



Rockwell issues third quarter results of Fiscal 2018

January 15, 2018, Toronto, ON -- Rockwell Diamonds Inc. ("Rockwell" or the "Company") (NEX: RDI.H; JSE: RDI) today filed its third quarter 2018 results, and provided a further update as to the developments with respect to its three subsidiaries in South Africa. These subsidiaries are Rockwell Resources RSA (Pty) Ltd (Rockwell RSA), HC van Wyk Diamonds Ltd (HC van Wyk) and Saxendrift Mine (Pty) Ltd (Saxendrift). Material elements include:

- The financial results presented included the financial statements of the Company and its two subsidiaries in Cayman Islands, but did not consolidate the three subsidiaries in South Africa. The Company no longer has control over the three subsidiaries sufficient to consolidate under IFRS.
- The financial results show a nine-month comprehensive income (but non cash) of \$22.6M which results almost entirely from the reversal of foreign currency reserves in respect of the operations in South Africa, and certain stock based compensation reserves, that were unwound upon deconsolidation.
- There were no mining or processing operations as the Business Rescue Practitioners (BRPs) successfully applied to place the three subsidiaries back into provisional liquidation on September 6, 2017 and placed the Wouterspan plant on care and maintenance.
- The three subsidiaries were again placed in provisional liquidation on September 22, 2017 by the BRPs, Metis Strategic Advisors Pty and their legal counsel Werksmans of Johannesburg, notwithstanding the fact that an offer had been received from Ascot Diamonds, an affiliate company of Diacore with a proven purchasing capability, to buy the three subsidiaries on a going concern basis at a value in excess of liquidation value, and notwithstanding that the operations were break-even for August 2017. As a result, all claims are stayed against the three subsidiaries.
- As a result, on the return date November 3, 2017 for hearing on the liquidation order, the High Court in Kimberley ordered the date to be reset to March 16, 2018 to allow a full opportunity to achieve a sale transaction and therefore a higher recovery value for creditors.
- The MD&A for the period September to November 2017 reflects a detailed account of the actions of the BRPs and the Company's attempt to undertake this sale transaction to Ascot Diamonds.
- The provisional liquidators (PLs) appointed are Honey Attorneys of Bloemfontein, who formally took over from the BRPs on October 11, 2017.
- The buyer and their Attorneys met with the PLs several times, and now are making a detailed proposal by creditor in a comprehensive compromise proposal to the PLs.



- That purchase offer for the three subsidiaries therefore remains valid, and the PLs are in active discussion with Diacore to advance such a proposal.
- The buyer has reaffirmed its additional offer to the Company in a separate transaction to buy the three intermediate Cayman entities from the Company, although such offer is conditional on an initial successful transaction in South Africa with regards to the three South African subsidiaries. To the extent that such second offer does proceed, the Company will approach creditors and shareholders in the Company for approval.

For further information on Rockwell and its operations in South Africa, please contact:

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About Rockwell Diamonds

Rockwell has been engaged in the business of operating and developing alluvial diamond deposits.

As at the date of this document, Rockwell's subsidiary in South Africa (Rockwell Resources RSA Pty Limited) and its two subsidiaries (HC van Wyk Diamonds Limited and Saxendrift Mine Pty Limited) had again been placed in provisional liquidation, following an application by the Business Rescue Practitioners on September 7, 2017. The application was heard on September 22, 2017 and so ordered by the Court. Liquidators were appointed on September 27, 2017. The return date for hearing on the liquidation order is now March 16, 2018.

Rockwell's common shares trade on NEX under the symbol "RDI.H" and on the JSE Ltd under the symbol "RDI". Trading of Rockwell's shares remains suspended at the request of the Company.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

No regulatory authority has approved or disapproved the information contained in this news release.

Forward Looking Statements

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.



Factors that could cause actual results to differ materially from those in forward-looking statements include uncertainties and costs related to the transaction and the ability of each party to satisfy the conditions precedent in a timely manner or at all, exploration and development activities, such as those related to determining whether mineral resources exist on a property; uncertainties related to expected production rates, timing of production and cash and total costs of production and milling; uncertainties related to the ability to obtain necessary licenses, permits, electricity, surface rights and title for development projects; operating and technical difficulties in connection with mining development activities; uncertainties related to the accuracy of our mineral resource estimates and our estimates of future production and future cash and total costs of production and diminishing quantities or grades of mineral resources; uncertainties related to unexpected judicial or regulatory procedures or changes in, and the effects of, the laws, regulations and government policies affecting our mining operations; changes in general economic conditions, the financial markets and the demand and market price for mineral commodities such as diesel fuel, steel, concrete, electricity, and other forms of energy, mining equipment, and fluctuations in exchange rates, particularly with respect to the value of the US dollar, Canadian dollar and South African Rand; changes in accounting policies and methods that we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates; environmental issues and liabilities associated with mining and processing; geopolitical uncertainty and political and economic instability in countries in which we operate; and labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate our mines, or environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt operation of our mines or development projects.

For further information on Rockwell, Investors should review Rockwell's home jurisdiction filings that are available at www.sedar.com.