



NEWS RELEASE

DATE: December 21, 2004

FOR IMMEDIATE RELEASE:

Diversified Industries reports DVS 6000 achieves new performance record, sweetening sour condensate containing 8,000 ppm of hydrogen sulphide

Edmonton, Alberta – Diversified Industries Ltd. (TSX Venture: DVS) reports DVS 6000, its innovative hydrogen sulphide (H₂S) scavenger, has achieved a new performance milestone in a field trial conducted for an oil and gas industry client. Diversified was invited by a potential client to sweeten 225,000 litres of sour condensate containing 8,000 parts per million of H₂S, which is considered a high concentration. The Company had not previously attempted a job of this magnitude for this application; however, in less than two hours 100% of the H₂S from the sour condensate was removed, using only 400 litres of DVS 6000. The treated hydrocarbon was then shipped down the pipeline as sweet condensate. With a weight of 815 grams per litre, this condensate was close in density to that of a light crude.

“The field operator commented on the low odour and improved working conditions while using DVS 6000,” said Susan Schieman, H₂S Scavenger Product Specialist with Diversified, “in addition to the much lower usage rate compared with the incumbent product.”

Diversified’s cost-effective formula for sweetening liquid hydrocarbons, which works extremely well under lab conditions, has now been confirmed on large quantities of sour oil in field conditions. The most recent field results exceeded the Company’s performance expectations. Extensive lab testing is now demonstrating DVS 6000 eliminates H₂S and mercaptans from hydrocarbon liquids such as crude oil, gasoline, diesel fuel and natural gas liquids.

DVS 6000 is a safe, user-friendly H₂S scavenger that has no odour, contains no formaldehyde, has a minus 45 degree Celsius freeze point, is non-corrosive and is not regulated under the *Transportation of Dangerous Goods Act of Canada*. DVS 6000 is continuing to demonstrate that it is on the way to becoming the scavenger of choice by industry. Hydrocarbon liquids can now be treated cost effectively with DVS 6000, whether in pipelines, storage tanks, tanker trucks or ships.

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; its operations, product development and marketing facilities are 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
www.dvsind.com

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