



FOR IMMEDIATE RELEASE **RED DEER, ALBERTA FEBRUARY 1, 2010**

DIVERSIFIED ANNOUNCES Q1 RESULTS

Diversified Industries Ltd. (“Diversified”) (DVS/TSX-V) is reporting a consolidated loss of \$163,907 for the three-month period to November 30, 2009 compared to a loss of \$255,194 for the same period in 2008.

Revenue for the period was \$6,177,489 compared to \$4,909,978 during the same period in 2008.

EBITDA for the period was \$270,900 compared to an EBITDA of \$97,400 for the same period a year ago.

Diversified and CFR President / CEO Darren Lamothe commented: Over the course of the past 9 months, the Company has fallen into default with certain financial ratios with its primary lender. As a direct result, the Company fell into further default with its lender, 321 Cathedral. These defaults have resulted in long terms loans to both lenders becoming payable at their respective requests. On the balance sheet, these loans have been moved from long-term debt to short-term debt. The following notes have been included in our first quarter financial statements:

- Note 4 has been expanded to disclose the results of a breach of covenant with the Bank of Montreal and the subsequent breach of the Forbearance Agreement with No. 321 Cathedral Ventures Ltd.
- Reference has been made in Note 14, to the increase in the mortgage securing amounts owing to Cathedral to \$11,000,000 and to the subsequent breach of the Forbearance Agreement with Cathedral.
- Note 6(c) has been expanded to address the fact that the convertible debenture continues to be a financial obligation by the Company to the debenture holders.
- Note 1(l)(iv) has been added to address liquidity risk.
- Loans owing to the Bank of Montreal and Cathedral have been reclassified as current liabilities on the balance sheet as a result of the breaches discussed in Notes 4, 5 and 14.
- Note 1(a) has been added to address going concern considerations.

These revisions made to the audited financial statements released on December 24, 2009 and the restated audited financial statements for that period will be released shortly. The Company is working with its lenders and a resolution to these issues is being worked on at this time.

Diversified's Financial Statements and MD&A for the first quarter ending November 30, 2009 can be found at www.Sedar.com

For more information visit www.dvsind.com or www.cfrchemicals.com

On behalf of the Board of Directors:

"Darren J. Lamothe"

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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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