

Avenir Diversified Income Trust Announces Third Quarter 2010 Results

November 15, 2010 News Release

AVENIR DIVERSIFIED INCOME TRUST (“Avenir Trust”, TSX: AVF.UN) is pleased to announce the financial and operational results for the three and nine months ended September 30, 2010 and to announce they have filed the complete Management Discussion and Analysis and Unaudited Consolidated Financial Statements on SEDAR. An electronic copy of these documents may be obtained on Avenir Trust’s SEDAR profile at www.sedar.com.

TOTAL CONSOLIDATED FINANCIAL SUMMARY						
<i>(in thousands except for per unit amounts)</i>	Three months ended September 30			Nine months ended September 30		
	2010	2009	% Change	2010	2009	% Change
Total Revenue	\$111,173	\$163,723	(28)	\$447,931	\$665,202	(33)
Funds (Used In) From Continuing Operations (FFCO) ¹	\$9,148	\$9,221	(1)	\$29,692	\$20,522	46
FFCO ¹ Per Unit - Basic	\$0.21	\$0.22	(5)	\$0.70	\$0.49	43
Funds From Operations (FFO) ¹	\$9,608	\$9,981	(4)	\$31,341	\$13,351	135
FFO Per Unit ¹ - Basic	\$0.22	\$0.24	(8)	\$0.73	\$0.32	128
Distributions	\$7,729	\$7,556	(2)	\$23,087	\$26,517	(13)
Distributions Per Unit - Basic	\$0.18	\$0.18	--	\$0.54	\$0.63	(14)
Distribution Payout Ratio ²	80%	76%	5	74%	198%	(63)
Net (Loss) Income from Continuing Operations (NICO)	\$1,585	\$10,397	(85)	\$(5,051)	\$(80)	(6214)
NICO Per Unit - Basic	\$0.04	\$0.25	(83)	\$(0.12)	\$(0.00)	(33)
Net Income (loss)	\$3,099	\$11,482	(73)	\$(2,174)	\$3,678	(160)
Net Income (loss) Per Unit - Basic	\$0.07	\$0.27	(74)	\$(0.05)	\$0.09	(456)
Total Assets	\$320,107	\$356,954	(10)	\$320,107	\$356,954	(10)
Working Cap. excluding assets held for sale	\$6,635	\$20,641	(68)	\$6,635	\$20,641	(68)
Mortgages (assets held for sale)	\$15,658	\$25,637	(39)	\$15,658	\$25,637	(39)
Wtd. Avg. Units Outstanding - Basic	42,923,483	41,953,583	2	42,720,126	41,956,545	2

¹ Funds from continuing operations, funds from continuing operations per unit, funds from operations, funds from operations per unit and working capital (net debt) are not recognized measures under Canadian generally accepted accounting principles (GAAP). Funds from operations is calculated by taking cash provided by operating activities on the statement of cash flows adjusted for the effect of changes in non-cash working capital and asset retirement costs incurred. Working capital (net debt) is calculated by taking current assets less current liabilities excluding the balances relating to assets held for sale. Management believes that these measures are useful supplemental measures to analyze operating performance as they demonstrate the Trust’s ability to generate the Funds from operations necessary to fund future distributions and capital investments. The Trust’s method of calculating these measures may differ from other issuers, and accordingly, they may not be comparable to measures used by other issuers. Investors should be cautioned that these measures should not be construed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

²Distribution Payout Ratio is calculated by dividing the Monthly Distributions by the Funds from Operations.

Third Quarter Update and Results Summary

As previously announced, the Trust intends to seek Unitholder approval to convert to an energy focused corporation on or before the end of 2010. An Information Circular was mailed to all Unitholders on November 12, 2010, which outlines the details of the conversion process to be voted on at a Special Meeting of Unitholders on December 9, 2010. This conversion is in response to the legislative changes by the federal government for 2011 that applies tax at the trust level. After a review of the strengths and opportunities, it was determined that the "new" corporation will look to provide a sustainable dividend and modest growth profile while focusing on energy, primarily the oil and gas sector. Based on the current outlook and commodity prices, the Trust continues to expect to be able to maintain its 2010 monthly distribution at \$0.06 per unit. It is currently expected that upon conversion approval, a 2011 monthly dividend would be established at \$0.045 per share. As a dividend, certain individuals would qualify for dividend tax treatment rather than regular income tax treatment thereby effectively increasing the after tax yield by about 3%.

Much of the focus of the third quarter was on the evaluation, negotiation and subsequent finalization of the oil focused Great Plains Exploration Inc. ("Great Plains") acquisition. The transaction was completed on November 5, 2010 through the issuance of approximately 8.6 million trust units and 1.1 million exchangeable shares and the assumption of approximately \$29 million in debt and working capital. Exchangeable shares will be exchangeable for trust units on a one-for-one basis. The acquisition adds approximately 1,600 BOE/day of production comprised of 60% light oil and natural gas liquids bringing current Trust production to in excess of 5,000 BOE/day. A significant drilling inventory of oil prospects in the Cardium and Nisku formations in the Pembina/Crossfire areas and the Gilwood and Slave Point zones in the Randell area was also added with the acquisition. The adding of go-forward oil opportunities to complement the Trust's natural gas Cadomin/Nikanassin resource play in the Noel area was a priority as the Trust looks to transition to more of a growth focused junior energy company upon conversion to a corporation in 2011.

The Trust's third quarter 2010 results were in-line with management's expectations with solid oil and gas operations offsetting continued weak natural gas prices and the expected slow summer period in the LPG marketing group. Traditionally, the Trust's results are weaker in the second and third quarter due to the winter skewed seasonal opportunities in the LPG marketing group. For the third quarter 2010, the Trust had net income of \$3.1 million, funds from operations of \$9.6 million and distributions of 80% of funds from operations. For the nine months ended September 30, 2010 the Trust had a net loss of \$2.2 million and funds from operations of \$31.3 million. Distributions were 74% of funds from operations which is lower than our target annual distribution payout ratio of 75%-80%. Of the third quarter 2010 funds from operations, the Oil and Gas Division contributed 70%, with 20% coming from Elbow River, 5% from Real Estate and approximately 5% from the Corporate Division.

In the Oil and Gas Division, third quarter 2010 production averaged 3,719 BOE/day up 7% from second quarter 2010 levels and up about 6% from the corresponding quarter in 2009. Production volumes were split 41% oil and NGL and 59% natural gas for the quarter. Strong September volumes pushed up the quarterly averages as completions and tie-ins were completed on the Noel Cadomin projects and a number of smaller oil projects. Sale prices averaged \$65.50 per barrel for oil and NGL and \$5.45 per Mcf for natural gas, approximately 55% higher than the spot natural gas prices in the period. Given the continued weakness in the natural gas markets, the Trust has protected its cashflow with approximately 50% of its natural gas production hedged at prices greater than \$6.50 per Mcf through to the end of March 2011. Capital expenditures were focused on the completion and tie-in of Cadomin natural gas projects in the Noel area and non-operated oil projects at Deer Mountain, S.E. Saskatchewan and the Peace River Arch of N.W. Alberta. The highlight of the capital program was the completion and tie-in of a first quarter 100% working interest Cadomin horizontal well in the Noel area of B.C. The well tested 10 Mmcf/day of natural gas over a 5 day test and was put on production at restricted rates of approximately 3 Mmcf/day. With the Great Plains acquisition, the Oil and Gas Division is now expected to increase its 2010 capital expenditure budget from \$20 million to \$24 million with expenditures over the remainder of the year primarily directed at Pembina, Randell and Peace River Arch oil opportunities and a N.E. B.C. Nikanassin natural gas test. The 2011 capital budget will not be finalized until mid-December, however, initial views are for the program to be a front-end loaded, oil focused, capital program in order to take advantage of winter access only opportunities and the current royalty drilling credit program. Although the Trust has significant natural gas upside, natural gas development continues to be closely managed in view of current low natural gas prices. Production for the fourth quarter 2010 is now expected average approximately 4,900 BOE per day which consists of approximately 45% oil and natural gas liquids with a year-end production rate expected to be in excess of 5,000 BOE per day.

The slowdown experienced by Elbow River in the second quarter carried over into a relatively weaker third quarter in its base LPG business. While the third quarter is normally one of Elbow River's weakest quarters, results were down in all LPG commodities except propane due to the continued economic downturn, particularly in the United States, leading to excess industry inventories, turnarounds and refinery shutdowns. This has led to fewer spot opportunities and fewer customers wanting to commit to term contracts until the industry gets back into a more balanced position. The condensate demand which propped up the previous year's third quarter results was also hurt by the start-up of the Southern Lights pipeline into Alberta, reducing the need for rail car volumes. Offsetting the weak LPG third quarter, was progress in collecting approximately \$1.2 million in bio-diesel receivables. The Elbow River fourth quarter has started in-line with previous years' comparables, although it may not be as strong as the past two years when very cold temperatures in the N.E. United States provided exceptional propane demand.

The Trust is continuing the disposition of its real estate portfolio in order to focus on the energy related businesses. Sale discussions are underway such that we would expect to transact on about half of the real estate portfolio by yearend and the other half before mid-year 2011. The portfolio continues to be 100% leased and performs as expected.

In the third quarter, the Trust sold or redeemed 400,000 of the EnerVest Diversified Income Trust ("EnerVest") units being held for investment purposes for a gain of about \$0.75 million. The EnerVest units currently yield around 8.5%, but will be disposed of as opportunities arise for the redeployment of the capital into one of the Trust's core businesses. The Trust continues to maintain a strong balance sheet with a debt to cashflow ratio of less than 1:1 (exclusive of mortgages) post the Great Plains acquisition, over \$25 million in undrawn bank lines in the Oil and Gas Division and mortgages of approximately \$16 million in the Real Estate Division.

The fourth quarter is historically one of the Trust's stronger quarters due to Elbow River's seasonal sales cycle and the fourth quarter appears to be picking up in Elbow River after a slow summer period. The Oil and Gas Division is well positioned to deliver excellent quarterly results given the third quarter production increases and the oil weighted volumes from the Great Plains acquisition from November 6, 2010 to the end of the year. Given the current commodity and operational outlook, the Trust remains comfortable with its 75%-80% distribution payout ratio target for 2010, but expects to reduce the target dividend payout in 2011 to the 60% range as it transitions to a corporation providing sustainable dividends together with modest growth in the energy sector

REVIEW OF FINANCIAL RESULTS

Net income from continuing operations for the quarter ended September 30, 2010 was \$1.6 million down 85% from \$10.4 million in the quarter ended September 30, 2009, including an \$1.4 million unrealized loss on financial instruments versus a \$7.8 million unrealized gain at the end of the third quarter of 2009. Net loss from continuing operations for the nine months ended September 30, 2010 was \$5.1 million down substantially from a net loss of \$0.1 million for the nine months ended September 30, 2009, as the non-cash unrealized loss on financial instruments more than offset 2009 bio-diesel losses in Elbow River. The net income for the quarter ended September 30, 2010 was \$2.2 million which is down 81% versus \$11.5 million for the quarter ended September 30, 2009 due to an unrealized loss on financial instruments versus an unrealized gain in the third quarter of 2009. Net loss for the nine months ended September 30, 2010 was \$3.1 million compared to a \$3.7 million net income for the same period ended September 30, 2009 again, due to an unrealized loss on financial instruments versus an unrealized gain in the third quarter of 2009.

Funds from continuing operations were \$9.1 million for the quarter ended September 30, 2010 consistent with \$9.2 million in the comparable quarter in 2009. Funds from operations were \$9.6 million for the quarter ended September 30, 2010, down 4% versus funds from operations for the quarter ended September 30, 2009 of \$10.0 million. Funds from operations for the nine months ended September 30, 2010 were \$31.3 million, up 135% from \$13.4 million for the nine months ended September 30, 2009. The increase is in large part due to the first quarter 2009 losses and write-off in the Elbow River bio-diesel business.

The Trust declared distributions of \$7.7 million (\$0.18 per unit) for the quarter ended September 30, 2010 which is up from the \$7.6 million (\$0.18 per unit) distributed for the quarter ended September 30, 2009. The 2010 third quarter end payout ratio was 80% of funds from operations compared to 76% at September 30, 2009. For the nine months ended September 30, 2010 monthly cash distributions of \$23.1 million were lower than the \$26.5 million monthly cash distributions in 2009 as the monthly distribution was reduced from \$0.083 per unit to \$0.06

per unit effective May 2009. The nine months ended September 30, 2010 distribution payout ratio was 74% of funds from operations in-line with long term targets.

1. FINANCIAL SERVICES DIVISION

At September 30, 2010 the Trust's Financial Services business unit consisted only of Elbow River Marketing Limited Partnership.

ELBOW RIVER MARKETING LP ("ELBOW RIVER")

Elbow River had a quiet quarter operationally for the three months ended September 30, 2010. Cash flow from ongoing LPG business operations were slightly below expectations while bio-diesel recoveries were modestly higher than anticipated. Included in the quarter were unrealized losses on financial instruments of \$0.7 million with a year to date loss of \$18.0 million. These have no impact on cash flow and reverse between periods as the transactions they relate to are realized.

LPG & Ethanol Segment

The slowdown that was experienced in the second quarter extended into the third quarter resulting in cash flows which approximated expectations, however were below the prior year results. Propane had a strong end to the quarter due to logistical issues in the U.S. Northeast that allowed for strong spot activity which replaced the propane demand shrinkage from the lack of crop drying that was seen in the two previous years. Butane was below expectations due to reduced term sales and slower than normal spot activity as a result of reduced refinery activity related to the slower economic climate. Condensate was also below expectations as the new Southern Lights pipeline started up ahead of schedule and hence less rail car volumes were required for Western Canada diluent markets. Ethanol was as expected with steady term arrangements augmented by some niche arbitrage opportunities. Heavy fuel oils were also above expectations due to steady growth and increased focus in this segment of the business.

Bio-diesel Recoveries

During the Oil and Gas Division quarter Elbow River recovered approximately \$1.2 million in bio-diesel expenditures which were recorded between cost of goods sold and recovery of bad debts.

Outlook

Fourth quarter results are expected to be close to average due to typical increased winter activity. Propane is anticipated to be at or above expectations as continued industry operational issues should result in stronger demand for rail car supply in addition to demand from typical cooler weather in this quarter. Butane is expected to be below expectations due to reduced term sales this year although spot sales will increase as winter gasoline blending enters its peak season. Condensate will likely be below forecast due to the competitive impact of the Southern Lights pipeline. Ethanol is anticipated to be above expectations as term arrangements are in place and trading opportunities are presenting themselves due to the uncertainty around increased and uncertain government mandates in both Canada and the U.S. Heavy fuel oils are expected to be above expectations as the various commodities in this area are steadily being grown to augment the other business lines.

2. OIL & GAS DIVISION

For the third quarter of 2010, the averaged sales of 3,719 BOE per day up 7% from the second quarter of 2010 average sales of 3,471 BOE per day and up 6% from the same period in 2009. In comparison to the second quarter of 2010, oil sales for the third quarter were up 5% or 77 barrels per day while gas sales were up 8% or 1,023 Mcf/d. The gas production for the quarter was higher due to the successful Cadomin development program at Noel which had 3 (1.35 net) new wells come on production in September. Overall, sales production during the first nine months of 2010 was up 5% to 3,548 BOE per day compared to 3,390 BOE per day in 2009.

Total gross revenue from petroleum and natural gas sales in the third quarter was \$15.8 million up 7% from \$14.7 million in the second quarter of 2010 due primarily to higher sales volumes. The average price received for crude oil and natural gas liquids during the third quarter was \$65.50 per barrel after hedging. Natural gas pricing for the third quarter of 2010 was \$5.45 per Mcf representing a 55% premium to the average market spot

gas price of \$3.52 per Mcf during the period. Gas hedging continued to be significant for the Trust in the third quarter with approximately 58% of the gas sales volume hedged at \$6.59 per Mcf.

Oil and gas operating expense in the third quarter of 2010 was consistent with the prior quarter at \$5.4 million while the unit operating expense decreased by 9% to \$15.78 per BOE due to the increased gas volumes at Noel which has a per BOE cost of \$8.70. The operating cost for the first nine months of 2010 has averaged \$16.65 per BOE and the Trust anticipates achieving similar unit operating costs for the remainder of the year.

The total third quarter net capital expenditure by the Trust was \$9.0 million on development activities including the well completions and tie-ins of the Cadomin program in Noel and non-operated oil projects in Deer Mountain, S.E. Saskatchewan, Southern Alberta and the Peace River Arch. In the quarter, \$6.0 million was spent in Noel including a Nikanassin re-completion that encountered mechanical problems and will be re-entered in 2011. The capital program was highlighted by the tie-in of the 100% working interest operated horizontal Cadomin well in the Noel area of NE British Columbia. The well has a flowing capability in excess of 10,000 Mcf/d but is currently being produced at restricted rates of 3,000 Mcf/d due to system constraints. In addition to the operated activity, the Trust has participated in three additional Cadomin horizontal wells at 17.5% working interest with a joint interest partner in the Noel area. The first two wells have been drilled and completed in the third quarter of 2010 with 5 day flow test rates of 10,000 Mcf/d and 8,000 Mcf/d respectively. Both wells were brought on production late in the third quarter. The third well is awaiting completion and is anticipated to be on production by the end of the year. The results from these four wells continue to validate the Cadomin potential on the lands controlled by the Trust in the Noel area. In total, the Trust has Cadomin mineral rights in 10,625 gross hectares (36 gross drilling spacing units) at an average working interest of 79% in the Noel and Kelly Lake areas. Based on the current development activity in the area by the Trust and offset producers, the technical evaluation of the lands suggests the full development could result in 72 net locations with 36 wells at a 100% working interest.

Subsequent to the end of the third quarter, the Trust has successfully closed a corporate acquisition of Great Plains Exploration Inc. ("Great Plains") on November 5, 2010. Through the transaction, the Trust has purchased 1,600 BOED of production comprised of 60% light oil and NGLs and a significant drilling inventory of oil prospects in the Cardium and Nisku at Pembina/Crossfire and in the Gilwood and Slave Point at Randall. The Trust also gains an undeveloped land base of 125,000 net acres valued at \$12.3 million and a proprietary seismic database valued at \$10.7 million combined with 3.8 million BOE of proved plus probable reserves based on internal estimates. Based on an acquisition cost of \$84.0 million and adjusted for land and seismic value, the Trust has acquired the production for \$38,200 per BOED and reserves for \$16.10 per BOE respectively.

With the Great Plains acquisition, the Trust now anticipates spending \$24 million (net of dispositions) on capital programs to year end 2010. This is an increase from the original budget of \$20 million as a result of ongoing activity in the Pembina and Randall areas combined with the completion of CEE commitments through the drilling of an exploratory well in Noel targeting the Nikanassin horizon. As a result of the remaining capital programs and the acquisition of Great Plains, the Trust is forecasting an average daily production of 4,900 BOE per day for the fourth quarter of 2010.

3. ASSETS HELD FOR SALE - REAL ESTATE DIVISION

Funds from operations decreased for the quarter ended September 30, 2010 to \$0.5 million compared to \$0.8 million for the quarter ended September 30, 2009. The difference is due to the loss in revenue resulting from the sale of the KFC portfolio in the second quarter of 2010 and Red Deer Cineplex in 2009.

The Real Estate Division had net income for the quarter ended September 30, 2010 of \$1.5 million compared to a net income of \$1.1 million for the quarter ended September 30, 2009. The comparative increase is due to a \$0.2 million gain on sale that was realized in the third quarter of 2009, as well as the loss in revenue resulting from the sale of the aforementioned properties, offset by an increase in future income tax recoveries..

In the third quarter of 2010, the Trust continued its efforts to sell the remaining property portfolio through its property manager and listing agents. The remaining properties include the Landmark portfolio of theatres in Western Canada and the two industrial buildings in Ontario. These properties are 100% leased and continue to

perform in accordance with budget expectations. All tenants have paid rent on a timely basis in accordance with their leases.

The Financial Statements for the three and nine months ended September 30, 2010 are attached below, with detailed Financial Statements and the Management Discussion and Analysis for same period available on the company's profile on SEDAR at www.sedar.com or the Trust's website at www.avenirtrust.com.

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Forward Looking Statements

Certain statements contained herein including, without limitation, financial and business prospects and financial outlook, the effect of government announcements, proposals and legislation, plans in its Oil and Gas Division regarding hedging, wells to be drilled, expected or anticipated production rates, timing of expected production increases, the weighting of production between different commodities, expected commodity prices, exchange rates, production expenses, transportation costs and other costs and expenses, maintenance of productive capacity and capital expenditures; plans in the Elbow River Marketing Limited Partnership ("Elbow River") business regarding plans for its ongoing Liquefied Petroleum Gas ("LPG") business, plans in the Real Estate Division for the timing of selling assets and the nature of capital expenditures; and the timing and method of financing these businesses, may be forward-looking statements. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "targeted" and similar expressions may be used to identify these forward looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including, but not limited to, risks associated with oil and gas exploration: development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers and the inability to retain drilling rigs and other services; risks associated with its Elbow River business including, but not limited to, counterparty risk in default, operational risks, hedging, access to credit, competitor risk, seasonality and impact of the global recession on overall economic activity; and risks associated with the Real Estate Division including, but not limited to the impact the overall economy has on

valuations, future delinquencies, access to mortgages and impact on interest rates; as well as the risks associated with the Trust's incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources and the risk factors outlined under "Risk Factors" and elsewhere herein. The recovery and reserve estimates of Avenir's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Avenir believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because Avenir can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: the impact of increasing competition; the general stability of the economic and political environment in which Avenir operates; the timely receipt of any required regulatory approvals; the ability of Avenir to obtain qualified staff, equipment and services in a timely and cost efficient manner; Divisional results; the ability of operators to operate the field in a safe, efficient and effective manner; the ability of Avenir to obtain financing on acceptable terms; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development of exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of Avenir to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which Avenir operates; and the ability of Avenir to successfully market its products, fluctuations in foreign exchange or interest rates and stock market volatility, credit risk and the ability to realize on collateral in the event of default, failure of counter parties to perform on contracts, fluctuation in the value of real property, failure to produce income or revenue from real estate, failure of tenants to meet lease obligations, increase in property taxes and mortgage, maintenance, insurance, operating costs and decreases

in occupancy and rental rates, and fixed costs in relation to variable revenue streams. Readers are cautioned that the foregoing list of factors is not exhausted. These forward looking statements are made as of the date hereof and Avenir assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws.

Forward looking statements and other information contained herein concerning the Oil and Gas Division, Elbow River's business, the Real Estate Division and Avenir's general expectations concerning these industries are based on estimates prepared by each Division's management and from using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of these industries which Avenir believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While Avenir is not aware of any misstatements regarding any industry data presented herein, these industries involve risks and uncertainties and are subject to change based on various factors.

CONSOLIDATED BALANCE SHEETS

As at

<i>(in thousands of dollars)</i>	September 30, 2010	December 31, 2009
	\$	\$
ASSETS		
Current		
Cash	—	2,148
Marketable securities	6,804	19,842
Accounts receivable	42,955	54,831
Prepaid expenses	3,299	8,604
Inventory	17,269	13,687
Risk management assets	6,676	22,825
Assets held for sale – Real Estate	1,595	1,536
	78,598	123,473
Property and equipment	164,136	162,085
Intangibles and other assets	13,220	9,094
Goodwill	23,424	23,424
Future income taxes	16,905	15,483
Assets held for sale – Real Estate	23,824	32,973
	320,107	366,532
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness	13,153	12,300
Accounts payable and accrued liabilities	52,548	67,063
Distributions payable	2,578	2,527
Risk management liabilities	2,089	404
Liabilities of assets held for sale – Real Estate	4,124	4,460
	74,492	86,754
Asset retirement obligation	15,216	16,373
Future income taxes	3,170	4,636
Liabilities of assets held for sale – Real Estate	11,909	21,391
Unitholders' equity		
Unitholder capital	426,048	421,270
Contributed surplus	6,970	8,591
Accumulated earnings	118,510	120,684
Accumulated other comprehensive income	748	701
Accumulated distributions	(336,956)	(313,868)
	215,320	237,378
	320,107	366,532

**CONSOLIDATED STATEMENTS OF
OPERATIONS AND ACCUMULATED EARNINGS**
(unaudited)

For the	Three months ended		Nine months ended	
<i>(in thousands of dollars)</i>	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	\$	\$	\$	\$
REVENUE				
Financial services revenue	98,212	143,772	423,836	624,720
Unrealized gain (loss) on financial instruments	(656)	6,962	(18,026)	6,893
Total financial services revenue	97,556	150,734	405,810	631,613
Oil and gas revenue	15,761	13,969	46,619	39,896
Oil and gas transportation costs	(395)	(434)	(1,091)	(1,078)
Royalties	(1,958)	(2,016)	(6,156)	(4,385)
Unrealized gain (loss) on financial instruments	(729)	840	225	(2,469)
Total oil and gas revenue	12,679	12,359	39,597	31,964
Gain (loss) on sale of marketable securities	751	—	1,599	(20)
Interest and other revenue	187	630	925	1,645
Total revenue	111,173	163,723	447,931	665,202
EXPENSES				
Financial services operating	94,277	137,972	409,240	614,687
Oil and gas operating	5,399	4,831	16,123	15,491
General and administrative	3,477	4,983	12,218	15,190
Bad debt expense (recovery)	(291)	(153)	(607)	10
Foreign exchange (gain) loss	412	(231)	(150)	3,588
Interest and bank fees	345	217	670	1,143
Capital taxes	79	98	249	233
Depletion, depreciation and amortization	6,272	6,025	17,284	17,972
Asset retirement obligation accretion	290	267	843	803
	110,260	154,009	455,870	669,117
Income (loss) from continuing operations before income tax	913	9,714	(7,939)	(3,915)
Future income tax recovery	672	683	2,888	3,835
Net income (loss) from continuing operations	1,585	10,397	(5,051)	(80)
Net income from discontinued operations – Real Estate	1,514	1,085	2,877	3,758
Net income (loss) for the period	3,099	11,482	(2,174)	3,678
Accumulated earnings, beginning of period	115,411	87,380	120,684	95,184
Accumulated earnings, end of period	118,510	98,862	118,510	98,862
Net income (loss) from continuing operations per unit				
Basic and diluted	0.04	0.25	(0.12)	0.00
Net income from discontinued operations per unit				
Basic and diluted	0.03	0.02	0.07	0.09
Net income (loss) per unit				
Basic and diluted	0.07	0.27	(0.05)	0.09

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

For the	Three months ended		Nine months ended	
<i>(in thousands of dollars)</i>	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	\$	\$	\$	\$
Net income (loss) for the period	3,099	11,482	(2,174)	3,678
Change in fair value of derivative instruments designated as cash flow hedges	225	2,090	(33)	4,439
Change in fair value of marketable securities	21	—	80	—
Other comprehensive income	246	2,090	47	4,439
Comprehensive income (loss) for the period	3,345	13,572	(2,127)	8,117

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

For the	Three months ended		Nine months ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
<i>(in thousands of dollars)</i>	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss) from continuing operations	1,585	10,397	(5,051)	(80)
Add (deduct) non-cash items:				
Non-cash general and administrative	572	425	1,175	987
Depletion, depreciation and amortization	6,272	6,025	17,284	17,972
Asset retirement obligation accretion	290	267	843	803
Unrealized loss (gain) on financial instruments	1,385	(7,802)	17,801	(4,403)
Unrealized foreign exchange	(284)	592	528	(280)
Future income tax recovery	(672)	(683)	(2,888)	(3,835)
Funds from continuing operations	9,148	9,221	29,692	11,164
Funds from discontinued operations – Real Estate	460	760	1,649	2,187
	9,608	9,981	31,341	13,351
Asset retirement expenditures during year	(124)	(78)	(507)	(329)
Change in non-cash working capital	(8,155)	(553)	(3,986)	125,220
Cash provided (used in) by operating activities	1,329	9,350	26,848	138,242
FINANCING ACTIVITIES				
Issue of trust units, net of issue costs	348	400	2,479	414
Repurchase of trust units	-	—	—	(886)
Cash settlement of options	(8)	(38)	(254)	(42)
Distributions to unitholders	(7,729)	(7,556)	(23,087)	(26,517)
Increase (decrease) in bank indebtedness	1,154	17,295	853	(72,832)
Real estate repayment of mortgages	(134)	(259)	(510)	(759)
Change in non-cash working capital	6	7	52	(26,233)
Cash provided by (used in) financing activities	(6,362)	9,849	(20,467)	(126,855)
INVESTING ACTIVITIES				
Sale of financial services assets	—	—	—	604
Purchase of financial services royalty	—	—	(5,035)	—
Oil and gas property acquisitions	30	(107)	(630)	(8,928)
Oil and gas property disposals	80	50	3,493	481
Oil and gas development expenditures	(9,074)	(2,376)	(22,794)	(7,197)
Acquisition of Ridgeback Exploration	—	(21,999)	—	(21,999)
Purchase of other assets	(16)	(20)	(234)	(27)
Real estate development expenditures	—	(10)	—	(64)
Real estate dispositions	(1)	2,949	1,098	4,235
Change in non-cash working capital	5,924	1,248	15,571	(448)
Cash provided by (used in) investing activities	(3,057)	(20,265)	(8,531)	(33,343)
Increase (decrease) in cash during the period	(8,090)	(1,066)	(2,150)	(21,956)
Cash, beginning of period	7,970	(312)	2,148	21,826
Change in cash of assets held for sale	120	1,225	2	(23)
Cash, end of period	—	(153)	—	(153)
Cash taxes paid	71	174	130	603
Cash interest paid	329	355	618	2,175