

EXECUTIVE DIRECTORS OF ROCKWELL DIAMONDS INC.

PROXY CIRCULAR

YOUR VOTE IS EXTREMELY IMPORTANT, NO MATTER HOW MANY SHARES YOU OWN

THE PROXY TO VOTE IS GREEN

A Special Shareholders Meeting of Rockwell Diamonds Inc. (the “Company” or “Rockwell”) has been convened for June 17, 2009. At the Shareholder Meeting, your vote will be very important to the future of your Company. Pala Investments Holdings Limited a dissident minority shareholder (19.9%) (the “Dissident”) is seeking to take control of Rockwell. **Duty bound by their obligations to act in the best interests of all of Rockwell’s shareholders, three directors (herein the “Executive Directors”) are strongly opposed to the plans of the Dissident and have caused this circular to be prepared and mailed to you.**

Please read this document to learn the reasons why the Executive Directors are opposed to the actions proposed by the Dissident. This document also describes the going-forward financing strategy of the Executive Directors for Rockwell which strategy includes a fair rights offering which will not involve a further cementing of control into the hands of the Dissident.

The views expressed herein are those of the Executive Directors only.

The Executive Directors urge you to support their continued stewardship of the Company by voting AGAINST the special resolution to remove them from office and by voting FOR a Fair Rights Offering which will provide balance to the Company’s shareholder constituents, by using the GREEN form of proxy.

THE FUTURE OF ROCKWELL DIAMONDS INC. WILL BE DETERMINED BY THE OUTCOME OF THIS VOTE. DO NOT ALLOW A DISSIDENT MINORITY SHAREHOLDER TO TAKE CONTROL OF ROCKWELL AND YOUR INVESTMENT

***Please visit the Executive Directors’ website for regular updates:
www.executivedirectorsrockwell.com**

Dated at Johannesburg, South Africa, May 20, 2009

Please take the time to vote your proxy. To be effective, your GREEN proxy must be received before and no later than June 15, 2009 at 11:00 a.m. Vancouver Time using one of the methods described on the GREEN form of proxy. We recommend voting by Internet, telephone and facsimile. Whether or not you plan to attend the meeting, we ask that you complete and return the enclosed GREEN proxy promptly and discard any material that you receive other than from the Executive Directors

QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR



LAUREL HILL ADVISORY GROUP
New York • Toronto • San Francisco • Vancouver

Toll-Free:

NORTH AMERICA: 1-888-882-6737

EUROPE: 00-800-8655-1111

SOUTH AFRICA: 0-800-982-179

COLLECT: 1-416-637-4611

EMAIL: rockwellinfo@laurelhillag.com

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SOUTH AFRICA 0-800-982-179 OR COLLECT 1-416-637-4611**

May 20, 2009:

Dear Fellow Rockwell Shareholders:

Your Vote Has Never Been More Important

A dissident, minority shareholder, is seeking to take control of your Company by arguing the Special Meeting is about “leadership”. We, the undersigned Executive Directors need you to understand that the real issue is about control and why you should resist what the dissident is trying to do.

On April 29, 2009, Pala Investment Holdings Limited (the “Dissident”) announced that it had called a Special General Meeting (the “Meeting”) of the common shareholders of the Company to be held on June 17, 2009 in Vancouver, British Columbia, Canada. This information circular represents solely the opinions of the three Executive Directors who currently constitute a minority of the Board.

The Dissident’s proposals in connection with the Meeting have deeply divided your Board of Directors. The Executive Directors strongly oppose the Dissident’s proposal whereas the other directors do not oppose them for reasons which are not clear to us. The Executive Directors, however, feel they are duty-bound to respond to the Dissident’s Circular and caution you against supporting the Dissident’s plan which they believe to be self-serving. The Executive Directors believe that Pala’s proposal to remove them from office and replace the Executive Directors with Pala nominees will not be in the best interest of shareholders and will not provide proper balance on the Board of Directors.

At the Meeting, the Dissident is seeking not only to remove the Executive Directors from the Board, but is also seeking to convince Shareholders to terminate their Shareholders Rights Plan and thereby **destroy a key shareholder protection** designed to provide a better opportunity to maximize the sale price of the Company on a change of control.

The Company’s alluvial diamond mining business is experiencing a “perfect storm” of a world-wide economic recession, drastically reduced diamond prices and depressed stock prices for junior companies. Under the guise of “leadership” issues, the Dissident intends to take advantage of this perfect storm and the consequential weakness in Rockwell’s business and share price to conduct a rights offering that will almost certainly allow the Dissident to **gain a chokehold** voting position in Rockwell’s shares. If retained in office, the Executive Directors intend to urge the Board to conduct an alternative form of rights offering (the “**Fair Rights Offering**”) which they believe is clearly in the Shareholders’ best interests to support because it will not allow any individual shareholder to cross the 20% threshold. Terminating **your Shareholder Rights Plan also puts the Dissident into a position where it can acquire a control-cementing position through other types of transactions, for example, such as a private purchase of shares of other key shareholders.**

The Executive Directors believe that they have organized Rockwell’s business to survive and, on a turn-around in the diamond markets, thrive. They believe that ceding control of Rockwell to a financial investor like Pala, rather than supporting the continued stewardship of Rockwell by experienced diamond mining industry operators, is the wrong thing to do. The Executive Directors urge you support the positions of the Executive Directors by voting **AGAINST the resolutions being put forward by the Dissident** on the BLUE proxy and **voting FOR the proposed Fair Rights Offering** by using the **GREEN form of proxy.**

Yours truly,

(signed) Dr. John Bristow
Dr. Mark Bristow
David Copeland, P.Eng.

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**NOTICE OF SPECIAL SHAREHOLDERS MEETING
OF SHAREHOLDERS OF ROCKWELL DIAMONDS INC.**

TAKE NOTICE that a Special General Meeting (the “Meeting”) of shareholders of **Rockwell Diamonds Inc.** (the “Company”) has been requisitioned by Pala Investments Holdings Limited (the “Dissident”) and will be held at Boardroom B1, Park Place, 666 Burrard Street, Vancouver, British Columbia, on June 17, 2009, at 11:00 a.m. (local time) for the following purposes:

1. To consider and, if deemed advisable, to pass a special resolution of the shareholders to remove all the directors of the Company;
2. If Resolution #1 succeeds, then to elect new directors of the Company in place of the removed directors; and
3. To amend and then terminate the Company’s Shareholder Rights Plan Agreement.

As the slate of directors proposed for election by the Dissident includes four of the current directors, the Dissident is seeking only to remove as directors of the Company the persons described herein as the Executive Directors.

The Dissident has distributed an information circular to shareholders dated May 20, 2009 describing these matters in detail. The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting was May 14, 2009 (the “Record Date”).

In addition to the business being proposed by the Dissident, the three board members of the Company who have prepared this notice and the accompanying information circular (the “Executive Directors”) hereby give notice that they intend to put forward the following additional business at the Meeting:

- A. To consider, and if thought appropriate, to pass an ordinary resolution authorizing the Company to undertake a fair rights offering of its common shares, meaning a rights offering that does not require termination or compromise of the Shareholder Rights Plan, as more fully described in the information circular accompanying this notice;
- B. To consider and if thought fit pass an ordinary resolution to continue the Shareholder Rights Plan; and
- C. To consider, and if thought appropriate, to pass an ordinary resolution that the Company not reimburse the Dissident for its expenses incurred in requisitioning, calling and holding the Meeting.

The information circular accompanying this notice contains recommendations of the Executive Directors who are opposed to the matters the Dissident intends to put forward at the Meeting, and details of the resolutions the Executive Directors will be proposing at the Meeting. Registered shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed **GREEN** form of proxy and deliver it by fax, by hand or by mail in accordance with the instructions set out in the form of proxy and in the information circular. **The Executive Directors request that you disregard any proxy you may receive from the Dissident. Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the voting instruction form and in this information circular to ensure that their shares will be voted at the Meeting.**

DATED at Johannesburg, South Africa, May 20, 2009.

ON BEHALF OF THE EXECUTIVE DIRECTORS

Dr. John Bristow
President and Chief Executive Officer

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SOME QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING YOUR SHARES

Q: Why is the Company having this Meeting?

A dissident, minority shareholder, Pala Investments Holdings Limited (the “Dissident”), called this special general meeting (the “Meeting”) in what the Executive Directors believe is a thinly disguised attempt to take control of the Company by (a) having its hand-picked nominees form the entire board of directors of the Company and (b) by terminating the Company’s Shareholder Rights Plan. The Shareholders Rights Plan is the Company’s main structural defence against hostile, predatory take-over bids and other potential types of change of control transactions including creeping bids, and favourable treasury issuances in private placements allowed by an excessively influenced board. **The Dissident’s calling of the Meeting is consistent with its general strategy to take control of the Company without giving shareholders the value they deserve.** It is a clear continuation of the failed highly conditional hostile take-over attempt it launched in the fall of 2008.

Q: What am I voting on?

You are being asked to vote on:

- (a) the Dissident’s proposal to remove from office the Executive Directors (Messrs. John Bristow, Mark Bristow and David Copeland); and
- (b) the Dissident’s proposal to amend and then terminate the Company’s Shareholder Rights Plan.

You will also be asked by the Executive Directors to vote on:

- (c) a proposed Fair Rights Offering by which is meant a rights offering that does not need a termination or compromise the Shareholders Rights Plan;
- (d) a continuation of the Shareholders Rights Plan; and
- (e) their proposal to deny any reimbursement of the Dissident’s expenses for the requisition, calling and holding of the Meeting because the Meeting was unnecessary given the annual shareholders meeting was scheduled for the following month.

The Executive Directors ask that you vote **AGAINST** the Dissident’s proposal to remove any or all of the current directors from office and that you vote **AGAINST** the Dissident’s proposal to amend and then terminate the Shareholder Rights Plan. The Executive Directors ask that you vote **FOR** the Fair Rights Offering being proposed by the Executive Director’s, **FOR** the Continuation of the Shareholders Rights Plan and that you vote **FOR** the resolution denying the Dissident its expenses for requisitioning, calling and holding the Meeting.

Q: I am not clear on the meaning of “Rights Offerings” and “Rights Plans”?

Generally speaking, a “rights offering” is an offering of treasury shares where existing shareholders get the right of first refusal to buy them and any shares not taken up can be subscribed for by other shareholders or a third party. A shareholders “rights plan” sometimes referred to as a “poison pill” is a shareholder protection that forces a party trying to do a take-over by buying more than 20% of the Company to comply with certain requirements to ensure fair treatment of all shareholders. Rockwell shareholders adopted their Shareholder Rights Plan by a vote held in September, 2008. (This document is NOT the rights offering document, you will receive a separate circular in regards to the rights offering if, as and when it is authorized by Rockwell’s Board.)

Both Pala and the Executive Directors believe a rights offering is the appropriate way to proceed to finance Rockwell at this time because of its depressed share price BUT the Executive Directors want you to know there is a BIG difference from Pala in their respective approaches. The Executive Directors would like to conduct a rights offering without compromising your Shareholders Rights Plan, the Dissident wants to eliminate your Shareholders

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Rights Plan so that they can take up extra shares under the rights offering and have the right to do so in any other way they can (e.g. by market purchases or private transaction).

Q: Why should I vote against the Dissident's proposals?

The Dissident's calling of the Meeting seems to the Executive Directors to be a clear attempt to cement its control of the Company without giving the Shareholders the value they deserve and without paying the shareholders the premium they would receive through a fair and competitive take over process.

If the Dissident is successful in naming 100% of the Company's board of directors this alone may, in effect, deliver a level of influence tantamount to control of the Company to the Dissident without any compensation being paid to the Company's remaining shareholders. Further, if the Dissident is successful in terminating the Shareholder Rights Plan, the Dissident would be free to use its influence over the board to try to cement its control by increasing its shareholdings in the Company. In its information circular dated May 20, 2009, the Dissident has indicated that if it is successful in replacing the Executive Directors it will support a rights offering of up to 100% of the current market capitalization of the Company greatly increasing the chances that it would not only acquire its pro rata portion of the common shares offered to all shareholders of the Company, but the Dissident intends also act as a back-stop and acquire all or a portion of all other shares not purchased by the other shareholders. The Executive Directors intend to limit the Fair Rights Offering to 25% of current share capitalization as they do not feel that further dilution is needed at this time.

In addition to lacking significant alluvial diamond mining, expertise the Dissident's nominees would lack true independence. **The Executive Director's question the ability of a board of directors hand picked by the Dissident to truly act in the best interest of the Company and all of its shareholders.** The Dissident's expected domination of its hand-picked board, and the Dissident's other investment interests, may cause conflicts of interest in respect of the other shareholders of the Company.

Q: Why should I support the Executive Directors?

The Executive Director's believe that they have the knowledge, experience, and independence to best serve the interests of the Company and all of its shareholders. The Executive Directors and the current management team have extensive knowledge of alluvial diamond deposits and a proven track record of project identification, evaluation, development, operations management and sales and marketing of mineral commodities including diamonds. They have a blend of skills and experience in earth moving, engineering, processing and recovery techniques, mineral resource management, grade control, environmental compliance, reclamation procedures, and human resource and labour development and have a successful record of creating and managing publicly listed companies, concluding corporate transactions (including mergers and acquisitions), and raising capital.

The Executive Directors intend to propose a Fair Rights Offering to all of the Company's shareholders that would allow, insofar as is reasonably possible, all shareholders to acquire an amount of shares equal to their pro rata interest in the Company. Under the Fair Rights Offering, no shareholder would be permitted to subscribe for shares in an amount that would trigger the Shareholder Rights Plan. This would allow the Company to meet its current financial needs (C\$3.5 million) without terminating the Shareholder Rights Plan and exposing itself to predatory hostile take-over attempts. In addition, the Fair Rights Offering could possibly result in the creation of a another significant minority shareholder if a party other than the Dissident is chosen to back-stop the Fair Rights Offering. The Executive Directors have already received expressions of interest from non-Pala parties to back-stop the Fair Rights Offering and any such third parties would provide a healthy counter-balance to the influence the Dissident is seeking over the board.

Q: Why am I receiving this information circular?

As a result of the Dissident's actions the Company's board of directors has become divided. This information circular has been prepared and distributed by the Executive Directors on their own volition. This information circular discusses issues critical to the management and strategic direction of the Company. You should

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read this information circular and consider the issues discussed in it. To vote to stop the removal of the Executive Directors and to maintain protections against hostile take-over bids, complete, sign and date the GREEN form of proxy and return it in the enclosed return envelope or by facsimile as indicated on the proxy form (or if applicable, complete and return the proxy materials provided by Broadridge Financial Solutions, Inc. or your broker in accordance with the instructions provided) as soon as possible so that your shares may be represented at the Meeting. Due to the limited time available, we recommend voting by internet, telephone and facsimile. If you have questions- call Laurel Hill (see below) and they will help you.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A broker will vote the shares held by you only if you provide instructions to your broker on how to vote. Without instructions, those shares will not be voted. You should instruct your broker to vote your shares by following the directions that you provide. Unless your broker gives you its properly completed proxy to vote your shares registered in your broker's name at the Meeting, you cannot vote those shares even though they are owned by you. If you wish to attend the meeting and vote in person, please see page 22 to learn how you can attend the meeting as a proxyholder through your broker.

Q: Can I change my vote after I have voted by proxy?

Yes. A registered shareholder who has given a proxy may revoke it by instrument in writing executed by the shareholder or such shareholder's attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited with the transfer agent of the Company, Computershare (see contact information below), at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used. If your shares are held in street name by your broker, please contact your broker for instructions on how to change your vote.

Q: If I support the Executive Directors do I vote "No" on Pala's Blue proxy?

No, do not vote Pala's Blue proxy at all. Your vote on the Green proxy will prevent the changes to the Board and to your Shareholders Rights Plan that you should oppose.

Q: Who can help answer my questions?

Shareholders who would like additional copies, without charge, of this information circular or have additional questions about the procedures for voting their shares, should contact the Executive Directors' proxy solicitation agent:

QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR



Toll-Free:

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Circular contains “forward-looking statements” and “forward-looking information” under applicable Securities Laws (collectively, the “forward-looking statements”) relating, but not limited to, Rockwell’s expectations, intentions, plans and beliefs including, without limitation, statements concerning the ability of the Executive Directors to lead Rockwell and serve the interests of Rockwell Shareholders and to implement the business plan. Forward-looking statements can often be identified by forward-looking words such as “anticipate”, “believe”, “expect”, “goal”, “plan”, “intend”, “estimate”, “optimize”, “may”, “will” or similar words suggesting future outcomes or other expectations, intentions, plans, beliefs, objectives, assumptions or statements about future events or performance.

Rockwell Shareholders are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. In evaluating these statements, Rockwell Shareholders should specifically consider various factors, including the risks outlined under the heading “Risk Factors” in Rockwell’s Annual Information Form prepared as of May 20, 2008, and as contained in the Management Discussion and Analysis for the three and nine month periods ended November 30, 2008, which risks may cause actual results to differ materially from any forward-looking statement.

Factors that could cause actual results of Rockwell to vary materially from results anticipated by such forward-looking statements include, but are not limited to, changes in market conditions, market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

The Executive Directors of Rockwell caution that the list of forward-looking statements, risks and assumptions set forth or referred to above is not exhaustive. All forward-looking statements in this Circular are qualified by these cautionary statements. Some of the risks, uncertainties and other factors which negatively affect the reliability of forward-looking statements are discussed in Rockwell’s public filings with the Canadian Securities Administrators. These statements are made as of the date of this Circular and neither Rockwell nor the Executive Directors undertake to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent expressly required by law. Rockwell undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of Rockwell, its financial or operating results or its securities, respectively.

This document speaks of possible future securities offerings by Rockwell, however in no event should this document be considered to constitute an offer to sell securities or a solicitation of offers to purchase securities. Securitas may in future be offered by Rockwell through a rights offering circular or other form of registration exempt offering of securities but only where and as permitted by applicable law.

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**INFORMATION CIRCULAR OF THE EXECUTIVE DIRECTORS
OF ROCKWELL DIAMONDS INC.**

Unless otherwise indicated, contains information as at May 1, 2009. The Executive Directors are solely responsible for the contents of this Circular. The views expressed herein do not represent the opinions of any other Director.

This information circular is being furnished in connection with the solicitation of proxies by the Executive Directors of Rockwell Diamonds Inc. for use at the special general meeting of Shareholders (the “Meeting”) to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. The Meeting has been called by a dissident, minority shareholder. The Executive Directors of the board have considered the proposals put forward by the Dissident and have overseen the preparation of this information circular and its recommendations.

The Executive Directors recommend you vote only
the GREEN form of proxy and disregard any proxy you may receive from Pala
Investments Holdings Limited, the dissident minority shareholder.
The Executive Directors believe that the resolutions put forth by the Dissident, are
not in the best interests of all Rockwell shareholders.

No person is authorized to give any information or to make any representation not contained in this information circular and, if given or made, such information or representation should not be relied upon as having been authorized on behalf of the Company or on behalf any other Director.

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THE MEETING

A dissident, minority shareholder, Pala Investments Holdings Limited (the “Dissident” or “Pala”), has called the Meeting to consider certain proposals being put forward by the Dissident. The matters the Dissident will ask to be considered by shareholders at the Meeting are as follows:

- (a) The reconstitution of the board with directors nominated or approved of by the Dissident, in particular the removal of Dr. John Bristow (also the President and CEO), Dr. Mark Bristow and Mr. David Copeland, P.Eng. (also the Chairman) from the board; and
- (b) The amendment and, more importantly, the termination of the Company’s Shareholder Rights Plan Agreement (“Shareholder Rights Plan”), a key structural defence against a hostile take-over.

As the Dissident is proposing to retain four of the current seven members of the board, the three minority directors of the Company comprising Dr. John Bristow, Dr. Mark Bristow and Mr. David Copeland (the “Executive Directors”) have overseen the preparation and delivery of this information circular. The Executive Directors have not reached any understandings with the Dissident unlike the other directors who have at minimum agreed to remain as directors if Pala’s resolutions succeed. **The Executive Directors are opposed to the resolutions put forward by the Dissident as they do not believe they are in the best interests of all shareholders.** In addition to the matters the Dissident intends to propose, at the Meeting the Executive Directors intend to put forward the following resolutions for consideration by the shareholders:

1. A resolution authorizing and directing the Board to conduct a financing of approximately 60 million Common shares of the Company by way of a rights offering, on terms that will not allow any one shareholder or group of shareholders as a consequence of the rights offering to own shares that, generally speaking, exceed 20% of the outstanding shares of the Company;
2. A resolution to confirm the continuation of the Shareholder Rights Plan; and
3. A resolution requiring the Company to not reimburse the Dissident for any of its expenses incurred, directly or indirectly, in requisitioning and participating at the Meeting, including the preparation of proxy materials because the Meeting was unnecessary given the annual shareholders meeting was scheduled for a month later.

References in this information circular to “Rockwell”, or “the Company”, refer to Rockwell Diamonds Inc. and its subsidiaries. Expressions such as “we” or “our” refer to the Executive Directors.

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RECOMMENDATIONS OF THE EXECUTIVE DIRECTORS

The Executive Directors recommend that Shareholders vote the attached GREEN proxy form in accordance with the recommendations set out below. It is the intention of the Executive Directors' designees, if named as proxy, to vote the attached GREEN proxy in accordance with the Executive Directors' recommendations. The Executive Directors recommend that you vote only by using the attached GREEN proxy and that you **disregard any proxy form you may receive from the Dissident.** See "Who are the Executive Directors" below for a biography of each Executive Director.

Recommendation Regarding the Dissident Shareholder Proposals

The Executive Directors of Rockwell recommend that Shareholders

- (a) vote AGAINST the Dissident's proposal to remove the Executive Directors as directors, and
- (b) vote AGAINST the Dissident's proposal to amend and then terminate the Shareholder Rights Plan.

As described in greater detail under "Why we are Against the Proposals of the Dissident Minority Shareholder", the Executive Directors recommend you vote AGAINST these resolutions for following reasons:

- The Dissident, by agitating for a change in the board, should be assumed to be seeking to influence Rockwell's Board tantamount to having control of Rockwell without paying any shareholder a premium;
- The Dissident should be expected to greatly influence if not actually dominate its hand-picked board, and the Dissident's other investment interests, may cause conflicts of interest in its influence on the Board;
- The Dissident's chosen board will lack true independence. These directors and/or director nominees generally do not personally own any Rockwell shares - **THEY HAVE NO SKIN IN THE DEAL**;
- The Dissident, and certain of its nominees, lack South African mining, and in particular diamond mining, expertise;
- Removal of the Shareholder Rights Plan increases Rockwell's exposure to hostile, predatory take-over bids and other potential change of control transactions including creeping bids and favourable private placements from an excessively influenced board; and
- The Dissident's actions to unseat the Executive Directors are, after its failed bid, an opportunistic attack suggesting the Executive Directors are blameworthy for share performance caused by the current world-wide recession and the recent decline in the price of diamonds. They are unfairly ascribing blame as a distraction while seeking to remove shareholder protections that will allow Pala to cement control.

Recommendation Regarding the Executive Directors' Proposals

The Executive Directors of Rockwell recommend that Shareholders

- (a) vote FOR the resolution authorizing the Fair Rights Offering,
- (b) vote FOR the continuation of the Shareholder Rights Plan, and
- (c) vote FOR the resolution denying any reimbursement of the Dissident's expenses for the requisition, calling and holding of the Meeting.

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As described in greater detail under “Alternative Proposals of the Executive Directors in Response to the Dissident”, the Executive Directors recommend you vote **FOR** these resolutions for following reasons:

- In the view of the Executive Directors, the rights offering they propose is fair to shareholders as it permits existing investors to make pro rata purchases provided they do not trigger the Shareholder Rights Plan, while also potentially allowing for the creation of one or more new significant minority shareholders to counter-balance the influence the Dissident is seeking to have over the board; and
- Instead of waiting a few weeks to press their agenda at the annual general meeting which was to be held in July, 2009, the Dissident requisitioned an early special meeting thereby causing the Company to incur significant expense and management distraction when it should be preserving cash and spending it on the business.

The form of resolutions the Executive Directors intend to put forward at the Meeting will be substantially as set out in Schedule “A” to this information circular.

Who are the Executive Directors

The Executive Directors are key members of the executive management team of the Company. The following are biographies of each Executive Director.

John Bristow – President, Chief Executive Officer, Chief Operating Officer and Director. Dr. Bristow, Ph.D., has over 30 years experience in the diamond business, initially with De Beers and most recently as CEO of Kalahari Diamonds, plc, which successfully merged with Petra Diamonds in 2005. In 1998 Dr. Bristow played a key role in listing alluvial diamond producer Gem Diamond Mining Corporation (“Gem”) on the Johannesburg Stock Exchange. Mvelaphanda Diamonds (Proprietary) Limited subsequently acquired a controlling interest in Gem, which then merged with the Trans Hex Group, South Africa’s largest publicly listed diamond producer, in 2000. Dr. Bristow has considerable African and international experience in the exploration, evaluation and mining of kimberlite and alluvial diamond deposits. Dr. Bristow joined Rockwell in 2006.

Mark Bristow – Director. Dr. Mark Bristow, Ph. D., was appointed to the board in October 2006. He is CEO of Randgold Resources, a publicly-traded company, and has held that position since it was incorporated in 1995. Dr. Bristow, Ph.D., has over 20 years experience in exploration, development, project and corporate finance and management in the mining sector in Africa. During this period he has gained first hand experience in the platinum, diamond, and gold sectors. From 1992 to 1995, Dr. Bristow had executive responsibility for the exploration and new business activities of Randgold & Exploration. In August 1995 he was appointed managing director and subsequently, in October 1995, CEO of Randgold Resources, which he helped establish as Randgold & Exploration’s international mining and exploration subsidiary and subsequently built it into an independent, public gold mining and exploration company which is listed on the London Stock Exchange and NASDAQ. He has held director positions on the boards of: Harmony Gold Mining Company Limited; Durban Roodepoort Deep, Limited; Blyvooruitzicht Gold Mining Company Limited; Buffelsfontein Gold Mines Limited; and The Grootvlei Proprietary Mines Limited and until recently AFPLATS Plc., the AIM listed, junior Platinum company. Besides his affiliation with Randgold, Dr. Bristow was the Chairman of SOMISY (Syama) until that company was sold to Resolute in 2004. He is currently the Chairman of the SOMILO board of directors (Loulo Gold Mining Company), a non-executive Director of Morila Limited and a member of the President of Senegal’s Economic Advisory Committee as well as the President of Mali’s advisory council. He is also a fellow of the Geological Society of South Africa and he holds a Ph.D in geology from Natal University.

David J. Copeland – Chairman and Director. David Copeland, P.Eng., is a geological engineer who graduated with a degree in economic geology from the University of British Columbia. With over 30 years of experience, Mr. Copeland has undertaken assignments in a variety of capacities in mine exploration, discovery and development throughout the South Pacific, Africa, South America and North America including alluvial bulk sampling, and alluvial start-up operations in the Canadian Northwest Territories. His principal occupation is

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President and Director of CEC Engineering Ltd., a consulting engineering firm that directs and co-ordinates advanced technical programs for exploration on behalf of companies for which Hunter Dickinson Services Inc., of which Mr. Copeland is also a director, provides services to Rockwell. See “Management Contracts”.

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BACKGROUND TO THE DISSIDENT SHAREHOLDER'S ACTIONS

In order that the Shareholders better understand the recommendation of the Executive Directors to vote **AGAINST** the Dissident's proposals to change the composition of the board of directors and terminate the Shareholder Rights Plan, the Executive Directors feel it is necessary to provide a discussion of the events leading up to the Dissident's request to hold the Meeting.

In the view of the Executive Directors, the Dissident's requisitioning of the Meeting is part of the Dissident's overall strategy to take over control of the Company over the near term. The Dissident's attempt to take control of the Company began with its offer to purchase all of the shares of the Company in September, 2008.

The Dissident Acquires an Interest in the Company and Seeks to Influence Management

The Dissident initially became a Rockwell shareholder in May, 2007 and continued to make occasional share purchases thereafter. The Dissident has publicly disclosed that it has beneficial ownership of, or exercises control or direction over, 47,466,900 common shares, representing 19.94% of the issued and outstanding common shares of the Company. On public regulatory filings on www.sedi.com the Dissident's shares are shown as under the ultimate control or ownership of one Vladimir Iorich.

Since acquiring its equity interest in the Company, the Dissident has sought to interfere in the management of the Company in two material instances. First, the Dissident opposed the Company undertaking an equity offering in late 2007 in connection with a listing of the Company's shares on the Johannesburg Stock Exchange, preferring instead a convertible debt offering in which the Dissident would participate. Second, in April, 2008 Pala Investments AG, the Dissident's exclusive advisor, proposed that Rockwell pursue a business combination with a South African diamond operator focussed on alluvial diamonds, which the Board of Directors determined was not a suitable target at that time.

The Dissident Makes a Hostile Offer

In August, 2008, the Dissident indicated its interest in acquiring all outstanding shares of the Company and asked the board of directors to respond to the offer by a firm deadline. While the board was proceeding with its review of the proposal, the Dissident, unwilling to extend its deadline, made a highly conditional, hostile take-over bid for the Company on September 9, 2008. In response to the offer of the Dissident, the board of directors, after considering a number of factors, the numerous conditions attached to the offer and the opinion of its financial advisor, determined that the offer was inadequate, from a financial point of view, to shareholders and recommended that shareholders reject the offer. Following its initial rejection of the offer, the board also obtained a second opinion from a financial advisor that also was of the view that the Dissident's offer was inadequate from a financial point of view.

The Dissident withdrew its offer in November 2008, in part because the Company and Pala came to an agreement that the Company would change its Board of Directors to include Pala's general counsel, (Greg Radke), and two ostensibly independent Directors recommended by Pala (William (Bill) Fisher and Terrence Janes).

The Dissident Requisitions the Meeting and Proposes to Remove all Directors

On March 23, 2009, Rockwell received a requisition letter from the Dissident requesting that Rockwell call a shareholders meeting to consider a resolution to remove each of the Rockwell directors, elect new directors and to amend, and then terminate, the Company's Shareholder Rights Plan. No particulars were provided the amendments proposed for the Shareholder Rights Plan which had only been adopted the previous year. After receiving the requisition request, management of the Company entered into informal board discussions with the Dissident's representative regarding the timing of the Meeting, including suggesting that, to save costs, the matters they raised could be dealt with at the Company's 2009 annual general meeting which was expected to be held in late July 2009 the timing of which would also accommodate the publication of the Company's audited financial results. Informal

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discussions on the timing of the requested meeting went beyond the statutory 21 day period for the Board to call a meeting in response to the requisition request. Rather than resolve discussions on the timing of the meeting, the Dissident took unilateral action. In a press release dated April 29, 2009, the Dissident announced that its had exercised its rights as a shareholder to call a special and general meeting of shareholders to be held on June 17, 2009 to consider (a) a special resolution to be put forward by the Dissident to remove each director of the Company, (b) to consider a resolution to elect new directors nominated by the Dissident and (c) to consider a resolution put forward by the Dissident to amend and then terminate the Company's Shareholder Rights Plan.

The Dissident and Non-Executive Directors have Private Discussions

As far as the Executive Directors can ascertain, between the date of the requisition proposing the removal of all directors and May 5, 2009, certain of the directors (the "non-Executive Directors") reached an agreement or understanding with the Dissident to not oppose the initiative to remove shareholder protections contained in the Shareholder Rights Plan and to remain in office if the Executive Directors were removed. On May 5, 2009, the Dissident announced a slate of candidates more particularly described below under "Why the Executive Directors are Against the Proposals of the Dissident – The Dissident's hand-picked board will lack true independence". At no time before May 5, 2009 did the non-Executive Directors disclose to the Executive Directors the fact that they had been in discussions with the Dissident. One of the Dissident's proposed replacement director candidates, Mr. van Wyk, voted in favour of the Shareholder Rights Plan as a shareholder as recently as September 2008.

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**WHY THE EXECUTIVE DIRECTORS ARE AGAINST
THE PROPOSALS OF THE DISSIDENT**

The Executive Directors believe that the Dissident is seeking to influence the Board and acquire shares to the point of taking effective control of the Company and by urging the termination of the Shareholders Rights Plan. Termination would open the Company up to various take-over threats including hostile, creeping take-overs and through private purchases of blocks of shares. The Dissident is in part seeking to achieve these goals by removing Dr. John Bristow (also the President and CEO), Dr. Mark Bristow and Mr. David Copeland (also the Chairman) from the board and electing replacements nominated by the Dissident, and by terminating the Company's Shareholder Rights Plan.

**The Executive Directors of the Board recommend you vote
AGAINST (on the GREEN form of proxy)
the Dissident's resolution to remove current board members.
See "Recommendations of the Executive Directors."**

**The Executive Directors of the Board recommend you vote
AGAINST (on the GREEN form of proxy)
the Dissident's resolution to amend and terminate the Shareholder Rights Plan.
See "Recommendations of the Executive Directors."**

Messrs. John Bristow, Mark Bristow and Dave Copeland only recently became aware that the Dissident had held discussions with all of the other directors of the Company before the Dissident made public its intention to seek shareholder approval to replace the board. As a result of the actions of these board members in holding private discussion with, and supporting, the Dissident, the Executive Directors believe that Messrs. Zungu, Fisher, Janes and Radke can not credibly provide shareholders with an opposing view to the Dissident's proposals. Accordingly, the Executive Directors, advised the other directors of their intention to prepare and send this information circular in order to ensure shareholders are fully informed about the issues being placed before them at the Meeting. The Executive Directors are entitled to reimbursement of their expenses when in or about the Company's business and will seek indemnification for their preparation and the costs of soliciting proxies for the Meeting in an amount not to exceed \$250,000.

After considering the matters the Dissident intends to raise at the Meeting, the Executive Directors have determined that they oppose making changes to the board and the termination of the Company's Shareholder Rights Plan for the following reasons.

The Dissident is seeking to seize control of Rockwell without paying a premium for a change of control.

After failing to acquire the Company in the fall of 2008, the Dissident is now presumed to be seeking to influence the Board to the point tantamount to taking control of the Company by having its nominees (or other persons approved of by the Dissident) form the entire board of directors of the Company. If this is allowed to happen it will be without any compensation being paid to the remaining Rockwell shareholders. In addition, should Pala move forward with its stated preference, discussed below, of conducting a rights offering in which Pala not only takes up all of its pro-rata shares through such rights offering, but also acts as a "back-stop" agreeing to take-up all or a portion of shares not taken up by existing shareholders on a pro-rata basis. In the United States rights offerings require registration which is generally not done by small issuers meaning that for example it is unlikely US shareholders will be allowed to exercise their rights (although they may sell them). This means that Pala's back-stop will almost certainly result in it acquiring additional shares which will entrench its control. In most acquisitions of

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control, shareholders receive a significant premium to the current share price in exchange for handing over control of their company. The Dissident is offering no such premium.

On April 29, 2009, the Dissident wrote to the board of Rockwell urging it to conduct a rights offering and to seek shareholder approval in order to conduct that rights offering. The Executive Directors consulted counsel who advised them that shareholder approval was normally not required for rights offerings and that it should be assumed that the Dissident suggested the need for shareholders approval solely for purposes of terminating the Shareholder Rights Plan because the Shareholder Rights Plan would prevent the Dissident from taking up a disproportionate number of rights. A disproportionate take-up of rights can occur because typically a significant number of shareholders do not take up and exercise their rights and other shareholders (like the Dissident) can seek to take up unexercised rights. As discussed above, the Dissident's circular confirms that the Dissident is attempting to terminate the Shareholder Rights Plan in anticipation that it may take up a disproportionate number of rights and/or purchase additional shares privately which it could not do with the Shareholder Rights Plan in place.

On April 30, 2009, the day after Pala's news release announcing it had requisitioned the Meeting, Pala issued a news release announcing that it had requested that the Company hold a shareholders' meeting in order to approve a rights offering to all shareholders in order to meet the Company's ongoing financing requirements. This request was not, however, included as part of the requisitioned meeting. The Executive Directors believe that Pala's proposed rights offering goes beyond what the Company requires to meet its current financial needs and that the primary motive for proposing such a rights offering is to increase Pala's shareholding. As discussed below (see "A Fair Rights Offering Proposal"), the Executive Directors propose a fair rights offering that would be limited to a maximum of 25% of the current number of outstanding shares, an amount that is adequate to address the Company's current financial needs.

Based on statements made by Pala, the Executive Directors believe that there is a reasonable likelihood, should Pala at the Meeting successfully install a board of directors of Rockwell marked with its stamp of approval and have the Shareholders Rights Plan terminated, that Pala will seek to consolidate its control over the Company by increasing its equity position one way or another. Pala's information circular confirms that Pala intends to accomplish this through a rights offering in which Pala will not only acquire its pro rata portion of the common shares offered to all shareholders of the Company, but will also agree to act as a back-stop and acquire all or a portion of all other shares not purchased by the remaining shareholders. Without the protections of the Shareholder Rights Plan, and full participation in the rights offering by other shareholders, there is nothing to stop Pala from significantly increasing its share position in the Company.

The Dissident's expected domination of its hand-picked board, and the Dissident's investment interests, may cause conflicts of interest.

The Dissident has publicly stated that it is a US \$1.0 billion multi-strategy investment company with a particular focus on mining and natural resource companies in both developed and emerging markets. The Executive Directors believe the Dissident holds positions in a number of mining companies, including the South African mining company the Dissident promoted to Rockwell as a merger partner in April, 2008. Given its expected influence on its hand-picked board, it is unclear how the Dissident will manage conflicts should it again promote a business combination between Rockwell and a company in which the Dissident holds an interest.

The Dissident's hand-picked board will lack true independence and only one of them owns any Rockwell Shares

In its press release dated May 5, 2009, the Dissident proposed that the board of Rockwell be composed of the following persons:

- Marthinus (Matie) Von Wielligh (also to be appointed Chairman of the Board) – a South African mining executive with a background in the iron ore industry;

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- Phillip Reynolds (also to be appointed Executive Director and Interim CEO) – a South African Chartered Accountant specializing in receivership and insolvency/liquidations;
- Sandile Zungu – a current director of Rockwell (since November 21, 2008);
- Hennie Van Wyk – a former officer and employee of the Company and former director of two Company subsidiaries. He was one of the named Rockwell executive officers for compensation purposes – See Schedule C;
- William (Bill) Fisher – a current director of Rockwell (since November 21, 2008) that was appointed to the board by agreement with the Dissident;
- Terrence Janes – a current director of Rockwell (since November 21, 2008) that was appointed to the board by agreement with the Dissident; and
- Greg Radke – a current director of Rockwell (since November 21, 2008) that was nominated by and appointed to the board by agreement with the Dissident. Based on publicly available information, the Executive Directors understand that Mr. Radke is currently general counsel for Pala.

Mr. Radke is a nominee that the Dissident appointed after its failed take-over bid. Messrs. Zungu, Fisher and Janes are currently on the board having also been appointed by joint agreement of the Dissident and the Company after the Dissident’s failed take-over bid. Messrs. Von Wielligh, Reynolds and Van Wyk are new nominees. The only directors the Dissident is seeking to remove are Messrs. Bristow, Bristow and Copeland.

When the Dissident originally approached the Company to call the Meeting, it indicated that it wanted to replace the entire board of directors of the Company (other than, presumably, Mr. Radke). In proposing its slate of directors, the Dissident appears to be indicating that the current board, other than Messrs. Bristow, Bristow and Copeland, are “acceptable” to the Dissident. The current directors of Rockwell that the Dissident has agreed to, in effect, “keep on” did not inform the balance of the board of Rockwell that they had held discussions with the Dissident and that the Dissident would support their continued involvement as members of the board. Also, the Dissident has already announced who the chairman of the board will be and a new interim CEO, matters that are reserved for the exercise of the board’s discretion. Accordingly, if the Dissident’s slate is elected, one can legitimately question the independence of this board as it has been selected by a single, minority shareholder.

Mr. Radke and Mr. Sandile represent other shareholders but no current director has actually bought or owns any Rockwell shares except for the Executive Directors. As indicated in the below table extracted directly from the Dissident’s information circular, of the Dissident’s nominees only Mr. Van Wyk owns shares (which he acquired by selling assets to Rockwell). If the Dissident is successful in its attempt to terminate the Shareholder Rights Plan, the Dissident would be in a position to buy-out all of Mr. Van Wyk’s shares.

Information excerpted from Pala’s Circular about ownership by Directors and Director Nominees of Rockwell shares:

Name of Nominee and Province or State and Country of Residence	Number of Rockwell Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Marthinus Von Wielligh Gauteng, South Africa	Nil.

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Name of Nominee and Province or State and Country of Residence	Number of Rockwell Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Philip Reynolds Gauteng, South Africa	Nil.
Hennie Van Wyk Northern Cape, South Africa	10,285,715
Sandile Zungu Gauteng, South Africa	Nil.
William Fisher Ontario, Canada	Nil.
Terence Janes British Columbia, Canada	Nil.
Gregory Radke Luzern, Switzerland	Nil.

The Dissident, and certain of the Dissident’s nominees, lack South African mining, and in particular diamond mining, expertise.

The Executive Directors believe that the Dissident is a financial investor with no experience in managing and operating alluvial diamond companies, nor is it believed it has any experience in the South African operating environment, in particular, engaging and working with the Department of Minerals and Energy and the Department of Environment and other key regulators responsible for the implementation of legislation pertaining to diamond mining and diamond sales in South Africa.

The Executive Directors are concerned that certain of the Dissident’s new nominees to the board do not have sufficient mining industry or operational expertise to add value to the Company. In particular, based on the biographies provided in the Dissident’s information Circular,

- the proposed chairman of the Dissident’s board, Mr. Von Wielligh, has no diamond experience and no junior mining experience (his experience appearing to be almost solely in large scale bulk commodities (e.g. iron ore and mineral sands)), and
- the nominee to the board the Dissident intends to install as the CEO (interim), Mr. Reynolds, also has no diamond experience, no junior mining experience and no operational experience (his experience appearing to be as a Chartered Accountant and liquidator).

The Executive Directors were also surprised to see Mr. van Wyk appear as one of the Dissident’s nominee’s to the board, given his previously expressed desire to limit his involvement with the Company. Rockwell acquired H C Van Wyk Diamonds, a company built and owned by Mr. van Wyk’s family, in a transaction comprising cash and shares in late 2006. The Executive Directors understand that Mr. van Wyk and his family continue to be significant shareholders in the Company. While Mr. van Wyk declined a Directorship with Rockwell and remained in a general management capacity with the Company after the sale, his announced goal was to reduce his day-to-day involvement with the Company to pursue his other interests which include his helicopter aviation company, game farm, and small kimberlite operation on a game farm at Goodhope. In late 2008, at his request, Mr. van Wyk assumed the role of Consultant and New Project Manager to the Company, and until his full scale

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resignation in early 2009, he nevertheless participated in all decisions regarding company strategy, acquisitions and sales, new project development, and capital programmes, as the current management expanded operations through his position as a senior manager, and his seat on the Rockwell Executive Committee. Throughout this period he made it clear he did not want to be involved in day to day operational accountability, large scale personal management, day to day operational issues, and mineral resources reconciliation, his preference being to work on new plant and plant refurbishment. Though he declined to accept a position as a director of the Company, he participated on a regular basis by invitation in Rockwell board meetings, and he supported the adoption of the Shareholder Rights Plan and the election and appointment of current management.

In contrast, Messrs. Bristow, Bristow and Copeland

- head up a management team with unique and extensive knowledge of alluvial diamond deposits,
- have a proven track record of project identification, evaluation, development, operations management and sale and marketing of mineral commodities including diamonds,
- have a demonstrated blend of skills and experience in earth moving, engineering, processing and recovery techniques, mineral resource management, grade control, environmental compliance, reclamation procedures, and human resource and labour development,
- have a successful record of creating and managing publicly listed companies, concluding corporate transactions (including mergers and acquisitions), and raising capital, and
- have bought shares personally (insider filings are accessible at www.SEDI.ca).

The Executive Directors also spearheaded the original acquisition of H C Van Wyk Diamonds, and then by introducing additional professional management and operational skills, grew the original business organically and supplemented this expansion by acquisitions. See “Recommendations of the Executive Directors – Who are the Executive Directors” for a brief biography of each of the Executive Directors.

The expertise and flexibility of the current management team, which the Dissident appears intent on disrupting, has been demonstrated by the following:

- A rapid response to mitigate the negative consequences of power outages at all its operations in early 2008 which caused significant project delays, production losses, and loss of revenue to every facet of economic activity in the Republic of South Africa in 2008;
- Growth of the Company by the acquisition of the Makoensloof alluvial diamond project in 2007 from which the Company recovered some exceptional diamonds, including a 212 carat stone;
- The successful acquisition of two mining projects, and another seven advanced brownfield alluvial projects from the Trans Hex Group in 2008 and 2009;
- The ability to contain and reduce operating costs in the rampant cost inflation spiral that the local and international mining industry experienced due to record prices of oil, steel and other mine supplies during mid-2008;
- Conversion of nearly all of Rockwell’s mineral holdings into new order mining rights in terms of the requirements of the South African Minerals and Petroleum Resources Development Act thereby ensuring that the Company has secure mineral title;

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- The implementation of significant improvements in the Company's industrial relations due to the unionization of the Company's labour force;
- Taking proactive steps to conserve cash and cut costs in response to the international credit crunch and precipitous fall in diamond prices, which since late 2008 has impacted negatively on most senior and junior mining companies;
- The making of improvements and cost savings in mining and earth moving through the identification and employment of a skilled and experienced mining engineer and having a professional geological group;
- Ensuring that the Company had a suitably experienced professional geological and mineral resource management team to adequately manage and report on the Company's resources in respect of TSX and Canadian NI 43-101 technical disclosure compliance; and
- The progressive enhancement of efficiencies and lowering of operating costs at its processing and recovery plants through the identification and utilization of professional engineers and support team at processing plants.

Removal of the Shareholder Rights Plan increases Rockwell's exposure to a predatory take-over bid.

The Dissident proposes to terminate the Shareholder Rights Plan, which was adopted by the board of directors of the Company on April 14, 2008 and approved by the Shareholders at the Company's Annual General Meeting on September 15, 2008, by amending it so that it will automatically terminate on the date of the Meeting. The objective of the Board in adopting the Shareholder Rights Plan was to ensure the fair treatment of Shareholders in connection with any take-over bid for the Company Shares, and to provide a defence against predatory, hostile take-over bids.

The Dissident's desire to terminate the Shareholder Rights Plan is consistent with what appears to the Executive Directors to be the Dissident's general strategy to take control of the Company without giving shareholders the value they deserve. The Shareholder Rights Plan ensures that all shareholders of the Company are treated fairly in connection with any take-over bid for the Company by (a) providing shareholders with adequate time to properly assess a take-over bid without undue pressure and (b) providing the board with more time to fully consider an unsolicited take-over bid, and, if applicable, to explore other alternatives to maximize shareholder value. This flexibility will be lost if the Dissident achieves its goal of terminating the Shareholder Rights Plan. The Executive Directors, therefore, recommend that you vote **AGAINST** the Dissident's proposal to amend and then terminate the Shareholder Rights Plan.

For a full discussion of the Shareholder Rights Plan and a summary of the principal terms of the Shareholder Rights Plan see Schedule "B" to this information circular. The full text of the Shareholder Rights Plan was filed in a Material Change Report dated April 14, 2008, which is available for download at www.SEDAR.com.

The Dissident's actions to unseat the Executive Directors are, after its failed bid, an opportunistic attack given the current world-wide recession and the recent decline in the price of diamonds, our shares and the share prices of diamond companies generally.

Like its failed bid for the Company, the Dissident's backdoor efforts to seize control by unseating directors who are prepared to challenge the Dissident is opportunistic. The Dissident is seeking to take control of Rockwell by taking advantage of a recent period during which share prices of diamond companies declined as a result of macroeconomic factors impacting mining companies generally, exacerbated by current dislocation in equity markets following a sustained period of redemptions and de-leveraging by institutions.

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The Executive Directors also believe, as with the failed bid, that the attempt of the Dissident to unseat key board members at a critical time is opportunistic because it could result in Pala enjoying the lion's share of the gains from the eventual recovery of the business which is expected for many reasons. These reasons include improving diamond markets, the optimization of production following the resolution of the Wouterspan labour dispute, the significant improvements and enhancements in processing plants (in particular of Saxendrift and Holpan), general cost reductions or the benefits of increased production and decreased operating costs through investment in brownfield operations, and the likely increase in diamond prices of which there are already signs. All of these improvements have been made by the current executive officers and operations team of the Company (John Bristow, Bruce Cubitt, Glenn Norton and Boris Kamstra), mine managers and support staff. See "Alternative Proposals of the Executive Directors in Response to the Dissident – The Company's Strengths" and "Alternative Proposals of the Executive Directors in Response to the Dissident – The Company's Strategy".

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ALTERNATIVE PROPOSALS OF THE EXECUTIVE DIRECTORS IN RESPONSE TO THE DISSIDENT

Since the general economic downturn in the fall of 2008, business conditions for the diamond industry have been challenging. Nevertheless, the Executive Directors believe that Rockwell is well-positioned to benefit from a recovery in the diamond markets. To that end, and to strengthen the balance sheet in order to better position the Company to take advantage of that recovery, the Executive Directors are proposing that the Company undertake a new common share financing.

In the view of the Executive Directors, the proposed form of equity offering should permit existing investors to make pro rata purchases provided they do not trigger the Shareholder Rights Plan. In addition, the creation of a new group of minority shareholders to counter-balance the influence the Dissident is seeking to have over the board is also thought to be desirable. Accordingly, the Executive Directors will be asking shareholders to approve the rights offering proposal outlined below.

A Fair Rights Offering Proposal

If the Dissident's proposals are defeated, the Executive Directors intend to recommend to the Company that it undertake a rights offering to all its shareholders. The proposal to be put forward is for a rights offering to a maximum of approximately 60 million shares (25% of the current number of outstanding shares) at a price that reflects the current market (expected to be about C\$0.06 per share). Each shareholder will be allowed to acquire an amount of shares based on their pro rata interest in the Company and to subscribe for additional rights but not so that their holdings would alone or with others they act in concert with, exceed 20%. That is, under the fair rights offering, no shareholder will be permitted to subscribe for shares in an amount that would trigger the Shareholder Rights Plan. In support of this rights offering, the Executive Directors have received expressions of interest to back-stop or guarantee the exercise of any unsubscribed rights to be offered under the rights offering. The final recommendations of the Executive Directors with respect to the rights offering is expected to be announced by press release of the Executive Directors prior to the date of the Meeting. For additional discussion of the Executive Directors' rationale for, and intended use of the proceeds of the rights offering, see "- The Company's Short Term Financing Plan".

In order to obtain a clear direction from shareholders in support of the Executive Directors and their recapitalization plan, at the Meeting shareholders will be asked to approve a resolution authorizing and directing the Company to proceed with the Fair Rights Offering. A vote to undertake the rights offering is not required under the British Columbia *Business Corporations Act* or by the Toronto Stock Exchange so it will be advisory only. As a result and given that Pala would have no opportunity to increase its ownership interest under this financing plan (as opposed to the rights offering structure apparently preferred by Pala), the Executive Directors take the view that the shares of Pala should not be counted on the motion. If this resolution (excluding Pala's votes) is not approved, and the Dissident's resolution to overturn management is defeated, the Executive Directors expect that the rights offering as proposed will not proceed and management will continue to work to preserve and expand the business of the Company. See "- The Company's Strengths" and "- The Company's Strategy".

The Executive Directors have received more than one proposal for a back-stop guarantee of the fair rights offering and so they are highly confident it would be fully subscribed without needing to terminate or compromise the Shareholder Rights Plan. The Executive Directors are expected to recommend a guarantor and will publicly disclose the identity of the guarantor and its proposed terms for offering a completion commitment prior to the date of the Meeting. A separate circular detailing the Fair Rights Offering would be sent to shareholders if the Dissidents proposals are rejected.

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**The Executive Directors of the Board recommend you vote
FOR (on the GREEN form of proxy)
the resolution to approve the Rights Offering.
See “Recommendations of the Executive Directors”.**

No Reimbursement of the Dissident’s Expense for Calling an Unnecessary Shareholder Meeting

The Dissident was offered the opportunity to present its case at the planned July, 2009 Annual General Meeting but it would not wait and has since put Rockwell through the expense and distraction of holding a special shareholders meeting. On March 23, 2009, Rockwell received a requisition from the Dissident requesting Rockwell call a shareholders meeting to consider a resolution to remove the Rockwell directors, elect new directors and to amend, and then terminate, the Company’s Shareholder Rights Plan. The Executive Directors suggested that, to save costs, the matters raised could be dealt with at the Company’s 2009 Annual General Meeting (to be held late July 2009 – within the statutory four month period). Discussions with the Dissident’s nominee on the Board on the timing of the requested meeting went beyond the statutory 21 day period for the Company to call a meeting in response to the requisition request. Rather than continue discussions on the timing of the meeting, the Dissident took unilateral action and exercised its rights as a shareholder to call the Meeting.

As they had the option to simply wait a few weeks to press their agenda at the annual general meeting instead of calling a special meeting of shareholders, the Executive Directors are of the view that the Dissident unnecessarily requisitioned the Meeting and has caused the Company to incur significant expense when it should be preserving cash and spending it on the business. At the Meeting, the Executive Directors intend to put forward a resolution to be passed under section 167(10) of the British Columbia *Business Corporations Act* instructing the Company to not reimburse Pala for any of its costs of requisitioning, calling and holding the Meeting.

**The Executive Directors of the Board recommend you vote
FOR (on the GREEN form of proxy)
the resolution to deny the Dissidents cost recovery from Rockwell
of the Dissident’s costs in connection with the Meeting.
See “Recommendations of the Executive Directors”.**

The Company’s Undervalued Strengths that the Executive Directors Want You to be Aware of

The Company is a low cost, junior mining company, developing low grade alluvial diamond deposits in Northern Cape Province, Republic of South Africa. It has a history of producing exceptionally rare and predominantly large diamonds, with greater than 65% of its production being two carats and above. In the nine-months ended November 30, 2008, before diamond prices fell world-wide, the Company achieved an average value of US\$2,538.43 for the nine months from February 1, to November 30, 2008 placing it at the top end of the world diamond value curve. The Executive Directors believe that the Company’s strengths include:

- ***Rockwell is a producer of exceptional high value diamonds*** – it has a history of producing large special stones and rare fancy stones commanding a premium sales value;
- ***Fully Financed Brownfield Projects to Significantly Grow Production*** – the Executive Directors have laid the foundation for a number of expansion projects to increase production a planned three fold increase in respect of current carat production. The anticipated increase in diamond production will be driven by the brownfield expansion projects (e.g. Saxendrift high volume wet rotary plant, Niewejaarskraal, Zwemkuil, Mooidraai and the modernization and expansion of Wouterspan mine) all of which the Company is planning to fund from current working capital;

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- **Low Production Costs** – Rockwell’s current average production cost is in its target range of US\$3.00-3.50 per tonne which, based on published information, is low compared to other South African, alluvial diamond mining companies such as the Trans Hex Group;
- **Strong Management Expertise** – Rockwell’s management team, in particular John Bristow has a strong track record in developing and operating alluvial operations in Southern Africa, particularly with respect to identifying and evaluating alluvial diamond projects, and developing mining operations utilizing rotary pan processing technology. This expertise has been recently illustrated by the following:
 - taking action to mitigate the consequences of power outages in South Africa in early 2008 which caused significant uncertainty in the industry and delayed the development of key projects;
 - rapidly responding to and containing operating costs in the mid-year 2008 period of rampant cost inflation driven mainly by record oil prices that impacted mining companies locally and globally;
 - as discussed in greater detail below, bringing about significant improvement in its labour relations and introducing systems to create ownership in the work place;
 - achieving new order rights for the majority of its properties, and thereby ensuring long term secure tenure of minerals rights;
 - providing leadership to the strategic review of operations conducted in December 2008 and the ‘smart mining’ outcome which drives an integrated policy of enhancing earth moving and mining methodologies, optimization and re-engineering of a diamond processing and recovery plant, and sustainable cost reduction; and
 - strengthening and redeploying engineering resources, including contracting of specialist professional engineering skills, as part of refocusing of human resource needs and training to address the challenged of the world wide credit crunch and economic recession that has caused a “perfect storm” in the diamond business worldwide.
- **Operational Flexibility** – Rockwell’s consolidation of mineral properties in the vicinity of Holpan+Klipdam north of Kimberley, and the Middle Orange River operations through the assembly of Saxendrift, Wouterspan, Niewejaarskraal and several other South Bank Middle Orange River properties provides Rockwell with significantly increased ability to optimize its use of machinery and labour in a flexible and dynamic manner;
- **Transparent and Multi-Faceted Marketing and Beneficiation Optimizes Value** – Rockwell has until recently utilized a tender system pioneered by its Marketing and Sales Manager, Jeffrey Brenner (a full time employee of Rockwell) to market and sell its diamonds. Initially, diamond sales (excluding special stones) were completed through the Flawless Diamond Trading House (“Flawless”) which provides a secure storage, viewing and trading facility in the custom built Diamond Centre located in Johannesburg. Flawless received 1% commission to conduct Rockwell sales. This commission rate compares favourably to the market rate which is typically 2%-3%. In 2008, the Company implemented a stated policy of diversifying diamond sales procedures to optimize margins and address the drastic decline in diamond price induced by the credit-crunch.. This diversified approach to sales has been beneficial in the current depressed diamond market. From time to time the Company may also sell goods through Flawless, though given changes in market dynamics the Company will increasingly adopted alternative sales

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methods. The Executive Directors previously also implemented the unique and exclusive arrangement to sell high value stones through Steinmetz Diamond Group (“SDG”). This arrangement with SDG allows the Company to realize added value from selected large and high value special stones (primarily rough diamonds of greater than US\$500,000 in value). Finally, the Company has implemented the planning and construction of a cutting and polishing facility in Barkly West to add value to selected diamond production;

- ***Resource Growth and Grade Control*** – Rockwell has developed a unique matrix based tool-set for resource evaluation and grade control, which includes drilling, mapping and size frequency analysis. Using these tools, resources declared in terms of NI 43-101 have increased considerably (by greater than 50%) in the period that the Executive Directors have managed the Company. Grade control has also shown improvement as a result of work undertaken by the Company’s Mineral Resource Management Department; and
- ***Improved Industrial Relations*** – The Company has considerably improved its labour relations by transitioning Rockwell from a disparate non-unionized workforce to a unionized work force in 2008. It’s Adult Basic Education and Training programmes are benefiting employees and increasing productivity. It has a comprehensive Social and Labour Plan which impacts positively on its employees and communities in which it operates. The Company has also established a brick making company (Bokomoso Bricks) as part of its community responsibility programme which is owned and operated by historically disadvantaged community members at Holpan.

Executive Directors’ Strategy

The Executive Directors goal is for Rockwell to use innovation and smart mining procedures to position the Company as one of the lowest cash cost public company operators in the alluvial diamond business. Before the advent of the credit crisis and global recession in 2008, Rockwell was one of the few profitable diamond mining companies.

The international banking and credit crisis impacted severely on diamond prices in late 2008. There was significant contraction in diamond trading commencing in October 2008, with rough diamond prices subsequently decreasing by at least 50% across the board into January 2009, including those categories produced by Rockwell. Polished diamonds have also shown large price declines (approximately 30%) since the latter part of 2008.

The fall in diamond prices over the last six months, coupled with a flight from small-cap companies by investors, has made for a challenging operating and financing environment for the Company. As a result, the near-term strategy for the Company established by the Executive Directors has focussed on ensuring the survival of the Company by restructuring operations to lower costs and conserve cash. Steps taken by the Company include the following:

- Restructuring and retrenchments were undertaken in early 2008 to reduce costs;
- The higher cost, low grade Wouterspan operation was placed on care and maintenance in January 2009 (note: historically, this operation produced some of the Company’s best and highest value coloured stones);
- Introduction of a smart mining programme to modernize earth moving procedures, and the initiation of a comprehensive review of processing and recovery plant to ensure optimization and lowering of operating costs;

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- Since late 2008 the operations team and mine managers, assisted by a professional engineer, have implemented technical and operational improvements at the Holpan Dense Media Separation plant to reduce costs, and improve throughput;
- The progressive implementation, since early 2009, of wide ranging optimization and de-bottlenecking of the new high volume Saxendrift processing and final recovery plant by a dedicated engineering task force to ensure improved throughput and lowering of costs; and
- Improving utilization of the earth moving fleet which, in addition to reducing costs, has given the Company the ability to develop new operations without outlays of large amounts of capital on new earth moving equipment.

In respect of its longer term strategy, the Executive Directors would support the Company taking steps over the next 24 to 36 months to increase production in order to prepare the Company to take advantage of the recovery of the global economy and a return of more robust diamond prices. The Company has plans to construct and commission a processing plant on Nieujaarskraal (to become a fourth mine) and to modernize and re-open the Wouterspan mine which is currently on care and maintenance (and thereby have a fifth mine operational). During this period, the Executive Directors would also support the Company considering making additional acquisitions of junior diamond producers, provided this is achieved in a cost effective and value additive manner.

The Company has also proactively diversified its diamond sales procedures to reduce its reliance on tender sales and ameliorate current tough trading conditions. It has also completed plans for the beneficiation (cutting and polishing) of selective goods to increase margins on its diamond sales. The Executive Directors believe that as market conditions improve the Company's current prudent short term business strategy, coupled with a more aggressive longer term outlook, will allow the Company to be well positioned to, in appropriate circumstances, drive a larger consolidation of the alluvial diamond mining sector.

Given the new challenges of capital markets and diamond market conditions, and its stated intention of becoming a larger, low-cost, high value gemstone diamond producer, the Executive Directors in late 2008 implemented a succession plan whereby Dr. John Bristow would assume the position of Chairman, a new CEO with operating and corporate experience would be recruited, and promote from within or seek out an experienced alluvial engineer as Chief Operating Officer. At the same time, it is planned that the Company will recruit an additional professional process engineer to its Operations Team to bolster the engineering skills that the Company has already added. At the board level it is also being proposed that an additional board seat be made available for a Historically Disadvantaged South African to help drive the Company's South African growth strategy and address requirements of South Africa's Minerals and Petroleum Development Act, the allied Black Economics Empowerment Charter, and Employment Equity aspects.

To recap, the Executive Directors have, through the Company's executive management, positioned Rockwell to:

1. Successfully navigate through the worldwide economic turmoil and attendant depressed diamond market conditions;
2. Undertake a limited financing to bolster Rockwell's balance sheet in the short term;
3. Recommence expansion and growth projects in line with the recovery of diamond prices and international capital markets;
4. Modernize and re-commission the Wouterspan mine which is currently on care and maintenance (note: historically, this operation produced some of the Company's best and highest value coloured stones);
5. Strengthen and realign executive and operations management to drive the Company's growth strategy;

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6. Plan for the development and commissioning of a new mine at Niewejaarskraal; and
7. Undertake a limited financing of some C\$3.5 million through the fair Rights Offering to bolster Rockwell's cash reserves during the short term to cover sales shortfalls.

The Executive Directors' Short Term Financing Plan

The Executive Directors believe that Rockwell has, through the extended shutdown of December 2008 through January 2009, the efforts to conserve cash, and the reduction of total costs and unit costs (unit costs are at the lower end of its stated targeted operating cash cost of US\$3.00 – \$3.50 per tonne), positioned itself to survive the financial turmoil that has impacted capital and diamond markets since late 2008. In spite of slight increases in international diamond prices since February 2009, the Executive Directors believe that there is still considerable uncertainty in respect of how diamond prices will perform for the remainder of the year and it is possible that prices could decline again based on normal seasonal fluctuations (reduced buying and lower sales during Jewish holidays and the European and North American summer period), and generally slower sales and softer prices in the last quarter of the year.

Based on the opinions of the Executive Directors and their own analysis of financial models and projections based on published Company data, and market intelligence, the Executive Directors are proposing that the Company raise approximately C\$3.5 million through the Fair Rights Offering to bolster its balance sheet in the short term. This financing should help ensure that the Company has working capital available to provide operational flexibility until average diamond prices recover, to successfully navigate any further downward movements in diamond prices that could occur, and ensure adequate reserves to compensate for lower than expected revenue as the South African Rand strengthens against the US Dollar.

As revenue and funds become available due to an improvement in diamond market conditions improving, and higher than predicted sales prices being achieved, the Executive Directors will support allocating these additional funds to capital programmes on the Company's mines to further increase production. This would include increased screening and final recovery capacity at Saxendrift, further efficiency improvements in the final recovery system at Klipdam mine, and addition of a further dewatering unit at Holpan mine to enhance production capacity. The Executive Directors would also support, if funds are available, the further strengthening of the Company's engineering and maintenance departments through recruitment of additional engineering skills that will be required to manage the Company's processing plants and allow the Company to implement 24 hour –a-day, 7 day-a-week operations once diamond sales become more robust and prices are seen to stabilize at higher levels.

The Executive Directors believe the sought after funds should be raised through the fair rights offering by the issuance of approximately 60 million shares (25% of the current number of outstanding shares) for proceeds of approximately C\$3.5 million. The Executive Directors are mindful of the potential dilution of existing shareholders and are committed to only raising those funds they consider necessary to strengthen the Company's balance sheet and thereby ensure a sound position to manage adverse market conditions and circumstances that are outside the Company's control. Many diamond and other mining companies have been subjected to similar financial challenges and have actively raised funds to reduce debt and bolster balance sheets since the on set of the world-wide economic recession impacted world financial markets and international economies in late 2008.

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GENERAL PROXY INFORMATION

Solicitation of Proxies by Executive Directors

This information circular is furnished in connection with the solicitation of proxies by the Executive Directors, for use at the Meeting, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. This solicitation is not made on behalf of the Board generally nor on behalf of the Company itself.

Persons or Companies Making Solicitation

The enclosed **GREEN** Instrument of Proxy is solicited by the Executive Directors. The Company has agreed to reimburse the Executive Directors for their proxy solicitation costs, including the preparation of this information circular, to a maximum of \$250,000. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact. The Company may reimburse Shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the **GREEN** Instrument of Proxy. In addition, Laurel Hill Advisory Group LLC has been retained to solicit proxies for the Executive Directors. Laurel Hill Advisory Group LLC will be paid a fee of approximately \$50,000 plus a per call charge for its proxy solicitation services. In addition Laurel Hill Advisory Group LLC will receive a \$25,000 fee if the Dissident's proposal to remove the Executive Directors fails and an additional \$50,000 fee if the Executive Directors fair rights offering is approved.

No director has informed the Executive Directors that they intend to oppose any action taken by the Executive Directors at the Meeting, although the Executive Directors note that the other four directors have consented to remain in office if the Dissident's initiatives are approved by shareholders.

Appointment and Revocation of Proxies

The persons named in the accompanying **GREEN** Instrument of Proxy are the Executive Directors and the Secretary of the Company. **A Shareholder has the right to appoint a person, other than the persons named in the enclosed GREEN Instrument of Proxy, to attend and act for him on his behalf at the Meeting. To exercise this right, a Shareholder must strike out the names of the persons named in the GREEN Instrument of Proxy and insert the name of his nominee in the blank space provided, or complete another form of proxy. To be effective, the completed proxy must be deposited with the Registrar and Transfer Agent, Computershare Investor Services Inc., as set out below.**

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc., by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail or by hand to the 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) using the internet through the website of the Company's transfer agent at www.computershare.com/proxy. Registered Shareholders must follow the instructions that appear

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on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number;

in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Shares).

If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients. If you do not instruct your financial intermediary how you would like to vote, your vote will not be counted.

These security holder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Executive Directors or their agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their Shares are voted at the Meeting.

The form of proxy supplied to you by your broker may be similar to the proxy provided to registered shareholders by the Executive Directors. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a Voting Instruction Form ("VIF") in lieu of a proxy provided by the Executive Directors. The VIF will name the same persons as the Executive Directors' **GREEN** Instrument of Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, you cannot use it to vote your Shares directly at the Meeting - the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of your broker, you, or a person designated by you, may attend at the Meeting as proxyholder for your broker and vote your Shares in that capacity. If you wish to attend at the Meeting and

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indirectly vote your Shares as proxyholder for your broker, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return the same to your broker in accordance with the instructions provided by such broker, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Shares. You must carefully follow the instructions for obtaining and using a legal proxy at the meeting.

The **GREEN** Instrument of Proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a Proxy either by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the **GREEN** Instrument of Proxy is required to be executed as set out in the notes to the **GREEN** Instrument of Proxy) and either depositing it at the place aforesaid at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) in any other manner permitted by law.

Voting and Exercises of Discretion by Proxies

If a Shareholder specifies a choice for a matter in the **GREEN** Instrument of Proxy, and if the **GREEN** Instrument of Proxy is duly completed and delivered and has not been revoked, the individuals named in the Instrument Proxy will vote the common shares of the Company represented thereby in accordance with the choice you specify on any ballot that may be called for. The Proxy confers discretionary authority on the individuals named therein with respect to:

- each matter or group of matters identified therein for which a choice is not specified;
- any amendment to or variation of any matter identified therein; and
- any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the **GREEN** Instrument of Proxy, the individuals **named in the GREEN Instrument of Proxy will vote the common shares of the Company represented by the Instrument Proxy as recommended by management as set out in this information circular under “Recommendations of the Executive Directors”.**

The **GREEN** Instrument of Proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to any matters, which may properly be brought before the Meeting. At the time of printing of this information circular, the Executive Directors were not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters, which are not now known to the Executive Directors should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

Voting Shares and Principal Holders Thereof

The authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares. As of May 14, 2009, 238,043,069 common shares (the “Shares”) were issued and outstanding, each share carrying the right to one vote. There are no outstanding preferred shares. At a general meeting of the Company, on a show of hands, every Shareholder present in person shall have one vote and, on a poll, every Shareholder shall have one vote for each Share of which he is the holder.

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Only Shareholders of record on the close of business on May 14, 2009 who either personally attend the Meeting or who complete and deliver a Proxy in the manner and subject to the provisions set out under the heading “Appointment and Revocation of Proxies” above will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the Executive Directors, the only person or corporation that owned, directly or indirectly, or exercised control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding common shares as at the date hereof is:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Pala Investments Holdings Limited	47,466,900	19.94%

Note:

- (1) These shares are publicly reported to be under the control of one Vladimir Iorich. The above information was obtained from insider reports filed at www.sedi.ca.

EXECUTIVE COMPENSATION

Please see Schedule “C” to this information circular for a complete discussion of Rockwell’s executive compensation and equity compensation plan information.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To the knowledge of the Executive Directors, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

INTERESTS IN MATTERS TO BE ACTED UPON AT THE MEETING

To the knowledge of the Executive Directors, the only matters to be acted upon at the Meeting are the Dissidents proposal to remove the Executive Directors, the termination of the Shareholder Rights Plan, the approval of the Executive Directors Fair Rights Offering, and the denial of the Dissident’s expenses in connection with the Meeting. None of the Executive Directors, or any of their respective associates or affiliates, has any material interest, direct or indirect, in the matters to be acted upon at the Meeting, except in their capacities as ordinary shareholders (other than the Executive Directors can be said to be “interested” in the resolution to remove them from their positions as directors and presumably, officers, of the Company). It is possible that David Copeland may participate in a group offering a back-stop for the Fair Rights Offering but this has not been determined at this time and the details would be fully disclosed in the circular required to conduct the Fair Rights Offering.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Executive Directors, no informed person (a director, officer or holder of 10% or more of the common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the year ended February 28, 2009, or has any interest in any material transaction in the current year other than in respect of the share option plan and as set out herein.

MANAGEMENT CONTRACTS

Management services are provided to the Company by Hunter Dickinson Services Inc. (“HDSI”) pursuant to a corporate service agreement dated for reference November 21, 2008. HDSI is a private company owned equally

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by eight publicly-traded exploration companies (one of which is the Company) and is managed by persons, one of whom (Mr Copeland) is also an Executive Director. No director or senior officer, and no associate or affiliate of the foregoing persons, and no insider has or has had any material interest, direct or indirect, in any other transactions, or in any other proposed transaction, which in either such case has materially affected or will materially affect the Company or its predecessors for the year ended February 28, 2009.

HDSI has supervised or conducted mineral exploration projects in Canada (British Columbia, Manitoba, Ontario, Quebec and the Yukon) and internationally in Brazil, Chile, China, the United States (Nevada and Alaska), Mexico, and South Africa. HDSI allocates the costs of staff input into projects based on time records of involved personnel. Costs of such personnel and third party contractors are billed to the participating public companies on a full cost recovery basis (inclusive of HDSI staff costs and overhead) for amounts that are considered by the Company's management to be competitive with arm's-length suppliers. The shares of HDSI are owned equally by each of the eight participating corporations (including the Company) as long as HDSI services are being provided; however, such participant surrenders its single share at the time of termination of the services agreement. HDSI is managed by one of the directors of the Company, along with a number of the directors of the other corporate participants in the arrangements with HDSI.

The amounts billed by HDSI for its services rendered to the Company and which amounts constitute primarily reimbursement of third party billings were \$1,219,348 for the year ended February 28, 2009; (nine months ended February 29, 2008 - \$863,861; year ended May 31, 2007 - \$1,988,027). The Executive Directors have estimated that 60% of these billings represent pure flow-through of third party costs and the balance represents service fees for various geological, financial and legal services provided by personnel of HDSI.

AUDITORS AND REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada (Vancouver) and Computershare Investor Services 2004 (Pty) Ltd. (Johannesburg) are the co-transfer agents and co-registrars for the Shares.

The Company's auditor is KPMG Inc. of Dynarc House 200 Nelson Mandela Drive, Brandwag, 9301, South Africa.

ADDITIONAL INFORMATION

Copies of the Company's financial statements and MD&A may be obtained free of charge from the Secretary of the Company upon request. Additional information and copies of documents referenced herein may be obtained from SEDAR at www.sedar.com and upon request from the Company's Investor Relations department at Suite 1020 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, telephone number: 604-684-6365 or fax number 604-681-2741. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed fiscal period, which can be found on SEDAR at www.sedar.com.

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OTHER MATTERS

The Executive Directors are not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this information circular.

The contents of this information circular and its distribution to shareholders have been approved by the Executive Directors.

DATED at Johannesburg, South Africa, May 20, 2009.

BY THE EXECUTIVE DIRECTORS

“Dr. John Bristow”

**Dr. John Bristow
President, Chief
Executive Officer
and Director**

“Dr. Mark Bristow”

**Dr. Mark Bristow
Director**

“David Copeland, P. Eng.”

**Mr. David Copeland
Chairman of the Board**

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SCHEDULE “A”

**TEXT OF RESOLUTIONS TO BE PROPOSED BY
THE EXECUTIVE DIRECTORS AT THE MEETING**

1. **Vote Against the Special Resolution.** Vote against the special resolution to remove the Executive Directors.
2. **Fair Rights Offering.** To consider and if thought fit, pass an ordinary resolution to authorize and direct the directors of the Company to conduct a rights offering up to the maximum amount permitted by securities regulatory authorities without the requirement to file a prospectus and on the basis that any oversubscription privilege will not permit any single shareholder or group of shareholders acting jointly or in concert to become as a consequence of the rights offering an “Acquiring Person” as contemplated by the Shareholder Rights Plan.
3. **Continue the Shareholders Rights Plan.** To consider and if thought fit, pass an ordinary resolution to continue the Company’s Shareholders Rights Plan.
4. **Deny Pala’s Costs.** To consider and if thought fit, pass an ordinary resolution denying Pala Investments Holdings Limited any reimbursement of its costs in connection with the convening of the special general meeting.

Do not use the Blue proxy at all, you do not need it to vote against the Pala initiatives, you do that by voting the GREEN Proxy.

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SCHEDULE “B”

SHAREHOLDER RIGHTS PLAN

The Board adopted the Shareholder Rights Plan effective April 14, 2008 (the “Effective Date”). The objective of the Board in adopting the Shareholder Rights Plan was to ensure the fair treatment of Shareholders in connection with any take-over bid for the Company Shares. The Shareholder Rights Plan was not adopted in response to any proposal to acquire control of the Company. The Shareholder Rights Plan was approved by the Shareholders at the Company’s Annual General Meeting on September 15, 2008.

The principal terms of the Shareholder Rights Plan are summarized below. The full text of the Shareholder Rights Plan was filed in a Material Change Report dated April 14, 2008, and which is available for download at www.SEDAR.com.

Purpose of Shareholder Rights Plan

The primary objective of the Shareholder Rights Plan is to ensure that all Shareholders of the Company are treated fairly in connection with any take-over bid for the Company by (a) providing shareholders with adequate time to properly assess a take-over bid without undue pressure and (b) providing the Board with more time to fully consider an unsolicited take-over bid, and, if applicable, to explore other alternatives to maximize shareholder value.

Summary of Shareholder Rights Plan

The following summary of the Shareholder Rights Plan does not purport to be complete and is qualified in its entirety by reference to the Shareholder Rights Plan.

Issue of Rights

The Company will issue one right (a “Right”) in respect of each Common Share outstanding as at April 14, 2008, (the “Record Time”). The Company will issue Rights on the same basis for each Common Share issued after the Record Time but prior to the earlier of the “Separation Time” and the “Expiration Time” (both terms defined below).

The Rights

Each Right will entitle the holder, subject to the terms and conditions of the Shareholder Rights Plan, to purchase additional the Company Shares after the Separation Time.

Rights Certificates and Transferability

Before the Separation Time, the Rights will be evidenced by certificates for the shares, and are not transferable separately from the shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates, which will be transferable separately from and independent of the shares.

Exercise of Rights

The Rights are not exercisable before the Separation Time. After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the exercise price of \$50 (subject to certain anti-dilution adjustments). This exercise price is expected to be in excess of the estimated maximum value of the shares during the term of the Shareholder Rights Plan. Upon the occurrence of a Flip-In Event (defined below) prior to the Expiration Time (defined below), each Right (other than any Right held by an “Acquiring Person”, which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of shares which have an aggregate market price equal to twice the exercise price of the Rights for a price equal to the exercise price

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(subject to adjustment). Effectively, this means a Shareholder of the Company (other than the Acquiring Person) can acquire additional shares from treasury at half their market price.

Definition of “Acquiring Person”

Subject to certain exceptions, an Acquiring Person is a person who becomes the Beneficial Owner (defined below) of 20% or more of the Company’s outstanding shares.

Definition of “Beneficial Ownership”

A person is a Beneficial Owner of securities if such person or its affiliates or associates or any other person acting jointly or in concert with such person, owns the securities in law or equity, and has the right to acquire (immediately or within 60 days) the securities upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

However, a person is not a Beneficial Owner under the Shareholder Rights Plan where:

- (a) the securities have been deposited or tendered pursuant to a tender or exchange offer or take-over bid, unless those securities have been taken up or paid for;
- (b) such person has agreed to deposit or tender the securities to a take-over bid pursuant to a permitted lock-up agreement;
- (c) such person (including a fund manager, trust company, pension fund administrator, trustee or non-discretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds, investment funds or public assets for others, as long as that person:
 - (i) holds those shares in the ordinary course of its business for the account of others;
 - (ii) is not making a take-over bid or acting jointly or in concert with a person who is making a take-over bid; or
 - (iii) such person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

Definition of “Separation Time”

Separation Time occurs on the tenth trading day after the earlier of:

- (a) the first date of public announcement that a person has become an Acquiring Person;
- (b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Permitted Bid); and
- (c) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later date as determined by the Board.

Definition of “Expiration Time”

Expiration Time occurs on the date being the earlier of:

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- (a) the time at which the right to exercise Rights is terminated under the terms of the Shareholder Rights Plan;
- (b) immediately after the Company's annual meeting of Shareholders to be held in 2010 unless at such meeting the duration of the Shareholder Rights Plan is extended; and
- (c) 180 days after the date of the Shareholder Rights Plan if the Shareholder Rights Plan is not ratified by Shareholders in accordance with the requirements of the TSX.

Definition of a "Flip-In Event"

A Flip-In Event occurs when a person becomes an Acquiring Person, provided the Flip-In Event is deemed to occur at the close of business on the 10th day after the first date of a public announcement of facts indicating that an Acquiring Person has become such. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person, or any of its related parties to whom the Acquiring Person has transferred its Rights, will become null and void and, as a result, the Acquiring Person's investment in the Company will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

Definition of "Permitted Bid"

A Permitted Bid is a take-over bid made by a person (the "Offeror") pursuant to a take-over bid circular that complies with the following conditions:

- (a) the bid is made to all registered holders of shares (other than the Offeror);
- (b) the Offeror agrees that no shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid and that no shares will be taken up or paid for unless at such date more than 50% of the outstanding shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn;
- (c) the Offeror agrees that the shares may be deposited to and withdrawn from the take-over bid at any time before such shares are taken up and paid for; and
- (d) if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the bid shall remain open for an additional period of at least 10 business days to permit the remaining Shareholders to tender their shares.

Definition of "Competing Permitted Bid"

A Competing Permitted Bid is a take-over bid that:

- (a) is made while another Permitted Bid or Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid;
- (b) satisfies all the requirements of a Permitted Bid other than the requirement that no shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid and that no shares will be taken up or paid for unless at such date more than 50% of the outstanding shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn; and
- (c) contains the conditions that no shares be taken up or paid for pursuant to the Competing Permitted Bid prior to the close of business on a date that is not earlier than the later of 35 days after the date of the Competing Permitted Bid and the earliest date on which the shares may be taken up or paid for under any

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prior bid in existence at the date of such Competing Permitted Bid; and then only if, at the time that such shares are first taken up or paid for, more than 50% of then outstanding shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the Competing Permitted Bid and not withdrawn.

Redemption of Rights

All (but not less than all) of the Rights may be redeemed by the Board with the prior approval of the Shareholders at any time before a Flip-In Event occurs at a redemption price of \$0.0001 per Right (subject to adjustment). In addition, in the event of a successful Permitted Bid, Competing Permitted Bid or a bid for which the Board has waived the operation of the Shareholder Rights Plan, the Company will immediately upon such acquisition and without further formality, redeem the Rights at the redemption price. If the Rights are redeemed pursuant to the Shareholder Rights Plan, the right to exercise the Rights will, without further action and without notice, terminate and the only right thereafter of the Rights holders is to receive the redemption price.

Waiver

Before a Flip-In Event occurs, the Board may waive the application of the “Flip-In” provisions of the Shareholder Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of shares. However, if the Board waives the Shareholder Rights Plan with respect to a particular bid, it will be deemed to have waived the Shareholder Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of shares before the expiry of that first bid. The Board may also waive the “Flip-In” provisions of the Shareholder Rights Plan in respect of any Flip-In Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person.

Term of the Shareholder Rights Plan

Unless otherwise terminated, the Shareholder Rights Plan will expire at the Expiration Time (defined above).

Amending Power

Except for amendments to correct clerical or typographical errors and amendments to maintain the validity of the Shareholder Rights Plan as a result of a change of applicable legislation or applicable rules or policies of securities regulatory authorities, Shareholder (other than the Offeror and certain related parties) or Rights holder majority approval is required for supplements or amendments to the Shareholder Rights Plan. In addition, any supplement or amendment to the Shareholder Rights Plan will require the written concurrence of the Rights Agent and prior written consent of the TSX.

Rights Agent

The Rights Agent under the Shareholder Rights Plan is Computershare Investor Services Inc.

Rights Holder not a Shareholder

Until a Right is exercised, the holders thereof as such, will have no rights as a Shareholder of the Company.

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SCHEDULE “C”

EXECUTIVE COMPENSATION

GENERAL PROVISIONS

“Named Executive Officer” (“NEO”) means each of the following individuals:

- (a) the Chief Executive Officer (“CEO”);
- (b) the Chief Financial Officer (“CFO”);
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at February 28, 2009.

On December 12, 2007 the Board authorized the Company to change its year end from May 31 to February 28.

The following disclosure sets out the compensation that the Board intended to pay, make payable, award, grant give or otherwise provide to each NEO and director for the financial year ended February 28, 2009.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Committee

The Board has established a Compensation Committee consisting of Mr. Terence Janes, Mr. Greg Radke and Mr. Sandile Zungu. Mr. Janes, Mr. Radke and Mr. Zungu became Committee members on December 16, 2008. Mr. Mark Bristow, Mr. Rene Carrier, Mr. David Copeland and Mr. Cousens were former members of the Compensation Committee. The Compensation Committee recommends compensation for the directors and executive officers of the Company. See further disclosure under heading “Compensation of Executive Officers”. The charter for the Compensation Committee plan was adopted on February 28, 2008 as part of the Company’s Corporate Governance Policies and Procedures Manual (the “Manual”). This charter as well as the Manual are available for viewing at the Company’s website at www.rockwelldiamonds.com.

The function of the Compensation Committee is to review, on an annual basis, the compensation paid to the Company’s executive officers and directors, to review the performance of the Company’s executive officers and to make recommendations on compensation to the Board.

The Compensation Committee periodically considers the grant of stock options. Options have been granted to the executive officers and directors and certain other service providers taking into account competitive compensation factors and the belief that options help align the interests of executive officers, directors and service providers with the interests of shareholders.

The purposes and responsibilities of the Compensation Committee with respect to compensation matters are to assist the Board of Directors in carrying out its responsibilities relating to executive and director compensation. In furtherance of this purpose, the Compensation Committee has the following duties, responsibilities and authority:

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- (a) The Committee shall recommend to the Board of Directors the form and amount of compensation to be paid by the Company to directors for service on the Board and on Board committees. The Committee shall review director compensation at least annually.
- (b) The Committee shall annually review the Company's base compensation structure and the Company's incentive compensation, stock option and other equity-based compensation programs and recommend changes in or additions in such structure and plans to the Board of Directors as needed.
- (c) The Committee shall recommend to the Board of Directors the annual base compensation of the Company's executive officers and senior managers (collectively the "Officers").
- (d) The Committee shall recommend to the Board of Directors the range of increase or decrease in the annual base compensation for non-Officer personnel providing services to the Company.
- (e) The Committee shall recommend to the Board of Directors annual corporate goals and objectives under any incentive compensation plan adopted by the Company for Officers and non-Officer personnel providing services to the Company, and recommend incentive compensation participation levels for Officers and non-Officer personnel providing services to the Company under any such incentive compensation plan. In determining the incentive component of compensation, the Committee will consider the Company's performance and relative shareholder return, the values of similar incentives at comparable companies and the awards given in past years.
- (f) The Committee shall evaluate the performance of Officers generally and in light of annual corporate goals and objectives under any incentive compensation plan.
- (g) The Committee shall periodically review with the Chairman and Chief Executive Officer their assessments of corporate officers and senior managers and succession plans, and make recommendations to the Board regarding appointment of officers and senior managers.
- (h) The Committee shall provide oversight of the performance evaluation and incentive compensation of non-Officer personnel providing services to the Company.
- (i) The Committee shall administer the Company's stock option and other equity based compensation plans and determines the annual grants of stock options and other equity based compensation.
- (j) The Committee shall recommend to the Governance and Nominating Committee the qualifications and criteria for membership on the Committee.

Report on Executive Compensation

The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company although the Compensation Committee guides it in this role. As part of its mandate, the Board determines the type and amount of compensation for the President and Chief Executive Officer and other executive officers.

The Company's Compensation Committee receives independent competitive market information on compensation levels for executives, if necessary, in determining the level of compensation for the executive officers and directors.

Mr. Copeland does not serve the Company solely on a full-time basis, and his compensation from the Company is allocated based on the estimated amount of time spent providing services to the Company. Mr. John Bristow, Mr. Morgan and Mr. Brenner work on the Company's activities on a full-time basis. The Company's compensation policies and programs are designed to be competitive with similar junior mining exploration companies and to recognize and reward executive performance consistent with the success of the Company's business.

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Philosophy and Objectives

The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary, bonus compensation and equity participation through its stock option plan.

Base Salary

In the Board's view, paying base salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. The NEOs are paid a salary in order to ensure that the compensation package offered by the company is in line with that offered by other companies in our industry, and as an immediate means of rewarding the NEO for efforts expended on behalf of the company.

The salary to be paid to a particular NEO is determined by gathering competitive salary information on comparable companies within the industry from a variety of sources, including surveys conducted by independent consultants and national and international publications. Payment of a cash salary fits within the objective of the compensation program since it rewards the NEO for performance of his or her duties and responsibilities.

The compensation of the Chief Executive Officer is approved annually by the Board. Base salary and bonus levels are determined taking into account independent market survey data.

Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. Bonuses are awarded at the discretion of the Board. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Compensation Committee, and such recommendations are generally based, if necessary, on survey data provided by independent consultants. There were no bonuses awarded in the financial year.

Equity Participation

The Company has in place a share option plan dated for reference August 14, 2008 (the "Plan"). The Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company, encourage the alignment of interests with its shareholders and foster their continued association with the Company.

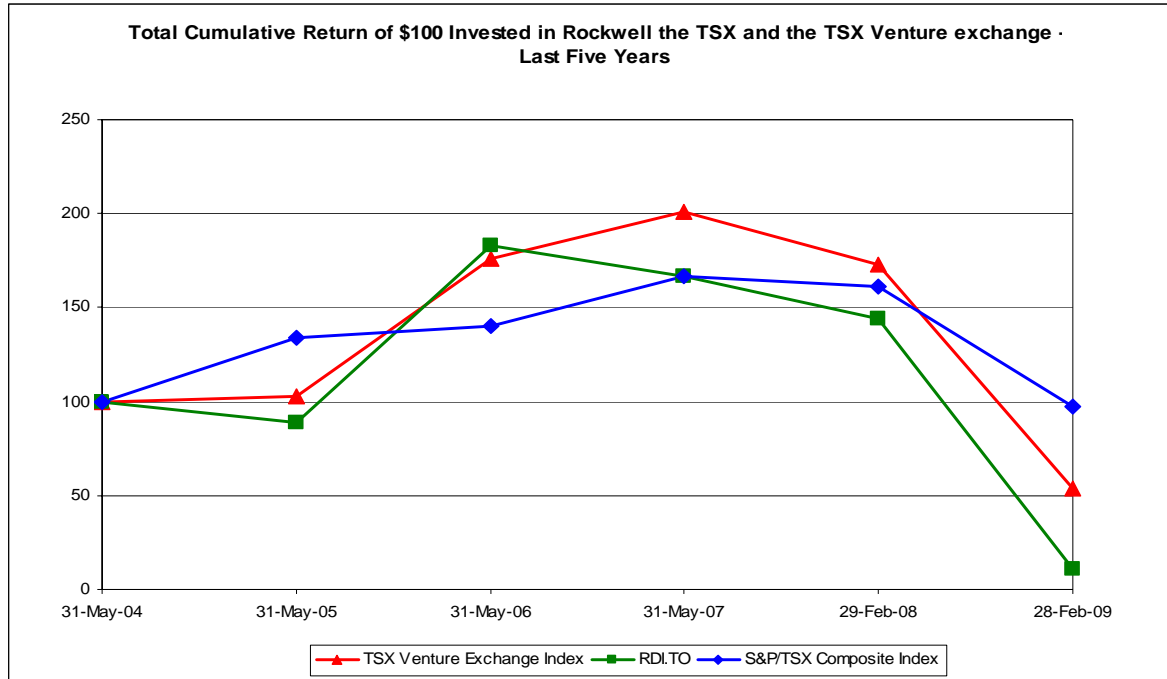
The Company believes that encouraging its executives and employees to become Shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through the Company's stock option plan. Stock options are granted to senior executives taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. Options are generally granted to senior executives and vest on terms established by the Compensation Committee.

At least annually, the Compensation Committee reviews the grants of stock options to directors, management, employees and consultants. Options have been granted in prior years taking into account competitive compensation factors and the belief that options help align the interests of such persons with the interests of Shareholders.

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Performance Graph

The Company commenced trading on The Toronto Exchange (“TSX”) on February 22, 2008. The Company was previously listed on the TSX Venture Exchange (“TSXV”). The following graph compares the cumulative shareholder return on the Company’s Common Shares for the last five fiscal years against the return of the TSXV and the S&P/TSX Composite Total Return Index based on a \$100 investment on May 31, 2004. The year end of the Company was changed to February 28 in 2007.



Notes: The Company has not declared or paid a dividend on its Common Shares.

Option Based Awards

The Company’s long term incentives are designed to foster and promote the long-term financial success of the Company by strengthening the ability of the Corporation to attract and retain highly competent employees, motivate performance through incentive compensation, promote greater alignment of interests between employees and shareholders in creating long-term shareholder value, and enable employees to participate in the long-term growth and financial success of the Company. Long term incentives are comprised of stock options, with approximately the same value of each being provided. The Black-Scholes method is used to value stock options. The share price on the date of grant is used to value share units. Stock options provide employees with the opportunity to participate in the growth of the Company’s share price as well as benefit from the favourable tax treatment applicable to this form of compensation.

The Compensation Committee approves stock options to facilitate consideration of targeted direct compensation to senior executive officers. Options are generally granted in the last quarter of each year as part of the annual compensation review. Options are granted at other times of the year to individuals commencing employment with the Company. The exercise price for the options set in accordance with the rules of the TSX and is based on the five-day volume weighted average closing price prior to the date of grant.

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Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Stock Option Plan

The Company currently has a share purchase option compensation plan dated for reference August 14, 2008, the Stock Option Plan (for the purposes of this section, the "Plan") approved by the shareholders in September 15, 2008 that allows the Company to grant options up to 10% of the issued and outstanding the Shares at any one time, typically vesting over two years, to its directors, employees, officers, and consultants. The exercise price of each option can be set equal to or greater than the closing market price of the Shares on the TSX on the day prior to the date of the grant of the option, less any allowable discounts. Options have a maximum term of five years and typically terminate 30 days following the termination of the optionee's employment, except in the case of retirement or death.

Material Terms of the Plan

The following is a summary of the material terms of the Plan:

- (a) Currently all options granted under the Plan are non-assignable and non-transferable and are issueable for a period of up to five years;
- (b) for stock options granted to employees or service providers (inclusive of management company employees), the Company must ensure that the proposed optionee is a bona fide employee or service provider (inclusive of management company employees), as the case may be, of the Company or any subsidiary;
- (c) if an optionee ceases to be employed by the Company (other than as a result of termination with cause) or ceases to act as a director or officer of the Company or a subsidiary of the Company, any option held by such optionee may be exercised within 90 days after the date of such optionee ceases to be employed as an officer or director or, as the case may be;
- (d) if an optionee dies, any vested option held by him at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;
- (e) in the case of an optionee being dismissed from employment or service for cause, such optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (f) the minimum exercise price of an option granted under the Plan must not be less than the Market Price calculated the day before the grant (as defined in the Plan);
- (g) Vesting of options shall be in accordance with the option commitment in the Plan or otherwise, at the discretion of the Board, and will generally be subject to: (i) the service provider remaining employed by or continuing to provide services to the Company or any of its affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its affiliates during the vesting period; or (ii) the service provider remaining as a Director of the Company or any of its affiliates during the vesting period;
- (h) The maximum aggregate number of shares issuable upon exercise of options to non-employee directors must not exceed 1% of the total common shares of the Company outstanding at any time and no more than \$100,000 in total award value per non-employee director on an annual calendar basis; and

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- (i) The Board reserves the right in its absolute discretion to terminate the Plan with respect to all Plan shares in respect of Options which have not yet been granted hereunder.

The Company is of the view that the Plan provides the Company with the flexibility necessary to attract and maintain the services of senior executives and other employees and reflects in competing compensation to other companies in the industry.

The Plan also provides that:

- (a) All outstanding but unvested options will vest immediately prior to completion of a Change in Control (as defined in the Plan);
- (b) If an option which has been previously granted is set to expire during a period in which trading in securities of the Company by any participant is restricted by a black-out, or any such blackout extends to a date which is within five business days of the expiry of the option, the exercise date will be extended to ten business days after the trading restrictions are lifted; and
- (c) The Plan and outstanding options may be amended by the Board without shareholder approval in the following circumstances:
 - (i) it may make amendments which are of a typographical, grammatical or clerical nature only;
 - (ii) it may change the vesting provisions of an option or the Plan;
 - (iii) it may change the termination provision of an option or the Plan which does not entail an extension beyond the original Expiry Date of an Option;
 - (iv) it may add a cashless exercise feature payable in cash or shares to the Plan;
 - (v) it may make amendments necessary as a result of changes in securities laws applicable to the Company;
 - (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and
 - (vii) it may make such amendments as reduce, and do not increase, the benefits of the Plan to potential optionees.

The full text of the Plan is available for download at www.sedar.com.

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SUMMARY COMPENSATION TABLE

The compensation paid to the NEOs during the Company's most recently completed financial year of February 28, 2009 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
John Bristow ⁽³⁾ President, CEO and COO	2008	333,455	Nil	121,900	Nil	Nil	Nil	Nil	455,355
Desmond Morgan CFO ⁽¹⁾⁽³⁾	2008	44,043	Nil	Nil	Nil	Nil	Nil	Nil	44,043
Dominique De La Roche Former CFO ⁽²⁾⁽³⁾	2008	136,922	Nil	81,266	Nil	Nil	Nil	Nil	218,188
Jeffrey Brenner Manager – Diamond Marketing and Sales	2008	206,470	Nil	81,266	Nil	Nil	Nil	Nil	287,736
Hennie van Wyk Former Director – Operations ⁽³⁾⁽⁴⁾	2008	226,436	Nil	81,266	Nil	Nil	Nil	Nil	307,702

Notes:

- (1) Mr. Morgan commenced employment with the Company on October 13, 2008 and was appointed Chief Financial Officer on October 20, 2008. The salary in the table above reflects the pro-rata portion of his annual base salary of \$116,491 (ZAR 900,000).
- (2) Mr. De La Roche resigned as Chief Financial Officer and Director on October 17, 2008.
- (3) Compensation of the Company's South African executives (Mr. Bristow, Mr. Morgan, Mr. De La Roche and Mr. van Wyk) is paid to each executive in South African Rand ("ZAR") at an exchange rate of 1 Canadian dollar = ZAR 7.872, being the average monthly rate for the year ended February 28, 2009.
- (4) Mr. van Wyk was paid an annual salary of \$323,150 (ZAR 2,544,000) until August 2008. Commencing August 28, 2008, he became a consultant for the Company at a retainer of ZAR100,000 per month. The salary in the table above reflects compensation made to Mr. van Wyk for the full financial year.
- (5) The options granted in the 2008 financial year were granted pursuant to the Stock Option Plan. For compensation purposes, the Black-Scholes option valuation model has been used to determine the fair value on the date of grant. The Black-Scholes option valuation is determined using the expected life of the stock option, expected volatility of the Company's common share price, expected dividend yield, and risk-free interest rate. The Black-Scholes grant date fair value for awards granted on June 20, 2008 was 90% of the option exercise price.

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INCENTIVE PLAN AWARDS

Outstanding Option-based Awards

The Company only currently has an option-based awards plan and does not have any share based awards plan. The following table sets out all share-based awards and option-based awards outstanding as at February 28, 2009, for each NEO:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
John Bristow President, CEO and COO	600,000	0.62	Sept 24, 2012	Nil
	300,000	0.45	June 20, 2011	Nil
Desmond Morgan CFO	Nil	Nil	Nil	Nil
Jeffrey Brenner Manager – Diamond Marketing and Sales	350,000	0.62	Sept 24, 2012	Nil
	200,000	0.45	June 20, 2011	Nil
Hennie van Wyk Former Director – Operations	300,000	0.62	Sept 24, 2012	Nil
	200,000	0.45	June 20, 2011	Nil

Notes:

- (1) The value at February 28, 2009 is calculated by determining the difference between the closing price of the Company's common shares at February 28, 2009 (\$0.04/share) underlying the option on the TSX and the exercise price of the options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out all incentive plan (value vested or earned) during the year ended February 28, 2009:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
John Bristow President, CEO and COO	Nil	Nil
Desmond Morgan CFO	Nil	Nil
Dominique De La Roche Former CFO	Nil	Nil
Jeffrey Brenner Manager – Diamond Marketing and Sales	Nil	Nil
Hennie van Wyk Former Director – Operations	Nil	Nil

Notes:

- (1) These amounts represent the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. The value of each amount has been determined by taking the difference between the market price of the option at date of exercise and the exercise or base price of the option under the option-based award on the vest date.

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PENSION PLAN BENEFITS

The Company has no pension plans for its directors, officers or employees.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The only written employment contracts between the Company and the NEOs, in place are with John Bristow, Desmond Morgan, and Jeffrey Brenner. Hennie van Wyk has a consulting contract with the Company which contains a change in control provision. Under these agreements, Messrs. Bristow, Morgan, Brenner and van Wyk are required to work full time for the Company and are eligible to receive stock options and a performance based bonus at the discretion of the Compensation Committee and the Board and other standard benefits made available by the Company. In addition, under these agreements an amount equal to a minimum of 12 months salary, in the case of Mr. Bristow, and 3 months in the case of Mr. Brenner, 4 months in the case of Mr. Morgan and 3 months in the case of Mr. van Wyk is payable in the event of a termination without cause. In the event of a termination without cause or a resignation with cause within 12 months following a change of control, Mr. Bristow is entitled to receive, among other things, an amount equal to 12 months salary and accrued bonus, Mr. Morgan is entitled to receive, among other things, an amount equal to 12 months salary and accrued bonus, Mr. Brenner is entitled to receive, among other things, an amount equal to 12 months salary and accrued bonus, and Mr. van Wyk is entitled to receive, among other things, an amount equal to 12 months salary and accrued bonus, and all stock options held by these individuals will fully vest. Please see “Executive Compensation”.

Both these agreements define the events that could cause a resignation with cause within 12 months of a change of control. “Good Cause” means the occurrence of one of the following events without the Employee’s express written consent:

- (a) the assignment by the Company of any substantial new duties inconsistent with the Employee’s positions, duties, responsibilities and status with the Company immediately prior to such change in assigned duties;
- (b) a change in or reduction to the Employee’s position, duties, responsibilities or status with the Company compared to those that existed immediately prior to such change or reduction;
- (c) a reduction by the Company in the Employee’s Annual Salary;
- (d) a change in the principal place of work of the Employee to a location more than 50 kilometres from the then-current place of work;
- (e) the failure by the Company to continue in effect, or a material change in the terms of Employee’s participation in benefits under any Incentive Plan or Benefits plan, (collectively, the “Existing Plans”), the effect of which would be to materially reduce the total value, in the aggregate, of the Employee’s benefits under the Existing Plans, or any reduction by the Company of the number of paid vacation days to which the Employee is entitled;
- (f) any other circumstances which would constitute a constructive dismissal at common law;
- (g) any breach by the Company of any provision of the employment agreement;
- (h) the good faith determination by the Employee that, as a result of a Change of Control or any action or event thereafter, the Employee’s status or responsibilities within the Company have been diminished or the Employee is being prevented from carrying out his duties or responsibilities as they existed immediately prior to the Change of Control; or
- (i) the good faith determination by the Employee, based on the standing or business practices of a person or group of persons who acquire control of Rockwell or the assets of Rockwell under a Change of Control, that it is not in the Employee’s best interest to continue to be employed by Rockwell in his position at the time of the Change of Control.

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The estimated incremental payments from the Company to each of Messrs. Bristow, Morgan and Brenner on (i) termination without cause or (ii) termination without cause or resignation with cause within 12 months following a change of control, assuming the triggering event occurred on February 28, 2009, are as follows:

NEO		Termination Without Cause	Change of Control
John Bristow	Salary	\$333,455	\$333,455
	Bonus	Nil	Nil
	Options	Nil	Nil
Desmond Morgan	Salary	\$38,830	\$116,491
	Bonus	Nil	Nil
	Options	Nil	Nil
Jeffrey Brenner	Salary	\$51,617	\$206,470
	Bonus	Nil	Nil
	Options	Nil	Nil
Hennie van Wyk	Salary	\$38,109	\$152,439
	Bonus	Nil	Nil
	Options	Nil	Nil

Notes:

- (1) Compensation of the Company's South African executives (Mr. Bristow, Mr. Morgan and Mr. van Wyk) is paid to each executive in South African Rand ("ZAR"). For the purposes of the table above, an exchange rate of 1 Canadian dollar = ZAR 7.872, being the average monthly rate for the year ended February 28, 2009 is used.

Except as outlined above, there are no contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

DIRECTOR COMPENSATION

Director Compensation Table

Each independent director of the Company, who is not an executive officer, is paid an annual director's fee of \$20,000. Each director who is a member of a committee receives either an additional \$5,000 for acting as Chairperson or \$3,000 for being a member of a committee.

The compensation provided to the directors, excluding a director who is included in disclosure for an NEO for the Company's most recently completed financial year of February 28, 2009 is:

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Name	Fees earned (\$)	Share-based Awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
David Copeland ⁽³⁾	25,623	Nil	Nil	Nil	Nil	Nil	25,623
Mark Bristow ⁽⁵⁾	36,000	Nil	Nil	Nil	Nil	Nil	36,000
Terrence Janes ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bill Fisher ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Greg Radke ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sandile Zungu ⁽¹⁾	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Patrick Bartlett ⁽²⁾	26,250	Nil	Nil	Nil	Nil	Nil	26,250
Rene Carrier ⁽²⁾	22,372	Nil	Nil	Nil	Nil	Nil	22,372
Scott Cousens ⁽²⁾⁽⁴⁾	24,762	Nil	Nil	Nil	Nil	Nil	24,762
Douglas Silver ⁽²⁾	20,250	Nil	Nil	Nil	Nil	Nil	20,250

Notes:

- (1) Joined as Director of the Board on November 21, 2008.
- (2) Retired as Director of the Board on November 21, 2008.
- (3) Fees paid to Mr. Copeland via CEC Engineering are based on time spent working on the Company's matters.
- (4) Fees paid to Mr. Cousens via Hunter Dickinson Services Inc. are based on time spent working on the Company's matters.
- (5) A one-time fee of \$3,000 was paid to Mr. Bartlett, Carrier, Silver and \$7,666 to Mr. Bristow for serving on a Special Committee established during the financial year.

The following table sets out all share-based awards and option-based awards outstanding as at February 28, 2009, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
David Copeland	500,000	0.62	Sept 24, 2012	Nil	Nil	Nil
Mark Bristow	450,000	0.62	Sept 24, 2012	Nil	Nil	Nil
Terrence Janes	Nil	Nil	Nil	Nil	Nil	Nil
Bill Fisher	Nil	Nil	Nil	Nil	Nil	Nil
Greg Radke	Nil	Nil	Nil	Nil	Nil	Nil
Sandile Zungu	Nil	Nil	Nil	Nil	Nil	Nil
Patrick Bartlett	Nil	Nil	Nil	Nil	Nil	Nil
Rene Carrier	300,000	0.62	Sept 24, 2012	Nil	Nil	Nil
Scott Cousens	450,000	0.62	Sept 24, 2012	Nil	Nil	Nil
Douglas Silver	300,000	0.62	Sept 24, 2012	Nil	Nil	Nil

Notes:

- (1) The value at February 28, 2009 is calculated by determining the difference between the closing price of the Company's common shares at February 28, 2009 (\$0.04/share) underlying the option on the TSX and the exercise price of the options.

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The following table sets out all incentive plan (value vested or earned) during the year ended February 28, 2009, for each director, excluding a director who is already set out in disclosure for a NEO for the Company:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
David Copeland	Nil	Nil	Nil
Mark Bristow	Nil	Nil	Nil
Terrence Janes	Nil	Nil	Nil
Bill Fisher	Nil	Nil	Nil
Greg Radke	Nil	Nil	Nil
Sandile Zungu	Nil	Nil	Nil
Patrick Bartlett	Nil	Nil	Nil
Rene Carrier	Nil	Nil	Nil
Scott Cousens	Nil	Nil	Nil
Douglas Silver	Nil	Nil	Nil

Notes:

- (1) These amounts represent the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. The value of each amount has been determined by taking the difference between the market price of the option at date of exercise and the exercise or base price of the option under the option-based award on the vest date.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out equity compensation plan information as at the end of the financial year ended February 28, 2009.

	Number of securities to be issued upon exercise of outstanding options, under equity compensation plans	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - (the Option Plan)	7,956,168	\$0.63	15,847,998
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	7,956,168	\$0.63	15,847,998

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