

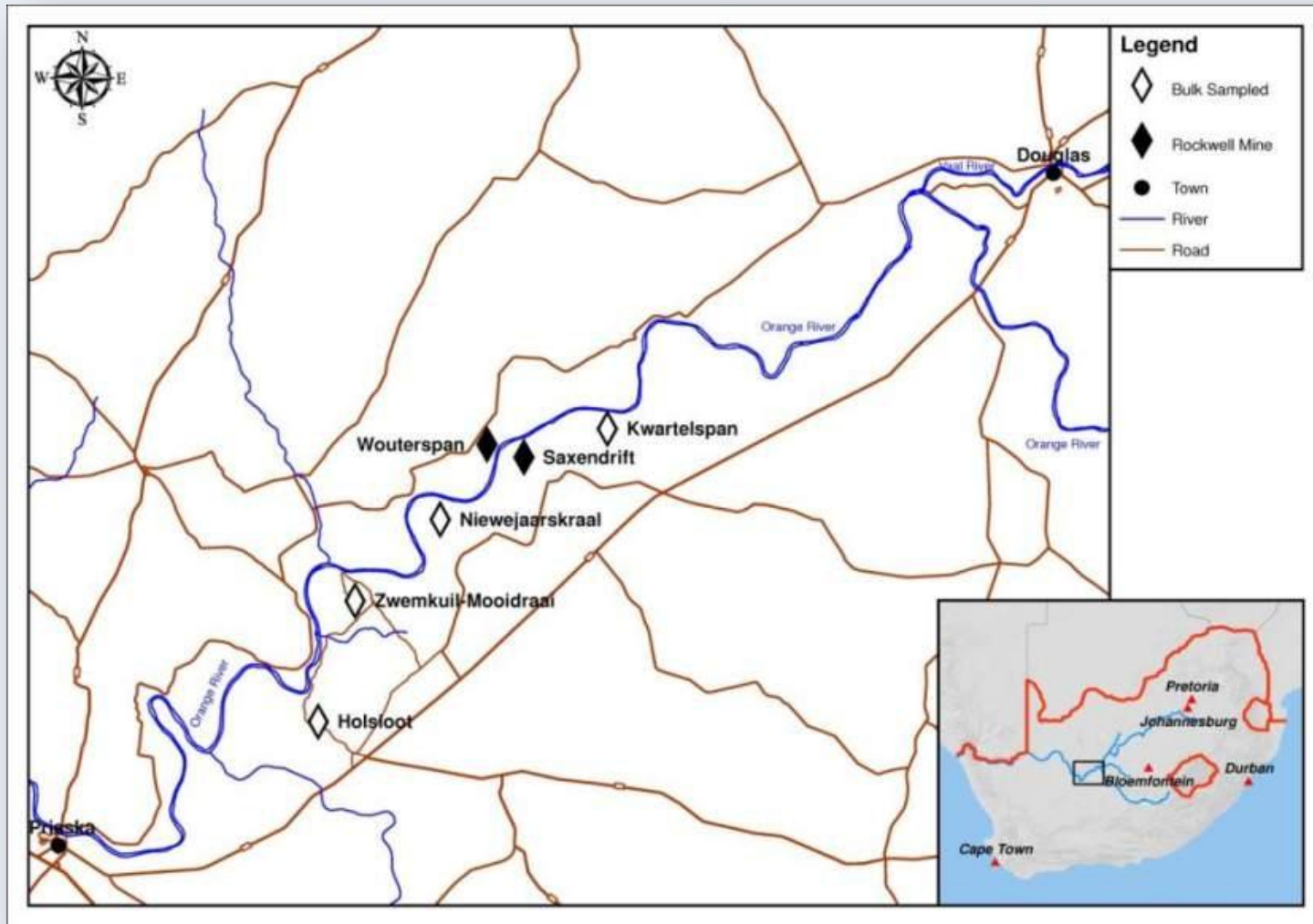
# Middle Orange River, Saxendrift mine



# Saxendrift property

- Located in the Northern Cape Province of South Africa
  - Along the south bank of the middle Orange River between Douglas and Prieska
- Area has been the site of intense alluvial diamond activity since the 19th century
- Middle Orange River, especially the stretch between Douglas and Prieska are historically important diamond mining centres
  - Alluvial deposits have been mined here for over 100 years
- Mining area constitutes 1,368ha
  - Sufficient space for (current and future) mine offices and out-buildings, processing and final recovery facilities, as well as for the necessary, fines disposal (tailings) ponds, transitory coarse dumps and more permanent water supply dams

# Location of Saxendrift project: Northern Cape Province



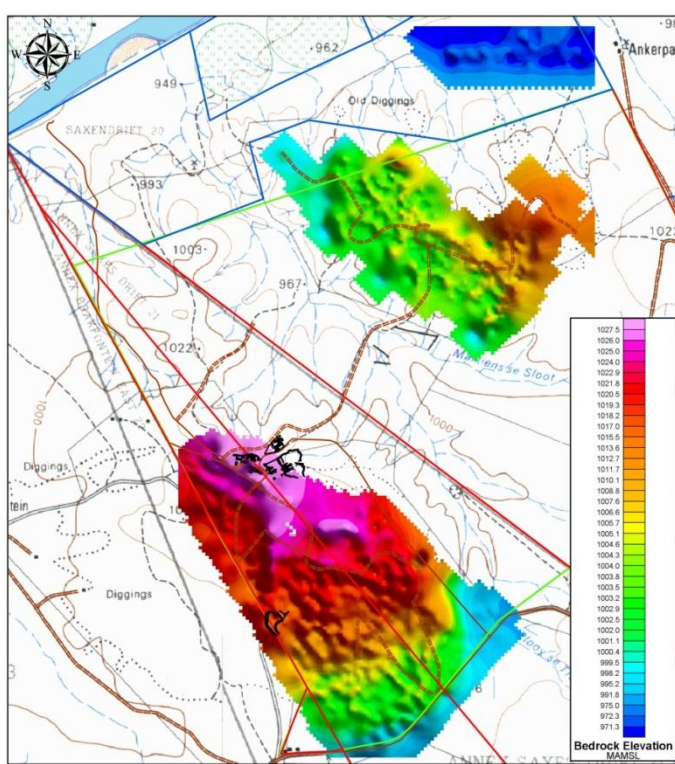
# Saxendrift mineral rights

- Saxendrift project comprises:
  - Original (TransHex) Saxendrift mining and prospecting properties, prospecting properties held in the name of HCVWD
  - Kransfontein and Kwartelspan prospecting properties, both of which formed part of the original Saxendrift special purpose vehicle package
- New Order Mining rights
  - Saxendrift Mining Right (new order) converted on 16 March 2008
  - Ceded to Saxendrift Mine (Pty) Ltd on 20 March 2008
  - Registered with the Mining Titles office on 11 April 2008 under 18/2008

# Saxendrift geological setting

- Deposit comprises three known terraces: A, B, and C
- Well-exposed bedrock in the workings and shale and tillite of the Karoo age Dwyka Group
  - Bedrock displays an irregular erosional surface with gully and pothole features creating high diamond trapping potential
- Palaeochannel depositional packages of the Middle Orange River are preserved at different elevations above the present Orange River bed, namely:
  - Lower (+20m or C) Terrace: 0-30m
  - Intermediate (or B) Terrace: 30-60m
  - Upper (+70m or A) Terrace: 60-90m
  - High Terrace: + 110m

# Saxendrift mine geological maps

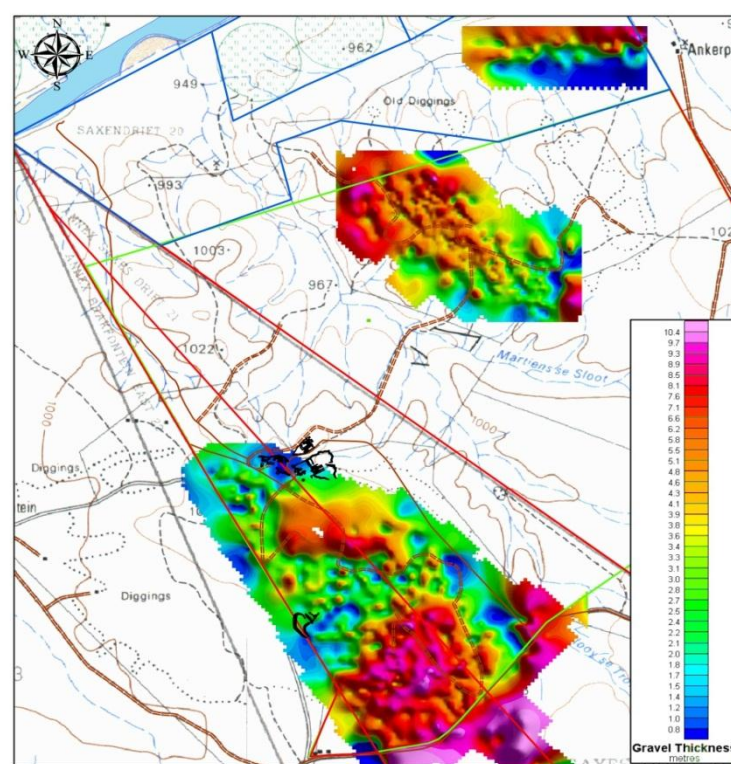


**Legend**

- Mining Right
- Exploration Right
- Mining Area
- Orange River
- Secondary Road
- Tertiary road
- Plants

**ROCKWELL DIAMONDS INC.**  
Saxendrift Bedrock Contours

Name: Altus van Tonder	Projection: Hartbeeshoek 94
Location: Saxendrift 20	Coordinate System: WGS 84
Date: 13 December 2010	



**Legend**

- Mining Right
- Exploration Right
- Mining Area
- Orange River
- Secondary Road
- Tertiary road
- Plants

**ROCKWELL DIAMONDS INC.**  
Saxendrift Gravel Thickness Contours

Name: Altus van Tonder	Projection: Hartbeeshoek 94
Location: Saxendrift 20	Coordinate System: WGS 84
Date: 13 December 2010	

**Gravel Thickness**

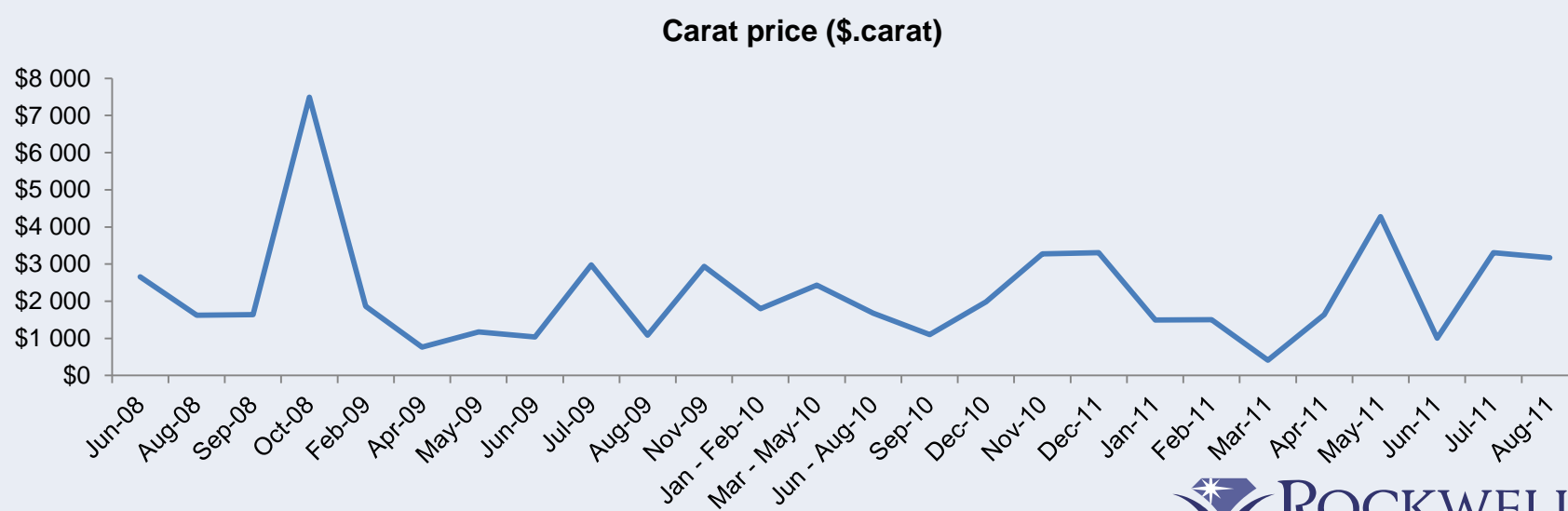
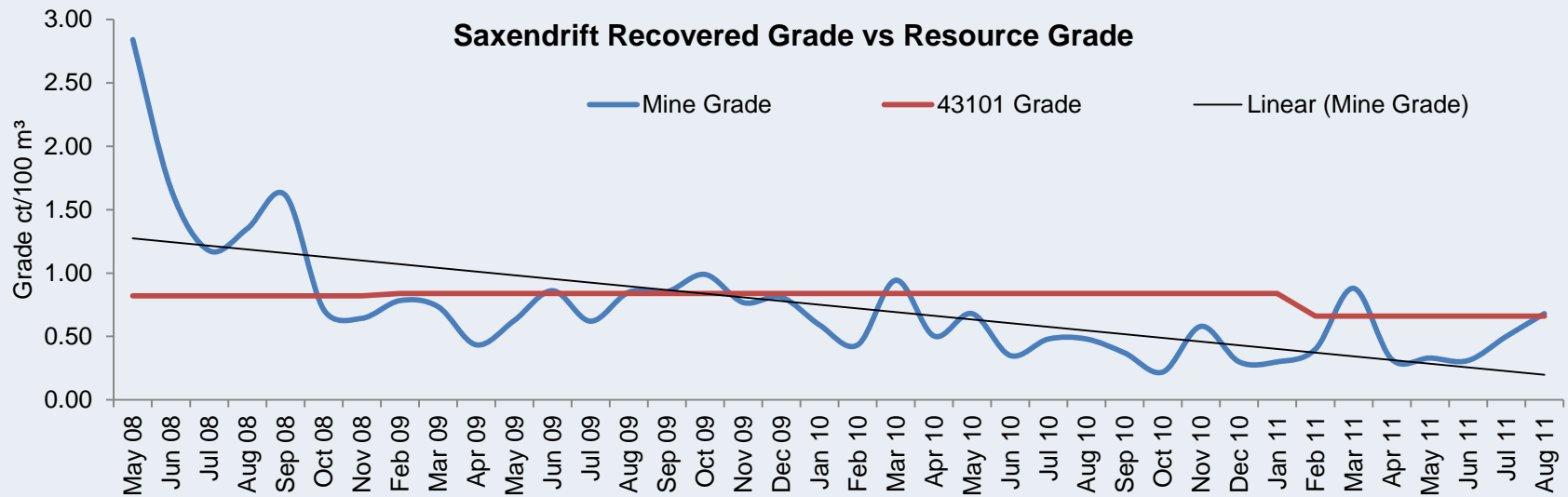
**Bedrock Elevation**

## Saxendrift reserves and grades

MINING AREA	RESOURCE CLASSIFICATION	VOLUME (m <sup>3</sup> )	GRADE* (ct/100m <sup>3</sup> )	Value# (USD/ct)
Terrace A	Indicated	4,859,900	0.50	2,029
Terrace B	Indicated	1,774,600	1.15	
<b>Total/Average Saxendrift Mine Indicated</b>		<b>6,634,500</b>	<b>0.66</b>	<b>2,029</b>
Terrace A	Inferred	5,400,000	0.50	2,029
Terrace B	Inferred	86,000	0.68	
Kwartelspan prospect	Inferred	500,000	1.00	
<b>Total/Average Saxendrift Inferred</b>		<b>5,986,000</b>	<b>0.56</b>	<b>2,029</b>

- Diamond size distribution
  - Positively skewed diamond size distribution: Bulk of stones are < 3ct/st
  - In the last two years, 83 stones larger than 20ct/st, and total of 4,841ct recovered
    - Five larger than 100ct with largest being 180ct
  - Larger stones represent bulk of the value, individual carat values of up to USD14,000/ct

# Saxendrift resource over time: grade and carat values



# Life of Mine

- LOM of 3.7 years based on probable reserves and indicated resources only
  - At proposed processing rate of 150,000m<sup>3</sup>/month from February 2011 *at 85% overall plant utilisation*
- *Adding* inferred resources could potentially increase LOM significantly
  - Not included in LOM plan because inferred resources cannot be converted to mineral reserves and may never be mined economically



# Saxendrift rehabilitation

- Rehabilitation liabilities were estimated in December 2005
  - Scenarios included sudden closure and planned closure or decommissioning, as required by the DME
  - Estimate excluded rehabilitation of low grade stockpiles as this would sterilise potential future conversion to a resource
- Rockwell has a single trust fund to cover rehabilitation guarantees which includes all Saxendrift project properties
  - Rockwell's guarantees with DME amount to approximately \$1.0m

## Saxendrift financial information (Fiscal 2011)

Volume (m <sup>3</sup> )	1,449,875
Carats	6,705
Average grade (Carats per 100m <sup>3</sup> )	0.46
Sales (Carats)	6,956
Value of sales (US\$)	13,931,120
Average Value (US\$ per carat)	2003

# Saxendrift: Economic analysis

## Saxendrift Prefeasibility Study: Key Parameters

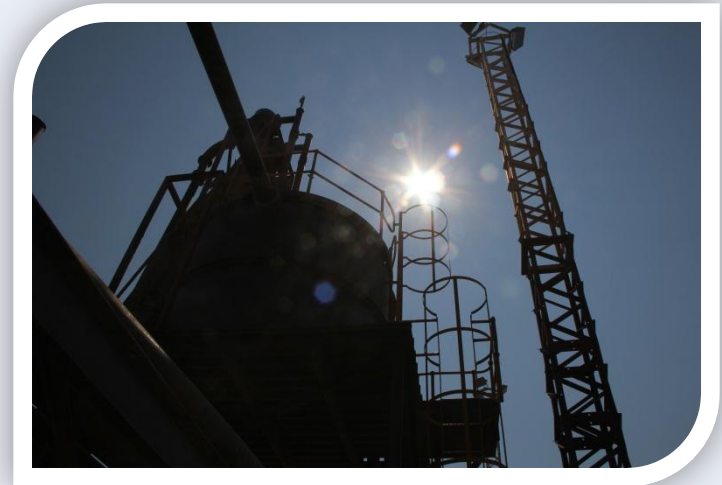
Volume of gravel	Cubic Metres
Probable Reserve	4,859,900
Average Grade	0.5ct/100m <sup>3</sup>
Average sales value (2011)	USD2,029/ct
Proposed monthly throughput	150,000m <sup>3</sup>
Proposed mine life (reserves only)	2.7
Mining Costs (2011)	ZAR43/m <sup>3</sup>
Mining Royalties	0.5-7%
Capex required to bring mine into production	*No future Capex
Earthmoving fleet budget	N/A
Tax	28%

### Key Results

IRR	Cannot be calculated since no Capex is budgeted for the proposed life-of-mine	
NPV (reserves only)		
	10%	ZAR85,000,000
	16%	ZAR72,000,000
	19%	ZAR 67,000,000

# Saxendrift: Independent valuation value (100%)

- Conducted by Evans & Evans Inc. (Vancouver, Canada), July 2011
- DCF methodology with WACC ranging between 22.4% and 25.0%
- Assuming 4 year LOM
- Resources, grades and carat prices based on NI 43-101 reports
  - Diamond prices inflating at 4% p.a.
- Fair market value for 100% of Saxendrift:
  - Determined to be in the range of \$21.0m to \$21.7m



# Saxendrift turnaround initiatives

- Board approved of investments to improve performance
- Replacement in October of current vibrating in-pit desanding screen with fit-for-purpose Bivitec technology: processing of wet and sticky ores to converge towards the required processing rates
- Project to implement bulk x-ray technology with significantly increased efficiencies in concentrating and recovering diamonds in one efficient, secure and cost effective step
- Substantial improvement in recoveries, with particularly good production in August
  - Multiple mine faces recently opened
  - Persistent high sand content
- Performance moving towards production levels originally estimated by geologists

