



NEWS RELEASE

June 9, 2006

Diversified Closes Private Placements for \$1.3 Million

Vancouver, BC - Diversified Industries Ltd. (TSX-Venture: DVS) is pleased to announce the closing of two previously announced private placements for combined proceeds of CDN\$1.3 million.

The first of the two non-brokered private placements, in the form of a convertible debenture, closed for proceeds of \$700,000. The debenture is convertible for a period of three years at \$0.35 per common share and carries an interest rate of 7% per annum, payable annually. In addition, for each \$1,000 Unit purchased, the debenture holder receives 700 share purchase warrants exercisable at \$0.40 per common share up until June 9, 2008. A four month hold period is in affect on any common shares issued through conversion or through warrant exercise until October 10, 2006. The debentures are non-transferable. One insider participated in the placement for \$350,000. Up to 2,000,000 common shares are issuable upon conversion of the debentures, while 490,000 common shares are issuable upon exercise of the warrants. The TSX Venture Exchange has accepted final documentation with respect to the placement.

The second non-brokered private placement consisted of 2,000,000 Units with each Unit consisting of one common share and one non-transferable share purchase warrant. Each Unit was priced at \$0.30 for total proceeds of \$600,000. The warrants are exercisable at a price of \$0.35, expiring June 9, 2007. All securities issued will have a four month hold period expiring on October 10, 2006. There was participation in the private placement from one insider (596,084 shares), while one Pro Group investor also participated (30,000 shares). The TSX Venture Exchange has accepted final documentation with respect to the placement.

In addition to the closing of the private placements, Diversified announces that after several rounds of discussions, Diversified and Spectro Chem Inc. have agreed to pursue a Sales and Marketing agreement between the two companies, instead of the previously contemplated acquisition announced on April 28, 2006. The terms of the new relationship have not yet been determined and will be announced once a definitive agreement has been signed.

“This new relationship with the team at Spectro Chem will achieve considerable benefit for the company without having to purchase Spectro Chem. Given our discussions over the past month, this is a better way to go for both parties,” said Stephen Davis, President & CEO of Diversified.

Mr. Davis went on to say that “Diversified is currently looking at several opportunities with other companies to joint venture, merge or purchase and will continue on this track until the board is fully satisfied that we have engaged the right companies with the right relationships and definitive agreements are signed.”

Diversified specializes in the development and commercialization of innovative products and, at present, has several technologies in various stages of negotiations, research, development and commercialization. The company's lead product is DVS 6000, an innovative hydrogen sulphide scavenger, currently used in the Oil and Gas Industry, with sales in western Canada, the U.S. and select international markets.

On behalf of the Board of Directors:

“Stephen L. Davis”

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