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CORPORATE NEWS RELEASE

SHEAR SIGNS AGREEMENTS WITH TACHÉ SECURING DEBT FINANCING AND A STRATEGIC ALLIANCE FOR SALES OF DIAMOND PRODUCTION FROM JERICO

December 8, 2011. Shear Diamonds Ltd. (SRM:TSXV) has today signed agreements with Taché Company N.V. ("Taché") securing debt financing and forming a strategic alliance under which Taché will purchase the diamond production from Shear's Jericho diamond project in Nunavut. The alliance establishes a mutually beneficial relationship encompassing sales of both rough and polished diamonds from the Jericho mine. Shear will participate in final net profits from Taché's sales of the Jericho diamonds either as rough or polished stones.

The debt financing to be provided by Taché includes a US\$2 million term loan repayable in 12 equal monthly installments once Shear begins to receive proceeds of sales of diamonds from the existing recovery concentrate stockpiles at Jericho, and a US\$3 million revolving credit facility which can be drawn against once Shear has begun shipping diamonds from the existing recovery stockpiles.

"This alliance is significant for Shear in both the short and long term. The debt provides us with the capital required to begin processing our recovery stockpiles in the near term, as well as long term support in the form of a marketing agreement that has Shear participating in profits on the sales of both the rough and, more importantly, the polished stones. We are delighted to have built this relationship with Taché. Taché's reputation as a family run organization and industry leader has created strong pillars for this strategic alliance and Shear looks forward to working closely with Taché," commented CEO, Julie Lassonde.

"The companies believe that this is a new paradigm for diamond miners and diamontaires which substantially benefits both groups," says Lassonde.

"We at Taché are always looking for long term relationships with our suppliers and customers alike. This agreement provides an exciting new strategic alliance for Taché whilst respecting our need to partner with a group that share our vision and our values" commented Jacky Taché, CEO of Taché.

On behalf of the Board of
SHEAR DIAMONDS LTD.

Julie Lassonde, CEO & Executive Chairman

For further information, please contact the Company
at 416-479-8728 or 1-866-298-9695
www.sheardiamonds.com

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.

About Taché Company N.V.

Taché is the Belgian sales division of the Taché Group, a family business active in the diamond industry for over 50 years. The Taché Group deals in rough, prepared and polished diamonds as well as in diamond jewellery.

The orderly supply of rough is fundamental to the Group's activities and therefore the Group principally sources its rough from Primary Rough Producers, in addition to being a DTC Sightholder and an Alrosa long term contract holder.

The Group has a longstanding leading position in fine make polished diamonds, from Exceptional stones down to 0.01 carats, based on its longstanding commitment to modern high quality manufacturing capacity. This polished is distributed world-wide through 12 sales offices to premium retailers and jewellery manufacturers.

www.tachediamonds.com

The information above related to Taché has been provided by Taché.

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 the TSX or the TSX Venture Exchange and provincial securities regulators, most of which are available at www.sedar.com. Shear disclaims any intention or obligation to revise or update such statements. Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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