



**SUPERIOR** *Diamonds Inc.*

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## News Release

### **SUPERIOR DIAMONDS INC. ANNOUNCES A \$150,000 FINANCING**

Not for Distribution to U.S. News Wire Services  
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August 31, 2005

Vancouver, BC – **Superior Diamonds Inc. (SUP-TSXV)** today announced that it proposes to sell by way of a non-brokered private placement up to 333,333 units at \$0.45 per unit. Each unit will consist of one common share and one half common share purchase warrant, with each full share purchase warrant entitling the holder to buy one common share at \$0.60 within 24 months after closing.

Gross proceeds of up to \$150,000, to be released to Superior Diamonds upon receipt of regulatory approval and closing, will be used for ongoing exploration on Superior Diamonds' Desmaraisville Project in Québec.

The sole placee is the Société de développement de la Baie-James. The Société's mission is to favour the economic development in the James Bay region, as defined between the 49<sup>th</sup> and the 55<sup>th</sup> northern parallel. The Société relies on an investment fund, part of which is devoted to the financing of junior exploration companies, as a contribution to the renewal of mineral resources and to an increase in total exploration expenditures in the James Bay region.

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 has been exploring in Québec for the last three years in the Ville Marie and the Desmaraisville regions. In addition, Superior Diamonds has acquired other 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 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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