



NEWS RELEASE

DATE: August 9, 2005

Diversified readies itself for investor relations program

Edmonton, Alberta -- Diversified Industries Ltd. (TSX Venture: DVS) is pleased to announce that it has retained Source One Capital Corporation as its full-service investor relations provider. The agreement is effective August 1st, 2005 and will continue for an initial 12 month period. Source One Capital Corp. will provide Diversified Industries with a wide range of investor awareness and communication services, aimed at both the retail and institutional markets.

“We are very pleased to have entered into this agreement with a company as unique and potentially rewarding as Diversified Industries. We look forward to working with management to enhance shareholder value”, said Jayden Ashbee, President of Source One Capital Corp.

Source One Capital Corp. has been established with a vision of providing a comprehensive suite of value-added investor relations services for Diversified Industries.

“We have accumulated extensive expertise helping build effective IR campaigns for our clients using such high-impact, high-visibility IR vehicles as the Investor NewsCard Series and the Canadian Investment Journal” says Ashbee. “We seek to deliver long-term results to Diversified by creating and servicing a qualified retail and institutional investor audience, to which Diversified can communicate their corporate story.”

Consideration for this agreement will include a \$6,000 monthly fee plus all approved out-of-pocket expenses and 150,000 stock options, exercisable at \$0.50 and vesting over 18 months. Both parties reserve the right to cancel the agreement given 30 days notice. The agreement is subject to acceptance by the TSX Venture Exchange.

Diversified Industries specializes in the development and commercialization of innovative products and, at present, has several technologies in various stages of negotiations, research, development and commercialization. These technologies have applications in a variety of industries including the oil and gas industry, water treatment, pulp & paper and energy.

The company's lead product is DVS 6000, an innovative hydrogen sulphide scavenger, currently used in the oil & gas sector, with sales in western Canada, the U.S. and select international markets. Diversified Industries is headquartered in Edmonton, Alberta, where it has its product development and marketing facility.

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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.

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