



DIAZ RESOURCES LTD.

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

The following is for release in Canada, Tuesday, May 17, 2005.

DIAZ REPORTS FINANCIAL AND OPERATING RESULTS FOR FIRST QUARTER, 2005

Highlights of the first quarter were the completion of key wells on the Allen Ranch prospect, Texas and at Harmattan, in Alberta.

At Allen Ranch, the well encountered four highly prospective Wilcox sands; has since been completed and is currently producing at 3.6 MMcfd. Diaz has a 20% working interest in this well.

At Harmattan, in central Alberta, the Company drilled a dual zone discovery which commenced production at a rate of 600 Bopd and 960 MMcfd. The well will be restricted to its initial allowed rate of 126 BOEd until a successful *Good Production Practice* application has been approved. Diaz holds a 40% working interest in the Harmattan well.

Financial

Revenue for the three months ended March 31, 2005 totaled \$3.4 million compared with \$3.1 million one year earlier.

Cash flow for the period increased to \$2.1 million, or \$0.03 per share compared with \$2.0 million, or \$0.03 per share in 2004. Diaz reported earnings for the three months ended March 31, 2005 of \$390,000, or \$0.01 per share compared with \$590,000, or \$0.01 per share reported in 2004.

Capital expenditures totaled \$2.3 million compared with \$2.9 million in 2004, and were financed from cash flow and a slight increase in debt. Diaz completed the first quarter of 2005 with net debt of \$9.2 million and debt repayability, annualized, from cash flow from operations was 1.1 times.

Operating

For the first quarter of 2005, natural gas production averaged 6.0 MMcfd compared with 5.6 MMcfd in 2004. Oil production averaged 118 Bopd compared with 104 Bopd in 2004. Total production averaged 1,121 BOEd from 1,040 BOEd in 2004, an 8% increase.

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.

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.SV.a / DZR.MV.b

Summary of Operations

<i>(Thousands, except per share amounts)</i>	Three Months Ended March 31	
	2005	2004
Financial		
Total revenue	\$ 3,436	\$ 3,112
Cash flow from operations	\$ 2,068	\$ 1,973
per share, diluted	\$ 0.03	\$ 0.03
Earnings for the period	\$ 390	\$ 590
per share, diluted	\$ 0.01	\$ 0.01
Capital additions	\$ 2,260	\$ 2,929
Dispositions	\$ -	\$ 17
Net debt	\$ 9,211	\$ 7,992
Total assets	\$ 46,455	\$ 39,805
Operations		
Production		
Gas (MMcfd)	6.0	5.6
Oil (Bopd)	118	104
BOEd (6Mcf = 1Bbl)	1,121	1,040
Product Prices		
Gas (\$/Mcf)	\$ 6.91	\$ 6.86
Oil (\$/Bbl)	\$ 53.58	\$ 42.24
Total shares outstanding, at period end	59,801	57,501

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