



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

February 28, 2011

TSX Venture Trading Symbol SRM

CORPORATE NEWS RELEASE

SHEAR ANNOUNCES WORK PLAN FOR THE JERICHO PROJECT

\$4.6 Million Approved Phase 1 Budget

Shear Diamonds Ltd. (SRM:TSXV) announces the 2011 work plan with an approved \$4.6 million Phase 1 budget for its Jericho Diamond Project, Nunavut. At site, a five-person crew was mobilized to prepare the facilities the spring drilling program planned to commence in early April.

Shear has identified three main exploration and development priorities for 2011:

- To prove-up and expand the current resource at the Jericho kimberlite complex,
- To explore for new diamondiferous kimberlites proximal to the Jericho mine, and
- To begin work on determining if Jericho is economically feasible with a new National Instrument 43-101 resource for Jericho and any additional nearby kimberlites.

In addition, Shear is focusing on the renewal of its water license and other permits, leases and regulatory instruments.

"Our entire team at Shear has worked very hard these past months to design and develop the strategies needed to best understand and upgrade the known resources at Jericho. We will also be exploring to identify further resources at Jericho and the surrounding claims which host targets of significance" said Pamela Strand, President and CEO. "We have designed the exploration program with important milestones and goals that we believe are attainable within the next 12-18 months."

"The purchase of the Jericho Diamond Mine was a company transforming acquisition. However, that was just the beginning," said Julie Lassonde, Executive Chairman of Shear. "The past few months since the acquisition have been extremely busy with planning and the sourcing and hiring of the best people for the Shear team. The scope of this year's various programs demonstrates the significant work needed to fully understand the Jericho kimberlite complex and area. We at Shear are looking forward to an important and pivotal year."

As a result of a comprehensive ongoing data compilation and interpretation of the historic data from Jericho and the surrounding area, experienced crews will integrate all aspects of the Jericho dataset to assist in determining perspective targets. Details of the Phase 1 approved exploration program (until end of June) will include:

- Ground magnetic and electromagnetic surveys with selected ground gravity surveys over priority geophysical targets, many with indicator mineral anomalies,
- Approximately 5,000 m of core drilling to test:
 - Up to five new exploration targets suggestive of new kimberlites,
 - 12 angled exploration holes within the Jericho kimberlite complex to test for additional tonnage and to firm up the volume model, and
 - 2,500m of vertical pilot holes within the Jericho kimberlite for geological modeling,
- Till sampling, prospecting and structural interpretation targeting high interest areas,
- Ongoing care & maintenance of the site, and,
- Ongoing evaluation of the Jericho resource, as detailed below.

Jericho Resource Study Update

Shear has engaged the services of Mineral Services Canada Inc (“MSC”) of North Vancouver, BC to assist in the development of a new geological model for Jericho. MSC are widely recognized as expert consultants to the diamond exploration industry. MSC was involved with Shear previously and were instrumental in assisting Shear in pinpointing its exploration priorities at the Churchill Diamond Project. Today, Churchill has one of the largest distribution of known kimberlites in Canada.

The Jericho resource estimate, provided in the July 2010 National Instrument 43-101 technical report authored by SRK Consulting (Canada) Inc. (the “SRK Report”) (see Shear’s press release on July 22, 2010) provided an indication of the potential for a viable mining project at Jericho. The SRK Report included an estimate for Jericho of 1,773,000 tonnes indicated and 1,724,000 tonnes inferred resources. The indicated resources have been categorized on the basis of all then available sampling data, including samples collected during the years of Tahera’s production along with general production data, and taking into account further SRK’s experience and observations at Jericho between 1999 and 2010. Following a comprehensive review of available historic mining and resource evaluation records, a number of recommendations that largely echo those made in the SRK Report have been made with a view to increasing Shear’s level of certainty associated with the current Jericho resource.

The Jericho kimberlite is internally complex with a degree of geological and associated grade variability. As a result, the SRK Report recommended that further drilling and investigation into all data, including sampling, geology and processing/metallurgical characteristics, to be done in order to allow for a future production decision.

Shear’s work plan is intended to establish the full tonnage potential and recoverable diamond grade of the Jericho complex at a level of confidence sufficient to provide a basis for an economic assessment of project viability. Shear’s work plan will focus firstly on firming up the geological model to better constrain the extent of the resource and the degree of continuity within different portions of it; secondly on representative sampling of the Jericho resource; and thirdly on evaluating mineral processing options for improving diamond recovery.

The resource work will encompass the following:

- Geological review: re-logging available historic drill core supported by systematic petrographic analysis for a preliminary assessment of the internal geology. This will be undertaken as part of Phase 1.
- In-pit delineation core drilling (12 holes, 2,000m) to better understand and define areas below the current pit floor that lack definitive constraints on the kimberlite/country rock contacts. This drilling will provide the required confidence for kimberlite tonnage modelling, as well as advance the internal geological modelling. All of these holes are approved for Phase 1.
- Large diameter reverse circulation drilling (~22 holes) and sampling (total sample size of approximately 1,000 tonnes) to provide spatially representative grade data for the major resource domains. Prior to the large diameter drilling, pilot core holes will be completed for detailed geological and geotechnical information. Eleven pilot holes totalling 2,500m of drilling are approved for Phase 1.
- Geological interpretation, geology and diamond grade modelling and updated resource estimation.
- Ore dressing studies on stockpiled kimberlite material to determine the optimal processing strategy for diamond recovery.

Preliminary results of diamond size-frequency analysis by MSC of available microdiamond and bulk sampling / production data for Jericho provides support for the results of recent tailings audit work (see Shear's press release on Feb 8, 2011) indicating a significant loss of diamonds during historical production. To the extent that recovery efficiency can be improved, this represents significant upside on potential recoverable grade. Further work will be undertaken to better quantify the nature and extent of diamond loss as well as the potential for mitigating this in a future production plant.

Once results from the Phase 1 program have been received and interpreted, Shear will be able to finalize the scope and budgets for the next phase. Shear has more than sufficient resources to complete Phase I of its work plan.

About Shear Diamonds

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. Jericho is Nunavut's first and only diamond mine.

Pamela Strand, P. Geol., Shear's President and Chief Executive Officer, and Jennifer Burgess, P. Geol. Shear's VP Exploration, are qualified persons for purposes of National Instrument 43-101 who supervised the preparation of the information forming the basis for this press release.

On behalf of the Board of
SHEAR DIAMONDS LTD.

Pamela Strand, P. Geol., President & CEO
Julie Lassonde, Executive Chairman

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 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. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.