



**- NEWS RELEASE -**

October 22, 2007

**DIVERSIFIED RECEIVES CONDITIONAL APPROVAL  
FOR THE ACQUISITION OF CFR CHEMICALS**

Diversified Industries Ltd (“Diversified”) is pleased to announce the TSX Venture Exchange (“Exchange”) has granted conditional acceptance for the acquisition by Diversified of 40% of the issued and outstanding shares of CFR Chemicals (“CFR”). The closing of the transaction is anticipated to be completed by month end, at which time shares for the Company will resume trading under the same symbol **DVS/TSX.V**.

“Diversified also plans to exercise its option to purchase an additional 10% of the issued shares of CFR after closing, giving the company 50% ownership interest in CFR. Diversified also has an option to purchase the remaining 50% from the other major shareholder of CFR which is exercisable within the next three years, giving Diversified 100% ownership in CFR”, says Stephen Davis, President / CEO of Diversified.

CFR is a supplier of both commodity and specialty chemicals primarily to the oil and gas industry. In addition, CFR offers services including rail transloading, storage of various chemical products in its bulk tank facilities and custom blending of various chemicals. CFR owns 40 storage tanks of various sizes throughout the province of Alberta, including 35,000 bbls of bulk tank storage situated at its main operating plant located on 22 acres near Sylvan Lake, west of Red Deer, in central Alberta. As part of CFR’s growth strategy, management searches for and exploits opportunities in the chemicals market that give CFR competitive advantages. CFR maintains an ongoing investment in research, development and marketing of new and unique chemical products. CFR’s revenues for the most recently completed financial year ended October 31, 2006 surpassed \$8 million, and revenue for the following 12 months is expected to reach \$12 million.

Please visit the new website for CFR & Diversified which gives a complete description of both companies and their products and services: [www.cfrchemicals.com](http://www.cfrchemicals.com). For complete details of this transaction please refer to Diversified’s March 21, 2007 news release.

On behalf of the Board of Directors:

*“Stephen L. Davis”*

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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.*

*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release*