



DIAZ RESOURCES LTD.

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DIAZ ANNOUNCES YEAR END RESULTS AND RESERVES SUMMARY

Diaz Resources Ltd. (TSX: DZR) ("Diaz") announces that it has filed its MD&A, Financial Statements, and its Annual Information Form.

The year 2006 was difficult for Diaz and the gas industry, due to poor fundamentals impacting natural gas pricing and a steady erosion of energy stock prices which continued through early 2007. By the end of the first quarter of 2007, however, natural gas fundamentals had significantly changed for the better and the Company is very optimistic for the balance of this year.

During the first quarter of 2006, natural gas prices weakened due to the unseasonably warm winter heating season and the consequent rapid build up of natural gas in storage both in Canada and the United States. Drilling for natural gas also reached record levels and resulted in extremely high service costs principally relating to drilling and completion work. As a result of these factors, natural gas prices declined during the year and reached a low of approximately \$4.00 per Mcf in September 2006.

Exploration and Development

As a result of the poor commodity outlook, Diaz reduced its ongoing shallow gas drilling program in Alberta and refocused its activities on higher impact U.S. drilling, oil development drilling, land purchases, and the tie-in of existing shut-in gas wells.

United States

During 2006, Diaz conducted completion operations on both wells at Allen Ranch in Texas, drilled and cased a second well on the Hound Dog property and commenced leasing and seismic acquisition for additional prospects on the Wilcox Trend. Diaz has identified up to 16 different locations for wells on lands currently under lease and will rank and prioritize these wells for drilling during 2007 and 2008.

In Texas, follow-up 3D seismic work surrounding the Allen Ranch location led to the identification of a large structure to the east, "Cheney", which was leased and partnered during the second half of 2006 and will spud in April 2007. Cheney offsets the Company's Allen Ranch

field to the west and Newfield Corporation's EPC field to the north. The Cheney structure has the potential to yield over 100 Bcf of natural gas if the first well is successful.

Canada

Diaz's 2006 Canadian drilling program was redirected to oil prospects during most of the year with 50% of the drilling activity for the year focused on oil versus 33% in 2005. Infill natural gas drilling was postponed for the year and will commence during 2007.

In Alberta, the Company completed its Jaslan natural gas project in November 2006 adding 1.0 MMcf per day of production and announced an Arcs oil discovery at Hays. Both of these projects will receive additional development attention in 2007.

Financial

Revenue for 2006 totaled \$14.9 million compared with \$18.6 million in 2005. Cash flow from operations decreased to \$8.6 million, or \$0.14 per share compared with \$12.1 million or \$0.20 per share in 2005. Diaz reported earnings for the year of \$1.7 million, or \$0.03 per share compared with \$4.4 million, or \$0.07 per share, reported in 2005.

Capital expenditures for 2006 totaled \$14.2 million compared with \$13.2 million in 2005 and were financed from cash flow, an increase in corporate debt, and proceeds of an equity financing completed in December 2006.

Diaz completed 2006 with net debt of \$11.2 million versus \$7.5 million at the beginning of the year and debt repayability from cash flow from operations was 1.3 times, an increase from 0.7 times for 2005.

Production

Natural gas production for the year decreased to 6.0 MMcfd from 6.3 MMcfd for 2005 and oil production declined to average 130 Bopd for 2006 compared with 161 Bopd for the prior year.

Gas production in the United States averaged 3.0 MMcfd for 2006 compared with 2.6 MMcfd in 2005 which is higher than originally anticipated despite the requirement to upgrade certain production facilities at the Company's Provident City gas field.

Business Outlook

By February 2007, natural gas storage levels in the United States and Canada had dropped below last year's levels as cold temperatures in Canada and the eastern United States contributed to larger than expected draw downs. Also, gas targeted rig activity in Canada has declined substantially. Both of these factors have contributed to the strengthening of natural gas prices in early 2007 and Diaz anticipates strong gas prices for the balance of the year.

As a result of this positive trend, the Company plans to accelerate its gas-targeted activities throughout the year. To assist in financing this expanded program, the Company raised \$2 million of flow through shares, in December 2006. In addition, the Company has recently closed an issue of \$7.1 million of convertible debentures. These financings greatly add to the Company's financial flexibility and will permit increased drilling and the acquisition of natural gas assets while general industry conditions are steadily recovering.

Oil and Gas Reserves

Diaz also announced that an independent evaluation of the Company's oil and gas reserves, conducted by AJM Petroleum Consultants, dated March 15, 2007, has assigned proved and probable plus reserves of 5.1 million BOE to the Company's properties, having a net present value, before income tax, of \$93.9 million, at a 10% discount rate.

SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2006
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	198	176	-	-	7,491	5,601	24	17
Developed Non-producing	90	74	-	-	144	130	-	-
Undeveloped	0	0	-	-	7,128	5,125	13	9
TOTAL PROVED	288	250	-	-	13,553	11,391	37	26
PROBABLE	148	129	-	-	14,242	12,186	18	14
TOTAL PROVED PLUS PROBABLE	437	379	-	-	27,795	22,772	55	40

<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	48.4	41.5	36.6	33.0	30.1	41.2	35.3	31.1	27.9	25.4
Developed Non-producing	4.2	3.5	3.0	2.6	2.3	3.0	2.5	2.2	2.0	1.8
Undeveloped	27.7	21.1	16.8	20.2	11.6	19.7	14.8	11.6	9.5	7.9
TOTAL PROVED	80.3	66.1	56.4	49.3	43.9	63.9	52.6	44.9	39.3	35.1
PROBABLE	92.7	55.6	37.5	27.3	21.0	65.7	39.0	26.0	18.7	14.2
TOTAL PROVED PLUS PROBABLE	173.0	121.7	93.9	76.6	65.0	129.6	91.6	70.9	58.0	49.3

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

More detailed information including pricing assumptions and reserve classifications can be found in the Company's AIF which has been filed today.

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, 2006, 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.

Summary of Operations

	Years Ended	
	December 31	
	2006	2005
Financial <i>(Thousands, except per share amounts)</i>		
Total revenue	\$ 14,925	\$ 18,567
Cash flow from operations	\$ 8,578	\$ 12,134
per share, basic and diluted	\$ 0.14	\$ 0.20
Earnings for the period	\$ 1,455	\$ 4,416
per share, basic and diluted	\$ 0.02	\$ 0.07
Property, plant and equipment		
Capital additions	\$ 14,230	\$ 13,194
Dispositions	\$ 157	\$ 962
Net debt	\$ 11,235	\$ 7,475
Total assets	\$ 59,745	\$ 56,588
Total shares outstanding	63,848	61,550
Operations		
Production		
Gas (MMcfd)	6.0	6.3
Oil (Bopd)	130	161
BOEd (6Mcf = 1Bbl)	1,136	1,212
Product Prices		
Gas (\$/Mcf)	\$7.07	\$ 8.64
Oil (\$/Bbl)	\$63.95	\$ 62.13
Reserves (proved plus probable, future costs and prices)		
Gas (Bcf)	27.8	30.4
Oil (MBbl)	437.0	440.0
BOE (Millions)	5.1	5.5
Present value, before tax (\$Millions at 10%)	\$ 93.9	\$ 128.4
Undeveloped land holdings (net acres)		
Canada	52,551	70,659
United States	1,830	1,648
Total net acreage	54,381	72,307

BOE Presentation – the term barrels of oil equivalent (BOE) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1Bbl 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.

It should not be assumed that estimates of future revenues presented in this press release represent fair market value of the reserves.

Financial Reporting – all numbers are reported in Canadian dollars.

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.

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