

Rockwell Diamonds Inc.
(A company incorporated in accordance with
the laws of British Columbia, Canada)
(Incorporation number BCO354545)
(South African registration number: 2007/031582/10)
Share code on the JSE Limited: RDI
ISIN: CA77434W2022 Share code on the TSXV: RDI
CUSIP Number: 77434W103
("Rockwell" or "the Group")

13 January 2015

Consolidated statements of financial position
Amounts in Canadian Dollars ('000)

	As at 30 Nov 2014	As at 28 Feb 2014
Assets		
Non-current assets		
Mineral property interests	26 622	26 642
Investment in associates and joint ventures	351	233
Property, plant and equipment	28 748	30 719
Investments and deposits	2 898	5 386
Rehabilitation deposits	3 373	1 701
Total non-current assets	61 992	64 681
Current assets		
Inventories	6 146	4 608
Current tax receivable	36	36
Trade and other receivables	7 763	8 687
Cash and cash equivalents	1 337	1 325
Total current assets	15 282	14 656
Total assets	77 274	79 337
Equity and liabilities		
Equity		
Share capital	147 452	147 073
Reserves	(9 942)	(10 009)
Retained loss	(93 907)	(88 096)
Total equity attributable to the equity holders of the Group	43 603	48 968
Non-controlling interest	(1 815)	(1 737)
Total equity	41 788	47 231
Liabilities		
Non-current liabilities		
Loans and borrowings	5 709	3 241
Finance lease obligation	1 404	110
Deferred tax	4 509	5 926
Rehabilitation obligation	6 808	6 459
Total non-current liabilities	18 430	15 736
Current liabilities		
Loans and borrowings	1 954	1 954
Finance lease obligation	670	165
Trade and other payables	12 576	11 166
Bank overdraft	1 856	3 085
Total current liabilities	17 056	16 370
Total liabilities	35 486	32 106
Total equity and liabilities	77 274	79 337

Consolidated statements of financial performance

Amounts in Canadian Dollars ('000)

	3 months ended 30 Nov 2014	9 months ended 30 Nov 2014	3 months ended 30 Nov 2013	9 months ended 30 Nov 2013
Sale of diamonds	17 430	41 361	11 222	27 659
Beneficiation income	1 427	9 515	632	3 104
Cash cost of sales	(22 092)	(48 655)	(9 076)	(24 378)
Operating (loss) before amortization and depreciation	(3 235)	2 221	2 778	6 385
Amortization of mineral property interests	(225)	(631)	(238)	(619)
Depreciation of property, plant and equipment	(1 357)	(4 334)	(1 262)	(3 432)
Rehabilitation obligation recognized	(99)	(340)	(331)	(1 561)
Gross (loss) profit	(4 916)	(3 084)	947	773
Other income	438	563	209	488
General and admini- stration expenses	(1 505)	(4 349)	(1 320)	(3 286)
Loss before net finance costs	(5 983)	(6 870)	(164)	(2 025)
Finance income	8	274	161	415
Finance costs	(223)	(610)	(199)	(597)
Loss after net finance costs	(6 198)	(7 206)	(202)	(2 207)
Share of (loss)profit from equity accounted investment	(173)	(88)	27	83
Loss before taxation	(6 371)	(7 294)	(175)	(2 124)
Taxation	1 621	1 407	(205)	(546)
Loss for the period	(4 750)	(5 887)	(380)	(2 670)
Loss attributable to:				
Owners of the parent	(4 825)	(5 811)	(358)	(2 592)
Non-controlling interest	75	(76)	(22)	(78)
	(4 750)	(5 887)	(380)	(2 670)

Consolidated statements of comprehensive income

Amounts in Canadian Dollars ('000)

	3 months ended 30 Nov 2014	9 months ended 30 Nov 2014	3 months ended 30 Nov 2013	9 months ended 30 Nov 2013
Loss for the period	(4 750)	(5 887)	(380)	(2 670)
Other comprehensive income net of taxation				
Items that are or may be reclassified to profit or loss				
Exchange differences on translating foreign operations	514	(16)	441	(5 080)
Other comprehensive income for the period net of taxation	514	(16)	441	(5 080)

Total comprehensive income for the period	(4 236)	(5 903)	61	(7 750)
Total comprehensive income attributable to:				
Owners of the Group	(4 286)	(5 825)	106	(7 869)
Non-controlling interest	50	(78)	(45)	119
Total comprehensive income for the period	(4 236)	(5 903)	61	(7 750)
Loss per share				
Per share information				
Basic and diluted loss per share (cents)	(8.96)	(10.80)	(0.72)	(5.29)

Consolidated statements of changes in equity

Amounts in Canadian Dollars ('000)

	Share capital	Foreign currency translation reserve*	Share-based payment reserve**	Total net reserves
Balance at 01 Mar 2013	146 862	(20 039)	8 164	(11 875)
Total comprehensive income for the period				
Loss for the period	-	-	-	-
Other comprehensive income	-	(5 277)	-	(5 277)
Total comprehensive income for the period	-	(5 277)	-	(5 277)
Share-based payment transactions	-	-	444	444
Share issue costs	(5)	-	-	-
Total changes	(5)	(5 277)	444	(4 833)
Balance at 30 Nov 2013	146 857	(25 316)	8 608	(16 708)
Balance at 1 Mar 2014	147 073	(18 799)	8 790	(10 009)
Total comprehensive income for the period				
Loss for the period	-	-	-	-
Other comprehensive income	-	(14)	-	(14)
Total comprehensive income for the period	-	(14)	-	(14)
Share-based payment transactions	-	-	97	97
Share options exercised	33	-	(16)	(16)
Shares issued to employees	347	-	-	-
Share issue costs	(1)	-	-	-
Total changes	379	(14)	81	51
Balance at 30 Nov 2014	147 452	(18 813)	8 871	(9 942)

	Retained loss	Total equity attri- butable to equity holders of the Group	Non- control- ling interest	Total equity
Balance at 01 Mar 2013	(77 478)	57 509	(2 137)	55 372
Total comprehensive income for the period				
Loss for the period	(2 592)	(2 592)	(78)	(2 670)
Other comprehensive income	-	(5 277)	197	(5 080)
Total comprehensive income for the period	(2 592)	(7 869)	119	(7 750)
Share-based payment transactions	-	444	-	444
Share issue costs	-	(5)	-	(5)
Total changes	(2 592)	(7 430)	119	(7 311)
Balance at 30 Nov 2013	(80 070)	50 079	(2 018)	48 061
Balance at 1 Mar 2014	(88 096)	48 968	(1 737)	47 231
Total comprehensive income for the period				
Loss for the period	(5 811)	(5 811)	(76)	(5 887)
Other comprehensive income	-	(14)	(2)	(16)
Total comprehensive income for the period	(5 811)	(5 825)	(78)	(5 903)
Share-based payment transactions	-	97	-	97
Share options exercised	-	17	-	17
Shares issued to employees	-	347	-	347
Share issue costs	-	(1)	-	(1)
Total changes	(5 811)	(5 381)	(78)	(5 459)
Balance at 30 Nov 2014	(93 907)	43 603	(1 815)	41 788

* Currency translation differences arising on the conversion of the net investment in foreign operations from the functional currency to the Company's presentation currency are accumulated in the foreign currency translation reserve.

** Equity settled share-based payment transactions are accumulated in the share-based payment reserve.

Consolidated statements of cash flows

Amounts in Canadian Dollars ('000)

	3 months ended 30 Nov 2014	9 months ended 30 Nov 2014	3 months ended 30 Nov 2013	9 months ended 30 Nov 2013
Cash flows from operating activities				
Cash receipts from customers	16 888	52 083	11 800	29 836
Cash paid to suppliers and employees	(19 592)	(52 198)	(13 518)	(30 943)
Cash utilised by operations	(2 704)	(115)	(1 703)	(1 150)
Finance income	8	274	161	415

Finance costs	(576)	(576)	(230)	(577)
Tax paid	1	1	-	-
Net cash outflow from operating activities	(3 271)	(416)	(1 772)	(1 312)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1 411)	(2 964)	(437)	(5 480)
Proceeds from sale of property, plant and equipment	17	355	-	41
Purchase of mineral property interests	5	(578)	(2)	(9)
Proceeds from sale of subsidiary	-	-	-	2 556
Investment in joint venture	(104)	(207)	-	-
Net movement in other financial assets	3 192	2 692	(170)	(493)
Increase in rehabilitation deposits	(2 159)	(1 672)	(16)	(48)
Net cash outflow from investing activities	(460)	(2 374)	(625)	(3 433)
Cash flows from financing activities				
Proceeds on share issue	16	16	-	-
Share issue costs	(1)	(1)	-	(5)
Proceeds from loans and borrowings	2 256	2 255	-	-
Repayment of loans and borrowings	-	(4)	(2)	(7)
Proceeds from (repayment of) finance lease obligations	1 904	1 765	(95)	(221)
Net cash inflow/ (outflow) from financing activities	4 175	4 031	(97)	(233)
Net movement in cash and cash equivalents for the period	444	1 241	(2 494)	(4 978)
Cash and cash equivalents at the beginning of the period	(963)	(1 760)	247	2 731
Total net cash and cash equivalents at end of the period	(519)	(519)	(2 247)	(2 247)
Loss per share				
	3 months ended	9 months ended	3 months ended	9 months ended
	30 Nov 2014	30 Nov 2014	30 Nov 2013	30 Nov 2013
Basic and diluted loss per share				
Basic loss per share				
Cents per share	(8.96)	(10.80)	(0.72)	(5.29)

Basic loss per share was calculated based on a weighted average number of ordinary shares of 54 427 244 for the 3 months ended 30 November 2014 (3 months ended 30 November 2013: 49 595 681) and 53 819 099 for the 9 months ended 30 November 2014 (9 months ended 30 November 2013: 48 974 752).

Reconciliation of loss for the period to basic loss				
Loss for the period	(4 750)	(5 887)	(380)	(2 670)
Adjusted for:				
Loss attributable to non-controlling interest	(75)	76	22	78
Basic loss attributable to owners of the Group	(4 825)	(5 811)	(358)	(2 592)

Diluted loss per share is equal to loss per share because there are no dilutive potential ordinary shares in issue.

Basic and diluted headline loss per share				
Headline loss per share (cents)	(8.87)	(10.32)	(0.72)	(5.18)

Reconciliation between basic loss and headline loss				
Basic loss attributable to owners of the Group	(4 825)	(5 811)	(358)	(2 592)
Adjusted for:				
Loss (profit) on sale of property, plant and equipment	-	258	-	(16)
Impairments	-	-	-	71
Headline loss attributable to owners of the Group	(4 825)	(5 553)	(358)	(2 537)

The basic and diluted headline earnings (loss) per share disclosure is provided based on the listing requirements of the Johannesburg Stock Exchange (Group's secondary listing). The disclosure of basic and diluted headline earnings (loss) per share is provided in accordance with Circular 2/2013 as issued by the South African Institute of Chartered Accountants. Headline earnings (loss) represents the basic earnings (loss) attributable to the owners of the Group excluding certain remeasurements.

At periods end the impact of share-based payment options were excluded from the weighted average number of shares, for the purpose of the diluted headlines earnings (loss) per share calculation, as the effect would have been anti-dilutive.

Subsequent events

On January 6, 2015 Rockwell announced that it had entered into a conditional agreement diamond properties and associated plant and equipment from Bondeo 140 CC and total consideration of \$28.5 million (ZAR 284.2 million) ("the Transaction"), of which \$12.0 million (ZAR120 million) is in respect of the mineral rights and processing capabilities and the balance (\$16.5 million (ZAR 164 million)) in respect of earthmoving fleet and associated equipment.

The transaction is subject to conditions precedent, including regulatory approvals and conclusion of financing on or before March 31, 2015. \$12.0 million (ZAR120 million) is payable to the Sellers on the Closing Date, which will be in Q2 2015, with the balance of the consideration expected to be financed from external sources.

Rockwell has engaged advisors (including Dundee Capital Markets) to assist in the conclusion of the transaction.

The effect of this transaction has not been accounted for in these financial statements.

Saxendrift Hill Complex ("SHC") was designed for an 18-month mine life, which expired at the end of 2014, and therefore a decision has been taken to close the SHC plant on 13 January 2015. In order to optimize the remaining resource, Rockwell has decided that this will be processed through the Saxendrift plant. The SHC EMV fleet will be moved to Niewejaarskraal to ramp up production and the processing plant will be reallocated in due course.

Segmental information

The Group has three reportable operating segments, as described below, which are the Group's operating divisions. These divisions offer different diamond product characteristics, qualities, geological characteristics, processes and services, and are managed separately because they require different technology and profit or cost strategies. For each of the divisions the Group executive committee (chief operating decision making body) reviews internally managed reports on at least a monthly basis.

The following describes the operations in each of the Group's reportable segments:

- Northern Cape operation is associated with the mining of Paleo Channels and Rooikoppie gravels and the recovery of high value and larger carat size diamonds;
- North West operation is associated with the mining of potholes and the recovery of lower value and smaller carat size diamonds; and
- Corporate represents the corporate management and administrative function of the Group.

The reconciliation column represents the inter group transactions eliminated on consolidation. All reportable segments are located in the same geographical jurisdiction. Information regarding the results of each of the reportable segments is included below.

For the 9 months ended 30 November 2014

	Northern Cape	North West	Corporate	Reconciling	Total
Total assets	54 090	16 119	72 248	(65 183)	79 274
Total liabilities	73 064	22 798	4 807	(65 183)	35 486
External revenue	37 273	13 603	-	-	50 876
Loss for the period	(4 410)	(318)	(1 159)	-	(5 887)

For the 9 months ended 30 November 2013

	Northern Cape	North West	Corporate	Reconciling	Total
Total assets	56 216	13 021	66 119	(56 336)	79 020
Total liabilities	63 717	21 119	2 379	(56 336)	30 879
External revenue	25 950	4 813	-	-	30 763
Loss for the period	(1 961)	(252)	(457)	-	(2 670)

Corporate information

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