Shear Announces Diamond Recoveries from the Commencement of Processing High Grade Concentrate Stockpiles at the Jericho Diamond Mine

01.05.2012 | Marketwired

TORONTO, ONTARIO -- (Marketwire - May 1, 2012) - Shear Diamonds Ltd. (TSX VENTURE: SRM) ("Shear") is pleased to announce that it has begun processing its high grade concentrate ("Recovery Reject") stockpiles at its 100%-owned Jericho Diamond Mine ("Jericho") in Nunavut. A total of approximately 3,500 carats have been recovered from 358 tonnes after the first 10 full days of processing. For approximately the next 10 months, operations will be focused on the processing of these stockpiles. Following the required diamond valuation process by a Canadian government valuator, which is next scheduled for late May 2012, these and all future diamonds produced from Jericho, other than diamonds subject to a royalty if the holder has elected to take the royalty in kind, are to be delivered to Taché Company N.V., Shear's diamond marketing partner, for sale into end markets.

Shear's goals for the processing of the Recovery Reject stockpiles are to:

1. demonstrate that a significant number of diamonds went un-recovered during Jericho's previous operation and that these diamonds are recoverable;

2. generate cash flow to support operations in 2012 while sources of funding for achieving full commercial production at Jericho are sought; and

3. acquire key processing knowledge which can be applied to future production at Jericho.

"It is incredibly gratifying for the entire Shear team to see the first recovered diamonds from Jericho since its shutdown in early 2008," commented CEO Julie Lassonde. "We are seeing daily improvements in tonnage processed as well as recoveries as we continue to ramp up during the re-commissioning of the recovery portion of the diamond recovery plant."

As with many mining operations, Shear has had to overcome some significant challenges in its efforts to restart diamond recoveries at Jericho, some of which likely result from the facility having been shut and abandoned for three years. These include, among others, the balancing of processes and general flowsheet fine tuning, basic maintenance and legacy repair issues that had to be resolved, recruitment and training of operational personnel, as well as significant stoppages in power generation and software malfunctions. As well, Shear had to commence arranging for delivery of fuel for Jericho earlier than originally expected.

Live commissioning of the recently-modified Jericho diamond recovery plant is underway on a day-shift basis only while Shear ramps up production. Shear has so far achieved a maximum processing rate of 50 tonnes over a 12-hour shift and hopes to hit approximately 80 tonnes/day with an average recovery rate of approximately 10 cpt. as it moves to 24-hour operations in the coming weeks.

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

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.

Contact Information

Shear Diamonds Ltd.
416-479-8728 or 1-866-298-9695
www.sheardiamonds.com