VANCOUVER, Nov. 3, 2016 /CNW/ - Rockwell Diamonds Inc. ("Rockwell" or the "Company") (TSX:RDI; JSE:RDI) announces the following update on its ongoing strategic review and implementation of the mining contract.

Liquidity

Rockwell disclosed in the second quarter management discussion and analysis issued in mid-October, that it was undertaking a strategic review of its assets and business options. As a consequence of this review the Company can today confirm it has received offers for certain assets and is considering its options and the possibility of transacting on one or more of the assets. Should a transaction be concluded it is anticipated that it would improve liquidity and the company's working capital position. The materiality of the considered transaction is not considered to be of such a size to require shareholder approval and the market will be updated on any further developments and/or final transaction agreements.

In an unrelated matter, the implementation of the mining agreement between H C Van Wyk Diamonds Limited ("HCVW") and C-Rock Mining Limited ("CML"), and other related agreements between HCVW, Saxendrift Mine (Pty) Ltd (collectively, "the Subsidiaries") and CML, have not proceeded as per the agreements and as a result the Subsidiaries have given notice to CML that the various agreements have been terminated and the Subsidiaries are engaged in a dispute over these agreements. It has been brought to our notice that CML and/or some of its agents have been distributing confidential information to third parties in contradiction with their contractual and confidential agreements with Rockwell and its Subsidiaries in an attempt to influence the outcome of the legal process which the Company intends to pursue robustly.

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 profile and provide accretive value to the Company.

Rockwell is known for producing large, high quality gemstones comprising a major portion of its diamond recoveries. This is enhanced through a beneficiation joint venture that enables Rockwell to participate in the profits on the sale of the polished and certain re-traded diamonds, which are not beneficiated.

Rockwell has set a strategic goal to become a mid-tier diamond production company. In pursuit of this goal the Company has embarked on a strategy to grow its Middle Orange River ("MOR") operational base and minimise production and recovery volatility by setting a medium term target to process 500,000m^3 of gravels per month from its MOR operations.

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 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.

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