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PRESS RELEASE

DVS 6000 CONTINUES TO BE SUCCESSFULLY TESTED AND SOLD IN THE US\$220 MILLION H₂S SCAVENGER MARKET

Diversified Industries Ltd. ("Diversified" or the "Company") continues to see success with its hydrogen sulphide ("H₂S") scavenger, DVS 6000, as it is used as a polishing agent at a sour gas plant in Southern Saskatchewan. This plant is presently processing 1.8 million cubic feet of gas per day. They are periodically using DVS 6000 as a polishing agent to make sure that the H₂S content in the processed gas remains below the 6 parts per million ("ppm") mark necessary to meet pipeline sales specifications. For example, using direct injection, they will add 3 litres of DVS 6000 into 1.8 million cubic feet of gas over a 24-hour period to keep the H₂S content of the gas at a constant 2.5 ppm. It is estimated that 3 litres of DVS 6000 reduces the H₂S content by 4 ppm. This direct injection procedure has been running successfully now for approximately eleven months.

Leonard Thieven, Chief Operator for Grimes Energy of Saskatchewan wrote: "Grimes Energy believes DVS 6000 is an excellent polishing agent for H₂S in a gas plant setting and endorses its use. Grimes Energy believes DVS 6000 has excellent potential as a scavenger which could be injected into the pipeline at the wellhead to reduce or eliminate low concentrations of H₂S. Because DVS 6000 does not freeze, it could be used remotely with very low installation costs."

Diversified is currently running another trial in Alberta to further validate the job that has been running in Southern Saskatchewan. Based on the performance numbers achieved in Southern Saskatchewan, our goal in Central Alberta in the next field trials is to remove 100 or 120 ppm of H₂S out of 250,000 or 300,000 cubic feet of gas per day. If the same numbers hold true it would cost approximately \$0.27 per thousand cubic feet of gas treated to reduce the H₂S content by 100 ppm. This would be a very attractive cost basis for oil and gas companies and would place DVS 6000 as the front running polishing agent at sour gas plants around the world.

We are currently in discussions with several major oil and gas companies who are eager to run trials in Alberta. As Diversified moves forward with these trials and as long as we continue to prove up positive results, DVS 6000 will continue to become the product of choice when used as a polishing agent. In Alberta today, 30% of all gas wells drilled are sour and will require some form of treatment for the removal of H₂S. The Gas Research Institute estimates that the market for H₂S Scavengers is currently US\$220 million per year in the United States alone, and predicts that this will reach US\$250 million per year by 2005 ("Hydrogen Sulphide Scavengers Market Assessment", Topical Report No. GRI-96/0241).

DVS 6000 is a superior H₂S scavenger without the negative qualities of typical H₂S scavengers like ammonia, caustic soda or formaldehyde-based scavengers. It is non-flammable, non-corrosive, and is not regulated under the *Transportation of Dangerous Goods Act of Canada*. In addition, it has a freeze point below minus 45 degrees Celsius, has a non-toxic zinc sulphide by-product and has a mild odour. We believe DVS 6000 is the safest and easiest to use H₂S scavenger in the world.

For further information, please visit the Company's new website at www.dvsind.com, or contact the Company and its investor relations firms as indicated below.

**ON BEHALF OF THE BOARD OF DIRECTORS
OF DIVERSIFIED INDUSTRIES LTD.**

"Stephen L. Davis"

Stephen L. Davis
President / CEO

The TSX Venture Exchange has not reviewed and does not accept
responsibility for the adequacy or accuracy of the foregoing.

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