



NEWS RELEASE

DATE: January 26, 2005

FOR IMMEDIATE RELEASE

Diversified Industries closes \$675,000 private placement

Sidney, British Columbia -- Stephen Davis, President and Chief Executive Officer of Diversified Industries Ltd. (TSX Venture: DVS), is pleased to announce that the company has closed the non-brokered Private Placement announced on December 17, 2004 for proceeds of \$675,615. The TSX Venture Exchange has accepted final documentation with respect to the placement.

The placement consisted of 1,501,366 shares and an equal number of share purchase warrants. The shares were issued at \$0.45 per share. The warrants are exercisable for one year at \$0.60 and \$0.75 during the second year, expiring January 27, 2007. All securities issued will have a four month hold period.

Stephen L. Davis was the only insider to participate in the placement (45,000 shares), while one Pro Group investor, Goodhew & Rowell Financial Services Ltd. also participated (30,000 shares). In addition, a finder's fee of \$13,050 in cash will be paid to Hedlin/Lauder Associates Inc.

Headquartered in Sidney, B.C., Diversified Industries specializes in the development and commercialization of 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.

At present, Diversified has three technologies in various stages of research, development and commercialization. All three technologies have applications in the oil and gas industry; two also have applications in a broad range of industries. The company's lead product is DVS 6000, an innovative hydrogen sulphide scavenger, which has sales in western Canada, the U.S. and international markets.

- 30 -

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.

For further information please contact:

Stephen L. Davis, President & CEO
Phone (250) 655-9209
E-mail info@dvsind.com
www.dvsind.com

Robert Rowell or Terry Lauder
Hedlin Lauder Investor Relations Ltd.
Phone (403) 232- 6251
Toll free 1-800-299-7823