



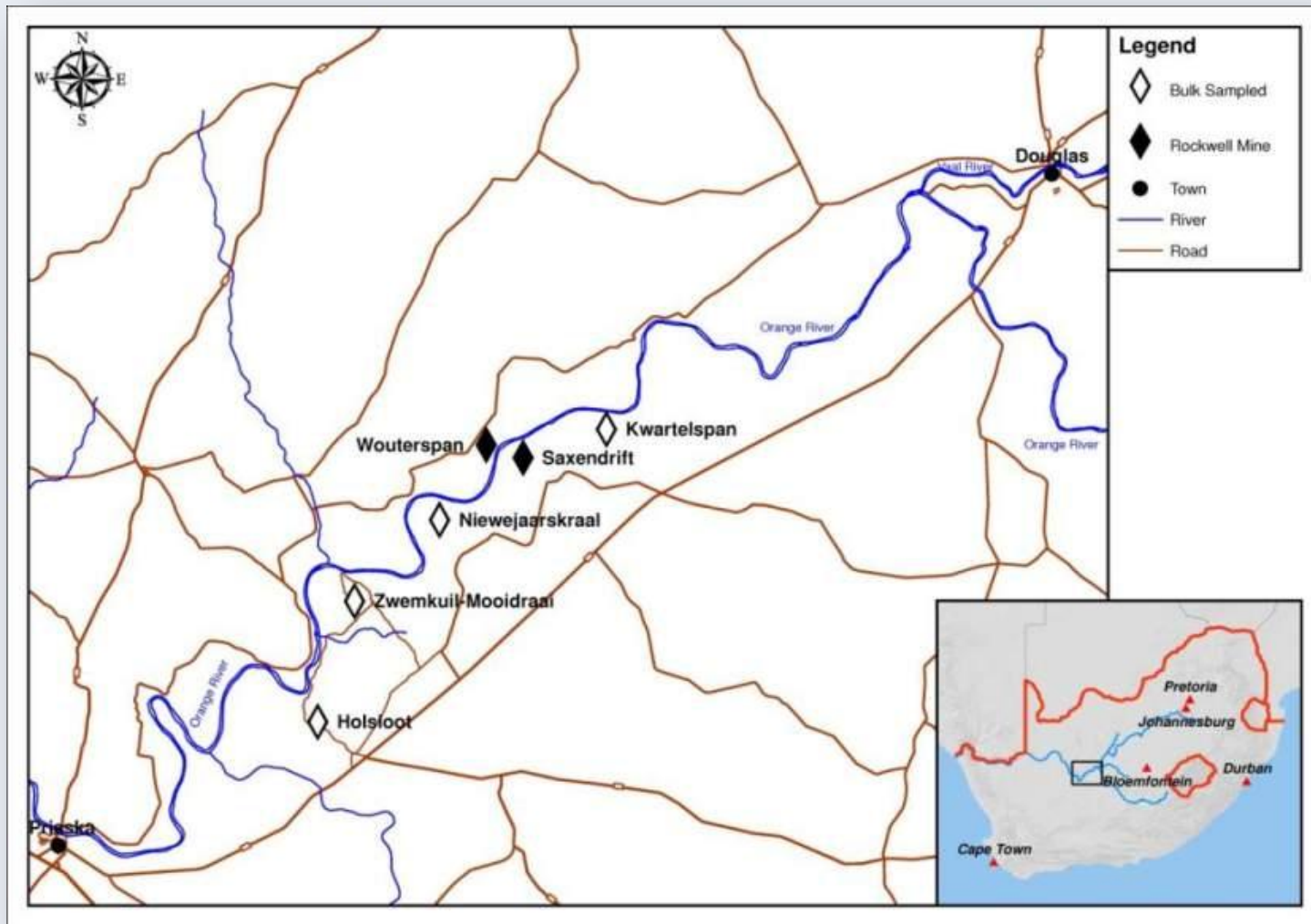
**Middle Orange River operations: Wouterspan Mine**



## Wouterspan property

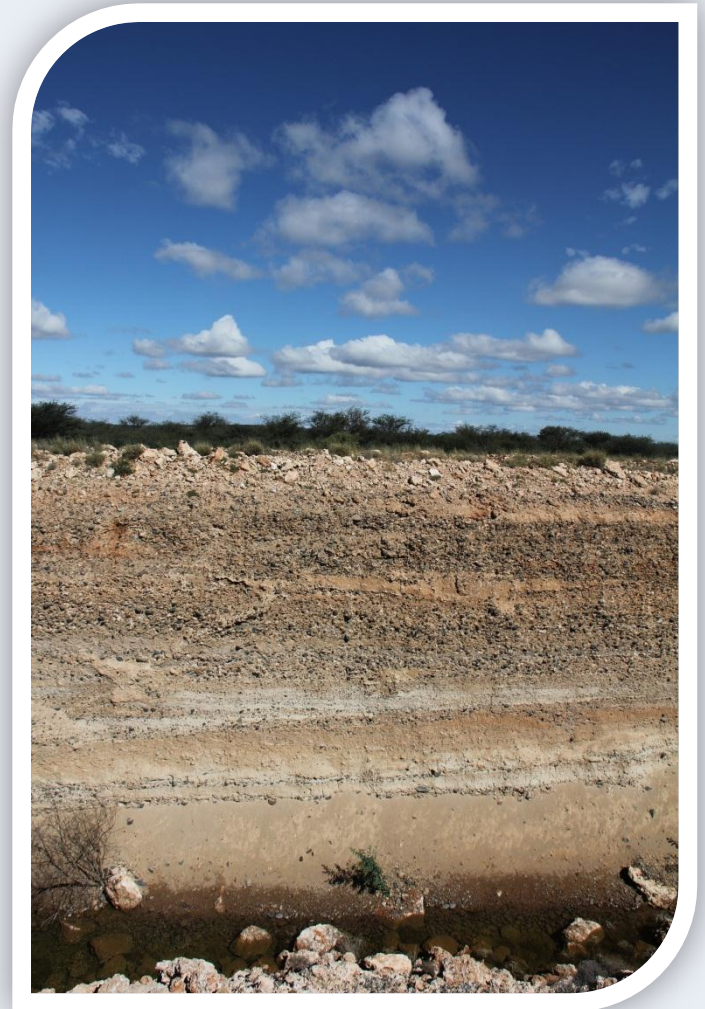
- Located along the north bank of the middle Orange River between Douglas and Prieska in the Northern Cape Province of South Africa
  - Area has been the site of intense alluvial diamond activity since the 19th century
- Wouterspan is located some 100km southwest of Douglas on the right bank of the Orange River.
- Project comprises a number of individual farm portions of the farm Wouterspan (Lanyonvale 376), with a total of 7,409 ha
- Middle Orange River, especially the stretch between Douglas and Prieska, are historically important diamond mining centres
- Placed on care and maintenance during 2008 recession to preserve capital

# Location of the Wouterspan project: Northern Cape Province



# Plans for new production plant

- New high-volume processing plants planned
  - Latest diamond recovery technologies which are significantly more efficient than traditional DMS and pan plant configurations
- Intention to deploy high-volume X-ray technology being implemented at Saxendrift to achieve efficiency improvements over current flow sheets
- Timing predicated on availability of funding but unlikely to commence before the end of fiscal 2012



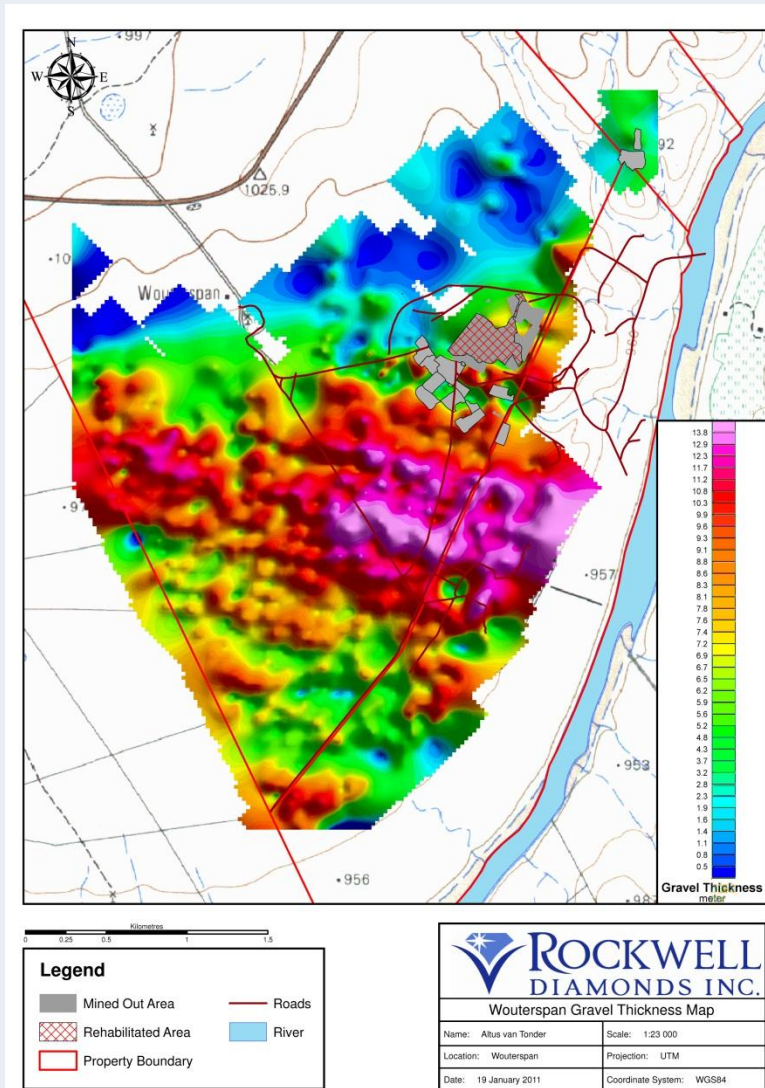
## Wouterspan mineral rights

Property	Size (ha)	Number	Validity
Portion 16, portion of Portion 9	189	HCVWD New Order Mining Right (NC)30/5/1/2/2/0208 MR	An application (208MR) to convert to a Mining Right, along with the consolidation of all the Wouterspan permits, was granted on 25 January 2010 but has not yet been executed
Portion 14 (Stofdraai) Remainder of Portion 9 (Wouter)	1,641 1,370		
Portion 16 (portion of portion 9)	240		
Remainder of Portion 18 (portion of Portion 10)	272		
Portion 7 Portion 11 (De Hoek)	1,629 1,289		
Surveyed Portion of Remainder of Portion 9 (Wouter)	781	New Order Prospecting Right Protocol 65/2006 (Okapi Diamonds CC)	Section 11 cession not yet finalised. This portion will then be incorporated into the HCVWD Mining right

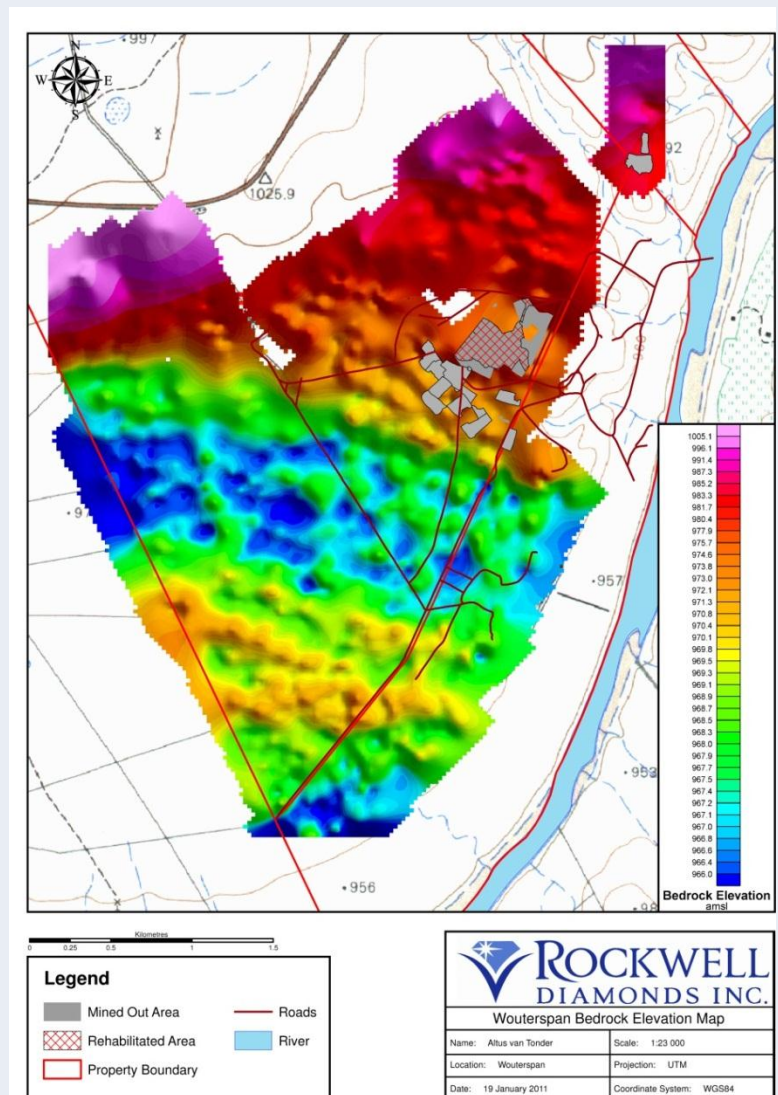
# Wouterspan geological setting

- Alluvial deposits preserved in fluvial-alluvial palaeochannel and deflation gravels (Rooikoppie) in Vaal River terraces
- Deposit comprises extensive flat lying alluvial sequence on right bank of modern Orange River extending across an area of approximately 4x3km
- Bedrock well exposed 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 Orange River are preserved at different elevations above the present Orange River bed, namely:
  - Lower “C” Terrace: 0-20m
  - Intermediate “B” Terrace: 30-60m
  - Upper “A” Terrace: 60-90m and
  - High Terrace: +110m
  - Diamondiferous Rooikoppie gravel scree slopes higher

# Middle Orange River: Wouterspan Redesign – Resource



Gravel Thickness



Bedrock Elevation

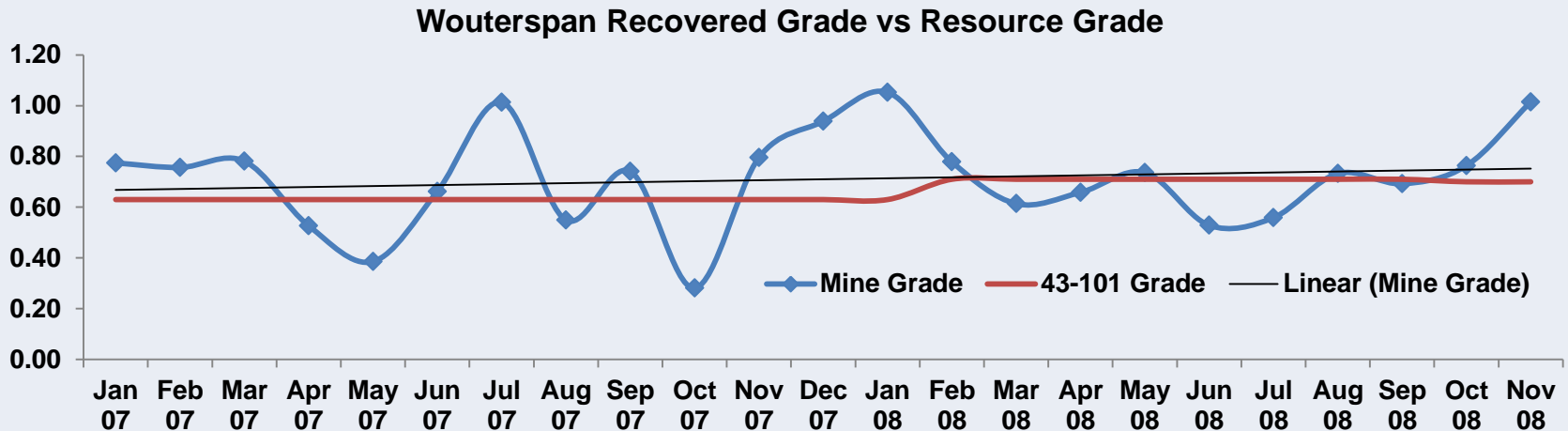
# Wouterspan reserves

Property	Category	Volume (m <sup>3</sup> )	Grade	Value (USD/ct)	
		Feb 28 2011	(ct/100m <sup>3</sup> )	43-101	FY2011
Wouterspan	Indicated	5,025,500	0.7	\$2,029	
	Inferred	37,774,000			



# Wouterspan grades and carat values

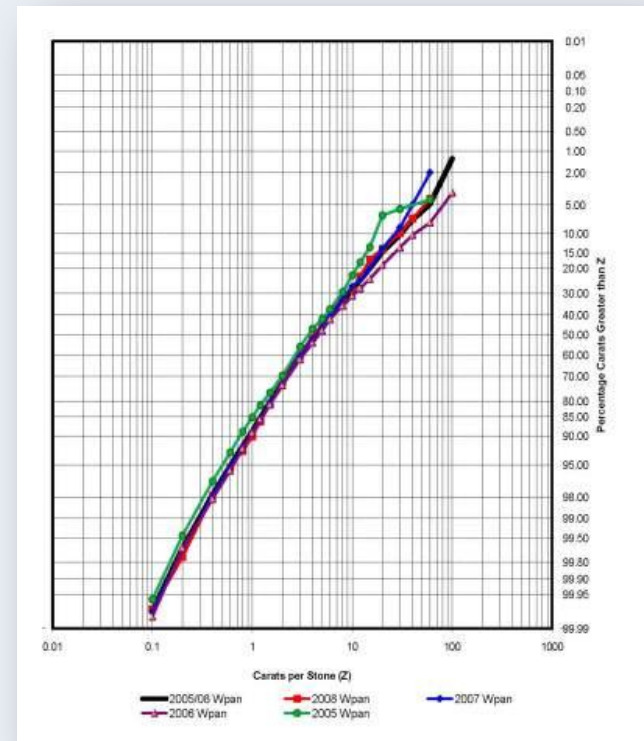
- From March - November 2008: 100,000m<sup>3</sup> of Rooikoppie and 452,293m<sup>3</sup> of calcreted fluvial-alluvial processed to recover 3,897ct at an average grade of 0.70ct/100m<sup>3</sup>



- 2007: Average sales value of USD2,290/ct in line with underlying market strength and recovery of large (+50ct) stones
- March to October 2008: 2,000cts sold for average of USD1,511/ct due to 33% decline in average diamond value with recovery of smaller stones and lower international diamond prices towards end of 2008

# Wouterspan diamond size distribution

- March 2005 to October 2007: 8,767 stones (18,704 ct) recovered during sampling programme with average of 2.13ct/stone
- Top and bottom diamond cut-off of 30mm and 2mm
- Upper limit allowing for recovery of diamonds weighing up to 280cts
- Cumulative frequency of entire parcel indicates well sorted diamond population
  - 50% of parcel above 1.6cts/stone
  - Almost 15% of the parcel over 4.5ct/stone
- Production history of Wouterspan shows frequency with which large stones recovered
  - 14 out of the total of 8,767 stones being over 50cts



***Diamond size distribution***

# Wouterspan mining rates and Life of Mine

- Total estimated life of mine of 10 years:
  - Preliminary estimation of mine life of 2.3yrs, based on indicated mineral resources
  - Additional 8.7yrs from inclusion of inferred mineral resources
- Excludes further exploration targets or additional property acquisitions
- Two phased implementation envisaged:
  - Phase 1 (processing rate of 180,000m<sup>3</sup>/month) for first 24 months
  - Phase 2 is planned to double process gravel to 340,000m<sup>3</sup>/month
  - Overall plant utilisation has been estimated at 85% of capacity



# Wouterspan rehabilitation

- Approved Standard Environmental Management Programmes (SEMP) in place for all properties
  - Valid until approval of Environmental Management Programmes (EMPR) by DMR
- Concomitant with the application of the consolidated mining right (208MR), Rockwell submitted an updated EMPR
  - This will be signed once Portion 4 is consolidated into the new Mining Right
- The Farhom and Okapi guarantees will be replaced by Rockwell as soon as the Section 11 cession has been finalised and all the properties are consolidated into a single licence



# Wouterspan : Economic analysis

Wouterspan Preliminary Assessment: Key Parameters		
Indicated resources	5,025,500 m <sup>3</sup>	
Inferred resources	37,774,000 m <sup>3</sup>	
Average Grade	0.7 ct/100m <sup>3</sup>	
Average sales value	USD 2,029/ct	
Proposed monthly throughput	340,000 m <sup>3</sup>	
Proposed mine life	11 years	
Operating Costs	ZAR 45/m <sup>3</sup>	
Mining Royalties	Variable	
Capital required to bring mine into production	ZAR 122,000,000	
Earthmoving fleet budget	N/A	
Tax	28%	
Key Results		
	Base Case	10% Price Escalation
Internal Rate of Return (IRR)	101%	135%
Net Present Value (NPV) at discount values of:		
15%	ZAR 482,000,000	ZAR 1,199,000,000
20%	ZAR 363,000,000	ZAR 885,000,000
25%	ZAR 279,000,000	ZAR 667,000,000

## Wouterspan : Independent valuation value (100%)

- Conducted by Evans & Evans Inc. (Vancouver, Canada), July 2011
- DCF methodology with WACC ranging between 25.4% and 29.0%
- Assuming 10 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 Wouterspan:
  - Determined to be in the range of \$64.1m to %74.1m