Shear Diamonds Ltd. Provides Processing Update and Announces New CFO

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TORONTO, 07/16/12 -- Shear Diamonds Ltd. (TSX VENTURE: SRM) ("Shear") is providing a processing and operations update and also announces the appointment of a new Chief Financial Officer.

Processing Update

Shear is providing a processing and operations update with respect to the high grade concentrate stockpiles at its Jericho diamond mine:

- On July 6, 2012 Shear delivered its second parcel of diamonds to Tache Company N.V. ("Tache"), Shear's diamond marketing partner, for sale into end markets. The second parcel amounted to 13,908.31 carats.

- Since commencing 24 hour operations on June 15, 2012, Shear's average production rate has been approximately 80 tonnes per day.

- Shear's average recovery grade for the second parcel is approximately 10.6 carats per tonne.

- Tache had advanced ,000 to Shear for the shipment of the parcel received on July 6, 2012. In addition, Shear has drawn an additional $550,000 from its revolving line of credit with Tache in July in relation to the production and delivery of this shipment. Tache will reconcile a final payment to Shear once prices per carat can be ascertained based on the formula provided in the marketing agreement.

- To date Shear has produced 34,007 carats from the high grade concentrate stockpiles. 25,226 carats have been delivered to Tache within the first and second parcels and 8,781 carats have been produced within the first twelve days of production since the valuation of second parcel.

- Shear's next parcel of diamonds is due to be delivered to Tache in early August.

Appointment of New CFO

Shear also announces the appointment of Greg Powell as its new Chief Financial Officer effective as of August 7, 2012. Mr. Powell will replace Richard Belfer, who is leaving Shear to accept the challenge of a senior financial role for a company in a different industry. Mr. Belfer will be working with Mr. Powell in the coming weeks to ensure a smooth transition.

Greg Powell brings to Shear significant experience in the mining industry. Mr. Powell is a CGA, CFE and ACCA, and has many years of financial experience working for both private and public companies primarily in the resource sector. Mr. Powell has held senior finance positions with Silver Bear Resources and for Olympus Pacific Minerals.

"Over the past year, Richard has played an important role in the transformation of Shear from a purely diamond exploration company into a development, and now, a diamond producing company," said President and CEO Julie Lassonde. "Richard is a first-class professional and we are grateful for his significant contributions" said Ms. Lassonde. "I am delighted that Greg will be joining our senior management team at Shear, where I am confident he will make a valuable contribution to the next phase of our company's growth and development," Ms. Lassonde added. "Greg brings to Shear experience and a dynamic approach that I am sure will prove invaluable."

About Shear Diamonds Ltd.

Shear is a Canadian-based company focused on diamond exploration and development in Canada's North, where it explores established diamond districts and has discovered new ones. Shear currently has a portfolio of eight diamond projects, including three advanced projects with development potential. Shear holds a 100% interest in its recently acquired Jericho diamond mine and surrounding exploration assets, located in the Kitikmeot region of Nunavut.

On behalf of the Board of SHEAR DIAMONDS LTD.

Julie Lassonde
President & CEO

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