



DIAZ RESOURCES LTD.

1800, 633 Sixth Avenue SW
Calgary, AB
T2P 2Y5 Canada

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DIAZ ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

Diaz Resources Ltd. (TSX: DZR) announces that its financial and operating results for the nine months ended September 30, 2007, were lower than the same period in 2006, primarily due to reduced production volumes.

Completion of the Cheney #1 well in Texas had been hampered by weather, and a change of the operator of the well, but is now expected to be carried out in early 2008 with a fracture stimulation and production test of the Wilcox gas zone.

Diaz also participated in drilling the Black Owl #1 well in Texas which was drilled during the third quarter of 2007 to a depth of 8,775 feet. The well encountered 14 feet of pay in the Yegua zone and was completed and flow tested at a rate of 1,300 Mcfd at 5,600 psi. Construction of production facilities is complete and the well has been placed on production.

Financial

Revenue for the three and nine month periods ended September 30, 2007, totalled \$2.9 million and \$9.1 million respectively compared with \$3.1 million and \$11.7 million respectively for the same periods in 2006.

Cash flow from operations for Q3 2007 decreased to \$1.1 million, or \$0.02 per share compared with \$1.8 million or \$0.03 per share in Q3 2006. Cash flow from operations for the nine month period ended September 30, 2007, was \$4.2 million or \$0.06 per share compared with \$7.3 million or \$0.12 per share in the previous year.

Diaz reported a loss for Q3 2007 of \$725,000 or \$(0.01) per share compared with a loss of \$591,000, or \$(0.01) per share, reported in Q3 2006. For the nine month period ended September 30, 2007, the Company had a loss of \$1.5 million or \$(0.02) per share versus income of \$1.8 million or \$0.03 per share in the prior year's nine month period.

Capital expenditures for the first nine months of 2007 totalled \$8.2 million compared with \$10.4 million for the same period in 2006 and were financed from cash flow, capital dispositions and a convertible debenture financing completed in the first quarter of 2007.

Diaz completed the third quarter with a net debt of \$15.5 million versus \$11.2 million at the beginning of the year. Diaz's net debt in 2007 includes \$7.1 million of convertible debentures versus none in 2006.

Production

Natural gas production for Q3 2007 decreased to 4.1 MMcfd from 5.7 MMcfd for Q3 2006 and oil production increased to average 121 Bopd for the quarter compared with 115 Bopd for the same period in 2006. For the nine month period ended September 30, 2007, natural gas production decreased 22% to

4.8 MMcfd from 6.1 MMcfd for 2006 and oil production declined 31% to average 95 Bopd compared with 138 Bopd for the same period in 2006. Over half of the natural gas production decline year to date continues to be the result of the Hancock #2 well in Texas, which has been shut-in due to mechanical problems for most of the year.

Business Outlook

Diaz anticipates that U.S. natural gas prices will continue to recover and that the World oil price will remain at record high levels. However, the strengthening of the Canadian dollar against the U.S. dollar has had a significant and negative effect on these commodity prices in Canada. In addition, the strong Canadian dollar reduces the value of our U.S. revenue and cash flow when reported in Canadian dollars. This will have a negative impact on the Company's revenue, earnings and cash flow in the future.

Diaz's exploration and development program for the fourth quarter includes additional wells in the U.S. and Canada, and new gas and oil production from wells will be completed and tied in during the quarter. Diaz believes this will somewhat offset the negative impact of the factors discussed above.

Summary of Financial and Operating Results

<i>(Unaudited)</i> <i>(Thousands, except per share amounts)</i>	Nine Months Ended	
	September 30	
	2007	2006
Financial		
Total revenue	\$ 9,112	\$ 11,675
Cash flow from operations	\$ 4,113	\$ 7,334
per share, diluted	\$ 0.06	\$ 0.12
(Loss) earnings for the period	\$ (1,579)	\$ 1,769
per share, diluted	\$ (0.02)	\$ 0.03
Capital additions	\$ 8,198	\$ 10,404
Dispositions	\$ 582	\$ 160
Net debt *	\$ 15,528	\$ 10,387
Net debt (without convertible debenture)	\$ 8,443	\$ 10,387
Total assets	\$ 59,850	\$ 58,940
Operations		
Production		
Gas (MMcfd)	4.8	6.1
Oil (Bopd)	96	138
BOEd (6 Mcf = 1 Bbl)	894	1,155
Product Prices		
Gas (\$/Mcf)	\$7.16	\$ 7.18
Oil (\$/Bbl)	\$65.81	\$ 65.90
Total shares outstanding, at period end	63,927	61,848

* 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:

Robert W. Lamond, Chairman – or – Donald K. Clark, Chief Operating Officer
DIAZ RESOURCES LTD.
Telephone: (403) 269-9889
Fax: (403) 269-9890
Website: www.diazresources.com
Email: info@diazresources.com
TSX: DZR

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.
