



September 16, 2003

PRESS RELEASE

**DIVERSIFIED SIGNS TERM SHEET TO ACQUIRE 70% OF
WHITELIGHT THERMAL TECHNOLOGY LTD.**

Diversified Industries Ltd. (“Diversified” or “the Company”) is pleased to announce that it has signed a binding term sheet to acquire a 70% interest in Whitelight Thermal Technology Ltd. (“Whitelight”). Through this acquisition Diversified will become the majority shareholder of Whitelight.

Whitelight has developed a thermal light energy technology utilizing a high intensity plasma arc lamp. This light technology uses a portion of the light spectrum along with proprietary application processes to generate an ultra hot beam. This light spectrum is 95% the same as actual sunlight and a working prototype has been built and is in operation for demonstration purposes.

Three directors of Diversified recently viewed the light as it was used to break hard rock, demonstrating the potential use of this light in mining and tunnelling applications. There are numerous potential applications for this technology. Some of these markets may include mining, oil & gas, construction, agriculture, recreation, water treatment, metal treatment, solar simulators and paint removal to name a few. Negotiations have begun for the sale of several prototype units, each unit ranging in price from US\$400,000 to US\$735,000.

Terms of Acquisition:

- **Consideration** - The founders of Whitelight, Dr. Norman Arrison, Dr. Charlie Jeong, and Mr. Henry Kong, along with one minority shareholder will exchange 1,666,667 shares of Whitelight, representing 70% of the private company, for 1,666,667 shares of Diversified at a price of \$0.75 per share for total consideration value of \$1,250,000. These shares may be subject to escrow provisions imposed by the TSX Venture Exchange (“the Exchange”) and will be subject to escrow provisions imposed by the Company.
- **Employment Contracts** - Prior to closing the transaction, Diversified will enter into employment contracts with each of the founders.
- **Stock Options** - Diversified will grant 100,000 stock options to each of the founders as part of their future employment contracts. These proposed stock options will be exercisable for five years at a price of \$1.00 per share and will be issued under the Company’s stock option plan. As such, these options will comply with Exchange policy and will be subject to a four-month hold, the vesting provisions of the plan, and additional contractual vesting provisions. Dr. Arrison is currently a director of Diversified, however, his options are not being issued as a result of his role as a director of the Company.

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- **Bridge Financing** - Diversified will complete directly, or facilitate through investors into Whitelight, a bridge financing in the amount of CDN\$200,000. Diversified or the investors, as the case may be, will acquire convertible notes for an additional 10% of the total issued and outstanding shares of Whitelight. If the acquisition does not complete, the convertible notes will become repayable by Whitelight to Diversified or to the investors, as the case may be, one year from the date of termination. The transaction is subject to regulatory approval.
- **Additional Financing** - The parties intend to seek additional financing to further the research and development of the rock breaking unit and other applications as required.

Founders of Whitelight:

Dr. Charlie Jeong holds a PhD in Organic Chemistry and has been working for the past two years on the development of the high intensity plasma arc lamp. He has directed Whitelight research and development efforts with a focus on the application of this technology to the mining industry, chemical cleanup, climate control, solar simulation, etc. In past work experience, Dr. Jeong has acted as a consultant and in research and managerial roles including waste water treatment, organic waste treatment, antioxidant production, and various treatments and by-product production of pulp and paper waste.

Dr. Norman Arrison holds a PhD in Chemical Engineering, has published numerous papers, holds several patents, and has worked or served in several fields and capacities over the past 30 years including the following: founding CEO of the Alberta Laser Institute; Director of Research for Global Thermoelectric Power Systems Ltd.; Design Officer (safety systems) for Atomic Energy Canada on the CANDU Nuclear Reactor; and a Member of the Science Council of Canada. For the past several years Dr. Arrison has focussed his efforts on the development of the Whitelight technology and on the development, design and installation of over 20 small waste-oil refining systems now operating in several countries around the world. It should be noted that Dr. Arrison is also a director of Diversified, and as such is considered a related party.

Mr. Henry Kong is an international businessman who has built up 14 years of experience in international marketing and international business ventures. He has held principal and executive positions in several of the companies he has worked in and founded. Mr. Kong has been the driving force in the sale of the small waste-oil refining systems developed by Dr. Arrison to Australia, Canada, Israel, Poland, Singapore, South Korea, and Spain. Mr. Kong studied International Marketing and Business at Saint Mary's University, Halifax, and Business Administration at the University of Toronto.

These individuals will play a key role in the further development of all Diversified's technologies.

Financing:

Diversified has negotiated a non-brokered private placement for gross proceeds of CDN\$500,000 to consist of 500,000 units at a price of \$1.00 per unit (the "Units"). Each unit will consist of one common share and one half of one non-transferable share purchase warrant. Each full warrant will be exercisable for one common share at a price of \$1.00 for a period of one year from the closing date. The private placement is subject to regulatory approval. All shares and warrants will be subject to the resale restrictions imposed by the Exchange and applicable securities law.

Funds received from the private placement will be used: to complete the Whitelight acquisition and the separate lightweight technology acquisition (announced September 11, 2003); to continue with the ongoing research and development programs for all Diversified technologies (including the DVS 6000 hydrogen sulphide (“H₂S”) scavenger, the lightweight technologies and the thermal light energy technology); and to continue with the ongoing market development efforts on the DVS 6000 H₂S scavenger technology. These proceeds will also be used to contract with a number of qualified individuals in order to advance these technologies in all areas. The Company may pay a finder’s fee in connection with this private placement.

Additional Stock Options:

In addition to the stock options to the founders of Whitelight, Diversified will grant 100,000 stock options in conjunction with the acquisition of the lightweight technologies announced September 11, 2003. In all cases, the stock options will be attached to consulting or employment contracts and are being granted to the key people bringing these technologies to Diversified. As with the options for the Whitelight founders, the proposed price of these options is \$1.00. They will be exercisable for five years, and will be issued under the Company’s stock option plan. As such, they will be subject to a four-month hold, the vesting provisions of the plan, and additional contractual vesting provisions.

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 acquisition is 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 will 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 H₂S 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, visit the Company’s website (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.