

JOHANNESBURG, May 27, 2015 /CNW/ - [Rockwell Diamonds Inc.](#) ("Rockwell" or the "Company") (TSX:RDI; JSE:RDI) announces substantial completion of the conditions precedent for its previously announced acquisition of the Remhoogte/Holsloot Operations and associated assets, paving the way to close the transaction and assume ownership and operational control by no later than June 1, 2015. The properties and assets are contiguous to Rockwell's existing properties and will significantly enlarge its resource base in the Middle Orange River ("MOR") region.

Currency values are presented in Canadian dollars, unless otherwise indicated.

Salient Features

- All conditions precedent, including evidence of sufficient financing, to complete the acquisition of the Remhoogte/Holsloot Project, and its associated plant and equipment in MOR have been met and the transaction is on track for financial completion by end May 2015.
- Bridging loan secured and agreements signed to meet the reduced purchase consideration; positions Rockwell to close the transaction and take over operations by June 1, 2015.
- Total acquisition consideration reduced to \$21.9 million (from \$29.0 million) through exclusion of certain earthmoving equipment from the assets being acquired. Furthermore, the revised sale agreement includes the sale by Rockwell of the Saxendrift Extension property (acquired in March 2013), to the sellers for an amount of \$0.5M, subject to the normal regulatory approvals.
- Required regulatory approvals all granted, including South African Competition Commission consent and Section 11 authorization from Department of Mineral Resources to transfer the Remhoogte mineral rights to Rockwell.

Commenting on the acquisition, James Campbell, CEO and President said:

"We are delighted to announce that we are now able and intend to meet the final conditions in our transaction with Bondeo 140 cc on its Remhoogte/Holsloot operations which will allow us to close this transformational acquisition on or before June 1, 2015. These operations are contiguous to our existing MOR properties and have continued to yield high value diamonds since the announcement of the transaction in January. In April, we took the decision to delink the proposed equity financing from the transaction, and arranged bridge loan financing, enabling us to close within the agreed upon timelines. The bridging loan to settle the revised purchase price of \$21.9 million was supported by anchor shareholders, Diacore and our Chairman, Mark Bristow, and we will be taking over operations on or before June 1, 2015. It is planned to offer our shareholders and other investors the opportunity to refinance the bridging debt in the second quarter, through the equity market.

"Meanwhile, we continue with our exploration work at Wouterspan and Lanyonvale, to fully understand the potential of these properties while at Niewejaarskraal we are pressing on with our geological studies. We remain committed to our medium term target of processing 500,000m³ per month of quality gravels in the MOR, with the early life Remhoogte / Holsloot Project spearheading a new era for Rockwell."

Revised purchase consideration and financing

The total consideration for the acquisition of the Remhoogte / Holsloot and Bo-Karoo properties ("the Properties") and associated plant and equipment from Bondeo 140 cc (as announced on January 6 and February 5, 2015) has been restructured and reduced from \$29.0 million (ZAR 284 million) to \$21.9 million (ZAR214.95 million). Certain earthmoving equipment that was not required by Rockwell has now been excluded from the acquisition, and the acquisition of the Bo-Karoo property has been deferred pending regulatory approval for its transfer, while the Company's Saxendrift Extension property is being transferred to the sellers for \$0.5 million (ZAR5 million) as part of the transaction consideration. The revised transaction comprises \$12.2 million (ZAR120 million) in respect of the mineral rights, three operational processing plants, and a further \$9.7 million (ZAR94.95 million) in respect of required earthmoving fleet and other equipment.

The final suspensive conditions to complete this transaction have chiefly all been met. This includes a financial adequacy confirmation which was lodged with the sellers on May 18, 2015, and Section 11 approval from the Department of Mineral Resources authorizing the transfer of the mineral rights (excluding Bo-Karoo) from Bondeo 140 cc to Rockwell was also received. The confirmation of funds is satisfied through the granting of a bridging loan by key shareholders, being Diacore and Rockwell's Chairman Mark Bristow. The Company expects the transactions to close on or before June 1, 2015, less than 21 days before the announcement of the entering into of the bridging loan, which was necessary in order to meet the transaction timeline.

The salient features of the bridging loan are as follows:

- The total loan amounts to US\$16 million plus ZAR16 million ("loan amount"), of which \$15 million and ZAR16 million has been committed by Diacore and the remaining US\$1 million by Mark Bristow; together with a further US\$0.5 million as a working capital reserve for transaction costs associated with the acquisition;
- The initial term of the loan is for a period of three months ("first period"), extendable for a further month if the Company has called a shareholder meeting to approve any required amendments to the loan;
- Interest will be payable at 1.25% per month for the first period; of three months; there are no broker's or similar fees associated with this transaction.

- The Company plans to refinance the bridging loan in the second quarter. Should this re-financing not be completed by the end of the term of the loan, any outstanding balance must be repaid from (up to) 25% of rough sales and (up to) 100% of beneficiation revenue.
- Rockwell anticipates that it will close the transaction and assume operations at the Remhoogte/Holsloot Project on or before June 1, 2015 and it will roll out its MOR operational template accordingly.

Acquired processing plants and mineral deposits

The three processing plants have a total monthly processing capacity of approximately 200,000 m³. At Remhoogte, a processing plant was commissioned in June 2014 from all-new equipment, consisting of a Bouvestnik Bulk X-ray system for the processing of coarse gravels and a four rotary pan plant to treat the fine gravels. A second rotary pan plant at Remhoogte consisting of four pans was commissioned on the property in November 2014. At Holsloot, a processing plant was recently commissioned from new equipment and consists of a de-sanding system, a Bouvestnik Bulk X-ray system for the processing of coarse gravels and a dense media separation system for fine gravels.

As announced on March 9, 2015, an Inferred Mineral Resource of 7,056,000 m³ of Rooikoppie gravel at a grade of 0.9 carats per 100m ("cphm³") with an average value of \$2,900 per carat has been estimated at Remhoogte after reevaluating historical, geological and field mapping data; the survey of areas mined since commencement of operations on the property and the available production and sales results. The largest stone recovered from Remhoogte to date weighed 178 carats. In addition, as part of its ongoing evaluation of the Bondeo acquisition properties, the Company has identified an Exploration Target with potential for a further 3,000,000 to 4,000,000 m³ of fluvial-alluvial gravels (target grades of approximately 0.4 to 1.5 cphm³ and anticipated diamond values ranging from US\$2,500 to US\$4,000 per carat). The Company intends to announce a further resource estimation on the fluvial-alluvial gravel once bulk sampling has been completed. These statements of potential quantity, grade and value are conceptual in nature, that there has been insufficient exploration in these areas to define a Mineral Resource and that it is uncertain if further exploration will result in the targets being delineated as a Mineral Resource.

At the Remhoogte/Holsloot Project, approximately 1.1 million m³ of gravel was processed for the period from March 2014 to February 2015, recovering 10,379.48 carats of high quality diamonds produced at a grade of 0.9 carats per 100 m³.

This Press Release was reviewed and approved and the data disclosed herein was verified by Rockwell's Group Technical Manager, G.A. Norton, B.Sc.Hons (Pr. Sci. Nat.), a Qualified Person who is not independent of the Company and T.R. Marshall, PhD, (Pr. Sci. Nat.), a Qualified Person who is independent of the Company

About Rockwell Diamonds:

Rockwell is engaged in the business of operating and developing alluvial diamond deposits, with a goal to become a mid-tier diamond production company. Rockwell also has a development project and a pipeline of earlier stage properties with future development potential. The operations are based on a strategy of throughput processing and technology. Rockwell continuously strives to be the lowest cost producer in the industry.

The Company is known for producing large, high quality gemstone comprising a major portion of its diamond recoveries that is enhanced through a beneficiation joint venture that enables it to participate in the profits on the sale of the polished diamonds.

Rockwell also evaluates consolidation opportunities which have the potential to expand its mineral resources and production profile and to provide accretive value to the Company.

Rockwell's common shares trade on the Toronto Stock Exchange and the JSE Limited under the symbol "RDI".

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 Company's ability to close the Bondeo acquisition and the impact on the Company's future cash flows if the acquisition does not close, exploration and development activities, such as those related to determining whether mineral resources exist on a property; the ability of the Company to successfully complete an equity financing and the ability of the Company to refinance the bridging loans; 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 if 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.

SOURCE [Rockwell Diamonds Inc.](#)

Contact

on Rockwell and its operations in South Africa, please contact: James Campbell, CEO, +27 (0)83 457 3724; Stéphanie Leclercq, Investor Relations, +27 (0)83 307 7587; David Tosi, PSG Capital - JSE Sponsor, +27 (0)21 887 9602