



DIAZ RESOURCES LTD.

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DIAZ RESOURCES LTD. REPORTS FINANCIAL RESULTS FOR FIRST HALF, 2002

Diaz's financial results were negatively impacted during the first half of 2002 by significantly lower commodity prices, compared with those prevailing one year earlier, combined with shut-in gas production and delays in tying in new production. The Company received an average of \$3.61 per mcf in 2002, compared with \$6.91 per mcf in the prior year, resulting in a 53% decrease in production revenue.

Cash flow for the period decreased to \$1.6 million, or \$0.04 per share compared with \$4.9 million, or \$0.13 per share in 2001. Diaz reported a loss of \$79,000 for the six months ended June 30, 2002, compared with earnings of \$2.3 million in 2001.

Natural gas production for the first half of 2002 decreased to an average of 5.0 mmcf/d compared with 6.0 mmcf/d a year earlier. Oil production averaged 144 bbls/d for the period compared with 203 bbls/d for the same period in 2000. Total production averaged 975 boe/d compared with 1,202 boe/d in 2001.

With gas prices remaining low during the summer months, Diaz elected to shut-in 0.5 mmcf/d of natural gas production and to delay the completion and connection of new wells with a further 2.0 mmcf/d of natural gas production, net to Diaz. The Company plans to place this production on-stream for the winter heating season.

SUMMARY OF OPERATIONS For the Six Months ended June 30

<i>(Thousands, except per share amounts)</i>	2002	2001
Financial		
Total revenue	\$ 3,344	\$ 6,878
Cash flow	\$ 1,568	\$ 4,867
Cash flow per share	\$ 0.04	\$ 0.13
Earnings (loss)	\$ (79)	\$ 2,258
Earnings (loss) per share	\$0.00	\$ 0.06
Capital additions	\$ 3,023	\$ 7,390
Dispositions	\$ 502	\$ 491
Net debt	\$ 10,769	\$ 9,172
Total assets	\$ 31,202	\$ 28,445
Total shares outstanding, at period end	41,854	37,807
Operations		
Production		
Gas (mmcf/d)	5.0	6.0
Oil (bbls/d)	144	203
Boe/d (6mcf = 1bbl)	975	1,202
Product prices		
Gas per mcf	\$ 3.61	\$ 6.91
Oil per bbl	\$ 32.46	\$ 36.72

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 statement involve inherent risks and uncertainties where actual results could differ materially from those currently anticipated.

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