



NEWS RELEASE

March 21, 2007

DIVERSIFIED INDUSTRIES TO ACQUIRE \$8.0 MILLION OPERATING ENTITY CFR CHEMICALS INC.

Vancouver, BC - **Diversified Industries Ltd. (TSXV: DVS)** ("Diversified" or "DVS") is pleased to announce the signing of a series of purchase and option agreements described in detail below which provide Diversified with the right and option to purchase up to a 100% interest in CFR Chemicals Inc. ("CFR"). Diversified (www.dvsind.com) and CFR (www.cfrchemicals.com) are both active in the oil and gas service industry supplying chemicals to a wide range of customers on an international basis.

CFR is a private Alberta based Oil & Gas Service Company generating a positive cash flow from a solid base of products and customers. In 2005, CFR had gross sales of approximately \$4,000,000 rising to approximately \$8,200,000 in 2006. CFR Revenue for 2007 is projected to be \$12,000,000 and in excess of \$18,000,000 for 2008. The business combination with DVS is expected to further accelerate this growth.

Diversified specializes in the development and commercialization of innovative products and, at present, has several technologies in various stages of negotiations, research, development and commercialization. The Company's lead product is DVS 6000, an innovative hydrogen sulphide scavenger, currently used in the Oil and Gas Industry, with sales in western Canada, the U.S. and select international markets.

"The staged acquisition of CFR by DVS is a strategic move for both companies" says Stephen Davis, President & CEO of Diversified. "The companies have complementary businesses and the combination provides a synergy both in terms of allied products and customer base. The consolidation of sales and marketing, distribution and chemical production will provide for increased efficiency which will in turn equate to better margins and higher earnings per share."

Diversified intends to acquire CFR through a series of three transactions: the first two transactions will result in Diversified owning 50% of CFR for \$375,000, interest, and 12,000,000 common shares; and the third transaction will result in Diversified acquiring the remaining 50% for \$1.875 million along with certain other conditions and payments, as detailed below.

Share Purchase Agreement:

Diversified has entered into a share purchase agreement with CFR and Darren Lamothe, President & CEO of CFR, whereby Diversified has agreed to purchase all of the shares of CFR owned by Mr. Lamothe which comprises 40% of the issued and outstanding shares of CFR in consideration of the payment to Mr. Lamothe of 12,000,000 common shares of Diversified at a deemed price of \$0.20 per share (the "CFR Purchase Transaction"). The common shares to be issued to Mr. Lamothe on closing of the CFR Purchase Transaction will be subject to escrow conditions and resale restrictions under the rules and policies of the TSX Venture Exchange (the "Exchange") and applicable securities laws.

Option Agreements:

Diversified has also entered into two separate option agreements with No. 321 Cathedral Ventures Ltd. ("Cathedral"), owner of 60% of CFR, dated March 8, 2007 (the "Purchase Option Agreements"). Cathedral is a wholly owned holding company of the McLean family. Raymond A. McLean, a previous director of Diversified, directly or indirectly owns 9% of the issued shares of Diversified.

Under the terms of the first option agreement (the "10% Option") Diversified has the right to acquire an additional 10% of the issued shares of CFR from Cathedral in consideration of the payment by Diversified to Cathedral of \$375,000 plus accrued interest of 15% per annum from March 8, 2007 to the date of the exercise of the 10% Option which expires on February 28, 2008. It is Diversified's intent to exercise the 10% Option upon closing of the financing contemplated in this release.

Under the terms of the second option agreement, Diversified has the right to acquire from Cathedral the remaining 50% of the issued shares of CFR exercisable on February 28, 2010 (the "50% Option") in consideration of the following: (a) \$1,875,000 in cash; (b) accrued interest on \$1,875,000 from March 1, 2007 to February 28, 2010 at an interest rate of 10% per annum; (c) an amount equal to 50% of the EBITDA of CFR for the three year period commencing March 1, 2007 and ending February 28, 2010; and (d) a 1 million share option exercisable at a price of \$0.30 per Diversified common share from March 8, 2007 to February 28, 2010. As an additional condition to exercising the 50% Option, Diversified will pay to Cathedral the balance of any CFR shareholder loans outstanding in the name of Cathedral at the time of the exercise of the 50% Option. The shareholder loans carry an annual interest rate of 10% and may be paid out to Cathedral at any time over the next three years prior to the exercise of the 50% Option. In entering into this 50% option agreement, Diversified has locked in its price for the remaining 50% of CFR based on the value as at October 31, 2006.

The completion of the CFR Purchase Transaction and the transactions contemplated by the Option Purchase Agreements are subject to satisfaction or waiver of a number of conditions precedent, including the completion of a \$1,000,000 financing, and acceptance of the Exchange for the financing, purchase and option agreements.

Financing:

Diversified will, in conjunction with the CFR Purchase Transaction, proceed with a private placement financing of \$1,000,000 (the "Financing") at a price of \$0.30 per unit ("Unit") with each Unit comprised of one common share and a one half share purchase warrant. Each full warrant will entitle the holder to purchase one common share at a price of \$0.45 for a period of one year from the close of the Financing. The funds raised through the Financing will be required to complete the CFR Purchase Transaction and provide working capital for Diversified operations. It is contemplated that all or a portion of the Financing will be conducted as a brokered private placement. Further details of the Financing will be provided in a subsequent news release.

Management:

The Board of Directors of Diversified will remain substantially the same other than the addition of two new directors including Mr. Darren Lamothe. Mr. Lamothe will remain as the President and CEO of CFR and will become the President and CEO of Diversified as well as a Director.

The Board of Directors of Diversified will also grant 1.1 million incentive options to the existing employees of CFR at a price of \$0.40 per share, 400,000 of which will be granted to Mr. Lamothe. Diversified also will grant 100,000 incentive options to Reg Allen, a recently appointed Director of Diversified, and 100,000 and 50,000 incentive options to Stephen Davis and Bernard Beauchesne, CFO, respectively. All options will be priced at \$0.40 per common share, have an expiry date of 5 years and will be granted in accordance with Diversified's stock option plan.

The shares of Diversified will remain halted until a determination is made as to whether the purchase of the CFR shares from Darren Lamothe constitutes a Reverse Takeover of Diversified, a Change of Business or simply a Major Transaction. Such determination will be made by the Exchange following the Company's submission for Exchange acceptance of these transactions.

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 has in no way passed upon the merits of the proposed acquisition and has neither approved nor disapproved the content of this press release.