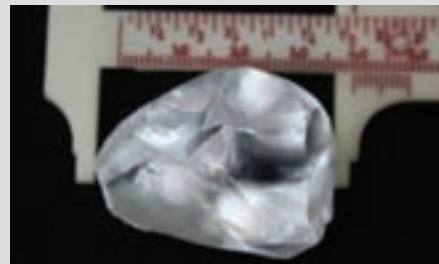


Rockwell Diamonds Inc

Rockwell's objective is to create a mid-tier mining and exploration company that will provide shareholders with the potential for growth and added value

152 ct D-colour
stone recovered from
Wouterspan in 2006,
valued at US\$4.3 million
(US\$28,000/ct)



ROCKWELL Diamonds Inc (TSX-V:RDI OTCBB: RDIAF) is an alluvial diamond mining and development company with established operations in historical diamond producing regions of South Africa. The primary focus of the company is to expand and add value to existing operations and aggressively to seek and acquire superior, advanced-stage projects.

Rockwell owns 51% of three producing diamond mines, and will be increasing ownership to 74% on completion of a listing on the Johannesburg Stock Exchange (the other 26% is held by a BEE partner).

Rockwell's production rate is some 2,000 ct/mth (valued at US\$3 million), with an average value of US\$1,500/ct. (The company equates this high-value output to a kimberlite mine producing about 37,500 ct/month at an average value of US\$80/ct.)

The company is operating in the Kimberley region of South Africa's Northern Cape Province; with two mining operations at Holpan-Klipdam north of Kimberley, and the Wouterspan operation on the Middle Orange River (MOR) southwest of Kimberley. Rockwell is developing a fourth operation, Makoenskloof, about 40 km upstream of Wouterspan on the MOR.

Rockwell is also well advanced with the acquisition of the Saxendrift mining operations and projects on the south bank of the MOR from the Trans Hex Group. The Saxendrift acquisition will effectively double the existing resource base of diamond-bearing alluvial gravel. These areas are famous for alluvial diamonds and large, gem-quality stones.

Rockwell's team has extensive management, geological, operating and diamond expertise. The driving force of the company is Dr John Bristow, president and chief operating officer. He is a former De Beers' geologist with 25 years' experience in alluvial diamond mining and kimberlite development. Hennie van Wyk, director of operations, is a mechanical engineer who has built and developed the operations from inception 13 years ago. CEO, Dave Copeland, is a geological engineer and principal of Hunter Dickinson Inc.

HOLPAN/KLIPDAM

The Holpan/Klipdam property (extending to 3,836 ha) lies 45 km from Kimberley, and consists of two adjacent farms: Holpan 161 and Klipdam 157. The current

resources amount to about 24 Mt of diamondiferous gravels with an average grade of 0.53 ct/100 t.

A modern fleet of earth-moving equipment is moving about 240,000 t/mth of gravel with an average grade of 0.47 ct/100 t; most of this is being treated using a highly efficient, closed system, Bateman Dense Media Separation plant to extract diamonds. Production in the 11-month period to end-January 2007 for Holpan and Klipdam totalled 12,334 ct, and yielded 24 stones larger than 20 ct.

Diamond sales values averaged US\$950/ct, with an operating margin (before depreciation, interest and taxes) of 30%, or about US\$3.6 million.

WOUTERSPAN

The Wouterspan property (969 ha), southwest of Douglas, comprises the Lanyon Vale 376 farm. Operations are taking place on two areas (Farhom and Okapi), exploiting the Rooikoppie and Primary gravel units.

Current resources are about 60 Mt of diamondiferous gravels with an average grade of 0.25 ct/100 t. Production from trial mining at Wouterspan in 2006 included one of the largest stones recovered: 156 ct D-flawless, valued at US\$5.7 million (US\$37,000/ct). Production in the 11-month period to January 31, 2007 for Wouterspan (Farhom and Okapi) totalled 7,482 ct.

For the 11 months to end-January, Wouterspan produced an average diamond sales value of US\$2,900/ct, and operating costs of US\$3.70/t. The operating margin (before depreciation, interest and taxes) was 64%, or about US\$15.4 million.

OTHER OPPORTUNITIES

In May 2007, Rockwell concluded the acquisition of the Makoenskloof alluvial diamond project located on the north bank of the Middle Orange River, about 40 km upstream of Wouterspan. In addition to the acquisition of the property, the company also acquired earth-moving equipment, processing plant and two new Flowsort X-ray machines. A parcel of diamonds for the company's May tender included a 58 ct white stone (valued at US\$27,676/ct) recovered at Makoenskloof.

In March 2007, Rockwell entered into an agreement with Trans Hex to acquire the Middle Orange River operations and projects, which include two open-pit alluvial diamond mines (Saxendrift and Niewejaarskraal)

and three alluvial diamond exploration projects. These properties are located on the south bank of the MOR, adjacent to Rockwell's Wouterspan operation on the north bank.

From commissioning to the end of 2005, the Saxendrift mine produced a total of 76,803 ct. The largest gem-quality stone ever produced by Trans Hex (a 216 ct octahedron) was from the Saxendrift operation in 2001. Saxendrift also held the Trans Hex record for the highest unit price with a 9.22 ct blue stone that was sold in 2003 for over US\$45,000/ct. Production on Saxendrift was by means of open-cast mining methods with processing and recovery through a combination of rotary pan plants, dense-media separation, and Flowsort X-ray recovery. The current resource is about 82 Mt of diamondiferous gravel, with a proposed production with an estimated grade of about 0.39 ct/100 t.

CORPORATE OPPORTUNITIES

The key driver to boosting production at the company's current operations is increasing output and operational efficiencies at its existing mines, and bringing Makoenskloof into production. Mechanisms put in place to enhance production and efficiencies at the existing operations include the reduction of the annual shutdown time during December (with maintenance work now scheduled to occur throughout the year); implementing of three shift continuous operations at all mines, and focus on improving efficiencies of plant process. The company is also optimising its earth-moving fleet and will be introducing a dedicated over-burden stripping fleet at Wouterspan as well as a second processing plant.

Operational efficiencies are anticipated to increase production at Wouterspan to 600,000 t/mth by 2008, and Holpan/Klipdam to increase to 400,000 t/mth.

Implementing Rockwell's operating expertise and cost structures at Saxendrift should enable the company significantly to enhance margins. This will be achieved by upgrading the equipment to attain optimal throughput, and by sharing infrastructure with Wouterspan to keep down overhead costs. At Saxendrift, the company will be adding additional earth-moving fleet, Rotary-pan plant capacity and upgrading the final-recovery plant.

The company is also targeting and reviewing acquisitions of other near-term or currently producing assets that would allow Rockwell to increase annual production quickly.

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