

PRESS RELEASE

**AVENIR DIVERSIFIED INCOME TRUST ANNOUNCES
\$32.2 MILLION OIL AND GAS ACQUISITION**

Calgary, Alberta, Canada, September 20, 2004 – Avenir Diversified Income Trust ("Avenir" or the "Trust") (TSX: AVF.UN) is pleased to announce that it has entered into an acquisition agreement with an arm's length oil and gas producer pursuant to which it will acquire the shares of a private company for total consideration of \$32.2 million, subject to certain closing adjustments. The acquisition is being funded through existing bank credit facilities.

The purchase will result in the Trust acquiring assets in N.E. British Columbia and Alberta, with estimated production of approximately 1,000 boe per day, comprised of 3,600 mcf per day of natural gas and 400 bbls per day of light oil, with several development prospects 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 1,970 boe per day.

Reserves for the acquisition total approximately 2,100 Mboe of total proved reserves and 2,970 Mboe of total proved plus probable reserves. The reserve life index for the properties, based on the proved plus probable reserve estimate, is approximately 8.2 years at current production levels. After accounting for \$2.5 million in undeveloped land and seismic, the acquisition equates to production and reserve valuations of approximately \$29,800 per producing boe and \$10.00 per proved plus probable boe of reserves.

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 September 30, 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.