



September 11, 2003

**PRESS RELEASE**

**DIVERSIFIED SIGNS LETTER OF INTENT TO ACQUIRE  
NEW LIGHTWEIGHT TECHNOLOGIES**

Diversified Industries Ltd. (“Diversified” or “the Company”) is pleased to announce that it has recently signed a binding Letter of Intent to acquire 100% of the intellectual property for two technologies: a lightweight proppant and a lightweight additive. **Proppants** are used in oil and gas well stimulation operations and, more specifically, in hydraulic fracturing and gravel-packing operations in the oil and gas industry. **Lightweight additives** are used as accelerants in explosives for mining; foams for sound and thermal insulation in the aerospace industry; autobody putty fillers in the automotive industry; and potentially have use in oil well stimulation operations and lightweight cement slurries. All of these industry uses are well established and in need of new and improved lightweight technologies.

The Letter of Intent contemplates the acquisition by Diversified of all intellectual property on the lightweight proppant and a lightweight additive, in exchange for the following:

**Research and Development Program:**

Diversified will commit to spend a minimum of US\$150,000 on a research and development program over the next six to eight months in order to complete the prototype technologies. The research and development program will be carried out by Aveka, Inc. (“Aveka”).

**Right of First Refusal:**

The two inventors, Dr. William Hendrickson, President of Aveka, and Mr. Raymond Bienvenu will each receive a right of first refusal to invest in joint ownership of a future manufacturing facility (if warranted) at levels of US\$1,000,000 and US\$750,000 respectively. The total investment, should the parties develop such a facility, is estimated at US\$3,000,000.

**Royalties:**

Mr. Bienvenu will receive a 2% royalty based on net sales of the lightweight proppant and lightweight additive. Aveka will receive a royalty of 2% of net sales only in the event that it does not exercise its first right of refusal to participate in joint ownership of the future manufacturing facility.

Diversified will receive exclusive ownership of the two technologies, including all intellectual property. Mr. Bienvenu and Dr. Hendrickson, will continue to work alongside Diversified throughout the development and commercialization of these technologies.

.../ 2

Aveka ([www.aveka.com](http://www.aveka.com)) was founded through a divestiture from the 3M Corporation. They have continued to provide particle processing research and development and small scale manufacturing for 3M and other companies including Dupont, Dow, Monsanto, H.B. Fuller, and Exxon etc. Aveka has developed a multitude of different technologies and products for their customers who can be taken from initial contact and research to full-scale manufacturing. In the past eight years, Aveka has grown from the initial pilot plant to three facilities with 70 employees. Aveka has a usable and visible intellectual property base that draws high-profile customers who are looking for innovation, product development and manufacturing.

Mr. Bienvenu brought this technology acquisition opportunity to Diversified. He is an expert in the fields of drilling fluids engineering, solids control efficiency, and environmental compliance with respect to the oil and gas industry. In addition, he has over 20 years experience working in the drilling side of the oil and gas industry, both in engineering management and in sales. Mr. Bienvenu identified a specific need for a better lightweight proppant and developed patented proppant technology in 1993. Mr. Bienvenu will act on Diversified's behalf in driving this project forward.

As a product development and marketing company, Diversified's corporate strategy is to acquire, fund and aid in the commercialization of unique technologies and products that will provide for long-term share appreciation. The Company has continually sought to expand its intellectual property portfolio. Due diligence and negotiations on the above technology acquisitions are ongoing, **however, there is no guarantee that a final agreement will be reached or that the transaction will close. In addition TSX Venture Exchange approval may also be required.**

Diversified is a product development and marketing company specializing in unique technologies and solutions targeting a cross section of industries. Diversified has developed its first technology, DVS 6000, for the removal of various contaminants such as H<sub>2</sub>S from oil, gas, air and water. DVS 6000 has proven itself in several applications thus far within the oil and gas industry. Diversified's management team will continue to evaluate new technologies in order to carry out the Company's strategic goal of diversifying its technology portfolio.

Diversified is listed on the TSX Venture Exchange under the symbol "DVS". For further information, please e-mail [info@dvsind.com](mailto:info@dvsind.com), visit the Company's website ([www.dvsind.com](http://www.dvsind.com)) or phone Mr. Stephen Davis, President/CEO, at 250-655-9209.

**ON BEHALF OF THE BOARD OF DIRECTORS  
OF DIVERSIFIED INDUSTRIES LTD.**

*"STEPHEN L. DAVIS"*

---

Stephen L. Davis  
President / CEO

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this Press Release.