



# DIAZ RESOURCES LTD.

#1800, 633 Sixth Avenue S.W.  
Calgary, Alberta  
T2P 2Y5 Canada

The following is for immediate release in Canada, Tuesday, May 27, 2003.

## **DIAZ REPORTS IMPROVED FINANCIAL RESULTS FOR FIRST QUARTER, 2003; UPDATES TEXAS ACTIVITY**

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Diaz Resources Ltd. today reported that its financial results, for the three months ended March 31, 2003, were significantly improved from one year ago, primarily as a result of higher commodity prices. The Company received an average of \$6.60 per mcf during the first quarter of 2003, compared with \$3.34 per mcf for the same period in 2002.

Revenue for the three months ended March 31, 2003 totaled \$2.4 million, compared with \$1.5 million one year earlier. Cash flow for the period increased to \$1.5 million, or \$0.03 per share compared with \$633,000, or \$0.02 per share in 2002. Diaz reported earnings for the three months ended March 31, 2003 of \$483,000, or \$0.01 per share compared with a loss of \$78,000 reported in 2002.

Diaz also reported that gas testing was underway from the first zone in the multi-zone Lehrer #1 well drilled on the Mustang Creek prospect in Colorado County, Texas, in which Diaz holds an 8% working interest. The Company anticipates that two additional zones will be perforated within two weeks and the three zones commingled for production. The well is already tied-in to an adjacent pipeline system. Diaz anticipates that a second well on this prospect will commence drilling in July 2003.

The Company also reported that it will complete a behind pipe Wilcox zone in the Provident City #1 well, located along trend from the Mustang Creek prospect. Diaz holds a 12.7% working interest in this well.

Diaz is a Calgary based oil and gas exploration Company with production in Alberta, Saskatchewan and Texas.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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DIAZ RESOURCES LTD.

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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.*

*THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR  
THE ADEQUACY OR ACCURACY OF THIS RELEASE.*



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## SUMMARY OF OPERATIONS

<i>(Thousands, except per share amounts)</i>	<b>Three Months Ended March 31</b>	
	<b>2003</b>	2002
<b>Financial</b>		
Total revenue	\$ 2,389	\$ 1,526
Cash flow	\$ 1,458	\$ 633
Cash flow per share (diluted)	\$ 0.03	\$ 0.02
Earnings (loss) for the period	\$ 483	\$ (78)
Earnings per share	\$ 0.01	\$ (0.00)
Capital additions	\$ 1,560	\$ 1,343
Dispositions	\$ 268	\$ -
Net debt	\$ 9,793	\$ 10,471
Total assets	\$ 32,384	\$ 30,475
<b>Operations</b>		
<b>Production</b>		
Gas (mmcf/d)	4.4	5.0
Oil (bbls/d)	96	149
Boe/d (6mcf = 1bbl)	822	988
<b>Product Prices</b>		
Gas (\$/mcf)	\$ 6.60	\$ 3.34
Oil (\$/bbl)	\$ 46.34	\$ 29.10
<b>Total shares outstanding, at period end</b>	<b>45,914</b>	41,860

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