

AVENIR DIVERSIFIED INCOME TRUST

**Instrument of Proxy
For the Annual and Special Meeting of Unitholders**

The undersigned unitholder of Avenir Diversified Income Trust (the "Trust") hereby appoints William M. Gallacher, of the City of Calgary, in the Province of Alberta, the President and Chief Executive Officer of Avenir Operating Corp. (the "Manager"), the Manager of the Trust, or, failing him, Gary Dundas of the City of Calgary, in the Province of Alberta, Vice-President Finance and Chief Financial Officer of the Manager, or instead of either of the foregoing, _____, as proxyholder of the undersigned, with full power of substitution, to attend and act and vote for and on behalf of the undersigned at the Annual and Special Meeting of the unitholders of the Trust (the "Meeting"), to be held on May 25, 2005 and at any adjournment or adjournments thereof, and on every ballot that may take place in consequence thereof to the same extent and with the same powers as if the undersigned were personally present at the Meeting with authority to vote at the said proxyholders' discretion, except as otherwise specified below.

Without limiting the general powers hereby conferred, the undersigned hereby directs the said proxyholder to vote the units represented by this instrument of proxy in the following manner:

1. **FOR or AGAINST** fixing the number of directors of the Manager to be elected at the Meeting as specified in the accompanying Information Circular – Proxy Statement;
2. **FOR or WITHHOLD FROM VOTING FOR** the election of directors of the Manager of the Trust as specified in the accompanying Information Circular – Proxy Statement;
3. **FOR or WITHHOLD FROM VOTING FOR** the reappointment of Olympia Trust Company, as Trustee of the Trust for the ensuing year and the authorization of the directors to fix their remuneration as such;
4. **FOR or WITHHOLD FROM VOTING FOR** the appointment of Ernst & Young LLP, Chartered Accountants, as auditors of the Trust for the ensuing year and the authorization of the directors to fix their remuneration as such;
5. **FOR or AGAINST** an ordinary resolution to ratify and approve certain grants of options to purchase trust units in excess of the number of Trust Units authorized for issuance under the Trust's current unit option plan, as more particularly described in the Information Circular– Proxy Statement;
6. **FOR or AGAINST** an ordinary resolution to ratify and approve a new trust unit option plan of the Trust, as more particularly described in the Information Circular– Proxy Statement;
7. At the discretion of the said proxyholders, upon any amendment or variation of the above matters or any other matter that may be properly brought before the Meeting or any adjournment thereof in such manner as such proxy, in such proxyholder's sole judgment, may determine.

This Instrument of Proxy is solicited on behalf of the management of the Manager. The trust units represented by this Instrument of Proxy will be voted and, where the unitholder has specified a choice with respect to the above matters, will be voted as directed above or, if no direction is given, will be voted in favour of the above matters.

Each unitholder has the right to appoint a proxyholder, other than the persons designated above, who need not be a unitholder, to attend and to act for the unitholder and on the unitholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the unitholder's appointee should be legibly printed in the blank space provided.

The undersigned hereby revokes any proxies heretofore given.

Dated this ____ day of _____, 2005.

(signature of unitholder)

(name of unitholder – please print)

(number of units held)

NOTES:

1. If the unitholder is a corporation, its corporate seal must be affixed or it must be signed by an officer or attorney thereof duly authorized.
2. This form of proxy must be dated and the signature hereon should be exactly the same as the name in which the units are registered.
3. Persons signing as executors, administrators, trustees, etc., should so indicate and give their full title as such.
4. This instrument of proxy will not be valid and not be acted upon or voted unless it is completed as outlined herein and delivered to the attention of the Manager's Secretary, c/o Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G 0P6, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. A proxy is valid only at the meeting in respect of which it is given or any adjournment(s) of that meeting.