AVENIR DIVERSIFIED INCOME TRUST

PRESS RELEASE

Avenir Diversified Income Trust Acquires Makah Energy Corporation

Calgary, Alberta, Canada, July 6, 2005 - Avenir Diversified Income Trust (the "Trust") (TSX:AVF.UN) is pleased to announce that it has entered into a definitive agreement (the "Agreement") with Makah Energy Corporation ("Makah"), a private oil and gas company, pursuant to which the Trust has agreed to acquire all of the issued and outstanding common shares and options of Makah by way of a plan of arrangement (the "Arrangement"). The Arrangement will result in the acquisition of all of the issued and outstanding shares for an aggregate purchase price that is equal to twenty-nine million, eight hundred thousand dollars ($29,800,000) less the net debt of Makah. The consideration to be paid will be at least $2.00 cash for each Makah share, assuming that all outstanding options will be exercised and that the net debt of Makah at the closing date is not more than $3,493,616. The transaction will be funded through available credit facilities.

After allowing for a planned transaction to option certain coal bed methane rights (in which the Trust will retain a working interest) as well as the value of undeveloped lands and proprietary seismic, the Trust will acquire approximately 1.5 million boe of proved plus probable reserves at a cost of $17.00 per boe. On a cash flow and production basis, the transaction represents approximately 4.25 times existing annualized cash flow and $37,000 per producing boe.

An aggregate of 84.3% of the issued and outstanding Makah shares and 100% of the issued and outstanding Makah options have entered into support agreements pursuant to which the holders have agreed to vote in favour of the Arrangement and otherwise support the Arrangement, subject to the provisions of the support Agreements.

The Trust is a diversified royalty and business trust which combines the cashflow streams from the three business segments of Energy, Financial Services and Real Estate with a target payout ratio of 75% to 80% in order to provide sustainable distributions.

FOR FURTHER INFORMATION PLEASE CONTACT:
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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.