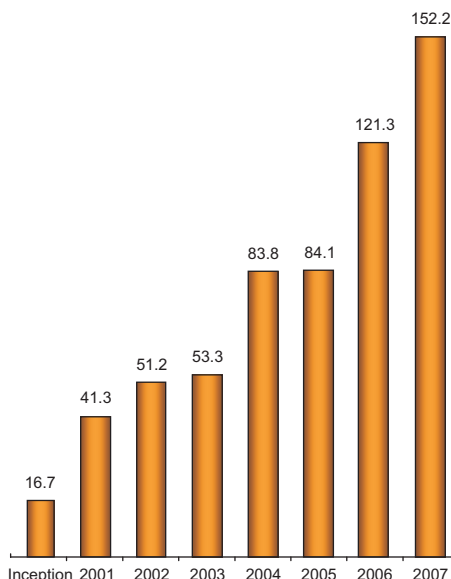
- Monthly distributions are treated as qualified dividend income for US tax purposes
- Distributions are subject to a non-resident withholding tax of 15%

## Disciplined & Well-Paced Growth

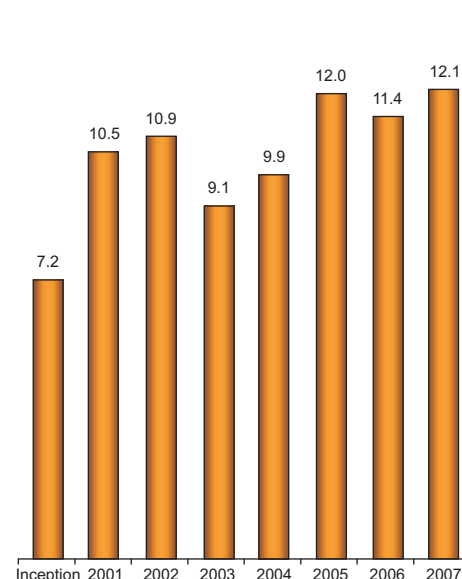
Annual Production (boe/d)



Total Reserves P+P\*(mmboe)



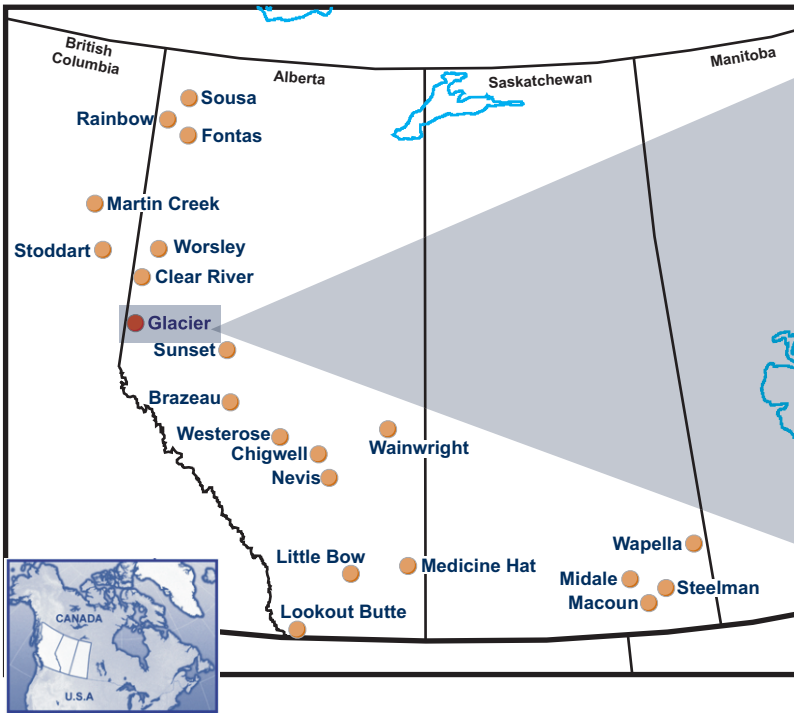
Reserve Life Index (years)



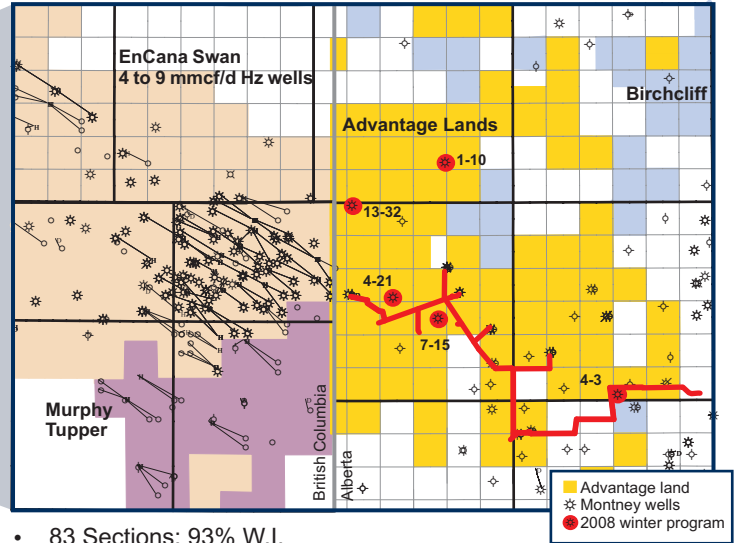
\*Note: Reserves P+P based on Sproule Associates Limited evaluations and Q4 average production FD&A costs exclude changes in future development capital

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# Long Life Conventional Assets with Montney Natural Gas Resource Potential



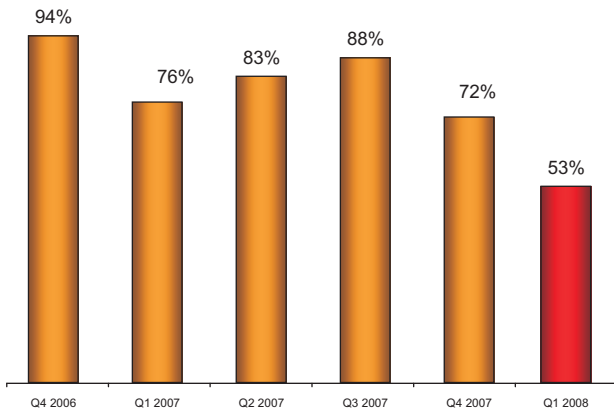
## Glacier - Montney Natural Gas Resource Potential



- 83 Sections; 93% W.I.
- Potential for over 150 Hz wells
- Delineation drilling of 5 vertical wells completed in Q1 2008
- Horizontal program and additional vertical wells being planned
- Directly adjacent to EnCana's very successful Swan development

## Q1 2008 Payout Ratio\* 53%

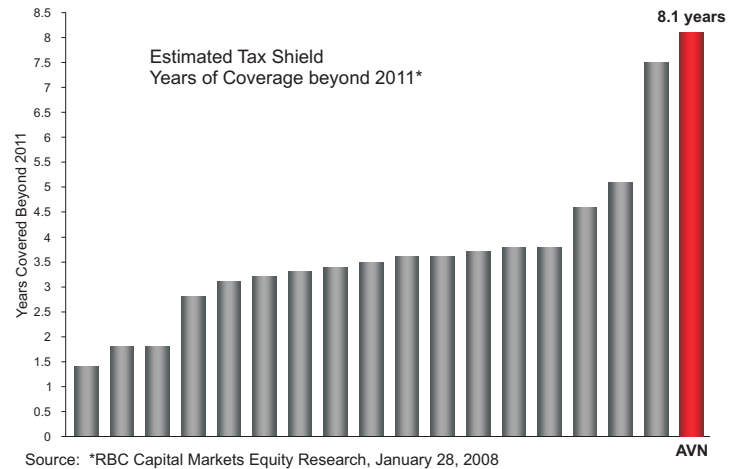
- Lower payout ratio allows 2008 capital program to be funded out of cash flow
- Potential to generate surplus cash flow to expand capital program, reduce debt or pursue acquisitions



\*Distributions as a percentage of Funds from Operations

## Tax Pools

- Canadian Trusts will be taxable commencing in 2011 at 25%
- Tax pools allow the Fund to shield cash distributions from taxation well beyond 2011



Source: \*RBC Capital Markets Equity Research, January 28, 2008

## Why Advantage?

- Lower payout ratio to fund capital program
- Significant Montney natural gas resource potential
- Excellent conventional oil and natural gas assets (>5 year drilling inventory)
- Demonstrated drilling, operational and acquisition performance
- Large tax pools to shield cash distributions from taxation well beyond 2011

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