Independent Qualified Person	Dr. Tania R Marshall (Pr. Sci. Nat) of Explorations Unlimited, South Africa
Non-Independent QP	Mr Glenn A Norton (Pr. Sci. Nat.) of Rockwell Resources Inc
Effective Date	15 May, 2013
Prepared for	Rockwell Diamonds Inc
Purpose	Annual Information Form and Mineral Resource Update
Company Year End	28 February
Personal Inspection	Site visits by independent QP 4 June 2013. All prospect areas, infrastructure and plants visited
General Location	Located in the Herbert district of the Northern Cape Province of South Africa approximately 145km southwest of Kimberley. The operations are located on the farm Lanyonvale (various portions) with an aggregate area of 2,579.8ha.
Licence Status	The following permits are valid for the project: • Portions 7, 14, 16, and 18 have been consolidated into a single Mining Right in the name of H C Van Wyk Diamonds ("HCVWD"). This conversion was granted on 25 January 2010, but has not yet been executed. • The converted, New Order Prospecting Right on a surveyed portion of Re/ptn9 (held by Okapi Diamonds) is under section 11 cession to HCVWD and will be included into the existing HCVWD Mining Right, once granted.
BEE Compliance	African Vanguard Resources owns 26% of the Wouterspan project. An accepted Social & Labour Plan is in place, covering all of the Rockwell operations.
Climate, Infrastructure, Access	Located in an arid to semi-arid, Karoo environment. Electrical power and water resources have been accounted for. Mining personal readily available. Tailings and waste disposal sites have been identified. Operations accessed by good network of all-weather gravel roads.
Deposit Types	Alluvial diamond deposits preserved in fluvial-alluvial palaeochannel and deflation gravels (Rooikoppie) in Orange River terraces.

HISTORY

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

GEOLOGICAL SETTING

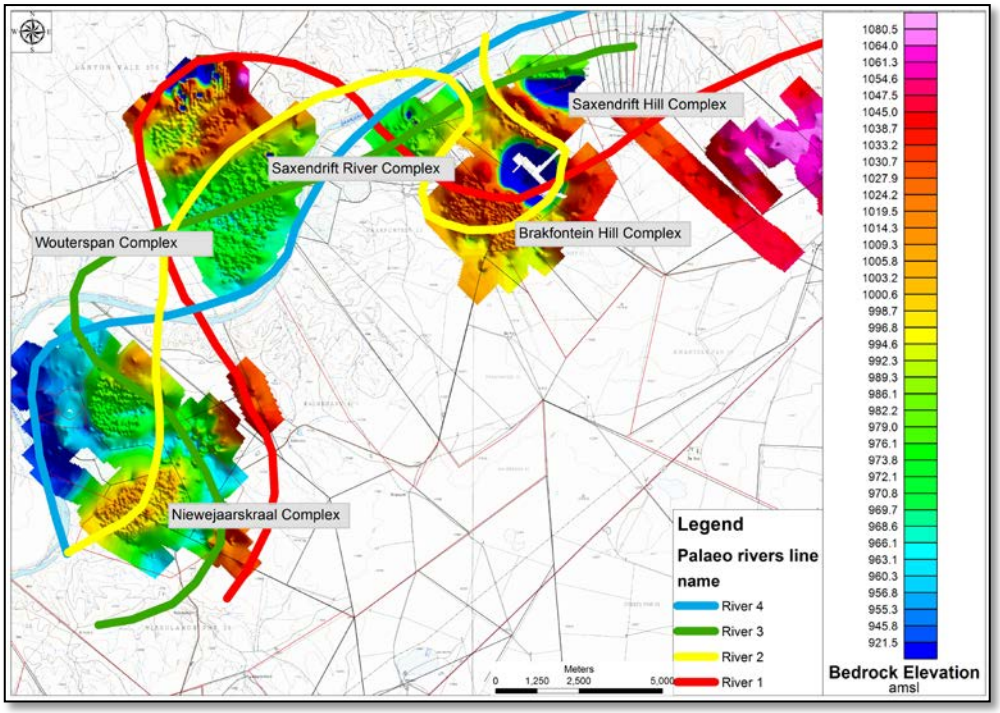
The present Orange River between Douglas and Prieska displays a meandering channel morphology, best developed in areas underlain by the Dwyka Group. All the different fluvial terrace deposits are covered by Rooikoppie gravels, which represent mobile, multi-cyclic deflation and gravitational deposits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

Palaeochannel depositional packages of the Orange River are preserved at different elevations above the present Orange River bed. Diamondiferous Rooikoppie gravel scree slopes higher than the oldest preserved fluvial deposits suggest that even older and higher elevation palaeo-deposits were present and have been removed completely by erosion.

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

The most consistent high level palaeo deposit, and the one on which the geological model for this area was developed, occurs between 60-90m above river level. These deposits represent palaeomeanders exhibiting a wavelength of approximately 13km and an amp1itudeof about 6km, very similar to that of the modern-river. These gravel deposits occur at about 1000 masl. and generally slope slightly to the south, away from the Orange River. Both the calcrete cap and the bedrock exhibit this same slope. The meanders are generally covered entirely by either calcrete or wind-blown sand, or both, but careful mapping have defined points of entry and emergence of palaeochannel deposits from underneath the upper calcrete cap, along the valley scarps.

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



as the upper two terraces and mining is, therefore, easier. Lower terrace deposits are generally covered by 1-4 m of sand whereas the upper terrace deposits are capped by a hard calcrete layer some 2 - 3 m thick which protected the gravel deposits from erosion and prevented exploitation in the past.

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

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

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

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

Lower elevation terraces (less than about 30 m above present river bed) of the Orange River are typified by up to 30% sand matrix with a high proportion of zeolite-rich sand lenses and a high proportion of red Drakensberg basalt clasts. These gravels normally exhibit intermediate to low diamond grades. They are typically cobble-pebble gravels with occasional boulders. Clast composition is dominated by BIF +60%, andesite, dolerite, shale, quartzite, riebeckite and others with a low percentage of agate and amygdales. Clast-rounding is moderate, packing is moderate to poor which impacts negatively on diamond entrapment potential. Average grades of 0.5-1.2ct/m^3 or 0.23-0.54cpht are known with the occurrence of occasional large stones. The lowest terrace does not appear to be as calcreted

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

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

MINERALISATION

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

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

EXPLORATION

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

DRILLING

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

SAMPLING

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

MINERAL MINING AND PROCESSING

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

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

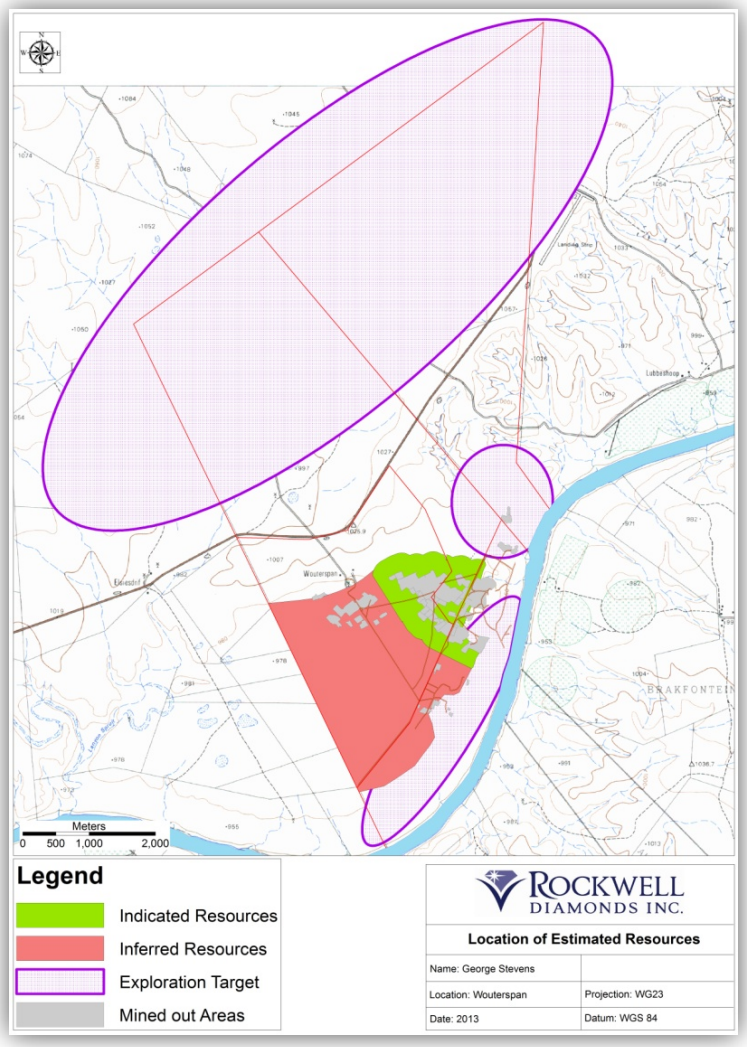
The gravel samples were processed through a bank of 16-foot rotary pan plants. Highly magnetic gravel clasts were removed from the gravels prior to processing. The concentrate was processed, on-site, through X-Ray FLOWSORT machines, prior to grease and final hand sorting.

MINERAL RESOURCE ESTIMATES

The resource statement for Wouterspan reflects the situation as at 15 May 2013. Note that:

- No production has taken place on this mine since end November 2008 when the mine was put on Care & Maintenance.
- The diamond value (at 2mm) given in the statement is the average received for +5,500 of diamonds sold from the adjacent Saxendrift mine during 2010. Since this does not represent a parcel derived from the Wouterspan mine itself, the confidence level on this estimate is not as high as it would be after the recovery of 3,000-5,000cts from the mine. This figure will be adjusted accordingly, once the mine is re-commissioned.

All of the identified resources are located on the (lower) C terraces. Although drilling has been initiated on both the B terraces, no bulk-samples have been completed at these locations. Additional prospecting, to increase the amount of data on the higher terraces, is necessary to improve the representativeness of the information. Current reconnaissance drilling highlights exploration targets of some 14Mm^3 and an additional area of some 40Mm^2.



IDENTIFIED RESOURCES ON WOUTERSPAN MINE

MINING AREA	TERRACE COMPLEX	Bottom Cut-off	VOLUME (m^3)	GRADE ($ct/100m^3$)	Value (USD/ct)
INDICATED RESOURCES					
Wouterspan	Rooikoppie B terrace	2mm **5mm**	614,400	0.70 **0.62**	2,029 **2,300**
	Fluvial-Alluvial B terrace	2mm **5mm**	3,858,800	0.70 **0.62**	2,029 **2,300**
INFERRED RESOURCES					
Wouterspan	Rooikoppie B terrace	2mm **5mm**	5,911,000	0.70 **0.62**	2,029 **2,300**
	Fluvial-Alluvial B terrace	2mm **5mm**	31,863,000	0.70 **0.62**	2,029 **2,300**

PRELIMINARY ECONOMIC ASSESSMENT

During 2012, Rockwell progressed with an updated Preliminary Economic Assessment ("PEA") on Wouterspan through mining/processing engineering and economic studies. The PEA is preliminary in nature, and includes Inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no assurance that the PEA will be realized.

The economic model (based on 100% interest) yielded an internal rate of return ("IRR") of 74% for the base case. The net present value ("NPV") for the base case is USD99.2 million at a 15% discount rate, yielding a project payback period of 2.3 years from the start of construction (1.3 yrs from start of production). The project is most sensitive to revenue with a 5% variance in the total revenue over the 10 year life of mine, impacting the NPV by 15%. The operation is expected to employ some 300 people.

Key assumptions of the study:

- A plant with a capacity of 1,200 tonnes per hour ("tph") (or 354,000m^3 per month), a rate that lowers the sensitivity of diamond production to the nature of the resource being mined.
- The bottom cut-off is 5mm
- A plant design comprising of three processing streams: two Bourevestnik Bulk X-ray systems such as those that have been successfully implemented by the Company at its Saxendrift Hill operations to handle the coarse and mid-sized gravels; and the third stream being a dense media separation ("DMS") stream to process fine material.
- A reduced water consumption rate that is suited to the environmental conditions in the Middle Orange River region.
- The use of contract mining at a fixed unit cost that reduces the capital requirements and enables Rockwell to focus on mine planning and processing.
- The net present values in the table below are shown pre-tax. The Wouterspan property is registered in H C Van Wyk Diamonds Limited, which has material assessed losses. Consequently, in addition to the allowance for capital investment to develop the mine, Wouterspan will not be liable for tax for at least the period of the PEA.

Summary of financial model and results

Proposed mining rate	1,200 tph
Project life of mine	10.1 years
Grade (modelled at 5mm bottom cut off)	0.62 $ct/100m^3$
Average carat value (modelled at 5mm bottom cut off)	USD 2,300/ct
Initial Capital cost (including 25% contingency) Total Capital Investment (over 10 years)	USD42M (ZAR 357M) USD54M (ZAR 460M)
Exchange Rate	USD = ZAR 8.5
Unit cost (using contract mining)	USD 8.90/m^3 (ZAR 75.7/m^3)
Net present value (at 10%)	USD135M (ZAR 1,150M)
Net present value (at 15%)	USD99M (ZAR 843M)
Net present value (at 25%)	USD55M (ZAR471M)
Net present value (at 30%)	USD42M (ZAR 356M)
Internal Rate of Return at 15%	74%