



DIAZ RESOURCES LTD.

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The following is for release in Canada at 7:00 a.m., Wednesday, September 3, 2003.

DIAZ COMMENCES DRILLING 17,000 FOOT TEXAS WELL AND ENTERS INTO AGREEMENT TO DRILL SIGNIFICANT DEEP WILCOX PROSPECT

Diaz Resources Ltd. today announced that the second well on the Mustang Creek Prospect, the Lehrer #2, commenced drilling on September 1, 2003. The Lehrer #2 well is planned to drill to 17,000 feet to test deeper Wilcox sands identified on 3D seismic and to intersect the lower Wilcox sands encountered in the Lehrer #1 well at a structurally higher elevation and to further delineate the size of the pool discovered by the Lehrer #1 well. Diaz has a 9% working interest in the Lehrer #2 well. The Lehrer #1 well is currently producing at a rate of 2.3 mmcf/d from three shallower sands.

In addition, Diaz reports that it has executed a letter of intent to farm-out to and participate with a major U.S. independent, in the drilling of a 15,500 foot exploration well on its second prospect within the Company's core exploration area on the Lower Wilcox Trend in Lavaca County, Texas. The Prospect is approximately nine miles southwest of the Company's successful first well on a prospect at Mustang Creek in Colorado County, Texas. Diaz will receive \$71,000 as reimbursement for land and geophysical costs and will pay 15% of the drilling costs to retain a 22.5% working interest, at casing point, in the second prospect

Diaz also reports that production from a recent Wilcox re-completion, Provident City #1, on Diaz's Provident City prospect, is performing excellently and producing at a rate of 12 mmcf/d with a flowing pressure of 7,250 psi. The Company has a 12.7% interest in this well.

Diaz is a Calgary based oil and gas exploration Company with production in Alberta, Saskatchewan and Texas. Diaz is currently focused on exploring for natural gas in Alberta.

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.

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