



DIAZ RESOURCES LTD.

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DIAZ ANNOUNCES IMPROVED SECOND QUARTER 2008 RESULTS

Diaz Resources Ltd. (TSX: DZR) ("Diaz") announces that it has filed its Interim Report for the six months ended June 30, 2008.

Diaz's second quarter 2008 revenue and cashflow continued to improve as a result of higher commodity prices and increasing production rates. This marks the second consecutive quarter of improved results.

In Canada, Diaz's production increased as a result of the Big Bend 2007 discovery well which was brought on production at 500 Mcfd on March 20, 2008, and the Leahurst 2007 discovery well which came on stream at 500 Mcfd on June 6, 2008. Diaz has an 80% working interest in both properties.

During the second quarter, Diaz participated in drilling the Ruebush #1 Well, in Lavaca County, Texas, which had an initial production rate of 15.95 MMcfd and has cumulatively produced over 500 MMcf of gas with a current flow rate of approximately 3.2 MMcfd. Diaz has a 1.4% working interest which increases to 10.0% after payout. Payout should occur during the third quarter.

Financial

Revenue for the three month period ended June 30, 2008, totalled \$4.6 million compared with \$3.0 million in Q2 2007. For the six month period, revenue totalled \$7.7 million compared with \$6.3 million for the prior year period. Cash flow from operations increased to \$2.7 million for the quarter, or \$0.04 per share compared with \$1.5 million or \$0.02 per share for Q2 2007. For the six month period, cash flow totalled \$4.4 million or \$0.07 per share compared with \$3.1 million or \$0.05 per share for the prior year period. Diaz reported earnings for the three month period of \$132,000 or nil per share versus a loss of \$488,000 or \$(0.01) per share in Q2 2007. For the six month period, Diaz had a loss of \$249,000 or nil per share versus a loss of \$766,000 or \$(0.01) per share in the prior year.

Capital expenditures for the second quarter and the six month period of 2008 totalled \$1.7 million and \$4.2 million respectively compared with \$3.3 million and \$4.7 million for Q2 2007 and the first six months of 2007. Capital expenditures for the six month period ended June 30, 2008, were financed from cash flow and an increase in bank debt.

Diaz completed the second quarter with net current debt of \$8.5 million versus \$9.4 million at the beginning of the quarter. Diaz also had convertible debentures outstanding of \$7.1 million that mature on March 26, 2012.

Production

Natural gas production for the second quarter increased slightly to 4.8 MMcfd from 4.7 MMcfd in Q2 2007. Oil production for the quarter averaged 153 Bopd compared with 78 Bopd for Q2 2007. Overall, production for the quarter was 955 BOEd for Q2 2008 compared with 868 BOEd for Q2 2007. For the six month period ended June 30, 2008, production averaged 886 BOEd compared with 942 BOEd in the prior year.

Business Outlook

During the second quarter, natural gas prices increased to the range of \$10.00 to \$12.00 per Mcf resulting from low year-on-year storage inventories in Canada and in the United States. Subsequent to the second quarter, gas prices have declined, to the range of \$7.50 to \$9.00 per Mcf, as a result of increasing gas inventories in the U.S. It is expected that natural gas prices will stay in this range until the winter heating season, unless there is a disruption of the U.S. supply, by a hurricane, or increased cooling demand in the U.S.

The Company's priority for 2008 continues to be optimization of existing properties while balancing capital investment with operating cashflow.

(Thousands, except per share amounts) (unaudited)	Six Months Ended June 30	
	2008	2007
Financial		
Total revenue	\$ 7,746	\$ 6,262
Cash flow from operations	4,382	3,097
per share, diluted	0.07	0.05
Loss for the period	(249)	(766)
per share, diluted	0.00	(0.01)
Capital additions	4,232	5,188
Dispositions	18	462
Net current debt	8,481	6,534
Convertible debentures*	5,961	5,708
Total assets	61,114	60,503
Total shares outstanding at period end	67,218	63,929
Operations		
Production		
Gas (MMcfd)	4.4	5.1
Oil (Bopd)	155	84
BOEd (6 Mcf = 1 Bbl)	887	942
Product Prices		
Gas (\$/Mcf)	\$8.69	7.36
Oil (\$/Bbl)	\$87.50	58.90

* Convertible debentures issued in Q1 2007, have a face value of \$7.1 million and mature on March 26, 2012.

BOE Presentation – the term barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in this report are derived by converting gas to oil in the ratio of six Mcf of gas to one Bbl of oil.

It should not be assumed that estimates of future revenues presented in this press release represent fair market value of the reserves.

Financial Reporting – all numbers are reported in Canadian dollars.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Forward-looking statements – statements included in this press release that are not historical facts may be considered “forward-looking statements.” All estimates and statements that describe the Company’s objectives, goals or future plans are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties where actual results could differ materially from those currently anticipated.

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