



The following is for immediate release in Canada, Friday, March 31, 2006

DIAZ REPORTS IMPROVED FINANCIAL AND OPERATING RESULTS, AND INCREASED RESERVES, FOR 2005

Diaz is an oil and gas exploration and production company based in Calgary, Alberta. Diaz's current focus is on the exploration for natural gas along a deep Wilcox Trend in Texas and shallow gas in southern Alberta.

Financial and Operating

Diaz Resources Ltd. today reported record financial and operating results for the year ended December 31, 2005. Revenue for the year increased by approximately 30%, to \$18.6 million from \$14.3 million in 2004. Higher revenues resulted from increases in commodity prices and production, during the year.

Cash flow for the year increased to \$12.1 million, or \$0.20 per share, fully diluted, compared with \$8.8 million, or \$0.15 per share in 2004. The Company reported earnings of \$4.4 million, or \$0.07 per share, compared with earnings of \$1.5 million, or \$0.03 per share in the prior year.

Oil and gas production increased to average 1,212 BOED, compared with 1,175 BOED in 2004. Natural gas production remained relatively unchanged at 6.3 MMcfd for the year, while oil production increased by 46%, to 161 Bopd from 110 Bopd in 2004.

Exploration

United States

The most significant event of 2005 was the drilling of two deep multiple pay Wilcox gas wells on the Allen Ranch prospect in Lavaca County, Texas. In addition, a second Wilcox well on the Hound Dog prospect, which was drilled subsequent to year end, also encountered multiple Wilcox zones. These wells provide information and encouragement for an increased development program on these prospects, during 2006. Diaz also has plans for development drilling operations on its Mustang Creek property and an exploration well on a new prospect, at Northwest Speaks, also on the Wilcox Trend.

Canada

Diaz participated in the drilling of a new oil pool discovery in southern Alberta and its first horizontal oil well at Parkman, Saskatchewan. In 2006, the Company plans to continue to drill infill gas wells at Retlaw and Enchant, to explore for natural gas in central Alberta, and to follow up on two oil wells drilled in 2005, with new wells in the Hays area of Alberta and at Parkman in Saskatchewan.

Reserves

Diaz also announced that an independent evaluation of the Company's oil and gas reserves, conducted by AJM Petroleum Consultants, dated March 20, 2006, has assigned proved and probable plus reserves of 5.5 million BOE to the Company's properties, having a net present value, before income tax, of \$128.4 million, at a 10% discount rate. The Company's proved plus probable reserves increased by 15% and the net present value of the reserves increased by 95%, during the year.



DIAZ RESOURCES LTD.

#1800, 633 Sixth Avenue S.W.
Calgary, Alberta
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SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2005
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 (MMcf)	Net (MMcf)	Gross (MBbl)	Net (MBbl)
RESERVES CATEGORY								
PROVED								
Developed Producing	206	171	-	-	6,828	5,601	27	19
Developed Non-producing	11	9	-	-	1,464	1,177	-	-
Undeveloped	63	57	-	-	7,128	6,178	14	10
TOTAL PROVED	280	238	-	-	15,421	12,956	41	29
PROBABLE	101	86	-	-	14,955	12,186	17	12
TOTAL PROVED PLUS PROBABLE	382	323	-	-	30,376	25,142	58	41

<u>COMPANY TOTAL</u>	NET PRESENT VALUES OF FUTURE NET REVENUE									
	BEFORE INCOME TAXES DISCOUNTED AT (% per year)					AFTER INCOME TAXES DISCOUNTED AT (% per year)				
	0	5	10	15	20	0	5	10	15	20
RESERVES CATEGORY	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)	(MM\$)
PROVED										
Developed Producing	55.7	49.0	44.2	40.5	37.6	44.2	38.7	34.9	32.1	29.7
Developed Non-producing	10.5	9.2	8.2	7.4	6.7	6.8	5.9	5.2	4.6	4.2
Undeveloped	40.6	30.8	24.5	20.2	17.0	26.9	20.0	15.6	12.7	10.4
TOTAL PROVED	106.8	89.0	76.9	68.0	61.3	77.8	64.7	55.8	49.4	44.4
PROBABLE	98.5	69.0	51.5	40.3	32.8	65.7	45.6	33.7	26.2	21.0
TOTAL PROVED PLUS PROBABLE	205.3	158.0	128.4	108.4	94.1	143.6	110.3	89.6	75.5	65.4



SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF DECEMBER 31, 2005
FORECAST PRICES AND COSTS

YEAR	OIL		NATURAL GAS		NGLs		
	WTI	Edmonton	AECO	NYMEX	Edmonton Par Price		
	Cushing	Par Price			Propane	Butane	Condensate
	Oklahoma	40 ⁰ API	Gas Price	Gas Price	(\$Cdn/bbl)	(\$Cdn/bbl)	(\$Cdn/bbl)
	(\$US/bbl)	(\$Cdn/bbl)	(\$Cdn/Mcf)	(\$US/Mcf)			
Forecast							
2006	60.00	69.60	11.50	11.50	45.25	55.70	73.10
2007	61.20	71.00	10.50	10.20	46.15	56.80	74.55
2008	62.45	72.50	8.90	8.85	47.15	58.00	76.15
2009	61.60	71.50	8.50	8.50	46.50	57.20	75.10
2010	59.55	69.10	8.70	8.65	44.90	55.30	72.55
2011	55.15	63.90	8.90	8.85	41.55	51.10	67.10
2012	56.35	65.30	9.10	9.00	42.45	52.25	68.55
2013	57.45	66.60	9.30	9.20	43.30	53.30	69.95
2014	58.60	67.95	9.50	9.35	44.15	54.35	71.35
2015	59.75	69.30	9.75	9.55	45.05	55.45	72.75
2016	60.90	70.70	10.00	9.75	45.95	56.55	74.25
2017	62.10	72.10	10.20	9.95	46.85	57.70	75.70
2018	63.40	73.60	11.45	10.15	47.85	58.90	77.30
2019	64.65	75.10	10.70	10.35	48.80	60.10	78.85
2020	65.95	76.60	10.90	10.55	49.80	61.30	80.45
2021	67.30	78.20	11.15	10.75	50.85	62.55	82.10
2022	68.65	79.80	11.45	11.00	51.85	63.85	83.80
2023	70.00	81.40	11.70	11.20	52.90	65.10	85.45
2024	71.40	83.05	12.00	11.45	54.00	66.45	87.20
2025	72.80	84.70	12.20	11.65	55.05	67.75	88.95
2026+	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Notes:

- (1) These summary tables identify benchmark reference pricing schedules that might apply to a reporting issuer.
- (2) Inflation rates (for forecasting prices and costs) increasing at the rate of 2% per year.
- (3) Exchange rates (used to generate the benchmark reference prices in these tables) remaining constant at 0.85.
- (4) Definitions and other information concerning the reserve report may be obtained in the Company's AIF filed on SEDAR.

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.



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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, 2005, 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.

BOE Presentation – The term barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in this report are derived by converting gas to oil in the ratio of six Mcf of gas to one Bbl of oil.

Financial Reporting – All numbers are reported in Canadian dollars.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Summary of Operations

<i>(Thousands, except per share amounts)</i>	Years Ended December 31	
	2005	2004
Financial		
Total revenue	\$ 18,567	\$ 14,281
Cash flow from operations	\$ 12,134	\$ 8,785
per share, basic and diluted	\$ 0.20	\$ 0.15
Net earnings for the year	\$ 4,416	\$ 1,544
per share, basic and diluted	\$ 0.07	\$ 0.03
Property, plant and equipment		
Additions	\$ 13,194	\$ 11,804
Dispositions	\$ 962	\$ 212
Net debt	\$ 7,475	\$ 9,095
Total assets	\$ 56,588	\$ 46,675
Total shares outstanding	61,550	59,601
Operations		
Production		
Gas (MMcfd)	6.3	6.4
Oil (Bopd)	161	110
BOEd (6Mcf = 1Bbl)	1,212	1,175
Product Prices		
Gas (\$/Mcf)	\$ 8.64	\$ 6.77
Oil (\$/Bbl)	\$ 62.13	\$ 47.05
Reserves (proved plus probable, future costs and prices)		
Gas (Bcf)	30.3	26.8
Oil (MBbl)	439	370
BOE (Millions)	5.5	4.8
Present value, before tax (\$Millions at 10%)	\$ 128.4	\$ 65.9
Undeveloped land holdings (net acres)		
Canada		
Alberta	66,424	79,505
Saskatchewan	4,235	4,801
United States	1,648	3,228
Total net acreage	72,307	87,534

Forward-looking statements – the press release today contains “forward-looking” information. Actual results could differ materially from the conclusions, forecasts or projections in the forward-looking information. Certain material factors and assumptions were applied in drawing the conclusions or making the forecasts or projections as reflected in the forward-looking information. Additional information about the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information and the material factors or assumptions that were applied in drawing the conclusion or making the forecast or projection as reflected in the forward-looking information is contained in the press release.

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