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**sp3 Diamond Technologies Enhances
CVD Diamond Cutting Capabilities**

*New Laser Allows sp3 to Offer Specialty Cutting of its CVD Diamond for
Cutting Tools, Dresser Bars and Thermal Management Applications*

SANTA CLARA, Calif. — September 3, 2008 — sp3 Diamond Technologies, Inc. (sp3), a leading supplier of diamond film products, equipment and services, today announced that it has installed a Bettonville 5XS IR Nd: YAG (TEM 00) Laser in its Calgary, Alberta facility. The new laser enables sp3 to perform both near vertical-edge and precision circular cuts of the company's proprietary CVD diamond, significantly enhancing the company's ability to deliver cost-effective CVD diamond to multiple specialty cutting tools, dresser bars and thermal management applications.

With its proprietary optical system and TEM 00 laser source, the sp3 laser is capable of near vertical (<1 degree) cuts, a capability not offered on any previously existing Nd:YAG technology laser system. This ability to cut a vertical edge offers a clear advantage for thermal management applications, in particular edge-mounted diodes. The laser is also capable of a 2-3 degree kerf angle on standard cuts. In addition, the laser is ideal for cutting smaller parts and more complex shapes such as radii and circles and shapes that combine straight, angular and radii components, allowing sp3 to sell its CVD diamond to a broader range of cutting tool customers.

Overall, accuracy has improved by more than four times with a tolerance of plus or minus .0005, and the company can now produce a radius of .001 inches. Additionally, installation of the new laser has allowed sp3 to more than triple its in-house cutting capacity. These benefits mean that sp3 can deliver a higher quantity and quality of cost-effective pre-cut CVD diamond with better edges, more complicated geometries, less waste and improved lead times.

“CVD diamond offers many benefits to users in terms of hardness, thermal conductivity and durability, and it is becoming a mainstream material as it is increasingly cost-competitive with other products,” said Gary Schoettmer, Vice President Operations, sp3 Diamond Technologies. “Most fabricated diamond must also be cut to the shape of the end product, so the quality of the laser is critical to the performance of the end product. This new laser allows us to increase our in-house cutting capacity and capabilities, and has already earned us new customers who required unusual snapstrate configurations for thermal management products. This is a good example of the types of projects we will now be able to offer our CVD diamond customers.”

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About sp3 Diamond Technologies, Inc.

sp3 Diamond Technologies is focused on providing diamond-based solutions for electronics thermal management, diamond-on-silicon applications, and enhanced cutting surfaces. Based in Santa Clara, California, USA, the company provides diamond products for thermal and cutting applications, diamond deposition services, hot filament CVD reactors, and deposition consulting services to companies worldwide across a broad spectrum of industries.

sp3 Diamond Technologies is a subsidiary of sp3 Inc., a full service provider of products and services relating to thin-film and thick-film diamond deposition and other diamond materials.

For more information about the company and its products and services please visit www.sp3diamondtech.com.