

TORONTO, Sept. 22, 2017 /CNW/ - [Rockwell Diamonds Inc.](http://www.rockwelldiamonds.com) ("Rockwell" or the "Company") (NEX: RDI.H; JSE: RDI) provides 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).

As previously advised last week, the Company received two offers which, when combined, serve to buy out the Company's operating assets in South Africa. The offers are from Istotron (Pty) Ltd, a wholly owned subsidiary of Ascot Diamonds, which is an 18.2% shareholder of the Company, and a significant secured creditor of Rockwell RSA.

The first offer was tendered to the Business Rescue Practitioners (BRPs) to purchase 100% of the creditors' valid and supported claims in the three entities. Following completion, the buyer would be the only creditor and the business rescue process terminated. It was the intention of the buyer to restart the Wouterspan mine, and to operate it under a similar plan thereafter. The BRPs accepted the first offer as being in excess of liquidation value and therefore in the creditors' interest. Given this, the BRPs, Metis Strategy Advisors, through their legal counsel, Werksmans of Johannesburg, attempted to obtain an agreement with labour as a first step.

The BRPs, Metis Strategic Advisors and their counsel, Werksmans of Johannesburg were unable to conclude an agreement with labour in order to accept the offer under the business rescue process in the two days that they had remaining, given that they had decided to proceed with a provisional liquidation application to be heard today. That hearing was held and the three subsidiaries were again placed in provisional liquidation. The mandate of the BRPs and their counsel is therefore now terminated and they will have no further involvement other than to hand over their workings to the appointed liquidators. Any remaining fees will be part of the general creditor claims. The liquidators will be appointed within 3 business days of the court order, and since Monday, September 25 is a public holiday in South Africa, the liquidators will be appointed on or before Wednesday, 27 September 2017.

Notwithstanding this, the buyer has indicated to the Company that they will proceed to work with the provisional liquidator to buy the three subsidiaries out of the provisional liquidation process so as to own the operation, the mining right, plant which will enable them to restart the mine. As the three companies are only in provisional liquidation, the mineral and mining rights remain the property of the three entities.

Given the progress that was achieved between the buyer and the Company in that last two months, it is believed that a transaction can be achieved in the short term with the provisional liquidator, as the offer is in excess of liquidation value.

A second offer was received whereby Ascot Diamonds will purchase 100% of the share capital of N9C, the Company's Cayman Island subsidiary which is the intermediate parent company of the South African entities. This offer is conditional on the successful acquisition from all provisional liquidation claims against the South African subsidiaries.

The Company's corporate structure is further outlined in the Annual Information Form filed May 29, 2017. The proceeds from such sale will be accrue to the Company for purposes of settling trade creditors in the Company, and making proposal to shareholders to buy their shares. The two debenture holders in the Company have indicated that they will not seek any repayment, will surrender their debentures, and will accept the purchase of shareholders' interests in order to effect an orderly wind down of the Company.

Both of these offers will require court, regulatory and shareholder approval in Canada and in South Africa, and are expected to take between 3 and 6 months to complete. Following approvals and completion of the share buy back from shareholders, the Company is expected to surrender its charter and thereby dissolve.

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 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) 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 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.

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.

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