



SUPERIOR *Diamonds Inc.*

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News Release

SUPERIOR OPTIONS LESPERANCE PROPERTY, LESPERANCE, QUEBEC

August 25, 2005

Vancouver, BC – **Superior Diamonds Inc. (SUP-TSXV)** announced that it has entered into an agreement with Matamec Explorations Inc. and Cambior Inc. for exploration of the Lespérance Property (located in Quebec), which is currently under option by Matamec pursuant to an option granted by Cambior.

Under the terms of the Agreement, Superior can earn a 50% interest in the Property and the right to 100% of all diamonds and kimberlites discovered on the Property by issuing a total of 270,000 shares to each of Matamec and Cambior and spending \$1,500,000 over the next five years. Matamec and Cambior will retain a 2.5% gross overriding royalty on diamonds produced for the property, and Superior will retain a right to buy back 1.5% of the royalty for \$3 million. The Agreement is subject to regulatory approval and due diligence by Superior.

The Property consists of 211 claims, covering an area of approximately 3,300 hectares, and is approximately 15 kilometres east of the town of Desmaraisville. Matamec will continue to explore for gold and base metal mineralization, however, Superior's diamond exploration programs have priority. Superior's program is under the direct supervision of Thomas F. Morris, Ph.D. (P.Geo.), the Qualified Person as defined under National Instrument 43-101.

The Lespérance Property is proximal to the Desmaraisville kimberlite field, one of four such fields that exist in Quebec. This kimberlite field is associated with the Nottaway, Waswanipi-Saguenay fault. This major, brittle fault allowed for the emplacement of the Desmaraisville kimberlite field.

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 several other projects 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 19.2% 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 Company'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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For more information, please contact:

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