

## ORBIS GOLD RESPONDS TO SEMAFO TAKE NO ACTION

Orbis Gold Limited ("Orbis Gold" or "the Company") notes a public release made by SEMAFO Inc ("SEMAFO") on 6 November 2014 making certain assertions about Orbis Gold's future prospects in the context of promoting SEMAFO's A\$0.65 per share proposed offer for the Company ("Offer").

The Board of Orbis Gold rejects certain statements made by SEMAFO in the release and advises shareholders continue to **TAKE NO ACTION** in relation to the Offer and to ignore any documents sent by SEMAFO.

### ***Orbis Gold's significant strategic value highlighted***

The SEMAFO release itself highlights the significant strategic value which Orbis Gold provides to SEMAFO given the scarcity of high grade, open pit gold projects offering low cost, large scale production potential.

Orbis Gold's flagship Natougou project is a world-class development project with the recently updated Scoping Study (14 October 2014) indicating exceptionally robust economics and short payback period, even at a range of lower gold prices. A Definitive Feasibility Study is now more than 50% complete with a development decision expected to be taken in mid 2015.

### ***SEMAFO's Offer inadequate and unanimously rejected***

SEMAFO's Offer of \$0.65 per share is inadequate and does not factor the significant near term growth prospects available to the Company. The Offer has been unanimously REJECTED by the Orbis Gold Board of Directors. Orbis Gold shareholders are entitled to benefit from the value to be extracted by Orbis Gold's assets through receiving a fair price for their shares.

### ***SEMAFO's release misleading***

SEMAFO has made a number of misleading comments in its release which the Board of Orbis Gold wishes to clarify. Specifically:

- **Premium:** SEMAFO is misleading in making the statement that shareholders would receive a generous 86% premium under its Offer. SEMAFO's Offer was opportunistically made ahead of the release by Orbis Gold of a significantly improved and exceptionally robust Scoping Study for its Natougou Gold Project. By offering a premium to the Orbis Gold share price prior to release of this important positive milestone (despite SEMAFO being advised of its imminent release), the Orbis Directors believe SEMAFO is seeking to create an illusion of offer premium and distract shareholders from understanding the true underlying value of the company;
- **Project Development Risks:** Orbis Gold's Directors recognize the inherent risks of progressing the company's projects to production and in this regard accept that it is appropriate to value the company at a suitable discount to the Net Present Value ("NPV") outlined in the Scoping Study for

Natougou. However, SEMAFO's Offer of \$0.65 implies a discount of 74% to the NPV of the project and therefore the Board considers this offer to be inadequate and opportunistic;

- **Updated Natougou Scoping Study (released 14 October 2014):** Orbis Gold's updated Scoping Study for Natougou was managed by Lycopodium Minerals Pty Ltd ("Lycopodium") with input provided from independent specialist resource sector consultants. Lycopodium has significant expertise in the West African gold sector and has recently completed Scoping, Preliminary Feasibility, Definitive Feasibility Studies and construction projects on gold deposits in Burkina Faso and other parts of West Africa. The Board notes some statements made in the release by SEMAFO relate to the *original* scoping study for Natougou, which was conducted in 2013. The Orbis Gold Board wishes to clarify that SEMAFO *has not* conducted detailed due diligence on the updated 2014 Scoping Study, nor visited site or reviewed the partially completed Definitive Feasibility Study. Statements by SEMAFO in relation to the limitations on the Scoping Study and its intention to pursue an alternative development plan are out-dated and therefore potentially **unfounded**;
- **Funding Risks:** Natougou's robust project economics and fast payback period for the project's construction costs, even at gold prices below current spot prices, provide scope for Orbis Gold to secure an attractive funding package for the construction of the project. To date, interest has been registered from 15 banks for project financing, with the Board confident in its ability to mandate a lead project financier and finalise the project's funding package when required;
- **Equity Raising:** SEMAFO notes that it fundamentally opposes the proposed A\$20m equity raising and suggests that Orbis Gold shareholders effectively have a choice between supporting the equity raising or accepting its Offer. The Directors believe SEMAFO is opportunistically seeking to frustrate the Company's funding position and its clear growth program to encourage shareholders to accept the SEMAFO Offer. The Board re-iterates its view that Orbis Gold holds significant strategic value to SEMAFO and other potential bidders, which has not been recognised in the SEMAFO Offer.

Orbis Gold and its advisers remain in active discussions with third parties, regarding value enhancing alternatives to SEMAFO's proposed Offer.

The Board will advise shareholders of further developments in due course. **In the interim, The Board unanimously recommends shareholders continue to TAKE NO ACTION in relation to the SEMAFO Offer.**

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Further information on Orbis Gold can also be found on our website [www.orbisgold.com](http://www.orbisgold.com)

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