



## NEWS RELEASE

DATE: December 17, 2004

*FOR IMMEDIATE RELEASE:*

### **Diversified Industries announces \$600,000 private placement financing**

Sidney, British Columbia – Diversified Industries Ltd. (TSX Venture: DVS) is in the process of closing on a \$600,000 private placement financing. The placement will consist of up to 1,333,334 units (“Unit”) with each Unit priced at \$0.45 and comprised of one common share and one full share purchase warrant (“Warrant”). Each Warrant will entitle the placee the right to purchase one common share at a price of \$0.60 during the first year following the close of the placement, and \$0.75 during the second year following the close of the placement. All securities will have a four-month hold period. The proceeds from the placement will be used as working capital for ongoing operations. The placement is subject to TSX Venture Exchange acceptance.

Diversified also announced yesterday that it has been invited to tender for the supply of the DVS 6000 hydrogen sulphide scavenger on sulphur recovery projects valued at more than \$10 million in a variety of sectors of the oil and gas industry. While there is no assurance that any of the proposed bids will develop into contract wins for the Company, industry response to recent customer field trials and Diversified testing has been positive.

In addition to the above news, Brian Findlay has stepped down as a director of the Company. The Company is in the process of re-structuring its Board of Directors - more changes are expected in the near future. Diversified would like to thank Mr. Findlay for his service over the past four and a half years and his many contributions in building the foundation of this Company.

DVS 6000 is one of several proprietary technologies being developed and/or commercialized by Diversified, 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.

- 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](mailto:info@dvsind.com)  
[www.dvsind.com](http://www.dvsind.com)

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