



AVENIR DIVERSIFIED INCOME TRUST

Avenir Diversified Income Trust Posts Third Quarter Results

November 28, 2003 News Release

AVENIR DIVERSIFIED INCOME TRUST (TSX: ART.UN) is pleased to announce the operational results for its third quarter ending September 30, 2003.

THIRD QUARTER HIGHLIGHTS

For the periods ended	Three months ended		Nine months ended ¹	
	Sept 30/03	Sept 30/02	Sept 30/03	Sept 30/02
Net Revenue	\$945,703	\$57,300	\$2,725,068	\$74,300
Cash Flow From Operations ²	\$502,298	\$30,770	\$1,479,525	(\$245,669)
Cash Flow Per Unit ²	\$0.01	---	\$0.04	(\$0.03)
Distributions	\$516,012	---	\$1,127,978	---
Distributions Per Unit	\$0.01	---	\$0.04	---
Net Earnings (loss)	\$186,585	\$30,770	\$606,001	(\$245,669)
Net Earnings Per Unit	\$0.01	---	\$0.03	(\$0.03)
Total Cash and Working Capital	\$4,079,494	---	\$4,079,494	---
Oil and Ngl's – bbls per day	241	---	232	---
Average Price (\$/Bbl) before hedging	\$33.48	---	\$37.29	---
Average Price (\$/Bbl) after hedging	\$31.85	---	\$36.48	---
Gas – mcf per day	378	---	344	---
Average Price (\$/mcf)	\$6.77	---	\$7.38	---
Total Boe per day	304	---	289	---
Average Price Per Boe before hedging	\$34.96	---	\$38.68	---
Average Price Per Boe after hedging	\$33.67	---	\$38.03	---

¹ Trust was created January 16, 2003.

² Cash flow from operations and cash flow per unit are not recognized measures under Canadian generally accepted accounting principles (GAAP). Management believes that cash flow is a useful supplemental measure to analyze operating performance and provide an indication of the results generated by the Trust's principal business activities. Avenir Diversified Income Trust's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to measures used by other companies.

REPORT TO UNITHOLDERS

Avenir Diversified Income Trust's ("Avenir" or the "Trust") strategy is comprised of having three distinct business units: Oil and Gas, Financial Services, and Real Estate. These three units combine the stability of cash flows from both real estate and financial services with a more volatile cash flow stream from oil and gas production. To date, the Trust has made investments in oil and gas and financial services and is pleased to report the financial results for the three and nine months ended September 30, 2003.

Operations

The Trust continued its disciplined approach to growth, both financially and operationally. During the third quarter the Trust acquired a small, privately owned, oil and gas company for a total consideration of \$2,175,000, paid for by the issuance of 2,000,000 trust units at a deemed value of \$0.50 per unit and \$1,175,000 cash. This acquisition added approximately 90 boe/day of natural gas production. The Trust also announced an agreement in September to purchase certain gas assets from a major oil and gas producer. This transaction, which closed subsequent to the quarter on October 24, 2003, added

approximately 215 boe/day of natural gas production. This cash transaction was funded by the proceeds of the September financing as described in the financial section of this report. Production volumes averaged 304 boed/day during the quarter up 17% from the second quarter reflecting the impact of the Outback acquisition for the full quarter.

The Trust was very active operationally, participating in the drilling of four wells in the Bow Island area during the quarter, which resulted in three oil wells and one disposal well. In addition, a gas pipeline was completed to conserve and tie-in gas at Cherhill and a successful oil well was drilled on our Saskatchewan farm-out lands where the Trust retains a royalty interest.

The Trust's Financial Services division continues to perform well and we are confident this division will continue to provide a very stable contribution to the Trust. Several opportunities are being evaluated and we would expect to have concluded a transaction within the fourth quarter.

Financial

The Trust's cash flow for the third quarter was \$502,298 or \$0.01 per unit up 10% from the second quarter cash flow of \$454,829. Distributions for the third quarter were \$516,012 or \$0.01749 per unit, up 11% from the second quarter distribution of \$0.01575 per unit. For the nine-month period, cash flow and distributions were \$1,479,525 and \$1,127,978 respectively, for a payout ratio of 76%. Commodity prices for the quarter were \$31.85 per barrel of oil and natural gas liquids, and \$6.77 per mcf for natural gas versus \$35.23 per barrel and \$6.90 per mcf respectively in the second quarter.

The Trust closed an \$8 million gross financing on September 24, 2003. As a result, our total number of units outstanding has increased to 41,503,282 at the end of the third quarter from 23,503,282 at the end of the second quarter. This significant milestone broadened our unit holder base and laid the groundwork for continued growth and execution of our business plan.

At the end of the third quarter, the Trust had cash and working capital of approximately \$4,079,494 available for acquisitions and investment.

Outlook

The Trust continues to see and evaluate several acquisitions within each of its business units. Our ability to act and execute quickly is our key strength. Our disciplined approach to these opportunities has resulted in continued accretive growth. We are confident that we will continue to add to our financial services business unit and we are currently targeting to execute on a real estate transaction, which will allow us to have fulfilled one of our key business plan objectives.

With respect to our Oil and Gas operations, the Trust completed a large gas acquisition in late October, which will increase cash flow in November and December 2003. The Trust is also proactively farming-out its undeveloped lands to third parties as this allows for the flexibility to deploy capital for acquisitions. We will continue to invest capital in low risk development drilling prospects.

We are confident that the opportunities before us will continue to yield attractive returns for our unit holders and allow the Trust to continue our growth strategy.

Submitted on behalf of the Board of Directors by:

William M. Gallacher
President & CEO

Gary Dundas
Vice President Finance & CFO

Forward Looking Statements

Certain information regarding the Trust set forth in this document, including management's assessment of the Company'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 Company'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.

A Discussion of Operational and Financial Results

MANAGEMENT'S DISCUSSION AND ANALYSIS should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended September 30, 2003.

Drilling

During the quarter, the Trust was successful in drilling three oil wells and one water disposal well in the Bow Island area adding 20 boe/day of production to the Trust. A gas pipeline was also completed adding approximately 10 boe/day in Cherhill. Total capital expenditures for the quarter totaled \$673,926. The Trust also farmed out, for a royalty interest, a successful oil well in Saskatchewan, which will lead to a least two follow-on locations in late 2003 and early 2004.

Financing

On September 24, 2003, the Trust closed an \$8,000,000 (gross) over-subscribed financing. There were a total of 16,000,000 units issued from treasury, at a price of \$0.50 per unit. Subsequent to the quarter, approximately \$6.2 million of the proceeds from the financing were used towards the late October purchase of 215 boe/day of natural gas assets. The remaining funds from the financing were invested in a portfolio of trust units until the funds are deployed for an investment in one of our business units.

Acquisition of 728409 Alberta Ltd. ("728409")

On September 24, 2003 the Trust acquired all of the issued and outstanding common shares of 728409, thereby acquiring approximately 90 boe/day of natural gas. Under the terms of the agreement, the Trust issued an aggregate of 2,000,000 Trust Units from treasury at a price of \$0.50 per unit and \$1,175,000 million in cash to former shareholders of 728409 as consideration.

Cash and Working Capital

As a result of the September 24, 2003 equity financing, the Trust retained a \$4,079,494 cash and working capital position at the end of the third quarter 2003. Bank debt of \$2,120,000 was paid off and funds were invested in short-term investments in advance of closing the October 24, 2003 natural gas asset purchase.

Financials/Distributions

Cash flow from operations was \$502,298 or \$0.01 per unit for the third quarter and \$1,479,525 or \$0.04 for the nine months ended September 30, 2003. Net earnings totaled \$186,585 or \$0.01 per unit for the three months and \$606,001 for the nine months ended September 30, 2003. The September 24th financing and purchase of 728409 resulted in the number of unit holders increasing to 41,503,282 from 23,503,282. This led to a substantially larger distribution requirement for the month of September even though the capital raised had not yet been deployed to cash flow generating assets until late October. The Trust distributed \$516,012 or \$0.01 per unit to unit holders in the third quarter and has distributed \$1,127,978 on a year to date basis. The year to date distribution payout ratio is 76%.

<i>Accumulated Cash Distributions</i>	3 months ended Sept 30, 2003 \$	9 months ended Sept 30, 2003 \$
Funds from operations	502,298	1,479,525
Development Capital	(673,926)	(752,496)
Funds financed for growth capital	687,640	578,534
Acquisition and re-organizational costs not related to operating activities	-----	(177,585)
Cash distributions paid and payable	516,012	1,127,978
Accumulated cash distributions paid and payable, beginning of period	611,966	-----
Accumulated cash distributions paid and payable, end of period	1,127,978	1,127,978

Oil & Gas Operations

Oil and gas revenues (net of royalties) were \$794,503 for the third quarter of 2003, up 10% from the second quarter as higher volumes were somewhat offset by lower prices. Oil prices were negatively impacted by the strengthening Canadian dollar. Gross revenue from petroleum and natural gas sales were \$930,905.

The average price received for crude oil and natural gas liquids during the third quarter of 2003 was \$31.85 per barrel, down 10% from the previous quarter and \$6.77 per mcf for natural gas, flat to the second quarter average of \$6.90 per mcf. The Trust has a hedging program in place with 85 barrels per day hedged at US\$28.00 WTI per barrel for the period April 2003 to March 2004; 33 barrels per day hedged at US\$27.45 WTI per barrel for the period July 2003 to June 2004; and 85 barrels per day hedged at US\$27.70 WTI per barrel for the period April 2004 to June 2004.

Average daily production volumes for the quarter ending September 30, 2003 were 304 boe/day compared to 259 boe/day in the second quarter. Third quarter production consisted of 241 barrels per day of crude oil and natural gas liquids and 378 mcf per day of natural gas. Added production from the Outback transaction and new drilling additions contributed to the production increase.

The Trusts operating costs for the quarter ending September 30, 2003 were \$240,232. On a boe basis, operating costs averaged \$8.69 in the period, which is 3% higher than the second quarter. The Trust continues to focus on means of reducing overall operating costs and believes they will decline on a comparative basis for the balance of the year. Higher well servicing costs and property taxes offset lower operating costs on the new acquisitions.

Financial Services

Since inception the Trust has held two cash advance contracts, fully collateralized, with a 10-year term recallable at the Trust's option. These contracts pay a fixed fee over the life of the contract. For the third quarter ending September 30, 2003, the revenue from these contracts totalled \$75,600. On a year to date basis the Trust has received \$214,200 in financial services income.

Investment Income

During the third quarter ending September 30, 2003, the Trust received \$73,542 in investment income through its ownership of a basket of Income Trust units. On July 25, 2003 the Trust invested \$1,088,111 into a more diverse portfolio of three energy trusts, and further on September 25, 2003 an additional \$1,959,759 was invested from financing proceeds into four income trust vehicles prior to the funds being used for the natural gas asset purchase at the end of October 2003.

General and Administrative Expenses

General and administrative expenses were \$170,106 in the third quarter 2003, similar to the \$169,243 in the second quarter. In October 2003 the Trust incurred additional costs for the hiring of a full time controller, and production and land consultants to meet its needs as it effectively doubled its unit holder and production base.

Interest and Banking Charges

Interest expense was \$47,631 for the third quarter with all but \$340,000 of bank debt paid off with proceeds from the equity financing. The quarterly expense included banking fees associated with increasing the Trust's revolving line to \$3.1 million. Provision for depletion and depreciation was \$316,373 for the quarter ending September 30, 2003, with the Trust's depletion and depreciation rate at \$11.42/boe up from \$10.71/boe in the second quarter. The Trust did not provide for income taxes as the Trust expects that all taxable income will be passed to unit holders in the form of distributions.

Corporate

The Trust is moving forward executing on its original business plan as it grows each business unit. We are currently evaluating additional financial services investments and a real estate opportunity that we hope to complete in the first quarter of 2004 to fully round out our diversification.

Unaudited Consolidated Financial Statements

Avenir Diversified Income Trust

September 30, 2003

CONSOLIDATED BALANCE SHEETS

As at

	September 30, 2003 \$	December 31, 2002 \$
	(unaudited)	
ASSETS		
Current		
Cash and cash equivalents	2,433,647	82,497
Accounts receivable	1,516,298	335,819
Short-term investments <i>[note 8]</i>	3,047,690	1,010,000
	6,997,635	1,428,316
Capital assets <i>[note 6]</i>	9,109,642	—
Financial services contracts <i>[note 10]</i>	1,200,000	600,000
Goodwill <i>[note 3]</i>	1,086,729	—
	18,394,006	2,028,316
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness <i>[note 11]</i>	340,000	602,859
Accounts payable and accrued liabilities	2,336,177	588,829
Distributions payable <i>[note 7]</i>	241,964	—
	2,918,141	1,191,688
Provision for future site restoration and abandonment	364,878	—
Shareholders'/Unitholders' equity		
Shareholder capital <i>[note 12]</i>	—	1,070,000
Unitholder capital <i>[note 12]</i>	15,866,336	—
Accumulated earnings/(deficit)	372,629	(233,372)
Accumulated cash distributions <i>[note 7]</i>	(1,127,978)	—
	15,110,987	836,628
	18,394,006	2,028,316

See accompanying notes

Avenir Diversified Income Trust

**CONSOLIDATED STATEMENTS OF
OPERATIONS AND ACCUMULATED LOSS/DEFICIT**
(unaudited)

For the	Three months ended		Nine months ended	
	September 30,		September 30,	
	2003	2002	2003	2002
	\$	\$	\$	\$
REVENUE				
Oil and gas	930,905	—	2,652,625	—
Royalties net of ARTC	(136,402)	—	(414,958)	—
	794,503	—	2,237,667	—
Financial services fee	75,600	6,300	214,200	6,300
Investment income	73,542	51,000	195,552	68,000
Interest and other income	2,058	—	2,459	—
Gain on sale of marketable securities	—	—	75,190	—
	945,703	57,300	2,725,068	74,300
EXPENSES				
Oil and gas operating	225,008	—	589,833	—
General and administrative	170,106	26,139	468,036	319,571
Non-recurring acquisition and re-organizational costs	—	—	177,585	—
Bank fees and interest	47,631	391	112,484	398
Depletion and depreciation	316,373	—	771,129	—
	759,118	26,530	2,119,067	319,969
Income (loss) before income tax	186,585	30,770	606,001	(245,669)
Income tax expense	—	—	—	—
Net income (loss) for the period	186,585	30,770	606,001	(245,669)
Accumulated earnings/(deficit), beginning of period	186,044	(438,922)	(233,372)	(162,483)
Accumulated earnings/(deficit), end of period	372,629	(408,152)	372,629	(408,152)
Net income (loss) per unit/share basic and diluted	0.01	—	0.03	(0.03)

See accompanying notes

Avenir Diversified Income Trust

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

For the	Three months ended		Nine months ended	
	September 30,		September 30,	
	2003	2002	2003	2002
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income (loss) for the period	186,585	30,770	606,001	(245,669)
Add non-cash items				
Depletion and depreciation	316,373	—	771,129	—
Gain on sale of public trust units	—	—	(75,190)	—
Acquisition and re-organizational costs not related to operating activities	—	—	177,585	—
Funds from operations	502,298	30,770	1,479,525	(245,669)
Change in non-cash working capital	3,193,954	(6,108)	158,722	280,636
Cash provided by operating activities	3,696,912	24,662	1,638,247	34,967
FINANCING ACTIVITIES				
Issue of trust units <i>[note 12]</i>	8,000,000	—	13,663,152	1,010,000
Trust unit issue costs	(642,542)	—	(916,827)	—
Distribution to unitholders <i>[note 7]</i>	(516,012)	—	(1,127,978)	—
Change in bank indebtedness	(2,120,000)	600,361	(522,859)	600,361
Change in non-cash working capital	155,430	—	(142,533)	—
Cash provided by financing activities	4,876,876	600,361	10,952,955	1,610,361
INVESTING ACTIVITIES				
Purchase and conversion of Onward Energy Inc. <i>[note 3]</i>	—	—	(2,910,324)	—
Purchase of Outback Energy Inc. <i>[note 4]</i>	—	—	(85,937)	—
Purchase of 728409 Alberta ltd. <i>[note 5]</i>	(1,082,614)	—	(1,082,614)	—
Property acquisitions	—	—	(3,249,561)	—
Purchase of financial services contract	—	(600,000)	(600,000)	(600,000)
Prospect and development expenditures	(673,926)	—	(752,496)	—
Sale of Public trust units	—	—	1,085,190	—
Purchase of public trust units <i>[note 8]</i>	(3,047,690)	—	(3,047,690)	(1,010,000)
Purchase of other assets	(3,488)	—	(6,929)	—
Acquisition and re-organizational costs	—	—	(177,585)	—
Changes in non-cash working capital	(1,519,227)	—	587,894	—
Cash used in investing activities	(6,326,945)	(600,000)	(10,240,052)	(1,610,000)
Increase in cash during the period	2,246,843	25,023	2,351,150	35,328
Cash and cash equivalents, beginning of period	186,804	10,305	82,497	—
Cash and cash equivalents, end of period	2,433,647	35,328	2,433,647	35,328
Cash interest paid	32,279	—	91,706	—

See accompanying notes

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