



NEWS RELEASE

May 2, 2006

Diversified Industries Ltd. - Acquisition Activity

On Jan 31st, 2006 Diversified announced the signing of a term sheet to acquire a company that holds the North American importation rights for a chemical production hardware technology. Diversified has completed its due-diligence on both the technology and the company. The technology appeared to work well, however, for a variety of reasons, Diversified has chosen not to proceed with the transaction as contemplated under the previously announced term sheet. Through the due-diligence process Diversified has found at least two additional companies that can provide access to a similar technology. Diversified continues to pursue discussions with the various parties.

The term sheet announced on January 31, 2006, lapsed as of April 30th, 2006, and is in no way connected to the acquisition of Spectro Chem Inc. announced on April 28, 2006. The Spectro Chem acquisition is in the due-diligence phase and it is anticipated that it will close within 90 days.

Diversified Industries continues to specialize in the development and commercialization of innovative products and, has several technologies in various stages of negotiations, research, development and commercialization.

On behalf of the Board of Directors:

“Stephen L. Davis”

Stephen L. Davis, President & C.E.O.

Phone: (250) 655-9209

E-mail: info@dvsind.com

www.dvsind.com

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.

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For additional information please contact:

B&D Capital Partners

Brad Aelicks and Don Mosher

Phone: (604) 685-6465

Email: info@bdcapital.com