



NEWS RELEASE

DATE: December 16, 2004

FOR IMMEDIATE RELEASE:

Diversified Industries reports increased interest in the DVS 6000 H₂S scavenger

Edmonton, Alberta – Diversified Industries Ltd. (TSX Venture: DVS) has been invited to tender on sulphur recovery projects valued at more than \$10 million in a variety of sectors of the oil and gas industry. The company's lead product, DVS 6000, is a hydrogen sulphide (H₂S) scavenger that is used to treat both liquid and gaseous hydrocarbon products. While there is no assurance that any of the proposed bids will develop into contract wins for the company, industry response has been positive to results of tests conducted by Diversified with increasing market acceptance.

The DVS 6000 scavenger is a safe and economic alternative to the mainly highly toxic products used to eliminate H₂S and low-end mercaptans. It is non-flammable and non-corrosive, with a natural freeze point below minus 45 degrees Celsius. DVS 6000 contains no formaldehyde, offering safety to workers over formaldehyde-based-H₂S scavengers.

Recently, excellent performance of DVS 6000 in field trials conducted by current and prospective customers has consistently yielded performance increases by a factor of 10 times for eliminating H₂S immediately and an improvement of up to 50 times if the reaction time is extended.

“Our product development advancements over the past six months have created a depth of optimism in the company that 2005 will be a milestone year,” explains Stephen Davis, President and Chief Executive Officer of Diversified Industries. “A product that removes the potentially deadly hydrogen sulphide in an expanded number of industry applications is motivating several major oil companies to have Diversified conduct additional tests. Successful performance tests on samples from production facilities of sour crude oil, liquid condensate, high sulphur fuel oil and waste hydrocarbons means that DVS 6000 can be marketed as the safest and easiest-to-use H₂S scavenger available.”

Diversified has completed extensive internal and external laboratory trials which have proven that DVS 6000 eliminates H₂S and low-end mercaptans when directly injecting the scavenger into liquid hydrocarbons. Also, the company is conducting field trials in conjunction with major end users for application in steam purging and cleaning, direct injection into pipelines, down-hole drilling fluids and the effective treatment of stored reserves of liquid hydrocarbons containing sulphur. The spent DVS 6000 is non-toxic, has a mild odour and can be easily disposed.

Diversified is in discussions with a number of major domestic and international chemical distribution companies with an objective to engage at least two new distributors and to significantly expand the marketing and sales of DVS 6000. Currently, the product is distributed in Canada by Univar, a leading chemical distributor, Strike Oilfield Services in Alberta and Acutec Systems in Saskatchewan. International distributors are High Arctic Energy Services Inc. in the Middle East and Dorf Ketal of Houston in the United States.

DVS 6000 is one of several proprietary technologies being developed and/or commercialized by Diversified Industries, which is focusing on product applications for the oil and gas industry. The company's corporate office is in Sidney, British Columbia and has its operations, product development and marketing facilities in Edmonton, Alberta.

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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