



DIAZ RESOURCES LTD.

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

The following is for immediate release in Canada, Monday, October 25, 2004.

DIAZ UPDATES RESERVES EVALUATION – SHOWS 38% INCREASE IN VALUE

Diaz Resources Ltd. today announced that it has engaged AJM Petroleum Consultants, independent engineering consultants, to prepare a reserve and economic evaluation of its oil and gas properties effective September 30, 2004.

The AJM report assigned proved and probable reserves of 23.5 Bcf of natural gas and 244 Mstb of oil to Diaz as at September 30, 2004.

The present value of the reserves, discounted at 10%, has increased from the December 31, 2003 evaluation by 38.1%, to \$56.9 million and Diaz's proved producing reserve value has increased by 70.5%, to \$29.0 million. The increased values reflect Diaz's successful 2004 development program, which included the connection of 18 gas wells and one oil well during the first nine months of 2004, and an increase in commodity prices.

The Statement of Reserves Data will be filed at www.sedar.com within the next two weeks.

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:

Robert W. Lamond, Chairman – or – Charles A. (Tony) Teare, Executive Vice President

DIAZ RESOURCES LTD.

Telephone: (403) 269-9889

Fax: (403) 269-9890

Website: www.diazresources.com

Email: info@diazresources.com

TSX: DZR.a / DZR.b

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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.**

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF SEPTEMBER 30, 2004
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	RESERVES							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
	Gross ⁽²⁾ (MBbl)	Net ⁽³⁾ (MBbl)	Gross (MBbl)	Net (MBbl)	Gross (MMcf)	Net (MMcf)	Gross (MBbl)	Net (MBbl)
PROVED								
Developed Producing	194	165	6	5	8,900	7,248	11	9
Developed Non-producing	-	-	-	-	461	394	-	-
Undeveloped	-	-	-	-	5,633	4,869	9	6
TOTAL PROVED	194	165	6	5	14,994	12,511	20	15
PROBABLE	9	9	7	6	8,544	7,092	8	5
TOTAL PROVED PLUS PROBABLE	203	174	13	11	23,538	19,603	28	20

**NET PRESENT VALUES OF FUTURE NET REVENUE⁽⁴⁾
BEFORE INCOME TAXES DISCOUNTED AT:
(% per year)**

RESERVES CATEGORY	(% per year)		
	0 (MM\$)	10 (MM\$)	15 (MM\$)
PROVED			
Developed Producing	38.0	29.0	26.3
Developed Non-producing	1.9	1.6	1.5
Undeveloped	17.0	10.3	8.3
TOTAL PROVED	56.9	40.9	36.1
PROBABLE	31.2	16.0	12.6
TOTAL PROVED PLUS PROBABLE	88.2	56.9	48.7

NOTE: (1) Figures may not add due to rounding.

(2) Gross reserves are Diaz's share of reserves before royalties.

(3) Net reserves are Diaz's share of reserves and royalty interest, net of royalties payable to third parties.

(4) Net present value of future net revenue assumes an AECO average gas price of \$7.00/Mcf until the end of 2005, \$6.85 in 2006, \$6.25 in 2007 and \$6.05 in 2008 and a Nymex gas price of \$6.00 US to 2005, \$5.75 US in 2006, \$5.25 US in 2007 and \$5.00 US in 2008. Oil price was assumed to be \$57.55 in 2004, \$52.20 in 2005, \$47.85 in 2006, \$46.05 in 2007 and \$44.15 in 2008 at Edmonton City Gate in Canada and WTI prices of \$44.00 US in 2004, \$40.00 US in 2005, \$36.00 US in 2006, \$34.00 US in 2007 and \$32.00 US in 2008.

Note: Net present value does not represent fair market value.

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