



News Release

SUPERIOR DIAMONDS CLOSES A CDN\$350,000 FINANCING

March 31, 2006

Vancouver, BC – **Superior Diamonds Inc. (SUP-TSXV)** announced today that the non-brokered private placement disclosed on March 3, 2006 has closed, raising aggregate gross proceeds of Cdn\$350,000 through the sale of 777,777 non-flow through units at Cdn\$0.45 per unit.

Each unit consists of one common 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 the private placement for ongoing exploration and development programs in Québec. The two places are SIDEX, Limited Partnership, a mining fund which is part of an initiative created by the Government of the Province of Québec and the Solidarity Fund QFL to promote the diversification of exploration, and the Fonds régional de solidarité FTQ Nord-du-Québec, whose mission is to invest in regional businesses and to provide technical support for the creation and maintenance of jobs in northern Québec.

Superior also announced that it has reached an agreement with Southwestern Resources Corp. to convert a \$200,000 long-term debt by issuing 444,444 common shares of the Company to Southwestern at a price of Cdn\$0.45 per share. The settlement of the Company's long-term debt through the issuance of shares eliminates a monthly interest expense and enhances the Company's balance sheet. Southwestern now owns 19.2% of the issued and outstanding shares of Superior. The additional shares, which will be subject to a four-month hold period, will be issued upon receipt of acceptance of the transaction by the TSX Venture Exchange.

Southwestern Resources is an insider of Superior and thus 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 because neither the fair market value of the securities being issued nor the consideration being paid exceeds 25% of Superior's market capitalization.

Superior Diamonds is exploring in Québec in the Ville Marie and the Desmaraisville regions.

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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