



DIAZ RESOURCES LTD.

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

The following is for immediate release in Canada, March 31, 2005.

DIAZ REPORTS IMPROVED FINANCIAL AND OPERATING RESULTS AND INCREASED RESERVES FOR 2004, AND CONFIRMS SIGNIFICANT DISCOVERIES

Financial and Operating

Diaz Resources Ltd. today reported record financial and operating results for the year ended December 31, 2004. Revenue for the year increased by approximately 40% to \$14.3 million, from \$10.0 million in 2003. Higher revenues resulted from increases in production and commodity prices, during the year.

Cash flow for the year increased to \$8.8 million, or \$0.15 per share, fully diluted, compared with \$5.8 million, or \$0.12 per share in 2003. The Company reported earnings of \$1.5 million, or \$0.03 per share, compared with earnings of \$2.0 million in the prior year.

Oil and gas production increased to average 1,175 BOEd, compared with 904 BOEd in 2003. Natural gas production increased by 30% to 6.4 MMcfd for the year, while oil production increased 29% to 110 Bopd in 2004.

Diaz also announced that an independent evaluation of the Company's oil and gas reserves, conducted by AJM Petroleum Consultants, effective March 17, 2005, has assigned established reserves of 4,848 MBOE to the Company's properties, having a net present value, before income tax, of \$65.9 million, at a 10% discount rate. Established reserves increased by 8.25% during the year. Diaz has used the current industry standard of six Mcf of natural gas to one barrel of oil for the BOE conversion.

Summary of Reserves

SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2004
FORECAST PRICES AND COSTS

<u>COMPANY TOTAL</u>	RESERVES							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
	Gross (MBbl)	Net (MBbl)	Gross (MBbl)	Net (MBbl)	Gross (MMcfd)	Net (MMcfd)	Gross (MBbl)	Net (MBbl)
RESERVES CATEGORY								
PROVED								
Developed Producing	166	141	5	4	7,273	5,967	8	6
Developed Non-producing	-	-	-	-	591	486	-	-
Undeveloped	67	53	-	-	7,551	6,526	25	19
TOTAL PROVED	233	194	5	4	15,415	12,979	33	25
PROBABLE	76	54	8	7	11,411	9,437	15	10
TOTAL PROVED PLUS PROBABLE	309	248	13	11	26,826	22,416	48	35

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

Exploration

Exploration highlights of the year included the drilling of a four-zone Wilcox gas well at Allen Ranch, Colorado County, Texas. The lowest of the four zones was completed last week and flowed at a rate of 1.6 MMcfd with a flowing pressure of 4,350 psi. A second zone in the well, in which Diaz holds a 20% working interest will be completed within the next two weeks and commingled with the lowest zone. Production facilities and a pipeline to the well are currently being installed.

In addition, the Company has completed a well in the Harmattan area of west central Alberta which encountered both a gas zone and an oil zone. Well details are currently confidential but the well is presently being tied in to production facilities and should be placed on stream within two weeks. Diaz holds a 40% working interest in the well and has licensed a second well in the same area.

Diaz is an oil and gas exploration and production company based in Calgary, Alberta. Diaz's current focus is on shallow gas developments in southern Alberta and deep Wilcox gas exploration in Texas.

SEDAR Filings

Further information regarding financial and operating results may be obtained at www.sedar.com, where the Company's MD&A and financial statements have been filed.

Diaz has also filed its Annual Information Form ("AIF"), which includes the Company's reserves data and other oil and gas information for the year ended December 31, 2004, as mandated by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators*. Copies of Diaz's AIF may be obtained at www.sedar.com.

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

Summary of Operations

<i>(Thousands, except per share amounts)</i>	Years Ended December 31	
	2004	<i>(Restated)</i> 2003
Financial		
Total revenue	\$ 14,281	\$ 10,067
Cash flow from operations	\$ 8,785	\$ 5,766
per share, diluted	\$ 0.15	\$ 0.12
Net earnings for the year	\$ 1,544	\$ 2,041
per share, diluted	\$ 0.03	\$ 0.04
Property, plant and equipment		
Additions	\$ 12,151	\$ 8,699
Dispositions	\$ 212	\$ 921
Net debt	\$ 9,095	\$ 7,100
Total assets	\$ 46,675	\$ 39,636
Total shares outstanding	59,601	57,277
Operations		
Production		
Gas (MMcfd)	6.4	4.9
Oil (Bopd)	110	86
BOEd (6Mcf = 1Bbl)	1,175	904
Product Prices		
Gas (\$/Mcf)	\$ 6.77	\$ 6.05
Oil (\$/Bbl)	\$ 47.05	\$ 44.26
Reserves (proved plus probable, future costs and prices)		
Gas (Bcf)	26.8	25.1
Oil (MBbl)	370.0	282.0
BOE (millions)	4.8	4.5
Present value, before tax (\$millions at 10%)	\$ 65.9	\$ 40.9
Undeveloped land holdings (net acres)		
Canada		
Alberta	79,505	95,630
Saskatchewan	4,801	6,686
United States	3,228	2,608
Total net acreage	87,534	104,924

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