

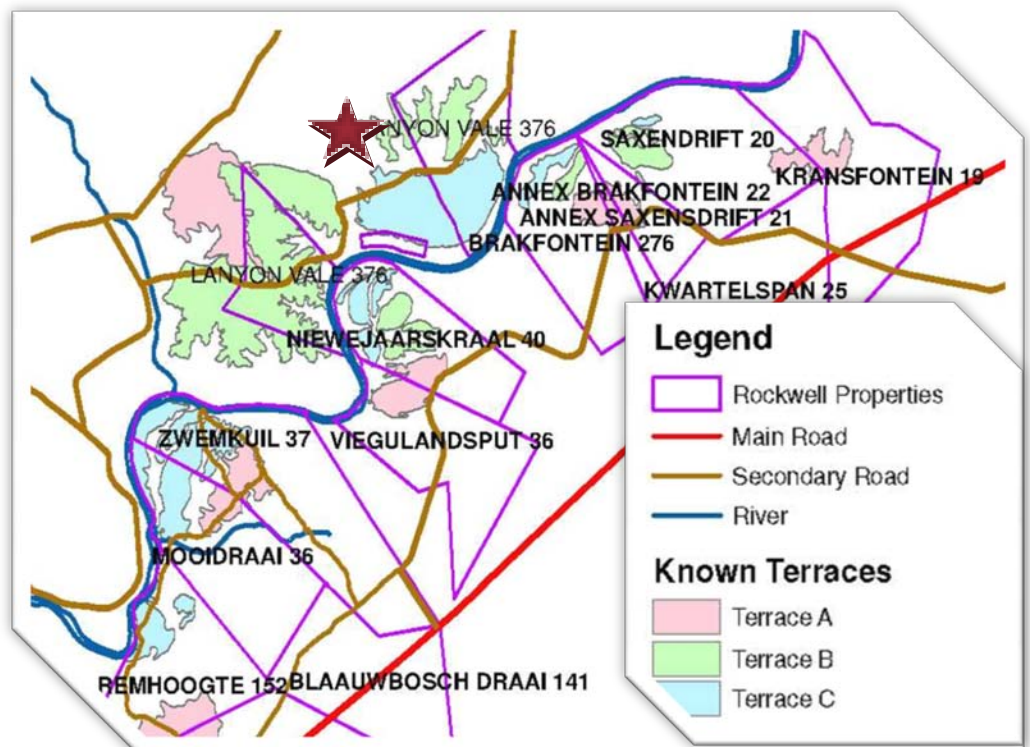
KEY FEATURES	
Independent QP	Dr Tania R Marshall (Pr. Sci. Nat.) Explorations Unlimited, South Africa
Non-independent QP	Mr Glenn Norton (Pr. Sci. Nat.) Rockwell Diamonds Inc
Effective Date	30 November 2010
Prepared for	Rockwell Diamonds Inc.
Purpose	Rockwell Resources Annual Information Form and Mineral Resource Statement Update (presentation of Exploration Results).
Company Year End:	February 28
Personal Inspection	Site visit during 30 Aug – 2 Sept, 2010. All operating areas, infrastructure and plants inspected.
General Location	Located in the Herbert district of the Northern Cape Province of South Africa approximately 145km southwest of Kimberley. The operations are located on the farm Lanyonvale (various portions) with an aggregate area of 2,579.8ha.
Licence Status	The following permits are valid for the project: <ul style="list-style-type: none"> • Portions 7, 14, 16, and 18 have been consolidated into a single Mining Right in the name of H C Van Wyk Diamonds ("HCVWD"). This conversion was granted on 25 January 2010, but has not yet been executed. • The converted, New Order Prospecting Right on a surveyed portion of Re/ptn9 (held by Okapi Diamonds) is under section 11 cession to HCVWD and will be included into the existing HCVWD Mining Right, once granted.
Royalties and Payments	The Wouterspan operation is subject to a State royalty. The rate is based on a sliding scale, dependent on the EBIT profitability of the operation, subject to minimum and maximum rates (for diamonds, as unrefined minerals) of 0.5% and 7.0%.
Climate	The Wouterspan Operation is located in a semi-arid, Karoo environment.
Infrastructure/Accessibility	Electrical power and water is readily available. Mining personal readily available and regularly rotated. Tailings and waste disposal sites have been identified and are currently in use. Operations accessed by good network of all-weather gravel roads.
Deposit Types (NI10)	Alluvial diamond deposits preserved in fluvial-alluvial palaeochannel and deflation gravels (Rooikoppie) in Vaal River terraces.

HISTORY

Alluvial diamonds have been recovered from properties along the middle Orange River, between Douglas and Prieska since the early 1880's. Initially, much of this activity was focussed on the Rooikoppie gravels – deflation gravels derived from the colluvial and eluvial reworking of pre-existing alluvial deposits. Later it was recognised that the underlying palaeochannel gravels, often buried beneath a hard calcrete carapace, represented an economically viable, high volume target.

During the period February and May 2006 a local drill contractor under instruction from HCVWD and supervised by Robert Cooke, a consulting geologist based in Kimberley drilled a total of 191 boreholes (2,097m) on Okapi, and 278 boreholes (3,265m) on Farhom. The data collected from the boreholes were used in the construction of a geological model for the area from which contour plans illustrating gravel thickness, overburden thickness and bedrock elevation were produced. Exploration Potential of some 4,481,331m³ of Rooikoppie and 43,258,590m³ of Primary gravels were estimated to exist on the Wouterspan property (de Decker, 2006).

During March 2005 and February 2006, a total of 513,892m³ Primary gravel and 24,013m³ Rooikoppie gravel was bulk-sampled by HCVWD. Results from this exercise indicated that sample average grades were around 0.55ct/100m³. The average selling price achieved for the nine-month period ending January 2006 was in the order of USD 1,277 per carat.



Subsequent to the compilation of the March 2006 De Decker report, Venmyn (Venmyn Rand (Pty) Ltd. trading as Venmyn) completed a resource update for Rockwell. This report was based upon production records from 14 months of full-scale production on Wouterspan, but no additional drilling. On this basis, a Mineral Resource Statement as of 30th May 2007, was compiled for the Wouterspan Mine and included as an update to the De Decker report. High quality gemstone diamonds were identified at Wouterspan. An average diamond value of +USD2,200/ct was established from sales of over 12,000 carats.

GEOLOGICAL SETTING

The present Orange River between Douglas and Prieska displays a meandering channel morphology, best developed in areas underlain by the Dwyka Group. All the different fluvial terrace deposits are covered by Rooikoppie gravels, which represent mobile, multi-cyclic deflation and gravitational deposits sourced from surface scree deposits and/or elevated (inverted) fluvial deposits and preserved and recycled repeatedly from one successive land surface to the next. Only the most durable silicic clast Banded iron formation (BIF, quartzite, chert, etc) survived this deflation recycling and diamonds are only present where the Rooikoppie gravels recycled older diamondiferous fluvial deposits.

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 than the oldest preserved fluvial deposits suggest that even older and higher elevation palaeo-deposits were present and have been removed completely by erosion.

The ages of these terraces young with decreasing elevation and vary from Pleistocene-Pliocene for the lower terraces to Plio-Miocene for the upper terraces. Conversely, the probability of preservation decreases with increasing age and elevation.

The most consistent high level palaeo deposit, and the one on which the geological model for this area was developed, occurs between 60-90m above river level. These deposits represent palaeomeanders exhibiting a wavelength of approximately 13km and an amplitude of about 6km, very similar to that of the modern-river. These gravel deposits occur at about 1000 masl. and generally slope slightly to the south, away from the Orange River. Both the calcrete cap and the bedrock exhibit this same slope. The meanders are generally covered entirely by either calcrete or wind-blown sand, or both, but careful mapping have defined points of entry and emergence of palaeochannel deposits from underneath the upper calcrete cap, along the valley scarps.

Frequency of occurrence suggests that the known deposits represent the complete palaeochannel profile for this section of the river. The correspondence in palaeo- and modern river morphology, for this cycle, indicates that this sector of the Orange River system remained in relative equilibrium since, probably, the Miocene. All the preserved meanders at this elevation lie to the south of the present river channel suggesting that meander cut-off occurred mostly along the northern loops of the meanders. This may be an indication of regional slope to the south or slow, continuous uplift to the north.

The primary sources of diamonds trapped in the palaeogravels of the Orange River are kimberlites and intermediate secondary sources like eluvial, colluvial and fluvial deposits in the catchment regions of the Vaal and Orange rivers. These diamonds were deposited along the course of the river in favourable trap sites either in bedrock-traps or in point-bar complexes and within-channel bars, particularly in meanders, scour pools and areas of divergent flow.

In the range of deposits on Wouterspan and within the context of the model presented diamonds were first deposited in gravel units at an elevation of + 110m above the present river. As a result of consecutive cycles of continental uplift and erosion, the oldest diamondiferous gravels deposited by the Orange River have been recycled and re-deposited repeatedly through time down to the lowest level gravels as preserved today.

Lower elevation terraces (less than about 30 m above present river bed) of the Orange River are typified by up to 30% sand matrix with a high proportion of zeolite-rich sand lenses and a high proportion of red Drakensberg basalt clasts. These gravels normally exhibit intermediate to low diamond grades. They are typically cobble-pebble gravels with occasional boulders. Clast composition is dominated by BIF +60%, andesite, dolerite, shale, quartzite, riebeckite and others with a low percentage of agate and amygdals. Clast-rounding is moderate, packing is moderate to poor which impacts negatively on diamond entrapment potential. Average grades of 0.5-1.2ct/m³ or 0.23-0.54cpht are known with the occurrence of occasional large stones. The lowest terrace does not appear to be as calcreted as the upper two terraces and mining is, therefore, easier. Lower terrace deposits are generally covered by 1-4 m of sand whereas the upper terrace deposits are capped by a hard calcrete layer some 2 - 3 m thick which protected the gravel deposits from erosion and prevented exploitation in the past.

The Wouterspan deposit comprises an extensive flat lying alluvial sequence located on the right bank of the modern Orange River extending across an area of approximately 4x3km. The bedrock is well exposed in the workings and shale and tillite of the Karoo age Dwyka Group, are common. The bedrock displays an irregular erosional surface with gully and pothole features creating high diamond trapping potential. At Wouterspan, the gravel terrace occurs approximately 20-40m above the Orange River and appear to have been deposited in a braided river environment. These terraces are, probably, of lower to intermediate age.



C-Terrace on Wouterspan mine (20-40m above present river level)

Thin (<2m), extensive Rooikoppie blanket the property. The fluvial-alluvial sequence is comprised of a basal gravel overlain by a generally upward-fining sequence with hanging gravel lenses known as "Middlings". The sequence is covered by a (non-silcreted) calcrete cap, generally less than 5m thick. Post-depositional weathering of this calcrete has formed solution hollows called "makondos" which are often filled with diamond-enriched Rooikoppie gravels.



Fluvial-alluvial gravel unit being bulk-sampled on Wouterspan showing basal gravel unit and overlying "middlings" gravels

MINERALISATION

The palaeochannel gravels are mineralised by diamonds derived from the weathering and erosion of kimberlites present in the headwaters of the palaeo-Vaal River system. Colluvial and eluvial post-depositional modification of these fluvial-alluvial deposits resulted in the formation of the Rooikoppie gravels.

Under arid conditions low stream flow typically results in wide, shallow channels. The valleys displays moderate sinuosity and braiding may be frequent. Braided streams are highly transient environments. The braided channels are unstable through time and gravel bars are formed and destroyed continuously. Shifting bars and channels cause wide variations in local flow conditions resulting in varied depositional assemblages. Common features in braided stream deposits include irregular bed thicknesses, restricted lateral and vertical variations within the sediments, and abundant evidence of erosion and re-deposition.

EXPLORATION

In alluvial deposits diamonds occur in clusters formed by natural traps such as gullies, potholes and gravel bars. Diamonds constitute discrete units of varying size (weight) and usual parameters of grade measurements are not entirely applicable. Individual diamonds are not evenly or uniformly distributed throughout an alluvial deposit; neither are they randomly distributed. Rather, their distribution has been described as a random distribution of clusters of points. Consequently, in order to be effective and reliable, individual sample sizes may need to be relatively large. Due to the nature of the distribution of diamonds throughout a deposit the

grade estimated from any individual sample can vary widely. A single sample provides only a limited amount of information and the conclusions drawn are, correspondingly, uncertain.

DRILLING

Since 2007, some 1,763 (+14,000m) drilling has been completed by Rockwell as part of the resource estimation programme

SAMPLING

During the period March – November 2008 the resources outlined above were depleted by mining activities. All of these gravels were mined from previously identified, Indicated Resource areas on the C terrace (no bulk-samples have yet been taken from the higher B terraces). Some 100,000m³ of Rooikoppie and 452,293m³ of calcreted fluvial-alluvial gravel (for a total of 552,293m³ was processed to recover 3,896.42carats at an average grade of 0.71ct/100m³.

MINERAL MINING AND PROCESSING

The mining of the gravels at Wouterspan was undertaken using mechanised, shallow opencast earthmoving techniques, virtually identically to the bulk-sampling operation:

- The topsoil is removed and stored separately for later rehabilitation.
- The 1-1.5 m of Rooikoppie is then removed from the uneven calcrete substrate by an excavator.
- Having removed any calcrete overburden, the Primary (palaeochannel) calcreted gravels are mined. Where the bedrock is soft, approximately 20cm of bedrock is excavated with the gravels, so that any diamonds in the weathered rock will be recovered.
- The Primary gravels are screened in the pit to -40mm, before transport to the diamond recovery plants.

The gravel samples were processed through a bank of 16-foot rotary pan plants. Highly magnetic gravel clasts were removed from the gravels prior to processing. The concentrate was processed, on-site, through X-Ray FLOWSORT machines, prior to grease and final hand sorting.

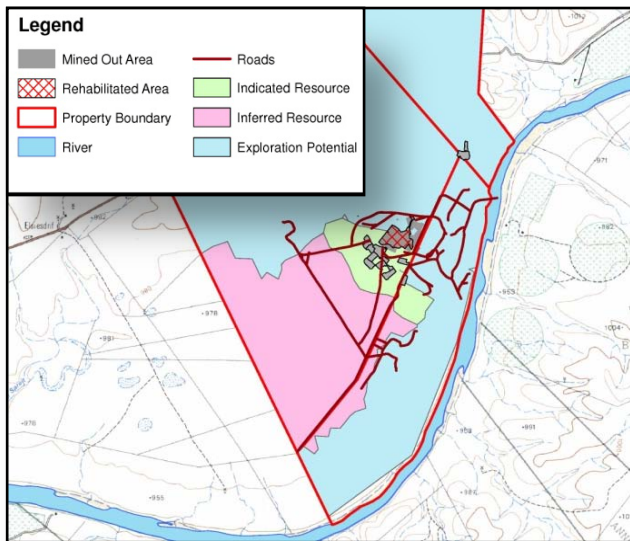
MINERAL RESOURCE ESTIMATES

The resource statement for Wouterspan reflects the situation as at 30 November 2010. Note that:

- No production has taken place on this mine since end November 2008 when the mine was put on Care & Maintenance. The volumes and grades reflect the bulk-sampling and trial-mining data up to that time.
- The diamond value given in the statement is the average received for +5,500 of diamonds sold from the adjacent Saxendrift mine during 2010. Since this does not represent a parcel derived from the Wouterspan mine itself, the confidence level on this estimate is not as high as it would be after the recovery of 3,000-5,000cts from the mine. This figure will be adjusted accordingly, once the mine is re-commissioned.

All of the identified resources are located on the (lower) C terraces. Although drilling has been initiated on both the B terraces, no bulk-samples have been completed at these locations. Additional prospecting, to increase the amount of data on the higher terraces, is necessary to improve the representativeness of the information. Current reconnaissance

drilling highlights exploration targets of some 14Mm³ and an additional area of some 40Mm².



Identified Resources on Wouterspan mine

	Inferred Resources	Indicated Resources	Ave Grade (ct/100m ³)*	Value (USD/ct)
Rooikoppie	5,911,000	714,400		
Fluvial-alluvial	31,863,000	4,311,100	0.70	2,029
TOTAL	37,774,000	5,025,500	0.70	2,029

* At a 2mm bottom cut-off

PRELIMINARY ECONOMIC ASSESSMENT

During 2009/2010 Rockwell has proceeded with plans to complete trial-mining and a pre-feasibility study once the mine is re-commissioned. Work done to date on the adjacent (across the river) Saxendrift mine indicate that the entire sedimentary profile should be excavated and processed – although this has the effect of decreasing the overall recovered grade, the life of mine is significantly increased. Excavation of the gravels is not planned to change from the standard techniques applied on all of Rockwell's alluvial diamond mines – excavation by hydraulic excavator followed by transport of gravel to the plant site in dump trucks.

The proposed processing plant will be a high-volume, low-cost plant, specifically designed to deal with the peculiarities of the gravels being processed. The plant will comprise 8 (or 12) 18' rotary pan plants and trial-mining will investigate the efficiency of sending selected size fractions to selected pans, namely +2-6mm, -6-12mm and +12-32mm. This is expected to greatly improve the recovery efficiencies of the pans. The plant is planned to be automated to the extent that optimal production, along with minimal downtime and maintenance can be attained. The mine plan has been developed in two phases – phase 1, comprising plant throughput of 180,000m³ per month, for a period of some 24 months, followed by phase 2, at some 340,000m³/month.

During 2011, once the mine has been re-commissioned, Rockwell will continue to trial-mine gravels from the C Terrace

on Wouterspan and proceed with mining/processing engineering and economic studies necessary to complete the pre-feasibility study on the mine. In addition, geological prospecting will continue on the B terraces – 11,249m (1,607 holes) drilling is planned for 2011/12. Advancement to the subsequent phase of prospecting, namely bulk-sampling of these terraces) is contingent upon positive results. Trial-mining costs on Wouterspan are expected to run at ZAR5.2M/month. The planned CAPEX budget is R122M which includes infrastructure upgrades as well as the construction and commissioning of a new processing plant (all costs are subject to inflation). Exploration drilling costs have been budgeted at ZAR4M for the entire programme.

At a proposed 180,000m³/month for the first 24 months, followed by increased monthly production of 340,000m³ throughput, the preliminary estimation of mine life is 2.3 years, based on indicated mineral resources only. An additional 8.7 years may be added if inferred mineral resources are included, resulting in a total expected mine life of 10 years. The key parameters and results are tabulated below:

Key Parameters	Key Results
Volume of gravel	Cubic Metres
Indicated Resources	5,025,500
Inferred Resources	37,774,000
Average Grade	0.7ct/100m ³
Average sales value	USD2,029/ct
Proposed monthly throughput	340,000m ³
Proposed mine life (indicated and inferred resources*)	10years
Operating Costs	ZAR45/m ³
Mining Royalties	0.5-7%
Capex required to bring mine into production	ZAR122,000,000
Earthmoving fleet budget	N/A
Tax	28%
IRR	135%
NPV at discount values of:	
15%	ZAR 1,199,213,358
20%	ZAR 884,529,137
25%	ZAR 666,894,268

* Under these circumstances, however, it is fundamental to appreciate that the assessment is preliminary in nature, that it includes inferred mineral that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized.

