

JOHANNESBURG, May 28, 2015 /CNW/ - [Rockwell Diamonds Inc.](#) ("Rockwell" or the "Company") (TSX:RDI; JSE:RDI) announces results for the three and twelve months ended February 28, 2015.

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

## FINANCIAL HIGHLIGHTS

	Q4	Q4	%	Q3	F2015	F2014
	F2015	F2014	Change	F2015		
Total revenue (\$m)	17.1	14.4	+19	18.9	68.0	45.2
Rough diamond sales (\$m)	15.6	13.4	+16	17.5	56.9	41.1
Beneficiation revenue (\$m)	1.5	1.0	+60	1.4	11.1	4.1
Average price per carat sold (US\$)	1,544	1,264	+22	1,267	1,345	1,484
Gross profit / (loss) before amortization and depreciation (\$m)	(3.1)	(0.4)		(3.2)	(0.8)	6.0
Average cash operating cost / m <sup>3</sup> (US\$)	11.2	13.9	-19	11.5	11.4	10.4
Cash generated / (used) in operations	0.8	4.4	-	(2.7)	0.7	2.7
Loss attributable to owners of the parent (\$m)	(8.2)	(7.7)	-	(4.8)	(14.0)	(10.6)
Net Cash and cash equivalents (\$m)	0.6	(1.8)	-	(0.5)	0.6	(1.8)

### Salient features

- Fourth quarter operating performance mostly impacted by lower grades at Saxendrift and lower volumes at Niewejaarskraal during wind-down.
- Two +120 carat rough diamonds recovered at Saxendrift increased overall average carat value by 22% to US\$1,544 per carat. Accordingly, total revenue increased 19% to \$17.1 million including a 60% increase in beneficiation income over prior year's fourth quarter.
- Ongoing cost reduction initiatives led to 19% decrease in consolidated average cash operating costs for the Middle Orange River ("MOR") operations to US\$11.2 per m<sup>3</sup>, with volumes mined and processed up 58% and 45% respectively.
- Mining activities suspended at Niewejaarskraal in early April 2015 in order to refine the geological model and review mine plans to upgrade processing capacity to optimal effectiveness.
- The operations at Saxendrift are being reviewed in light of the expected higher stripping ratios and decline in grades towards the end of its current economic mine life with planning for a reduced operation and rationalization of the current Rockwell plant with that of the Bondeo business and other development assets going forward.
- Additional revenue potential underscored by 'beneficiation pipeline' of more than 6,057 carats.
- Exploration work commenced on the farm Lanyonvale and technical work on a revised plan for a large bulk sampling operation on the Wouterspan property continued.
- Substantial completion of the conditions precedent for the 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.

Commenting on the fourth quarter financial performance, James Campbell, CEO and President said:

"While we achieved revenue growth of 19% to \$17.1 million and our average cash operating cost continued to trend down by 19% to US\$11.2 per m<sup>3</sup>, operating profit was negatively impacted by lower grades and higher volumes processed. We were pleased to recover two +120 carat rough diamonds at Saxendrift, in spite of increased stripping ratios and declining average grades as we approach the end of its current economic mine life. Planning has commenced for a reduced operation and movement of plant to other Rockwell development properties. At Niewejaarskraal, the grade remained below plan and its economic potential was not being achieved with the available processing capacity. We therefore suspended operations to allow for a full review of the geological model and rationalization with the Bondeo operations. Exploration work commenced on the farm Lanyonvale and technical work on a revised plan for a large bulk sampling operation on the Wouterspan property continued."

Financial review:

- Revenue: Gross diamond revenues increased 19% to \$17.1 million including beneficiation revenue. Rough diamond sales increased 16% to \$15.6 million, despite a 12% drop to 8,467 carats in carat sold on a period-on-period basis. The average carat price from Company owned properties increased 22%, underpinned by sale of two +120 carat diamonds during the fourth quarter.
- Production Costs: The Group's consolidated average cash operating cost was down 19% to US\$11.21 per cubic metre. The average total cash cost (including rehabilitation and royalty payments) for all the operations for Q4 F2015, declined 11% to US\$13.21 per m<sup>3</sup>.
- Cost of sales before amortization and depreciation: The cash cost of sales increased to \$20.2 million, largely due to increased volumes mined (2.7 million m<sup>3</sup> to 4.7 million m<sup>3</sup>) and high costs at Niewejaarskraal chiefly driven by the high stripping ratio.
- Gross loss: A gross loss of \$3.1 million was recorded. Although MOR carats sold were stable with a 14% increase in revenue per carat, these benefits were offset by lower grades (down 23%) and higher volumes processed (up 45%), leading to a \$3.8 million increase in production costs.
- Net cash position: At February 28, 2015 the Group had net cash and cash equivalents of \$0.6 million, having recorded a net movement in cash and cash equivalents of \$1.1 million including the receipt of \$1.8 million in respect of the convertible debenture issue, and after a transfer of \$0.8 million to assets held-for-sale.
- Middle Orange River ("MOR") operating performance: A total of 1.2 million m<sup>3</sup> was mined from Rockwell's MOR operations, up 58% from the prior year, chiefly due to increased stripping ratios and facilitated by the ongoing optimization of in-field screening operations as well as the earthmoving vehicle ("EMV") renewal plan. Volumes of gravel processed also increased 57% to 0.9 million m<sup>3</sup>. The increased volumes processed partially offset the lower grades and lower prices achieved for the rough product.

## Market update

The diamond market during Rockwell's fourth quarter was once again dominated by declining polished prices, high rough prices and a lack of financing available for the diamond industry.

While De Beers' prices remained stable, open market prices have been substantially lower. Sightholders rejected some 30% of rough diamond allocations as pricing left minimal margin to be made on these diamonds. Banks are not offering financial assistance on loss making rough diamonds with the net result that factories are shutting down in southern Africa, India and other cutting centres around the world.

The decline in polished prices persisted albeit at a much slower pace with some price stabilization in certain size categories. Retail sales increased marginally, especially during the peak festive trading season, Chinese New Year and other high profile shopping events. Lower volumes of polished stones and shortages are becoming an issue.

Overall, the industry experienced deflationary pricing due to diamond and gold price reductions. However, there are indications that prices have bottomed out. As industry liquidity improves and rough prices from primary suppliers are lowered to match open market pricing, the industry will be on a solid footing for a recovery.

## Strategy

In addition to the integration of the imminent Bondeo acquisition, Rockwell is also prioritizing its exploration activities to extend its inventory of in situ diamonds at its existing properties. The initial focus is on the Lanyonvale and contiguous Wouterspan properties. Both are considered to have significant potential to add to the Company's resources.

- Assuming a close of the Bondeo acquisition, the Company will take over an existing mine and does not expect any interruption in activities there.
- At Lanyonvale, initial work will focus on the evaluation of the Rooikoppie Exploration Targets with potential resources of 3 to 4 million m<sup>3</sup> of gravel, followed by fluvial alluvial Exploration Targets with potential for 1 to 2 million m<sup>3</sup> of gravel. Completion is targeted for the end of October 2015.
- At Wouterspan, further pitting of the Rooikoppie gravels at a tighter grid spacing is planned with the intention of converting the initial estimates to Indicated Resources by February 2016.
- First quarter fiscal 2016 operational and corporate priorities are as follows:
- Bedding down operations at the Remhoogte/Holsloot Project including the transfer of current employees to Rockwell to ensure continuous production, while at the same time applying Rockwell's MOR-specific geological and technical skills.
- Completing the suspension of operations at the Niewejaarskraal property, including the Section 189 retrenchment process in addition to conducting further evaluation and process optimization work.
- The operations at Saxendrift are being reviewed in light of the expected higher stripping ratios and decline in grades towards the end of its current economic mine life with planning for a reduced operation and movement of plant to other Rockwell development properties.

## Conference Call:

Rockwell will host a telephone conference call on Monday, June 1, 2015 at 09:00 a.m. Eastern Time (15:00 p.m. Johannesburg / 14:00 p.m. London) to discuss these results. The conference call may be accessed as follows:

Country	Access Number
Canada and USA (Toll-Free)	1 855 481 5362
South Africa (Toll-Free)	0 800 200 648
South Africa &#8211; Johannesburg	011 535 3600
South Africa &#8211; Cape Town	021 819 0900
UK (Toll-Free)	0808 162 4061
Other Countries (Intl Toll)	+27 11 535 3600
Other countries &#8211; Alternate	+27 10 201 6800

A transcript of the audio webcast will be available on the Company's website: [www.rockwelldiamonds.com](http://www.rockwelldiamonds.com). The conference call will be archived for later playback until midnight (ET) June 3, 2015 and can be accessed by dialling the relevant number in the table below and using the pass code 35832#.

Country	Access Number
South Africa (Telkom)	011 305 2030
Canada and USA (Toll Free)	1 855 481 5363
Other Countries (Intl Toll)	+27 11 305 2030
UK (Toll-Free)	0 808 234 6771

For further details, see Rockwell's complete financial results and Management Discussion and Analysis posted on the website and on the Company's profile at [www.sedar.com](http://www.sedar.com). These include additional details on production, sales and revenues for the quarter, as well as comparative results for fiscal 2014

#### 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 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](http://www.sedar.com).

SOURCE [Rockwell Diamonds Inc.](#)

#### Contact

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