



NEWS RELEASE

DATE: March 3, 2006

DIVERSIFIED ANNOUNCES \$700,000 FINANCING

Edmonton, Alberta -- Diversified Industries Ltd. (TSX Venture: DVS) is pleased to report an increase in the financing previously announced on January 31, 2006. The financing, previously announced at \$500,000, is in the form of a \$700,000 secured, convertible debenture. The debenture is convertible for a period of three years at \$0.35 per share and carries an interest rate of 7% per annum, payable annually. In addition, for each \$1,000 Unit purchased, the debenture holder will receive 700 share purchase warrants exercisable at \$0.40 per common share for a period of two years following the closing date. Funds will be used for general working capital and for the completion of the acquisition announced on Jan 31, 2006.

The majority of the funds being provided are from insiders of the Company. The TSX Venture Exchange has not yet reviewed or accepted the terms of the financing. Diversified will issue a subsequent press release upon final acceptance of the financing by the TSX Venture Exchange.

In addition to the above financing, the Board of Directors for the Company has also approved the granting of 520,000 stock options at \$0.40 per common share. All options are granted in accordance with the terms of the Company's stock option plan and are subject to 18 month vesting provisions and a four month hold period. Directors and officers of the Company have been granted 390,000 options while employees of the Company have been granted 130,000 options.

As disclosed in the Company's Information Circular for the Annual General Meeting dated February 8, 2006, the Board of Directors made a recommendation to the shareholders to approve both an amendment to the exercise price on 1,255,000 options outstanding and an amendment to increase the number of options reserved for issuance under the Company's stock option plan to 2,403,000. A majority of disinterested shareholders of the Company approved both amendments at the February 8th, 2006 AGM. The Company has now made filings with the Exchange to affect these amendments. The exercise price of the 1,255,000 outstanding options will now be \$0.40 per common share.

Diversified Industries specializes in the development and commercialization of innovative products and, at present, has several technologies in various stages of negotiations, research, development and commercialization. The company's lead product is DVS 6000, an innovative hydrogen sulphide scavenger, currently used in the Oil and Gas sector, with sales in western Canada, the U.S. and select international markets.

Statements made in this news release that relate to future plans, expectations, events or performances are forward-looking statements. Such statements involve risks and uncertainties and are based on current expectations. Consequently, actual results could differ materially from the expectations expressed in these forward-looking statements.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

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