



Suite 220, 17010 - 103 Avenue
Edmonton, AB, Canada T5S 1K7
Tel: (780) 435-0045 Fax: (780) 428-3476

TSX Venture Trading Symbol SRM

CORPORATE NEWS RELEASE

Shear Minerals Ltd. to Acquire Jericho Diamond Mine, Nunavut

July 19, 2010 - EDMONTON, Alberta - Shear Minerals Ltd. ("Shear") (SRM:TSXV) is pleased to announce that it has entered into a Purchase and Sale Agreement (the "Agreement") with Tahera Diamond Corp. ("Tahera") and Benachee Resources Inc. (collectively the "Vendors") to acquire a 100% interest in the Jericho Diamond Mine ("Jericho") and processing facilities and all supporting exploration assets, located in the Kitikmeot region of Nunavut (the "Acquisition").

Jericho is Nunavut's first and only diamond mine. It is located 420 km northeast of the City of Yellowknife and is accessible by air all year and by winter road from Yellowknife. The project was mined from 2006 to 2008, and produced 780,000 carats of diamonds from 1.2 million tonnes of kimberlite mined from the open pit operation. Over \$200 million was invested in the development of the Jericho operations including the construction of a 2,000 tonne per day diamond recovery plant, maintenance facility, fuel farm, and offices and accommodation for 225 personnel.

"The acquisition of the Jericho diamond mine, presently on temporarily closure, in conjunction with the planned financing, transforms Shear into a leader in Northern Canada diamond exploration with near term development potential," says Shear President and CEO Pamela Strand. "We look forward to implementing an aggressive two year exploration business plan with the goal of increasing the historical resource base beyond historic levels and completing a new economic assessment of the project in late 2011 with the goal of re-opening the mine."

The Acquisition is a transformational transaction that will strengthen Shear's position as a leading diamond exploration company. The benefits to Shear of this transaction include:

- Extensive operational infrastructure in place and identified opportunities for substantial operational improvements;
- Significant potential upside for existing resources, with a mineral resource before mining of a 3.7 million tonne Indicated resource containing 4.17 million carats and 3.4 million tonnes containing 1.76 million carats Inferred. A total of 1.6 million tonnes of kimberlite was mined from the 2004 resource. An additional 65,000 carats is readily accessible in a 156,000 tonne surface stockpile. The resource estimate was a National Instrument 43-101 compliant resource prepared and published by Tahera on October 2004 (see Technical Report filed on www.sedar.com dated October 13, 2004). Shear has no reason to believe that this reserve estimate is not reliable. SRK is presently preparing

an updated 43-101 compliant resource estimate for Shear and the Vendors will be filed on SEDAR within 45 days;

- Potential exploration upside below the currently defined pit shell and throughout the 68,000 acres surrounding the Jericho Mine, includes five known kimberlites and five unresolved kimberlite indicator dispersion trains within 10 km trucking distance to the mine.

In conjunction with the completion of the acquisition, Julie Lassonde will become the Executive Chairman of Shear. Ms. Lassonde has over 12 years of industry experience most recently as the President of Garson Gold. She has experience in various financial and engineering fields including time as a Civil Engineer with SNC-Lavalin and as an investment banker with Macquarie Bank Ltd., in Australia.

Pamela Strand will continue to lead Shear as the Company's President and CEO. Ms. Strand is a Professional Geologist with more than 20 years of geological industry-related experience predominately in exploration in Canada's North. Since 1997 Pam founded and has held the position of President, CEO and Director of Shear and has been instrumental in Shear's 88 recent diamond discoveries. Ms. Strand is also a director with several private and public companies.

The Jericho Transaction

Pursuant to the Agreement, Shear has agreed to purchase: (i) the Jericho Diamond Mine and surface assets, which include a 2,000 tonnes per day diamond processing plant and a facility that accommodates 225 people; (ii) the Carat Property consisting of mineral leases within 10 kilometres of Jericho; (iii) a 50% participating interest in the Polar Property in partnership with DeBeers Canada; (iv) a 75% interest in the Rockinghorse Property in partnership with RioTinto Canada Exploration Inc., and; (v) selected other mineral claims and leases in Nunavut and the Northwest Territories.

In consideration for the Acquisition:

- Shear will issue an aggregate of 80,000,000 common shares of Shear ("Purchase Shares"), of which 72,000,000 will be issued to, CAZ Petroleum Inc. ("CAZ"), the Debtor-In-Possession and secured creditor of the Vendors.
- Shear will make cash payments totalling \$2,000,000 with \$1,500,000 to be paid on closing and the balance of \$500,000 to be paid on the first anniversary of closing;
- Shear will grant a 2% royalty on all diamonds and minerals in favour of CAZ, which Shear will have a right of first refusal to repurchase; and,
- CAZ will have the right to nominate one representative to the Board of Directors of Shear ("Board")

The Purchase Shares will be subject to an escrow pursuant to applicable securities laws and requirements of the TSX Venture Exchange ("Exchange").

Completion of the Acquisition is subject to a number of customary conditions, including approval of the Court pursuant to the CCAA proceedings relating to the Vendors, successful completion by Shear of a minimum \$10 million equity financing, related development work, approval of the TSX Venture Exchange and other applicable regulatory approvals.

About Shear Minerals Ltd.

Shear is a Canadian-based exploration company focused on diamond exploration in the Canadian North, where it explores established diamond districts and has discovered new ones. Shear currently has a portfolio of eight diamond projects, seven of which are drill-ready. Shear has advanced its 62.3% ownership of Churchill Diamond Project into an expanding diamond district hosting 88 kimberlites in the Kivalliq region of Nunavut. Pamela Strand, P. Geol., is the Qualified Person under 43-101, who has reviewed and approved the contents of this news release.

On behalf of the Board
SHEAR MINERALS LTD.
/s/ "Pamela Strand"
Pamela Strand, P. Geol., President

For further information, please contact the Company
at 780-435-0045 or 1-866-298-9695
www.shearminerals.com

This news release may contain forward looking statements, being statements which are not historical facts, including, without limitation, statements regarding potential mineralization, exploration results, resource or reserve estimates, anticipated production or results, sales, revenues, costs, "best-efforts" financings or discussions of future plans and objectives. There can be no assurance that such statements will prove accurate. Such statements are necessarily based upon a number of estimates and assumptions that are subject to numerous risks and uncertainties that could cause actual results and future events to differ materially from those anticipated or projected. Important factors that could cause actual results to differ materially from Shear's expectations are in its documents filed from time to time with securities regulators, which are available at www.sedar.com. Shear disclaims any intention or obligation to revise or update such statements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.