



SUPERIOR *Diamonds Inc.*

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News Release

SUPERIOR DIAMONDS PROPOSES A \$5.5 MILLION FINANCING

This news release, required by applicable Canadian laws, is not for distribution to U.S. newswire services or for dissemination in the United States, and does not constitute an offer of the securities described herein.

May 12, 2006

Vancouver, BC – **Superior Diamonds Inc. (SUP-TSXV)** today announced that it proposes to raise up to \$5,504,000 in a private placement through the sale of non-flow through units at \$0.45 per unit and flow through shares at \$0.50 per flow through share. Haywood Securities Inc., as lead agent, has the right to increase the amount of the offering by purchasing up to an additional \$504,000 worth of non flow-through units.

Each non-flow through unit will consist of one common share and one-half of one common share purchase warrant. One whole share purchase warrant will entitle the holder to buy one common share for \$0.60 within 24 months after closing.

Gross proceeds from the private placement, which is subject to regulatory approval, will be used by Superior Diamonds for ongoing exploration and development programs and general working capital, subject to flow through funding expenditure requirements.

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.

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 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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