



SUPERIOR *Diamonds Inc.*

PO Box 10102, Suite 1650
701 West Georgia Street
Vancouver, BC, Canada V7Y 1C6
t 604 806 0667 f 604 688 5175

1988 Kingsway, Unit G
Sudbury, ON, Canada P3B 4J8
t 705 525 0992 f 705 525 7701
info@superiordiamonds.ca
www.superiordiamonds.ca

News Release

SUPERIOR DIAMONDS CLOSSES CDN \$292,500 FINANCING

December 30, 2005

Vancouver, BC – **Superior Diamonds Inc. (SUP-TSXV)** announced today that the private placement disclosed on December 29, 2005 has closed, raising gross proceeds of Cdn \$292,500 through the sale of 650,000 flow through units at Cdn\$0.45 per unit.

Each unit consisted of one flow-through share and one-half of one share purchase warrant. One whole share purchase warrant entitles the holder to buy one common share for Cdn\$0.60 within two years after closing. Superior Diamonds will use the gross proceeds from this private placement for ongoing exploration and development on projects in Québec. The subscribers were the Northern Precious Metals 2005 Limited Partnership of Québec and two insiders of Superior Diamonds.

The independent directors of Superior Diamonds approved the participation by insiders of the Company in the private placement on the same terms as the arm's length investor, and shareholdings of those insiders increased after such participation. One insider purchased 35,000 flow through units. John G. Paterson, the president of Superior Diamonds, purchased 250,000 flow through units. He has acquired the units for investment purposes and has no current intention to increase the beneficial ownership, control or direction of Superior Diamonds.

As a result of the completion of the private placement, Mr. Paterson now holds an aggregate of 3,573,262 shares, options to purchase an additional 600,000 shares and warrants to purchase an additional 336,111 warrant shares in the capital of Superior Diamonds. If Mr. Paterson were to exercise all of the options and warrants held by him, he would hold an aggregate of 4,509,373 shares, representing 12.77% of the outstanding shares of Superior Diamonds. Excluding the options and warrants, Mr. Paterson currently holds 10.39% of the outstanding shares of Superior Diamonds. A copy of the early warning report filed pursuant to the applicable securities legislation is available online at www.sedar.com under Superior Diamonds' profile.

The participation by insiders in the private placement is considered to be a "related party transaction" as defined under Ontario Securities Commission Rule 61-501 (the "Rule"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of the Rule as neither the fair market value of the securities being issued nor the consideration being paid exceeds 25% of Superior's market capitalization.

Superior Diamonds has been exploring in Québec for the last three years in the Ville Marie and the Desmaraisville regions. Superior Diamonds Inc. is owned 19% by Southwestern Resources Corp.

Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading "Risk Factors" and elsewhere in the Corporation's periodic filings with Canadian securities regulators. Such information contained herein represents management's best judgment as of the date hereof

based on information currently available. The Company does not assume the obligation to update any forward-looking statement.

-30-

For more information, please contact:

John G. Paterson, President

Thomas W. Beattie, Director

Superior Diamonds Inc.

PO Box 10102, Suite 1650

701 West Georgia Street

Vancouver BC V7Y 1C6, Canada

Tel. (604) 806-0667 / Fax (604) 688-5175

E-mail: info@superiordiamonds.ca

www.superiordiamonds.ca

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.