



AVENIR DIVERSIFIED INCOME TRUST

PRESS RELEASE

AVENIR DIVERSIFIED INCOME TRUST ANNOUNCES \$30 MILLION OIL AND GAS ACQUISITION

Calgary, Alberta, Canada, December 3, 2004 – Avenir Diversified Income Trust ("Avenir" or the "Trust") (TSX: AVF.UN) is pleased to announce that, subject to satisfaction of certain conditions, it is proceeding with a transaction pursuant to which the Trust, through its Manager, Avenir Operating Corp., will acquire certain oil and natural gas properties from an arm's length third party, for consideration of approximately \$30,000,000, subject to normal course purchase adjustments. Certain lands involved in this transaction are subject to rights of first refusal which will either be exercised or waived in the next month. The acquisition is being funded through existing bank credit facilities.

The purchase will result in the Trust expanding its core Southern Alberta area by acquiring assets in S.E. Alberta and S.W. Saskatchewan, with current estimated production of approximately 1,020 boe per day, comprised of approximately 80% light oil and 20% natural gas. The Trust has identified a number of optimization opportunities which should add low risk production once capital has been expended in 2005. In addition, several development prospects have also been identified to provide growth through drilling or farm-out opportunities for the Trust. This acquisition will bring Avenir's current production in its energy business unit to approximately 2,920 boe per day.

Reserves for the acquisition, based on an independent engineering report done in accordance with NI 51-101, total approximately 2,490 Mboe of total proved reserves and 2,930 Mboe of total proved plus probable reserves. The reserve life index for the properties, based on the proved plus probable reserve estimate, is approximately 7.7 years. The acquisition equates to production and reserve valuations of approximately \$28,300 per producing boe and \$9.90 per proved plus probable boe of reserves after deducting \$1,100,000 in acquired undeveloped land and seismic value.

The acquisition is accretive to the Trust's oil and gas business unit on a cash flow, production and reserve life basis. The Trust continues to evaluate several opportunities in each of its business units as it executes on its diversified business strategy.

The transaction is expected to close on or about December 20, 2004.

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The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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Forward Looking Statements

Certain information regarding Avenir Diversified Income Trust set forth in this document, including management's assessment of the Trust's future plans and operations contains forward looking statements that involve substantial known and unknown risks and uncertainties. These forward looking statements are subject to numerous risks and uncertainties, some of which are beyond the Trust's and management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, imperfection of reserve estimates, 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. The Trust's actual results, performance or achievement could differ materially from those expressed in or implied by, these forward looking statements and accordingly, no assurance can be given that any of the events anticipated to occur or transpire from the forward looking statements will provide what, if any benefits to the Trust.