



DIAZ RESOURCES LTD.

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DIAZ ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE FIRST SIX MONTHS OF 2007

Diaz Resources Ltd. (TSX: DZR) announces that its financial and operating results for the six months ended June 30, 2007, were reduced due to overall lower commodity prices and reduced production volumes.

In Texas, the Cheney #1 well began drilling in April and reached a total depth of 18,400 feet in early July 2007. Based on the Company's log analysis, the well encountered 40 feet of gross pay and 30 feet of net pay in the Wilcox #18 zone which was the primary horizon in the well. Completion operations are expected to be carried out in the third quarter of 2007 when Diaz plans to conduct a fracture stimulation and production test of the zone.

Financial

Revenue for the three and six month periods ended June 30, 2007, totaled \$3.0 million and \$6.3 million respectively compared with \$3.9 million and \$8.5 million respectively for the same periods in 2006.

Cash flow from operations for Q2 2007 decreased to \$1.5 million, or \$0.02 per share compared with \$2.2 million or \$0.03 per share in Q2 2006. Cash flow from operations for the six month period ended June 30, 2007, was \$3.1 million or \$0.05 per share compared with \$5.5 million or \$0.09 per share in the previous year.

Diaz reported a loss for Q2 2007 of \$488,000, or \$(0.01) per share compared with earnings of \$1.4 million, or \$0.02 per share, reported in Q2 2006. For the six month period ended June 30, 2007, the Company had a loss of \$766,000 or \$(0.01) per share versus income of \$2.4 million or \$0.04 per share in the prior year six month period.

Capital expenditures for the first half of 2007 totaled \$5.2 million compared with \$6.8 million for the same period in 2006 and were financed from cash flow, capital dispositions and a convertible debenture financing completed in the 1st quarter 2007.

Diaz completed the second quarter with net debt of \$13.6 million versus \$11.2 million at the beginning of the year. Diaz's net debt includes \$7.1 million of convertible debentures.

Production

Natural gas production for Q2 2007 decreased to 4.7 MMcfd from 6.5 MMcfd for Q2 2006 and oil production declined to average 78 Bopd for the quarter compared with 141 Bopd for the same period in 2006. For the six month period ended June 30, 2007, natural gas production decreased 19% to 5.1 MMcfd from 6.3 MMcfd for 2006 and oil production declined 44% to average 84 Bopd compared with 149 Bopd for the same period in 2006. Over 50% of the natural gas production decline is the result of the Hancock #2 well which has been shut-in during most of the year.

Business Outlook

The Company will continue with its planned exploration and development activities during the second half of the year. Highlights for the second half will be the completion of a horizontal oil well at Parkman, Saskatchewan, and the Cheney #1 well in Colorado County, Texas, and multiple exploration wells both in Canada and in the United States.

Summary of Financial and Operating Results

<i>(Unaudited)</i> <i>(Thousands, except per share amounts)</i>	Six Months Ended June 30	
	2007	2006
Financial		
Total revenue	\$ 6,262	\$ 8,530
Cash flow from operations	\$ 3,097	\$ 5,518
per share, diluted	\$ 0.05	\$ 0.09
(Loss) earnings for the period	\$ (766)	\$ 2,360
per share, diluted	\$ (0.01)	\$ 0.04
Capital additions	\$ 5,188	\$ 6,770
Dispositions	\$ 462	\$ -
Net debt *	\$ 13,619	\$ 8,701
Total assets	\$ 60,503	\$ 55,892
Operations		
Production		
Gas (MMcfd)	5.1	6.3
Oil (Bopd)	84	149
BOEd (6Mcf = 1Bbl)	942	1,206
Product Prices		
Gas (\$/Mcf)	\$7.36	\$ 7.63
Oil (\$/Bbl)	\$58.90	\$ 64.31
Total shares outstanding, at period end	63,929	61,850

* Net debt includes \$7.1 million of convertible debentures issued in Q1 2007, rather than the balance sheet amount of \$5.7 million.

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.

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.*

Financial Reporting – *all numbers are reported in Canadian dollars.*

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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.