



SUPERIOR *Diamonds Inc.*

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News Release

SUPERIOR DIAMONDS PROPOSES A \$4 MILLION FINANCING

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March 16, 2005

Vancouver, BC – **Superior Diamonds Inc. (SUP-TSXV)** today announced that it proposes to raise up to \$3,800,025 in a brokered private placement through the sale of flow through shares at \$0.50 per share and non-flow through units at \$0.45 per unit. Each non-flow through unit will consist of one common share and one-half of one share purchase warrant. One whole share purchase warrant will entitle the holder to buy one common share for \$0.60 within two years after closing.

Superior Diamonds will use the gross proceeds of up to \$3.8 million from the private placement, which is subject to regulatory approval, for ongoing exploration and development programs and general working capital, subject to flow through funding expenditure requirements. All proceeds from the sale of flow through shares to Ontario resident purchasers will be incurred in the province of Ontario.

Octagon Capital Corporation and Raymond James Ltd. will act as agents for the financing on a best efforts basis and be paid a cash commission of 7% of gross proceeds from the sale of all flow through shares and non-flow through units and receive compensation warrants equal to 7% of the total number of flow through shares and non-flow through units sold. Each compensation warrant will entitle the holder to purchase one common share at a price of \$0.60 within two years after closing. The agents will also have an option, exercisable up to 24 hours prior to closing, to increase the amount of the offering by up to \$1,000,000, by acquiring any combination of flow through shares and/or non-flow through units.

If insiders of the Company participate in the offering, which participation will be subject to the approval of independent directors of the Company, it will be on the same terms as arm's length investors, and shareholdings of insiders in the Company will increase as a result of any such participation. The private placement may close before 21 days following the filing of the material change report regarding this announcement, if management determines it is necessary or desirable for sound business reasons.

Concurrent with this offering, Superior also announced that it proposes to sell by way of non-brokered private placement up to 444,444 non-flow through units at \$0.45 per unit. Each unit will consist of one common share and one-half of one share purchase warrant. One whole share purchase warrant will entitle the holder to buy one common share for \$0.60 within two years after closing. Superior Diamonds will use the gross proceeds of up to \$200,000 from the private placement, which is subject to regulatory approval, for ongoing exploration and development programs on projects in Québec and general working capital.

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This press release will not constitute an offer to sell or the solicitation of any offer to buy the securities in any jurisdiction. The shares have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements.

Superior Diamonds is exploring a large area of northern Ontario using proprietary magnetic data and has a large land position acquired on the basis of kimberlite indicator mineral sampling and close spaced airborne magnetic surveys. In addition, Superior Diamonds has properties in the Superior Craton area of Ontario and Québec, which are operated both independently and in joint venture with Inco Limited, Majescor Resources Inc. and Strongbow Exploration Inc. Superior Diamonds Inc. is owned 24.6% by Aurora Platinum Corp. and 19.8% 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.

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