



**Rockwell provides fourth update regarding three subsidiaries in Kimberley, South Africa.
Judge grants Company's application for business rescue; liquidation now stayed.**

May 19, 2017, Vancouver, BC -- Rockwell Diamonds Inc. ("Rockwell" or the "Company") (TSX:RDI; JSE:RDI) provides an update to the interim liquidation application brought by C-Rock Mining Limited ("CML") against three subsidiaries of the Company, which resulted in a provisional winding-up order having been issued by a judge in Kimberley, South Africa on March 23, 2017 in respect of Rockwell Resources RSA (Pty) Ltd (Rockwell RSA), HC van Wyk Diamonds Ltd (HC van Wyk) and Saxendrift Mine (Pty) Ltd (Saxendrift).

The Company's subsidiaries again attended in court in Kimberley, South Africa on May 18, 2017. The only issue at hand in the hearing was three applications to have the three subsidiaries placed in business rescue (as opposed to liquidation). The application was successful. The orders placing the subsidiaries in business rescue support the Company's contention that there is a reasonable prospect of rescuing the subsidiaries and restoring them to long-term profitability.

The effect of the order is that the joint business rescue practitioners will oversee the affairs of the subsidiaries, work alongside the Company's management to right the businesses of the subsidiaries, and prepare a business rescue plan (to be approved by creditors of the subsidiaries) aimed at ensuring a return to commercial operations. The immediate effect is that all legal proceedings against the subsidiaries are stayed, and the liquidation process is suspended. The Company will also pursue its criminal and civil claims against CML and certain individuals involved in the business of CML.

The business practitioners are Messrs. Peter van den Steen and Trevor Murgatroyd of Metis Strategic Advisors, who have been appointed by the Court on an interim basis, subject to ratification by creditors within the next 10 business days. They will be in contact with the creditors of the subsidiaries in the next week to make the necessary arrangements. In addition, they will work with management to review and refine the current business plan and assess whether there are further opportunities for optimization and implementation of the plan and report and represent progress to the creditors. The strategy remains the completion of the ramp-up of Wouterspan Mine to full production and to assess and where feasible implement measures to further increase production. A strategic review of all assets and opportunities will be conducted to assess possibilities of realizing short term value which may assist in expediting the repayment of creditors, and to ensure the businesses have sufficient capital to return to normal commercial operations where required.

Business rescue is similar to Canadian work out arrangements, although a major distinction in South Africa is that commercial decisions are made by the management of the company in business rescue (the business rescue practitioners and directors), not the judge which is the practice in Canada. One similarity to the Canadian process is that the Company will need a court order to exit business rescue and to do so, the practitioners will have to be satisfied that the business is sound enough to meet its obligations as they fall due for the subsequent six months after exit.

For further information on Rockwell and its operations in South Africa, please contact

Tjaart Willemse	Chief Executive Officer	+27 (0)83 407 1063
David Tosi	PSG Capital – JSE Sponsor	+27 (0)21 887 9602

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 500,000m³ 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 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.