



DIAZ RESOURCES LTD.

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DIAZ ANNOUNCES SECOND QUARTER 2009 RESULTS

Diaz Resources Ltd. (TSX:DZR) (“Diaz”) announces that it has filed its Interim Report for the six months ended June 30, 2009.

Diaz’s revenue and cashflow results for the six months ended June 30, 2009, were significantly lower when compared with the prior year six month period, as production declines in Canada and in the U.S. combined with lower oil and natural gas prices.

During the second quarter of 2009, Diaz recompleted a significant oil well at Lloydminster, Alberta. As a result of the improved performance in oil production from this well, Diaz has licenced an offset location and plans to commence drilling in early September. This will be the first of a multi-well program in the area. Diaz is the operator and holds a 50% working interest.

Financial

Revenue for the six month period ended June 30, 2009, decreased to \$4.4 million compared with \$9.4 million for the prior year. Revenue for the second quarter reduced to \$1.8 million compared with \$5.6 million in the prior year quarter. Cash flow from operations for the first six months of 2009 decreased to \$1.4 million or \$0.02 per share compared with \$4.4 million or \$0.07 per share for the prior year. Cash flow for the second quarter of \$822,000 was down compared with \$2.7 million for the prior year quarter. Diaz reported a loss for the six month period of \$10.4 million or (\$0.15) per share versus a loss of \$249,000 or nil per share in the prior year six month period, as it took an impairment write down against its oil and gas assets of \$11.4 million during Q1 2009. For the second quarter, Diaz reported a loss of \$619,000 compared with earnings of \$132,000 in the prior year quarter.

Capital expenditures for the six month period ended June 30, 2009, totalled \$1.8 million compared with \$4.2 million in the prior year. Capital expenditures were financed from cash flow from operations and the sale of an oil and gas property. At June 30, 2009, Diaz had net current debt of \$7.7 million versus \$8.5 million at the beginning of the year. Diaz also had convertible debentures outstanding of \$7.1 million that mature on March 26, 2012.

Production

The Company’s production for the six month period ended June 30, 2009, decreased 17% to 733 BOEd compared with the prior year average of 887 BOEd. For the second quarter, production rates declined 29% to 675 BOEd compared with 955 BOEd in the prior year quarter. The steep production declines in the second quarter resulted in Canada from the shut-in of production at the Big Bend field which will be put back on production in late fall, and in the U.S.

resulting from the shut-in of production at the Black Owl field combined with declining production rates at the Provident City, Hound Dog and Allen Ranch fields.

Land Acquisition and Property Sale

During 2009, Diaz has acquired 9,611 acres (6,795 net acres) in Alberta and Saskatchewan. The Alberta lands were acquired to expand existing holdings at Big Bend. Diaz's primary exploration focus is in Saskatchewan where the Company now has acreage on prospective Viking, Shaunavon and Bird Bear oil plays.

In May 2009, Diaz completed the sale of its interest in a non-operated oil property in the Carmangay, Alberta area for \$1.0 million. The proceeds from the sale were used to reduce Diaz's bank debt.

Business Outlook

The continued weak natural gas pricing environment has led to a sharp reduction in the number of rigs drilling for natural gas over the last eight months. The drop of rig activity in Canada and the U.S. should decrease domestic supply as production rates from existing wells decline without offsetting new production. However, there is still considerable uncertainty as to when prices will again rise to above \$7.00 Mcf. Because of the uncertainty in the gas market and the underlying economy Diaz expects that natural gas prices will stay in the range of \$3.50 to \$5.50 per Mcf for the remainder of 2009.

Diaz plans to match capital spending to operating cashflows and has halted new projects until gas prices improve over current levels. Diaz's future exploration program will focus on developing its Canadian properties which can be managed within the Company's capital budget. However, Diaz is also considering various alternatives to its normal operations such as the selling of assets, a reduction of overhead costs, and other Corporation transactions to optimize shareholder value.

| <i>(Thousands, except per share amounts, unaudited)</i> | Six Months Ended | |
|---|-------------------------|-------------|
| | June 30 | |
| | 2009 | 2008 |
| Financial | | |
| Revenue | \$ 4,180 | \$ 7,746 |
| Cash flow from operations | 1,436 | 4,382 |
| per share, diluted | 0.02 | 0.07 |
| Loss for the period | (10,373) | (249) |
| per share, diluted | (0.15) | 0.00 |
| Capital additions | 1,753 | 4,232 |
| Dispositions | 1,107 | 18 |
| Net current debt | 7,695 | 8,481 |
| Convertible debentures* | 6,233 | 5,961 |
| Total assets | 39,826 | 61,114 |
| Total shares outstanding at period end | 67,178 | 67,218 |
| Operations | | |
| Production | | |
| Gas (MMcfd) | 3.8 | 4.4 |
| Oil (Bopd) | 104 | 155 |
| BOEd (6 Mcf = 1 Bbl) | 733 | 887 |
| Product Prices | | |
| Gas (\$/Mcf) | \$5.09 | \$8.69 |
| Oil (\$/Bbl) | \$49.05 | \$87.50 |

* Convertible debentures issued in Q1 2007, have a face value of \$7.1 million and mature on March 26, 2012. See Note 8, "Convertible Debentures", in the notes to the financial statements for the six months ended June 30, 2009.

Diaz is an oil and gas exploration and production company based in Calgary, Alberta. Diaz's current focus is on gas and oil development and exploration in Alberta, Saskatchewan and Texas.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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ADVISORY: Certain information regarding the Company in this News Release including management's assessment of future plans and operations may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, capital expenditure costs, including drilling, completion and facilities costs, unexpected decline rates in wells, wells not performing as expected, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhausted. Additional information on these and other factors that could effect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) and at the Company's website (www.diazresources.com). Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Where amounts are expressed on a barrel of oil equivalent (boe) basis, natural gas volumes have been converted to barrels of oil at six thousand cubic feet (mcf) per barrel (bbl). Boe figures may be misleading, particularly if used in isolation. A boe conversion of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. References to oil in this discussion include crude oil and natural gas liquids (NGLs).

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