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PRESS RELEASE

DIVERSIFIED AND AVEKA LAUNCH RESEARCH AND DEVELOPMENT PROGRAM

Diversified Industries Ltd. ("Diversified" or "the Company") is pleased to announce that it has signed a contract with Aveka, Inc. ("Aveka") to immediately commence a research and development program ("R&D Program") for the development of a new lightweight proppant material to be used in the Exploration and Production ("E&P") side of the oil and gas industry. Through this agreement Diversified will hold exclusive ownership of the technology developed from the R&D Program with Aveka, including all intellectual property, patents and know how.

Aveka (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 over 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.

Research and Development Program:

Diversified has now committed to spend up to US\$150,000 in payments to Aveka for the R&D Program with payments spread out over the next six to eight months. Upon the successful completion of the R&D Program, Diversified will have a lightweight proppant prototype technology ready for field trials and commercialization into the oil and gas industry. There is no guarantee that the R&D Program will result in the successful production of prototype products that meet the required specifications, but management and Aveka are confident a positive outcome will be achieved.

Technology & Market:

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. This new lightweight proppant material will become a replacement for proppant materials used mainly in medium to deep well applications where proppant crush strength and the ability to withstand high temperatures are key to proppant performance. Current competitive materials are much heavier than the target weight of Diversified's new lightweight material. According to an Evans & Evans, Inc. research report prepared for the Company, competitors within the industry estimate the overall proppant market at approximately US\$1.4 billion per year, with 70% of manufacturer sales going to a handful of large distribution companies in North America. The potential upside for our shareholders exceeds the risk by a very large margin on this particular technology.

Inventor:

Mr. Bienvenu, who is the original conceptual inventor, has 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 E&P 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 material which is now being developed through this R&D Program with Aveka. Mr. Bienvenu will continue to act on Diversified's behalf in driving this project forward.

Diversified is a product development and marketing company specializing in unique technologies and solutions that target a cross-section of industries. Our corporate strategy is to acquire, fund and aid in the commercialization of these unique technologies and products to provide long-term share appreciation.

For further information, please visit the Company's new website at www.dvsind.com, or contact the Company and its investor relations firms as indicated below.

**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 foregoing.

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