

TORONTO, July 17, 2017 /CNW/ - [Rockwell Diamonds Inc.](#) ("Rockwell" or the "Company") (TSX: RDI; JSE: RDI) announces results for the three months ended May 31, 2017.

Salient features

There were no formal results of operations in the first quarter as all mining activity, processing, sales and costs for sales are accounted for as commissioning costs, and capitalised to property, plant and equipment. In this respect, during commissioning:

- MOR operating results: Volumes mined from the WPC ramp-up operation during the quarter totalled 166,328 m³. A total of 359 carats were recovered with 8 stones larger than 10 carats, for an average price of US\$ 2,599 per carat.
- WPC: All phases of the WPC plant have now been commissioned, however some bottlenecks and design shortcomings have been identified and work is ongoing to address these. As a result the plant can now be run at a throughput rate that varies between 100 and 150 tons per hour depending on the type of gravel being treated, but the run time is still low albeit improving.
- Safety: At the end of Q1 F2018, the Company had achieved 466,488 lost time injury free hours ("LTIFH") at its MOR activities. Rockwell's drive towards zero harm will continue.
- Operating results: Rockwell experienced a total comprehensive loss of \$2.7 million for the quarter, which was primarily driven by no completed operations being conducted during the period, resulting in very few diamonds recovered to cover operational costs and overheads.
- Business rescue: The business rescue process in respect of the three South African subsidiaries (Rockwell Resources RSA Pty Limited, HC van Wyk Diamonds Limited and Saxendrift Mine Pty Limited) is ongoing, with the objective to return the companies to solvency. During this process all claims and liquidation orders are stayed, allowing the ramp-up of the WPC operation on a legally protected basis. The appointed business rescue practitioners are actively working alongside the Companies' management to prepare a business rescue plan which will deal with all claims against the subsidiaries, to be published on or before September 30, 2017.
- Management and Directors: Mr. Tjaart Willemse, who was brought in to assist in managing the crises brought about by the C-Rock attacks and to design and implement a turn-around strategy, has resigned and Mr. Stephen Le Roux has been employed to lead Rockwell's Middle Orange River operations, as reported previously. Messrs Le Roux and Oosthuizen (the current CFO) will oversee the day-to-day executive management responsibilities of Rockwell and along with the business rescue practitioners the underlying subsidiaries.

First quarter summary

	Three months ended	
	31 May	
\$000's	2017	2016
Total Revenue	-	12 466
Rough diamond sales	-	12 097
Beneficiation	-	369
Gross (loss) profit before amortization and depreciation	-	3 293
Profit (loss) attributable to owners of the parent	(2 289)	570
Basic earnings (loss) per share – cents	(4.16)	1.04
Net Cash and cash equivalents	(958)	(88)

Commenting on the third quarter financial performance before his departure, Tjaart Willemse said:

"This past quarter has seen a real effort from the management and operating teams, working in conjunction with the BRPs, to deliver against the Wouterspan mining and development plan put together last year when I joined. Significant effort has gone into getting the mobile fleet up and running in order to feed the plant with steady supply of quality gravels. With Stephen joining us, the geology and mining models have been re-evaluated and any uneconomic and marginal areas were removed from the ore inventory. Mining faces have been re-established and its now about mining to plan and delivering to the processing plant.

The primary focus has moved to short interval controls aimed at making every input count in adding value to realize revenue. Initiatives to drive operating costs down further and to increase revenue are key to returning the business to profitability".

Market update

The diamond market for the months March to May 2017 was active with a steady demand. The Hong Kong Jewellery show at the beginning of March had steady demand and prices remained stable. Sellers tried to achieve higher prices, but there was resistance from buyers. The Basel show towards the end of March - which is known for high-end watch and jewellery sales - had a slower than usual demand for larger diamonds. This was also evident in auctions during this period where prices of larger diamonds were relatively soft compared to the previous year.

De Beers had two sights during this quarter, occurring the end of March and beginning of May, with sales of US\$580M and US\$520M respectively. Alrosa had increased sales over this period with no increases in prices. The demand for rough diamonds during this period was strong, and particularly in the secondary market, partly due to the reduced supply by DTC. The prices of rough compared to polished prices remain relatively high with profitability under pressure.

Polished prices fluctuated in the various size fractions but on average prices of polished remained stable. Demand by retailers who continue to purchase polished for immediate requirements, to avoid increased inventory, was healthy during the quarter.

About Rockwell Diamonds:

Rockwell is engaged in the business of operating and developing alluvial diamond deposits. The Company also evaluates consolidation opportunities that have the potential to expand its mineral resources and production and provide accretive value to the Company.

Rockwell has set a strategic goal to become a mid-tier diamond production company with specific focus on the Middle Orange River region in South Africa.

As at the date of this report 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) were being operated under Business Rescue Management as ordered by the Court, following an application by creditors of the three South African subsidiaries on May 18, 2017.

Rockwell's common shares trade on the Toronto Stock Exchange and the JSE Ltd under the symbol "RDI". Trading of Rockwell's shares is currently suspended initially at the request of the Company, pending clearance of the above uncertainty.

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.

SOURCE Rockwell Diamonds Inc.

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