



NEWS RELEASE

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*FOR IMMEDIATE RELEASE:*

**DIVERSIFIED INDUSTRIES CLOSES \$720,000 PRIVATE PLACEMENT**

Diversified Industries Ltd. (TSX Venture: DVS) is pleased to announce the closing of a non-brokered private placement for gross proceeds of \$719,934; the financing has been accepted by the TSX Venture Exchange. Funds from the private placement will be used to continue the research and market development programs that Diversified has underway on three innovative technologies. The Company will also establish a combination office-lab-shop facility in Alberta to support product development and commercialization activities.

The private placement consists of 1,714,128 units at a price of \$0.42 per unit. Each unit consists of one common share and one non-transferable share purchase warrant. Each warrant is exercisable for one common share at a price of \$0.55 if exercised on or before June 14, 2005 or at \$0.70 if exercised on or before June 14, 2006. All shares and warrants are subject to resale restrictions imposed by the Exchange and applicable securities law.

The Company has paid finder's fees in connection with this private placement. The finder's fees include a cash portion of \$15,624 and 124,549 in warrants with each warrant entitling the finder to purchase one common share at a price of \$0.48 if exercised on or before June 14, 2006.

Diversified's three primary research and market development programs are in various stages of product development and commercialization.

The DVS 6000 hydrogen sulphide scavenger is currently being tested for several applications including down hole injection and atomization into pipelines. In these trials, the DVS 6000 is being used to remove hydrogen sulphide, carbon dioxide and a variety of mercaptans. Based on results to date, all research initiatives will continue. Diversified is in discussions with distributors in Canada and the United States while continuing to sell product through its existing distribution network in Alberta.

Diversified's lightweight proppant is another technology being developed for use in the oil and gas industry. Over the next three months the Company will complete the initial research and development program for this technology; positive results are anticipated.

The third product the Company has in development at the present time, Therma-light Reflective Technology, is now in second-generation development. Diversified is working toward several joint ventures in different industries with a number of companies. Concurrently, the Company is preparing to build a demonstration unit for completion over the next four to five months.

Using some of the funds from the private placement, the Company plans to establish facilities in Alberta which will consist of offices, a lab for further development work on the hydrogen sulphide scavenger, and a shop area for assembly and demonstration of the Therma-light Reflective Technology. The Company is in the process of hiring management team members for the Alberta facility; these key individuals will manage operations and marketing and will focus on the ongoing product and market development for all technologies.

Diversified Industries is a technology development and marketing company specializing in innovative products and solutions that target a cross-section of industries. The Company's business development strategy is based on acquiring, funding and aiding in the commercialization of proprietary technologies and products in order to build long-term value for its shareholders.

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

For further information please contact:

Stephen L. Davis, President & CEO  
Phone (250) 655-9209  
E-mail [info@dvsind.com](mailto:info@dvsind.com)  
[www.dvsind.com](http://www.dvsind.com)

