



DIAZ RESOURCES LTD.

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The following is for release in Canada, Monday, August 15, 2005.

DIAZ REPORTS INCREASED PRODUCTION VOLUMES AND FINANCIAL AND OPERATING RESULTS FOR FIRST SIX MONTHS OF 2005

Diaz today reported that while its operating results for the second quarter of 2005 were similar to those reported for the second quarter of 2004, the commencement of production from new wells at Harmattan in Alberta and at Allen Ranch in Texas increased the Company's average production significantly, to 1,359 BOEd for the month of June 2005.

Increased production rates from the previously announced well at Hound Dog, Texas, currently producing at 4.5 MMcfd, in which Diaz has a working interest of 22.5%, will markedly improve the Company's financial results for the second half of 2005.

Financial

Revenue for the six months ended June 30, 2005 totaled \$7.7 million compared with \$6.9 million one year earlier.

Cash flow for the period increased to \$4.6 million, or \$0.08 per share compared with \$4.5 million, or \$0.08 per share in 2004. Diaz's cash flow was negatively impacted by \$556,000 of current taxes payable in the United States. During the balance of 2005, the Company plans to increase its capital budget in the U.S., which will defer the current taxes payable. Diaz reported earnings for the six months ended June 30, 2005 of \$1.2 million, or \$0.02 per share compared with \$1.0 million, or \$0.02 per share reported in 2004.

Capital expenditures totaled \$5.1 million compared with \$5.4 million in 2004, and were financed from cash flow and debt. The Company's net debt at the end of the quarter was \$9.6 million and debt repayability, annualized, from cash flow from operations was one time.

Operating

For the second quarter of 2005, natural gas production averaged 6.1 MMcfd compared with 6.3 MMcfd in 2004. Oil production increased to average 153 Bopd compared with 106 Bopd in 2004. Total production increased slightly to average 1,166 BOEd from 1,148 BOEd in 2004.

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, as well as the Diaz website at www.diazresources.com.

Summary of Operations

<i>(Thousands, except per share amounts)</i>	Six Months Ended June 30	
	2005	2004
Financial		
Total revenue	\$ 7,689	\$ 6,930
Cash flow from operations	\$ 4,560	\$ 4,513
per share, diluted	\$ 0.08	\$ 0.08
Earnings for the period	\$ 1,221	\$ 950
per share, diluted	\$ 0.02	\$ 0.02
Capital additions	\$ 5,122	\$ 5,437
Dispositions	\$ 50	\$ 17
Net debt	\$ 9,604	\$ 7,882
Total assets	\$ 48,563	\$ 43,251
Operations		
Production		
Gas (MMcfd)	6.1	6.3
Oil (Bopd)	153	106
BOEd (6Mcf = 1Bbl)	1,166	1,148
Product Prices		
Gas (\$/Mcf)	\$ 7.21	\$ 6.93
Oil (\$/Bbl)	\$ 56.46	\$ 44.68
Total shares outstanding, at period end	59,802	57,342

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