18 December 2014

Manager Companies
Companies Announcement Officer
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**Orbis Gold Limited ACN 120 212 017 (ASX: OBS) – Target's Statement in response to takeover bid by SEMAFO Inc.**

In accordance with Item 14 of Section 633(1) of the *Corporations Act 2001* (Cth), **attached** is a copy of the Target's Statement of Orbis Gold Limited (**Orbis Gold**) dated 18 December, 2014 in response to the off-market takeover bid by SEMAFO Inc for all of the ordinary shares in Orbis Gold.

Yours sincerely

Peter Harding-Smith
Company Secretary

ORBIS GOLD

# Target's Statement

**This Target's Statement has been issued by Orbis Gold Limited in response to the takeover bid made by SEMAFO Inc.**

# REJECT

## SEMAFO'S INADEQUATE

# OFFER

**The Directors of Orbis Gold unanimously recommend that you REJECT THE OFFER**

**This is an important document and requires your immediate attention.**
If you are in any doubt about how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

Merrill Lynch
Lead Financial Adviser

Maxit Capital LP
Strategic Adviser

HopgoodGanim
Legal Adviser

# Important Notices

**NATURE OF THIS DOCUMENT**

This Target's Statement is dated 18 December 2014 and is given under Part 6.5 Division 3 of the Corporations Act by Orbis Gold Limited ACN 120 212 017 (**Orbis Gold**) in response to the Bidder's Statement and Offer dated 1 December 2014 by SEMAFO Inc. (**SEMAFO**) to acquire all of your Shares in Orbis Gold.

A copy of this Target's Statement was lodged with ASIC and sent to ASX on 18 December 2014. Neither ASIC, ASX nor any of their officers take any responsibility for the content of this Target's Statement.

This Target's Statement and the Bidder's Statement contain important information. You should read both documents carefully and in their entirety.

**INVESTMENT DECISION**

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Orbis Gold Shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Orbis Gold Shares.

**SHAREHOLDER INFORMATION**

If you have any questions in relation to the Offer, please call Orbis Gold's information line on 1300 868 464 for callers within Australia or on +61 1300 868 464 for callers outside Australia. The information line will be open from Monday to Friday between 8.30am to 5.30pm (Sydney time).

Announcements relating to the Offer can be obtained from Orbis Gold's website www.orbisgold.com.

**INTERPRETATION**

Terms used in this Target's Statement are defined in Section 14 of this document.

**FORWARD LOOKING STATEMENTS**

This Target's Statement contains certain forward looking statements and statements of current intention. Such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Orbis Gold is involved as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of Orbis Gold, any of its officers, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood in any forward looking statement, and you should not place undue reliance on these statements.

Forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

**INFORMATION RELATING TO THE REPORTING OF EXPLORATION RESULTS, MINERAL RESOURCES, PRODUCTION TARGETS AND FORECAST FINANCIAL INFORMATION**

The information in this Target's Statement that relates to the Mineral Resources, Production Targets and Financial Information derived from the Production Targets for Orbis Gold's Natougou Project is extracted from the Updated Scoping Study for the Natougou Project released on the ASX on 14 October 2014. Orbis Gold confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources, Production Targets and Financial Information derived from the Production Target's in the Updated Scoping Study continue to apply and have not materially changed. Orbis Gold confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Updated Scoping Study.

The information in this Target's Statement that relates to the Mineral Resources of Orbis Gold's Nabanga Project is extracted from the announcement "Nabanga Gold Project – Maiden Resource" released on the ASX on 25 September 2012. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Orbis Gold confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources in the announcement continue to apply and have not materially changed. Orbis Gold confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this Target's Statement that relates to the Exploration results for the Bantou Project is extracted from the announcement "Drill Assay Results – Bantou Gold Prospect" released on the ASX on 22 December 2010, Quarterly Activities Reports dated 31 October 2013 and 30 April 2014, and ASX Announcements released on 29 January 2014, 17 February 2014, 30 April 2014, 9 May 2014 and 30 July 2014. Orbis Gold confirms that it is not aware of any new information or data that materially affects the information in the original market announcement and that all material assumptions and technical parameters underpinning the exploration results in the announcement continue to apply and have not materially changed. Orbis Gold confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

**COMPETENT PERSONS STATEMENT**

The information in this report that relates to Exploration Results and Mineral Resources for the Nabanga Gold Project is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Spiers, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy. Mr Spiers is a full-time employee of Orbis Gold. Mr Spiers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Spiers consents to the inclusion in the report of the matters based on this information and in the form and context in which it appears.

The information in this Target's Statement that relates to the Exploration Results for the Bantou Project is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Spiers, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy. Mr Spiers is a full-time employee of Orbis Gold. Mr Spiers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Spiers consents to the inclusion in the report of the matters based on this information and in the form and context in which it appears.

**INFORMATION ABOUT SEMAFO IN THIS TARGET'S STATEMENT**

Except where disclosed in this Target's Statement, the information about SEMAFO contained in this Target's Statement has been prepared by Orbis Gold using publicly available information including the Bidder's Statement, which has not been independently verified. Accordingly, except to the extent required by law, Orbis Gold does not assume responsibility for the accuracy or completeness of such information.

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# 3 Reasons to **reject the Offer**

## REASON 1.

### THE OFFER OF $0.65 PER SHARE IS INADEQUATE

- The Offer does not reflect the full value of the Company.
- The Offer Price is below the Independent Expert's range who has declared the Offer neither fair nor reasonable.
- The Offer is significantly below the Consensus Risked NAV published by brokers.
- The Offer was opportunistically timed ahead of the release by Orbis Gold of the significantly improved and exceptionally robust Updated Scoping Study for the Natougou Project.

# REASON 2.

## ORBIS GOLD IS WELL POSITIONED TO DELIVER VALUE

- Orbis Gold has a track record of delivering on its strategy targeting discovery and development of high grade gold deposits in West Africa.
- Natougou is a world-class project, and Orbis Gold is well placed to unlock significant value over the near term by advancing Natougou towards production.
- SEMAFO's Offer fails to recognise the value of Orbis Gold's other high grade projects, including the Nabanga Project, and extensive portfolio of exploration targets.
- Orbis Gold has an experienced Board and management team with the capability to realise the full potential of the Company's assets.

# REASON 3.

## SEMAFO WANTS TO EXTRACT VALUE AT YOUR EXPENSE

- Large scale, high grade, open pit gold deposits such as Natougou are extremely scarce. The development of the Natougou Project will drive a market re-rating. SEMAFO intends to capture this value for its own shareholders without paying fair value for this.
- SEMAFO overemphasises the risks associated with Orbis Gold in an effort to reduce the perceived value of the Company.
- Orbis Gold has immense strategic value to SEMAFO and other potential acquirers.
- SEMAFO's Offer is subject to several Conditions – some of which SEMAFO consider may possibly have been breached, which makes it uncertain whether the Offer will ever become unconditional.
- SEMAFO's Offer has been specifically timed and structured to frustrate the ongoing funding position of the Company in order to prevent it from operating in the normal course of its business.

**“Your Board regards the Offer as opportunistic and inadequate given the substantial value to be unlocked by Orbis Gold developing its flagship Natougou Project and other high grade exploration assets which will benefit Orbis Gold Shareholders for many years to come”**

**Dear Orbis Gold Shareholder**

# TAKE NO ACTION AND REJECT SEMAFO’S TAKEOVER OFFER

I am writing to you in response to the recent unsolicited, conditional takeover Offer announced by SEMAFO Inc.

Your Board has carefully considered the Offer and believes that the Offer Price of $0.65 per Share is inadequate and fails to recognise the inherent value in Orbis Gold’s portfolio of high grade gold projects. Accordingly, your Board unanimously recommends that you **REJECT THE OFFER**.

We urge Orbis Gold Shareholders to retain their shareholding in our Company and not to surrender and transfer the value of that investment to SEMAFO shareholders at a price that does not reflect the future value to be unlocked.

In recommending that Shareholders **REJECT THE OFFER**, the Directors have taken into account the view of an experienced independent expert, Grant Thornton, who has concluded that the offer is neither fair nor reasonable for Orbis Gold Shareholders. Grant Thornton, whose report is appended to this Target’s Statement, has assessed the value of Orbis Gold to be in a range of $0.71 to $1.15 per Share.

The Directors also note a number of other factors in making their recommendation:

- The Offer has been opportunistically timed and was announced immediately prior to the release by Orbis Gold of an Updated Scoping Study for its Natougou Project. The Updated Scoping Study significantly improved upon the exceptionally robust project economics, and highlighted the significant value to be unlocked over the near term by developing the project. By offering a premium to the price prior to the release of this important positive milestone, SEMAFO is seeking to create an illusion of value and distract Shareholders from understanding the true underlying value of the Company;
- The Offer fails to recognise the extremely prospective exploration portfolio of the Company including: the high grade Nabanga Project, for which an internal scoping study is almost finalised; Bantou, Tankoro and other recent discoveries, as well as the potential to significantly extend the existing Natougou Mineral Resource by drilling identified targets;
- The Company holds significant strategic value to SEMAFO and other potential bidders. The Offer by SEMAFO has put your Company “in play” and there are other parties which the Company is in discussions with, knowing that the minimum price has been set with the Offer of $0.65 per Share. The Company has not received a firm alternate proposal as at the date of this Target’s Statement, and there is no guarantee that an alternate proposal will arise, but selling your shares now to SEMAFO may impact your Directors’ ability to continue to pursue alternative value enhancing opportunities;

- Each of your Directors, and certain Shareholders which in aggregate own or control approximately 45.5% of the Shares outstanding, as at the date of this Target's Statement, DO NOT INTEND to accept SEMAFO's Offer at its current price, however reserve the right to accept SEMAFO's Offer should no superior proposal emerge; and
- We are confident in the ability of the management team to implement the existing strategic plan and deliver value for Shareholders over the near term.

As an Orbis Gold Shareholder, you have supported the Company as it has progressed through exploration, discovery, and early feasibility study phases. Now that your Company has discovered a world-class deposit at Natougou and has a pipeline of high-potential projects behind it, **SEMAFO wants to take advantage of the returns that should be yours to collect**.

For the reasons outlined above and elsewhere in this Target's Statement, we recommend that you **REJECT THE OFFER**.

Your Board recommends that you read this Target's Statement in its entirety and consider the Offer, having regard to your own personal risk profile, investment strategy and tax circumstances.

To **REJECT THE OFFER** you should simply DO NOTHING and take NO ACTION in relation to all documents sent to you by SEMAFO.

On behalf of all Directors of Orbis Gold, I thank you for your support to date, allowing the Company to make its important discoveries, and seek your continued support as the Board explores value enhancing options.

Yours faithfully

**John Bovard**

*Chairman*

ORBIS GOLD

# Your Directors' **Recommendation**

After taking account of each of the matters described in this document, in particular the reasons to **REJECT the Offer** set out in Section 1,

**each of your Directors recommends that you REJECT SEMAFO's Offer and TAKE NO ACTION.**

# How To **Reject SEMAFO's Offer**

## To reject this inadequate Offer, TAKE NO ACTION.

## IGNORE ALL DOCUMENTS SENT TO YOU BY SEMAFO.

You should read this Target's Statement in full before making any decision, including the detailed reasons why to **REJECT SEMAFO's Offer**.

If you have any questions in relation to the Offer, please call Orbis Gold's information line on 1300 868 464 for callers within Australia or on +61 1300 868 464 for callers outside Australia. The information line will be open from Monday to Friday between 8.30am to 5.30pm (Sydney time).

# Section 1
# KEY REASONS TO **REJECT THE OFFER**

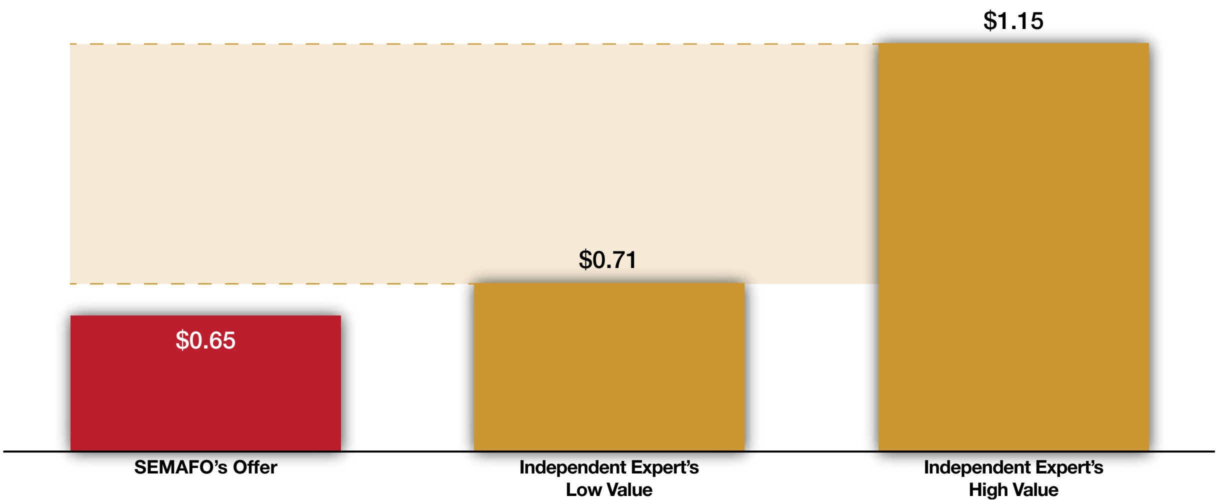
1. Key Reasons to Reject the Offer

# REASON 1.
## THE OFFER OF $0.65 PER SHARE IS INADEQUATE

### THE OFFER DOES NOT REFLECT THE FULL VALUE OF THE COMPANY

- Orbis Gold has spent the past four years assembling and exploring within its highly prospective tenement portfolio and in that time has made some of the highest grade gold discoveries in West Africa.
- The Company's flagship Natougou Project is now on the verge of a development decision. SEMAFO is attempting to acquire your Company just as the Definitive Feasibility Study (**DFS**) nears finalisation and value is potentially able to be unlocked from developing the mine. This is not the time for you to sell your Shares.
- The Updated Scoping Study for Natougou highlights exceptional project economics across a range of gold price assumptions, and confirms the Company's clear path to high grade gold production.
- Orbis Gold is one of only a few independent gold companies in West Africa with an open pit gold project offering high grade, low cost, large scale production potential.

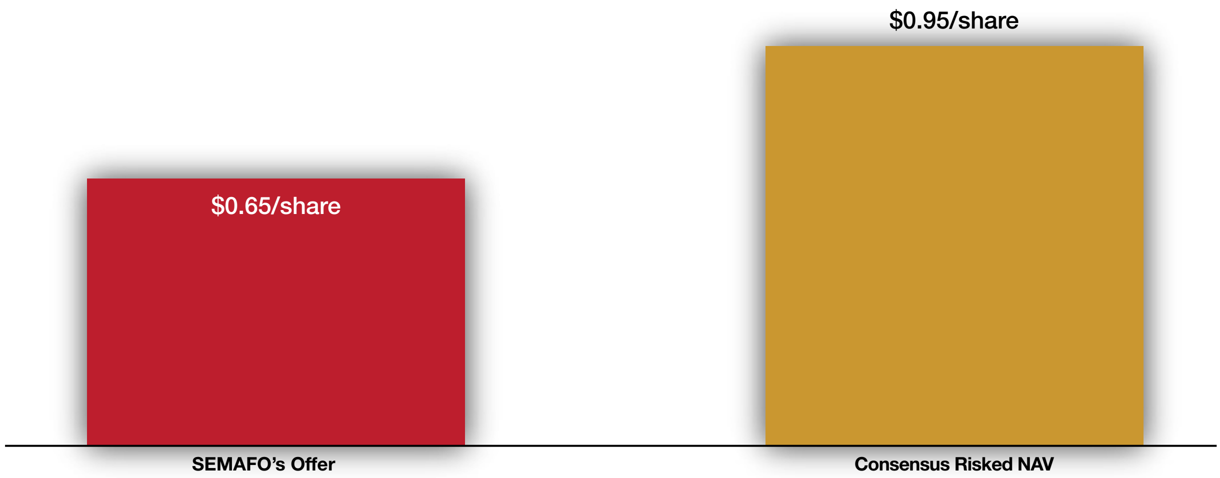
THE OFFER IS SIGNIFICANTLY BELOW THE INDEPENDENT EXPERT'S VALUATION




- Your Directors appointed Grant Thornton (**Independent Expert**) to prepare an independent assessment of the Offer. The Independent Expert has assessed the value of Orbis Gold Shares to be in the range of $0.71 – $1.15 per ordinary Share.
- **The Independent Expert has determined the Offer to be neither fair nor reasonable**.
- The above summary of the key conclusions and opinion of the Independent Expert, and other references to the Independent Expert's Report in this Target's Statement, are qualified in their entirety by, and should be read in conjunction with, the full Independent Expert's Report which is set out in full in Annexure A.

## THE OFFER IS SIGNIFICANTLY BELOW THE VALUATION OF BROKERS

- The Offer represents a significant discount to the **Consensus Risked NAV** per Share reported by research brokers[1] for Orbis Gold.
- Notably, the Offer of $0.65 represents a 31% discount to the average Consensus Risked NAV of $0.95 per share reported by brokers that published research following the announcement by Orbis Gold of its Updated Scoping Study for Natougou on 14 October 2014 until 17 December (being the last business day immediately before the Target's Statement was released).




## INTENTION OF YOUR DIRECTORS AND CERTAIN SHAREHOLDERS WHO CONTROL 45.5% OF THE SHARES IN ORBIS GOLD

Your Directors and Shareholders which in aggregate own or control approximately 45.5% of the Shares outstanding, as at the date of this Target's Statement, DO NOT INTEND to accept SEMAFO's Offer at its current price, however reserve the right to accept SEMAFO's Offer should no superior proposal emerge. Your Directors are unanimous in their view that SEMAFO's Offer does not reflect the value or quality of Orbis Gold's assets, is opportunistic in its timing, and that Shareholders will receive greater value by the Company remaining independent and implementing the existing strategic plan. Please see Section 4 for further information in respect of your Directors' recommendation.

1. The Consensus Risked NAV per Share was calculated as the average of 5 broker Risked NAV valuations. The date range of the valuations used was between 14 October 2014 and 1 December 2014. The broker Risked NAV in the calculation were respectively A$0.78, A$0.85, A$0.90, A$0.92 and A$1.28 per Share. The selection criteria for the broker valuations chosen were those broker valuations which provided a Risked NAV per Share valuation for Orbis Gold published following the release of the Updated Scoping Study for Natougou as announced to the ASX on 14 October 2014 until 17 December 2014 (being the last business day immediately before the Target's Statement was released) and includes all research published for Orbis Gold by security brokerage firms and investment banks within the above date range (**Selection Criteria**). The Selection Criteria was used so as to allow the broker valuations to include the Updated Scoping Study in their assessment of Orbis Gold. All average calculations have been rounded (up or down as appropriate) to two decimal places.

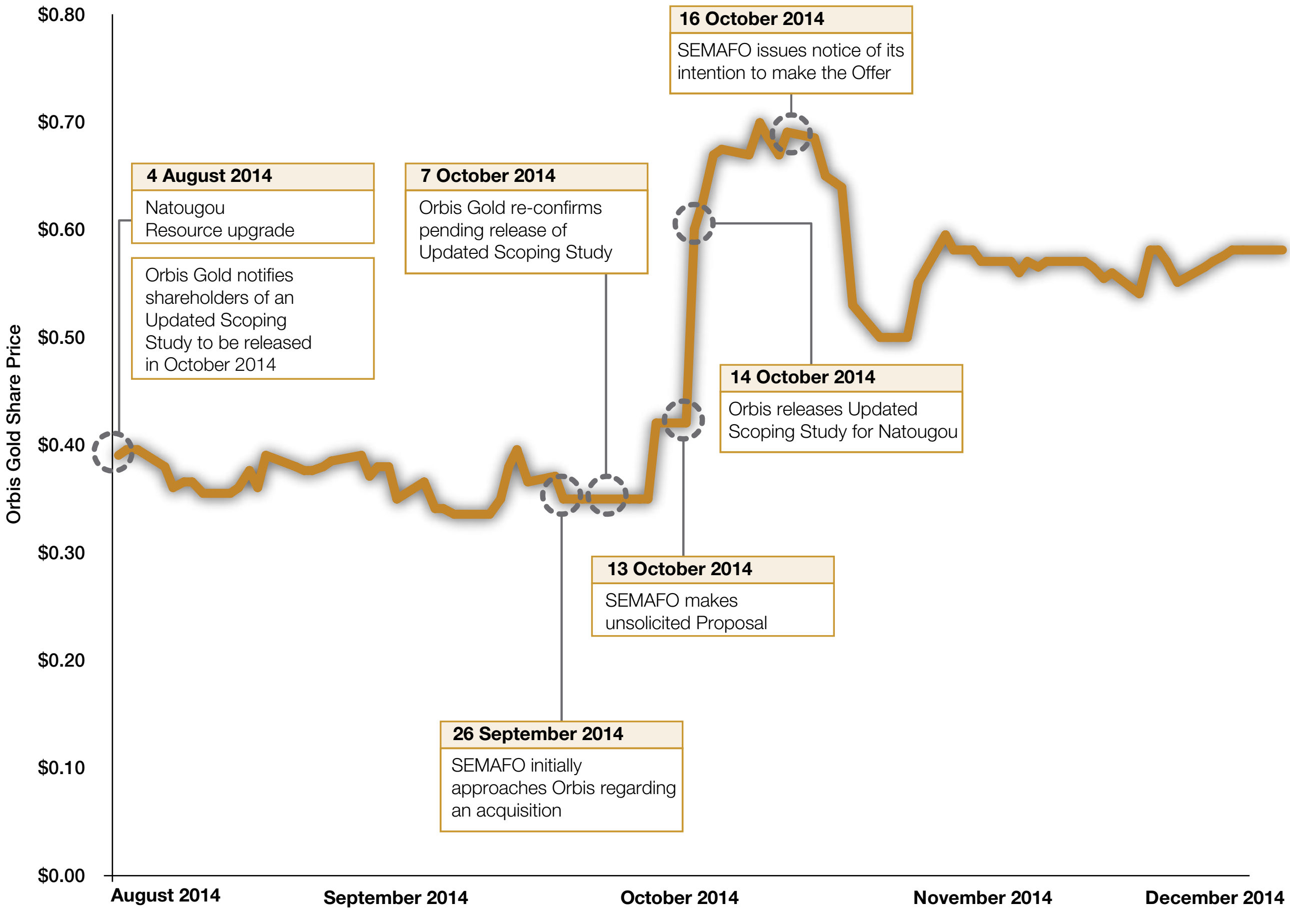
   Other than as noted below, to the best of the Company's knowledge, no publications were excluded despite fitting within the above Selection Criteria. One broker NAV valuation of A$1.16 per Share was excluded (**Excluded NAV Valuation**), despite otherwise fitting within the Selection Criteria. The Excluded NAV Valuation was considered to be an outlier as the Company was unable to determine if the valuation methodology used was consistent with the other broker Risked NAV valuations used. If the Excluded NAV Valuation had been included, it would have had the effect of increasing the Consensus Risked NAV to A$0.98 per Share.

   One of the broker Risked NAV valuations used in the calculation of the Consensus Risked NAV was provided by a broker who has previously acted as lead manager to two Share placements for Orbis Gold (and was paid fees for its services) (**Placement NAV Valuation**). Orbis Gold does not believe that the relationship which it has with that broker could affect that broker's independence and accordingly the Placement NAV valuation was not excluded. If the Placement NAV valuation had been excluded, it would have had no effect on the Consensus Risked NAV. Additionally, one of the broker Risked NAV valuations used in the calculation of the Consensus Risked NAV was provided by a broker who provided Orbis Gold with investment banking services, non-investment banking securities-related services and non-securities related services (**Investment NAV Valuation**). Orbis Gold does not believe that the relationship which it has with that broker could affect that broker's independence and accordingly the Investment NAV Valuation was not excluded. If the Investment NAV Valuation had been excluded, it would have had the effect of increasing the Consensus Risked NAV to A$0.96 per Share. If both the Placement NAV Valuation and the Investment NAV Valuation were excluded, it would have the effect of increasing the Consensus Risked NAV to A$0.96 per Share (although in such a case only 3 broker Risked NAV Valuations would have been used to calculate the Consensus Risked NAV).

   The Consensus Risked NAV should be read in conjunction with the Independent Expert's valuation. Given that Orbis Gold has commissioned an Independent Expert's Report in relation to the Offer, Orbis Gold does not consider it appropriate for the Directors to either adopt or otherwise reject the Consensus Risked NAV and instead, the Consensus Risked NAV should be used by Shareholders as a useful but not infallible indicator of market sentiment.

   Any opinions, estimates or forecasts regarding Orbis Gold's performance made by these brokers are theirs alone and do not represent opinions, estimates or forecasts of Orbis Gold or its management. The inclusion of the information above does not imply, and Orbis Gold expressly disclaims to the maximum extent permitted by law, any endorsement of, or concurrence with, any information, estimates, forecasts, opinions, conclusions or recommendations provided by brokers.

## THE TIMING OF SEMAFO'S OFFER IS HIGHLY OPPORTUNISTIC




Source: Share prices sourced from IRESS Market Data

- SEMAFO's announcement of its proposed Offer was made opportunistically on 13 October 2014, prior to Orbis Gold's announcement of the results of its Updated Scoping Study for the Natougou Project.
- Orbis Gold's pending release of the Updated Scoping Study for Natougou had been well flagged to the market by Orbis Gold from 4 August 2014, the date when Orbis Gold announced an upgraded Mineral Resource estimate for the Natougou deposit.
- SEMAFO confidentially approached Orbis Gold on 26 September 2014, regarding a potential transaction. The Board's response to this approach was that it was premature to engage in negotiations given the pending release of the Updated Scoping Study and the likely impact on the Company's valuation. SEMAFO chose to disregard this feedback, and proceeded to announce its proposed Offer.
- The Updated Scoping Study reflects a significant value enhancement for the Natougou Project given the material improvements to the NPV, IRR and payback of the project's initial capital. In the absence of the Offer being announced by SEMAFO, the Directors firmly believe Orbis Gold's Share price would have re-rated significantly.
- **Other than a reference to an estimate of pre-production capital required to reach production, SEMAFO has failed to make any reference to the Updated Scoping Study in its Bidder's Statement and as a consequence, the Offer premia suggested by SEMAFO are misleading. By referencing the Offer premium to Orbis Gold's Share price prior to this significant milestone, SEMAFO is seeking to create the illusion of value and distract you from the significant progress made by Orbis Gold since the proposed Offer was announced.**

## The Offer IS **NOT GOOD ENOUGH** for you to give away the tremendous value and potential of Orbis Gold's assets

# REASON 2.
## ORBIS GOLD IS WELL POSITIONED TO DELIVER VALUE

### ORBIS GOLD'S BOARD AND MANAGEMENT HAS A PROVEN TRACK RECORD OF DELIVERING ON ITS STRATEGY

- Orbis Gold has an experienced Board and management team that has delivered significant value to Shareholders over the past four years. Since the strategic decision to enter Burkina Faso in 2010, the market capitalization of Orbis Gold has increased from $42m[2] to $145m[3]. Orbis Gold has achieved this growth in an extremely challenging market environment, where the broader gold index has declined by over 76%[4].
- Since commencing exploration in Burkina Faso in 2010, the Company has made multiple high grade gold discoveries including its flagship Natougou deposit that represents one of the highest grade open pit gold deposits discovered in West Africa.
- Orbis Gold's Board and management team have a proven track record in creating Shareholder value and the vision and capability to create further value over the near term.

| | |
|---|---|
| 2010 | • Large (~5,000km²) permit portfolio secured in Burkina Faso<br>• Bantou gold discovery<br>— gold mineralisation (>0.5g/t Au) defined over a 450m strike length.[5] |
| 2011 | • Nabanga gold discovery<br>— gold mineralisation (>0.5g/t Au) defined over a 3,600 metre strike length (including all 20 drill intersections).[6] |
| 2012 | • Natougou (Boungou) gold discovery<br>— Initial drilling results displayed favourable geometries and potential to define significant volumes of near-surface gold mineralisation.<br>• Nabanga maiden Inferred Mineral Resource estimate<br>— 3.2Mt @ 6.5g/t Au for 660 koz contained gold at 0.5 g/t Au cut-off grade.[7] |
| 2013 | • Natougou maiden Mineral Resource Estimate<br>— 15Mt @ 3.7g/t Au for 1.8 Moz contained gold at 0.5g/t Au cut-off grade[8]<br>• Initial Natougou Scoping Study completed. 2Mtpa case highlighted exceptional results including:<br>— $NPV_{10\%}$ of US$356m, Project IRR of 60%, with payback of 1.4 years[9] (based on a gold price of US$1300/oz) |
| 2014 | • Natougou DFS commenced<br>• Tankoro gold discovery<br>— Drilling identified multiple new gold mineralised structures and indicates potential for a large scale gold system.<br>• Natougou Mineral Resource update<br>— Resource expanded to 18Mt @ 3.4g/t Au for 2.0 Moz contained gold at 0.5g/t Au cut-off grade[10]<br>• Updated Natougou Scoping Study released<br>— $NPV_{5\%}$ of US$533m, Project IRR of 100%, with exceptionally short payback of 8 months[11]<br>• SEMAFO $0.65 per Share Offer |

2. As at close 15 December 2010. The Market Capitalisation of Orbis Gold has been calculated on the basis of ASX trading information sourced from FactSet (without the consent of FactSet to the use of the data, as permitted by ASIC Class Order 07/429).
3. As at close 15 December 2014. The Market Capitalisation of Orbis Gold has been calculated on the basis of ASX trading information sourced from FactSet (without the consent of FactSet to the use of the data, as permitted by ASIC Class Order 07/429).
4. Based on the performance of the S&P/ASX All Ordinaries Gold Index over the period from 15 December 2010 to 15 December 2014. Source: IRESS Market Data.
5. Source: Orbis Gold ASX Announcement "Drill Assay Results – Bantou Gold Prospect" Released on ASX on 22 December 2010.
6. Source: Orbis Gold ASX Announcement "Nabanga Gold Discovery" released on ASX on 20 January 2011.
7. Source: Orbis Gold ASX Announcement "Nabanga Gold Project – Maiden Resource" released on ASX on 25 September 2012.
8. Comprising an Indicated Mineral Resource 1.2Mt @ 5.2 g/t Au for 0.2 Moz Au Inferred Mineral Resource 14Mt @ 3.5 g/t Au for 1.6 Moz Au, reported at a 0.5 g/t Au Cut-off grade. Source: Orbis Gold ASX Announcement "Natougou Gold Deposit – Maiden Resource 1.8 Mozs @ 3.7 g/t Au" released on ASX on 5 August 2013.
9. Source: Orbis Gold ASX Announcement "Natougou Positive Scoping Study Results", released on ASX on 15 October 2014.
10. Comprising of Indicated Mineral Resource 7.1 Mt @ 5.1 g/t Au for 1.2 Mozs and Inferred Mineral Resource 11 Mt @ 2.3 g/t for 0.8 Mozs, reported at a 0.5 g/t Au cut-off grade. Source: Orbis Gold ASX Announcement "Natougou Gold Project Resource Expanded to 2.0 Mozs @ 3.4 g/t" released on ASX on 4 August 2014.
11. Source: Orbis Gold ASX Announcement "Natougou Gold Project – Exceptional Updated Scoping Study" released on ASX on 14 October 2014.

| Key Catalysts 2015 and beyond | |
|---|---|
| ✔ | Completion of DFS/Development decision for Natougou |
| ✔ | Mandate project financier/finalise funding package for Natougou |
| ✔ | Natougou permitting |
| ✔ | Natougou mine life extensions from step-out and regional drilling |
| ✔ | Completion of internal scoping study for Nabanga |
| ✔ | Maiden Mineral Resource for Bantou |

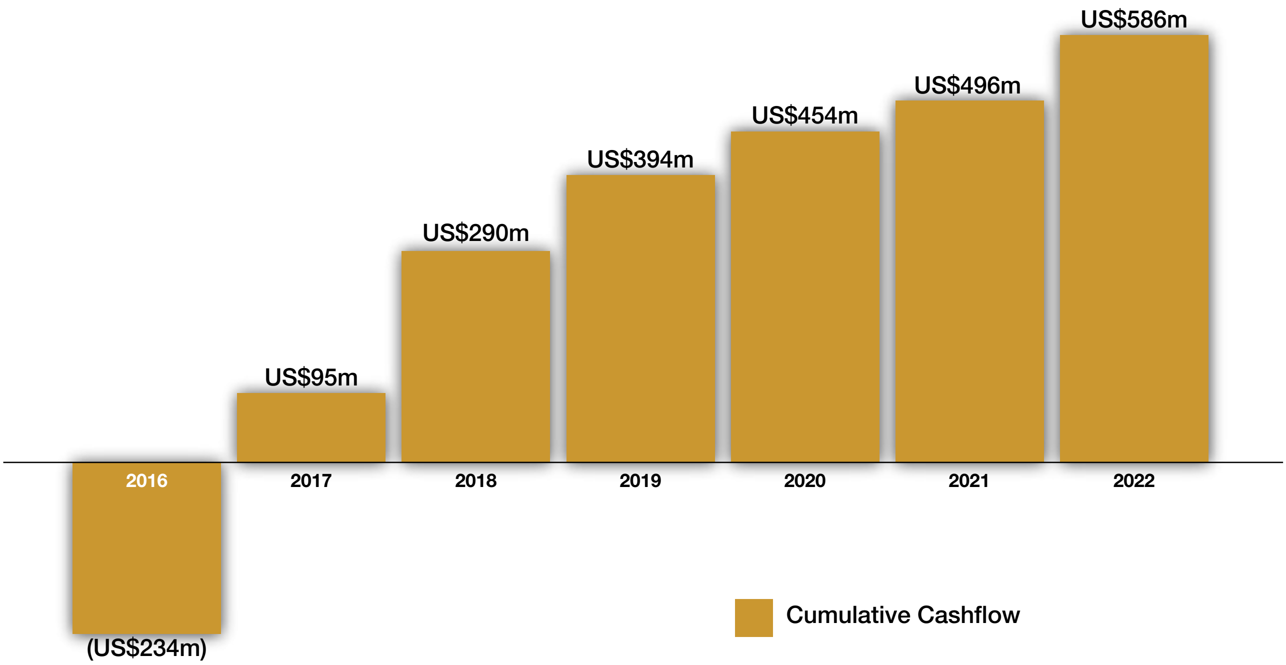
## NATOUGOU IS A WORLD CLASS GOLD PROJECT WITH SIGNIFICANT STRATEGIC VALUE

Natougou is a world class gold development project, reflecting the deposit's large, high grade, shallow and flat lying geometry, which lends itself to exceptionally strong financial returns from progressing the project to production.

- The recently completed Updated Scoping Study for Natougou, **which was announced after SEMAFO publicly announced its proposed Offer**, suggests a significantly enhanced project with extremely robust returns to be delivered across a wide range of gold prices.
- Significant opportunity remains to further enhance the project's economics through ongoing exploration and optimisation of the development plan and further updates are expected in the coming months.

## NATOUGOU PROJECTED CASHFLOW PROFILE & PROJECT ECONOMICS[12]

| | | | |
|---|---|---|---|
| ✔ | Year 1 Production: 412 koz gold | ✔ | $NPV_{5\%}$: US$533m ($2.51 per share) |
| ✔ | IRR: 100% | ✔ | Capital Payback: 8 months |




12. Source: Natougou Updated Scoping Study, assuming an exchange rate of 0.85 AUD/USD. NPV based on: 5% discount rate, US$1,300/oz gold price and on a 100% project basis. See Section 6.2.1 of this Target's Statement for further information regarding the Natougou Project's Economics.

**SEMAFO'S OFFER FAILS TO ATTRIBUTE VALUE TO ORBIS GOLD'S OTHER HIGH QUALITY PROJECTS, INCLUDING NABANGA, AND ITS EXTENSIVE EXPLORATION PORTFOLIO**

- Orbis Gold's strategy is to discover and develop high grade, high quality gold deposits in world-class mineral provinces. Consistent with that strategy the Company has secured a large and highly prospective tenement portfolio centred on Burkina Faso, West Africa.
- The Company's tenements include a pipeline of projects that provide multiple opportunities for future growth including:
  - **Natougou:** a world-class, high grade gold project (3.4 g/t Au), with identified near mine and regional exploration targets offering further potential to significantly expand the existing 2.0 Moz Mineral Resource[13];
  - **Nabanga:** one of the highest grade gold deposits discovered to date in West Africa (Inferred Mineral Resource 1.8Mt @ 10 g/t Au for 0.57Moz contained gold) with an internal scoping study assessing a combined open pit and underground mining development nearing finalisation;
  - **Bantou:** multiple gold mineralised structures discovered over a 700m strike length including near-surface high grade gold drill intersections. Further drilling is proposed prior to estimation of a maiden Mineral Resource;
  - **Tankoro:** multiple gold mineralised structures recently discovered within large scale gold targets; and
  - **Korhogo:** new gold tenement secured in Cote d'Ivoire overlying a 30 km long strike of unexplored ground within a greenstone belt which hosts a number of large scale gold deposits including the Tongon (Randgold Resources Limited) and Banfora (Gryphon Minerals Limited) gold deposits.
- With a highly prospective West African tenement portfolio covering approximately 3,000 km$^2$, and an experienced and successful exploration team, Orbis Gold is very well placed to deliver additional gold discoveries and development opportunities to its project pipeline.

## DO NOT let SEMAFO secure the tremendous upside potential in Orbis Gold for its own Shareholders AT AN UNFAIR PRICE

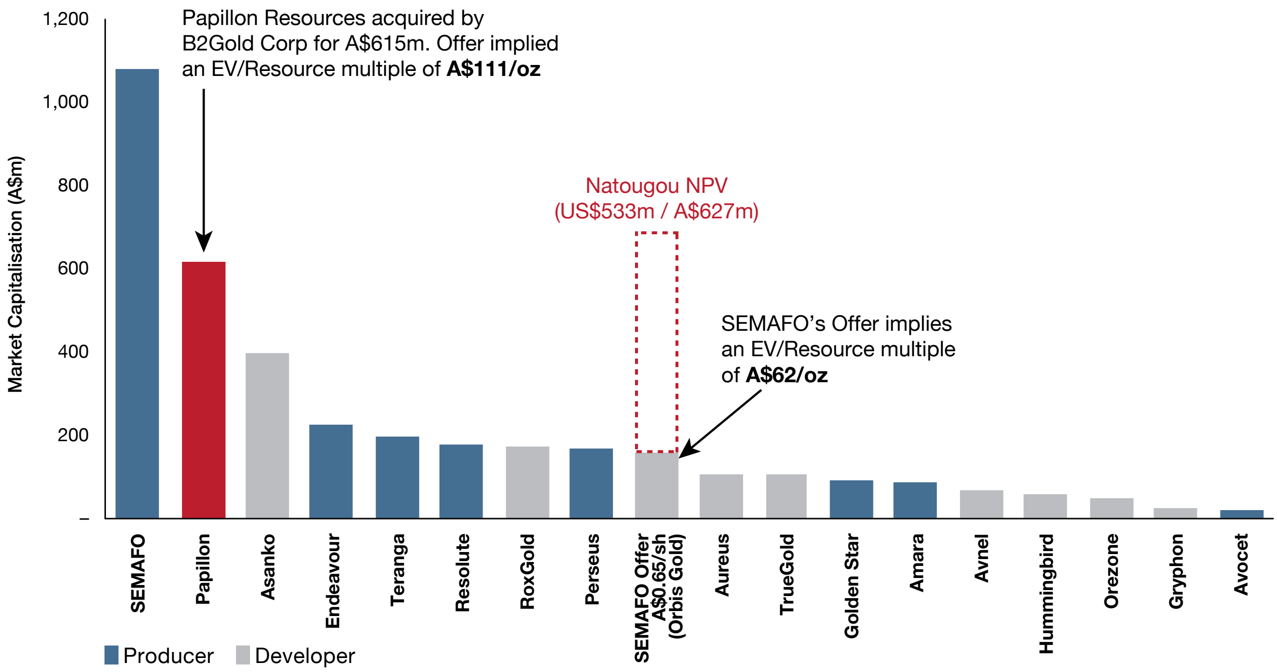
13. Indicated Mineral Resource 7.1 Mt @ 5.1 g/t Au for 1.2 Moz Au and Inferred Mineral Resource 11 Mt @ 2.3 g/t Au for 0.8 Moz Au. Reported at a 0.5 g/t Au lower cut-off grade.

# REASON 3.
## SEMAFO WANTS TO EXTRACT VALUE AT YOUR EXPENSE

### DEVELOPMENT OF NATOUGOU WILL DRIVE A MARKET RE-RATING

- Orbis Gold is rapidly advancing its world-class Natougou Project from discovery towards production.
- As Orbis Gold moves from an exploration and development company to a gold producer, your Directors expect Orbis Gold to be re-rated by the market to reflect the inherent value outlined in the Updated Scoping Study of Natougou.
- As Shareholders of Orbis Gold you are entitled to benefit from this potential re-rating rather than transferring this value to SEMAFO's shareholders.
- By accepting SEMAFO's Offer, Orbis Gold Shareholders will give up the opportunity to receive greater value by remaining independent and implementing the existing strategic plan.

MARKET CAPITALISATION OF WEST AFRICAN GOLD COMPANIES (A$m)[14]




- SEMAFO's Offer implies an EV/Resource multiple of A$62/oz which is significantly below the EV/Resource multiple implied by the B2Gold Corp's acquisition of Papillon Resources Limited in October 2014 of A$111/oz.

**DON'T GIVE UP your Orbis Gold Shares at $0.65 per share as it UNDERVALUES YOUR COMPANY**

14. Source: Public Company Filings. B2Gold completed the acquisition of Papillon Resources on 3 October 2014. Market Capitalisation sourced from FactSet (without the consent of FactSet as permitted by ASIC Class Order 07/429). Assumes an exchange rate of AUD/USD 0.85.

## SEMAFO OVEREMPHASISES THE RISKS ASSOCIATED WITH ORBIS GOLD WHILST DISMISSING THE POTENTIAL RETURNS IN AN EFFORT TO REDUCE THE PERCEIVED VALUE OF THE COMPANY

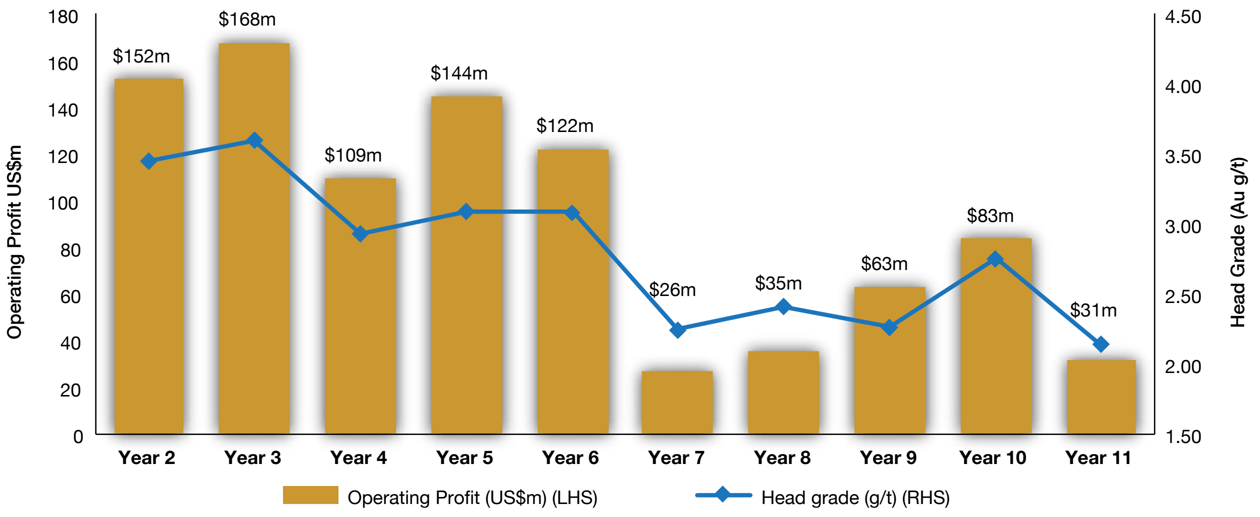
- The Board believes that SEMAFO's assertions in relation to the uncertainty around the Natougou Project's development plan and funding risks are overemphasised. This is demonstrated by the many highly successful examples of development and commissioning of new gold mines in Burkina Faso in recent years.
- SEMAFO's assertions about funding, development, operational and political risks have been used to justify the Offer of $0.65 per share, which undervalues Orbis Gold:
  - **Financing risks:** Natougou's robust project economics and short payback period even at gold prices below current spot prices, provide scope for Orbis Gold to secure an attractive funding package for the project. To date, interest has been registered from multiple banks for project financing, with the Board and its independent debt advisor confident that subject to various conditions being satisfied, based on precedent of similar projects, senior debt can be secured to fund development. Conditions which will impact on the proportion of development costs which are supported by senior debt and its terms include: final project economics as reflected in the definitive feasibility study; the satisfactory review of an Independent Engineer appointed by lenders; the return to political stability in Burkina Faso; as well as factors such as gold price and the state of financial markets.
  - **Development risks:** The Bidder states that the development of Natougou requires a substantial amount of expertise, resources and capital and exposes Shareholders to certain risks, and its Offer of $0.65 per Share reflects this view. Orbis Gold has employees and consultants with extensive and appropriate experience using industry standard systems to manage the operational risks. In addition, the current downturn across the wider mining industry provides a unique opportunity to access exceptional resources, both personnel and physical, with short lead times and reduced costs. Orbis Gold's Directors do however recognize the inherent risks of the Company's growth plan and accept that a discount is warranted to the project's net present value, however the Directors strongly believe that the 74%[15] discount to the Natougou project's NPV implied by the Bidder's Offer of $0.65 per Share is disproportionately high.
  - **Operational risks:** At scoping study stage, a number of assumptions are used in financial modelling of the project (for example some operating costs), that are then progressively refined using more detailed information. It is a normal part of the transition from Scoping Study to Definitive Feasibility Study (**DFS**), for some costs to fall as details are refined, and some costs to rise. Orbis Gold's Board believes that its strategy of engaging external specialist technical consultants, who have wide experience of mining across Burkina Faso and West Africa, and naturally tend to apply a conservative view, closely supervised by experienced in-house personnel, will result in a robust DFS.
  - **Political risks:** Your Directors recognize the risks associated with operating in the global resources industry including conducting business in Burkina Faso, an emerging gold mining jurisdiction. However, SEMAFO's Bidder's Statement fails to recognise comments quoted in its own corporate presentations noting the country's impressive track record of facilitating the commissioning of seven new mines since 2007, the attractive corporate tax and royalty regime, and favourable mining policies[16], each of which demonstrate significant support for gold mine development in Burkina Faso. Both SEMAFO's and Orbis Gold's operations in Burkina Faso have not been materially impacted by recent political events[17] and SEMAFO would not be making the Offer if it did not believe in the likely prospect of Natougou being successfully developed.

## ORBIS GOLD'S PORTFOLIO IS UNIQUE AND STRATEGICALLY IMPORTANT TO SEMAFO

- SEMAFO's core asset is the Mana mine and associated exploration permits located in Burkina Faso.
- Other than through exploration success, SEMAFO has limited identified opportunities to support its current levels of production and profitability. SEMAFO's forward production profile indicates a significant deterioration in production grades and operating profitability in the medium term.
- **Orbis Gold provides SEMAFO with a strategically important opportunity to secure a high quality asset, located in the same operating jurisdiction, and offering the potential to more than double its current production from 2017.**
- SEMAFO is not offering a fair price for the value contained within Orbis Gold, particularly when considering how strategically important Orbis Gold's portfolio of exploration and developments assets would be to SEMAFO. Do not give that value away to SEMAFO. Reject SEMAFO's Offer so that you can participate in Orbis Gold's growth and prevent SEMAFO's shareholders from benefiting from your investment in Orbis Gold.
- As at 15 December 2014, SEMAFO's share price implied an EV/Resource multiple of A$119/oz[18]. Whilst the Directors of Orbis Gold acknowledge SEMAFO's status as a producer, this differential highlights the potential value to be unlocked by acquiring Orbis Gold.

15. Based on the NPV of US$533m as disclosed in the ASX announcement dated 14 October 2014 titled "Natougou Gold Project – Exceptional Updated Scoping Study", and assuming an exchange rate of AUDUSD 0.85.
16. SEMAFO Inc. Denver Gold Forum Presentation – September 14-17 2014.
17. Orbis Gold ASX announcement dated 31 October 2014 titled "Operations Continue as Normal", and SEMAFO press release dated 31 October 2014 titled "Business as Usual for SEMAFO's Mana Mine in Burkina Faso".
18. Source: FactSet (without the consent of FactSet as permitted by ASIC Class Order 07/429).

SEMAFO – FORWARD OPERATING PROFIT / HEAD GRADE PROFILE[19]




## THE OFFER IS CONDITIONAL

- SEMAFO's Offer is subject to several Conditions, which makes it uncertain whether the Offer will ever become unconditional.
- Additionally, SEMAFO has stated that it considers it possible that some of the Conditions may already have been breached, and SEMAFO may potentially rely upon this to withdraw from its Offer. SEMAFO has failed to clarify its intentions in respect of these Conditions. In the event that the Offer remains open and is declared unconditional, Orbis Gold Shareholders who accept the Offer will lose the ability to deal with their Orbis Gold Shares and will not be able to accept a higher price from a competing bidder if such a bid eventuates (unless withdrawal rights are available). Further detail and comments on the Conditions is provided in Section 5.4 of this Target's Statement and the full text of the Conditions is provided in Section 9.9 of the Bidder's Statement.

## THE CONDITIONS OF THE OFFER ARE DESIGNED TO FRUSTRATE ORBIS GOLD'S FUNDING PLAN

- The announcement of the Offer and the Conditions attached to it have been opportunistically designed to severely constrain Orbis Gold's funding position. Notably, despite having full knowledge of Orbis Gold's intention to raise new equity, SEMAFO has included a condition allowing it to withdraw its Offer if Orbis Gold proceeds with any debt or equity raising. The Conditions of SEMAFO's Offer are constraining and prevent the Company from continuing to operate in the ordinary course of business and otherwise progress the development of its projects. Comprehensive details of the Conditions in SEMAFO's Offer are shown in Section 5.4 of this Target's Statement.

**REJECT SEMAFO'S OFFER**
**so that you, rather than SEMAFO's shareholders, can participate in Orbis Gold's substantial growth prospects**

19. Source: SEMAFO "Advanced Technical Report, Mana Property, Burkina Faso Reserve and Resource Update as at June 30, 2013" effective date 04 October 2013.

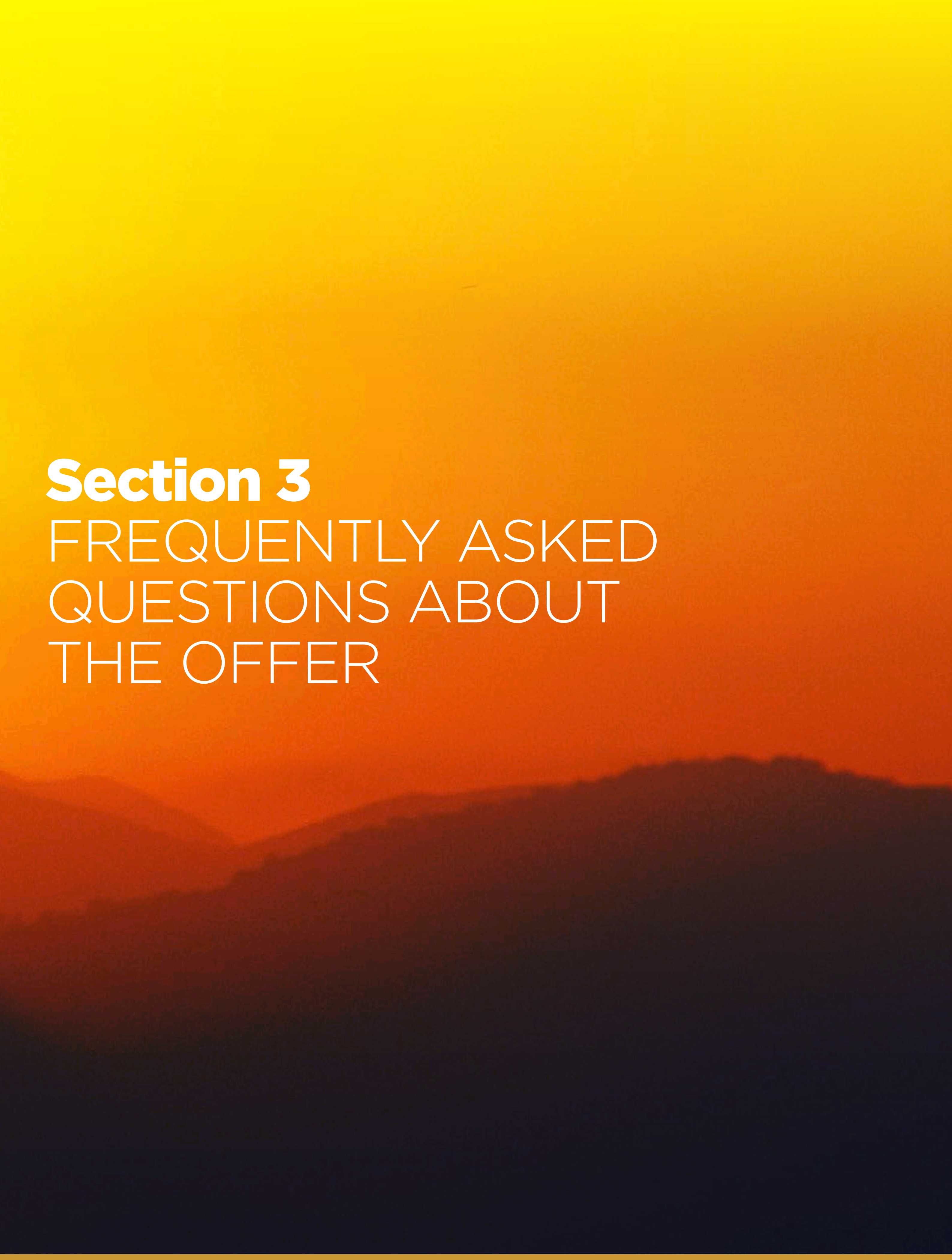
# Section 2
# RESPONSE TO MISLEADING STATEMENTS MADE BY SEMAFO

## 2. Response to Misleading Statements Made by SEMAFO

SEMAFO's Bidder's statement contains a number of inaccurate or misleading statements which are addressed below:

| SEMAFO'S CLAIM | ORBIS GOLD'S RESPONSE |
|---|---|
| *"The Offer represents a substantial premium"* | The Independent Expert has concluded that SEMAFO's Offer is neither fair nor reasonable. Furthermore, the Offer premia suggested by SEMAFO are misleading – the reality is less generous. The premia suggested by SEMAFO reference the share price of Orbis Gold prior to the release of the Updated Scoping Study at Natougou. |
| *"If the Offer is successful and you accept, you will avoid future operating and project development risks"* | Orbis Gold's Directors recognise 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 NPV outlined in the Updated Scoping Study for Natougou. SEMAFO has overemphasised the uncertainties involved in developing a project, in an attempt to extract value at your expense. SEMAFO's Offer of $0.65 per share implies a discount of 74%[1] to the NPV of the Natougou Project, disregarding all other assets and exploration potential. The Board considers this to be inadequate and opportunistic. |
| *"Orbis will likely require substantial financing if the offer is unsuccessful"* | 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 multiple financial institutions to provide financing to complete the Definitive Feasibility Study (**DFS**) and larger project construction. The Board is confident in its ability to mandate a lead project financier and finalise the project's funding package within the next 12 months. |
| *"There are risks associated with being a minority shareholder"* | SEMAFO states that it may seek to procure the removal of Orbis Gold from the official list of ASX even where Orbis Gold still satisfies the ongoing requirements under the ASX Listing Rules, depending on its voting power in Orbis Gold, and states that a potential disadvantage of this includes a potentially significant reduction in the liquidity of and level of activity in the market for Orbis Gold Shares.<br><br>The ASX has specific rules in place to prevent a bidder from unfairly using the threat of an imminent delisting to coerce security holders into accepting a takeover bid and these protections are afforded to you as Orbis Gold Shareholders.[2] Please refer to Section 8.5 of this Target's Statement for further information in respect of SEMAFO's ability to delist Orbis Gold if it acquires less than 75% of Orbis Gold. |
| *"The Offer is the only offer available for all your Orbis Shares"* | Orbis Gold and its advisors are in discussions with third parties regarding superior alternatives to SEMAFO's Offer. Whilst there can be no assurance that a competing Offer will be made, the Board remains confident in its ability to deliver superior value to its Shareholders either via an alternate transaction or by remaining independent.<br><br>If you accept SEMAFO's offer you may lose the ability to deal with your Shares and accept a higher price from an alternative bidder if such a bid eventuates. |

1. Based on the NPV of US$533m as disclosed in the ASX announcement dated 14 October 2014 titled "Natougou Gold Project – Exceptional Updated Scoping Study", and assuming an exchange rate of AUDUSD 0.85.
2. ASX Guidance Note 33 – Removal of Entities from the ASX Official List.



# Section 3
# FREQUENTLY ASKED QUESTIONS ABOUT THE OFFER

## 3. Frequently Asked Questions about the Offer

For the purposes of enabling you to understand some of the complex issues which arise during the process of a takeover, we have provided this question and answer guide. This section is not intended to address all issues that may be relevant to you. This section should be read together with the rest of this Target's Statement.

| QUESTION | ANSWER | FURTHER INFORMATION |
|---|---|---|
| **3.1 What is the Offer?** | SEMAFO is offering $0.65 cash for each Share you hold. | Section 5 |
| **3.2 Who is the Bidder?** | SEMAFO Inc. is a Canadian-based mining company listed on the TSX and the NASDAQ OMX Stockholm (TSX, NASDAQ OMX:SMF), with gold production and exploration activities in West Africa. | Section 8 |
| **3.3 What are the Conditions of the Offer?** | A summary of the Offer Conditions are shown below. See Section 5.4 of this Target's Statement for further details about the Conditions and refer to Section 9.9 of SEMAFO's Bidder's Statement for full details of all Conditions.<br>i. SEMAFO achieving 50% minimum acceptance of its Offer;<br>ii. no "prescribed occurrences" occur before or during the Offer;<br>iii. no actions are taken by a Public Authority which adversely affect SEMAFO's Offer;<br>iv. SEMAFO obtains all required approvals;<br>v. Orbis Gold, or any Subsidiary, must not undertake any new material acquisitions, disposals or new commitments during the Condition Period;<br>vi. certain rights do not exist as a result of SEMAFO (or a Subsidiary of SEMAFO) acquiring Orbis Gold Shares;<br>vii. Orbis Gold must conduct its business in the ordinary course, and must not undertake certain activities without the prior written consent of SEMAFO;<br>viii. during the Condition Period, no material adverse change occurs in relation to Orbis Gold except under certain circumstances; and<br>ix. during the Conditions Period, SEMAFO does not become aware of any statement which is incorrect or misleading, or any material omission, in any document filed by or on behalf of Orbis Gold with the ASX or ASIC. | Section 5.4 |
| **3.4 What are my alternatives?** | As an Orbis Gold Shareholder, you have the following choices:<br>i. **REJECT THE OFFER BY DOING NOTHING** and remain a Shareholder, subject to your Shares not being compulsorily acquired by SEMAFO (see Section 9.3 for further information);<br>ii. **Accept the Offer** for all of your Shares; or<br>iii. **Sell your Orbis Gold Shares on the ASX** at the prevailing market price (unless you have previously accepted SEMAFO's Offer and you have not validly withdrawn your acceptance).<br><br>While the Offer remains subject to the Conditions, Eligible Shareholders can accept into the Institutional Acceptance Facility (see Section 9.5 for further information).<br><br>When deciding what to do, you should carefully consider the Directors' recommendation and other important considerations in this Target's Statement. | Section 9.3, 9.4 and 9.5 |
| **3.5 What do the Directors recommend?** | Your Directors unanimously recommend that you **REJECT THE OFFER**.<br><br>The reasons for this recommendation are set out in this Target's Statement.<br><br>If there is a change in this recommendation or any other material developments in relation to the Offer, Orbis Gold will lodge a supplementary target's statement. | Section 4.3 |

| QUESTION | ANSWER | FURTHER INFORMATION |
|---|---|---|
| **3.6 What are the intentions of major Shareholders?** | Shareholders representing 45.5% of the Company have indicated to the Company that they do not presently intend to accept SEMAFO's Offer at its current price, however reserve the right to accept SEMAFO's Offer should no superior proposal emerge. See Section 4.5 for further information. | Section 4.5 |
| **3.7 What does the Independent Expert conclude** | The Independent Expert has concluded that the Offer is neither fair nor reasonable. The Independent Expert's valuation range was between $0.71 and $1.15 per share.<br>The Independent Expert's Report accompanies this Target's Statement as Annexure A. | Annexure A |
| **3.8 If I accept the Offer, can I withdraw my acceptance?** | No. Once you have accepted the Offer, you will be legally bound to sell those Shares to the Bidder and you cannot later withdraw your acceptance (except in limited circumstances as are set out in Sections 9.7 and 11.12). | Sections 9.7 and 11.12 |
| **3.9 Can SEMAFO vary the Offer?** | Yes, SEMAFO can vary the Offer by increasing the Offer Price, waiving the Conditions or extending the Offer Period. The Directors do not know if SEMAFO will vary its Offer. | Section 5.8 |
| **3.10 When does the Offer close?** | The Offer closes at 7.00pm (Sydney time) 16 January 2015, unless extended or withdrawn. The Offer Period may also be automatically extended in certain circumstances. | Section 5.3 |
| **3.11 What will happen if SEMAFO raises its Offer Price?** | SEMAFO has not declared the Offer Price final. SEMAFO may decide to increase the Offer Price. If this occurs, the Directors will carefully consider the revised Offer and advise Shareholders accordingly. There is no guarantee that SEMAFO will increase the Offer Price.<br>If you have already accepted the Offer, you will be entitled to any increase in the Offer Price. | Section 5.8 |
| **3.12 What happens if there is a superior offer?** | The Board will consider the merits of any other offer.<br>If you have already accepted SEMAFO's Offer, you cannot participate in any other offer for your Shares if one is made, unless a withdrawal right is available (see Sections 9.7 and 11.12).<br>If you accept SEMAFO's Offer and SEMAFO subsequently increase its Offer Price, you are entitled to receive the higher price.<br>At this time, the Directors have not received a firm proposal in relation to a superior offer and do not know whether a superior offer will be made. | Sections 9.7 and 11.12 |
| **3.13 What happens if I do nothing?** | You will remain a Shareholder.<br>If SEMAFO acquires 90% or more of the Shares and the Offer becomes unconditional, SEMAFO intends to compulsorily acquire your Shares. See Section 11.13 for more details.<br>If SEMAFO acquires between 50% and 90% of the Shares and the Offer becomes unconditional, you will be a minority Shareholder in Orbis Gold. The implications of this are described in Section 11.10. | Sections 11.10 and 11.13 |
| **3.14 Can I be forced to sell my Orbis Gold Shares?** | If SEMAFO acquires 90% of the Orbis Gold Shares issued, it will be entitled to compulsorily acquire the remaining Orbis Gold Shares. Otherwise, you cannot be forced to sell your Orbis Gold Shares. | Section 11.13 |
| **3.15 If I continue to hold my Shares, are there risks?** | Yes, Orbis Gold is subject to a number of risks. These risks include (but are not limited to) those outlined in Section 7. | Section 7 |

| QUESTION | ANSWER | FURTHER INFORMATION |
|---|---|---|
| **3.16 How many Shares does SEMAFO hold in Orbis Gold?** | SEMAFO has stated in its Bidder's Statement that (as at the date of the Bidder's Statement) it had a voting power in 5,000 Orbis Gold Shares or 0.002% of all Orbis Gold Shares on issue. | Sections 8.4 and 12.2 |
| **3.17 How do I accept the Offer?** | You can accept the Offer by:<br>1. if you hold your Orbis Gold Shares in an Issuer Sponsored Holding – signing and returning the acceptance form in the Bidder's Statement; or<br>2. if you hold your Orbis Gold Shares in a CHESS Holding – either signing and returning the acceptance form in the Bidder's Statement or instructing your broker or other controlling participant to accept the Offer for you.<br>Details of how to accept SEMAFO's Offer are set out in Section 9.3 and 9.4 of SEMAFO's Bidder's Statement.<br>While the Offer remains subject to the Conditions, Eligible Shareholders can accept into the Institutional Acceptance Facility (see Section 9.5 for further information). | Sections 9.4 and 9.5 |
| **3.18 What happens if I accept the Offer?** | If you accept SEMAFO's Offer while it is still conditional, unless withdrawal rights are available, you will not be able to sell your Orbis Gold Shares on ASX or to any other bidder that may make a takeover offer, or otherwise deal with your Orbis Gold Shares while the Offer remains open.<br>If the Conditions of the Offer are not satisfied or waived and the Offer lapses, you will be free to deal with your Orbis Gold Shares, even if you have accepted the Offer. | Sections 9.6, 9.7, 9.8, 5.5 and 5.6 |
| **3.19 Can SEMAFO withdraw the Offer?** | Yes, but only in limited circumstances with the consent of ASIC. For further information see Section 9.22(b) of SEMAFO's Bidder's Statement. | |
| **3.20 Can I accept the Offer for only part of my Orbis Gold Shares?** | No. You must accept the Offer in relation to all of your Orbis Gold Shares. | Section 9.4 |
| **3.21 What are the tax implications of accepting the Offer?** | There may be tax implications from the sale of your Orbis Gold Shares. Each Shareholder's position will be different.<br>You should obtain independent advice from your professional advisor or tax advisor in this regard. Section 7 of the Bidder's Statement specifies possible tax implications for Orbis Gold Shareholders arising from the Offer. | Section 7.4.3 |
| **3.22 Will I need to pay brokerage if I accept the Offer?** | The Bidder's Statement says that you do not pay brokerage or stamp duty if you accept the Offer. If you hold your Orbis Gold Shares in a CHESS Holding or through another custodian arrangement, you should ask your broker or custodian if any fees or charges are payable. | |
| **3.23 What if I have other questions about the Offer?** | Please call Orbis Gold's information line on 1300 868 464 for callers within Australia or on +61 1300 868 464 for callers outside Australia.<br>The information line will be open from Monday to Friday between 8.30am to 5.30pm (Sydney time). | Section 9.9 |

# Section 4
# DIRECTOR'S RECOMMENDATION

# 4. Director's Recommendation

## 4.1 SUMMARY OF SEMAFO'S OFFER

SEMAFO is offering Orbis Gold Shareholders $0.65 cash per Orbis Gold Share. SEMAFO's Offer is subject to a number of Conditions. These Conditions are set out in Section 9.9 of the Bidder's Statement and are summarised in Section 5.4 of this Target's Statement.

## 4.2 THE DIRECTORS

The following are Directors of Orbis Gold as at the date of this Target's Statement:

- **John Bovard** – Non-Executive Chairman
- **Peter Spiers** – Managing Director
- **Nicholas Mather** – Non-Executive Director
- **Michele Muscillo** – Non-Executive Director
- **Kevin Tomlinson** – Non-Executive Director

## 4.3 DIRECTORS' RECOMMENDATION

After taking into account each of the matters in this Target's Statement (including the Independent Expert's Report) and in the Bidder's Statement, each of your Directors recommends that you REJECT the Offer.

In considering whether to accept the Offer, your Directors encourage you to:

a. read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
b. have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
c. consider the reasons for the Directors' recommendations noted in this Target's Statement; and
d. obtain financial advice from your broker or financial advisor about the Offer and obtain taxation advice on the effect of accepting the Offer.

The interests of each Orbis Gold Director in Orbis Gold are set out in Section 10 of this Target's Statement.

Each of the above mentioned Directors recommends that you REJECT the Offer.

## 4.4 REASONS TO REJECT THE OFFER

The reasons that the Directors recommend that you reject the Offer are outlined in Section 1 of the Target's Statement entitled "KEY REASONS TO REJECT THE OFFER".

### 4.5. INTENTION OF DIRECTORS AND SELECT SHAREHOLDERS

The following Directors and Shareholders representing 45.5% of the Company have indicated to the Company that they do not presently intend to accept SEMAFO's Offer at its current price, however reserve the right to accept SEMAFO's Offer should no superior proposal emerge.

| DIRECTORS | NUMBER OF SHARES HELD# | PERCENTAGE OF SHARES HELD |
|---|---|---|
| John Bovard – Non-Executive Chairman | 749,000 | 0.30% |
| Peter Spiers – Managing Director | 3,836,906 | 1.54% |
| Nicholas Mather* – Non-Executive Director | 1,660,124 | 0.66% |
| Michele Muscillo – Non-Executive Director | 531,250 | 0.21% |
| Kevin Tomlinson – Non-Executive Director | 2,250,735 | 0.90% |
| | **9,028,015** | **3.61%** |

| SHAREHOLDER | NUMBER OF SHARES HELD# | PERCENTAGE OF SHARES HELD |
|---|---|---|
| 1832 Asset Management L.P., manager of the Dynamic Funds^ | 41,025,000 | 16.42% |
| DGR Global Limited | 36,535,449 | 14.62% |
| Hugh Wallace-Smith | 6,473,625 | 2.59% |
| Tenstar Trading | 17,143,347 | 6.86% |
| Adrian Darby | 3,474,298 | 1.39% |
| **Total** | **104,651,719** | **41.88%** |

# Number of shares that the holder and their associated entities have a relevant interest in.

* Mr Nicholas Mather is the managing director and a substantial shareholder of DGR Global Limited. The shareholding of DGR Global Limited in the Company is set out in the table above.

^ 1832 Asset Management L.P. is the manager of certain funds (the "Dynamic Funds") and is a related body corporate of Bank of Nova Scotia.

# Section 5
# KEY TERMS OF SEMAFO's OFFER

# 5. Key Terms of SEMAFO'S Offer

## 5.1 HISTORY

On 16 October 2014, SEMAFO announced its intention to make an off-market takeover bid for all the ordinary Shares in Orbis Gold. On 1 December 2014, SEMAFO lodged its Bidder's Statement with ASIC and gave a copy to Orbis Gold.

## 5.2 SUMMARY OF SEMAFO OFFER

SEMAFO's Offer is to acquire all outstanding ordinary Shares of Orbis Gold and any rights attaching to the Shares for $0.65 per Share.

## 5.3 OFFER PERIOD

SEMAFO's Offer will remain open for acceptance until 7.00pm (Sydney time) on 16 January 2015, unless extended or withdrawn under the Corporations Act.

## 5.4 CONDITIONS OF SEMAFO'S OFFER

SEMAFO's Offer is currently subject to conditions as set out below:

**a. Minimum acceptance**

At the end of the Offer Period, SEMAFO has a relevant interest in more than 50% (by number) of Orbis Gold Shares on issue at that time.

**b. No prescribed occurrences**

During the period beginning on the date that the Bidder's Statement is given to Orbis Gold and ending at the end of the Offer Period (each inclusive), none of the following events occur:

1. Orbis Gold converts all or any of its shares into a larger or smaller number of shares;
2. Orbis Gold or a subsidiary of Orbis Gold resolves to reduce its share capital in any way;
3. Orbis Gold or a subsidiary of Orbis Gold:
   A. enters into a buy-back agreement; or
   B. resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
4. Orbis Gold or a subsidiary of Orbis Gold issues shares (other than shares issued as a result of the exercise of the Orbis Gold Options on issue as at the Announcement Date) or other securities, or grants an option over its Orbis Gold Shares or other securities, or agrees to make such an issue or grant such an option;
5. Orbis Gold or a subsidiary of Orbis Gold issues, or agrees to issue, convertible notes;
6. Orbis Gold or a subsidiary of Orbis Gold disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
7. Orbis Gold or a subsidiary of Orbis Gold grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
8. Orbis Gold or a subsidiary of Orbis Gold resolves to be wound up;
9. a liquidator or provisional liquidator of Orbis Gold or of a subsidiary of Orbis Gold is appointed;
10. a court makes an order for the winding up of Orbis Gold or of a subsidiary of Orbis Gold;
11. an administrator of Orbis Gold, or of a subsidiary of Orbis Gold, is appointed under section 436A, 436B or 436C of the Corporations Act;
12. Orbis Gold or a subsidiary of Orbis Gold executes a deed of company arrangement; or
13. a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Orbis Gold or of a subsidiary of Orbis Gold.

**c. No prescribed occurrence prior to the bid period**

None of the events referred to in paragraphs 5.4(b)(1) to 5.4(b)(13) happens during the period beginning on the Announcement Date and ending at the end of the day immediately before the Bidder's Statement is given to Orbis Gold.

**d. No action by Public Authority adversely affecting the Offer**

During the Condition Period:

1. there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
2. no action or investigation is instituted, or threatened by any Public Authority; or
3. no application is made to any Public Authority (other than an application by SEMAFO or a subsidiary of SEMAFO, an application under section 657G of the Corporations Act or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),

   in consequence of, or in conjunction with, the Offer (other than a determination by ASIC or the Takeovers Panel or the exercise of powers and discretions conferred by the Corporations Act), which:

4. restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon, the making of the Offer, the acquisition of Orbis Gold Shares under the Offer or the completion of any transaction contemplated by the Offer or the Bidder's Statement; or
5. seeks to require the divestiture by SEMAFO of any Orbis Gold Shares or the divestiture of any assets by Orbis Gold or by any subsidiary of Orbis Gold or by SEMAFO or by any subsidiary of SEMAFO.

**e. Approvals by Public Authorities**

During the Condition Period, SEMAFO receives all Approvals that are required by law or by any Public Authority or ASIC:

1. to permit the Offer to be made to and accepted by Orbis Gold Shareholders; or
2. as a result of the Offer or the successful acquisition of the Orbis Gold Shares and which are necessary for the continued operation of the business of Orbis Gold and its subsidiaries or of SEMAFO and its subsidiaries,

and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

**f. No material acquisitions, disposals or new commitments**

Except as proposed in any announcement by Orbis Gold to ASX prior to the Announcement Date, none of the following events occur during the Condition Period without the prior written consent of SEMAFO:

1. Orbis Gold, or any subsidiary of Orbis Gold, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than $750,000;
2. Orbis Gold, or any subsidiary of Orbis Gold, disposes, offers to dispose or agrees to dispose of, or grants an option or other right or entitlement (including a pre-emptive right) the effect of which could be the disposal or loss of control of, one or more companies or assets (or an interest in one or more companies or assets) for an amount, or in respect of which the book value (as recorded in Orbis Gold's consolidated statement of financial position as at 30 June 2014), is in aggregate greater than $750,000;
3. Orbis Gold, or any subsidiary of Orbis Gold, enters into, offers to enter into or agrees to enter into, any agreement, joint venture or partnership which would require expenditure (including on the exercise of any right), or the foregoing of revenue, by Orbis Gold or its subsidiaries of an amount which is in aggregate greater than $750,000;
4. Orbis Gold, or any subsidiary of Orbis Gold, incurs or otherwise becomes exposed to any liability or contingent liability for one or more related items of greater than $750,000;
5. Orbis Gold, or any subsidiary of Orbis Gold, enters into, offers to enter into or agrees to enter into, any agreement in respect of:

   A. future gold production (including a forward sales contract); or

   B. the gold price or foreign exchange rates (including a hedge contract),

   for an amount which is in aggregate greater than $750,000;

6. Orbis Gold, or any subsidiary of Orbis Gold, enters into, offers to enter into, agrees to enter into any transaction, or is otherwise affected by any transaction or proposal under which any third party would acquire any equitable, legal, beneficial or economic interest in, or there would be a material diminution in rights granted under, any mining tenement or permit or joint venture held by Orbis Gold or its subsidiaries; or
7. Orbis Gold, or any subsidiary of Orbis Gold, announces an intention to do any of the matters referred to in sub-paragraphs 5.4(f)(1) to 5.4(f)(6) above.

**g. Non-existence of certain rights**

No person (other than SEMAFO or a subsidiary of SEMAFO) has any right (whether subject to conditions or not) as a result of SEMAFO (or a subsidiary of SEMAFO) acquiring Orbis Gold Shares to:

1. acquire, or require Orbis Gold or a subsidiary of Orbis Gold to dispose of, or offer to dispose of, any material asset of Orbis Gold or a subsidiary of Orbis Gold, including any interest in the Natougou Project or the Boungou exploration permit; or
2. terminate or vary any material agreement with Orbis Gold or a subsidiary of Orbis Gold, including in respect of the Natougou Project or the Boungou exploration permit.

**h. Conduct of Orbis Gold's business**

During the Condition Period, neither Orbis Gold, nor any body corporate which is or becomes a subsidiary of Orbis Gold, without the prior written consent of SEMAFO:

1. borrows or agrees to borrow any money (except for temporary borrowings from its bankers in the ordinary course of its business);
2. changes its constitution or adopts a new constitution or proposes any special resolution to members to do so;
3. releases, discharges or modifies any substantial obligation owed to it or agrees to do so;
4. appoints any additional director to its board of directors whether to fill a casual vacancy or otherwise;
5. terminates, varies or enters into any material agreement or agrees to do so;
6. enters into or agrees to enter into any contract of service or varies or agrees to vary any existing contract of service with any director or manager, or pays or agrees to pay any retirement benefit or allowance to any director, manager or other employee (except as required by law);
7. makes, determines as payable or declares, or announces an intention to make, determine as payable or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie); or
8. conducts its business otherwise than in the ordinary course.

**i. No material adverse change to Orbis Gold**

During the Condition Period, no event, change or circumstance (Event) occurs, is announced or becomes known to SEMAFO which (either individually or when aggregated with other Events) has had or could reasonably be expected to have, a material adverse effect on any of the following:

1. the business, assets, liabilities, financial or trading position, profitability or prospects of Orbis Gold and any of its subsidiaries, taken as a whole; or
2. on the status or terms of material arrangements entered into by Orbis Gold or any of its subsidiaries; or
3. the status or terms of any Approvals issued by any Public Authority to Orbis Gold or any of its subsidiaries,

including, without limitation, any one or more Events which have had or could reasonably be expected to have any of the following effects, which are taken to constitute a material adverse effect:

4. diminishing the fair market value of the consolidated net assets of Orbis Gold by $750,000 or more (as recorded in Orbis Gold's consolidated statement of financial position as at 30 June 2014);
5. any material rights under any of the tenements or permits in which Orbis Gold or any of its subsidiaries has an interest, or any contract in which Orbis Gold or any of its subsidiaries has an interest, being suspended, revoked, invalidated, varied, terminated, or otherwise coming to an end;
6. a material restraint on or hindrance to the development, timely completion, feasibility, operation or profitability of any of the material projects in which Orbis Gold or its subsidiaries have an interest in, including the Natougou Project; and
7. any person announcing, commencing or threatening any litigation against Orbis Gold or any of its subsidiaries which could (if successful) result in a judgment of more than $750,000 (whether in aggregate or for any single litigation),

   other than an Event:

8. fairly disclosed to SEMAFO or to ASX or otherwise widely known publicly on or before the Announcement Date; or
9. generally affecting the industry in which Orbis Gold operates.

**j. No material failings in filings**

SEMAFO does not become aware, during the Condition Period, of any statement which is incorrect or misleading in any material particular, or any material omission, in:

1. Orbis Gold's ASX announcement dated 14 October 2014 entitled "Natougou Gold Project – Updated Scoping Study enhances exceptional project economics, confirms clear path to high grade gold production"; or
2. any other document filed by or on behalf of Orbis Gold with ASX or ASIC.

### 5.5 CONSEQUENCES IF CONDITIONS ARE NOT SATISFIED

If the Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. This means that:

a. If you have accepted SEMAFO's Offer, your acceptance is void and you will continue to be an Orbis Gold Shareholder, free to deal with your Orbis Gold Shares; or

b. If you have not accepted SEMAFO's Offer, you continue to be an Orbis Gold Shareholder and are free to deal with your Orbis Gold Shares.

### 5.6 EFFECT OF ACCEPTANCE

The effect of acceptance of SEMAFO's Offer is set out in sections 9.5 and 9.6 of the Bidder's Statement. You should read those sections in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Orbis Gold Shares and the representations and warranties which you give by accepting SEMAFO's Offer. In particular, if you accept SEMAFO's Offer, you will forfeit the opportunity to benefit from any superior offer made by another bidder for your Orbis Gold Shares (subject to any withdrawal rights), if that offer were to eventuate. If you accept SEMAFO's Offer you will not be able to sell your Orbis Gold Shares on ASX.

### 5.7 PAYMENT OF CONSIDERATION

SEMAFO has set out in section 9.15 of the Bidder's Statement, the timing of the payment of the consideration to holders of Orbis Gold Shares who accept SEMAFO's Offer. In general terms, if you accept SEMAFO's Offer you will receive the consideration to which you are entitled under SEMAFO's Offer within 21 days after the later of:

a. the date of receipt of your acceptance, and

b. the date on which the Offer becomes, or is declared, unconditional.

### 5.8 CHANGES TO SEMAFO'S OFFER

SEMAFO can vary its Offer by:

a. waiving the Conditions to the Offer;

b. extending the Offer Period; or

c. increasing the Offer Price offered under the Offer.

If you accept SEMAFO's Offer and SEMAFO subsequently increases its Offer Price, you are entitled to receive the higher price.

### 5.9 COMPULSORY ACQUISITION

SEMAFO has indicated in section 6.2 of its Bidder's Statement that, if it is entitled to do so, it will proceed to compulsorily acquire all remaining Orbis Gold Shares.

Under section 661A of the Corporations Act, SEMAFO is entitled to compulsorily acquire any Orbis Gold Shares for which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period, SEMAFO and its associates have a relevant interest in at least 90% (by number) of Orbis Gold Shares. The consideration per Orbis Gold Share payable to Orbis Gold Shareholders whose Shares are compulsorily acquired is the same as that payable under SEMAFO's Offer.

If SEMAFO is entitled to proceed to compulsory acquisition, it will have one month after the Offer Period to give compulsory acquisition notices to Orbis Gold Shareholders who have not accepted the Offer. Orbis Gold Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for the Orbis Gold Shares.

### 5.10 NO OFFER FOR OPTIONS

SEMAFO's Offer extends to all Orbis Shares that are issued during the period from the Register Date to the end of the Offer period due to the exercise of the Options that are on issue at the Register Date. SEMAFO's Offer does not however extend to the Options. To the extent the Options are not exercised or otherwise cancelled prior to the end of the Offer Period, these Options will remain on issue and remain exercisable by the holder in accordance with their terms. Details of the Options on issue are set out in Section 12.1.

# Section 6
# PROFILE OF ORBIS GOLD

# 6. Profile of Orbis Gold

## 6.1 INTRODUCTION

Orbis Gold is an Australian-based ASX listed resource company, focused on the discovery and development of large-scale gold deposits in the world's premier mineral provinces.

The Company holds a substantial tenement position in the Birimian Gold Province of West Africa. The Birimian is a world-class gold province with a large number of significant gold deposits discovered across the region to date.

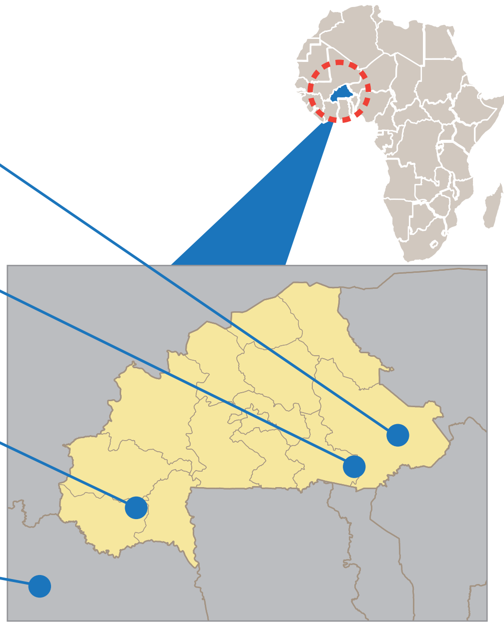
The Company is focused on its portfolio of high quality gold projects in Burkina Faso, West Africa. Key assets comprise:

- Natougou, Burkina Faso (100%): a high grade, near surface Mineral Resource, currently undergoing a DFS with a development decision expected in mid-2015;
- Nabanga, Burkina Faso (100%): a high grade gold project at scoping study stage; and
- A large package of highly prospective exploration projects located in Burkina Faso and Côte d'Ivoire with some significant gold intersections to date.

A map of Orbis Gold's key assets is shown below.

**ORBIS GOLD KEY ASSETS[1]**

| | |
|---|---|
| **Natougou** | • High grade, shallow, open pit gold deposit<br>• 18Mt@ 3.4g/t for 2 Moz Au[2] |
| **Nabanga** | • High grade gold quartz lode deposit<br>• 1.8Mt@ 10g/t for 0.6 Moz Au[3] |
| **Bantou/ Tankoro** | • High grade gold discoveries – mineralisation at surface<br>• Enormous upside potential |
| **Korhogo** | • Recently granted permit covering 30km strike length of unexplored greenstone<br>• Greenstone belt hosts multi-million ounce deposits |



Since Orbis Gold started active exploration in Burkina Faso in 2010, the company has built a Mineral Resource inventory of 2.6 million ounces of contained gold within two of the highest-grade undeveloped deposits in West Africa; Natougou and Nabanga – see the following table for details.

1. Source; Public company filings.
2. Indicated Mineral Resource 7.1 Mt @ 5.1 g/t Au for 1.2 Moz Au and Inferred Mineral Resource of 11 Mt @ 2.3 g/t Au for 0.8 Moz Au. Reported at a 0.5 g/t lower at off grade.
3. Inferred Mineral Resource.

Table 1 shows total Orbis Gold Mineral Resource category. Details of Mineral Resources for the Natougou Project are shown in Table 2 and details for the Nabanga Project are shown in Table 4.

TABLE 1: ORBIS GOLD MINERAL RESOURCES

| MINERAL RESOURCE CATEGORY | TONNES | GRADE | CONTAINED GOLD |
|---|---|---|---|
| Indicated | 7.1Mt | 5.1g/t Au | 1.2Moz |
| Inferred | 13Mt | 3.5g/t Au | 1.4Moz |
| **Total[4]** | **20Mt** | **4.1g/t Au** | **2.6Moz** |

## 6.2 BUSINESS OVERVIEW

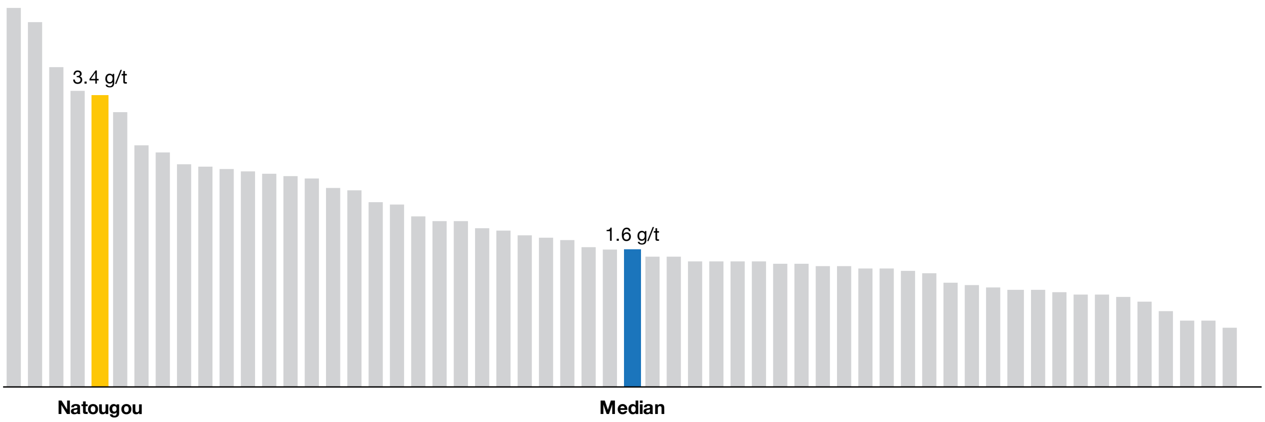
### 6.2.1. Natougou

The Natougou Project is located in the far east of Burkina Faso within the Company's Boungou exploration permit.

The Natougou deposit is a greenstone-hosted gold deposit. The deposit has an open "folded" geometry resulting in an open dome shape that plunges gently towards the north-west. Gold mineralisation is exposed at surface (outcrops) along the south-eastern margin of the deposit.

Natougou hosts one of the highest grade gold deposits discovered in West Africa (as shown below).

NATOUGOU VS. GRADE OF WEST AFRICAN OPEN PIT GOLD DEPOSITS[5]




An initial scoping study for the Natougou deposit was completed in 2013 highlighting the project's positive economics, followed by a Mineral Resource upgrade in August 2014, and an Updated Scoping Study which was released in October 2014.

The Natougou Mineral Resource estimate used for the Updated Scoping Study was prepared by Snowden Mining Industry Consultants and was reported in accordance with the JORC Code (2012). The Natougou Mineral Resource totals 18Mt at 3.4g/t Au for 2.0 million ounces of contained gold (at a 0.5g/t Au lower cut-off grade) and is comprised of the following components:

TABLE 2: NATOUGOU MINERAL RESOURCES

| MINERAL RESOURCE CATEGORY | TONNES | GRADE | CONTAINED GOLD |
|---|---|---|---|
| Indicated | 7.1Mt | 5.1g/t Au | 1.2Moz |
| Inferred | 11Mt | 2.3g/t Au | 0.8Moz |
| **Total[4]** | **18Mt** | **3.4g/t Au** | **2.0Moz** |

4. Note – totals may not add due to significant figure rounding.
5. Source: Public company filings

The Updated Mineral Resource estimate included a significant increase in the amount of higher confidence Indicated Mineral Resource category material.

The results of the Updated Scoping Study at Natougou (shown below) indicate that Natougou has extremely robust project economics even at a gold price of US$1,000/oz.

TABLE 3[6]

| NATOUGOU PROJECT ECONOMICS | | BASE CASE | |
|---|---|---|---|
| Gold Price | US$1,000/oz | US$1,300/oz | US$1,600/oz |
| Free Cashflow (after tax / capex) | US$294m | US$639m | US$965m |
| **USD NPV**$_{5\%}$ (after tax) | US$236m | US$533m | US$814m |
| **AUD NPV**$_{5\%}$ (after tax) @ AUDUSD 0.85 | $278m | $627m | $958m |
| **IRR** (after tax) | 52% | 100% | 142% |
| Payback Period | 1.0 years | 0.7 years | 0.6 years |

*The above is presented on a 100% project basis. As set out in Section 3.7 of the Independent Expert's Report, the entity that ultimately will develop the mine is subject to a 10% free carried and non-dilutionary interest in favour of the Burkina Faso Government.*

*Sensitivity analysis results presented above are derived from a high level analysis. Output results are derived by flexing the gold price (revenue line) only. Further enhancement to returns could be expected for the US$1,000/oz and US$1,600/oz gold price scenarios from a more comprehensive optimisation at each price range involving pit re-design and mill capacity optimisation.*

Natougou is currently the subject of a DFS which is over 50% complete with the completion of initial resource definition, mine and infrastructure geotechnical field work, and preliminary (Stage 1) water exploration activities.

The DFS is being managed internally by a dedicated internal Study Manager – Mr Andrew Skalski. Andrew is a full time Orbis Gold employee and a highly experienced metallurgist and project manager with in excess of 30 years experience in the resource industry. Orbis Gold has also allocated dedicated internal personnel (Mrs Jennifer Gunter) to manage the Environmental and Social Impact Assessment for the Project.

There is significant potential for mine life extensions at Natougou from step-out and regional drilling.

The Company advises the Natougou Scoping Study results and production targets reflected are preliminary in nature as conclusions are drawn partly from Indicated Mineral Resources and Inferred Resources. The Natougou Scoping Study is based on lower level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

### 6.2.2. Nabanga

The Nabanga gold deposit is located 250km south-east of Ouagadougou and lies within Orbis Gold's Nabanga exploration permit. Nabanga is a high grade quartz vein associated gold deposit, defined at surface by a shallow north-east trending zone of artisanal gold workings.

The Nabanga deposit is one of the highest grade gold deposits discovered to date in West Africa. In September 2012 Orbis Gold announced a maiden Mineral Resource estimate for the Nabanga deposit – a significant milestone for the Company and the first Mineral Resource to be defined by the Company in Burkina Faso. The categorised Mineral Resource at Nabanga (reported above a 5 g/t Au lower cut-off grade and 1.5m minimum horizontal width) is shown in Table 4.

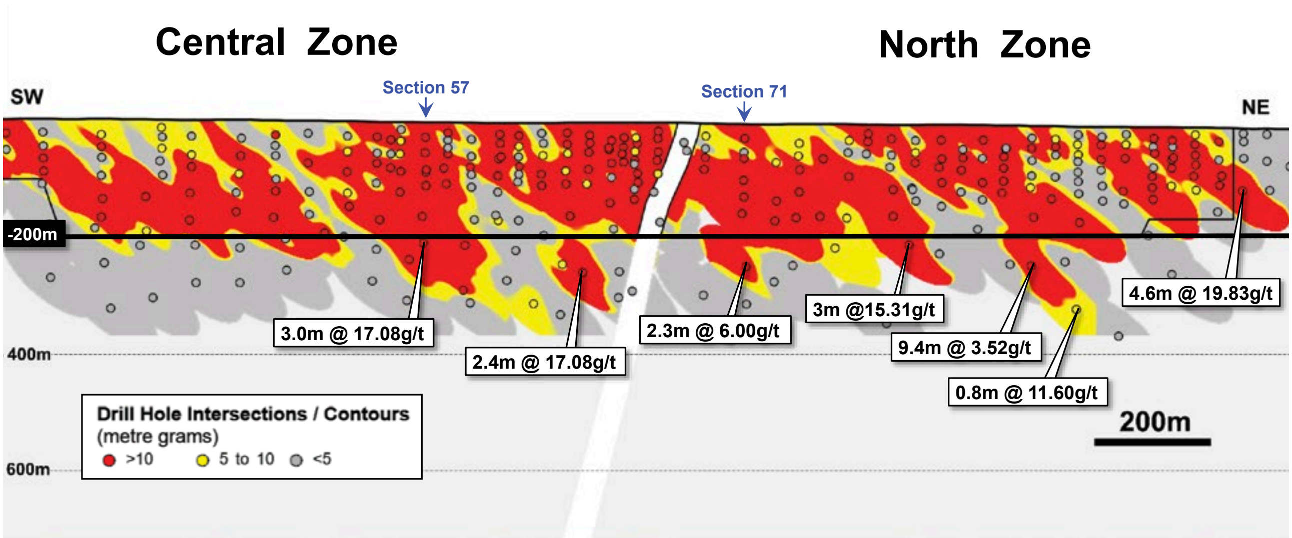
6. Source: ASX announcement dated 14 October 2014 titled "Natougou Gold Project – Exceptional Updated Scoping Study".

### TABLE 4: NABANGA MINERAL RESOURCES

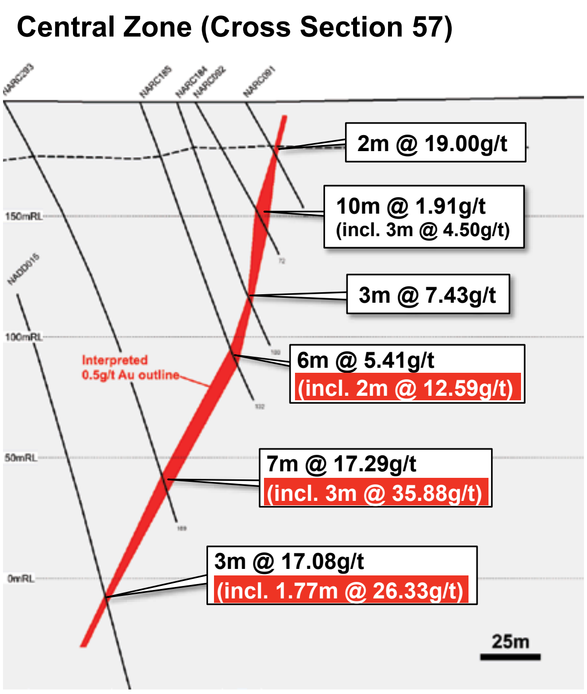
| MINERAL RESOURCE CATEGORY | TONNES | GRADE | CONTAINED GOLD |
|---|---|---|---|
| Indicated | – | – | – |
| Inferred | 1.8Mt | 10g/t Au | 0.57Moz |
| **Total** | **1.8Mt** | **10g/t Au** | **0.57Moz** |

The high grade nature of the Nabanga deposit indicates excellent potential for the development of a selective underground mine at Nabanga in conjunction with initial open pit mine development (subject to completion of formal feasibility studies).

### DIAGRAM OF NABANGA LONG SECTION




### DIAGRAM OF NABANGA CROSS SECTION




During the year the Company commenced (and continues to advance) a range of internal scoping-level studies to assess possible future mine development scenarios for the Nabanga deposit. Studies are currently focused on the assessment of selective underground mining methods targeting higher production grades and lower annual production rates.

The Mineral Resource has been estimated to 200m depth. Diamond drilling has intersected high grade shoots below this depth.

Significant potential exists to increase the Mineral Resource through further regional exploration.

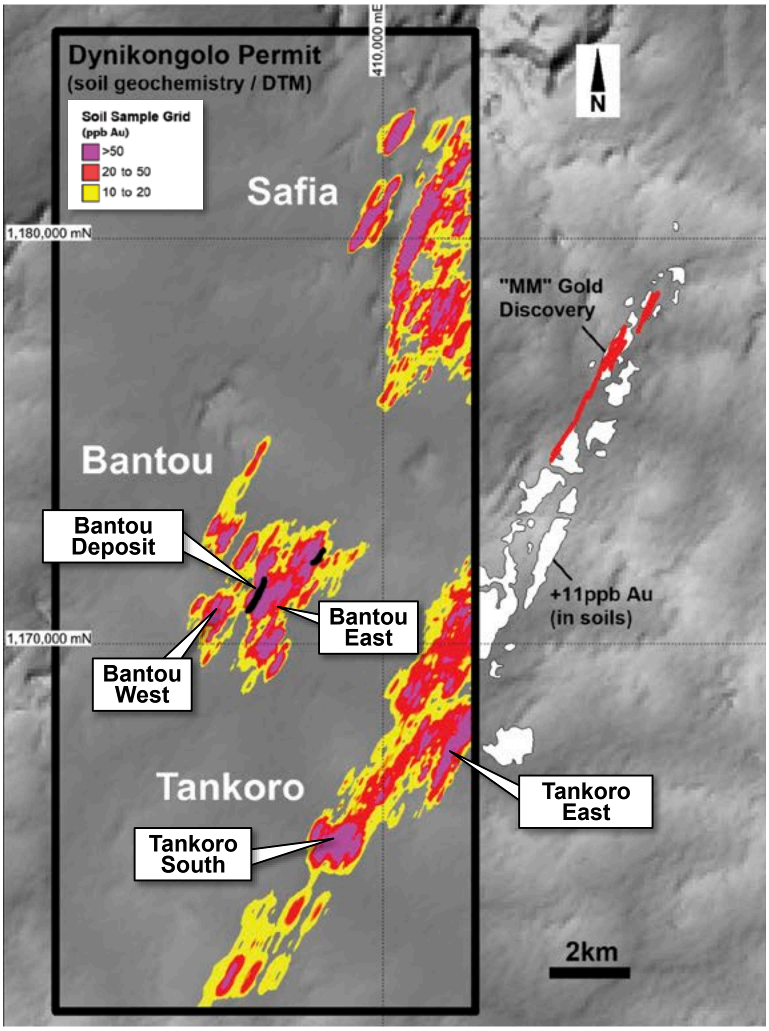
Orbis Gold expects to complete the initial internal Scoping Studies by the end of 2014.

### 6.2.3. Bantou Gold Project

The Bantou Gold Project is located in the south-west of Burkina Faso and is comprised of four separate exploration permits, in what is known as the Kongolokoro permit group, with a total area of 972km$^2$. All permits are located within the highly prospective Hounde greenstone belt that hosts multiple large-scale (million ounce plus) gold deposits, including SEMAFO's Mana Deposit.

During the year the company focused exploration activities within the Dynikongolo exploration permit where multiple large-scale gold targets have been identified (Bantou, Tankoro and Safia), each of which offers significant potential for the discovery of large-scale gold deposits.

DIAGRAM OF BANTOU PROJECT – HIGH QUALITY REGIONAL GOLD TARGETS



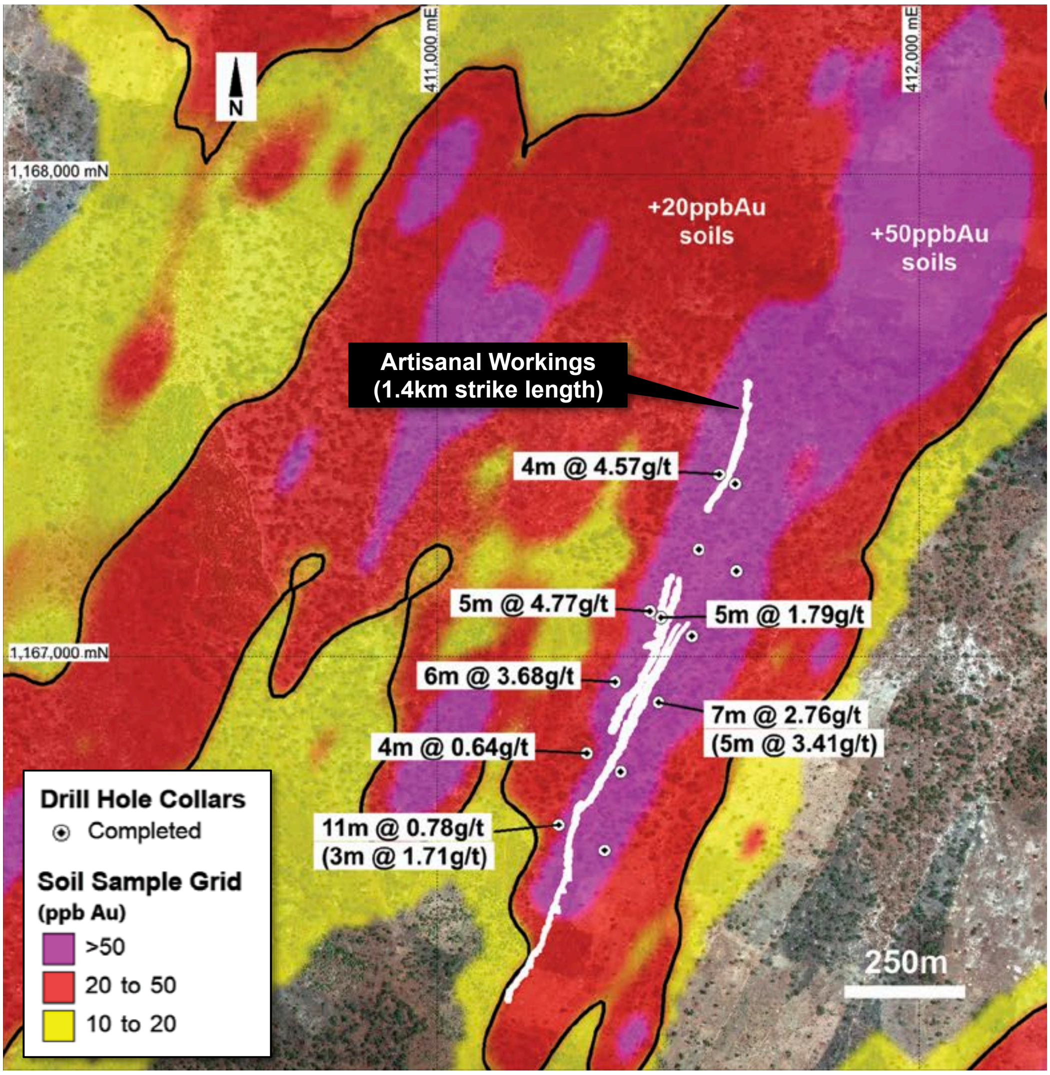

### Bantou Prospect

The Bantou Gold Prospect is located 320km south-west of Ouagadougou and lies within the Dynikongolo exploration permit. Bantou is defined at surface by an approximate 700m long zone of artisanal gold workings that have exploited several mineralised horizons within northerly-trending structures.

Orbis Gold has completed reverse circulation (RC) and diamond core drilling along the strike length of the Bantou workings on approximate 80m-spaced cross sections to a maximum 150m depth. High grade gold mineralisation on the Bantou structures is open at depth and significant potential exists to extend the deposit through further drilling.

The Bantou Prospect (comprising the Bantou and Bantou East discoveries and the surrounding large-scale geochemical and geophysical anomalies) define a highly prospective gold target. Orbis Gold proposes to implement a significant ongoing exploration program in the greater Bantou area with the aim of defining the Company's next significant Mineral Resource.

DIAGRAM OF TANKORO EAST – 1.4KM STRIKE MINERALISED PORPHYRY




### Tankoro Prospect

The Tankoro Gold Prospect is located in south-west Burkina Faso and lies within the Dynikongolo exploration permit, 6km to the east of the Company's Bantou gold discovery. The Tankoro Prospect is defined by a large-scale gold-in-soil anomaly that extends over a 12km strike length. The Tankoro anomaly forms part of a regionally significant gold mineralised trend that extends over a minimum 25km strike length (includes third party tenure).

The Tankoro soil anomaly includes multiple discrete zones of high order (+50ppb Au) anomalism that present as priority exploration targets. The scale and tenor of the Tankoro soil anomaly and the positive assay results received from the scout drilling program indicate Tankoro to be a highly prospective new gold discovery.

Orbis Gold considers that the location of the Tankoro discovery – within a regionally extensive gold mineralised shear zone – further indicates the potential for definition of a large scale gold deposit at Tankoro (subject to ongoing exploration success). Orbis Gold proposes to implement a significant ongoing exploration program in the Tankoro area.

### Safia

The Safia Gold Prospect is located in south-west Burkina Faso and lies within the Dynikongolo exploration permit, 10km to the north-east of the Company's Bantou gold discovery. The Safia Prospect is defined by high-order gold-in-soil anomalism that extends over a 6km strike length. The Safia Prospect is an advanced-stage exploration prospect; however, limited drilling has been completed within the prospect area to date and no significant results have emerged.

The Safia Prospect presents as a highly prospective advanced-stage gold exploration target.

### 6.2.4. Other Exploration

#### Côte d'Ivoire

In March 2014, Orbis Gold was granted a 380km$^2$ exploration permit in northern Côte d'Ivoire – the Korhogo West exploration permit. The Korhogo West permit is located at the southern end of the Senoufo greenstone belt which hosts a number of large-scale gold deposits including the multi-million ounce Tongon (Randgold Resources Limited) and Banfora (Gryphon Minerals Limited) gold deposits.

Orbis Gold has commenced planning activities for the initial reconnaissance exploration program within the Korhogo West permit area. Orbis Gold is seeking to further expand its exploration portfolio in Côte d'Ivoire and as such has lodged an application for an additional 400km$^2$ exploration permit (the Korhogo East permit). As at the date of this Target's Statement, the Korhogo East permit has been granted, pending confirmation of the release of the decree.

#### Boomara Project (Mount Isa)

The Boomara Project area comprises approximately 600km$^2$ of tenements in the Mount Isa region of north-west Queensland. The tenements are prospective for iron-oxide copper-gold (IOCG) style mineralisation.

In late 2011, Orbis Gold entered into an Earn-in and Joint Venture Agreement with Xstrata Mount Isa Mines (Xstrata) over the Boomara Project tenements. Under the terms of the Agreement, Xstrata are funding exploration within the Boomara Project area.

## 6.3 DIRECTORS

**John Bovard – Non-Executive Chairman**

Mr Bovard is a civil engineer with over 40 years' experience in mining, heavy construction, project development and corporate management. His career has included roles as CEO of public companies and both executive and non-executive directorships. He holds a bachelor of civil engineering, is a fellow of the Australasian Institute of Mining and Metallurgy and a Fellow of the Australian Institute of Company Directors. Recent roles include CEO of Australian Solomons Gold and non-executive chairman of Axiom Mining. Prior to that John spent over four years as CEO of Asia Pacific Resources Ltd developing a large potash resource in Thailand. Other directorships have included Danae Resources N L. (Managing Director) and Greenwich Resources plc. He was Project Manager for the $800 million Phosphate Hill Fertiliser Project for Western Mining Corporation (WMC) situated south of Mount Isa. Previous experience includes working at the Porgera mine, the Super Pit at Kalgoorlie, and bringing a number of junior resources companies into commercial production.

**Peter Spiers – Managing Director**

Mr Spiers is a qualified geologist with 30 years of experience in the resources industry. Peter has substantial operations and exploration experience having worked in a wide range of commodities and operating environments both within Australia and offshore. A significant proportion of his career to date was spent with Western Mining Corporation (WMC) where he held numerous senior technical and commercial roles. His most recent role was Group Manager – Business Development, where he managed the targeting and evaluation of major mineral investment opportunities including copper, gold, nickel, iron ore, mineral sands, coal and other industrial minerals. Previously Peter was also responsible for WMC's operations strategic planning which included planning oversight for a multi-billion dollar asset portfolio comprising the company's nickel, copper-gold-uranium, and phosphate fertiliser operations. More recently Peter held an executive position with ASX listed Atlas Group Holdings Limited where he was focused on the development of business-wide improvement initiatives and the definition of strategies for growth.

**Nicholas Mather – Non-Executive Director**

Mr Mather's special area of experience and expertise is the generation of and entry into undervalued or unrecognised resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 25 years. In that time he has been instrumental in the delivery of major resource projects that have delivered significant gains to shareholders. As an investor, securing projects and financiers, leading exploration campaigns and managing emerging resource companies, Nick brings a wealth of valuable experience. He is currently Chief Executive (and founder) of ASX-listed DGR Global Limited, Executive Director (and founder) of SolGold plc (AIM), Executive Chairman of Armour Energy Ltd (ASX), Non-Executive Chairman of Navaho Gold Ltd (ASX), Non-Executive Director of Aus Tin Mining Ltd (ASX) and Non-Executive Director of Lakes Oil NL (ASX).

**Michele Muscillo – Non-Executive Director**

Mr Muscillo is a Partner specialising in Corporate law with HopgoodGanim. He was admitted as a Solicitor in 2004 and has a practice focusing almost exclusively in mergers and acquisitions and capital raising. Michele has a Bachelor of Laws from Queensland University of Technology and was the recipient of the QUT University Medal. In his role with HopgoodGanim, Michele has acted on a variety of corporate transactions including initial public offerings, takeovers and other acquisitions. Michele's experience brings to the Board expertise on corporate regulation, governance and compliance matters. Michele is also a non-executive director of ASX-listed Straits Resources Limited.

**Kevin Tomlinson – Non-Executive Director**

Kevin Tomlinson began his career as a Geologist over 30 years ago and is based in London, UK. He is currently a Director of Centamin Plc a London Main Board gold producer in Egypt; Lead Independent Director and Deputy Chairman of Besra Gold an ASX and TSX listed gold producer/developer in Vietnam and Malaysia; and Director of Samco Gold a TSX listed gold explorer in Argentina. Previously, he was Chairman of the ASX, AIM and TSX-listed Philippines gold producer Medusa Mining from 2005 to 2010 and ASX listed Dragon Mountain Gold, a gold developer in China. As Managing Director of Investment Banking at Westwind Partners/Stifel Nicolaus International Investment Bank, he headed up the London mining practice from 2006 to 2012 raising finance and providing M&A advice to many gold, base metal and nickel companies, including Centamin Egypt. Prior to this, he was Director of Natural Resources at Williams de Broë in London and Head of Research for Australian broking, corporate finance and research house, Hartleys. Mr Tomlinson is a Fellow of the Chartered Institute for Securities & Investment, a Fellow of the Institute of Directors and a Liveryman of the Worshipful Company of International Bankers.

## 6.4 SUMMARY OF FINANCIAL INFORMATION

Set out on the following page is an extract of Orbis Gold's consolidated statement of financial position as at 30 June 2014 as contained in Orbis Gold's Annual Report for 2014 which was announced to the ASX on 30 September 2014.

Shareholders should note that the financial information provided below is for information purposes only as it constitutes the last published financial accounts of the Company, and given the balance date of 30 June 2014, should not be relied upon as an up to date reflection of the financial position of Orbis Gold as at the date of this Target's Statement. In particular, Shareholders should note that since the balance date, the Company has entered into and drawn down upon a US$4.3 million debt facility (described in further detail in Section 11.3 of this Target's Statement) and has expended funds as part of its usual operations. Orbis Gold's cash balance as at 30 November 2014 was $2.8 million. For details of the notes to the accounts, please see Orbis Gold's Annual Report for 2014 which can be located on the ASX website at www.asx.com.au using the Company's ASX code 'OBS' or the Company's website at www.orbisgold.com.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION[7]

| AS AT 30 JUNE 2014 | CONSOLIDATED ENTITY ($) 2014 | 2013 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | 5,049,661 | 9,361,289 |
| Trade and other receivables | 445,893 | 72,225 |
| Assets held for resale | – | 1,000,000 |
| Other current assets | 60,908 | 219,533 |
| **Total Current Assets** | **5,556,462** | **10,653,047** |
| **Non-Current Assets** | | |
| Property, plant and equipment | 700,504 | 633,308 |
| Exploration and evaluation assets | 37,797,594 | 30,167,421 |
| Other non-current assets | 58,566 | 60,433 |
| Financial Assets at fair value through profit or loss | 108,000 | |
| **Total Non-Current Assets** | **38,664,664** | **30,861,162** |
| **TOTAL ASSETS** | **44,221,126** | **41,514,209** |
| Current Liabilities | | |
| Trade and other payables | 4,045,243 | 2,600,288 |
| **Total Current Liabilities** | **4,045,243** | **2,600,288** |
| **TOTAL LIABILITIES** | **4,045,243** | **2,600,288** |
| **NET ASSETS** | **40,175,883** | **38,913,922** |
| **Equity** | | |
| Issued capital | 54,649,242 | 44,495,692 |
| Reserves | 6,319,646 | 6,400,899 |
| Accumulated losses | (21,060,550) | (12,583,847) |
| Equity attributable to Orbis Gold Limited | 39,908,338 | 38,312,744 |
| Non-controlling interest | 267,545 | 601,178 |
| **TOTAL EQUITY** | **40,175,883** | **38,913,922** |

7. Source: Orbis Gold 2014 Annual Report.

## 6.5 ISSUED CAPITAL

As at the date of this Target's Statement, Orbis Gold's issued share capital was 249,886,056 ordinary Shares as disclosed in the last Appendix 3B lodged with ASX on 5 June 2014.

## 6.6 SUBSTANTIAL HOLDERS

As at the date of this Target's Statement, the following entities (together with any of their associates) have a relevant interest in 5% of more of Orbis Gold's Shares:

**TABLE 5**

| NAME | ORBIS GOLD SHARES | RELEVANT INTEREST IN SHARES (%) |
|---|---|---|
| 1832 Asset Management L.P., manager of the Dynamic Funds^ | 41,025,000 | 16.42% |
| DGR Global Limited | 36,535,449 | 14.62% |
| Acorn Capital Limited | 23,561,379 | 9.43% |
| Tenstar Trading | 17,046,547 | 6.82% |

^ 1832 Asset Management L.P. is the manager of certain funds (the "Dynamic Funds") and is a related body corporate of Bank of Nova Scotia.

## 6.7 PUBLICLY AVAILABLE INFORMATION

Orbis Gold is a company listed on the ASX and is subject to periodic and continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. A substantial amount of information on Orbis Gold is publicly available and may be accessed by referring to Orbis Gold on www.asx.com.au (ASX: OBS).

## 6.8 FURTHER INFORMATION

For further information regarding Orbis Gold, please refer to the Company's 2014 Annual Report which can be located on the ASX website at www.asx.com.au using the Company's ASX code 'OBS' or the Company's website at www.orbisgold.com.

# Section 7
## RISK FACTORS

# 7. Risk Factors

## 7.1 INTRODUCTION

In deciding whether or not to accept the Offer, you should read the entire Target's Statement and the Bidder's Statement carefully.

The business activities of Orbis Gold are subject to a number of investment risk factors, both specific to its business and of a general nature, which may affect the future operating and financial performance of Orbis Gold. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that Orbis Gold is unaware of, or that Orbis Gold currently considers to be immaterial, which may affect Orbis Gold. You should be aware that rejecting the Offer, in circumstances where SEMAFO does not acquire sufficient Orbis Gold Shares to proceed to compulsory acquisition, may result in Orbis Gold Shareholders being exposed to the following risks and uncertainties.

## 7.2 SPECIFIC RISKS RELATING TO ORBIS GOLD

### 7.2.1 Sovereign risks and foreign country mining risk – Burkina Faso

Orbis Gold's key projects are located in Burkina Faso which is considered to be a developing country and as such, has emerging legal and political systems when compared with the system in place in Australia.

Possible sovereign risks include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes in taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of Orbis Gold and the market price of its Shares.

Additionally, Orbis Gold's operations are exposed to economic and other risks and uncertainties associated with operating in a developing country. These risks and uncertainties include, but are not limited to, the existence or possibility of terrorism, hostage taking, labour unrest, the risks of war or civil unrest, expropriation and nationalisation, uncertainty to the outcome of any litigation in foreign jurisdictions, environmental controls and permitting, illegal mining, corruption, high rates of inflation or military repression.

Additionally, in the event of a dispute arising from Orbis Gold's activities, Orbis Gold may be subject to the exclusive jurisdiction of courts or arbitral proceedings outside of Australia or may not be successful in subjecting persons to the jurisdiction of courts in Australia, either which could unexpectedly and adversely affect the outcome of a dispute.

There have been recent civil protests in Burkina Faso, due to ex-President Blaise Compaoré's attempt to modify the constitution via referendum, and remain in power beyond the country's constitutional two term limit. On 31 October 2014, in response to these civil protests, Mr Compaoré stepped down. As at the date of this Target's Statement, a transitional government has been appointed with diplomat Michel Kafando sworn in as interim President, and Lieutenant-Colonel Isaac Yacouba Zida sworn in as interim Prime Minister. The new Government is targeting a democratic election in November 2015.

This has not impacted on operations. Exploration and feasibility study activities are continuing as normal at the Natougou Project, and there were no issues associated with the civil protests at any of the Orbis Gold sites, however no assurance can be given regarding future stability in Burkina Faso or any other country in which Orbis Gold may have an interest.

### 7.2.2 Ebola Virus Risk

There exists a risk that the significant outbreak of Ebola Virus Disease (**Ebola**) in Guinea, Liberia and Sierra Leone will worsen and spread to nearby countries such as Burkina Faso, where Orbis Gold's and SEMAFO's key projects are located, or Côte d'Ivoire, where Orbis Gold holds additional projects. Although there have not been any reported cases of Ebola in Burkina Faso or Côte d'Ivoire as at the date of this Target's Statement, if the outbreak spreads to Burkina Faso or Côte d'Ivoire, there are risks and uncertainties that Orbis Gold may suffer loss including, but not limited to, loss of personnel, loss of access to resources, loss of contractors, loss of ability to attract and retain personnel, delays or increased costs in developing its projects and an adverse impact on the Share price of Orbis Gold.

As a result of the Ebola outbreak, there are travel restrictions in place in many West African countries with many land borders closed and suspension of flights. These restrictions have not had an immediate impact on the operations of Orbis Gold in terms of access to resources and supplies from neighbouring countries, access to its projects by key management personnel, or disruption to operations, however there is a risk this may happen in the short or medium term, if the outbreak worsens and spreads.

### 7.2.3 Future Capital And Financing Risk

Orbis Gold has finite financial resources and no cash flow from producing assets and therefore will require additional financing in order to carry out its gold exploration and development activities.

The continued operations of Orbis Gold are dependent on its ability to obtain financing through debt and equity financing, or generating sufficient cash flows from future operations. There is a risk that Orbis Gold may not be able to access capital from debt or equity markets for future projects or developments, which could have a material adverse impact on Orbis Gold's business and financial condition.

### 7.2.4 Gold Price Risk

Changes in the market price of gold, which in the past have fluctuated widely, will affect the future profitability of Orbis Gold's operations and its financial condition. Orbis Gold's revenues, profitability and viability depend on the future market price of gold produced from Orbis Gold's mines. The price of gold is set in the world market and is affected by numerous industry factors beyond Orbis Gold's control including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and procures of gold and other metals in response to any of the above factors, and global and regional political and economic factors.

A decline in the market price of gold below Orbis Gold's proposed production costs for any sustained period may have a material adverse impact on the ability of Orbis Gold to finance the exploration and development of its existing and future mineral projects. Such a decline would also impact on the profit, cash flow and results of operations of Orbis Gold's anticipated future operations.

### 7.2.5 Exploration and Development Risks

The exploration for, and development of, mineral deposits involves a high degree of risk. Few properties which are explored are ultimately developed into producing mines. Resources exploration and development is a speculative business, characterised by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quality and quantity to return a profit from production.

The marketability of minerals acquired or discovered by Orbis Gold may be affected by numerous factors that are beyond the control of Orbis Gold and cannot be accurately predicted, such as market fluctuations, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in Orbis Gold not receiving an adequate return on investment capital.

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in Orbis Gold expending significant resources (financial and otherwise) on a property without the development or discovery of an economically viable mineral deposit.

The value of Orbis Gold's Shares is materially dependent on the success or otherwise of the Company's exploration and development activities.

### 7.2.6 Resource Estimates

Resource estimates used by Orbis Gold are stated in accordance with the JORC Code and are expressions of judgement based on knowledge, experience and industry practice. Estimates which were appropriate when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect Orbis Gold's results of operations and financial conditions.

### 7.2.7 Title Risk

The mining permits in which Orbis Gold has, or may in the future, acquire an interest, are subject to applicable local laws and regulations. Compliance with these local laws and regulations is required to maintain continuing title, and to renew title, which is generally required on exploration permits from time to time. Grant of applications for renewal also require the approval of the Minister for Mines and Energy.

For any of the Company's exploration and development projects in Burkina Faso to be brought into production, the Company will need to obtain the grant of the necessary exploitation, environmental, and ancillary works permits, which also require compliance with the applicable local laws and regulations, and the approval of the applicable Minister, including but not limited to the Minister for Mines and Energy.

There is no guarantee that any permit applications or renewals in which Orbis Gold has a current or potential interest will be granted.

However, the Directors of Orbis Gold are not aware of any reason why renewal of the term of any permit, or application for new permit, will not be granted. Permits in which Orbis Gold has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the permits liable to forfeiture.

### 7.2.8 No History of Earnings and no Production Revenues

Orbis Gold has no history of earnings and has not commenced commercial production on any of its properties. Orbis Gold has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that Orbis Gold will be profitable in the future. Orbis Gold's operating expenses and capital expenditures are likely to increase in future years as consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on a number of factors including the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, Orbis Gold's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond Orbis Gold's control. Orbis Gold expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to funds its continuing operations. There can be no assurance that Orbis Gold will generate any revenues or achieve profitability.

### 7.2.9 Counterparty Risk

As part of Orbis Gold's commercial activities, Orbis Gold is a party to various contracts with third parties for the supply of products and services, sales contracts and financial instruments, amongst other things. An inability of counterparties to meet their commitments under such contracts may have an impact on Orbis Gold's financial or operational position.

### 7.2.10 Foreign Exchange Risk

Orbis Gold holds tenure primarily in Burkina Faso with expenditure required in both US dollars and the local currency, CFA Franc.

In the future a proportion of Orbis Gold's revenues, cash inflows, other expenses and commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements the income, expenditure and cash flows of Orbis Gold will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of Orbis Gold being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

### 7.2.11 Environmental Risks

The mining tenement operations and proposed activities of Orbis Gold are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, Orbis Gold's activities are expected to have an impact on the environment, particularly if advanced exploration or commencement of mining proceeds. It is Orbis Gold's intention to conduct its activities to international industry standards, including compliance with all environmental laws.

### 7.2.12 Health and Safety Risks

The conduct of business in the resources sector involves a variety of risks to the health and safety of personnel and to the environment. It is conceivable that an incident may occur which might negatively impact on Orbis Gold's business. Orbis Gold has an exemplary safety and environment record and management of these areas is of paramount importance for managers of Orbis Gold.

### 7.2.13 Insurance Risks

Orbis Gold maintains insurance for certain activities within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not fully covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of Orbis Gold.

### 7.2.14 Key Personnel

Orbis Gold's success has been, and will continue to be, largely dependent upon the performance of its key personnel. Locating and developing mineral deposits depends on a number of factors including the technical skill of the exploration, development and production personnel involved. Failure to retain key personnel or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon Orbis Gold's success, and the retention and attraction of key personnel will be dependent, amongst other issues, on prevailing industry conditions.

### 7.2.15 Reliance on Third Parties

Orbis Gold has relied on and may continue to rely on consultants and others for mineral exploration and mining expertise. Orbis Gold believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognised industry standards. While this situation is normal for the mineral exploration and development industry, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate, it may have the potential to impact the performance of Orbis Gold in the fulfilment of its strategic objectives.

## 7.3 GENERAL SECURITIES RISK FACTORS

### 7.3.1 Share Market

There are general risks associated with any investment and the share market. The price of Orbis Gold Shares on the ASX may rise and fall depending on a range of factors beyond Orbis Gold's control and which are unrelated to Orbis Gold's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

### 7.3.2 Liquidity Risk

There is no guarantee that there will be an ongoing liquid market for Orbis Gold Shares. Accordingly, there is a risk that, should the market for Orbis Gold Shares become illiquid, Orbis Gold Shareholders and Orbis Gold Option holders will be unable to realise their investment in Orbis Gold.

## 7.4 RISK FACTORS THAT ARISE FROM THE OFFER

### 7.4.1 Limited Withdrawal Rights

Orbis Gold Shareholders will have limited withdrawal rights with respect to the Offer, which means that a decision to accept the Offer may be irrevocable.

Once you have accepted the Offer, you have only a limited right to withdraw your acceptance of the Offer. Under the Corporations Act, if after you have accepted the Offer and whilst it remains subject to conditions, the Offer is varied (such as by an extension of the Offer Period) so as to postpone for more than one month the time when SEMAFO must meet its obligations under the Offer, you will be able to withdraw your acceptance. Otherwise, you will be unable to withdraw your acceptance of the Offer even if the market value of Orbis Gold Shares varies significantly from their value on the date of your acceptance of the Offer.

### 7.4.2 Possible decrease in Orbis Gold Share Price

The Directors cannot predict whether the Share price for Orbis Gold Shares would increase or decrease in the absence of the Offer and movements in the Share price may be caused by other considerations.

The latest Share price for Orbis Gold Shares can be obtained from www.asx.com.au using the code "OBS".

### 7.4.3 Taxation Risks

The tax consequences and risks of the Offer depend upon the specific circumstances of each Orbis Gold Shareholder.

Section 7 of the Bidder's Statement specifies possible tax implications for Orbis Gold Shareholders arising from the Offer. This is not a complete or authoritative statement of the potential tax implications for each Orbis Gold Shareholder.

Income tax and CGT liabilities of each Orbis Gold Shareholder will depend upon the individual circumstances of each such Shareholder. Orbis Gold Shareholders should obtain their own professional taxation advice regarding the applicable law in respect of the Offer and neither Orbis Gold nor any of its officers or advisors accepts any responsibility or liability in respect of any statement given in relation to tax liability or any actual tax liability which may arise.

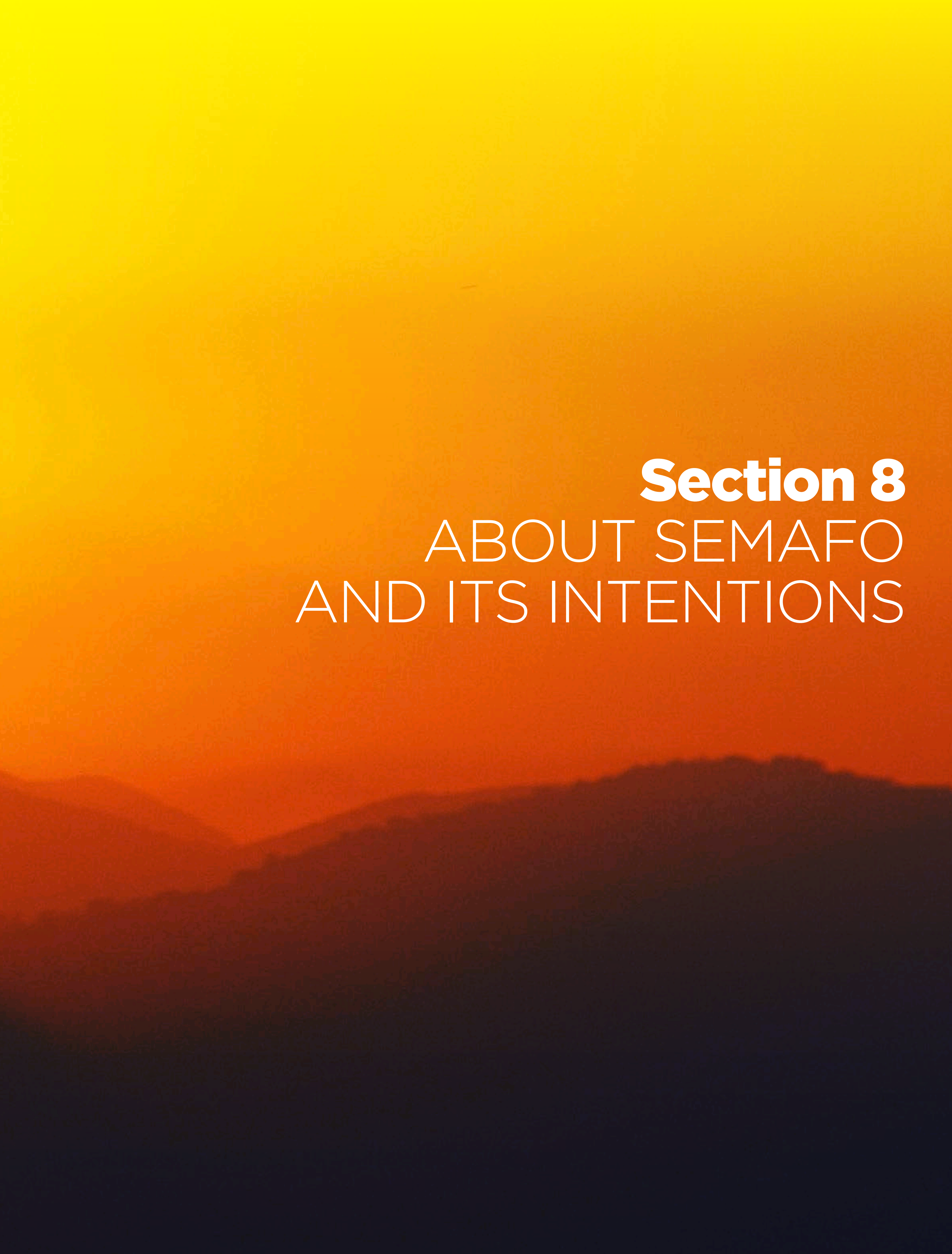
### 7.4.4 Less than 90 percent Ownership

There exists a risk that the final level of ownership acquired by SEMAFO is less than 90%, which could have an impact on SEMAFO's intentions regarding Orbis Gold (refer to Section 11.10 of the Target's Statement). This impact could have a material adverse effect on Orbis Gold.

If you require further information in relation to the risks associated with refusing or accepting the Offer, please contact your professional advisor.

### 7.4.5 Change in Control Risk

As identified in Section 11.3, Orbis Gold is a party to a debt facility agreement which may be required to be repaid prior to its due date if there is a change in control of Orbis Gold. If this occurs, Orbis Gold will need to seek to raise funds to enable the debt amount to be repaid. There is no guarantee that such amount will be able to be raised.



# Section 8
# ABOUT SEMAFO AND ITS INTENTIONS

# 8. About SEMAFO and its Intentions

## 8.1 DISCLAIMER

The following information about SEMAFO has been prepared by Orbis Gold using publicly available information, including information in the Bidder's Statement, and has not been independently verified. Accordingly, Orbis Gold does not, subject to the Corporations Act, make any representation or warranty, express or implied as to the accuracy or completeness of this information.

The information on SEMAFO in this Target's Statement should not be considered comprehensive. Please refer to the Bidder's Statement for further information in respect of SEMAFO.

## 8.2 OVERVIEW OF SEMAFO AND ITS PRINCIPAL ACTIVITIES

SEMAFO is a Canadian-based mining company with gold production and exploration activities in West Africa. SEMAFO operates the Mana mine in Burkina Faso, which includes the high-grade satellite Siou and Fofina deposits.

Section 3 of the Bidder's Statement provides background information regarding SEMAFO.

For further information regarding SEMAFO, refer to its website at http://www.semafo.com/home.php.

## 8.3 PUBLICLY AVAILABLE INFORMATION

SEMAFO is a company listed on both the TSX and the NASDAQ OMX Stockholm and is subject to the disclosure requirements of those exchanges. A substantial amount of information on SEMAFO is publicly available and may be accessed by referring to SEMAFO on those exchanges (TSX, OMX: SMF).

## 8.4 SEMAFO'S INTEREST IN ORBIS

SEMAFO holds 0.002% in Orbis Gold (5,000 ordinary shares) as set out in Section 4.8 of the Bidder's Statement.

## 8.5 INTENTIONS OF SEMAFO

SEMAFO has stated that it intends to become actively involved in determining and controlling the strategic direction of the business of Orbis Gold.

Further, SEMAFO has stated that if it acquires 90% of the Shares of Orbis Gold it will seek to compulsorily acquire the remaining 10% of Shares and then seek to:

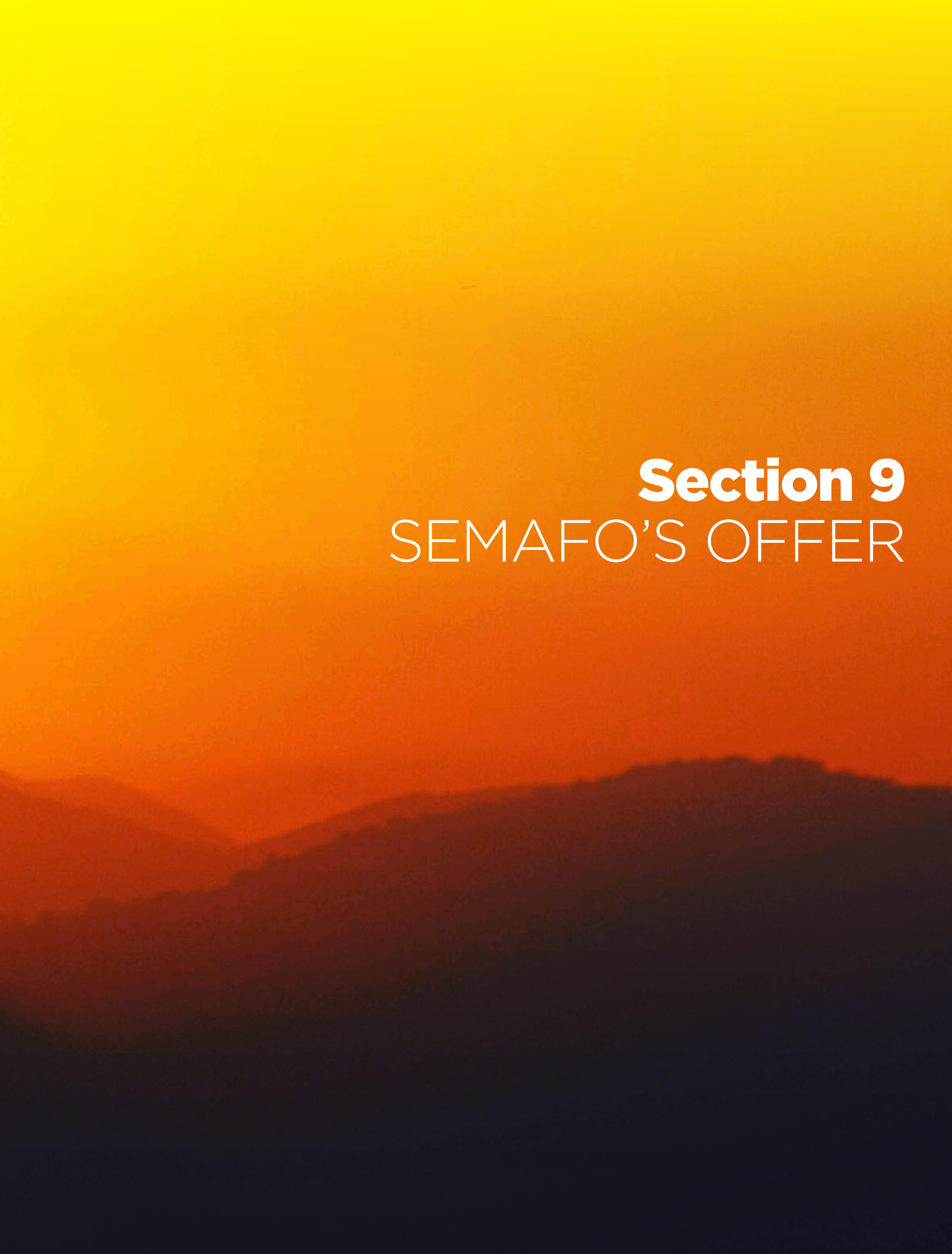
a. delist Orbis Gold from the official list of ASX;
b. replace all directors on the Orbis Gold Board;
c. combine Orbis Gold's head office with SEMAFO's head office; and
d. conduct a strategic review of Orbis Gold's business.

SEMAFO have also stated in Section 6.3 of the Bidder's Statement that in the event that SEMAFO acquires control (but less than 90%) of Orbis Gold that, amongst other matters, it may seek to procure the removal of Orbis Gold from the official list of ASX, even in circumstances where it continues to satisfy the ongoing requirements for listing, and that in such a case it will comply with ASX's conditions (which could include a vote by Orbis Gold Shareholders).

In circumstances where SEMAFO has acquired less than 75% of Orbis Gold's Shares and seeks to procure the removal of Orbis Gold from the official list of ASX within 12 months of the close of SEMAFO's Offer, ASX will require the removal to be approved by the Orbis Gold Shareholders, and SEMAFO and its associates will be **excluded** from voting on the removal resolution[1].

A detailed description of the intentions of SEMAFO with respect to the assets, business and employees of Orbis Gold are outlined in Section 6 of the Bidder's Statement.

1. ASX Guidelines Note 33 – Removal of Entities from the ASX Official List.



# Section 9
## SEMAFO'S OFFER

# 9. SEMAFO's Offer

## 9.1 ASSESSMENT OF THE OFFER

Before making a decision whether to accept or reject SEMAFO's Offer for your Orbis Gold Shares, you should read this Target's Statement carefully and seek independent financial and taxation advice.

Shareholders should also consider the risks associated with the Offer which are set out in Section 7 of this Target's Statement.

## 9.2 DIRECTORS' RECOMMENDATION

The unanimous recommendation of the Orbis Gold Directors is to REJECT the Offer. Further details of the recommendation of the Directors are set out in Section 4 of this Target's Statement.

## 9.3 REJECTING THE OFFER

If you wish to reject the Offer you need not take any action. You will retain your Orbis Gold Shares, subject to SEMAFO acquiring 90% of the Orbis Gold Shares issued which would accordingly entitle SEMAFO to compulsorily acquire all remaining Orbis Gold Shares.

## 9.4 ACCEPTING THE OFFER

If you wish to accept the Offer you must follow the instructions set out in Section 9.3 of the Bidder's Statement.

In summary:

a. if your Orbis Gold Shares are held in an Issuer Sponsored Holding – you must complete and sign the Acceptance Form enclosed with the Bidder's Statement and return it together with all other documents required by the instructions on it to one of the addresses specified on the Acceptance Form in the addressed envelope provided; or

b. if your Orbis Gold Shares are held in a CHESS Holding – you can either:

   1. complete, sign and return the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions, to SEMAFO at an address specified in the Acceptance Form;
   2. instruct your broker or other non-broker controlling participant under the ASX Settlement Operating Rules and to initiate acceptance of the Offer on your behalf in accordance with those ASX Settlement Operating Rules; or
   3. complete, sign and return the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions, directly to your broker or other non-broker controlling participant, with instructions to initiate acceptance of the Offer on your behalf in accordance with the ASX Settlement Operating Rules.

c. You can only accept the Offer for all of your Orbis Gold Shares in accordance with Section 9.3 of the Bidder's Statement.

d. Refer to Section 9.3 of the Bidder's Statement for an explanation or clarification of any of these requirements.

e. Acceptances must be received by 7.00pm (Sydney time) 16 January 2015, unless the Offer is extended.

If you accept the Offer, you are prevented from selling your Orbis Gold Shares on the market unless you withdraw your acceptance where you have a right to do so. The right to withdraw an acceptance of the Offer is limited – refer to Section 9.6 of this Target's Statement for full details of the consequences of accepting the Offer.

## 9.5 INSTITUTIONAL ACCEPTANCE FACILITY

SEMAFO have established an Institutional Acceptance Facility open to Eligible Shareholders in order to facilitate receipt of acceptances of the Offer. Orbis Gold Shareholders who are not Eligible Shareholders cannot participate in the Institutional Acceptance Facility.

Eligible Shareholders should note in respect of this Institutional Acceptance Facility that:

the terms of the appointment and form of the Custodian Direction (**Appointment Documents**), which will bind Eligible Shareholders who wish to utilise the Institutional Acceptance Facility have not been disclosed in the Bidder's Statement;

- whilst Orbis Gold has therefore not reviewed these Appointment Documents, it is considered likely that they will contain restrictions or obligations on participating Eligible Shareholders who wish to sell their shares on ASX after seeking to participate in the Institutional Acceptance Facility. This may include an obligation to first formally revoke any acceptance instructions.

Refer to Section 9.4 of the Bidder's Statement for further information regarding the Institutional Acceptance Facility.

## 9.6 EFFECT OF ACCEPTING THE OFFER

The Offer is currently subject to the Conditions. If the Offer becomes unconditional and you accept the Offer, you will receive $0.65 cash in respect of each Orbis Gold Share for which you accept the Offer.

Subject to any statutory withdrawal rights that may apply, once you accept the Offer (even while it is subject to conditions), you will:

a. give up your right to sell your Orbis Gold Shares to anyone else, including selling them on ASX or accepting any superior offer that may emerge; and

b. give up your right to otherwise deal with your Orbis Gold Shares.

However, you will be entitled to receive any increase that SEMAFO makes to the Offer Price after your acceptance.

Complete details of the effect of acceptance of the Offer are set out in sections 9.5 and 9.6 of the Bidder's Statement. You should read that section in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Orbis Gold Shares, and representations and warranties that you give should you choose to accept the Offer. The rights you will give up will include your voting rights and entitlements to receive any dividends from the date of your acceptance of the Offer.

## 9.7 STATUTORY RIGHTS TO WITHDRAW YOUR ACCEPTANCE

You will only have statutory rights to withdraw your acceptance if:

a. the Conditions of the Offer have not been satisfied or waived by SEMAFO; and

b. the Offer is varied in such a way as to postpone for more than one month, the time by which SEMAFO has to meet its obligations under the Offer; and

c. you are a person entitled to be given a notice of the variation under subsection 650D(1) of the Corporations Act.

In such circumstances, you will be sent a notice at the relevant time explaining your rights to withdraw your acceptance of the Offer.

Except in these limited circumstances, if you accept the Offer, you will give up your rights to sell your Orbis Gold Shares or to accept any competing offer, if such an offer were made, during the Offer Period.

## 9.8 SELLING YOUR ORBIS GOLD SHARES ON THE ASX

Provided that you have not accepted the Offer, you can sell your Orbis Gold Shares on the market according to the prevailing market value of Orbis Gold Shares. If you wish to sell your Orbis Gold Shares on-market, you should contact your broker.

## 9.9 ENQUIRIES

If you have any queries in relation to the Offer, you should contact your financial, legal or other professional advisor.

Orbis Gold has set up a Shareholder information line. If you have any questions in relation to the Offer, please call Orbis Gold's information line on 1300 868 464 for callers within Australia or on +61 1300 868 464 for callers outside Australia. The information line will be open from Monday to Friday between 8.30am to 5.30pm (Sydney time).

# Section 10
# INTERESTS OF ORBIS GOLD DIRECTORS

# 10. Interests of Orbis Gold Directors

### 10.1 DIRECTORS' INTERESTS IN ORBIS GOLD SHARES AND OPTIONS

At the date of this Target's Statement, Directors and their Associates have a relevant interest in the following Shares and Options:

| DIRECTOR | DESCRIPTION |
|---|---|
| John Bovard | 749,000 Shares |
| Peter Spiers | 3,836,906 Shares and 1,000,000 Options exercisable at $0.50 and expiring on 21 November 2015 |
| Nicholas Mather* | 1,660,124 Shares |
| Michele Muscillo | 531,250 Shares |
| Kevin Tomlinson | 2,250,735 Shares |

* Mr Nicholas Mather is also the managing director and a substantial shareholder of DGR Global Limited. The shareholding of DGR Global Limited in the Company is set out in Section 4.

Please see the Company's Annual Report for further information.

### 10.2 RECENT DEALINGS IN ORBIS GOLD SHARES BY DIRECTORS

There have been no acquisitions or disposals of Orbis Gold Shares by Directors or any of their respective Associates in the four months preceding the date of this Target's Statement.

### 10.3 INTERESTS OR DEALINGS IN SEMAFO SECURITIES

None of the Directors or any of their respective Associates have any relevant interest in the securities of SEMAFO or any related body corporate of SEMAFO, or have acquired or disposed of any securities of SEMAFO or any related body corporate of SEMAFO in the four months preceding the date of this Target's Statement.

### 10.4 NO PAYMENTS OR BENEFITS

No Director has agreed to receive, or is entitled to receive, any benefit in SEMAFO or Orbis Gold which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Orbis Gold Shares.

As a result of the Offer, no benefit has been or will be given to a person:

a. in connection with the retirement of a person from the board or management of the Orbis Gold Group; or

b. who holds, or has held a position on the board or management of the Orbis Gold Group, or a spouse, relative or Associate of such person, in connection with the transfer of the whole or any part of the undertaking of property Orbis Gold; or

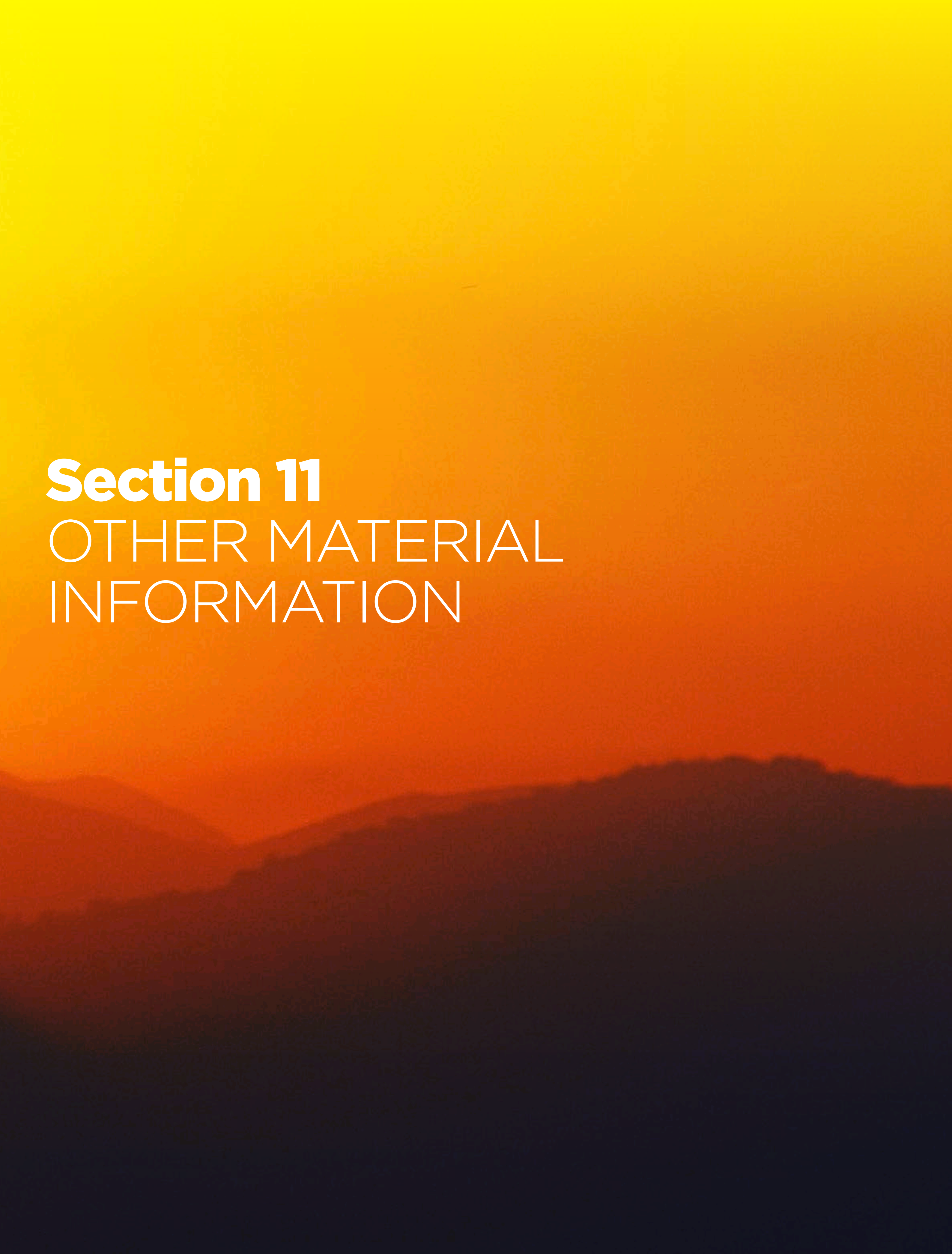
c. which would require approval of Orbis Gold Shareholders under section 200B of the Corporations Act.

### 10.5 NO AGREEMENT OR ARRANGEMENT WITH ANY DIRECTOR OF ORBIS GOLD

There is no agreement or arrangement made between any Director or any related body corporate or Associate of any Director and any other person in connection with or conditional upon the outcome of the Offer.

### 10.6 INTERESTS HELD BY DIRECTORS OF ORBIS GOLD IN ANY CONTRACT ENTERED INTO BY SEMAFO

No Director, nor any related body corporate or Associate of Orbis Gold, has an interest in any contract entered into by SEMAFO or any Director, related body corporate or Associate of SEMAFO.



# Section 11
# OTHER MATERIAL INFORMATION

# 11. Other Material Information

## 11.1 CONDITIONS OF THE OFFER

The Offer is subject to the Conditions contained in Section 9.9 of the Bidder's Statement and which are replicated in Section 5.4 above of this Target's Statement.

## 11.2 STATUS OF THE CONDITIONS

In section 8 of the Bidder's Statement, SEMAFO has set out what it believes to be the status of the Conditions of the Offer. SEMAFO has stated that the following actions of Orbis Gold have potentially triggered, or have the potential to trigger, Conditions of the Offer:

**a. Rights Issue**

SEMAFO appear to have confirmed the view of Orbis Gold that the Rights Issue, which was overwhelmingly supported by Orbis Gold's Shareholders at the Company's AGM on 28 November 2014, will not trigger a Condition of the Offer unless and until Orbis Gold subsequently issues Orbis Gold Shares pursuant to the Rights Issue.

Please see Section 11.4 of this Target's Statement for further information in relation to the Rights Issue generally and as it relates to the Conditions.

**b. Working Capital Facility**

SEMAFO has stated that Orbis Gold's US$4.3 million working capital finance facility (**Facility**) has potentially triggered, or may potentially trigger, a number of Conditions of the Offer.

For the reasons set out in Section 11.3, the Company does not believe that the Facility has triggered any of the Conditions that SEMAFO have referred to.

**c. Entry into third party Agreements**

SEMAFO has stated that the appointment of Maxit Capital LP as the Company's strategic advisor, the appointment of a drilling service provider to conduct a multi-rig drilling program at the Company's Natougou Project and the appointment of Cutfield Freeman & Co as the Company's debt advisor may have triggered the Condition set out in Section 5.4(f)(3) (relating to agreements with aggregate expenditure of greater than $750,000) or Section 5.4(f)(4) (relating to incurring any liability of greater than $750,000).

Details of each of these agreements and the reasons why Orbis Gold is not of the view that entry into the agreements has triggered the Conditions referred to by SEMAFO, are set out in Section 11.6.

## 11.3 WORKING CAPITAL FINANCE FACILITY

As set out in the Company's Quarterly Activities Report released on the ASX on 3 November 2014, the Company has a $US4.3 million capital working facility (the **Facility**). The Facility, which initially comprised of a promissory note with a principal sum of US$3 million (**Principal Sum**), was established on 7 October 2014, prior to the Announcement Date and was provided by Macquarie Bank Limited (**Macquarie Bank**). The Company drew down the full amount of the Principal Sum on 7 October 2014. The Principal Sum was secured by a general security agreement in respect of Orbis Gold's property.

The Company subsequently extended and drew down on the Facility by an amount of US$1.3 million on 31 October 2014 by way of a new promissory note, to provide sufficient capital to progress the Company's scheduled work programs in the ordinary course (**Facility Extension**). In connection with the Facility Extension, the terms of the original promissory note and the general security agreement were amended, however no further security was granted over Orbis Gold's property.

The terms of the Facility and the Facility Extension were amended on 10 December 2014 to extend the date of repayment of monies owing to its existing banker, Macquarie Bank, from 31 January 2015 to 31 March 2015 (**Maturity Date**). The Facility will however be repayable prior to the Maturity Date if there is a demand from Macquarie Bank following an event of default under the general security agreement (which was a condition of the original Facility and the Facility Extension and includes, amongst other things, a change of control of Orbis Gold) or Orbis Gold receives funds following the completion of any equity or debt funding transaction.

Section 8.2 of the Bidder's Statement contains a series of statements made by SEMAFO alleging potential breaches of the Conditions of the Offer as a result of the entry into, drawdown and disclosures made by Orbis Gold in respect of the Facility. Specifically, SEMAFO considers that the following Conditions of the Offer may have been breached:

1. **SEMAFO Assertion: Condition 9.9(c) (No Prescribed Occurrences):**

   At Section 8.2(b) of the Bidder's Statement SEMAFO has stated that the No Prescribed Occurrences Condition set out in Section 9.9(c) of the Bidder's Statement may have been triggered, or may be triggered, in connection with the Facility. Although no further information is provided as to the basis upon which SEMAFO considers it possible that the No Prescribed Occurrences condition may have been triggered, Orbis Gold can only speculate that SEMAFO is referring to the Condition in 9.9(b)(vii) which by virtue of 9.9(c) prohibits the grant of a security interest over Orbis Gold's property between the date of the Announcement and the day immediately before the Bidder's Statement is given to Orbis Gold.

   **Orbis Gold's Response**

   Given that the security over Orbis Gold's property was granted in favour of Macquarie Bank prior to the Announcement Date and that no further security was granted in connection with the Facility Extension, Orbis Gold is of the view that Condition 9.9(c) of the Offer could not have been triggered.

2. **SEMAFO Assertion: Condition 9.9(f)(iv) (No material acquisitions, disposals, commitments or other transactions):**

   At Section 8.2(e) of the Bidder's Statement SEMAFO has stated that to the extent that Orbis Gold has drawn down or will draw down on the Facility after the Announcement Date for an amount greater than $750,000.00 and therefore incurs a liability of greater than $750,000.00, SEMAFO consider that the Condition in 9.9(f)(iv) will have been triggered.

   **Orbis Gold's Response**

   Orbis Gold does not agree with SEMAFO's contentions. As noted below, the Condition in 9.9(h)(i) of the Bidder's Statement expressly permits Orbis Gold to obtain temporary borrowings from its existing bankers in the ordinary course of business (as a carve-out to the prohibition contained in Condition 9.9(h)(i)). There is no stated monetary threshold on this ability and Orbis Gold is of the view that the Condition in 9.9(f)(iv) will not apply to circumstances specifically permitted by the carve-out to Condition 9.9(h)(i).

3. **SEMAFO Assertion: Condition 9.9(h)(i) (Conduct of Orbis Gold's business)**

   At Section 8.2(g) of the Bidder's Statement SEMAFO has stated that to the extent that Orbis Gold has drawn down, or will draw down on the Facility after the Announcement Date for an amount or on terms that would not be considered temporary borrowing from its bankers in the ordinary course of its business, then the Condition in 9.9(h)(i) of the Bidder's Statement may be triggered. SEMAFO has also invited Orbis Gold to confirm whether any of the other Conditions in 9.9(h) of the Bidder's Statement have occurred.

   **Orbis Gold's Response**

   Although Orbis Gold drew down on the Facility Extension after the Announcement Date, it is of the view that the Facility Extension does not trigger Condition 9.9(h)(i) of the Bidder's Statement given the Facility Extension falls within the carve-out to Condition 9.9(h)(i) in that it was with Orbis Gold's existing lender, Macquarie Bank, and is a short term loan on arms length commercial terms.

   Orbis Gold is of the view that no other Condition in 9.9(h) of the Bidder's Statement has been breached.

4. **SEMAFO Assertion Condition 9.9(j) (No material failings in filings)**

   At Section 8.2(i) of the Bidder's Statement SEMAFO has stated that it is of the view that the establishment of the Facility was material to Orbis Gold and, subject to its terms, SEMAFO considers that Orbis Gold's failure to immediately disclose the establishment of the Facility, and its material terms, may amount to a material failing in Orbis Gold's filings with ASX, triggering the Condition in Section 9.9(j)(ii) of the Bidder's Statement.

   **Orbis Gold's Response**

   Orbis Gold does not agree with SEMAFO's contention that the entry into the short term, commercial working capital facility was material when put in the context of the Company having already entered into a binding agreement with a strategic partner, Greenstone Resources LP, to raise US$20 million via an issuance of equity (as announced by Orbis Gold on 23 September 2014). Orbis Gold considers it is in compliance with its continuous disclosure requirements and does not consider that the Condition in Section 9.9(j)(ii) of the Bidder's Statement has been triggered.

## 11.4 RIGHTS ISSUE

Orbis Gold obtained Shareholder approval to undertake an accelerated pro-rata non-renounceable rights issue (**Rights Issue**) at the 2014 AGM held on 28 November 2014. The Company does not believe that the attainment of this Shareholder approval to undertake the Rights Issue would, of itself, breach the Conditions of SEMAFO's Offer. However, if the Board does subsequently proceed with the issue and allotment of the Rights Issue Shares, due to the Company requiring funding, this would likely amount to a breach of the Conditions of SEMAFO's Offer.

## 11.5 FUNDING GENERALLY

Whilst the Board of Orbis Gold does not consider it appropriate to deliberately frustrate the Offer, the Company anticipates that it may, in the future, need to raise additional capital to progress the Company's scheduled work programs per its existing strategic plan. This capital may be raised in a variety of forms including (without limitation) under the Rights Issue, or via additional debt. As noted above, raising capital in this fashion would likely constitute a breach of the Conditions.

Any decision made by the Board in respect of such funding will be with reference to market conditions, working capital requirements and consideration of other financing alternatives and potential corporate transactions.

## 11.6 CONTRACTS

Since the Announcement Date, Orbis has entered into the following agreements with third parties:

### Cutfield Freeman & Co

As set out in Orbis Gold's announcement dated 20 November 2014, the Company has entered into an agreement with Cutfield Freeman & Co Limited (**Cutfield Freeman**) under which Cutfield Freeman have been appointed as the Company's independent debt advisor (**Cutfield Engagement Agreement**). The appointment of Cutfield Freeman followed approaches from several financial institutions with indicative funding proposals, including the possibility of funding completion of the DFS with debt, and procuring significant funds and financial support for the development of the Natougou Project.

Pursuant to the Cutfield Engagement Agreement, Cutfield Freeman are paid a monthly retainer for each month it undertakes substantive work, a success fee calculated on the amount of any funding procured by Cutfield Freeman and a broker deal fee in the event that Orbis Gold signs a committed term sheet but before closing of the debt funding, there is a change in control of Orbis Gold or the Natougou Project.

The Company does not believe that the entry into the Cutfield Engagement Agreement constitutes a breach of the Conditions of SEMAFO's Offer. In the event that Orbis Gold enters into any future loan agreement as a result of services provided by Cutfield Freeman, the Company will be in breach of SEMAFO's Condition 9.9(h)(i) which precludes Orbis Gold from borrowing any money during the Condition Period (other than temporary borrowings from Orbis Gold's existing bankers in the ordinary course of business). Depending on the amount of the funding procured, the Company may also be in breach of Conditions 9.9(f)(iii) and (iv) which preclude Orbis Gold from entering into an agreement which would require expenditure greater than $750,000 or expose Orbis Gold to a liability of greater than $750,000.

### Maxit Capital LP

As set out in Orbis Gold's announcement dated 21 October 2014, the Company has appointed Maxit Capital LP as its strategic advisor. Maxit Capital LP is a Canadian independent advisory firm with expertise in mergers and acquisitions with a particular capability in hostile mining transactions.

Pursuant to the engagement agreement with Maxit Capital LP, no engagement fee or monthly retainer is payable by the Company to Maxit Capital LP. In the event that a transaction involving a change of control of the Company or the sale of all or substantially all of the Company's assets is completed, a completion fee calculated on the value of the transaction will be payable to Maxit Capital LP. Maxit Capital LP is also entitled to an independence fee in the event that SEMAFO's Offer is unsuccessful and no alternate transaction is completed.

The Company does not believe that the engagement of Maxit Capital LP breaches a Condition of SEMAFO's Offer. In the event that the Company does enter into or complete a transaction (of which there is no guarantee), depending on the value of the transaction, it is possible that the Condition 9.9(f)(iii) precluding the Company from entering into an agreement requiring expenditure greater than $750,000 will be triggered.

### Drilling Contract

As set out in Orbis Gold's announcement dated 24 October 2014, Orbis Gold is conducting a multi-rig drilling program of the Natougou Project. The drilling program is being conducted under a master services drilling agreement under which a fee is payable to the drill operator for each metre drilled as well as other time based payments. There are no commitments to drill under the master services agreement and therefore no minimum expenditure payable to the drill operator. The costs of drilling the current program of the Natougou Project have not exceeded $750,000 and accordingly Orbis Gold is not of the view that the drilling program has triggered a Condition of the Offer.

## 11.7 BREACH OF CONDITIONS

For the reasons set out in this Section, Orbis Gold is not of the view that it has triggered or breached a Condition of the Offer. If however it is subsequently determined that the actions of Orbis Gold has, or will before the date for giving the notice of status of conditions, resulted in the non-fulfilment of a Condition, SEMAFO has stated in Section 8.1 of the Bidder's Statement that it might not make a decision as to whether it will rely on that non-fulfilment, or waive the Condition, until the date for giving notice as to the status of the Conditions of the Offer under section 630(3) of the Corporations Act. SEMAFO has further provided that if SEMAFO decides that it will waive a Condition that it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If any of the Conditions are not satisfied, and SEMAFO decides to rely on the non-satisfaction, then any contract resulting from acceptance of SEMAFO's Offer will become void at (or, in some cases, shortly after), the end of the Offer Period.

## 11.8 WAIVER OF CONDITIONS

SEMAFO may waive a Condition that has been breached or otherwise not satisfied. If SEMAFO elects to proceed with SEMAFO's Offer irrespective of any breach of the Conditions (including as a result of Shares that may be issued pursuant to the Rights Issue or the raising of debt), then the Offer will continue unaffected by the breach of Condition.

In the event that the breach of Condition occurs as a result of the issue of Shares under a Rights Issue, Shareholders will not have the ability to accept SEMAFO's Offer in respect of any Shares they have acquired under the Rights Issue unless a waiver is granted to SEMAFO by ASIC to allow it to extend the bid to the Rights Issue shares (as SEMAFO's Offer does not, and may never without a waiver from ASIC, extend to those Shares).

It may be possible that SEMAFO may elect to proceed with its bid despite the Company being in breach of a Condition, however there can be no guarantee that this will be the case.

If a breach of Condition occurs and SEMAFO do not waive the Condition, SEMAFO will not proceed with the Offer as any contract resulting from an acceptance will become void.

## 11.9 NOTICE OF STATUS OF CONDITIONS

As required by section 630 of the Corporations Act, SEMAFO will give a notice of status of conditions (the **Conditions Notice**) to the ASX and Orbis Gold not more than 14 days and not less than 7 days before the end of the Offer Period.

SEMAFO is required to set out in its Conditions Notice:

- whether the Offer is free of any or all of the Conditions; and
- whether, so far as SEMAFO knows, the Conditions have been fulfilled on the date the Conditions Notice is given; and
- SEMAFO's voting power in Orbis Gold (including voting power acquired as a result of acceptances received under the Offer).

If the Offer Period is extended by a period before the time by which the Conditions Notice is to be given, the date for giving the Conditions Notice will be taken to be postponed for the same period. In the event of such an extension, SEMAFO is required, as soon as practicable after the extension, to give a notice to the ASX and Orbis Gold that states the new date for the giving of the Conditions Notice. If a Condition is fulfilled (so that SEMAFO's Offer becomes free of that Condition) during the bid period but before the date on which the Conditions Notice is required to be given, SEMAFO must, as soon as practicable, give the ASX and Orbis Gold a notice that states that the particular Condition has been fulfilled.

## 11.10 MINORITY OWNERSHIP CONSEQUENCES

The Offer is subject to a 50% minimum acceptance condition.

In Section 6.3 of the Bidder's Statement, SEMAFO sets out its intentions if, as a result of the Offer, it controls Orbis Gold, but it is not entitled to compulsorily acquire the outstanding Orbis Gold Shares. If this were to occur, those Orbis Gold Shareholders who do not accept the Offer will become minority Shareholders in Orbis Gold. This has a number of possible implications including the following:

a. SEMAFO will be in a position to cast the majority of votes at a general meeting of Orbis Gold shareholders. This will enable SEMAFO to control the composition of the Orbis Gold Board and senior management, determine Orbis Gold's dividend policy and control the strategic direction of the businesses of the Orbis Gold Group;
b. SEMAFO intends to reconstitute the Orbis Gold Board so that at least a majority of directors are nominees of SEMAFO;
c. the Orbis Gold Share price could fall immediately following the end of the Offer Period;
d. it is likely that the liquidity of Orbis Gold Shares would be significantly lower than at present, with the result that it will be more difficult to buy and sell Orbis Gold Shares on the ASX;
e. if SEMAFO acquires 75% or more of the Orbis Gold Shares, it will be able to pass special resolutions of Orbis Gold. This will enable SEMAFO to, among other things, change Orbis Gold's Constitution; and
f. the change of control provisions in the general security agreement in favour of Macquarie Bank referred to in Section 11.3 above will be triggered. Depending on the action taken by Macquarie Bank, it is possible that Orbis Gold would need to seek to raise funding to repay the amount of the Facility.

## 11.11 OFFER PERIOD

SEMAFO's Offer is open for acceptance from 15 December 2014 until 7.00pm (Sydney time) 16 January 2015, unless extended or withdrawn in accordance with the Corporations Act.

## 11.12 WITHDRAWAL OF YOUR ACCEPTANCE

Once you accept the Offer you will not be able to sell your Orbis Gold Shares on market or otherwise dispose of your Orbis Gold Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances.

Orbis Gold Shareholders may only withdraw their acceptance of the Offer if the Offer remains subject to Conditions and is varied (such as by an extension of the Offer Period) so as to postpone for more than one month the time when SEMAFO must meet its obligations under the Offer.

Your early acceptance of the Offer (subject to subsequent withdrawal) will prevent you from being able to accept any superior offer from another bidder which may eventuate following that acceptance.

The recommendation of the Orbis Gold Directors is to **REJECT** the Offer. Further details of the recommendation of the Directors are set out in Section 4 of the Target's Statement.

## 11.13 COMPULSORY ACQUISITION

If SEMAFO acquires a relevant interest in at least 90% of Orbis Gold Shares then, pursuant to Part 6A.1 Division 1 of the Corporations Act, SEMAFO will be entitled to compulsorily acquire any Orbis Gold Shares in respect of which it has not received acceptances of the Offer.

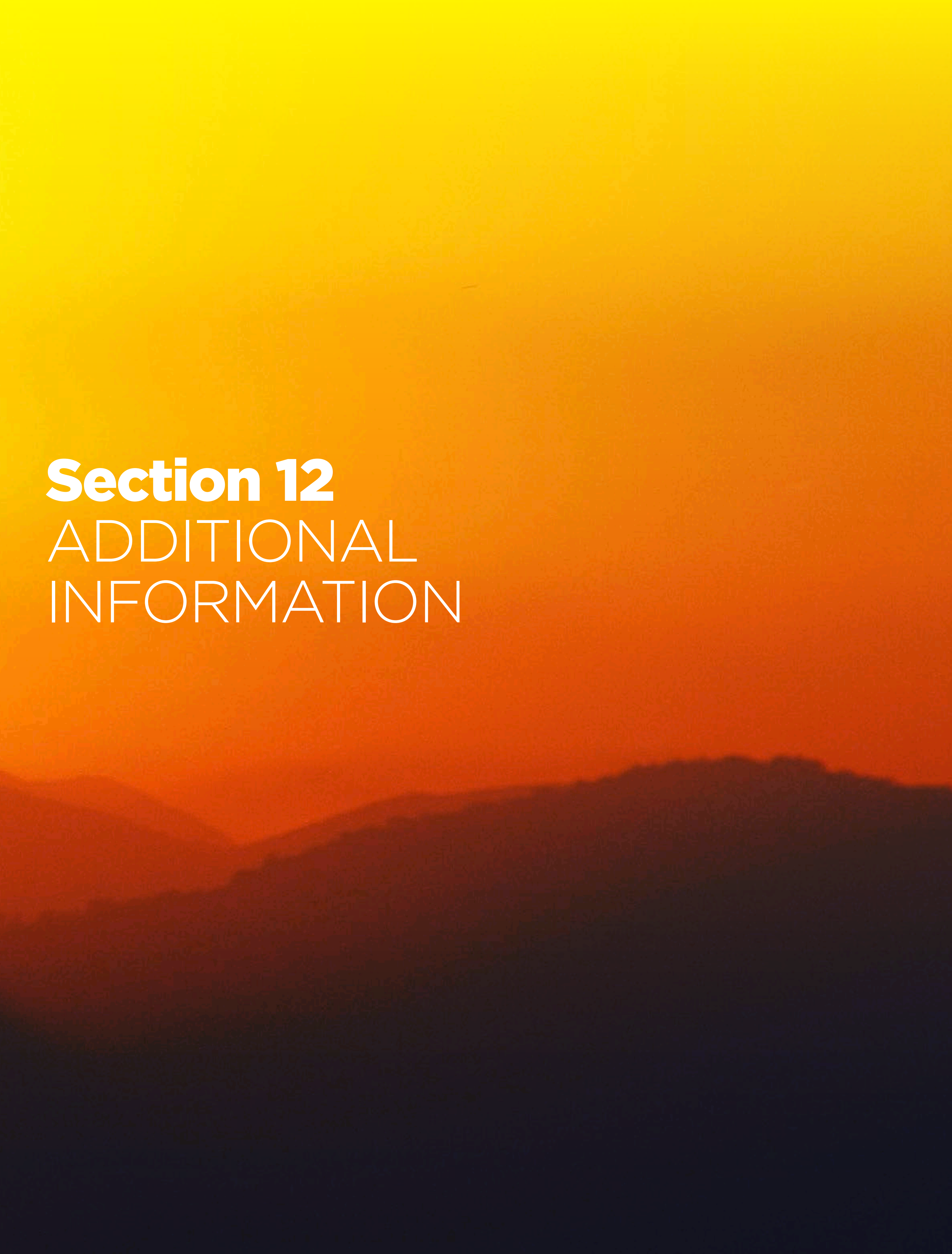
Orbis Gold Shareholders should be aware that, if their Orbis Gold Shares are compulsorily acquired, they are not likely to receive payment until at least one month after the compulsory acquisition notices are dispatched to them.

If SEMAFO does not become entitled to compulsorily acquire Orbis Gold Shares in accordance with Part 6A Division 1 of the Corporations Act, it may nevertheless become entitled to exercise general compulsory acquisition rights under Part 6A.2 Division 1 of the Corporations Act, if it subsequently acquires full beneficial interests in at least 90% of Orbis Gold Shares.

SEMAFO has indicated in Sections 2 and 6.2 of the Bidder's Statement that it intends to proceed to compulsory acquisition of the outstanding Orbis Gold Shares, if it meets the required thresholds.

Additionally, in the event that SEMAFO and its Associates have a relevant interest in at least 90% of the Shares of Orbis Gold at the end of the Offer Period, SEMAFO will be required under the Corporations Act to offer to buy Orbis Gold Options that remain unexercised.

# Section 12
# ADDITIONAL INFORMATION



# 12. Additional Information

## 12.1 ISSUED CAPITAL

As at the date of this Target's Statement, Orbis Gold's issued capital consisted of:

a. 249,886,056 ordinary fully paid shares; and

b. 2,300,000 options to subscribe for ordinary fully paid shares as follows:

   1. 300,000 options exercisable at $0.55 and expiring 22/02/2015;
   2. 1,000,000 options exercisable at $0.50 and expiring 21/11/2015; and
   3. 1,000,000 options exercisable at $0.51 and expiring 24/10/2016.

## 12.2 NOTICE OF THE BIDDER'S VOTING POWER

As at 1 December 2014, the Bidder held a relevant interest of 0.002% in Orbis Gold's issued capital (5,000 Orbis Gold Shares). The Bidder is required to notify the ASX and Orbis Gold before 9.30am (Sydney time) on each trading day during the Offer Period where there is an increase in SEMAFO's relevant interest representing at least 1% in Orbis Gold's issued capital.

## 12.3 DISCLOSING ENTITY

Orbis Gold is a disclosing entity and as such is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of the documents filed with the ASX may be obtained from the ASX website at www.asx.com.au or Orbis Gold's website at www.orbisgold.com.

Copies of the documents lodged with ASIC in relation to Orbis Gold may be obtained from, or inspected at, an ASIC office.

Orbis Gold Shareholders may obtain a copy of:

- the 2014 Annual Report of Orbis Gold;
- the interim financial statements of Orbis Gold for the full-year ended 30 June 2014;
- Orbis Gold's constitution; and
- any document lodged by Orbis Gold with the ASX between the release of the 2014 Annual Report to the ASX and the date of this Target's Statement,

free of charge upon request by contacting Orbis Gold or on the ASX website at www.asx.com.au.

## 12.4 FINANCIAL POSITION OF ORBIS GOLD

The last published financial results of Orbis Gold were for the year ended 30 June 2014.

Since this date, the Company has established a US$4.3 million working capital facility which has been fully drawn down and repayable on 31 March 2015. Given the Company's ongoing expenditure program, the Company is expected to require new funding within, or shortly after, the Offer expiry date.

## 12.5 ORBIS GOLD – PERFORMANCE RIGHTS PLAN

Shareholders approved the performance rights plan of the Company (**Performance Rights Plan**) at the 2014 AGM held on 28 November 2014.

The Performance Rights Plan is a flexible equity-based scheme which allows the Company to grant different types of appropriately structured performance-based awards to eligible employees, depending upon the prevailing circumstances and having regard to market practices generally.

As set out in the notice of AGM, if Orbis Gold issues performance rights under the Performance Rights Plan, it may result in a breach of the Conditions imposed by SEMAFO. As a result of such a breach, there is a risk that SEMAFO may determine not to proceed with SEMAFO's Offer.

Notwithstanding the above, the Directors do not intend to issue any performance rights (or the underlying Shares) while SEMAFO's Offer is outstanding.

## 12.6 NO OTHER MATERIAL INFORMATION

This Target's Statement is required to include all information that Shareholders and their advisors would reasonably expect to receive to make an informed assessment whether to accept the Offer, but only to the extent that:

- it is reasonable for the Shareholders and their advisors to expect to receive that information in the Target's Statement; and
- the information is known to the Directors.

The Directors are of the opinion that the information that the Shareholders and their professional advisors would reasonably require to make an informed assessment whether to accept or reject the Offer are contained within:

- this Target's Statement;
- the Bidder's Statement (to the extent that the information contained in that document is not inconsistent with the Target's Statement);
- the annual and other financial reports, releases, announcements and documents lodged by SEMAFO with TSX and NASDAQ OMX Stockholm (to the extent such information is accurate); and
- the annual and other financial reports, releases, announcements and documents lodged by Orbis Gold with ASX and/or ASIC.

In preparing this Target's Statement, the Directors have assumed that the information contained in the Bidder's Statement is accurate. However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all of the statements contained within it.

In deciding what information should be contained in this Target's Statement, the Directors have had regard to:

- the nature of the Orbis Gold Shares;
- the matters that Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisors of Shareholders; and
- the time available to Orbis Gold to prepare the Target's Statement.

# Section 13
# CONSENTS

# 13. Consents

## 13.1 DIRECTORS

The Directors have given and have not, before the lodgement of this Target's Statement with ASIC, withdrawn their consent to be named in this Target's Statement in the form and context in which they are named.

## 13.2 THIRD PARTIES

HopgoodGanim has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as legal advisor to Orbis Gold in respect of the Offer in the form and context in which it is named. HopgoodGanim does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, HopgoodGanim expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Merrill Lynch has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as financial advisor to Orbis Gold in respect of the Offer in the form and context in which it is named. Merrill Lynch does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Merrill Lynch expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Maxit Capital LP has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as strategic advisor to Orbis Gold in respect of the Offer in the form and context in which it is named. Maxit Capital LP does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Maxit Capital LP expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Grant Thornton Corporate Finance has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as Independent Expert in respect of the Offer in the form and context in which it is named and for the inclusion of the Independent Expert's Report in the Target's Statement.

Snowden Mining Industry Consultants has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement in the form and context in which it is named, and for the inclusion of the Independent Technical Report and Mineral Asset Valuation (as contained within the Independent Expert's Report prepared by Grant Thornton Corporate Finance) in the Target's Statement.

Link Market Services Limited has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement as Share Registry to Orbis Gold in respect of the Offer in the form and context in which it is named. Link Market Services Limited does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based. To the maximum extent permitted by law, Link Market Services Limited expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Cutfield Freeman & Co Limited has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to be named in this Target's Statement in the form and context in which it is named.

The Shareholders referred to in Section 4.5 (who do not intend as at the date of this Target's Statement to accept SEMAFO's Offer at its current price, however reserve the right to accept SEMAFO's Offer should no superior proposal emerge) have given and have not, before lodgement of this Target's Statement with ASIC, withdrawn their written consent to be named in the form and context in which they are named.

### 13.3 PUBLICLY AVAILABLE INFORMATION

This Target's Statement contains statements which are made in, or based upon, statements contained in the Bidder's Statement lodged with ASIC. As permitted by ASIC Class Order 01/1543, the consent of SEMAFO is not required for the inclusion of these statements in the Target's Statement.

Orbis Gold will, on request and during the bid period, provide a copy of those documents, or the relevant parts of those documents containing the statement, free of charge and within two business days of the request to any Orbis Gold Shareholder. To obtain a copy of any of those documents, or the relevant parts of those documents containing the statements, please call the Offer Information Line on 1300 868 464 for callers within Australia or on +61 1300 868 464 for callers outside Australia. The information line will be open from Monday to Friday between 8.30am to 5.30pm (Sydney time).

# Section 14
## INTERPRETATIONS

# 14. Interpretations

### 14.1 IN THIS TARGET'S STATEMENT UNLESS THE CONTRARY INTENTION APPEARS THE FOLLOWING WORDS HAVE THE FOLLOWING MEANINGS:

| TERM | MEANING |
|---|---|
| **Acceptance Form** | means the acceptance form enclosed with the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of SEMAFO |
| **Acceptance Instructions** | means the Acceptance Forms and/or Custodian Directions lodged with the Facility Operator by Eligible Shareholders as referred to in Section 9.4 |
| **AGM** | means annual general meeting |
| **Announcement Date** | means 16 October 2014, being the date on which SEMAFO announced publicly that SEMAFO proposed to make the Offer |
| **Approval** | means a licence, authority, consent, approval, order, exemption, waiver, permit, tenement, ruling or decision |
| **ASIC** | means the Australian Securities and Investments Commission |
| **Associate** | has the meaning given to that term in the Corporations Act |
| **ASX** | means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it |
| **ASX Settlement Operating Rules** | means the operating rules of ASX Settlement Pty Limited as amended and replaced from time to time |
| **Bidder** | means SEMAFO |
| **Bidder's Statement** | means that Bidder's Statement dated 1 December 2014 given by SEMAFO to Orbis Gold on 1 December 2014 in accordance with the provisions of Part 6.5 of the Corporations Act |
| **CHESS** | means the Clearing House Electronic Sub-registry System operated by ASX which provides for the electronic transfer, settlement and registration of securities |
| **CHESS Holding** | means a holding of Orbis Gold Shares on the CHESS Sub-register of Orbis Gold |
| **CHESS Sub-register** | has the meaning given in the ASX Settlement Operating Rules |
| **Closing Date** | means 7.00pm (Sydney time) on 16 January 2015 |
| **Company** or **Orbis Gold** | means Orbis Gold Limited ACN 120 212 017 |
| **Conditions** | mean the conditions of the Offer as set out in Section 5.4 of this Target's Statement and Section 9.9 of the Bidder's Statement |
| **Condition Period** | means the period beginning on the Announcement Date and ending at the end of the Offer Period |
| **Confirmation Notice** | means a written notice given by SEMAFO to the Facility Operator confirming that SEMAFO has declared the Offer free from all Conditions that have not been fulfilled or waived or will declare the Offer free from all Conditions that have not been fulfilled or waived no later than the time that all Acceptance Instructions lodged with the Facility Operator are processed |
| **Consensus Risked NAV** | means the average of Risked NAV valuations published by those brokers who fit within the Selection Criteria |
| **Corporations Act** | means the Corporations Act 2001 (Cth) |
| **Custodian Directions** | means directions to an Eligible Shareholder's custodian (the form of which will be made available to Eligible Shareholders on request by the Facility Operator) to accept the Offer |
| **DFS** | means definitive feasibility study |

| TERM | MEANING |
|---|---|
| **Directors** | mean the directors of Orbis Gold |
| **Eligible Shareholders** | means Orbis Gold Shareholders who are professional investors (as defined in section 9 of the Corporations Act) that hold or beneficially own at least 769,231 Orbis Gold Shares with an aggregate value of at least $500,000, assuming a share price of $0.65 per Orbis Gold Share |
| **Facility Operator** | means the operator of the Institutional Acceptance Facility, being Computershare Clearing Pty Ltd |
| **Facility** | means the Company's US$4.3 million working capital facility described in Section 11.3 of this Target's Statement |
| **Independent Expert's Report** | means the report prepared by the Independent Expert that accompanies this Target's Statement as Annexure A |
| **Institutional Acceptance Facility** | means the institutional acceptance facility established by SEMAFO and open to all Eligible Shareholders |
| **IRR** | means internal rate of return |
| **Issuer Sponsored Holding** | means a holding of Orbis Gold Shares on the Issuer Sponsored Sub-register of Orbis |
| **Issuer Sponsored Sub-register** | has the meaning given in the ASX Settlement Operating Rules |
| **Koz** | means thousand ounces |
| **Listing Rules** | means the Listing Rules of ASX |
| **Merrill Lynch** | means Merrill Lynch Markets (Australia) Pty Ltd ACN 000 890 451 |
| **Moz** | means million ounces |
| **NAV** | means net asset value |
| **NPV** | means net present value |
| **$NPV_{5\%}$** | means the NPV calculated at a discount rate of 5% |
| **Natougou** or **Natougou Project** | means Orbis Gold's Natougou Gold Project, located in the far east of Burkina Faso within the area covered by Orbis Gold's Boungou exploration permit |
| **Offer** | means the offer referred to in the Bidder's Statement and made by SEMAFO to the holders of Orbis Gold Shares to acquire all or any of their Orbis Gold Shares |
| **Offer Period** | means the period commencing on 15 December 2014 and ending on 7.00pm (Sydney time) 16 January 2015, or such later date to which the Offer has been extended |
| **Offer Price** | means the consideration offered by SEMAFO of $0.65 for each Orbis Gold Share |
| **Orbis Gold Board** or **Board** | means the directors of Orbis Gold acting collectively as its board of directors |
| **Orbis Gold Group** | means Orbis Gold and its subsidiaries from time to time |
| **Orbis Gold Option** or **Option** | means an option to acquire an Orbis Gold Share |
| **Orbis Gold Optionholder** or **Optionholder** | means a holder of Orbis Gold Options |
| **Orbis Gold Shareholder** or **Shareholder** | means a holder of Orbis Gold Shares |
| **Orbis Gold Shares** or **Shares** | means issued fully paid ordinary shares in the capital of Orbis Gold |

| TERM | MEANING |
|---|---|
| **Public Authority** | means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange |
| **Relevant Interest** | has the meaning given to that term in section 9 of the Corporations Act |
| **Rights Issue** | means the proposed non-renounceable entitlement to raise up to A$20 million at a fixed price of A$0.60 per Share, as approved by the Orbis Gold Shareholders at the Company's AGM held on 28 November 2014 |
| **Risked NAV** | refers to a Net Asset Valuation published by a broker utilising a Discounted Cash Flow valuation methodology and accounting for the various risks associated with the project(s) of a company through an appropriate discount rate, a "price to NAV" multiple or other valuation methodologies |
| **Selection Criteria** | means those broker valuations which provided a Risked NAV valuation for Orbis Gold published following the release of the Updated Scoping Study for Natougou as announced to the ASX on 14 October 2014 until 17 December 2014 (being the last business day immediately before the Target's Statement was released) and includes all research published for Orbis Gold by security brokerage firms and investment banks within the above date range |
| **SEMAFO** | means SEMAFO Inc., a company incorporated under the laws of Quebec, Canada |
| **Subsidiary** | has the meaning given to that term in the Corporations Act |
| **Takeovers Panel** | means the Takeovers Panel constituted under the Corporations Act |
| **Target's Statement** | means this document |
| **Updated Scoping Study** | means the 'Natougou Gold Project Updated Scoping Study' released on 14 October 2014 |

## 14.2 IN THIS TARGET'S STATEMENT, UNLESS THE CONTRARY INTENTION APPEARS:

a. the singular includes the plural and vice versa;

b. the masculine gender includes the feminine and (where a corporation is or may be concerned) the neuter;

c. words and expressions defined in the Corporations Act have the same meanings;

d. headings are for ease of reference only and do not affect the meaning or interpretation;

e. all currency and dollar amounts are denominated in Australian dollars.

**Dated 18 December 2014**

**Signed** for and on behalf of Orbis Gold Limited ACN 120 212 017 by John Bovard who is authorised so to sign pursuant to a resolution passed at a meeting of the Orbis Gold Directors.

**John Bovard**
Non-Executive Chairman

# Annexure A
# INDEPENDENT EXPERT'S REPORT

# Orbis Gold Limited

Independent Expert's Report and Financial Services Guide

16 December 2014

Grant Thornton
An instinct for growth™

The Directors
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16 December 2014

Dear Sirs

**Independent Expert's Report and Financial Services Guide**

**Introduction**

Orbis Gold Limited ("OBS" or the "Company") is engaged in the exploration and development of gold assets in Burkina Faso[1]. The Company is listed on the Australian Securities Exchange ("ASX") with its registered office in Brisbane, Australia. As at 11 December 2014, OBS's market capitalisation was approximately A$144.9 million.

SEMAFO Inc. ("SEMAFO") is a Canadian listed public company with a market capitalisation of approximately C$0.86 billion (A$0.90 billion[2]) as at 11 December 2014. SEMAFO is engaged in the exploration and production of gold in West Africa. SEMAFO currently operates the Mana gold mine in Burkina Faso.

**Takeover Offer**

On 16 October 2014, OBS announced that it had received notice of an intention from SEMAFO to make an offer to acquire 100% of OBS's issued ordinary shares ("OBS Shares") at A$0.65 per share in cash ("Offer Price")[3] ("Takeover Offer").

On 1 December 2014, SEMAFO released the Bidder's Statement in relation to the Takeover Offer. Among other conditions, the Takeover Offer is subject to a minimum acceptance condition of greater than 50% of OBS Shares and OBS not proceeding with a rights issue approved by the

[1] OBS also holds some additional early stage tenements in Australia and Côte d'Ivoire ("Ivory Coast").
[2] Based on the exchange rate of C$0.9542 for every A$1 as at 11 December 2014.
[3] We note that on 13 October 2014, OBS announced that it had received a conditional, non-binding and indicative proposal from SEMAFO to acquire 100% of OBS Shares at a cash price between A$0.62 and A$0.65 per share.

shareholders of OBS ("OBS Shareholders") at the annual general meeting held on 28 November 2014 ("Rights Issue")[4]. As at the date of this report, SEMAFO holds a relevant interest in 0.002% OBS Shares.

The Takeover Offer also extends to all OBS Shares that are issued during the offer period due to the exercise of options. OBS Shareholders can only accept the Takeover Offer for the entirety of their OBS Shares.

The Directors of OBS ("the Directors") have unanimously rejected the Takeover Offer and advised OBS Shareholders to take no action in respect of the Takeover Offer. OBS continues to be in active discussions with third parties regarding superior alternatives to the Takeover Offer.

**Purpose of the report**

Whilst there is not a legal requirement for the commissioning of an independent expert report in conjunction with the Takeover Offer, the Directors have decided to commission an independent expert's report to assist OBS Shareholders in assessing the merits of the Takeover Offer for the purposes of section 640 of the Corporations Act.

For the purpose of this report, an independent technical specialist, Snowden Mining Consultants ("Snowden"), was engaged to provide an independent technical report ("the Snowden Report") in relation to the exploration and development assets owned by OBS. Snowden's report is included as Appendix E to this report.

**Summary of opinion**

**Grant Thornton Corporate Finance has concluded that the Takeover Offer is NOT FAIR AND NOT REASONABLE to OBS Shareholders.**

Whilst there are certain factors that could be attractive to OBS Shareholders in the absence of a superior proposal, in our opinion as at the date of this report, these factors are not, on balance, sufficient to conclude that OBS Shareholders should be prepared to accept less than fair market value for their OBS Shares.

In forming our opinion, we have considered the following:

- The Offer Price is at discount of between 8.8% and 43.6% to the low end and high end of our assessed valuation range, respectively. We note that our valuation assessment reflects the inherent uncertainties and risks associated with the early stage nature of assets held by OBS.

- Over the next six months, OBS expects to release information on a number of potential price catalyst events, including completion of a Definitive Feasibility Study[5] ("DFS") for the Natougou

[4] OBS Shareholders approved at the annual general meeting held on 28 November 2014 an accelerated pro-rata non-renounceable rights issue to OBS eligible Shareholders of 2 new OBS Shares for every 15 OBS Shares held at an issue price of A$0.60 per share to raise up to approximately A$20 million before transaction costs.
[5] As defined by the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves in the JORC Code 2012 Edition

Project[6] (expected in mid-2015), results from the current drilling campaign at the Natougou Project, and the internal scoping study for the Nabanga Project[7] ("Internal Scoping Study"). If the Takeover Offer becomes unconditional, OBS Shareholders accepting the Takeover Offer will forgo the opportunity to participate in these potential near term growth prospects.

- Based on discussions with Management, we understand that OBS is in active discussions with other parties in relation to value enhancing alternatives to the Takeover Offer. Whilst there is no guarantee that an alternative transaction will eventuate, if the Takeover Offer becomes unconditional, OBS Shareholders accepting the Takeover Offer will forgo the opportunity to participate in any potential superior alternative transactions.

Whilst we have concluded that the Takeover Offer is not fair and not reasonable, we strongly encourage OBS Shareholders to read this document in full. We believe that the assumptions adopted in our opinion are reasonable, however, depending upon the views taken by individual shareholders in relation to these assumptions, it is possible that individual shareholders could reach a different conclusion on the appropriate range of values for OBS or the relevant advantages and disadvantages of the Takeover Offer. In these circumstances we would highlight that it remains open for these shareholders to accept the Takeover Offer.

OBS Shareholders should also be aware that under ASIC Regulatory Guide 111 "Content of expert reports" ("RG 111"), Grant Thornton Corporate Finance is obliged to issue a supplementary report if a material change in circumstances arises after the release of our report, including if during the Takeover Offer period no superior proposals emerge and the Directors and major shareholders of OBS decide to accept the Takeover Offer.

***Fairness assessment***

In forming our opinion in relation to the fairness of the Takeover Offer, Grant Thornton Corporate Finance has compared the fair market value per share of OBS on a controlling and 100% basis to the Offer Price of A$0.65 per OBS Share. The following table summarises our fairness assessment:

| Valuation summary OBS (A$'000s) | *Section Reference* | Low | High |
|---|---|---|---|
| Fair market value of OBS (on a control basis) | 6 | 0.713 | 1.152 |
| Offer Price | | 0.650 | 0.650 |
| **Premium/ (discount) (A$)** | | **(0.063)** | **(0.502)** |
| **Premium/ (discount) (%)** | | **-8.8%** | **-43.6%** |

*Source: GTCF calculations*

The Offer Price of A$0.65 per OBS Share is below our assessed valuation range of OBS Share on a control and 100% basis. Accordingly, we conclude that the Takeover Offer is **NOT FAIR** to OBS Shareholders.

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[6] The Natougou Project is OBS's flagship gold project located in Burkina Faso. For further details refer to Section 4.2.1.
[7] The Nabanga Project is a high-grade exploration gold project located in Burkina Faso. For further details refer to Section 4.2.2.

In our valuation assessment, we have taken into account the following:

- The inherent uncertainty and risks associated with companies and mining projects at an early stage of development similar to OBS; the recent volatility in the global gold market; and the recent political events that have occurred in Burkina Faso. These elements have been taken into account through our selection of listed comparable companies which are all pre-production gold companies based in Burkina Faso or similar Western African Countries. In addition, the trading prices of the selected comparable companies also reflect the current market conditions and jurisdiction risk.

- The independent recommendations and valuation assessments provided by Snowden in relation to OBS's mineral assets. In particular, we note that Snowden has made a number of recommendations to adjust the financial model for the Natougou Project to improve the project's risk profile, which we have adopted in our valuation assessment of OBS.

We note that whilst OBS has completed more than 50% of the DFS for the Natougou Project, in our valuation assessment, we have only focused on the project metrics as assessed under the current Updated Scoping Study[8]. No preliminary results or conclusions in relation to the DFS were available to be reviewed by Snowden and Grant Thornton Corporate Finance as at the date of this report.

OBS Shareholders should be aware that our assessment of the value per OBS Share does not reflect the price at which OBS Shares will trade if the Takeover Offer lapses. The price at which OBS Shares will ultimately trade depends on a range of factors including the liquidity of OBS Shares, macro-economic conditions, gold price, exchange rate and the underlying performance of the OBS business.

***Reasonableness assessment***

For the purpose of assessing whether or not the Takeover Offer is reasonable to OBS Shareholders, we have considered the following likely advantages, disadvantages and other factors associated with the Takeover Offer.

Advantages

*Premium over the trading price*

The Offer Price of A$0.65 cash for each OBS Share represents a premium to OBS's historical VWAP in the three months leading up to the announcement of the indicative proposal on 13 October 2014 in the range of 72%[9] and 76%[10]. However, OBS Shareholders should be aware that the trading prices before 13 October 2014 do not reflect the optimised project metrics included in the Updated Scoping Study which was released to the market after the Initial Offer.

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[8] Optimisation of an initial scoping study on the Natougou Project completed in October 2013. The Updated Scoping Study was completed in October 2014.
[9] Based on 3 months VWAP prior to 13 October 2014 of circa A$0.378 per share.
[10] Based on 1 month VWAP prior to 13 October 2014 of circa A$0.369 per share.

The approach from SEMAFO was initially announced by OBS on 13 October 2014 when the Company was in a trading halt pending an announcement in relation to the results of the Updated Scoping Study, which was then released on 14 October 2014. When trading in OBS Shares resumed on 14 October 2014, the share price of OBS increased up to A$0.70 at the end of the six trading days to 21 October 2014. Accordingly, it is difficult to identify and separate the movements in share price derived from the release of the Updated Scoping Study and the announcement of the Takeover Offer.

We also note that on 10 October 2014, OBS announced the appointment of Merrill Lynch as the defence advisor and the OBS Share Price increased by approximately 20% from A$0.35 to A$0.42 per share. Accordingly, OBS trading prices before the Company entered into trading halt on 13 October 2014 may have already incorporated market expectations about a potential corporate transaction.

Based on the above analysis, it is difficult to draw a definitive conclusion on the premium for control implied in the Takeover Offer based on the OBS trading prices.

*Certainty of the cash consideration*

Whilst we have opined that the Takeover Offer is not fair, OBS Shareholders have the opportunity to receive a certain cash amount at a premium to the trading prices of OBS before the announcement of the Takeover Offer and at a premium to the prices that OBS Shares may trade in the absence of the Takeover Offer or an alternative transaction.

The underlying value of an OBS share is expected to materially change as its mineral projects, in particular the Natougou Project, move through their development cycle[11]. Whilst the range of values attributed to OBS in our fairness assessment are considered reasonable at the date of this report, the fair value of the Company may increase significantly, or conversely decline materially in value, depending upon the outcome of the DFS on the Natougou Project, the success of future exploration programmes and the advancement of key projects.

Accordingly, OBS Shareholders accepting the Takeover Offer will no longer be exposed to the ongoing risks associated with holding an investment in OBS including those relating to the completion of the DFS, the conversion of Indicated Resources into Measured Resources, and into Proved and Probable Ore Reserves, volatility in the gold price/exchange rate, financing risks and other risks inherent to early stage development companies such as OBS. In addition as noted previously, the volatility in the global economy has significantly increased over the past few months mainly driven by a significant reduction in the prices of base and precious metals, bulk commodities and oil.

[11] In particular, we note that the Company is half way through completion of the DFS which is expected to be announced to the market in mid-2015.

## Disadvantages

*The Takeover Offer is not fair*

The Takeover Offer is not fair and the Offer Price is at discount of between 8.8% and 43.6% to the low end and high end of our assessed valuation range for OBS, respectively.

*Accepting OBS shareholders will no longer have any exposure to the Natougou Project and OBS's other mineral assets*

Subject to the Takeover Offer being declared unconditional, accepting shareholders will no longer have any exposure to OBS and its portfolio of prospective exploration targets and development projects.

Based on a review of the information available and discussions with Snowden, we understand that the Natougou Project has the potential to become a large scale and low cost gold mine operation due to the following characteristics[12] of the project:

- It is one of the highest grade open-pit gold deposits discovered in West Africa.
- It is a near-surface open-pit gold deposit. The maximum depth of the pit is expected at around 100m. This compares favourably with some of its peers in Western Africa.
- Metallurgy is expected to be simple with a conventional carbon in-leach circuit.
- All-in sustaining cash costs ("ASC")[13] and upfront capital expenditures are expected to be low (relative to comparable projects) at US$619/oz and US$234 million, respectively.
- Payback period of 8 months.
- OBS has already been approached by a number of financiers to fund completion of the DFS and to provide substantial funding towards the development of the project.

The value of the Natougou Project and the Company as a whole may be positively affected in the short term by the following:

- Completion of the DFS of the Natougou Project (targeted for mid-2015) which is expected to represent a major price catalyst for the Company.
- At the beginning of November, OBS commenced a drilling program (in excess of 15,000m) to expand the Company's Mineral Resource inventory, discover new deposits and delineate Indicated and Measured Resources for subsequent definition of Ore Reserves.
- OBS expects to complete the Internal Scoping Study for the Nabanga Project by the end of 2014.

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[12] Source: Updated Scoping Study.
[13] All-in sustaining cash costs is the sum of total cash costs, sustaining capital expense, corporate, general and administrative expense and royalties (as defined by the World Gold Council).

If the Takeover Offer becomes unconditional, OBS Shareholders accepting the Takeover Offer will forgo the opportunity to participate in the potential near term growth prospects discussed above.

As set out in Section 6.1.3, we have cross-checked our valuation assessment of the Natougou Project based on the discounted cash flow ("DCF") approach. In the application of the DCF cross-check, we have taken into account the typical risks of a large project at scoping study stage. These risks are mainly reflected in the selected discount rate and the conservative adjustments made by Snowden to the cash flows projections. If the DFS is successfully completed, the uncertainty on future projections of the Natougou Project will materially reduce and, all other things being equal, the discount rate applicable to the future cash flows should be lower than the mid-point real discount rate of 13.2% adopted in our cross-check valuation assessment. Accordingly, if the results of the Updated Scoping Study are confirmed in the DFS, the Management of OBS ("Management") may be able to unlock additional value for OBS Shareholders in the short term which is not captured in our valuation assessment or the Offer Price. OBS Shareholders accepting the Takeover Offer will forgo the opportunity to participate in this potential upside if the Takeover Offer becomes unconditional.

*Forgoing the opportunity to participate in superior alternative transactions*

As discussed in section 9.5 of the Bidder's Statement, once OBS Shareholders have accepted the Takeover Offer, they will not be able to revoke/withdraw their acceptance or dispose of their OBS Shares.

OBS is in active discussions with other parties in relation to value enhancing alternatives to the Takeover Offer. The transaction process may act as a catalyst for potential interested parties and the additional information provided in the Target's Statement and Independent Expert's Report will facilitate the ability of interest parties to assess the merits of potential alternative transactions. If an alternative proposal on better terms were to emerge, it is expected that this would occur prior to the Takeover Offer becoming unconditional.

OBS Shareholders who accept the Takeover Offer may forgo the opportunity to consider and potentially participate in alternative proposals (unless the Takeover Offer becomes void).

As set out in the Target's Statement, the Directors and a number of substantial shareholders of OBS ("the Substantial Shareholders") which in aggregate control approximately of 45% of OBS Shares, do not intend to accept the Takeover Offer at the current Offer Price of A$0.65 per share. However, they reserve the right to accept the Takeover Offer should no superior proposal emerge. If the Takeover Offer becomes unconditional as a result of the Directors and Substantial Shareholders accepting the Takeover Offer, Grant Thornton Corporate Finance will consider this outcome and may issue a supplementary report.

*Tax consequences*

OBS Shareholders who accept the Takeover Offer will receive $0.65 cash for each OBS Share currently held, which may, depending upon individual shareholders' taxation position, give rise to Capital Gains Tax consequences at a time that may or may not be advantageous to individual OBS Shareholders. A generic and indicative outline of the taxation implications of the Takeover Offer is included in the Bidder's Statement at Section 7. OBS Shareholders should seek their own independent taxation advice regarding the taxation consequences of the Takeover Offer.

### Other considerations

*Rights Issue*

As discussed in Section 1.3, on 28 November 2014, OBS Shareholders approved the Rights Issue whereby the Directors have been authorised to issue up to A$20 million worth of OBS Shares at a price of A$0.60 per share. If OBS actually issues the shares under the Rights Issue, the Takeover Offer could be potentially void, unless SEMAFO waives the defeating condition associated with this issue.

The Rights Issue was overwhelmingly approved by OBS Shareholders with only circa 5.6% of the votes cast against approval of the resolution (however we note that approximately two-thirds of eligible OBS Shareholders cast their votes).

The substance of the approval of the Rights Issue is that OBS Shareholders have given a mandate to the Directors to potentially action an issue of shares which may lead to the Takeover Offer being void (unless SEMAFO waives the breach of the defeating conditions). However, at the same time, we note that it would have been unreasonable for OBS Shareholders not to approve the Rights Issue due to the following:

- The Company has recently terminated the Greenstone placement which would have provided OBS with A$20 million in cash. The Rights Issue is an alternative to the Greenstone placement and if implemented, it will provide the Company with the required funding to continue to progress the DFS.
- If the Rights Issue was not approved by OBS Shareholders, the latter would have weakened the financial and strategic position of OBS and hence the potential for the Company to receive a superior proposal. We note that as at 30 September 2014, the Company's cash balance was less than A$1 million.

Whilst it is difficult to draw an unequivocal conclusion on the approval of the Rights Issue, in our opinion, it provides preliminary indication that OBS Shareholders' view is that the fair market value of OBS lies above the Offer Price. This seems to be also confirmed by the fact that OBS's major shareholders, representing approximately 45% of OBS Shares[14], have indicated that they currently intend to reject the Takeover Offer[15] (refer to section 5 of the Target's Statement for details).

*Gold price volatility*

The assessed fair values for an OBS share are particularly sensitive to movements in the gold price, exchange rate and the general market conditions, including potential political instability in Burkina Faso. Precious metals markets have exhibited a significant degree of volatility in recent times and

[14] Including the OBS Shares held by the OBS Board of Directors.
[15] However, they reserve the right to accept the Takeover Offer should no superior proposal emerge.

there is a wide range of views from market analysts as to future gold prices. Grant Thornton Corporate Finance's forecast gold price assumptions have been determined after consideration of the consensus forecasts as well as those assumptions implied by forward curves. However, a wide range of assumptions could credibly be adopted, which could impact assessed fair values either positively or negatively. Depending upon the views taken by individual shareholders in relation to these assumptions, it is possible that individual shareholders could reach a different conclusion on the appropriate range of values for the Natougou Project and hence OBS as a whole.

*OBS cash reserves and potential future dilution*

OBS has estimated that an additional A$9 million is required to complete the DFS. Whilst the Company's cash balance as at 30 September 2014 was approximately A$1 million, OBS has the funding flexibility via the Rights Issue to raise the funds to complete the DFS. However, as discussed before, this will be a breach of one of the Takeover Offer's defeating conditions.

Alternatively to the Rights Issue, we understand that the Company has recently received a number of indicative proposals in relation to the provision of mezzanine type financing as a potential alternative option to raise the required money to progress the DFS.

In the absence of the Takeover Offer, OBS will be required to raise the required funds to complete the DFS (circa A$9 million) and to develop the Natougou Project (construction capital expenditure estimated at approximately US$234 million). Whilst OBS Shareholders may suffer some dilution as a result of OBS being required to raise the required capital, we note the following mitigating factors:

- If the Rights Issue progresses on the current terms, the issue price of A$0.60 per share is at a discount of only circa 7.5% to the Offer Price, which is inclusive of a premium for control. In addition, if all OBS Shareholders participate into the Rights Issue, they will not suffer any dilution.
- As set out in the Target's Statement, OBS has been approached by a number of financial institutions in relation to project financing facilities for the Natougou Project. The Board and its independent debt adviser are confident that OBS should be able to finalise the funding package for the Natougou Project within the next 12 months.
- Given the short payback period of the Natougou Project as set out in the Updated Scoping Study, OBS should be able to fund a greater proportion of the construction capital expenditure via external debt which will reduce the extent of any potential dilution for OBS Shareholders, though the underlying financial risk of the Company may increase.

*OBS's share price may fall in the absence of the Takeover Offer*

We note that in the period subsequent to the announcement of the indicative proposal from SEMAFO on 13 October 2014, OBS's shares have traded at a minimum of A$0.48 between 3 November and 6 November 2014 and at a maximum of A$0.72 on 17 October 2014. As discussed in other sections of this report, it is not possible to assess the proportion in which the increase in the trading prices of OBS after 13 October 2014 was driven by the release of the Updated Scoping Study or the Takeover Offer.

In addition, we note that OBS's share price subsequent to the announcement of the Takeover Offer has also reflected factors other than just the terms of the Takeover Offer, including movements in the precious metals price, market conditions and specific events occurring in Burkina Faso. In particular, we note that the price reduction of OBS Shares from A$0.64 on 30 October 2014 to A$0.50 on 3 November 2014 was driven by political instability in Burkina Faso in conjunction with a material decline in the gold price by circa 4.5% over the period. OBS's peers operating in the country, including SEMAFO, experienced similar reductions in their share prices.

Whilst OBS trading prices have been affected by a number of Company specific and market based events since the announcement of the Takeover Offer, we consider that there is a prospect that OBS's shares may fall from their current levels in the absence of the Takeover Offer or an alternative transaction, reflecting the withdrawal of the implied premium of the Takeover Offer.

Conversely, it is also possible the Company's shares may trade at or above the current levels as a consequence of the release of positive information to the market, in particular, in relation future exploration programs, updates in relation to the DFS or alternative transactions to the Takeover Offer.

*Implications in the event SEMAFO does not achieve full control of OBS*

Should SEMAFO achieve an interest in more than 50% OBS Shares as a result of the Takeover Offer, it will reconstruct the board of directors so that the majority of the Directors are SEMAFO's nominees and SEMAFO will gain effective control (other than special resolutions) of OBS. This may reduce the appeal of OBS to the market resulting in a reduction of trading volume and free float which may diminish the ability of OBS Shareholders to sell their shares at fair market value.

*Directors' and substantial shareholders' intentions*

The Directors unanimously recommend that OBS Shareholders reject the Takeover Offer.

We note that each Director who holds OBS shares individually intends to reject the Takeover Offer in relation to those shares. Furthermore, the Directors in conjunction with a number of Substantial Shareholders, who represent in aggregate approximately of 45% of OBS Shares, have indicated their intentions to reject the Takeover Offer. However, they reserve the right to accept the Takeover Offer should no superior proposal emerge.

Section 5 of the Target's Statement sets out the Directors' and the Substantial Shareholders' intentions in relation to their OBS shares under the Takeover Offer.

***Reasonableness conclusion***

Based on the qualitative factors identified above, it is our opinion that the Takeover Offer is **NOT REASONABLE** to OBS Shareholders.

**Overall conclusion**

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Takeover Offer is **NOT FAIR AND NOT REASONABLE** to the OBS Shareholders.

Each OBS Shareholder should decide whether or not to accept the Takeover Offer based on their own views of the value of OBS and expectations about future market conditions, gold prices, OBS's performance, and their individual risk profile and investment strategy.

**Other matters**

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to accept the Takeover Offer is a matter for each OBS Shareholder to decide based on their own views of the value of OBS and expectations about future market conditions and the future operating performance of OBS. If OBS Shareholders are in doubt about the action they should take in relation to the Takeover Offer, they should seek their own professional advice.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

| | |
|---|---|
| ANDREA DE CIAN<br>Director | PHILLIP RUNDLE<br>Director |

16 December 2014

**Financial Services Guide**

## 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton Corporate Finance") carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by OBS to provide general financial product advice in the form of an independent expert's report in relation to the Takeover Offer.

## 2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

## 3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

## 4 Remuneration

When providing the report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from OBS fees in the order of A$130,000 plus GST, which is based on commercial rate plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

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## 5 Independence

Grant Thornton Corporate Finance is required to be independent of OBS in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission ("ASIC"). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with OBS (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover Offer.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the transaction, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of expert" issued by the ASIC."*

## 6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

PO Box 579 – Collins Street West
Melbourne, VIC 8007
Telephone: 1800 335 405

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

**Compensation arrangements**

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

# Contents

## 1 Background and Overview of the Takeover Offer

OBS's flagship assets include the high-grade gold Natougou and Nabanga Projects on which OBS is currently undertaking a DFS and Internal Scoping Study[16], respectively. OBS released a materially enhanced Updated Scoping Study on the Natougou Project on 14 October 2014 and the DFS is approximately 50% completed.

Set out below is a brief chronology of the events that occurred in relation to the Takeover Offer:

- On 10 October 2014, OBS announced that it had appointed Merrill Lynch as its defence adviser following receipt of confidential approaches in relation to a range of potential transactions.

- On 13 October 2014, OBS went into trading halt pending the release of an announcement by the Company about the results of the Updated Scoping Study. During the trading halt period OBS announced that it had received a conditional, non-binding and indicative proposal from SEMAFO to acquire 100% of OBS Shares for a cash consideration of between A$0.62 to A$0.65 per share (the "Initial Offer"). The Board of OBS (the "Board") unanimously determined the Initial Offer *"significantly undervalues Orbis Gold, both in terms of its existing assets, and the potential value the company expects to deliver to its shareholders in the near future"* and *"has been made prematurely ahead of the company's imminent release of this update (Updated Scoping Study)"* [17]. The Board recommended OBS Shareholders to take no action in relation to the Takeover Offer.

- On 14 October 2014, with the Company still in trading halt, OBS release the Updated Scoping Study.

- On 16 October 2014, SEMAFO announced its intention to make an unsolicited and conditional off-market takeover offer for all OBS Shares for a consideration of A$0.65 cash per share. In response, the Board maintained its position under the Initial Offer and advised the OBS Shareholders to take no action.

- On 1 December 2014, SEMAFO lodged the Bidder's Statement with ASIC.

The Directors unanimously recommend that all OBS Shareholders should reject the Takeover Offer and take no action in relation to the Takeover Offer.

### 1.1 Conditions of the Takeover Offer

The Takeover Offer is subject to a number of defeating conditions, including but not limited to the following:

- Minimum acceptance conditions of greater than 50% of OBS Shares.

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[16] Internal Scoping Study is an internal study document used to assess the potential viability of the Nabanga Project and provide guidance in progressing future study and development activities. The study analysis will be based on the Company's existing Inferred Mineral Resource estimates for the Nabanga Project and assumed modifying factors.
[17] OBS ASX announcement dated 13 October 2014

- No prescribed occurrences. We note that the issue of OBS Shares under the Rights Issue would represent a breach of this condition. Refer to section 1.3 for further discussions.

- No material acquisitions, disposals and new commitments.

- No material adverse changes.

Refer to Section 9.9 of the Bidder's Statement for further details in relation to the conditions of the Takeover Offer.

### 1.2 SEMAFO's intention in relation to the Takeover Offer

SEMAFO's intentions upon acquisition of a controlling stake (equal to or greater than 50%) but less than 90% of the OBS Shares are summarised below:

- Seek reconstitution of the Board so that at least a majority of the directors are nominees of SEMAFO.

- Review the benefits and suitability of OBS's listing on the ASX.

- Cause the reconstituted Board to undertake a strategic review of the operations.

SEMAFO's intentions upon acquisition of 90% or more of the OBS Shares are summarised below:

- If it becomes entitled to do so under the Corporations Act, SEMAFO intends to compulsory acquire any outstanding OBS Shares. In this circumstance, SEMAFO intends to remove OBS from the official list of ASX.

- Replacing all directors on the OBS Board.

- Combining the OBS's head office in Brisbane with SEMAFO's head office in Canada in due course.

- Undertaking a strategic review of OBS overall business including existing employees of OBS.

### 1.3 The Rights Issue

As discussed above, if OBS issues shares under the Rights Issue, it will breach one of the defeating conditions of the Takeover Offer. Accordingly, we have provided below a brief overview and background of the Rights Issue.

OBS has been quite active recently in securing funding for the advancement of its projects. As part of this process, on 23 September 2014, OBS announced that it had entered into an agreement with Greenstone Resources L.P. ("Greenstone") to subscribe for US$20 million OBS Shares at $0.42 per share. The shares to be issued to Greenstone were expected to represent approximately 17% of OBS's issued capital. The placement was subject to OBS Shareholders approval at a general meeting.

One of the conditions for the Takeover Offer to proceed was for the Greenstone placement to be rejected by OBS Shareholders. On 20 October 2014, OBS announced that it had terminated the agreement in relation to the Greenstone placement due to the movement in the share price and the significant discount to the spot share price that the A$0.42 placement represented. However, in order to have the required flexibility to be able to raise funding at short notice to continue the advancement of the Natougou Project, OBS announced the Rights Issue on 20 October 2014.

The key terms of the Rights Issue are outlined below:

- 2 new OBS Shares for every 15 existing OBS Shares.
- Issue price A$0.60 per OBS Share to raise approximately A$20 million.
- In the case that there is a shortfall, subject to obtaining an ASX waiver, the Directors reserve the right to issue the shortfall at their discretion to ensure that the Company is appropriately funded.

The Rights Issue was approved by OBS Shareholders on 28 November 2014. Under the Corporations Act, OBS is required to issue the shares under the Rights Issue within 3 months from obtaining OBS Shareholders approval otherwise the shareholders' approval will need to be refreshed.

We note that the approval of the Rights Issue by OBS Shareholders is not in itself a breach of the defeating conditions of the Takeover Offer. However if OBS actually issues shares under the Rights Issue, any contracts resulting from the acceptance of the Takeover Offer will be void and the Takeover Offer will not proceed (unless the defeating condition is waived by SEMAFO).

## 2 Purpose and scope of the report

### 2.1 Purpose

Section 640 of the Corporations Act requires that a target statement made in response to a takeover offer for securities in an Australian publicly listed company must be accompanied by an independent expert's report if:

- the bidder's voting power in the target is 30% or more; and
- for a bidder who is, or includes, an individual – the bidder is a director of the target company; or
- for a bidder who is, or includes, a body corporate – a director of the bidder is a director of the target company.

The independent expert's report must state whether, in the opinion of the independent expert, the takeover offer is fair and reasonable to the target company's independent shareholders and provide the reasons for forming that opinion.

As at the date of our report, we note that there is no legal requirement to prepare an independent expert report as SEMAFO has less than 30% interest in OBS and there is no common director between OBS and SEMAFO. However, the Directors of OBS have requested Grant Thornton Corporate Finance to prepare an independent expert's report to assist OBS Shareholders to assess the merits of the Takeover Offer and whether the Takeover Offer is fair and reasonable to the OBS Shareholders for the purposes of Section 640 of the Corporations Act.

For the purpose of this Report, Grant Thornton Corporate Finance has engaged Snowden to provide an independent technical report (the Snowden Report) in relation to the exploration and development assets owned by OBS. The Snowden Report is included as Appendix E of this Report.

### 2.2 Basis of assessment

The Corporations Act does not define the meaning of "fair and reasonable". In preparing this report, Grant Thornton Corporate Finance has had regard to RG 111 which establishes certain guidelines in respect of independent expert's reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" are in the context of a takeover offer.

As the Takeover Offer is a takeover bid, Regulatory Guide 111 "Content of expert reports" requires the following assessment:

- An offer is considered fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject to the offer. The comparison should be made assuming 100% ownership of the target company and irrespective of whether the consideration offered is script or cash and without consideration of the percentage holding of the offeror or its associates in the target company.

- An offer is considered reasonable if it is fair. If the offer is not fair it may still be reasonable after considering other significant factors which justify the acceptance of the offer in the absence of a higher bid. ASIC has identified the following factors which an expert might consider when determining whether an offer is reasonable:

  – The offeror's pre-existing entitlement, if any, in the shares of the target company.

  – Other significant shareholding blocks in the target company.

  – The liquidity of the market in the target company's securities.

  – Taxation losses, cash flow or other benefits through achieving 100% ownership of the target company.

  – Any special value of the target company to the offeror, such as particular technology or the potential to write off outstanding loans from the target company.

  – The likely market price if the offer is unsuccessful.

  – The value to an alternative offeror and likelihood of an alternative offer being made.

Grant Thornton Corporate Finance has determined whether the Takeover Offer is fair to the OBS Shareholders by comparing the fair market value range of OBS Shares on a 100% basis with the value of the Offer Price, being A$0.65 per OBS Share.

In considering whether the Takeover Offer is reasonable to the OBS Shareholders, we have considered a number of factors, including:

- Whether the Takeover Offer is fair.

- The implications to OBS and OBS Shareholders if the Takeover Offer does not complete.

- Other likely advantages and disadvantages associated with the Takeover Offer as required by RG111.

- Other costs and risks associated with the Takeover Offer that could potentially affect the OBS Shareholders.

### 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Takeover Offer with reference to the ASIC Regulatory Guide 112 "Independence of Experts" ("RG 112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Takeover Offer other than that of independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Takeover Offer.

### 2.4 Consent and other matters

Our report is to be read in conjunction with the Target's Statement dated on or around 17 December 2014 in which this report is included, and is prepared for the exclusive purpose of assisting the OBS Shareholders in their consideration of the Takeover Offer. This Report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issue of this Report in its form and context and consents to its inclusion in the Target's Statement.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Takeover Offer to the OBS Shareholders as a whole. We have not considered the potential impact of the Takeover Offer on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Takeover Offer on individual shareholders.

The decision of whether or not to accept the Takeover Offer is a matter for each OBS Shareholder based on their own views of the value of OBS and expectations about future market conditions, OBS's performance, their individual risk profile and investment strategy. If shareholders are in doubt about the action they should take in relation to the Takeover Offer, they should seek their own professional advice.

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## 3 Profile of the Global and Burkina Faso's Gold Mining Industry

OBS is mainly engaged in the exploration and development of gold assets in Burkina Faso. Accordingly, we have provided a brief overview of the gold mining industry in general and in Burkina Faso below.

### 3.1 Overview of the Global Gold Market

Gold is a precious metal used primarily in the fabrication of jewellery, electronics and other industrial applications and as an investment asset for store of value and hedging. Gold is actively traded on the international commodity markets and experiences daily price fluctuations as determined by global demand and supply factors.

Since 2007, volatility in global financial markets (resulting from the Global Financial Crisis ("GFC") and concerns in relation to European sovereign debt levels ("European Debt Crisis") significantly increased the demand for gold as an investment asset. The price of gold peaked at US$1,890/oz. in August 2011, triggering an expansion of existing mines as well as the development of new gold exploration projects. More recently, partially as a result of the continued gradual stabilisation of the global economy, the gold price has decreased to below US$1,200/oz. in 2014.

### 3.2 Key drivers affecting global gold exploration and production

The key drivers affecting gold exploration and production include:

- Gold prices – Gold prices have a direct effect on revenue generated by gold mining operations. When the value of gold is high, firms are likely to commit to projects with lower gold grades and higher costs. Conversely, low gold prices tend to have a negative impact on the level of gold exploration and production activities.

- Exchange rates – gold is usually traded in US dollars, therefore relative exchange rates are an important factor affecting the level of global gold trading and demand.

- Political and regulatory factors – gold exploration activities are considered high risk undertakings as there is a considerable amount of risk and uncertainty surrounding the commercial viability of such projects. Tenements located in countries with well-defined regulatory processes and a stable political environment may be more attractive to gold explorers and producers as they are less risky than unregulated and politically unstable countries.

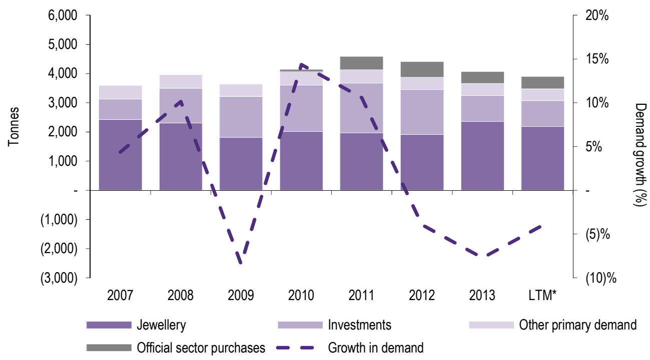
- Funding requirements – given the inherent riskiness of the gold mining industry, the availability and cost of capital to fund such projects can significantly impact on the level of gold exploration and production activities being undertaken.

- Mine/location specific factors – each mine/location is exposed to unique factors that affect the feasibility of continued exploration and production.

### 3.3 Demand

Demand for gold is mainly driven by gold fabrication, global investment trends and market/economic conditions. The graph below illustrates historical gold demand by category:

Historical global gold demand by category




** Last 12 months (LTM) measured from the third quarter of 2013 to the second quarter of 2014 inclusive*
*Source: World Gold Council*

*Fabrication*

The demand for gold has historically been driven by the demand for fabrication of jewellery and industrial equipment ("Primary Demand"). However, recently Primary Demand as a proportion of total demand has declined significantly from approximately 81% in 2007 to 66% in the last twelve months due to increasing interest in gold as an investment asset[18].

The level of Primary Demand is highly seasonal as demand in India and China is strongly linked to traditional festivities. China and India were the largest consumers by volume in the last twelve months, together accounting for approximately 65% of global demand for jewellery.

*Investment*

Investors generally consider gold as a relatively safe investment asset mainly because the price of gold has historically been negatively correlated to movements in the general global economy and other main financial assets. As a result, gold is often used for hedging and as a store of wealth. In recent history, volatility caused by the GFC, political unrest in the Middle East, foreign exchange fluctuations and the European Debt Crisis have caused investors to sell off other riskier assets to purchase gold for its unique properties as an investment asset.

Increasing interest in gold as an investment asset has also led to an increase in the variety of gold investment products, such as gold exchange traded funds, which are publicity listed investment funds that hold gold as their primary asset.

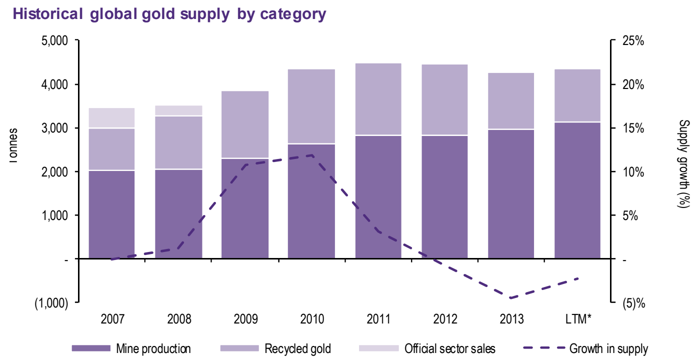
[18] Gold Demand Trends, Second Quarter 2014, World Gold Council, August 2014

Investment demand for gold has recently also included the net purchase of gold by central banks and official sector institutions[19] ("Official Sector"). The Official Sector became net buyers of gold in 2010. In a number of developing countries experiencing rapid economic growth, the significant expansion of foreign exchange reserves has required central banks to increase gold holdings in order to hedge against adverse movements in foreign exchange reserve movements. Also, the GFC and the European Debt Crisis have raised concerns in relation to the dominance of the Euro and the US dollar in foreign exchange reserves and have prompted many central banks to diversify reserve assets holdings through the purchase of gold.

Since 2003, investment has represented the strongest source of growth in the demand for gold. However, investment demand decreased substantially in 2013 by approximately 42% from 2012 levels due mainly to actual and expected improvement in global economic conditions, particularly in the US.

### 3.4 Supply

The supply of gold is mainly sourced from mine production and the recycling of scrap gold. The graph below illustrates historical gold supply by category.




** Last 12 months measured from the third quarter of 2013 to the second quarter of 2014 inclusive*
*Source: World Gold Council*

Gold supply decreased by approximately 0.7% in 2012 and a further 4.5% in 2013, or 2.2% in the last twelve months. This was primarily due to a contraction in gold recycling. This is particularly evident in the US and other developed economies, where conditions are less conducive to recycling due to the expected economic recovery and gold prices are expected to remain below their peaks as a result. Among developing countries, India was the only country that had an increase in recycling activity[20].

2013 gold production by country is illustrated in the graph below:

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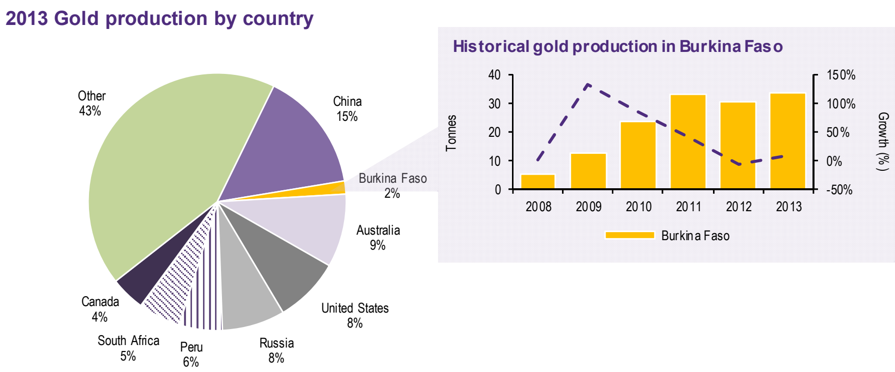
[19] Official sector institutions include all departments and agencies of national governments such as exchange authorities and fiscal agents that undertake activities similar to those of treasury, central bank or stabilisation fund
[20] Indian consumers increased their exchange and sale of existing gold jewellery items in order to finance their gold demand associated with Akshaya Tritiya, weddings and other special occasions.

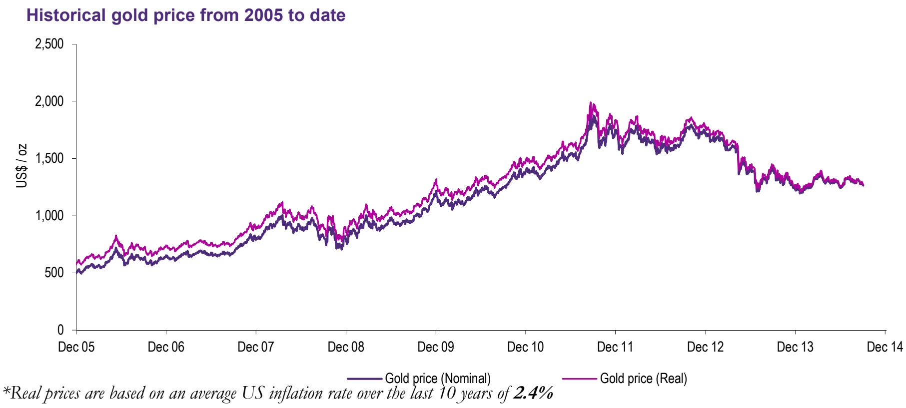



*Source: U.S. Geological Survey, Mineral Commodity Summaries, February 2014 and Burkina Faso Ministry of Mines and Energy, 2014*

Reducing rates of gold exploration success in traditional mining areas has created a shift in the global production profile for gold over the last five years. Following a range of gold discoveries in the last decade, Burkina Faso has grown its gold production from approximately 5 tonnes in 2008 to more than 30 tonnes in 2013[21]. The majority of the gold production comes from a total of eight mines (including SEMAFO's Mana Mine) and there is approximately seven advanced-stage projects expected to commence construction in the short to medium term.

### 3.5 Gold price

Set out below is the daily historical price of gold between December 2005 and December 2014:




**Real prices are based on an average US inflation rate over the last 10 years of* ***2.4%***

*Source: S&P Capital IQ and GTCF calculations*

Over the period reflected in the graph above, the price of gold increased from an average nominal price of US$512/oz in December 2005 to a high of US$1,890/oz. in 2011 due to concerns surrounding the European Debt Crisis. This represents a compounded annual growth rate ("CAGR") of approximately 24% in the gold price over this period. From 2012 to 2014, prices

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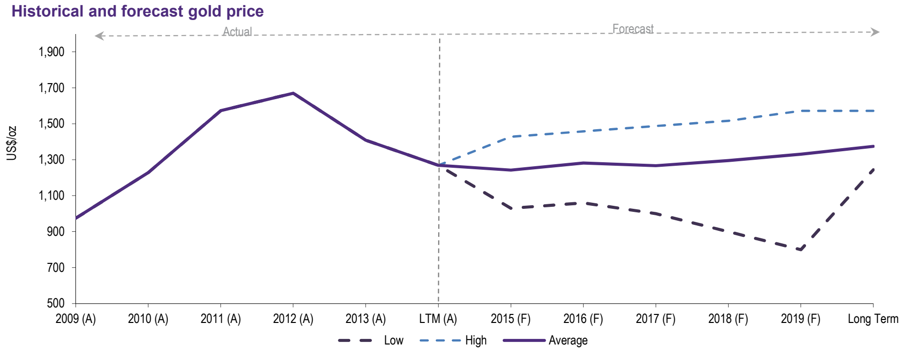
[21] Burkina Faso Ministry of Mines and Energy, 2014

declined as economic conditions and interest rates improved, reducing the relative attractiveness of gold as an investment asset. As at 11 December 2014, the spot price of gold was US$1,226/ oz.

### 3.6 Gold outlook

The following chart sets out summary of broker forecasts for the price of gold (nominal):

**Historical and forecast gold price**




*Note: Gold price calculated/ estimated based on calendar year average*
*Source: Various broker reports*

The price of gold is forecast to remain relatively flat in the short to medium term in line with the expected recovery and stabilisation of the global economy and financial markets, and relatively flat supply levels.

Future long term growth in demand is expected to be driven by the Chinese market primarily due to its increasing economic prosperity and high levels of savings. However, China is also the world's largest producer of gold. While currently China's gold mining industry consists of mostly small-scale unsophisticated producers that are unable to operate on a global platform, it is expected that in the medium to long term these producers will be able to acquire more sophisticated technology and mining techniques, and expand their supply across China and to global markets.

### 3.7 Mining in Burkina Faso

Burkina Faso is a former French colony and is a landlocked country located in West Africa with a land area of circa 274,200 sq km, surrounded by six countries, namely Mali, Niger, Benin, Togo, Ghana and Côte d'Ivoire ("Ivory Coast"). The country is considered one of the poorest in the world[22] with circa 90% of the population engaged mainly in subsistence agriculture[23].

From the opening of the country's first commercial gold mine in 2007, gold has become Burkina Faso's largest export and Burkina Faso has become Africa's fourth largest gold producer[24]. The mining sector represents approximately 12.7% of Burkina Faso's Gross Domestic Product

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[22] Source: The Northern Miner, http://www.northernminer.com/news/burkina-faso-political-turmoil-hits-junior-gold-companies/1003333600/?&er=NA, accessed 25 November 2014 – GDP per capita for Burkina Faso was approximately US$684 in 2013, which places it 129th out of 192 countries
[23] Source: Forbes, http://www.forbes.com/places/burkina-faso/, accessed 25 November 2014
[24] Source: MACIG 2014

("GDP") in 2012, which is expected to double by 2015 as existing mine developments complete. There are currently more than 900 mining titles in the country of which more than 600 are exploration permits and 11 are exploitation titles for large-scale mines[25].

The Mining Code of 2003 (under review since 2010) provides the current legislative framework for all mining activity in Burkina Faso. Any foreign entity may obtain exploration permits in the country, but must incorporate a local legal entity to obtain exploitation permits. The Burkina Faso Government ("the Government") obtains a 10% free and non-dilutable stake (or free-carry interest) in the local entity upon granting of the exploitation permit. In addition, the government has the rights to a 3% royalty if the gold price is below US$1,000 per ounce, 4% between US$1,000 and US$1,300, and 5% above US$1,300. In 2013, Burkina Faso was ranked 3rd in Africa and 27th worldwide[26] by the Fraser Institute under its mineral potential index[27], and is therefore considered to have a relatively conducive environment for mineral exploration.

In October 2013, Burkina Faso's Council of Ministers adopted a bill amending the Mining Code with the goal of increasing mining revenue to the Government and the mining sector's contribution to local development. However, it was eventually withdrawn following opposition from mining operators. A new bill was adopted by the Council of Ministers in October 2014, however due to the recent political unrest in Burkina Faso, has yet to be resubmitted to the National Assembly. Key changes proposed under the 2013 amendment included[28]:

- Introduction of a 20% tax on capital gains on any transfer of mining titles (which doesn't apply to transfers of licenses to subsidiaries before conversion into an exploitation license).

- Removal of a number of tax and customs exemptions or preferential rates currently applicable to holders of exploitation permits (such as patent contribution, employer and apprentice tax).

- Creation of a mining fund for local development and other funds partially financed by mining taxes (up to 1% of the annual turnover of the mining company).

Burkina Faso has also been impacted by recent political instability. On 31 October 2014, Burkina Faso's now former-President, Blaise Compaore resigned after 27 years as a result of mass public protest in response to his attempt to amend the constitution to extend his term as President.

Following the resignation of Blaise Compaore, the constitution was suspended and military officer Colonel Issac Zida assumed control of the Government. The take-up of power by a representative of the military resulted in significant international pressure and the threat of sanctions from the African Union. In response, a 23-person panel comprising representatives from the military, religious groups and the opposition party was established to select an interim president.

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[25] Source: World Gold Council and Burkina Faso Ministry of Mines and Energy, 2014
[26] Source: Survey of Mining Companies 2012/2013, Fraser Institute - The Fraser Institute Annual Survey of Mining Companies was sent to approximately 4,100 exploration, development, and other mining-related companies around the world
[27] The Mineral Potential Index is a composite index that captures the opinions of managers and executives on whether or not a jurisdiction's mineral potential under the current policy environment (i.e., regulations, land use restrictions, taxation, political risk, and uncertainty) encourages or discourages exploration
[28] Issued in relation to mining projects in Burkina Faso, Mayer Brown, September 2014

On 15 November, the constitution was reinstated and on 23 November, a 25-member transitional Government was successfully appointed to guide the country to formal elections in November 2015. Former United Nations ("UN") Ambassador and Foreign Minister, Michel Kafando was elected as interim President and Colonel Issac Zida as interim Prime Minister.

The UN Secretary General, Ban Ki-moon has emphasised that the UN will continue to work closely with the African Union, the Economic Community of West Africa States and other international stakeholders to provide on-going support for the transition in Burkina Faso.[29]

[29] http://www.un.org/apps/news/story.asp?NewsID=49425

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## 4 Profile of OBS

### 4.1 Company overview

OBS was listed on the ASX in August 2008 as Mt Isa Metals Ltd following its spin-off from D'Aguilar Gold Ltd and changed its name to Orbis Gold Ltd in August 2012. The Company is currently focussed on the exploration and development of gold deposits in the Birimian Gold Province of West Africa. The Company's existing asset portfolio includes the following key projects:

- *The Natougou Project* – 100% owned[30] flagship gold project located in the far east of Burkina Faso with a scoping study completed and DFS underway (more than 50% completed and expected to be completed by mid 2015).

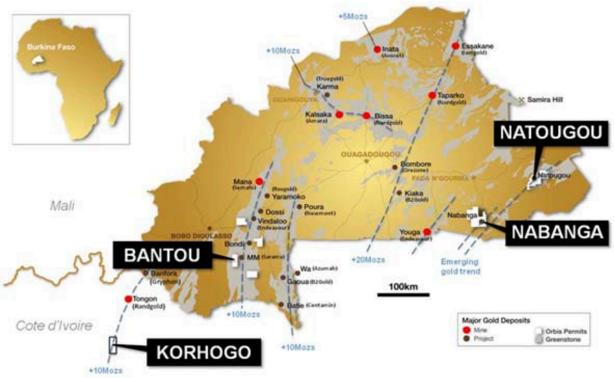
- *The Nabanga Project* – 100% owned[30] gold project located in the south east of Burkina Faso with an internal scoping study underway (and expected to be completed by end of 2014).

- *The Bantou Project* – 100% owned[30] exploration gold project located in the south west of Burkina Faso with three prospective gold targets including Bantou, Tankoro and Safia.

- *Other exploration assets* – 49% owned early stage iron-oxide copper-gold exploration project located in Queensland (the Boomara Project) and 100% owned recently acquired early stage gold exploration project located in the Ivory Coast (the Korhogo Project).

### 4.2 Assets overview

The map below illustrates the location of OBS's key projects located in West Africa and the table below summarises OBS's total attributable Mineral Resources reported in accordance with the JORC Code[31] ("Mineral Resources").




*Source: OBS Quarterly Activities Report – June 2014.*

[30] Subject to profit based royalties held by original permit vendors.
[31] The JORC (the "Joint Ore Reserves Committee") Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore. The Natougou Mineral Resources are estimated under the 2012 JORC code while the Nabanga Mineral Resources are estimated under the JORC 2004 code.

| Project | Location | Ownership interest | Cut-off grade[2] (g/t) | Contained JORC Mineral Resources[3] Tonnes (Mt) | Grade (g/t) | Inferred (Moz) | Indicated (Moz) | Measured (Moz) | Total (Moz) |
|---|---|---|---|---|---|---|---|---|---|
| **Burkina Faso projects** | | | | | | | | | |
| Natougou | Burkina Faso | 100%[1] | 0.5 | 18.1 | 3.4 | 0.80 | 1.20 | na | 2.00 |
| Nabanga | Burkina Faso | 100%[1] | 0.5 | 3.2 | 6.5 | 0.66 | na | na | 0.66 |
| Bantou | Burkina Faso | 100%[1] | na | na | na | na | na | na | na |
| **Other exploration projects** | | | | | | | | | |
| Boomara | Australia | 49% - 100% | na | na | na | na | na | na | na |
| Korhogo | Ivory Coast | 100% | na | na | na | na | na | na | na |
| **Total** | | | | **21.3** | **3.9** | **1.5** | **1.2** | na | **2.7** |

*Note (1): Diluted to 90% upon grant of a exploitation permit due to the Burkina Faso government's 10% free-carry interest*
*Note (2): At a cut-off grade of 5 g/t, the grade for Nabanga increases to 10.0 g/t for 573 koz of contained gold*
*Note (3): Total contained resource = resources x grade of resources*
*Source: Snowden Report and OBS ASX announcements*

Set out below is a brief description of the above key projects. Further details on the projects can be found in the Snowden Report set out in Appendix E.

### 4.2.1 The Natougou Project

*Introduction*

The Natougou Project is located 320km south-east of Burkina Faso's capital city, Ouagadougou within the Boungou Exploration Permit (Permit 12-206) and is 100% owned by OBS (though we note a 1.0% profit-based royalty payable to the original permit vendor upon future gold sales). The Boungou Exploration Permit expires in May 2015 and OBS has the right to apply for a three year extension subject to the relinquishment of 25% in permit area. The Government of Burkina Faso has a right to a 10% free-carry interest in the project upon grant of an exploitation permit.

The Natougou deposit was discovered by OBS in April 2012 and a maiden Mineral Resource was reported in accordance with the JORC Code in August 2013. The project is OBS's flagship asset with total Mineral Resources of approximately 18 million tonnes ("Mt") at a gold grade of 3.4 g/t for 2.0 million ounces ("Moz") of contained gold.

*Project studies*

A scoping study for the Natougou Project was completed in October 2013 ("the Initial Scoping Study") which indicated potential for the development of a large and relatively shallow open pit mine (less than 100 m deep) with a mine life of 6.2 years and total saleable gold production of 1.3 Moz at an average of 3.51 g/t and ASC of US$634/oz[32]. Based on our analysis, we note that the shallowness of the planned pit, high grade of the deposit and all-in sustaining cash cost are particularly favourable in comparison to comparable companies with projects located in West Africa (refer to Section 6.1.2 for further details).

OBS subsequently completed an updated scoping study in October 2014 (the Updated Scoping Study). The Updated Scoping Study was based on positive results from further infill drilling which

[32] Based on 2.0Mtpa mine plan. We note a 1.5Mtpa mine plan was also considered in the Initial Scoping Study.

increased Indicated Resources by 600% to 1.2 Moz and allowed for re-optimisation of the mine plan to access additional high grade and shallow gold mineralisation during the first years of operations (average mill feed grade of 8.1 g/t in first year of operations). As a result, mine life was extended by 8% to 6.7 years, total saleable gold production was increased by 12% (0.2 Moz), and the all-in sustaining cash cost was decreased by 2% (to US$619/oz). We also note that Management's expected payback period reduced from 17 months to 8 months for the Natougou Project. The short payback period should assist OBS in raising the necessary debt and equity funding for the development of Natougou Project.

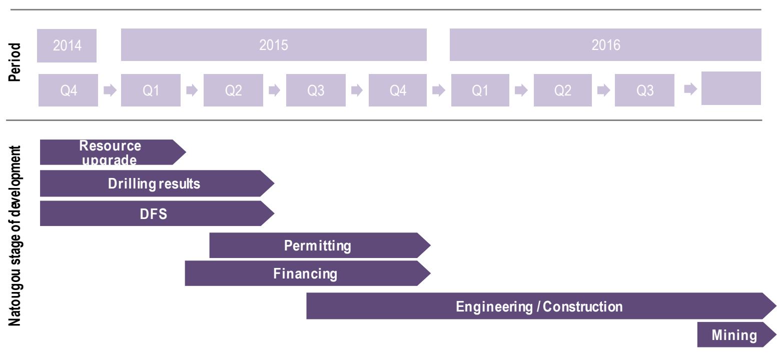
A summary of the key results from the Initial Scoping Study and Updated Scoping Study are outlined in the table below:

| Key Assumptions | Initial Scoping Study | Updated Scoping Study | *Variance (%)* |
|---|---|---|---|
| Date of study | Oct-13 | Oct-14 | |
| Life of mine (LOM) (years) | 6.2 | 6.7 | *8%* |
| LOM strip ratio | 13.2:1 | 11.7:1 | *-11%* |
| Throughput (Mtpa) | 2.0 | 2.0 | *0%* |
| Total mill feed (Mt) | 12.5 | 13.0 | *4%* |
| LOM average grade (g/t) | 3.51 | 3.69 | *5%* |
| Gold recovery (%) | 94% | 94% | *0%* |
| Gold production (LOM average) (koz pa) | 213 | 218 | *2%* |
| Total gold sales (Moz) | 1.3 | 1.45 | *12%* |
| Total pre-production capex (US$'m) | 232.5 | 233.9 | *1%* |
| Cash operating cost (C1) (US$/oz)[1] | 538 | 534 | *-1%* |
| All-in sustaining cash cost (ASC) (US$/oz)[2] | 634 | 619 | *-2%* |

*Note (1): C1 cash cost includes cash cost of mining, processing, insurance, refining, and transport (excludes royalties).*
*Note (2): All-in sustaining cash costs is the sum of total cash costs, sustaining capital expense, corporate, general and administrative expense and royalties (as defined by the World Gold Council)*
*Source: OBS presentation, October 2014.*

OBS is currently undertaking a DFS for the Natougou Project which is scheduled for completion by mid-2015. Based on discussions with Management we understand the DFS is presently more than 50% completed with the Company intending to upgrade existing resource estimates, apply for relevant environmental and mining permits, and complete project financing over the next 12 months. Construction at the Natougou Project is anticipated to begin upon completion of the DFS and decision to mine, with processing to commence in the first half of 2017. The graph below provides an illustration of Management's intended project timeline plan.

**Natougou Project Plan**




*Source: OBS announcements, various broker reports and GTCF calculations*

As part of the above project plan, we note OBS has commenced a multi-rig drilling program in excess of 15,000 metres with the main aim of increasing and upgrading the existing resource base for the subsequent definition of JORC Ore Reserves to further optimize the economics of the Natougou Project.

*Funding*

The Natougou Project is expected to require additional funding of approximately A$9 million to complete the DFS and, development capital expenditure of approximately US$234 million (A$279 million)[33] including contingencies. Based on discussions with Management and our understanding of the project, we note that there appears to be a relatively high level of investor interest to support OBS's funding requirements as evidenced by the following:

- On 23 September 2014, OBS announced a proposed US$20 million placement to Greenstone at a price of A$0.42 per share ("the Greenstone Placement") to raise funds primarily for the further advancement of the Natougou Project to a construction decision point. We note that this was a 12% premium to the then 3 month volume weighted average price ("VWAP").

- On 28 October 2014, the Greenstone Placement was terminated and instead OBS proposed to undertake a non-renounceable rights offer to all OBS Shareholders to raise up to A$20 million (the Rights Issue) at a higher price of A$0.60 per share (the Rights Issue Price). The Rights Issue was subsequently approved by OBS Shareholders at the Company's Annual General Meeting ("AGM") on the 28 November 2014.

- On the 20 November 2014, OBS announced that the Company had been approached by a number of financial institutions with indicative funding proposals to support both the funding of the DFS to completion and development of the Natougou Project. OBS has appointed Cutfield Freeman & Co Limited as an independent debt advisor.

Accordingly, in our opinion there appears to be a number of funding options available to OBS for completion of the DFS and also potentially the development of the Natougou Project.

#### 4.2.2 The Nabanga Project

The Nabanga Project is located 250 km south east of Ouagadougou and 120 km southwest of the Natougou Project, and lies within OBS's 100% owned Nabanga Exploration Permit (Permit 14-199). In September 2012, OBS announced a maiden Inferred Mineral Resource at the Nabanga Project of approximately 1.8 Mt at a gold grade of 10 g/t for 0.57 Moz of contained gold[34]. We note that the Nabanga Project is one of the highest-grade gold deposits discovered in West Africa to date.

An internal scoping study for the project is underway and is estimated to be completed by the end of 2014. Based on drilling data collected and preliminary metallurgical test work, we note Management expect the Nabanga Project to be amenable to the development of a selective

[33] Exchange rate of US$0.84/A$ as at 5 December 2014 sourced from the Reserve Bank of Australia ("RBA") is utilised throughout this Report unless otherwise stated.
[34] Based on a cut-off of 5.0 g/t.

underground mine in conjunction with an initial open pit mine, and are targeting a mine life in excess of 10 years and gold production rate of 50 to 60 koz pa.

#### 4.2.3 The Bantou Project

The Bantou Project comprises four separate exploration permits covering a total area of approximately 972 sq km, located within Western Burkina Faso within the Hounde Greenstone belt which hosts a number of large-scale gold deposits. The project contains multiple prospective gold exploration targets including the Bantou, Tankoro and Safia prospects all of which occur within the Dynikongolo Exploration Permit (Permit 12-256). During FY14, OBS completed an expanded program of induced polarization (IP) geophysical surveys of selected gold targets, a step-out drilling program at the Bantou prospect and further reconnaissance reverse circulation (RC) drilling at the Tankoro prospect. Due to largely positive results from these recent exploration programs, OBS intends to undertake follow-up drilling at each of the Bantou, Tankoro and Safia prospects.

#### 4.2.4 Other Exploration Assets

- *The Korhogo West permit* – gold exploration project is a 380 sq km exploration permit in the northern-central part of the Ivory Coast which was granted in March 2014. The permit is located at the southern end of the Senoufo greenstone belt which hosts several large-scale gold deposits. We note that no prior exploration has been recorded within the permit area. OBS is currently planning exploration activities in the area and has further applied for an additional 400 sq km exploration permit adjacent to the Korhogo West permit (the Korhogo East permit).

- *The Boomara Project* – iron-oxide copper-gold exploration project is located in the Mount Isa region of north western Queensland, Australia and comprises various exploration tenements covering an area of approximately 600 sq km. In December 2011, OBS entered into a joint venture agreement with Mt Isa Mines Limited ("MIM") under which MIM had the right to earn up to 51% interest in the Boomara Project by funding A$1 million in exploration costs by December 2014 and an additional 29% by funding a further A$2.5 million by December 2017. We note as at the date of this Report, MIM has met the requirement to earn a 51% interest in the Boomara Project and has advised its intention to earn-in a further 29% interest.

## 4.3 Financial information

### 4.3.1 Income statement

The consolidated statement of profit or loss for OBS for the periods ended 30 June 2012 ("FY12"), 30 June 2013 ("FY13") and 30 June 2014 ("FY14") are set out in the table below:

| Consolidated statements of profit or loss for the period ended: | 30-Jun-12 | 30-Jun-13 | 30-Jun-14 |
|---|---|---|---|
| | Audited | Audited | Audited |
| OBS | A$000 | A$000 | A$000 |
| Revenue | 537 | 378 | 200 |
| Other Income | - | 119 | 5 |
| | | | |
| Employee benefits expenses | (2,029) | (1,634) | (1,505) |
| Depreciation and amortisation expenses | (65) | (80) | (79) |
| Marketing | (195) | (190) | (199) |
| Legal expenses | (13) | (27) | (165) |
| Administration and consulting expenses | (466) | (346) | (558) |
| Other expenses | (1,296) | (1,035) | (6,785) |
| **Profit/(Loss) before income tax expense** | **(3,528)** | **(2,815)** | **(9,085)** |
| Income tax benefit/(expense) | - | - | 275 |
| **Net profit/(loss) for the year** | **(3,528)** | **(2,815)** | **(8,810)** |
| | | | |
| **Profit/(loss) for the year is attributable to:** | | | |
| Non-controlling interest | (332) | (129) | (334) |
| Owners of Orbis Gold Ltd | (3,196) | (2,686) | (8,477) |
| **Net profit/(loss) for the year** | **(3,528)** | **(2,815)** | **(8,810)** |

*Source: OBS financial statements, S&P Capital IQ and GTCF calculations*

We note the following in relation to the consolidated statements of profit or loss for OBS:

- Other income comprised of A$0.12 million in gain on foreign currency exchange in FY13 and A$0.05 million in gain on sale of tenements in FY14.

- Employee benefits expense includes the fair value of options granted to employees of approximately A$0.51 million in FY12, A$0.13 million in FY13 and A$0.12 million in FY14.

- Other expenses from FY12 to FY14 consisted mainly of the following:

  – Write-offs to capitalised exploration costs relating to uncommercial tenement areas surrendered and unsuccessful competitive tenement applications of approximately A$0.79 million in FY12, A$0.12 million in FY13 and A$4.09 million in FY14.

  – The impairment of tenements held for resale of circa A$0.24 million in FY13 relating to OBS's share of the West Leichardt Joint Venture and surrounding tenements.

  – Loss on disposal of exploration and evaluation assets of circa A$1.74 million in FY14 relating predominately to the divestment of 4 non-core tenements in Burkina Faso to Rumble Resources Limited ("RTR") for a consideration of 2.7 million shares in RTR ("RTR Shares").

– A research and development tax refund of A$0.27 million was recognised in FY14.

#### 4.3.2 Balance sheet

The consolidated statements of financial position for OBS as at 30 June 2013 and 30 June 2014 are set out in the table below:

| Consolidated statements of financial position as at: | 30-Jun-13 | 30-Jun-14 |
|---|---|---|
| | Audited | Audited |
| OBS | A$000 | A$000 |
| **Current Assets** | | |
| Cash and cash equivalents | 9,361 | 5,050 |
| Trade and other receivables | 72 | 446 |
| Assets held for resale | 1,000 | - |
| Other current assets | 220 | 61 |
| **Total Current Assets** | **10,653** | **5,556** |
| | | |
| **Non-Current Assets** | | |
| Property, plant and equipment | 633 | 701 |
| Exploration and evaluation assets | 30,167 | 37,798 |
| Other non-current assets | 60 | 59 |
| Financial assets at fair value through profit or loss | - | 108 |
| **Total Non-Current Assets** | **30,861** | **38,665** |
| **Total Assets** | **41,514** | **44,221** |
| | | |
| **Current Liabilities** | | |
| Trade and other Payables | 2,600 | 4,045 |
| **Total Current Liabilities** | **2,600** | **4,045** |
| **Total Liabilities** | **2,600** | **4,045** |
| | | |
| **Net Assets** | **38,914** | **40,176** |
| | | |
| **Equity** | | |
| Issued capital | 44,496 | 54,649 |
| Reserves | 6,401 | 6,320 |
| Accumulated losses | (12,584) | (21,061) |
| **Equity attributable to Orbis Gold Limited** | **38,313** | **39,908** |
| | | |
| Non-controlling interest | 601 | 268 |
| | | |
| **Total Equity** | **38,914** | **40,176** |

*Source: OBS financial statements, S&P Capital IQ and GTCF calculations*

We note the following in relation to the consolidated statements of financial position as at 30 June 2014:

- The audit report attached to the financial statements for FY14 included an emphasis of matter in relation to the uncertainty on the ability of OBS to continue as a going concern. The audit report states that: "*the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets*". In relation to this, we note the following:

– The Rights Issue has been approved by OBS Shareholders on 28 November 2014 and represents a significant equity funding option for OBS. Furthermore, we note that OBS has attracted significant equity investor interest over the past few months as evidenced by the Takeover Offer and Greenstone Placement.

– OBS has been approached by a number of financial institutions with indicative funding proposals and has appointed an independent debt advisor to assist in evaluating its debt funding options.

– A development decision for OBS's flagship Natougou Project is expected to be made in the second half of 2015 subject to the finalisation of the DFS which is currently more than 50% completed. Given the expected production profile of the Natougou Project, the project is anticipated to generate material cash flows during the initial years of the mine life and has a short pay-back period of only 8 months.

– It is not uncommon for audit reports of exploration resource companies to contain an emphasis of matter due to the lack of positive revenues and the inherent uncertainty relating to the commercialisation of mineral assets.

- Assets held for sale reduced to nil (FY13: A$1 million) with the completion of the sale of OBS's 41.3% interest in the West Leichardt Joint Venture and surrounding tenements for A$1 million in cash in September 2013.

- Exploration and evaluation assets increased by A$7.6 million predominately due to A$13.4 million in additions of capitalised costs from exploration and drilling activities, and the granting of a new exploration permit in northern Cote d'Ivoire. We note that this was partially offset by A$5.9 million in write-offs and disposals as discussed in the above Section 4.3.1.

- Financial assets of A$0.1 million consist of 2.7 million listed ordinary shares in RTR at fair value of A$0.04 per share as at 30 June 2014.

- Other current assets of A$0.06 million consist of prepayments and other non-current assets of A$0.06 million consist of security deposits.

- In FY14, OBS's total ordinary shares outstanding OBS Shares increased from 217,036,056 as at 30 June 2013 to 249,886,056 as at 30 June 2014 as a result of the following:

– Private placement of 30.35 million OBS Shares at A$0.33 per share for a total value of A$10.05 million before share issue costs completed in February 2014 ("FY14 Placement"). The funds were raised mainly to advance development studies and exploration activities at the Natougou Project, and commence exploration drilling programs at the Bantou Project.

– Issue of 2.5 million shares as a result of the exercise of unlisted options in OBS ("OBS Options").

### 4.4 Capital Structure

As at the date of our report, OBS has the following securities on issue:

- 249,886,056 OBS Shares as set out in Section 4.4.1.
- 2,300,000 OBS Options as set out in Section 4.4.2.

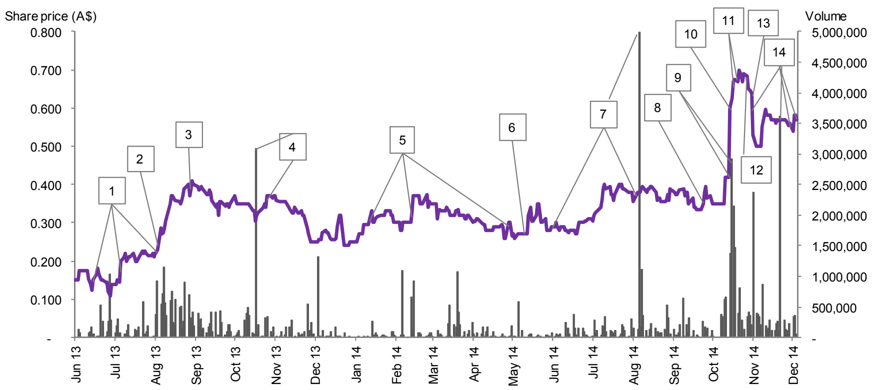
#### 4.4.1 OBS Shares

The top ten shareholders of OBS as at 17 December 2014 are set out below:

| Top shareholders as at 17 December 2014 | | | |
|---|---|---|---|
| Rank | Name | Number of shares | Interest (%) |
| 1 | 1832 Asset Mgt (GCIC) | 46,700,000 | 19% |
| 2 | DGR Global | 36,535,449 | 15% |
| 3 | Acorn Capital | 23,561,379 | 9% |
| 4 | Tenstar Trading | 17,143,347 | 7% |
| 5 | Thorney Investments | 10,240,554 | 4% |
| 6 | Mr Hugh Wallace-Smith | 6,473,625 | 3% |
| 7 | Mr Peter D Spiers | 3,836,906 | 2% |
| 8 | Mr Adrian Darby | 3,474,298 | 1% |
| 9 | Mr Brian McCubbing | 3,100,000 | 1% |
| 10 | RMB Australia Holdings | 3,030,303 | 1% |
| **Total top 10 shareholders** | | **154,095,861** | **62%** |
| Remaining shareholders | | 95,790,195 | 38% |
| **Total shares outstanding** | | **249,886,056** | **100%** |

*Source: Orient Capital sharetrak and share registry as at 17 December 2014*

The daily movements in OBS's share price and volumes for the period from June 2013 to December 2014 is set out below:




*Source: S&P Capital IQ and GTCF Analysis*

We note the following with regard to the share price history since June 2013:

| No. | Date | Comments |
|---|---|---|
| 1 | 17 Jun 2013 | Drilling results at the Natougou project confirmed a flat-lying gold mineralised structure in close proximity to the surface. The drilling recorded high grade gold intersections over a 0.9 square km area. Share price closed at A$0.165. |
| 1 | 5 Jul 2013 | The Company announced additional high-grade gold mineralisation had been defined from step-out drilling at the Natougou project. Share price closed at A$0.200. |
| 1 | 1 Aug 2013 | OBS announced metallurgical test results for the Natougou project, showing total gold recoveries of 94.2% for primary gold mineralisation. Share price closed at A$0.220. |
| 2 | 5 Aug 2013 | The Company released its maiden resource estimate for the Natougou project. The estimated Mineral Resources totalled 15 Mt at a gold grade of 3.7g/t for 1.8 million ounces of contained gold. Share price closed at A$0.285. |
| 3 | 28 Aug 2013 | OBS announced it had received new high grade gold assay results from rock chip sampling at its Bantou project. The rock chip samples extended over a 600 metre strike length and defined two sub-parallel gold mineralised trends. Share price closed at A$0.390. |
| 4 | 15 Oct 2013 | The scoping study results for the Natougou Project were announced. The scoping study indicated a potential for developing a large-scale open pit gold mine. Share price closed at A$0.330. |
| 5 | 13 Jan 2014 | OBS announced high grade drill assay results for the Natougou project. The Company is undertaking an infill drilling program with the aim of upgrading its resource estimate to Indicated Mineral Resources. Share price closed at A$0.330. |
| 5 | 13 Feb 2014 | The Company announced new assay results, confirming a second higher grade zone at the Natougou Project. Share price closed at A$0.330. |
| 5 | 29 Apr 2014 | OBS announced that drilling extending at least 300 metres west of current pit boundary at Natougou intersected additional high-grade gold mineralisation. Share price closed at A$0.300. |
| 6 | 9 May 2014 | OBS announced new drilling results at the Tankoro Prospect. Gold intersections recorded defined gold mineralisation over an 800 metre strike length. Share price closed at A$0.270. |
| 7 | 2 Jun 2014 | Further high grade drill assay results were announced by OBS confirming additional intersections with visible free gold at Natougou. Share price closed at A$0.290. |
| 7 | 4 Aug 2014 | OBS announced an update to the Mineral Resource estimates, including a 600% increase in the Indicated Resources category at Natougou. Share price closed at A$0.380. |
| 8 | 23 Sep 2014 | OBS announced it had entered into a binding agreement with Greenstone Resources L.P to subscribe for US$20 million at A$0.42 per share. The funds raised were to be used to complete a DFS for the Natougou project, secure project permitting, advance the Nabanga gold project by way of a scoping study and continue exploration activities in Burkina Faso and Cote d'Ivoire. Share price closed at A$0.350. |
| 9 | 10 Oct 2014 | OBS announced that the Company had appointed Merill Lynch as its defence adviser following confidential approaches in relation to a range of potential transactions. Share price closed at A$0.420. |
| 9 | 13 Oct 2014 | The Company announced it had received an offer from SEMAFO to acquire 100% of OBS's ordinary shares for a cash consideration between A$0.62 to A$0.65 per share. OBS's Board unanimously determined the proposal significantly undervalues OBS. The Company advised shareholders of OBS to take no action. OBS Shares entered into a trading halt. |
| 10 | 14 Oct 2014 | OBS announced it had updated its scoping study of the Natougou project. The update allowed for an US$87 million increase in after tax NPV of the project, bringing the total estimated NPV for Natougou to US$533 million. |

| No. | Date | Comments |
|---|---|---|
| | | Share price closed at A$0.600. |
| 11 | 16 Oct 2014 | OBS announced SEMAFO had submitted a takeover bid for 100% of OBS for A$0.65 per share, payable in cash (i.e. the Takeover Offer). Further the bid was made conditional on a non-approval of the Greenstone subscription. Share price closed at A$0.670. |
| 11 | 17 Oct 2014 | Further to the takeover bid made by SEMAFO Inc., OBS announced it had deferred its Extraordinary General Meeting from 24 October to 31 October 2014. Share price closed at A$0.675. |
| 12 | 24 Oct 2014 | The Company announced a multi-rig drilling program soon to commence at the Natougou Project. The initial drilling program seeks to drill in excess of 15,000 metres to target an expansion of the Mineral Resources and enhancement of the Project's economics. Share price closed at A$0.690. |
| 13 | 28 Oct 2014 | OBS announced that the US$20 million Greenstone Placement at A$0.42 per share has been terminated. Instead, OBS will seek to raise up to A$20 million through a non-renounceable rights offer to all OBS Shareholders for A$0.60 per share (i.e. the Rights Issue). The new equity raising is subject to approval at the Company's Annual General Meeting scheduled for 28 November 2014. Share price closed at A$0.650. |
| 14 | 31 Oct 2014 | In response to the civil unrest and resignation of President Blaise Compaore, OBS announced that the Company's operations have not been impacted and that exploration and feasibility study activities were continuing as planned. Share price closed at A$0.530. |
| 14 | 20 Nov 2014 | OBS announced that the Company has been approached by a number of financial institutions with indicative funding proposals and has appointed Cutfield Freeman & Co Limited as an independent debt advisor. Share price closed at A$0.565. |
| 14 | 28 Nov 2014 | The Rights Issue was approved by OBS Shareholders at the AGM. Share price closed at A$0.560. |
| 14 | 1 Dec 2014 | The Bidder Statement in relation to the Takeover Offer for 100% of OBS at A$0.65/share in cash was received. Share price closed at A$0.540. |

Set out below is the share price performance of OBS since November 2013:

| OBS | Share Price | | | Average |
|---|---|---|---|---|
| | High | Low | Close | weekly volume |
| | A$ | A$ | A$ | 000' |
| **Month ended** | | | | |
| Nov 2013 | 0.370 | 0.230 | 0.250 | 508 |
| Dec 2013 | 0.320 | 0.240 | 0.250 | 462 |
| Jan 2014 | 0.350 | 0.270 | 0.300 | 197 |
| Feb 2014 | 0.385 | 0.280 | 0.350 | 825 |
| Mar 2014 | 0.350 | 0.300 | 0.300 | 855 |
| Apr 2014 | 0.320 | 0.260 | 0.265 | 241 |
| May 2014 | 0.350 | 0.260 | 0.290 | 268 |
| Jun 2014 | 0.325 | 0.270 | 0.310 | 404 |
| Jul 2014 | 0.430 | 0.305 | 0.380 | 586 |
| Aug 2014 | 0.400 | 0.350 | 0.390 | 2,109 |
| Sep 2014 | 0.395 | 0.335 | 0.350 | 625 |
| Oct 2014 | 0.720 | 0.340 | 0.530 | 3,317 |
| Nov 2014 | 0.595 | 0.480 | 0.560 | 2,042 |
| **Week ended** | | | | |
| 15 Aug 2014 | 0.395 | 0.380 | 0.395 | 503 |
| 22 Aug 2014 | 0.380 | 0.355 | 0.355 | 421 |
| 29 Aug 2014 | 0.390 | 0.350 | 0.390 | 1,029 |
| 5 Sep 2014 | 0.385 | 0.370 | 0.385 | 466 |
| 12 Sep 2014 | 0.390 | 0.350 | 0.350 | 1,266 |
| 19 Sep 2014 | 0.365 | 0.335 | 0.335 | 159 |
| 26 Sep 2014 | 0.395 | 0.345 | 0.365 | 709 |
| 3 Oct 2014 | 0.370 | 0.345 | 0.350 | 175 |
| 10 Oct 2014 | 0.425 | 0.340 | 0.420 | 1,982 |
| 17 Oct 2014 | 0.720 | 0.550 | 0.675 | 7,910 |
| 24 Oct 2014 | 0.700 | 0.660 | 0.690 | 1,638 |
| 31 Oct 2014 | 0.700 | 0.520 | 0.530 | 3,706 |
| 7 Nov 2014 | 0.565 | 0.480 | 0.550 | 2,188 |
| 14 Nov 2014 | 0.595 | 0.555 | 0.570 | 839 |
| 21 Nov 2014 | 0.575 | 0.530 | 0.570 | 4,339 |
| 28 Nov 2014 | 0.580 | 0.535 | 0.560 | 802 |

*Source: Capital IQ, and GTCF Calculations*

### 4.4.2 OBS Options

Set out below are the key terms of the 2,300,000 Options outstanding at the date of this report:

| OBS Options Date issued | Number of Options | Date vested | Expiry date | Exercise price AUD$ |
|---|---|---|---|---|
| 21-Nov-12 | 1,000,000 | 21-Nov-12 | 21-Nov-15 | 0.50 |
| 24-Oct-13 | 1,000,000 | 24-Oct-14 | 24-Oct-16 | 0.51 |
| 22-Feb-12 | 150,000 | 22-Feb-12 | 22-Feb-15 | 0.55 |
| 22-Feb-12 | 150,000 | 22-Feb-13 | 22-Feb-15 | 0.55 |
| **Total** | **2,300,000** | | | |

*Source: OBS Management*

We note that based on the closing share price of A$0.55 as at 5 December 2014, all of the Options are in-the-money or at-the-money.

## 5 Valuation methodology

### 5.1 Introduction

In accordance with our adopted valuation approach set out in Section 2.2, our fairness assessment involves comparing the Offer Price of A$0.65 per OBS Share to the fair market value of OBS Shares on a control basis.

Grant Thornton Corporate Finance has assessed the value of OBS Shares using the concept of fair market value. Fair market value is commonly defined as:

*"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 5.2 Potential valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow (DCF) method.
- Application of earnings multiples to the estimated future maintainable earnings or cash flows.
- Amount available for distribution to security holders on an orderly realisation of assets.
- Quoted price for listed securities, when there is a liquid and active market.
- Any recent genuine offers received by the target.

Further details on these methodologies are set out in Appendix B to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe which of the above methodologies an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

### 5.3 Selected valuation methodology

Grant Thornton Corporate Finance has selected the market value of net assets as the primary method to assess OBS's equity value in relation to the Takeover Offer. The market value of net assets is based on the sum of parts of OBS's exploration and development mineral assets, and other assets and liabilities as set out in OBS's audited statement of financial position as at 30 June 2014 as set out in Section 4.5.2.

*The Natougou Project*

The market value of OBS's key asset being the Natougou Project was assessed using the following valuation methodologies:

- *Snowden's assessed valuation range* – based on comparable transactions. We note that due to the significant range in observed transaction resource multiples, Snowden has considered it appropriate not to identify a preferred value assessment in the Snowden Report. Alternatively, Snowden has assisted Grant Thornton Corporate Finance in reviewing market information together with other valuation methodologies adopted by Grant Thornton Corporate Finance in selecting an appropriate valuation range.

- *Resource multiples* – based on the enterprise value per contained resource ounce ("Resource Multiples") of listed comparable companies and comparable transactions with flagship assets similar to the Natougou Project.

We have also cross-checked our valuation assessment of the Natougou Project based on the DCF approach. We note that whilst only a scoping study has been completed on the Natougou Project and there are currently no JORC defined Ore Reserves, we have considered it appropriate to adopt the DCF method as a cross check valuation methodology due to the following:

- The DFS for the Natougou Project is more than 50% advanced and Management have indicated that based on the elements of the DFS completed so far, there have been no findings that would suggest material adverse changes to the Updated Scoping Study.

- Circa 70% of the forecast mill feed by ounces is derived from Indicated Mineral Resources and OBS has large and unexplored acreage around the Natougou Project scoping study area which may supplement any potential shortfall in the conversion of Inferred Resources.

- Grant Thornton Corporate Finance has engaged Snowden to independently review the technical assumptions in relation to the long term forecast. Snowden has suggested a number of conservative assumptions to de-risk some of the inherent uncertainty attached to the Updated Scoping Study.

- OBS has received preliminary approaches from several financial institutions with indicative funding proposals including procuring significant funds and financial support for the development of the Natougou Project. Early indications that financing should be forthcoming mitigate one of the key development risks of a project.

*The Nabanga Project*

Similar to our valuation approach for the Natougou Project, we have considered Snowden's assessed valuation range based on comparable transactions and also trading resource multiples of listed comparable companies.

*Other exploration assets*

In the valuation assessment of OBS's other exploration assets (including the exploration potential areas surrounding the Natougou and Nabanga Projects), we have had regard to Snowden's assessed valuation based on the Kilburn method and cross checked against the tenement area multiples of comparable early stage exploration companies.

### 5.3.1 Cross check

Prior to reaching our valuation conclusions, we have considered the reasonableness of our valuation of OBS shares having regard to:

- The market approach based on a multiple of Mineral Resources for the Company as a whole.
- The quoted share price of OBS.
- The Rights Issue.

### 5.3.2 Independent technical specialist

For the purposes of this report, Grant Thornton Corporate Finance has engaged Snowden to review and express an opinion on the reasonableness of the technical assumptions included in the Natougou Project financial models provided to Grant Thornton Corporate Finance by Management of OBS.

Snowden has also been engaged to prepare a valuation of the exploration and development assets of OBS (including the Natougou and Nabanga Projects) which was completed in accordance with the VALMIN Code[35].

A copy of the Snowden Report is included as Appendix E to this Report.

[35] The VALMIN Code is binding on members of the Australasian Institute of Mining and Metallurgy when preparing public independent expert reports required by the Corporations Act concerning mineral and petroleum assets and securities. The purpose of the VALMIN Code is to provide a set of fundamental principles and supporting recommendations regarding good professional practice to assist those involved in the preparation of independent expert reports that are public and required for the assessment and/or valuation of mineral and petroleum assets and securities so that the resulting reports will be reliable, thorough, understandable and include all the material information required by investors and their advisers when making investment decisions.

## 6 Valuation assessment of OBS Shares

As discussed in Section 5.3, Grant Thornton Corporate Finance has adopted the market value of net assets methodology to assess the equity value of OBS.

Set out below is a summary of our valuation assessment of OBS on a control and fully diluted basis as at the date of this Report.

| Valuation summary<br>OBS (A$'000s) | *Section Reference* | Low | High |
|---|---|---|---|
| Fair value of the Natougou Project | *6.1* | 150,000 | 230,000 |
| Fair value of the Nabanga Project | *6.2* | 25,000 | 40,000 |
| Fair value of other exploration assets | *6.3* | 7,300 | 22,600 |
| Adjusted other net assets as at 30 June 2014 | *6.4* | (547) | (547) |
| Less: Transaction costs | *6.5* | (2,000) | (1,500) |
| **Equity value of OBS on a control basis** | | **179,753** | **290,553** |
| Adjusted number of OBS Shares (000's) | *6.7* | 252,186 | 252,186 |
| **Value per OBS Shares on a control basis (A$)** | | **0.713** | **1.152** |

*Source: Annual Report 2014, Snowden Report, Management and GTCF calculations*

*Note: Total may not add due to rounding*

### 6.1 Fair value of the Natougou Project

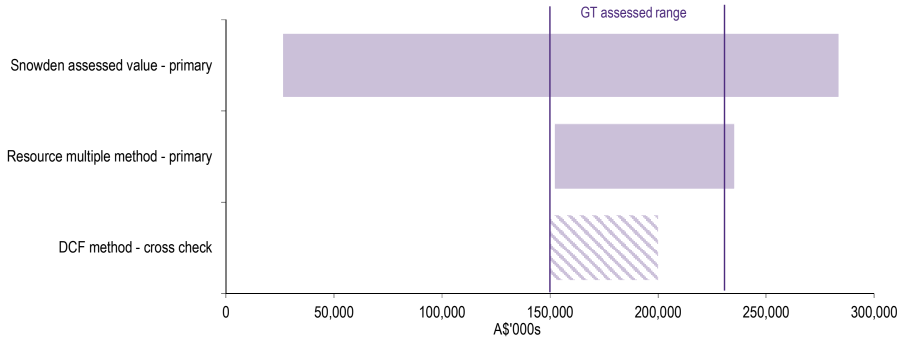
In our valuation assessment of the Natougou Project we have considered the fair value range of the Natougou Project as assessed by Snowden and the resource multiples of listed comparable companies and comparable transactions. We have also adopted the DCF valuation method as cross-check. Set out below is a summary of our valuation assessment.

| Fair value of the Natougou Project (90% attributable basis)<br>OBS (A$'000s) | *Section Reference* | Method Type | Low | High |
|---|---|---|---|---|
| Snowden assessed value | 6.1.1 | Primary | 26,000 | 284,000 |
| Resource multiple methodology | 6.1.2 | Primary | 152,053 | 235,317 |
| DCF methodology | 6.1.3 | Cross check | 150,000 | 200,000 |
| **High** | | | **152,053** | **284,000** |
| **Low** | | | **26,000** | **200,000** |
| **Average** | | | **109,351** | **239,772** |
| **Median** | | | **150,000** | **235,317** |
| | | | | |
| ***Grant Thornton Corporate Finance selected value range*** | | | **150,000** | **230,000** |

*Source: GTCF calculations*

The graph below provides an illustration of our selected value range for the Natougou Project.

**Grant Thornton selected value range for the Natougou Project**




*Source: GTCF calculations*

### 6.1.1 Snowden assessed value range – the Natougou Project

Grant Thornton Corporate Finance has engaged Snowden to assist in assessing the fair market value of the Natougou Project. Snowden has adopted the market approach which involves comparing the transaction value of similar mineral properties transacted in the open market to the Natougou Project.

Snowden identified 7 transactions with similar levels of development to the Natougou Project and in a similar political and geological setting (i.e. West Africa). Snowden has indicated that the level of comparability for other project metrics to the Natougou Project is challenging mainly due to the following:

- The Natougou Project has a materially higher grade (3.41 g/t) than the majority of the selected transaction projects (median of 2.6 g/t) and higher level of contained Mineral Resources.
- A number of the selected transaction projects require underground mining or heap leaching. Conversely, the Natougou Project is expected to host a shallow open pit mine using conventional carbon-in-leach processing, which should result in relatively lower operating cash costs and higher recovery rates all else being equal.
- Whilst OBS has only completed a scoping study on the Natougou Project, the DFS is more than 50% complete. Given the particularly prospective results of the Updated Scoping Study, the Company elected to proceed directly with the preparation of a DFS rather than completing the more conventional interim step of preparing a PFS.
- The unique proposed production profile of the Natougou Project whereby approximately 50% of the total gold recovered is expected to occur in the first 2 years of operations. This results in a short estimated payback period of only 8 months.
- A number of the transactions occurred during substantially more favourable market conditions and therefore may not be indicative of the fair market value achievable at the time of this Report. In particular, we note the gold price has declined by over 25% since January 2012 and 10% since July 2014.

Accordingly, Snowden has refrained from prescribing a preferred value to the Natougou Project. We note however, that Snowden has indicated the fair value of the Natougou Project is likely to be at the upper end of Snowden's assessed value range due to the project's relatively more favourable high grade, shallow open-pit mining style and short payback period than the majority of the selected transaction projects.

Snowden considers that the valuation of the Natougou Project on a 90% attributable basis to be in the range of A$26.0 million and A$284.0 million based on the high and low resource multiple of comparable companies. The wide value range is driven by the above mentioned factors and also by the uncertainty associated with the early stage nature of this asset. Typically, the spread of confidence diminishes as the underlying Mineral Resources are proved-up and the uncertainty around contained Mineral Resources is reduced.

Based on discussions with Snowden and our own analysis of the selected comparable transactions, Snowden and Grant Thornton Corporate Finance have reached a consensus that the transaction project considered most comparable (relatively speaking) to the Natougou Project is the Fekola Project which was acquired by B2Gold Corp in October 2014 via the acquisition of listed company Papillion Limited. The Fekola Project was the flagship project and the only material mineral asset of Papillion.

The see-through value[36] of the Fekola Project based on the consideration paid by B2Gold Corp implies an EV/resource multiple of between A$129/oz and A$141/oz on a control basis.

The table below provides a comparative summary of the Fekola Project and the Natougou Project:

| Comparison of Fekola Project and Natougou Project<br>Projects (100% basis) | | Papillion<br>Fekola | Orbis<br>Natougou |
|---|---|---|---|
| Location | Country | Western Mali | Burkina Faso |
| Tenement size | sq km | 75 | 770 |
| Attribution¹ | % | 80% | 90% |
| Study completed | | PFS | Updated Scoping |
| Stage | | DFS in progress | DFS in progress |
| Mineral Resource - tonnes | Mt | 62.1 | 18.0 |
| Mineral Resource - grade | g/t | 2.35 | 3.69 |
| Contained Mineral Resources - ounces | Moz | 5.5 | 2.00 |
| % Measured Resources | %total resources | 57% | Nil |
| Mine type | | Open Pit | Open Pit |
| Mine life | Years | 9 | 6.7 |
| Gold recovery rate | % | 92% | 94% |
| Total recovered ounces | Moz | 2.8 | 1.5 |
| Revenue first 2 years of LOM | % of total revenues | 17% | 49% |
| All-in sustaining cash cost (ASC) | US$/oz | 725 | 619 |
| Initial capex | US$'m | 292 | 234 |

*Source: Snowden Report (B2Gold IER 2014) and OBS ASX announcements*

*Note (1): attribution takes into consideration the legislative free-carry due to the Government (i.e. 10% in Burkina Faso and 20% in Mali)*

[36] See-through value of the Fekola Project is calculated by deducting from the enterprise value of Papillion, the other mineral assets. The see-through value is assessed between A$571 million and A$624 million as set out in Section 6.1.2.2. The contained Mineral Resources of the Fekola Project on a 80% basis was 4.42 Moz as set out in the Papillion Scheme Booklet.

In relation to the above table, whilst the Fekola Project is considered the most comparable and recent transaction project overall by Snowden and Grant Thornton Corporate Finance, there remains material variances. In favour of the quality of the Natougou Project we note that the average grade and recovery rate are higher than the Fekola Project and the all-in cash cost per ounce is lower. Conversely, the Fekola Project had already completed a PFS (i.e. higher confidence level than at a scoping study level) and it had a materially higher and better defined level of Mineral Resources.

In our opinion, the above detailed comparison of the Fekola Project and the Natougou Project further assist in supporting a valuation range for the Natougou Project towards the upper-end of Snowden's assessed value range.

Refer to the Snowden Report in Appendix E for further details.

#### 6.1.2 Recoverable Resource Multiple method – the Natougou Project

We have adopted the resource multiple method as one of our methodologies for the valuation assessment of the Natougou Project.

When selecting an appropriate multiple type for the valuation of the Natougou Project we had consideration to the following:

- Resource Multiple (EV/oz) – based on the total global JORC or NI 43-101[37] defined, attributable and contained Mineral Resources held by a company (including those outside of the flagship asset).

- Recoverable Resource Multiple (EV/oz) – based on the proportion of total Mineral Resources estimated to be convertible into saleable production having regard to the development plan outlined in the company's latest project study (i.e. estimated total saleable gold production over the LOM).

In our opinion, the use of the Recoverable Resource Multiple yields a more accurate valuation metric as it removes likely sub-economic ounces from the estimation of the multiple. The Natougou Project tends to have a materially higher recoverable resource to total resource ratio relative to selected comparable companies mainly as a result of the following:

- The Natougou Project consists of a single, large and high grade deposit. Many comparable companies have large defined Mineral Resources from multiple low grade deposits but have yet to establish the economic potential for a large proportion of the defined ounces.

- The Natougou Project is estimated to be amenable to a simple open pit mining style.

Given that the market typically attributes a lower value to the Mineral Resources outside of a project's scoping or feasibility study and that the total level of recovered gold drives future cash

[37] National Instrument 43-101 is a codified set of rules and guidelines for reporting and displaying information related to mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada

flows, we have accordingly adopted the Recoverable Resource Multiple in our valuation assessment of the Natougou Project.

The selection of an appropriate recoverable resource multiple is a matter of judgement and involves consideration of a number of factors. In particular, we note that the Recoverable Resource Multiple may vary significantly between the different listed comparable companies due to size of the deposit, grade, recovery rate, cost structure and level of development. In our selection of comparable companies, we have had regard to the following factors:

- Flagship project focused on gold.
- Location of flagship assets in West Africa.
- Status of development of the flagship project of the relevant company (i.e. production/development/exploration phase).
- Size of the company, including market capitalisation.

#### *6.1.2.1 Recoverable Resource Multiple*

Set out below are the Recoverable Resource Multiples of our selected comparable gold companies that are at an advanced exploration to pre-production stage in West Africa. Refer to Appendix D for further details on the comparable companies.

| Recoverable resource multiples analysis | | | | | Attributable contained resources[5] | | | Recoverable resources based on feasibility studies[6] | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Company | EV[1] A$m | Location[2] | Interest[3] % | Mine type[4] | Resource Tonnes Mt | Gold grade g/t | Contained Ounces Moz | Study stage | Mill Recovery (%) | ASC[7] Cost (US$/oz) | LOM grade g/t | Recoverable Ounces (Moz) | Resource Multiple (A$/oz) |
| Natougou Project | na | Burkina Faso | 90% | O | 16.20 | 3.41 | 1.79 | SS, DFS (P) | 94% | 619 | 3.69 | 1.31 | na |
| Roxgold Inc. | 156.17 | Burkina Faso | 90% | U | 2.20 | 15.44 | 0.98 | BFS | 97% | 590 | 11.59 | 0.66 | 238.3x |
| Golden Rim Resources Ltd. | 6.62 | Burkina Faso | 90% | O | 0.76 | 6.79 | 0.17 | SS, DFS (P) | 95% | 825 | 9.30 | 0.12 | 55.3x |
| Avnel Gold Mining Ltd. | 48.01 | Mali | 80% | O | 10.88 | 4.36 | 1.63 | PEA, PFS(P) | 93% | 609 | 3.10 | 1.20 | 40.0x |
| Aureus Mining Inc. | 119.02 | Liberia | 90% | O | 25.04 | 2.97 | 2.37 | DFS, Const | 93% | 850 | 3.38 | 0.77 | 153.9x |
| Bassari Resources Limited | 16.42 | Senegal | 60% | O | 7.14 | 2.60 | 0.60 | BFS | 95% | 683 | 5.60 | 0.10 | 160.1x |
| Asanko Gold Inc. | 144.83 | Ghana | 90% | O | 174.12 | 1.87 | 9.40 | DFS, Const | 92% | 626 | 2.22 | 1.98 | 73.1x |
| Azumah Resources Ltd | 5.34 | Ghana | 90% | O | 36.89 | 1.51 | 1.79 | DFS(P) | 92% | 880 | 2.00 | 0.36 | 14.9x |
| Orezone Gold Corporation | 39.71 | Burkina Faso | 90% | HL | 148.42 | 1.20 | 5.14 | PEA, PFS(P) | 87% | 925 | 0.88 | 0.99 | 39.9x |
| True Gold Mining Inc. | 55.60 | Burkina Faso | 90% | HL | 146.34 | 1.16 | 5.48 | Const | 87% | 720 | 0.89 | 0.74 | 74.7x |
| **Low** | | | | | **0.76** | **1.16** | **0.17** | | **79%** | **590** | **0.88** | **0.10** | **14.9x** |
| **Average** | | | | | **63.48** | **3.93** | **3.09** | | **91%** | **758** | **4.05** | **0.75** | **94.5x** |
| **Median** | | | | | **30.96** | **2.23** | **2.08** | | **93%** | **773** | **2.66** | **0.70** | **73.1x** |
| **High** | | | | | **174.12** | **15.44** | **9.40** | | **97%** | **925** | **11.59** | **1.98** | **238.3x** |

*Source: OBS announcements, Capital IQ, company presentations and websites, other publicly available information*
*Note:*
*(1) EV based on 5-trading day average prior to 28 November 2014*
*(2) Location of flagship asset*
*(3) Interest % adjusted to take into consideration any legislative free-carry due to the Government (i.e. 10% in Burkina Faso, 10% in Ghana, 10% in Senegal and 20% in Mali)*
*(4) Open pit (O), Underground (U) and Heap Leach (HL)*
*(5) Attributable contained resources = total resources x interest % x grade*
*(6) Recoverable resources = attributable contained resources (within project study) x recovery rate. Project study/stage types in order of advancement form least to most include: pre-economic assessment (PEA), scoping study (SS), prefeasibility study (PFS), definitive feasibility study (DFS), bankable feasibility study (BFS) and construction stage (Const)*
*(7) All-in sustaining cash costs as defined by the World Gold Council*

We note the following in relation to the selected valuation approach:

- The Recoverable Resource Multiple is based on the enterprise value for the Company as a whole rather than just the flagship project and potentially incorporates the value of other projects and exploration potential. When the above resource multiple is applied to project based Mineral Resources, it may potentially generate an inflated valuation of the project. However, in the circumstances of the selected valuation methodology, we note the following mitigating factors:
  - The majority of the selected comparable companies, other than Aureus and Orezone, only have one project with defined Mineral Rsources. We note however that Aureus and Orezone have only each completed studies on a single project.
  - The Recoverable Resource Multiple of comparable companies only provides an indication of the potential value range rather than an exact calculation.
  - We have also adopted as a cross check methodology, the resource multiple method for OBS as a whole to ensure the above limitations do not cause an inflated valuation of OBS.
- The Recoverable Resource Multiples listed above have been calculated based on the market price for minority or portfolio share holdings and do not include a premium for control.
- The trading prices of comparable companies have been affected by recent the Ebola outbreak in Liberia and Mali, and political unrest in Mali and Burkina Faso.

In relation to the comparable companies Recoverable Resource Multiples, we note the following

- The Natougou Project's key metrics based on the Updated Scoping Study[38] such as LOM grade, recovery rate, level of recoverable resources and ASC are relatively more favourable than the average of our basket of selected comparable companies.
- Comparable companies with projects that have higher LOM grade and lower ASC also have the most advanced projects and typically higher Recoverable Resource Multiples. The economic feasibility of such projects tends to be relatively less sensitive to movements in market factors such as the gold price, exchange rate and general market conditions. As a result such projects are able to attract a higher Recoverable Resource Multiple in comparison to lower quality peers.
- A number of the comparable companies have projects at a more advanced stage of development than the Natougou Project. In particular, we note that Roxgold, Aureus, Asanko and True Gold have acquired sufficient funding for the development of their flagship projects to production. Whilst Golden Rim, Avnel, Azumah and Orezone are at a more similar stage of development, we note that Golden Rim has put its BFS procedures on hold due to funding constraints, Azumah is undertaking a revision of its initial DFS completed in 2012 to improve project economics in order to attract funding, and Avnel and Orezone are only undertaking a PFS.

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[38] Whilst Snowden has suggested some changes to the key metrics of the Updated Scoping Study, we note that given Snowden has not reviewed the project studies of the comparable companies, the use of the Updated Scoping Study ensures the comparison is undertaken on like-for-like basis.

- Whilst, OBS has only recently released the Updated Scoping Study on the Natougou Project, the DFS is more than 50% completed (target completion is mid-2015).

In our opinion, the companies with flagship projects most comparable to the Natougou Project (from a relative perspective) include Avnel, Aureus, Bassari and Asanko. The selected most comparable companies are relatively more similar to the Natougou Project in terms of key project metrics such as mining style (open-pit), LOM grade, recovery rate and ASC. However, we note the following:

- Avnel's flagship Kalana Project is an open-pit expansion project to the company's existing small-scale underground mine, the Kalana Gold Mine. Avnel has operated the Kalana Gold Mine at a loss for the last nine years in order to maintain good relations with the local community while the company develops the Kalana Project. Furthermore, we note that the share price of Avnel has been in decline since IAMGOLD Corp. ("IMG") withdrew from a joint venture with Avnel over the Kalana Project as a result of IMG failing to complete a Mineral Resource study in the agreed timeframe. The current market sentiment towards this stock is quite negative.

- Aureus's New Liberty Project is currently under construction with first gold pour expected in the first quarter of 2015. The LOM grade and recovery rate for the New Liberty Project is also particularly similar to the Natougou Project. However, we note that the project is relatively small with attributable recoverable resource of only 0.77 Moz and underlying economic metrics less attractive than the Natougou Project with an ASC of US$850/oz (37% higher than the Natougou Project), and a payback period of approximately 4 years (compared with 8 months for the Natougou Project). Furthermore, we note that Liberia has been affected significantly by the recent Ebola outbreak which has materially affected the mining sector in Liberia – the forecast real growth in GDP for the mining sector in 2014 was reduced from 4.4% to -1.3% by the World Bank in September 2014.

- Whilst Bassari's Makabingui Project has a materially higher LOM grade than the Natougou Project, it is a relatively small-scale operation comprising of four open-pits with only 0.1 Moz of attributable recoverable resources and relatively higher ASC of circa US$683/oz. The expected LOM for the Makabingui Project (3.4 years) is also materially lower than the Natougou Project (6.7 years).

- Asanko is currently mainly engaged in the phase 1 construction of its Nkran Project. Whilst the Nkran Project has the most similar ASC and level of attributable recoverable resources compared to the Natougou Project, we note that the Nkran Project has a LOM grade approximately 40% lower than the Natougou Project's and an expected capital payback period of approximately 2.9 years (based on gold price of US$1,300/oz).

Overall, whilst none of the peer companies are perfectly comparable to the Natougou Project, we believe the selected comparable companies as a whole, particularly Avnel, Aureus, Bassari and Asanko provide a reasonable guidance for the Recoverable Resource Multiple applicable to the Natougou Project. The average and median Recoverable Resource Multiple of Avnel, Aureus, Bassari and Asanko is approximately A$107 per oz and A$114 per oz of gold on a minority basis, respectively.

*6.1.2.2 Selected Recoverable Resource Multiple on a control basis*

The trading multiples have been calculated based on the market price for minority or portfolio shareholdings and do not include a premium for control. A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as:

- The ability to realise basic synergistic benefits.
- Access to cash flows.
- Access to tax benefits.
- Control of the board of directors of the company.

Evidence from studies indicates that premiums for control on successful takeovers have frequently been in the range of 20% to 40% and that the premiums vary significantly from transaction to transaction. Specifically, based on our review of control premiums paid by acquirers of gold companies listed on the ASX in 2013-14, we observed that the average control premiums at 1 day and 1 week pre-bid was approximately 35% to 40%. This was based on a basket of 14 transactions with an average deal value of circa A$135 million[39].

In accordance with RG 111, we have incorporated a premium for control in our assessment of the Recoverable Resource Multiple of listed comparable companies.

Grant Thornton Corporate Finance has assessed a Recoverable Resource Multiple for the valuation of the Natougou Project between A$120/oz and A$180/oz on a control basis.

In order to further support our assessment of the Recoverable Resource Multiple with external objective evidence, we have further analysed the see through value of the Fekola Project implied in the Papillion transaction which is considered by Snowden and Grant Thornton Corporate Finance to be the most relevant and comparable transaction to the Natougou Project (relatively speaking).

The Recoverable Resource Multiple implied by the Fekola Project transaction is as calculated below:

[39] All data sourced from S&P Capital IQ and subject to Grant Thornton Corporate Finance calculations

| Fekola Recoverable Resource Multiple | Low | High |
|---|---|---|
| Equity value of Papillion (A$'m) | 615 | 668 |
| Less: Net cash (A$'m) | (37) | (37) |
| **Enterprise value (A$'m)** | **578** | **631** |
| Less: Value of other exploration assets (A$m) | (7) | (7) |
| **Implied see through value of the Fekola Project (A$'m)** | **571** | **624** |
| Total contained Mineral Resources included in PFS (80% basis) (Moz) | 2.4 | 2.4 |
| Recovery rate (%) | 92% | 92% |
| Recoverable resources included in PFS (80%) (Moz) | 2.2 | 2.2 |
| **Recoverable Resource Multiples (control basis) (A$/oz)** | **254.7x** | **278.4x** |

*Note: Implied see through value of the Fekola Project calculated based on values contained in the Scheme Booklet for the Fekola Project transaction*
*Source: Papillion (Fekola) Scheme Booklet, other publically available information and GTCF calculations*

The selected range of Recoverable Resource Multiple for the Natougou Project between A$120/oz and A$180/oz is at a discount between 55% and 32% to the mid-point of the Recoverable Resource Multiple of the Fekola Project implied in the acquisition of Papillion in September 2014 (A$266/oz).

Given that the Fekola Project was more advanced than the Natougou Project and had a larger Mineral Resource base and better defined Mineral Resources, in our opinion, the selected Recoverable Resource Multiple range based on comparable companies appears reasonable in comparison to the Recoverable Resource Multiple range of between A$255/oz to A$278/oz implied by the Fekola Project.

In summary, whilst we have identified some limitations in the selected valuation methodology based on the Recoverable Resource Multiple, in particular in relation to the application of company based resource multiples to project level Mineral Resources, and certain assumptions and interpretations of the analysis undertaken is inherently subjective, in our opinion the Recoverable Resource Multiple implied in the see through value of the Fekola Project provides strong and objective support to our selected Recoverable Resource Multiple range.

#### *6.1.2.3 Total recoverable resource attributable to OBS*

For the purpose of our valuation, Grant Thornton Corporate Finance have adopted a total recoverable resource attributable to OBS (90% basis) in the range of 1.27 Moz to 1.31 Moz. The high end of our range is based on the Updated Scoping Study (Section 4.2.1) and the low end of our range is based on Snowden adjustments to the Updated Scoping Study (Section 6.1.3.1) in relation to the recovery rate profile. Snowden has adjusted the recovery profile from a constant rate of 94% in the Updated Scoping Study, to gradually decline from 94% to 89% over the LOM, resulting in a weighted average recovery rate of approximately 91%[40].

We have also considered the recoverable resource of the Natougou Project on a 90% basis to take into consideration the 10% free-carry interest that will be due to the Burkina Faso Government under the current Mining Code (2003).

[40] Weighted average of recovery rate based on contained gold processed.

#### 6.1.2.4 Recoverable Resource Multiple Valuation Summary – The Natougou Project

The following table summarises our assessment of the fair value of the Natougou Project based on the Recoverable Resource Multiple method:

| Fair value of the Natougou Project (90% basis) Recoverable Resource Multiple methodology | Section Reference | Low | High |
|---|---|---|---|
| Total Natougou Recoverable Resource attributable to OBS (90% basis) (Moz) | 6.1.2.1 | 1.27 | 1.31 |
| GTCF assessed Natougou Recoverable Resource Multiple (US$/oz) | 6.1.2.2 | 120.0x | 180.0x |
| **GTCF assessed fair value of Natougou (A$'000s)** | | **152,053** | **235,317** |

*Source: GTCF calculations*

#### 6.1.2.5 Sensitivity analysis

We have conducted below a sensitivity analysis to highlight the impact on the fair value of the Natougou Project (control basis) caused by movements in the level of recoverable resources and Recoverable Resource Multiple.

| Sensitivity analysis (A$'m) | Recoverable Resouce Multiple (A$/oz) (control basis) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Recoverable resource (Moz) | 60 | 80 | 100 | 120 | 140 | 160 | 180 | 200 | 210 |
| 1.00 | 60 | 80 | 100 | 120 | 140 | 160 | 180 | 200 | 210 |
| 1.20 | 72 | 96 | 120 | 144 | 168 | 192 | 216 | 240 | 252 |
| 1.27 | 76 | 101 | 127 | 152 | 177 | 203 | 228 | 253 | 266 |
| 1.31 | 78 | 105 | 131 | 157 | 183 | 209 | 235 | 261 | 275 |
| 1.30 | 78 | 104 | 130 | 156 | 182 | 208 | 234 | 260 | 273 |
| 1.50 | 90 | 120 | 150 | 180 | 210 | 240 | 270 | 300 | 315 |

*Source: GTCF Calculations*

These sensitivities do not represent a range of potential values of the Natougou Project, but they intend to show to the OBS Shareholders the sensitivity of our valuation assessment to changes in certain variables.

### 6.1.3 DCF method cross check – the Natougou Project

Prior to reaching our valuation conclusion, we have also considered the DCF method as a cross check to our valuation of the Natougou Project (on a control basis) derived using Snowden's assessed valuation range and the Recoverable Resource Multiple approach.

Management of OBS have provided a financial model ("the Financial Model") in relation to the Natougou Project current planned life of mine ("LOM") under the Updated Scoping Study. The Financial Model is based on an operational plan of 6.7 years having regard to the current level of Mineral Resources and it does not take into account potential extension of the LOM. The market value of the resources outside the current LOM and the exploration potential of the Natougou Project have been assessed separately by Snowden.

Grant Thornton Corporate Finance has engaged Snowden, to review and express an opinion on the technical assumptions included in the Financial Model in relation to, amongst other things, the resources grade, recoveries, production profile, operating costs and capital expenditure for the Natougou Project.

Based on Snowden's review and suggested changes to the Financial Model, Grant Thornton Corporate Finance has assessed the net present value of the Natougou Project using ungeared, real, post-tax cash flows, having regard to Grant Thornton Corporate Finance's assessment of the future gold prices, exchange rates, inflation and discount rate. Set out below is a brief overview of the key assumptions used in the assessment of the Natougou Project.

We note the assumptions adopted by Grant Thornton Corporate Finance do not represent projections by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of a similar asset. We note that the assumptions used in the DCF valuations are inherently subject to considerable uncertainty. It should be noted that the value of the Natougou Project could vary materially based on changes in certain key assumptions. Accordingly, we have conducted certain sensitivity analysis in Section 6.1.3.2 to highlight the impact on the value of the Natougou Project caused by movements in certain key assumptions.

#### *6.1.3.1 Key assumptions*

Based on Snowden's review, certain changes were made to the operating assumptions in the Financial Model. Refer to the Snowden Report for complete details of the recommended modifications made to the operating assumptions. The key operating assumptions included underpinning the forecast cash flows relating to the Natougou Project are set out below.

| Key Assumptions | Note reference | Finanical Model Updated Scoping Study | Snowden Changes |
|---|---|---|---|
| Life of mine (LOM) (years) | | 6.7 | |
| Construction period (months) | Note 2 | 18 | 24 |
| LOM strip ratio | | 11.7:1 | |
| Throughput (Mtpa) | | 2.0 | |
| Total mill feed (Mt) | | 13.0 | |
| LOM average grade (g/t) | | 3.69 | |
| Gold recovery (%) | Note 3 | 94% | Reducing from 94% to 89% |
| Gold production (LOM average) (koz pa) | Note 3 | 218 | 201 |
| Total gold sales (Moz) | Note 3 | 1.45 | 1.41 |
| Total pre-production capex (US$'m) | | 233.9 | |
| All-in sustaining cash cost (ASC) (US$/oz) | Note 4 | 619 | 702 |

*Source: Financial Model, Snowden Report and GTCF calculations*

*Note 1 – DFS expenditure*

We note that the Updated Scoping Study only captures the costs of developing and operating the Natougou Project from commencement of pre-production construction. Accordingly, we have included in our DCF valuation of the Natougou Project the budgeted DFS costs not already incurred by OBS as at 30 September 2014 (approximately A$9 million) as advised by Management.

*Note 2 – Production commencement date*

Based on discussions with Management, we understand that the DFS for the Natougou Project is expected to complete by mid-2015, followed by a construction period of circa 18 months and gold sales to commence in early 2017. Snowden has recommended the construction period to be extended to 24 months with gold sales commencing by mid-2017. The recommendation is based mainly on past experience working on similar projects located in West Africa.

*Note 3 – Recovery rate and total recovered gold*

After review of the Updated Scoping Study metallurgical testwork, Snowden have recommended the recovery profile of the Natougou Project to be adjusted from a constant 94% to an initial 94% declining to 89% in line with the reduction in the mill feed grade. Snowden have advised that the recommendation is conservative though likely appropriate given the detail of testwork undertaken at a scoping study level. As a result of the change in recovery profile, total gold recovered is expected to decline by circa 3% from 1.45 Moz to 1.41 Moz.

*Note 4 – Operating and all-in sustaining cash costs*

After Snowden's adjustments, the average LOM all-in sustaining cash cost (ASC) for the Natougou Project is estimated to be circa US$702/oz which is approximately 15% higher than under the Updated Scoping Study. The increase in ASC has been due to the following:

- Snowden recommended the estimated mining costs and processing costs to be increased by 20% and 10%, respectively.

- Given the Financial Model only includes general and administration costs directly relating to the local operations at the Natougou Project, we have included annual corporate overhead costs of approximately A$0.5 million per annum on a pre-tax basis into the Financial Model. In our assessment of the corporate costs, we have considered the synergies and cost savings that could be available to a pool of potential purchasers in their valuation of OBS on a 100% basis.

*Note 5 – Gold price*

For the purpose of forming a view on the appropriate gold prices to use for the valuation, Grant Thornton Corporate Finance has had regard to the historical spot prices and forecast prices prepared by various brokers. The following table summarises the real US-dollar[41] denominated prices for gold considered in our valuation assessment:

| | | Forecast gold price (US$/oz) | | | | | |
|---|---|---|---|---|---|---|---|
| | Spot[1] | 2015E | 2016E | 2017E | 2018E | 2019E | Long term |
| Average - real (US$/t) | 1,226 | 1,220 | 1,230 | 1,190 | 1,200 | 1,210 | 1,220 |
| **Grant Thornton Corporate Finance assessed range** | | | | | | | |
| **Low (decrease 5%)** | | **1,159** | **1,169** | **1,131** | **1,140** | **1,150** | **1,159** |
| **High (increase 5% )** | | **1,281** | **1,292** | **1,250** | **1,260** | **1,271** | **1,281** |

*Source: Consensus Economics Inc. Forecast, various broker reports and GTCF calculations*

*Note (1): Spot price as at 11 December 2014*

The assumptions in relation to the gold prices adopted by Grant Thornton Corporate Finance do not represent forecasts by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of resources

[41] The sources for the gold prices are denominated in US dollars and are on a nominal basis (i.e. inclusive of inflation expectations). We have re-expressed the nominal US-dollar denominated commodity prices into real terms having regards to the Consumer Price Index ("CPI").

assets and companies. Given the volatility in commodity and precious metals markets, the current levels of gold prices relative to historical long run prices, and the widely varying views of industry analysts, assumptions regarding future gold prices are inherently subject to considerable uncertainty. It should be noted that the value of the mineral assets could vary materially based on changes in gold price expectations.

*Note 6 – Exchange rate*

Based on discussions with Management and Snowden, we note that whilst the Natougou Project is located in Burkina Faso, the Financial Model assumes that all the capital and operating expenditures are incurred in US dollars due to the following:

- Majority of the capital items and key operational material supplies will be purchased in US dollars.
- It is expected that given the high levels of inflation currently experienced in Burkina Faso and Africa, most local suppliers will tend to react quickly to any exchange rate fluctuations.
- A large portion of labour costs are expatriate costs which will mainly be paid in US dollars.
- Contingencies of 15% have been included in the Financial Model to account for unexpected costs such as adverse local exchange rate movements.

Accordingly, for the purpose of our valuation, we have only considered the forecast US$/A$ exchange rate as summarised in the table below.

| | Forecast US$/A$ exchange rate | | | | | |
|---|---|---|---|---|---|---|
| | Spot[1] | 2015E | 2016E | 2017E | 2018E | Long term |
| Average - real (US$/A$) | 0.83 | 0.88 | 0.87 | 0.86 | 0.85 | 0.83 |
| **Grant Thornton Corporate Finance assessed range** | | | | | | |
| **Low (decrease 10%)** | | **0.79** | **0.78** | **0.77** | **0.77** | **0.75** |
| **High (increase 10%)** | | **0.97** | **0.96** | **0.95** | **0.94** | **0.91** |

*Source: Various broker reports and GTCF calculations*

*Note (1): Spot price as at 11 December 2014*

*Note 7 – Ownership interest*

Given the Government of Burkina Faso has the right to a 10% free-carry, we assumed only 90% of the projected cash flows are attributable to OBS.

*Note 8 – Tax rate*

Income tax expense has been calculated by applying the Burkina Faso corporate tax rate of 17.5% for operating mining companies to the notional taxable income for the Natougou Project. Based on discussions with Management and our understanding of the Mining Code 2003, we have incorporated into our cash flows the value of the existing and future tax losses.

*Note 9 – Discount rate*

The cash flow assumptions associated with the Natougou Project have been prepared on a real, ungeared and post-tax basis. Accordingly, Grant Thornton Corporate Finance has applied a real, post-tax Weighted Average Cost of Capital ("WACC") in the range of 12.4% and 14.0% with a mid-point of 13.2%. Refer to Appendix B for further details. In our assessment of the nominal cost of equity between 16.6% and 17.7%, we have applied the specific risk premium of 8.3% based on the country risk premium for Burkina Faso estimated by Professor Aswath Damodaran of Stern School of Business at New York University.

Whilst we have adopted the country risk premium estimated by Professor Aswath Damodaran in our valuation assessment, we note that in our opinion the effective country risk premium for the Natougou Project is likely to be lower than 8.3% due to the following:

- The Government will obtain a 10% free carry when decision to mine is reached.
- The project will generate substantial income for the Government via the payment of taxes and royalties.
- Seven gold mines have been developed successfully in Burkina Faso since 2008.
- During the recent political instability that occurred in the country, all the gold mining companies operating in the country confirmed that there were no interruptions or disruptions to their operations.

However, the Natougou Project has other risks associated with the early stage of development of the project and the confidence level and definition of the Mineral Resources. Furthermore, we have considered the potential dilution and risks attached to raising the required level of debt and equity for the future construction phase of the Natougou Project.

Overall, we are of the opinion that a specific risk premium of 8.3% is reasonable to consider the specific jurisdiction and project risks of the Natougou Project.

We note that investments' analysts may adopt a different approach to reflect the aforementioned risks of the project in their valuation assessment. The net present value of the cash flows may be assessed based on the risk unadjusted discount rate and then applying a probability factor to the derived value.

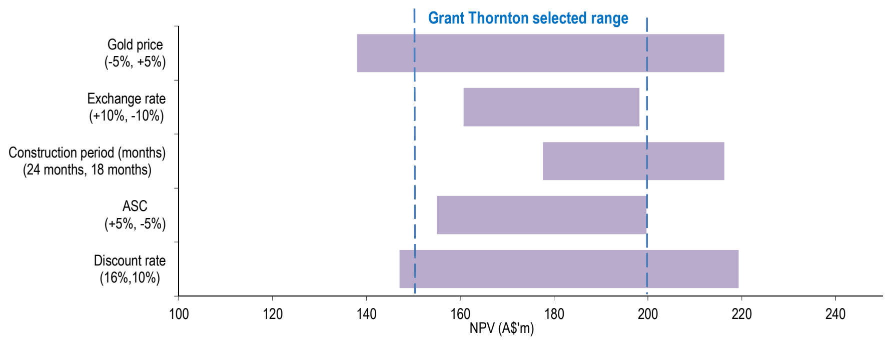
*6.1.3.2 DCF method cross check valuation summary*

Given the inherent uncertainty associated with outputs from early stage studies such as the Updated Scoping Study, our assessed valuation range of the Natougou Project is based on a number of sensitivities on the key variables potentially affecting the fair market value being the gold price, exchange rate, construction period, capital expenditure, all-in sustaining costs and discount rate. We have summarised below our valuation cross check assessment of the Natougou Project.

| Valuation cross check summary - DCF method (90% basis) | *Refer Section 6.1.3.1* | NPV (A$'m) | NPV Variance (%) |
|---|---|---|---|
| **Mid-point of Grant Thornton Corporat Finance selected range** | | 175.0 | na |
| **Construction period (months)** | *Note 2* | | |
| 24 months | | 175.0 | 0% |
| 18 months | | 216.3 | 24% |
| **All-in sustaining cost (including corporate overheads)** | *Note 4* | | |
| Increase 5% | | 155.0 | -11% |
| Decrease 5% | | 199.7 | 14% |
| **Gold price** | *Note 5* | | |
| Decrease 5% | | 137.9 | -21% |
| Increase 5% | | 216.3 | 24% |
| **Exchange rate** | *Note 6* | | |
| Increase 10% | | 160.7 | -8% |
| Decrease 10% | | 198.2 | 13% |
| **Discount rate** | *Note 9* | | |
| 10% | | 219.4 | 25% |
| 16% | | 147.0 | -16% |

*Source: GTCF calculations*

**The Natougou Project market value cross check - DCF method**




*Source: GTCF calculations*

Based on the above, we have assessed the fair market value of the Natougou Project based on the DCF cross-check approach to be in the range of between A$150 million to A$200 million. Our cross-check approach confirms that the valuation assessment of the Natougou Project based on the Recoverable Resource Multiple method and Snowden's assessed value range is reasonable.

### 6.2 Fair value of the Nabanga Project

In our valuation assessment of the Nabanga Project we have considered the fair value range of the Nabanga Project as assessed by Snowden and the resource multiples of listed comparable companies and comparable transactions. Set out below is a summary of our valuation assessment.

| Fair value of the Nabanga Project<br>OBS (A$'000s) | *Section Reference* | Low | High |
|---|---|---|---|
| Snowden assessed value | 6.2.1 | 8,600 | 93,700 |
| Resource multiple methodology | 6.2.2 | 29,673 | 47,477 |
| ***Grant Thornton Corporate Finance selected value range*** | | **25,000** | **40,000** |

*Source: Snowden Report and GTCF calculations*

#### 6.2.1 Snowden assessed value range – Nabanga Project

Snowden has assessed the total value of the Nabanga Project in the range of A$8.6 million and A$93.7 million. Consistent with the valuation of the Natougou Project, Snowden have based the value range of the Nabanga Project on 7 comparable gold project transactions located in West Africa and have refrained from prescribing a preferred value in isolation. Refer to the Snowden Report in Appendix E for further details.

Alternatively, Snowden have assisted Grant Thornton Corporate Finance in reviewing market information together with our selected valuation method to select an appropriate valuation range for the Nabanga Project.

We note that in our analysis of the fair value of the Nabanga Project together with Snowden, we have mutually agreed to put greater emphasis on the listed comparable companies multiple method (refer to Section 6.2.2) mainly due to the following:

- The estimated grade for the Nabanga Project (6.45 g/t at an 0.5 g/t cut-off and 10.0 g/t at a 5.0 g/t cut-off grade) is materially higher than the grades for all of the comparable transaction projects identified by Snowden.
- OBS is still in the process of completing an internal scoping study and the Nabanga Project currently only hosts identified Inferred Mineral Resources. However, we note that the internal scoping study is expected to be completed by the end of 2014.
- Volatility in the gold price over the last few years may make some of the selected comparable transactions multiples not fully applicable to the current market conditions.

#### 6.2.2 Resource Multiple method – the Nabanga Project

Given the Nabanga Project does not have a completed project study incorporating estimates of recoverable resources, we have adopted the total Resource Multiple in our valuation assessment of the Nabanga Project.

We have selected the Resource Multiple range applicable to the Nabanga Project based on listed gold companies with flagship assets located in West Africa as summarised below. In relation to the

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Resource Multiple in the table below, the trading multiples have been calculated based on the market price for minority or portfolio share holdings and do not include a premium for control.

Refer to Appendix D for further details on the comparable companies.

| Resource Multiple analysis | | | | | | | Attributable Mineral Resources | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | EV[1] A$m | Location[2] | Interest[3] % | Mine type[4] | Project study stage | Resource Type[5] | Resource tonnes Mt | Cut-off grade g/t | Gold grade g/t | Contained ounces[6] Moz | Resource Multiple (A$/oz) |
| The Nabanga Project (0.5 g/t ( | na | Burkina Faso | 90% | O,U | Internal SS (P) | I | 1.62 | 0.5 | 6.45 | 0.59 | na |
| The Nabanga Project (5.0 g/t ( | na | Burkina Faso | 90% | O,U | Internal SS (P) | I | 1.62 | 5.0 | 10.00 | 0.52 | na |
| Roxgold Inc. | 156.2 | Burkina Faso | 90% | U | BFS | I+I | 2.20 | 5.0 | 15.44 | 0.98 | 159.5x |
| Golden Rim Resources Ltd. | 6.6 | Burkina Faso | 90% | O | SS, DFS (P) | I | 0.76 | 0.5 | 6.79 | 0.17 | 39.7x |
| Avnel Gold Mining Ltd. | 48.0 | Mali | 80% | O | PEA, PFS(P) | I+I | 10.88 | 0.9 | 4.36 | 1.63 | 29.4x |
| Aureus Mining Inc. | 119.0 | Liberia | 90% | O | DFS, Const | I+I+M | 25.04 | 0.9 | 2.97 | 2.37 | 50.3x |
| Bassari Resources Limited | 16.4 | Senegal | 60% | O | BFS | I+I | 7.14 | 0.5 | 2.60 | 0.60 | 27.2x |
| Asanko Gold Inc. | 144.8 | Ghana | 90% | O | DFS, Const | I+I+M | 174.12 | 0.8 | 1.87 | 9.40 | 15.4x |
| Azumah Resources Ltd | 5.3 | Ghana | 90% | O | DFS(P) | I+I+M | 36.89 | 0.5 | 1.51 | 1.79 | 3.0x |
| Orezone Gold Corporation | 39.7 | Burkina Faso | 90% | HL | PEA, PFS(P) | I+I+M | 148.42 | 0.5 | 1.20 | 5.14 | 7.7x |
| True Gold Mining Inc. | 55.6 | Burkina Faso | 90% | HL | Const | I+I | 146.34 | 0.5 | 1.16 | 5.48 | 10.1x |
| **Low** | | | | | | | **0.76** | **0.5** | **1.16** | **0.17** | **3.0x** |
| **Average** | | | | | | | **63.48** | **1.1** | **3.93** | **3.09** | **38.0x** |
| **Median** | | | | | | | **30.96** | **0.5** | **2.23** | **2.08** | **27.2x** |
| **High** | | | | | | | **174.12** | **5.0** | **15.44** | **9.40** | **159.5x** |

*Source: Various company announcements and GTCF calculations*

*Source: OBS announcements, Capital IQ, company presentations and websites, other publicly available information*
*Note:*
*(1) EV based on 5-trading day average prior to 28 November 2014*
*(2) Location of flagship asset*
*(3) Interest % adjusted to take into consideration any legislative free-carry due to the Government (i.e. 10% in Burkina Faso, 10% in Ghana, 10% in Senegal and 20% in Mali)*
*(4) Open pit (O), Underground (U) and Heap Leach (HL)*
*(5) Resource type: Indicated (I) + Inferred (I) + Measured (M)*
*(6) Attributable contained resources = total resources x interest % x grade*

Similar to our adoption of the Recoverable Resource Multiple method for the Natougou Project, we have noted a number of general limitations as set out in Section 6.1.2.1 to the Resource Multiple method.

In our opinion, the companies with flagship projects most comparable to the Nabanga Project are Golden Rim and Roxgold. In relation to our selected most comparable companies we note the following:

- As illustrated below, the Nabanga Project has a gold grade significantly higher than majority of the selected comparable companies. Depending on the selected cut-off, the Nabanga Project also has a gold grade materially above Golden Rim's. We note Roxgold's cut-off grade is at 5.0 g/t.

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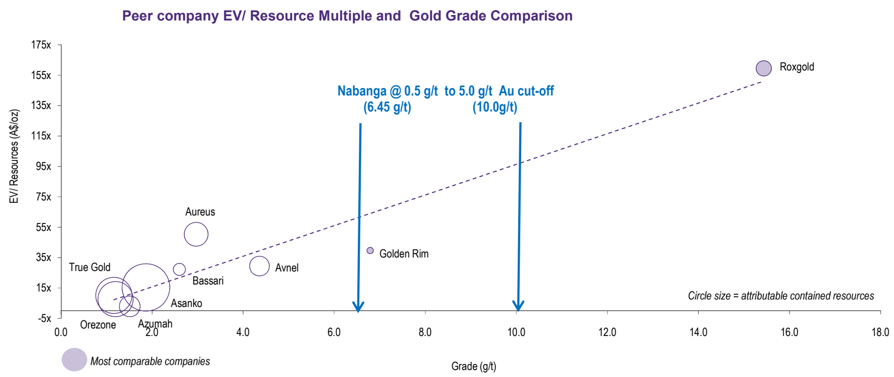



*Source: GTCF calculations*

- Whilst Golden Rim has a slightly higher gold grade at a cut-off grade of 0.5 g/t than the Nabanga Project, we note that the Nabanga Project has a materially higher level of contained Mineral Resources.

- The Nabanga Project is amenable to underground mining with potential for an initial open-pit mine. Golden Rim and Roxgold's flagship projects are expected to be an open-pit mine and underground mine, respectively. All else equal, an underground mine is expected to incur higher operating costs than an open-pit mine. However, given the small scale of Golden Rim's project, we note that Gold Rim's ASC of US$825/oz is expected to be materially higher than Roxgold's (US$590/oz).

- Similar to the Nabanga Project, Golden Rim's Balogo project is at around a scoping study stage. Golden Rim commenced a BFS which was put on hold due to funding constraints and is currently focused on exploration to increase the Mineral Resource base and enhance project economies.

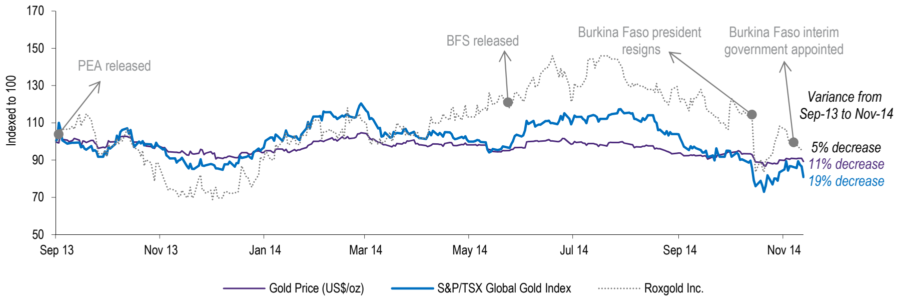
- Roxgold has completed a BFS and expects to commence construction in the short term. Whilst we consider Roxgold relatively comparable with the Nabanga Project, we note that the Nabanga Project is only at an advanced exploration stage whilst Roxgold has completed a BFS for its Yaramoko Project. Accordingly, in order to provide further support and analysis for our valuation assessment of the Nabanga Project, we have analysed the Resource Multiple implied in Roxgold trading prices at the time of release of its initial preliminary economic assessment study (i.e. PEA) on 16 September 2013. Our calculations are set out below. We note that the Resource Multiples are on a minority basis.

| Resource Multiple analysis | Date of EV | EV[1] A$m | Project study stage | Resource Type[5] | Attributable Mineral Resources: Resource tonnes Mt | Cut-off grade g/t | Gold grade g/t | Contained ounces Moz | Resource Multiple (A$/oz) |
|---|---|---|---|---|---|---|---|---|---|
| Roxgold Inc. | Dec-14 | 156.2 | BFS | I+I | 2.20 | 5.0 | 15.44 | 0.98 | 159.5x |
| Roxgold Inc. | Sep-13 | 103.3 | PEA | I+I | 1.90 | 5.0 | 15.34 | 0.94 | 110.4x |

*Source: GTCF calculations*
*Note:*
*(1) EV based on 5-trading day average prior to date of EV*
*(2) Resource type: Indicated (I) + Inferred (I)*
*(3) Attributable contained resources = total resources x interest % x grade*

- In relation to the above table, we note that the gold price has been volatile and investor sentiment has changed substantially towards gold investments in the last twelve months. This observation is reflected in the graph below which illustrates the indexed movement of the gold price and the global gold index since September 2013.

**Indexed movement of the gold price and gold index between Sep-13 to Nov-14**




*Source: S&P CapitalIQ and GTCF calculations*

From September 2013 to the date of this Report, the gold price and global gold index has decreased materially by approximately 11% and 19%, respectively.

In addition, we note that the recent share price of Roxgold and other Burkina Faso companies (including OBS) have been impacted by political instability with the resignation of former President, Blaise Comparoe in October 2014. However, with the successful appointment of an interim government in November 2014, investor confidence appears to have been mostly restored.

- As a result of the downturn in market conditions observed above, in our opinion, the historical Resource Multiple of Roxgold around the release of the PEA in September 2013 is unlikely to be achieved in full under current market conditions and based on the current state of development of the Nabanga Project. In addition, we note that Roxgold's Yaramoko Project had a larger deposit and materially higher grade than the Nabanga Project.

Based on the above considerations, Grant Thornton Corporate Finance has assessed a Resource Multiple for the valuation of the Nabanga Project between A$50/oz and A$80/oz on a control basis.

#### 6.2.2.1 *Resource Multiple Valuation Summary – The Nabanga Project*

The following table summarises our assessment of the fair value of the Nabanga Project based on the Resource Multiple method:

| Fair value of the Nabanga Project (90% basis)<br>Resource Multiple methodology | *Section Reference* | Low | High |
|---|---|---|---|
| Total Nabanga Resource attributable to OBS based on 0.5 g/t cut-off grade (90% basis) (Moz) | *4.2* | 0.59 | 0.59 |
| GTCF assessed Nabanga Resource Multiple (US$/oz) | *6.2.2* | 50.0x | 80.0x |
| **GTCF assessed fair value of Nabanga (A$'000s)** | | **29,673** | **47,477** |

*Source: GTCF calculations*

*Note (1): If a cut-off of 5.0 g/t had been adopted, the attributable contained Mineral Resource would be lower and a higher Resource Multi have been selected. As a result the assessed fair value of Nabanga would remain the same*

### 6.3 Fair value of other exploration assets

In our valuation assessment of the other exploration assets (including the exploration potential of the Natougou and Nabanga Projects) we have adopted the fair value range of the other exploration assets as assessed by Snowden. We have cross-checked Snowden's assessment based on the exploration area multiples of listed comparable companies.

#### 6.3.1 Snowden assessed value range – other exploration assets

Snowden has assessed the fair value of other exploration assets including the exploration potential of the Natougou and Nabanga Projects attributable to OBS as summarised below.

| Fair value of other exploration assets (A$'000s) | Location | *Ownership Interest* | Low | Preferred | High |
|---|---|---|---|---|---|
| Boomara | Queensland | 49% | 400 | 900 | 1,400 |
| Korhogo | Ivory Coast | 100% | 500 | 1,400 | 2,200 |
| Tapoa Permit Group (includes Natougou potential) | Burkina Faso | 100% | 3,000 | 5,600 | 8,200 |
| Kongolokoro Permit Group | Burkina Faso | 100% | 1,900 | 3,700 | 5,500 |
| Yactibo Permit Group (includes Nabanga potential) | Burkina Faso | 100% | 1,500 | 3,400 | 5,300 |
| **Total Snowden assessed fair value range** | | | **7,300** | **15,000** | **22,600** |
| ***Grant Thornton Corporate Finance selected value range*** | | | **7,300** | **to** | **22,600** |

*Source: Snowden Report and GTCF calculations*

Based on discussions with Snowden, we note the following:

- Snowden has used the Kilburn geo-scientific analysis to assess the value of the other exploration assets. Under the Kilburn method, each tenement is assessed and ranked on various aspects to adjust the base acquisition cost ("BAC")[42]. Snowden has adopted a BAC of A$600/sq km, A$700/sq km and A$335/sq km for assets located in Burkina Faso, the Ivory Coast and

[42] BAC is the average cost incurred to acquire a base unit area of mineral tenement (the application cost) and to meet all annual rent and statutory expenditure commitments for a period of 12 months.

Queensland, respectively[43].

- The tenements on which the Natougou and the Nabanga Projects are located spread over an area of 250 sq km and 179 sq km, respectively and largely unexplored at depth. The tenements also form part of larger contiguous tenement blocks.

The wide value range is driven by the uncertainty associated with the early stage nature of these assets. Typically, the spread of confidence diminishes as underlying Mineral Resources are proved-up and the uncertainty around Mineral Resource definition is reduced.

### 6.3.2 Exploration Area Multiple method– Other exploration assets cross check

#### *6.3.2.1 OBS's Exploration Area multiple implied in Snowden's assessment*

We have considered the reasonableness of Snowden's valuation having regard to the enterprise value to tenement area multiples ("Exploration Area Multiple") observed for listed comparable early-stage exploration gold companies which have not yet recognised a JORC/NI 43-101 defined Mineral Resource. Snowden's assessment of the other exploration assets based on the Kilburn method implies an Exploration Area Multiple between A$2,030/sq km and A$6,285/ sq km as summarised below:

| | | Attributable Tenement | Snowden assessed range | | Implied Exploration Area Multiple | |
|---|---|---|---|---|---|---|
| Project name | Country | Area (km2) | Low | High | Low | High |
| Boomara | Queensland | 559 | 400 | 1,400 | 716x | 2,506x |
| Korhogo | Ivory Coast | 380 | 500 | 2,200 | 1,316x | 5,789x |
| Tapoa Permit Group (includes Natougou potential) | Burkina Faso | 768 | 3,000 | 8,200 | 3,906x | 10,677x |
| Kongolokoro Permit Group | Burkina Faso | 972 | 1,900 | 5,500 | 1,955x | 5,658x |
| Yactibo Permit Group (includes Nabanga potential) | Burkina Faso | 917 | 1,500 | 5,300 | 1,636x | 5,780x |
| **Total** | | **3,596** | **7,300** | **22,600** | **2,030x** | **6,285x** |
| **Low** | | | | | **716x** | **2,506x** |
| **High** | | | | | **3,906x** | **10,677x** |
| **Average** | | | | | **1,906x** | **6,082x** |

*Source: S&P Capital IQ, Company websites, other publically available information and GTCF analysis*

#### *6.3.2.2 Exploration Area multiple of listed comparable companies*

Set out below are the exploration multiples for comparable companies with early stage tenements located in West Africa (refer to Appendix D for further details).

[43] For the purpose of Snowden's valuation assessment, Snowden have translated the assessed value of other exploration assets based on US$/A$ exchange rate of approximately 0.85.

| Company name | Country (flagship assets) | Enterprise value (EV) A$m | Effective interest % | Tenement Area ($km^2$) | Attributable Tenement Area ($km^2$) | EV/TA A$/$km^2$ |
|---|---|---|---|---|---|---|
| OBS | Burkina Faso, Ivory Coast, Australia | na | 49% - 100% | 4,177 | 3,596 | na |
| Algold Resources Ltd. | Mauritania, Burkina Faso | 8.8 | 46% - 100% | 2,387 | 1,398 | 6,320 |
| Birimian Gold Limited | Mali, Liberia | 6.5 | 100% | 2,134 | 2,134 | 3,044 |
| Thor Explorations Ltd. | Senegal, Bukina Faso | 3.5 | 70% - 85% | 577 | 475 | 7,291 |
| Taruga Gold Limited | Mali, Niger, Ghana, Ivory Coast | 3.7 | 100% | 3,800 | 3,800 | 974 |
| Crucible Gold Limited | Ivory Coast, Burkina Faso | 1.5 | 89% - 100% | 3,925 | 3,913 | 372 |
| Savary Gold Corp. | Burkina Faso | 1.2 | 65% | 750 | 488 | 2,537 |
| Erin Resources Limited | Senegal | 1.1 | 79% | 678 | 534 | 2,147 |
| **Low** | | | | **277** | **244** | **372** |
| **Average** | | | | **1,643** | **1,489** | **3,241** |
| **Median** | | | | **965** | **952** | **2,537** |
| **High** | | | | **3,925** | **3,913** | **7,291** |

*Source: S&P Capital IQ, Company websites, other publically available information and GTCF analysis*

When considering the Exploration Area Multiples of the trading comparable companies, we note the following:

- The multiples listed above have been calculated based on the market price for minority or portfolio share holdings and do not include a premium for control.
- OBS's Tapoa Permit Group and Yactibo Permit Group include the Natougou and Nabanga Projects, respectively which host gold grades significantly above other West African companies' projects as observed in Section 6.1.2.1 and Section 6.2.2. Accordingly, consistent with our opinion on the Recoverable and Total Resource Multiples for the Natougou and Nabanga Projects, we expect the total Exploration Area Multiple for the other exploration assets to be towards the high end of the observed range for comparable companies.
- Based on our understanding of the selected comparable companies, the tenements held by Algold, Birimian Gold and Savary Gold appears the most comparable. The average Exploration Area Multiple of the selected most comparable companies is approximately A$3,967/sq km on a minority basis.

Based on the analysis undertaken above, we consider the share trading Exploration Area multiples broadly support Snowden's valuation of the other exploration assets on a control basis.

### 6.4 Adjusted other assets and liabilities

For the purpose of this report, we have assessed the fair market value of other assets and liabilities of OBS based on the balance sheet as at 30 June 2014 as set out in Section 4.3.2. Our assessment of OBS's other assets and liabilities are set out below:

| Adjusted other net assets as at 30 June 2014<br>OBS (A$'000s) | Section<br>Reference | |
|---|---|---|
| Adjusted cash and cash equivalents as at 30 September 2014 | 6.4.1 | 2,145 |
| Trade receivables | 4.3.2 | 446 |
| Other current assets | 4.3.2 | 61 |
| Property, plant and equipment | 4.3.2 | 701 |
| Other non-current assets | 4.3.2 | 59 |
| Financial assets at fair value | 6.4.2 | 88 |
| Trade payables | 4.3.2 | (4,045) |
| **Total adjusted net assets** | | **(547)** |

*Source: OBS Annual Report 2014 and GTCF calculations*

*Note: Total may not add due to rounding*

### 6.4.1 Cash and cash equivalents

For the purpose of our valuation assessment we have adjusted the cash and cash equivalents balance for the following:

- Adopted the cash balance of A$0.97 million as at 30 September 2014 based on the OBS's latest Quarterly Cashflow Report. We note that that in comparison to the cash balance as at 30 June 2014 as set out in Section 4.3.2, the cash balance as at 30 September is approximately A$4.1 million lower mainly as a result of continued exploration expenditure and corporate overhead costs.

- Adjusted to include the cash amount of A$1.18 million expected to be received by OBS in relation to the assumed exercise of the Options. The Options consist of 2.3 million vested options on issue with exercise prices of between A$0.50 to A$0.55 per share.

The table below provides a summary of our calculation of the adjusted cash and cash equivalents balance:

| Adjusted cash and cash equivalents as at 30 September 2014<br>OBS (A$'000s) | Section<br>Reference | |
|---|---|---|
| Cash and cash equivalents as at 30 September 2014 | | 970 |
| Cash from exercise of the Options | 4.4.2 | 1,175 |
| **Total adjusted cash and cash equivalents as at 30 September 2014** | | **2,145** |

*Source: OBS Annual Report 2014 and GTCF calculations*

### 6.4.2 Financial assets

Financial assets include 2.7 million fully paid ordinary shares in ASX listed company, RTR. The fair value has been calculated based on the 5 day VWAP as at 11 December 2014 as summarised below:

| Financial assets at fair value | Section<br>Reference | |
|---|---|---|
| Number of RTR Shares held by OBS (000's) | 4.3.2 | 2,700 |
| RTR Share price 5 day VWAP as at 11 December 2014 (A$/ share) | | 0.03 |
| **Total value of RTR Shares (A$'000s)** | | **88** |

*Source: OBS Annual Report 2014, S&P CapitalIQ and GTCF calculations*

### 6.4.3 Drawdown of working capital facility

Based on discussions with Management, we understand that the Company also has a US$4.3 million working capital facility which was established on 7 October 2014 to provide sufficient capital to progress the scheduled work program.

We understand that this facility was fully drawn by the end of October 2014. However, in our valuation assessment we have not considered this debt obligation as the money has been spent in the current 15,000m drilling campaign and advancing the DFS which are not included/captured in our valuation assessment and the information provided to us. We also note that our valuation assessment is undertaken having regard to the audited balance sheet as at 30 June 2014 adjusted for the cash movement between June and September, and assumed exercise of OBS Options

## 6.5 Transaction costs

For the purpose of the valuation, Grant Thornton Corporate Finance has taken into consideration contingent and non-contingent costs associated with the Takeover Offer payable by OBS. Management of OBS has advised that the total estimated transaction cost still to be incurred (including contingent costs) by OBS as at 30 September 2014 relating to the Takeover Offer is approximately in the range of A$1.5 million to A$2.0 million.

## 6.6 Adjusted number of OBS Shares

We note that OBS currently has 2.3 million vested Options on issue with exercise prices of between A$0.50 to A$0.55 per share. Given the share price of OBS in the last 30-days has ranged from A$0.50 to A$0.70 per share, for the purpose of our valuation assessment of OBS, we have assumed the full exercise of all the Options (i.e. fully diluted basis). The following table sets out the number of OBS Shares on issue on a fully diluted basis:

| Adjusted number of OBS Shares | *Section Reference* | (000's) |
|---|---|---|
| Exisiting total number of OBS Shares outstanding | *4.4.1* | 249,886 |
| OBS Shares issued under exercise of the Options | *4.4.2* | 2,300 |
| **Total adjusted number of OBS Shares (fully diluted basis)** | | **252,186** |

*Source: Management and GTCF calculations*

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# 7 Valuation cross checks

## 7.1 Valuation cross check – Resource Multiple

As discussed in Section 6.1.2.1, we have considered the reasonableness of our valuation assessment of OBS as a whole by comparing the resources multiple implied by the sum of parts valuation to the resource multiple of listed comparable companies and comparable transactions as set out in Section 6.1.1 and Section 6.1.2.1.

Our assessment of OBS based on the net asset approach implies a Recoverable Resource Multiple between A$140/oz and A$221/oz on a control basis, as summarised below:

| Cross check | Section | Recoverable Resources | |
|---|---|---|---|
| | | Low | High |
| Fair market value of OBS (A$'000s) | *6.1* | 179,753 | 290,553 |
| Less: Adjusted net cash as at 30 September 2014 (A$'000s) | *6.4.1* | (2,145) | (2,145) |
| **Enterprise value of OBS (A$'000s)** | | **177,608** | **288,408** |
| Total attributable recoverable resources to OBS (90% basis) (Moz) | *6.1.2.3* | 1.27 | 1.31 |
| **Implied Recoverable Resource Multiple (control basis)** | | **140.2 x** | **220.6 x** |

*Source: GTCF calculations*

In relation to above, we note the following:

- The implied Recoverable Resource Multiple for OBS remains materially below the multiples implied by the recent Papillion transaction involving the Fekola Project (circa A$266/oz based on mid-point of Recoverable Resource Multiples). This does not appear unreasonable given the Fekola Project was relatively more advanced than both the Natougou and Nabanga Projects and has a significantly larger and better defined Mineral Resource base.

- The implied Recoverable Multiple for OBS is towards the high end of the range for the selected most comparable companies[44] (including Avnel, Aureus, Bassari, Asanko, Golden Rim and Roxgold) of between A$40/oz and A$238/oz on a minority basis. In our opinion, this does not appear unreasonable as in addition to the Natougou Project, OBS also has the high grade Nabanga Project and a substantially large exploration tenement area. Both the Nabanga Project and the exploration tenement area are not included in the Recoverable Resource Multiple. Other than Aureus which is at the high end of the multiple range (A$160/oz), the selected most comparable companies only have one project with defined Mineral Resources and significantly lower grade compared to the Nabanga Project (with the exclusion of Roxgold). Refer to Section 6.1.2.1 and Section 6.2.2 for further discussion on the comparability of the Natougou and Nabanga Projects, respectively.

After considering the above factors and differences, we believe that our valuation assessment of OBS based on the market value of net assets approach is reasonable.

[44] For both the Natougou Project and the Nabanga Project.

### 7.2 Valuation cross check – Quoted security price

Prior to reaching our valuation conclusion, we have also considered the quoted security price of OBS Shares. In accordance with the requirements of RG111, we have considered the listed securities' depth and liquidity to confirm that the market value is likely to represent the fair market value of OBS. The following table summarises the monthly trading of OBS Shares for 12 months to November 2014:

| Month end | Volume traded ('000) | Cumulative volume traded ('000) | Monthly VWAP (A$) | Total value of shares traded (A$'000) | Volume traded as % of total shares | Cumulative volume traded as % to toal shares |
|---|---|---|---|---|---|---|
| Dec 2013 | 1,940 | 1,940 | 0.254 | 493 | 0.9% | 0.9% |
| Jan 2014 | 865 | 2,805 | 0.316 | 273 | 0.4% | 1.3% |
| Feb 2014 | 3,301 | 6,107 | 0.319 | 1,054 | 1.5% | 2.8% |
| Mar 2014 | 3,589 | 9,696 | 0.327 | 1,172 | 1.5% | 4.0% |
| Apr 2014 | 1,061 | 10,757 | 0.293 | 311 | 0.4% | 4.3% |
| May 2014 | 1,179 | 11,936 | 0.285 | 336 | 0.5% | 4.8% |
| Jun 2014 | 1,697 | 13,633 | 0.287 | 488 | 0.7% | 5.5% |
| Jul 2014 | 2,698 | 16,331 | 0.371 | 1,002 | 1.1% | 6.5% |
| Aug 2014 | 8,857 | 25,188 | 0.378 | 3,346 | 3.5% | 10.1% |
| Sep 2014 | 2,750 | 27,939 | 0.373 | 1,025 | 1.1% | 11.2% |
| Oct 2014 | 15,260 | 43,199 | 0.595 | 9,085 | 6.1% | 17.3% |
| Nov 2014 | 8,169 | 51,368 | 0.544 | 4,442 | 3.3% | 20.6% |
| **Min** | | | **0.254** | | **0.39%** | |
| **Max** | | | **0.595** | | **6.11%** | |
| **Average** | | | **0.362** | | **1.75%** | |
| **Median** | | | **0.323** | | **1.09%** | |

*Source: CapitalIQ and GTCF calculations*

In relation to the above table we note the following:

- OBS complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of OBS.
- In the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their portfolio investment.
- There has been historically low level of trading in OBS Shares. The monthly volume traded as a percentage of outstanding shares ranged between 0.4% and 6.1% with an average of 1.8%.
- In the last 6 months before the Takeover Offer, approximately 7% of the issued shares were traded in total.

Based on the above, we note that the liquidity of OBS shares is low and accordingly, the trading share price of OBS may not be fully reflective of market value.

Furthermore, as illustrated in the graph below, we note that the Updated Scoping Study was released when the Company was in trading halt and at the same time as the announcement of the Takeover Offer. Accordingly, it is difficult to identify and separate the movements in share price derived from the release of the Updated Scoping Study and the announcement of the Takeover Offer. We also note that the market conditions and sentiment for the Burkina Faso gold mining industry have been particularly volatile in the last few months.

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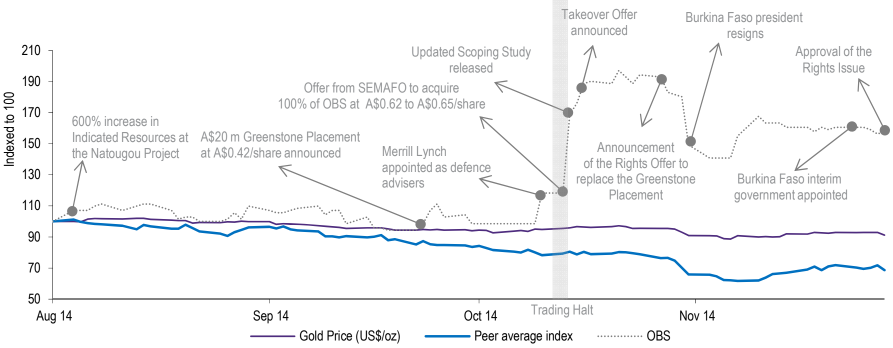
**Indexed movement of the gold price, peer index[1] and OBS share price (last 4 months)**




*Note (1): The peer index is calculated as the average share price movement of selected comparable companies as set out in Section 6.1.2*
*Source: S&P CapitalIQ and GTCF calculations*

Specifically, we note the following movements in the OBS share price:

- Increase by 20% from closing price 1-day prior to the announcement of the appointment of Merrill Lynch as defence advisors to the Company.
- Increase by 43% from closing price 1-day prior to the release of the Updated Scoping Study and announcement of an unsolicited and indicative proposal received by OBS on 14 October 2014.
- Increase by a further 12% from the closing price on 14 October 2014 upon announcement of the intention to launch the Takeover Offer on 16 October 2014.
- From announcement of the Takeover Offer to release of the Bidder Statement, the OBS share price was volatile with a closing share price low of A$0.50 and high of A$0.70 over the period. This was mainly driven by recent political unrest in Burkina Faso and a declining gold price.

As a result of the above analysis, we note that OBS trading prices immediately before and after the announcement of the Takeover Offer have been affected by a number of Company specific and market based events such that it is not possible to comment on the effect of the Takeover Offer on the trading prices in isolation. Accordingly, we have placed limited reliance on the quoted security price of OBS for our valuation assessment.

### 7.3 Valuation cross check – Rights Issue

Refer to the Other Factors section of our reasonableness considerations for our discussion about the Rights Issue.

## 8 Sources of information, disclaimer and consents

### 8.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- OBS's draft Target's Statement dated on or around the date of this report.
- SEMAFO's Bidders Statement dated 1 December 2014.
- OBS Quarterly Cash Flow Statement for quarter ended 30 September 2014.
- Annual reports of OBS for FY12, FY13 and FY14.
- Releases and announcements by OBS on ASX.
- Other information provided by OBS.
- IBISWorld Industry Report;
- Other publicly available information.
- Snowden Technical Specialist Report.
- S&P CapitalIQ.
- Consensus Economics Forecast.
- Various broker reports.
- Discussions with Management.

### 8.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to OBS and all other parties involved in the Takeover Offer with reference to the ASIC Regulatory Guide 112 "Independence of experts" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to OBS, its shareholders and all other parties involved in the Takeover Offer.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with OBS or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Takeover Offer.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Takeover Offer, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Takeover Offer. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

### 8.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by OBS, Snowden and other publicly available sources. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by OBS through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of OBS.

This report has been prepared to assist the Board of OBS in advising the OBS Shareholders in relation to the Takeover Offer. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Takeover Offer is fair and reasonable to the OBS Shareholders.

OBS has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided, which OBS knew or should have known to be false and/or reliance on information, which was material information OBS had in its possession and which OBS knew or should have known to be material and which OBS did not provide to Grant Thornton Corporate Finance. OBS will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 8.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Target Statement to be sent to the OBS Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

## Appendix A – Glossary

| Term | Description |
|---|---|
| AGM | Annual General Meeting |
| ASC | All in Sustaining Cash Cost |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| BAC | Base acquisition cost |
| Board | The Board of OBS |
| CAGR | Compounded Annual Growth Rate |
| CAPM | Capital Asset Pricing Model |
| Company | Orbis Gold Limited |
| DCF | Discounted cash flow |
| DFS | Definitive Feasibility Study |
| Directors | The Directors of OBS |
| EV | Enterprise value |
| Exploration Area Multiple | EV/tenement area (A$/sq km) |
| Financial Model | Financial model in relation to the Natougou Project current planned life of mine under the Updated Scoping Study |
| Financial year ended 30 June 20XX | FYXX |
| FSG | The Financial Services Guide |
| GDP | Gross Domestic Product |
| GFC | Global Financial Crisis |
| Grant Thornton Corporate Finance | Grant Thornton Corporate Finance Pty Ltd |
| Greenstone | Greenstone Resources L.P |
| Greenstone Placement | On 23 September 2014, OBS announced a proposed US$20 million placement to Greenstone at a price of A$0.42 per share |
| Initial Scoping Study | Initial scoping study for the Natougou Project completed in October 2013 |
| Internal Scoping Study | Scoping study completed internally by OBS for the Nabanga Project |
| Ivory Cost | Côte d'Ivoire |
| JORC/ JORC Code | The JORC (the “Joint Ore Reserves Committee”) Code is a standard used for the public disclosure of Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore. The Natougou Mineral Resources are estimated under the 2012 JORC code while the Nabanga Mineral Resources are estimated under the JORC 2004 code. |
| Management | The Management of OBS |
| MIM | Mt Isa Mines Limited |
| Mineral Resources | Resources reported in accordance with the JORC Code |

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| Term | Description |
|---|---|
| Moz | Million ounces |
| Mt | Million tonnes |
| OBS | Orbis Gold Limited |
| OBS Options | Unlisted options in OBS |
| OBS Shareholders | Ordinary shareholders of OBS |
| OBS Shares | Fully paid ordinary shares in OBS |
| Offer Price | A$0.65 per OBS Share in cash under the Takeover Offer |
| Recoverable Resource Multiple | EV/ attributable recoverable Mineral Resource ounce (A$/oz) |
| Resource Multiples | EV/attributable contained Mineral Resource ounce (A$/oz) |
| RG111 | Regulatory Guide 111 “Content of expert reports” |
| RG112 | ASIC Regulatory Guide 112 “Independence of Experts” |
| Right Issue | A$20 million rights issue at A$0.60 per OBS Share approved by OBS Shareholders on 28 November 2014 |
| Rights Issue Price | A$0.60 per OBS Share |
| RTR | Rumble Resources limited |
| RTR Shares | Shares in RTR |
| SEMAFO | SEMAFO Inc. |
| Snowden | Snowing mining consultants |
| Snowden Report | Independent technical report provided by Snowden |
| Takeover Offer | Proposed takeover offer from SEMAFO to acquire 100% of OBS at A$0.65 per share in cash |
| The Government | The Government of Burkina Faso |
| Updated Scoping Study | OBS updated scoping study completed in October 2014 |
| VWAP | Volume weighted average price |
| WACC | Weightedaverage cost of capital |

## Appendix B – Valuation methodologies

### Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

### Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

## Appendix C – Discount Rate

### Introduction

The cash flows assumptions associated with the Natougou Project have been prepared on a real, ungeared and post-tax basis. Accordingly, we have assessed a range of real post-tax discount rates for the purpose of calculating their net present value.

The discount rate was determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D+E} \times (1-t) + R_e \times \frac{E}{D+E}$$

Where:

- Re = the required rate of return on equity capital;
- E = the market value of equity capital;
- D = the market value of debt capital;
- Rd = the required rate of return on debt capital; and
- t = the statutory corporate tax rate.

### WACC Inputs

In our assessment of the required rate of return on equity capital, we have observed the global financial markets and adopted the US market as a proxy due to the following:

- Demand and supply for gold is driven by global forces and markets.
- Majority of the costs are forecast be incurred in US$.
- Gold is traded in US$.
- The gold produced by the Natougou Project will be exported.

*Required rate of return on equity capital*

We have used the Capital Asset Pricing Model ("CAPM"), which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion. Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market – it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity ($R_e$) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- $R_f$ = risk free rate
- $\beta_e$ = expected equity beta of the investment
- $(R_m – R_f)$ = market risk premium

*Risk free rate*

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. We have observed the yield on the 10-year United States Treasury bond over several intervals from a period of 5 trading days to 10 trading years as set out in the table below:

| United States Treasury Constant Maturity - 10 Year as at 5 December 2014 | Range | | | Daily average |
|---|---|---|---|---|
| Previous 5 trading days | 2.18% | - | 2.29% | 2.24% |
| Previous 10 trading days | 2.18% | - | 2.34% | 2.27% |
| Previous 20 trading days | 2.18% | - | 2.39% | 2.31% |
| Previous 30 trading days | 2.15% | - | 2.63% | 2.40% |
| Previous 60 trading days | 2.15% | - | 2.66% | 2.45% |
| Previous 1 year trading | 2.15% | - | 3.04% | 2.59% |
| Previous 2 years trading | 1.59% | - | 3.04% | 2.43% |
| Previous 3 years trading | 1.43% | - | 3.04% | 2.23% |
| Previous 5 years trading | 1.43% | - | 4.01% | 2.56% |
| Previous 10 years trading | 1.43% | - | 5.26% | 3.35% |

*Source: S&P Capital IQ and GTCF calculations*

Given the volatility in the global financial markets, we have placed more emphasis to the average risk free rate observed over a longer period of time. Based on the above, we have adopted the risk free rate of 2.6% which is primarily based on the 5 year average yield on the 10-year United States Treasury bond. We note that this is also consistent with the spot price.

*Market risk premium*

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned.

The expected return of the market in excess of the risk-free rate, termed the long horizon equity risk premium, has been estimated based on an historical study of mean actual returns as published in Stocks, Bonds, Bills and Inflation® Valuation Edition 2013 Yearbook, (Morningstar, Inc., 2013).

An adjusted long horizon equity risk premium of 5.75% has been utilised based on current research indicating that the actual long horizon risk premium is approximately 100 basis points less than that indicated by the Ibbotson full period data.

*Beta*

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

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For the purpose of this report, we have had regard to the observed betas (equity betas) of companies engaged in advanced gold exploration to construction (Tier 1) and gold producers with flagship assets located in West Africa (Tier 2) as set out below:

| Company<br>Beta analysis | Country | Market Cap<br>A$'million | Equity<br>Beta[1] (MSCI) | Gearing<br>Ratio[1] | Ungeared<br>Beta (MSCI) | Regeared<br>Beta (MSCI) |
|---|---|---|---|---|---|---|
| **Tier 1 - Gold advanced exploration to development companies operating in West Africa** | | | | | | |
| Golden Rim Resources Ltd. | Burkina Faso | 6 | 2.38 | 5% | 2.28 | 2.49 |
| Orezone Gold Corporation | Burkina Faso | 50 | 0.97 | 0% | 0.97 | 1.05 |
| Avnel Gold Mining Ltd. | Mali | 67 | 0.43 | 0% | 0.43 | 0.47 |
| Gryphon Minerals Ltd. | Burkina Faso | 20 | 1.13 | 0% | 1.13 | 1.23 |
| Roxgold Inc. | Burkina Faso | 166 | 1.25 | 0% | 1.25 | 1.37 |
| True Gold Mining Inc. | Burkina Faso | 92 | 0.76 | 0% | 0.76 | 0.83 |
| Bassari Resources Limited | Senegal | 17 | 0.48 | 1% | 0.48 | 0.52 |
| Azumah Resources Ltd | Ghana | 7 | 0.61 | 0% | 0.61 | 0.67 |
| Asanko Gold Inc. | Ghana | 340 | 0.54 | 0% | 0.54 | 0.59 |
| Aureus Mining Inc. | Liberia | 105 | 1.18 | 4% | 1.15 | 1.25 |
| **Tier 1 - Average** | | **87** | **0.97** | **1%** | **0.96** | **1.05** |
| **Tier 1 - Median** | | **59** | **0.86** | **0%** | **0.86** | **0.94** |
| **Tier 2 - Gold production/ construction companies operating in West Africa** | | | | | | |
| SEMAFO Inc. | Burkina Faso | 933 | (0.25) | 0% | nm | nm |
| Endeavour Mining Corporation | Mali | 200 | 0.31 | 41% | 0.25 | 0.27 |
| Resolute Mining Limited | Mali | 144 | 0.71 | 13% | 0.66 | 0.72 |
| Golden Star Resources, Ltd. | Ghana | 82 | 0.71 | 22% | 0.62 | 0.68 |
| Amara Mining plc | Ivory Coast | 96 | 1.18 | 10% | 1.10 | 1.20 |
| Perseus Mining Limited | Ghana | 126 | (0.08) | 0% | nm | nm |
| Teranga Gold Corporation | Senegal | 171 | (0.19) | 9% | nm | nm |
| **Tier 2 - Average** | | **250** | **0.34** | **14%** | **0.66** | **0.72** |
| **Tier 2 - Median** | | **144** | **0.31** | **10%** | **0.64** | **0.70** |
| **Total Average** | | **154** | **0.71** | **6%** | **0.87** | **0.95** |
| **Total Median** | | **96** | **0.71** | **0%** | **0.71** | **0.77** |

*Source: CapitalIQ and GTCF calculations*

*Note (1): Equity betas are calculated using data provided by CapitalIQ. The betas are based on a five-year period with monthly obervations and have been degeared based on the average gearing ratio over five years.*

Grant Thornton Corporate Finance has observed the betas of the comparable companies by reference to the MSCI .

It should be noted that the above betas are drawn from the actual and observed historic relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is, to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the pre-development assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected company are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparables, a process commonly referred as degearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (regearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the degearing and regearing exercise:

$$\beta_e = \beta_a \left[ 1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- $\beta e$ = Equity beta
- $\beta a$ = Asset beta
- t = corporate tax rate

The betas are de-geared using the average gearing[45] level over the period in which the betas were observed and then re-geared using a gearing ratio of 10% debt and 90% equity. The gearing ratio has been determined after considering the gearing levels of OBS and the comparable companies.

In selecting the appropriate beta, we have considered the following:

- Similar to OBS, a number of the tier 1 companies are unfunded for the development of their flagship projects and with limited cash resources.

- A number of the selected comparable companies are materially smaller than OBS.

- Most of the production companies are generating relatively steady revenues. Accordingly their betas should be lower than OBS's all other things being equal.

- The median geared beta of tier 1 companies based on the MCSI Index is 0.94.

- The median geared beta of all comparable companies based on the MSCI Index is 0.77.

Based on the analysis above, we have selected a beta range of between 1.00 and 1.20 to calculate the required rate of return on equity capital for the Natougou Project.

*Specific risk premium*

We have applied the specific risk premium of 8.3% based on the country risk premium for Burkina Faso estimated by Professor Aswath Damodaran of Stern School of Business at New York University.

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[45] Gearing ratio represents Net debt/Market capitalisation

Whilst we have adopted the country risk premium estimated by Professor Aswath Damodaran in our valuation assessment, we note that in our opinion the effective country risk premium for the Natougou Project is likely to be lower than 8.3% due to the following:

- The Government will obtain a 10% free carry when decision to mine is reached.
- The project will generate substantial income for the Government via the payment of taxes and royalties.
- Seven gold mines have been developed successfully in Burkina Faso since 2008.
- During the recent political instability occurred in the country, all the gold mining companies operating in the country confirmed that there were no interruptions or disruptions to their operations.

However the Natougou Project has other risks associated with the early stage of development of the project and the confidence level and definition of the Mineral Resources. Furthermore, we have considered the potential dilution and risks attached to raising the required level of debt and equity for the future construction phase of the Natougou Project.

Based on the above, we have adopted a specific risk premium of 8.3%. We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

*Cost of debt*

For the purpose of estimating the cost of debt, Grant Thornton Corporate Finance has considered the following.

- The margin implicit in corporate bond yields over the US Government bond yields.
- The debt ratings of comparable companies, in particular, Moody's BAA credit ratings.
- The historical and current cost of debt for comparable companies.
- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt in the range of 7.0% to 8.0%.

*Tax rate*

We have adopted a notional tax rate for the Natougou Project on a standalone basis based on the Burkina Faso corporate tax rate for operating mining companies of 17.5%.

*Capital structure*

Grant Thornton Corporate Finance has considered the gearing ratio which a hypothetical purchaser of the business would adopt in order to generate a balanced return given the inherent risks associated with debt financing. Factors which a hypothetical purchaser may consider include the shareholders' return after interest payments, and the business' ability to raise external debt.

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the "target" gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

In determining the appropriate capital structure, we have had regard to the current capital structure of the comparable companies, and the likely capital structure of OBS based on initial capital expenditure requirements and current cash reserves over the life of the Natougou Project.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted an average debt-to-asset ratio in the range of 10% to 15%.

**WACC calculation**

The real discount rate determined using the WACC formula is set out below.

| WACC calculation | Low | High |
|---|---|---|
| **Cost of equity** | | |
| Risk free rate | 2.6% | 2.6% |
| Beta | 1.00 | 1.20 |
| Market risk premium | 5.8% | 5.8% |
| Specific risk premium | 8.3% | 8.3% |
| **Cost of equity** | **16.6%** | **17.7%** |
| **Cost of debt** | | |
| Cost of debt (pre tax) | 7.0% | 8.0% |
| Tax | 17.5% | 17.5% |
| **Cost of debt (post tax)** | **5.8%** | **6.6%** |
| **Capital structure** | | |
| Proportion of debt | 15% | 10% |
| Proportion of equity | 85% | 90% |
| **Total** | **100%** | **100%** |
| **WACC (post tax)** | **14.9%** | **16.6%** |

| WACC calculation in real terms | Low | High |
|---|---|---|
| WACC (post tax) (nominal) | 14.9% | 16.6% |
| US & AUS long term blended inflation | 2.3% | 2.3% |
| **WACC (post tax) (real)** | **12.4%** | **14.0%** |
| **Average WACC** | | **13.2%** |

*Source: CapitalIQ and GTCF calculations*

## Appendix D – Description of comparable companies

| Company | Description |
|---|---|
| Algold Resources Ltd. | Algold Resources Ltd., a mineral exploration company, acquires, explores for, and develops gold deposits in West Africa. It owns 90% interest in the Knievissat property comprising 2 exploration licenses covering 833 square kilometers located in north-western Mauritania. The company also has a 51% interest in the Legouessi property covering 994 square kilometers located in north-western Mauritania. Algold Resources Ltd. is based in Montreal, Canada. |
| Amara Mining plc | Amara Mining plc is involved in the acquisition, exploration, development, and operation of gold mines and deposits in West Africa. It has interests in the Yaoure, Kalsaka/Sega, and Baomahun properties. The company was formerly known as Cluff Gold plc and changed its name to Amara Mining plc in October 2012. Amara Mining plc was founded in 2003 and is headquartered in London, the United Kingdom. |
| Asanko Gold Inc. | Asanko Gold Inc. engages in the exploration, development, and production of gold in Ghana. It principally holds interest in the Esaase gold project covering an area of approximately 210 square kilometers located in Amansi West District of Ghana. The company was formerly known as Keegan Resources Inc. and changed its name to Asanko Gold Inc. in February 2013. Asanko Gold Inc. was incorporated in 1999 and is based in Vancouver, Canada. |
| Aureus Mining Inc. | Aureus Mining Inc., through its subsidiaries, explores and develops gold deposits in Liberia and Cameroon. It principally owns a 100% interest in the New Liberty Gold project covering an area of 457 square kilometers located in Liberia. Aureus Mining Inc. was incorporated in 2011 and is headquartered in Toronto, Canada. |
| Avnel Gold Mining Ltd. | Avnel Gold Mining Limited, through its subsidiaries, is engaged in the exploration and development of mineral properties. The company explores for gold, silver, and base metals. Its principal asset includes an 80% interest in the Kalana Project covering an area of approximately 387.4 square kilometers located in southwestern Mali in Western Africa. Avnel Gold Mining Limited was incorporated in 2005 and is based in St. Peter Port, the Channel Islands. |
| Azumah Resources Ltd | Azumah Resources Limited engages in the exploration and development of mineral properties. The company primarily owns a 100% interest in the Wa gold project that covers an area of approximately 2,177 km located in the northwest Ghana, West Africa. It has strategic alliance with Africa Mining Services to develop the Wa gold project. The company is based in West Perth, Australia. |
| Bassari Resources Limited | Bassari Resources Limited, together with its subsidiaries, is engaged in the discovering, developing, and exploring gold resources in Senegal, West Africa. The company owns interests in 3 contiguous permits comprising Moura, Sambarabougou, and Bounsankoba, which cover an area of approximately 850 square kilometers located on the Birimian gold belt. Bassari Resources Limited is based in Melbourne, Australia. |
| Birimian Gold Limited | Birimian Gold Limited explores mineral properties in Australia and West Africa. The company primarily explores for gold, nickel, and other base metals. It holds interest in the Massigui and Dankassa gold projects located in Mali, as well as the Basawa Gold project in Liberia; and a 100% interest in the Waite Kauri Nickel/cobalt project situated in the Leonora region of Western Australia. The company was formerly known as Eagle Eye Metals Limited and changed its name to Birimian Gold Limited in December 2011. Birimian Gold Limited is based in Subiaco, Australia. |
| Crucible Gold Limited | Crucible Gold Limited engages in the exploration of gold and other mineral resources in West Africa. The company has an 88.89% interest in the Poya Gold Exploration License covering approximately 111 square kilometers located in central Burkina Faso; and seven exploration license applications in Cote d'Ivoire. Crucible Gold Limited was formerly known as Olea Australis Limited. The company is based in Subiaco, Australia. |
| Endeavour Mining Corporation | Endeavour Mining Corporation is engaged in the mining, extraction, production, and sale of gold in West Africa. It owns the Nzema Gold Mine in Ghana, the Youga Gold Mine in Burkina Faso, the Tabakoto Gold Mine in Mali, and the Agbaou Gold Mine in Côte d'Ivoire. The company's principal development project is Houndé project in Burkina Faso. It also has an exploration portfolio in regions of Burkina Faso, Côte d'Ivoire, Mali, and Ghana with a land package totaling approximately 6,529 square kilometers. The company was formerly known as Endeavour Financial Corporation and changed its name to Endeavour Mining Corporation in September 2010. Endeavour Mining Corporation was incorporated in 2002 and is headquartered in Vancouver, Canada. |

| Company | Description |
|---|---|
| Erin Resources Limited | Erin Resources Limited is engaged in gold exploration activities. It holds interest in 7 prospective gold assets comprising the Lingokoto, Bouroubourou, Wassadou North and South, Woye, Garaboureya South, and Balakonko gold projects covering an area of approximately 640 square kilometers located in the Kedougou Inlier, Senegal, West Africa. The company is based in Perth, Australia. |
| Golden Rim Resources Ltd. | Golden Rim Resources Ltd engages in the exploration and development of mineral resource properties in West Africa. The company primarily explores for gold resources. It has a pipeline of gold projects comprising the Balogo project, Korongou project, Yako project, Sebba project, Babonga project, and Diapaga project located in Burkina Faso, as well as owns two exploration permits in Ivory Coast. The company is headquartered in West Perth, Australia. |
| Golden Star Resources, Ltd. | Golden Star Resources Ltd. operates as a gold mining and exploration company. It owns and operates the Wassa open-pit gold mine, the Father Brown open-pit gold mine, and a carbon-in-leach processing plant located approximately 35 kilometers from the town of Bogoso; and the Bogoso gold mining and processing operation located near the town of Bogoso in Ghana. The company also has a 90% interest in the Prestea Underground mine in Ghana. In addition, it holds interests in various gold exploration projects in Ghana and other parts of West Africa, and in South America, as well as holds and manages exploration properties in Brazil. The company was founded in 1984 and is headquartered in Toronto, Canada. |
| Gryphon Minerals Ltd. | Gryphon Minerals Limited engages in the exploration and development of mineral projects in West Africa. The company explores for gold, copper, and iron ores. Its flagship project includes the Banfora gold project, which comprises exploration licenses covering approximately 1,000 square kilometers and a mining license covering 89 square kilometers in the south-west of Burkina Faso. The company is also involved in exploring for gold and copper in Mauritania and Cote D'Ivoire. Gryphon Minerals Limited is based in Subiaco, Australia. |
| Handeni Gold Inc. | Handeni Gold Inc., an exploration stage company, is engaged in the acquisition and exploration of mineral properties in Tanzania, Africa. It primarily has a 100% interest in the Handeni Gold Project that consists of 4 prospecting licenses covering approximately 800 square kilometers located in the Handeni artisanal gold mining district, Tanga Province, Tanzania. The company was formerly known as Douglas Lake Minerals Inc. and changed its name to Handeni Gold Inc. in February 2012. Handeni Gold Inc. was founded in 2004 and is based in Dar es Salaam, Tanzania. |
| Orezone Gold Corporation | Orezone Gold Corporation is engaged in the investigation, acquisition, exploration, and development of gold properties in Burkina Faso, West Africa. It primarily owns 100% interest in the Bomboré gold project that covers an area of 168 square kilometers in the Ganzourgou province; and the Bondi project, which covers an area of 168 square kilometers in Burkina Faso. Orezone Gold Corporation is headquartered in Ottawa, Canada. |
| Perseus Mining Limited | Perseus Mining Limited is engaged in the exploration, evaluation, development, and mining of gold properties in West Africa. It operates in Australia, Ghana, and Côte d'Ivoire segments. Its principal projects include the Edikan Gold Mine located in the Republic of Ghana; and the Sissingué Gold Project located in the north of Côte d'Ivoire. The company was incorporated in 2003 and is based in Subiaco, Australia. |
| Resolute Mining Limited | Resolute Mining Limited produces gold, and prospects and explores for minerals. It operates three gold mines in Africa and Australia. The company primarily holds an 80% interest in the Syama Gold Project located in the south of Mali, West Africa. It also produces silver. Resolute Mining Limited was incorporated in 2001 and is based in Perth, Australia. |
| Roxgold Inc. | Roxgold Inc. operates as a gold exploration and development company. Its principal asset is the 100% owned Yaramoko gold project that covers an area of approximately 16,700 hectares located in the Houndé greenstone region of Burkina Faso, West Africa. Roxgold Inc. is headquartered in Toronto, Canada. |
| Savary Gold Corp. | Savary Gold Corp., a junior exploration company, is engaged in the exploration and development of gold properties in West Africa. It focuses on the Houndé South property that consists of two exploration licenses, Diosso and Mandiasso, totalling 375 square kilometers and two exploration concession applications totalling 125 square kilometers, and is located in the southwestern region of Burkina Faso. The company was formerly known as Savary Capital Corp. and changed its name to Savary Gold Corp. in September 2012. The company was incorporated in 2008 and is headquartered in Toronto, Canada. |
| SEMAFO Inc. | SEMAFO Inc. operates as a mining company with gold production and exploration activities in West Africa. It operates the Mana Mine in Burkina Faso, which includes the satellite deposits of Siou and Fofina. The company was formerly known as West Africa Mining Exploration Corporation Inc. and changed its name to SEMAFO Inc. in May 1997. SEMAFO Inc. was founded in 1994 and is headquartered in Saint-Laurent, Canada. |
| Tanzania Minerals Corp. | Tanzania Minerals Corp., a junior mining company, acquires, explores, and evaluates mineral properties in Tanzania, Africa. The company explores for gold properties. It primarily holds a 100% interest in the Mrangi, Katario (Mrangi East), and Kibara (Mrangi South) projects located in the Lake Victoria Goldfield, Musoma district. Tanzania Minerals |

| Company | Description |
|---|---|
| | Corp. is headquartered in Winnipeg, Canada. |
| Taruga Gold Limited | Taruga Gold Limited explores gold properties in West Africa. The company's exploration projects include Kossa Project located in Niger; the Ducie Project situated in northwest Ghana; the Mangkono and Tortiya projects located in Côte d'Ivoire; and the Nangalasso Project situated in Mali, which covers approximately 3,960 square kilometers area in Birimian greenstone geology. Taruga Gold Limited was incorporated in 2011 and is based in West Perth, Australia. |
| Tembo Gold Corp | Tembo Gold Corp. acquires, explores, and develops mineral properties in Tanzania and the rest of Africa. The company holds a portfolio of prospecting licenses and license applications for gold in the Archean greenstone belts of Tanzania. Its flagship project is the Tembo gold property that comprises 33 prospecting licenses and 5 prospecting license applications covering an area of approximately 101 square kilometers located in the prolific Lake Victoria Greenstone belt in Tanzania. The company was formerly known as Lakota Resources Inc. and changed its name to Tembo Gold Corp. in September 2011. Tembo Gold Corp. was incorporated in 1937 and is based in Toronto, Canada. |
| Teranga Gold Corporation | Teranga Gold Corporation is engaged in the exploration, development, and production of gold mines in West Africa and Mauritius. The company owns the Sabodala gold mine located 650 kilometers southeast of the Dakar, Senegal. It also holds interests in 9 exploration licenses comprising approximately 1,055 square kilometers of a regional land package situated in Senegal. Teranga Gold Corporation was incorporated in 2010 and is based in Toronto, Canada. |
| Thor Explorations Ltd. | Thor Explorations Ltd., a junior natural resources company, engages in the acquisition, exploration, and development of mineral properties in West Africa. The company has a 70% interest in the Douta Gold project located in Southeast Senegal. It also has an 85% interest in the Bongui and Legue gold permits located in Houndé greenstone belt; and a 100% interest in the Ouéré gold permit in Southwest Burkina Faso. Thor Explorations Ltd. was incorporated in 1968 and is based in Vancouver, Canada. |
| True Gold Mining Inc. | True Gold Mining Inc., a mineral exploration and development company, is engaged in the acquisition, exploration, and development of mineral resource properties in Burkina Faso, West Africa. It primarily explores for gold deposits. The company owns 100% interests in the Karma Property located in the north-central part of Burkina Faso, and the Liguidi property located in the east-central part of Burkina Faso. It also holds two permits in the Bissa East Project located in the north-central part of Burkina Faso, and two permits in the Bissa West Project located in the central part of Burkina Faso. The company was formerly known as Riverstone Resources Inc. and changed its name to True Gold Mining Inc. in February 2013. True Gold Mining Inc. was incorporated in 1987 and is headquartered in Vancouver, Canada. |

Appendix E – Snowden report

**Orbis Gold Limited**

**Valuation**

**Project No. AU4523**

**ITR (Valuation) of Orbis Gold Ltd Mineral Assets**

**December 2014**

**Final**

SNOWDEN

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This report has been prepared by Snowden Mining Industry Consultants ('Snowden') on behalf of Orbis Gold Limited.




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October 2014



Issued by: Perth Office
Doc Ref: 141205_Final_AU4523_Orbis_ITR_Report
Last Edited: 16/12/2014 12:52:00 PM

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5 December 2014

Private and Confidential

Mr Andrea De Cian
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cc The Directors
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Dear Andrea

**ITR (VALUATION) OF ORBIS GOLD LTD MINERAL ASSETS**

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton") requested Snowden Mining Industry Consultants ("Snowden") to prepare an Independent Technical Report ("ITR") and Mineral Asset Valuation for inclusion in an Independent Expert's Report ("IER) of Orbis Mineral Assets in Burkina Faso, West Africa and in Queensland.

Snowden was requested to provide an independent valuation and technical assessment, including a review of the following exploration and development assets owned by Orbis:

- Natougou Gold Project.
- Nabanga Gold Project
- Other exploration tenements held by the company (including those in Burkina Faso, Cote d'Ivoire and Queensland)

In particular Snowden was requested to:

- undertake a high level technical review of the Natougou scoping study,
- review the assumptions of the Natougou 2014 cash flow model,
- review the mineral resource estimates,
- review the metallurgical processing option selected and the associated process design criteria,
- review the reasonableness of the assumptions made in the scoping study with regards to recovery of gold,
- review the capital and operating cost estimates,
- undertake a mineral asset valuation of the mineral resources at Natougou and Nabanga,
- identify any concerns or fatal flaws of the scoping study.

The Valuation of the Mineral Assets has been undertaken under the guidelines of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 edition (the VALMIN Code). The Competent Valuator is Mr Terry Parker and the Valuation Date is the date of this report. Currency denominations are in both United States Dollars (US$) and Australian dollars (A$) in this report.

Snowden is an independent firm providing specialist mining industry consultancy services in the fields of geology, exploration, resource estimation, mining engineering, geotechnical engineering, risk assessment, mining information technology and corporate advisory services. The company, which operates from offices in Perth, Brisbane, Johannesburg, Vancouver, Calgary, London and Belo Horizonte (Brazil), has prepared independent technical reviews and mineral asset valuations on a variety of mineral commodities globally since 1987. The Perth office of Snowden has undertaken the review and mineral asset valuation work for this report.

Mr Rod Carlson of Snowden visited the Natougou Project in Burkina Faso in 2014 and Mr John Graindorge of Snowden updated the Mineral Resource as at August 2014. Although Snowden prepared the revised Mineral Resources, the primary author of this report has reviewed the Mineral Resource estimation and found it to be acceptable. The author of the 2014 Mineral Resource estimation report (Mr Graindorge) has had no involvement in this report.

Snowden confirms that Snowden and its technical staff are independent of Orbis. Neither Snowden nor those involved in the preparation of this report have any material interest in the companies or mineral assets considered in this report. Snowden is remunerated by way of a professional fee determined according to a standard schedule of rates which is not contingent on the outcome of this report.

A draft version of this report was provided to Orbis along with a request to confirm that there are no material errors or any omissions and that the information in the report is factually accurate.

Snowden has endeavoured, by making reasonable enquiry of Orbis to ensure that all material information and documentation has been fully disclosed to Snowden. This report is provided subject to the following qualifications:

- It is assumed that Orbis has made available to Snowden all material information in its possession or known to Orbis in relation to the technical, development and mining aspects of the projects, and that Orbis has not withheld any material information, and that information is accurate and relevant in all material respects.
- It is assumed that all the geological reports, and other technical documents provided by Orbis correctly and accurately record the results of all geological and other technical activities and test work conducted to date in relation to the relevant mineral tenements and accurately record any advice from relevant technical experts.
- It is assumed that Orbis has good and valid title to all mining titles or other land tenure required by Orbis to conduct exploration and development studies.
- It is assumed that all necessary governmental and other consents and approvals (including those regarding environmental issues) required to implement the various phases of the projects have been obtained, or will be forthcoming, without any material delay and on terms which will not cause any material change to any mining, exploration or other activities proposed, and which will not cause any material change to the costs of such activities.
- It is assumed that all factual information provided by Orbis as to the projects, or their history, or Orbis future intentions, financial forecasting or the effect of relevant agreements, is correct and accurate in all material respects.

Snowden has made all reasonable enquiries into the material aspects of the projects and while Snowden makes no warranty or representation as to the accuracy or completeness of the information provided by Orbis and its advisors, and for information extracted from public sources, Snowden has:

- Made reasonable enquiries and exercised our judgement on the reasonable use of such information.
- Found no reason to doubt the accuracy or reliability of the information.

**Technical Summary**

For the specific purpose of this report, Snowden was provided with information by Orbis (in a Data Room) relating to the projects. A visit to Burkina Faso was undertaken in early 2014 to inspect drill cores and the laboratory that prepared and analysed the samples.

Snowden has reviewed the geology and Mineral Resources of the Natougou and Nabanga Projects and considers the resource estimates to be reasonable in terms of tonnes and grade and have "reasonable prospects for economic recovery" under the JORC Code, 2004 and 2012.

Snowden has reviewed the Natougou scoping study and the underlying cash flows projections and assumptions. Snowden concludes that it is appropriate for Grant Thornton Corporate Finance to rely on the cash flows projections included in the scoping study for the purpose of assessing the fair market value of the Natougou Project. However, Snowden has suggested some conservative changes to mine operating costs, processing costs and process recoveries, as these have still to be confirmed and formalised in a feasibility study.

Snowden recommends the following changes to the cash flow model:

- the mining costs be increased by 20% as mining costs are low compared to other West African gold projects, namely Mali and Ghana where Snowden has specific, although confidential, experience of open pit mining studies.
- the process costs be increased by 10% due to high abrasive rock and other process operations still to be decided.
- the process recoveries be changed and related to gold grade as follows:
    - Year 1 grade 8.01 g/t Au 94% gold recovery
    - Year 2 grade 4.80 g/t Au 92% gold recovery
    - Year 3 grade 3.29 g/t Au 91% gold recovery
    - Year 4 grade 2.60 g/t Au 89% gold recovery
    - Year 5 grade 2.18 g/t Au 87% gold recovery
    - Year 6 grade 2.59 g/t Au 89% gold recovery
    - Year 7 grade 2.64 g/t Au 89% gold recovery
- The pre-production phase (plant construction) should be for two years rather than 18 months, with costs split equally between the two years.

Re-optimisation of the Natougou open pit to include higher grade gold ore closer to the surface, has significantly increased gold production in the first year of operations and hence the cash flows. Total gold production over a mine life of almost seven years increases to 1.5 Moz. There remains potential to increase the resources and reserves with additional exploration.

Orbis is half way through a Definitive Feasibility Study ("DFS") of the Natougou Project which is expected to be completed by mid-2015. Snowden considers the Natougou Project to be very robust due to its high grade, relatively low cost of production, straightforward open pit mining and good metallurgical recovery, despite recent falls in the gold price.

The Nabanga gold deposit is also high grade with potential for underground mining, or alternatively open pit to underground mining.

Snowden considers that Orbis's other exploration projects in Burkina Faso and Cote d'Ivoire (Ivory Coast) are relatively under-explored. Snowden notes that recent political disturbances in Burkina Faso have settled down and the country is supportive of the mining industry.

Orbis Gold's project in Queensland is more mature and does not appear to have immediate economic potential.

**Valuation Summary**

Snowden has valued Orbis's mineral assets by applying the following methodologies

- Comparable Transactions of West African gold deposits based on US$/oz Au in situ (Mineral Resources), ie ounces in ground for the Natougou and Nabanga Gold Projects.
- Kilburn Geoscience rating method for exploration potential of gold project areas in West Africa (Burkina Faso and Ivory Coast) (exclusive of resources).
- Kilburn Geoscience rating method for exploration potential of base metal-gold project areas in Queensland (exclusive of resources).

Snowden reviewed 13 transactions since March 2012 for gold projects in West Africa (including Burkina Faso, Mali, Nigeria, Liberia and Senegal) with reported Mineral Resources based on research from Intierra. This indicated a very wide range of values from US$11/oz (A$13/oz) to US$123/oz (A$142/oz). Snowden notes that the wide range in values is due to the variation in gold projects in terms of size, grade, resource classification, feasibility status and transaction payment (cash and/or equity).

The average value of all 13 transactions is approximately US$36.50/oz (A$42.90/oz). The average of seven transactions that are most similar to Natougou and Nabanga (in terms of higher grade) is US$44.00/oz (A$51.80/oz). Snowden considered that these average values undervalue the Natougou and Nabanga Mineral resources which contain high grade gold deposits with favourable economic development. Snowden considers that the value of the Natougou Project is at the assessed upper end of the range and that the Fekola Project is considered the most comparable.

Snowden decided to provide a wide range of values reflecting the high reward but high risk nature of developing gold projects in West Africa, bearing in mind recent political troubles in Burkina Faso and the Ebola virus in neighbouring countries, but elected not to provide a Preferred Value for Natougou and Nabanga resources. Instead Snowden has provided technical assistance to assist Grant Thornton to select an appropriate valuation range for the Natougou and Nabanga projects taking into account the various valuation methodologies (including the Snowden assessment).

Snowden has valued the exploration projects in Queensland (Boomara), in Ivory Coast (comprising a single permit - Korhogo) and Burkina Faso (comprising thirteen permits sub-divided into three permit groups) using the geoscientific Kilburn method (modified by Snowden), which is based on a Base Acquisition Cost ("BAC").

Snowden reviewed the BAC for Burkina Faso and Ivory Coast and calculated it based on first principles using the tenement application fee, annual rent (taxes) and minimum exploration expenditure in these countries. The BAC's of A$600/km$^2$ and A$700/km$^2$ for the two countries, respectively, provide a valuation of the exploration properties, which compares favourably with the Enterprise Values per km$^2$ of gold companies in West Africa with no reported resources.

A summary of the valuation results for Orbis Gold projects is provided in the table below.

**Summary of Fair Market Value results for Orbis mineral assets as at the Valuation Date**

| Project | Lower (A$M) | Upper (A$M) | Preferred (A$M) | Valuation methods |
|---|---|---|---|---|
| Natougou Resource | 26.0 | 284.0 | na | CT |
| Nabanga Resource | 8.6 | 93.7 | na | CT |
| **Total Resource** | **34.6** | **377.7** | **na** | |
| Queensland, Boomara | 0.4 | 1.4 | 0.9 | Kilburn |
| Ivory Coast, Korhogo | 0.5 | 2.2 | 1.4 | Kilburn |
| Tapoa Permit Group (Dangou, Pambourou, Boungou and Bossoari) | 3.0 | 8.2 | 5.6 | Kilburn |
| Kongolokoro Permit Group (Dynikongolo, Milpo, Founa and Segue) | 1.9 | 5.5 | 3.7 | Kilburn |
| Yactibo Permit Group (Yacti, Nabanga, Kamsongo, Ouargaye and Napade) | 1.5 | 5.3 | 3.4 | Kilburn |
| **Total Exploration Area (Potential)** | **7.3** | **22.6** | **15.0** | |
| **TOTAL** | **41.9** | **400.3** | **na** | |

**Note: For these projects only resources & exploration potential was valued. US$ to A$ conversion based on Reserve Bank of Australia rate as at 1 December 2014 at A$1.00 = US$0.85.*

*Note: CT = Comparative transactions, Kilburn = geoscientific. na = not available (not estimated)*

Snowden advises that this report has been provided for the sole purpose of assisting Grant Thornton in preparing the IER and may not be used or relied upon for any other purpose. The mineral asset valuation is only valid as at the date of this report as it will change with time in response to variations in economic, market, legal or political conditions in addition to ongoing development of the projects.

Yours faithfully,

**Terry Parker**
*BSc Geology (Hons), Diploma Surface Mining, MBA, FAusIMM(CP)*
Principal Consultant – Mining Investment Governance

**Tables**

**Figures**

**Appendices**

# 1 Summary

## 1.1 Report scope and basis of valuation

Grant Thornton Corporate Finance Pty Ltd ("Grant Thornton") requested Snowden Mining Industry Consultants ("Snowden") to prepare an Independent Technical Report ("ITR") and Mineral Asset Valuation for inclusion in an Independent Expert's Report ("IER) of Orbis Mineral Assets in Burkina Faso, West Africa and in Queensland.

Snowden was requested to provide an independent valuation and technical assessment of the following exploration assets owned by Orbis:

- Natougou Gold Project.
- Nabanga Gold Project.
- Other exploration tenements held by the company (including those in Burkina Faso, Cote d'Ivoire and Queensland).

Mr Rod Carlson of Snowden visited the Natougou Project in Burkina Faso in 2014 and Mr John Graindorge of Snowden updated the Mineral Resource as at August 2014. Although Snowden prepared the revised Mineral Resources, the primary author of this report has reviewed the Mineral Resource estimation and found it to be acceptable. The author of the 2014 Mineral Resource estimation report (Mr Graindorge) has had no involvement in this report.

Snowden confirms that all of its technical staff involved in this report are independent of Orbis. Neither Snowden nor those involved in the preparation of this report have any material interest in the companies or mineral assets considered in this report. Snowden is remunerated by way of a professional fee determined according to a standard schedule of rates which is not contingent on the outcome of this report.

## 1.2 Burkina Faso Mineral Assets

Figure 1.1 is a map showing Orbis Mineral Assets in Burkina Faso.

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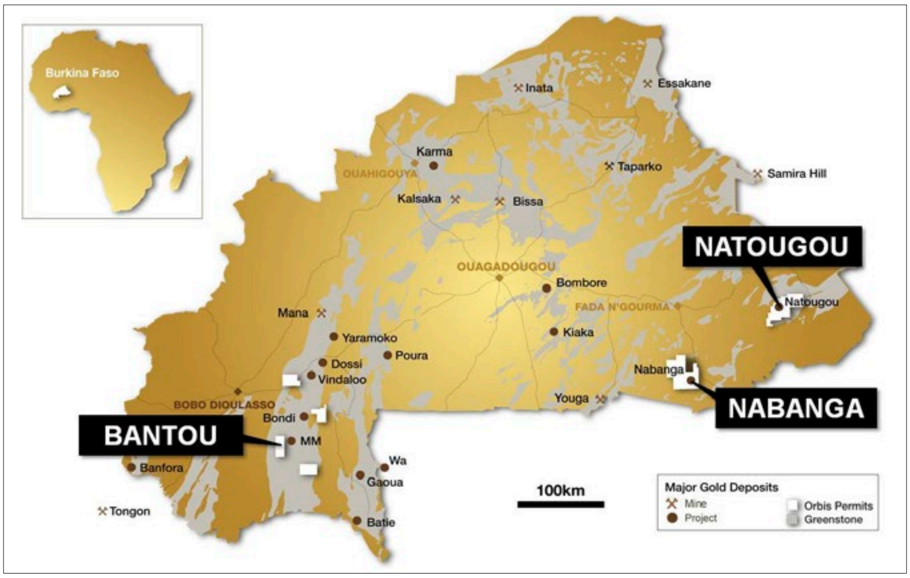
**Figure 1.1 Orbis Mineral Assets in Burkina Faso**




Source: Orbis

## Natougou Gold Project

In August 2014 Orbis updated the August 2013 Mineral Resource estimate for the Natougou gold deposit, part of the Tapoa Project in Burkina Faso, West Africa. A new resource block model based on Multiple Indicator Kriging ("MIK") used geological and gold mineralisation interpretations provided by Orbis.

The Mineral Resource has been classified and reported in accordance with the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Natougou Mineral Resource is estimated to be 18.1 Mt at 3.4 g/t Au, reported above a 0.5 g/t Au cut-off grade shown in Table 1.1 (100% basis).

**Table 1.1 Natougou Mineral Resource, reported above a 0.5 g/t Au cut-off grade, August 2014 (100% basis)**

| Classification (JORC 2012) | Material | Tonnes (Mt) | Au (g/t) | Ounces (koz) |
|---|---|---|---|---|
| Indicated | Fresh | 7.1 | 5.1 | 1,200 |
| **Indicated Total** | | **7.1** | **5.1** | **1,200** |
| Inferred | Weakly Oxidised | 0.3 | 2.2 | 20 |
| | Moderately Oxidised | 0.5 | 1.6 | 30 |
| | Strongly Oxidised | 0.2 | 1.7 | 10 |
| | Fresh | 10.0 | 2.4 | 760 |
| **Inferred Total** | | **11.0** | **2.3** | **800** |
| **Grand Total** | | **18.1** | **3.4** | **2,000** |

*Small discrepancies may occur due to the effects of rounding*

Snowden has reviewed the technical information of the Natougou Project, including the scoping study revised in October 2014. The study is based on an updated Mineral Resource estimate and re-optimisation of the open pit to include higher grade gold ore closer to the surface, which significantly increases gold production in the first year of operations and hence the cash flows. Total gold production over a mine life of seven years increases from 1.3 million ounces ("Moz") in the 2013 scoping study to 1.5Moz. There is also good potential to increase the resources and reserves with additional exploration.

Snowden has reviewed the 2014 scoping study and the updated cash flow model and has suggested some conservative changes to mine operating costs, processing costs and process recoveries, as these have still to be confirmed and formalised in a feasibility study.

The high grade Natougou deposit is one of the better new projects to have been discovered recently in West Africa. Orbis is half way through a Definitive Feasibility Study ("DFS") which is planned to be completed by mid-2015.

Snowden considers the Natougou Project to be very robust due to its high grade, relatively low cost of production, straightforward open pit mining and good metallurgical recovery, despite recent falls in the gold price.

### Nabanga Gold Project

The Nabanga Project is a high grade gold deposit with Inferred Mineral Resources estimated at 3.2 Mt at 6.45 g/t Au for 0.66 Mozs. Development studies are in progress with 2.3km strike length drilled to date. Additional high grade intersections have been discovered at depth and along strike. Orbis believe there is potential for additional gold mineralised "veins" within the 20km long intrusive host. Additional artisanal gold sites occur across the 917 km$^2$ Permit area.

Table 1.2 is a summary of the Nabanga Mineral Resources at 0.5 g/t Au cut-off.

**Table 1.2 Nabanga Mineral Resources (0.5 g/t Au cut-off)**

| Resource category | Material | Tonnes (Mt) | Au (g/t) | Au (koz) |
|---|---|---|---|---|
| Inferred | Oxide | 0.2 | 5.14 | 30.9 |
| | Fresh | 3.0 | 6.53 | 628.5 |
| | **Total** | **3.2** | **6.45** | **659.4** |

Table 1.3 is a summary of the Mineral Resources based on 5.0 g/t Au cut-off.

**Table 1.3 Nabanga Mineral Resources (5.0 g/t Au cut-off)**

| Resource category | Material | Tonnes (Mt) | Au (g/t) | Au (koz) |
|---|---|---|---|---|
| Inferred | Total | 1.8 | 10.0 | 573 |

Snowden has reviewed the technical information at Nabanga and considers it has good potential for underground development.

### Summary of Mineral Resources (Burkina Faso)

Table 1.4 is a summary of Orbis's Mineral Resources at 0.5 g/t cut-off.

**Table 1.4 Summary of Mineral Resources (0.5 g/t cut-off)**

| Classification (JORC 2012) | Tonnes (Mt) | Au (g/t) | Ounces (koz) |
|---|---|---|---|
| Natougou | 18.1 | 3.4 | 1,984 |
| Nabanga | 3.2 | 6.5 | 659 |
| **Total** | **21.3** | **3.99** | **2,644** |

Small discrepancies may occur due to the effects of rounding.

**Burkina Faso Exploration Permits**

Orbis holds an interest in 13 granted exploration permits within Burkina Faso with a total area of 2,657km$^2$. Orbis groups the exploration permits into three permit areas shown in Table 1.5 as follows:

**Table 1.5 Summary of Burkina Faso Exploration Permits**

| Permit Group | Permits | Area | Comments |
|---|---|---|---|
| Tapoa | Boungou, Pambourou, Bossoari and Dangou | 768km$^2$ | includes Natougou Mineral Resource |
| Yactibo | Ouargaye, Nabanga, Kamsongo, Yacti and Napade | 917km$^2$ | includes Nabanga Mineral Resource |
| Kongolokoro | Dynikongolo, Milpo, Segue and Founa | 972km$^2$ | includes Bantou, Tankoro and Safia Prospects |

Snowden considers that the areas are under-explored with good potential for discovery of economic gold deposits.

## 1.3 Other Mineral Assets

### Ivory Coast

Orbis was granted the 380 km$^2$ Korhogo West Exploration Permit in northern Cote d'Ivoire (Ivory Coast) in mid-2014. The permit is located in the Senoufo greenstone belt, which hosts the multi-million ounce Tongon (Randgold Resources) and Banfora (Gryphon Minerals) gold deposits. The permit is located immediately adjacent to Randgold's Fapoha South Exploration Permit and represents potential strike extension to Randgold's Oubolo gold targets.

Snowden considers that the area is under-explored with good potential for an economic gold deposit.

### Queensland

Orbis Mineral assets in Queensland include the Mt Isa-Boomara Project, 100 km to 200 km north of Cloncurry. Orbis has identified an iron oxide copper gold ("IOCG") system over 10 km strike with halo-grade intersections up to 118 m at >0.2% Cu. The tenement has a strike length of 100 km but has cover to a depth of 150 m to 300 m, making exploration more difficult and expensive. Snowden considers the area to have potential to discover an economic deposit but has a lower priority of exploration than gold in Burkina Faso and Cote d'Ivoire.

# 2 Introduction

## 2.1 Scope of report

Grant Thornton requested Snowden Mining Industry Consultants ("Snowden") to prepare an Independent Technical Report ("ITR") and Mineral Asset Valuation of Orbis Mineral Assets in Burkina Faso, West Africa.

## 2.2 Competent Person and contributors

The Competent Person ("CP") and Competent Valuator with overall responsibility for this ITR is Mr Terry Parker. Mr Parker has 44 years' experience in the mining industry involved in the exploration and mining of base metals, precious metals (including gold) and industrial minerals. He has worked for Snowden for 11 years involved with resource estimation, mine planning, Competent Person's Reports and mineral asset valuations. He is a Fellow of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is recognised as a Chartered Professional Geologist with that organisation. He is a Competent Person under the requirements of the VALMIN Code.

He has been assisted by Mr Rod Carlson (Divisional Manager – Applied Geosciences) who visited site and by Mr Harald Muller (Divisional Manager - Metallurgy) both based in Brisbane. He has also been assisted by Mr Jeremy Peters (Principal Consultant - Geology and Mining) on mining information and Mr John Elkington (General Manager – Mining Investment Governance) on cash flow analysis, based in Perth, Western Australia. The report has been reviewed by Mr John Elkington.

While Mr Parker takes responsibility for this report he has relied upon the work of several other independent CPs that have contributed to certain sections of this ITR. These QP's are named in Table 2.1 along with their respective areas of responsibility.

**Table 2.1 Contributors to this report**

This report has been prepared by the following Snowden Chartered Professionals (CP) and Competent Persons in their own fields who are independent of Orbis:

| Name | Position | Professional designation | Contribution to Valuation |
|---|---|---|---|
| Mr Terry Parker | Principal Consultant | FAusIMM (CP) | Valuation (QP) |
| Mr Rod Carlson | Senior Principal Consultant | MAIG (RPGeo), MAusIMM | Site Visit |
| Mr Harald Muller | Divisional Manager | FAusIMM (CP) | Review Process |
| Mr John Elkington | General Manager | FAusIMM (CP) | Review cash Flows |
| Mr Jeremy Peters | Principal Consultant | FAusIMM (CP) | Review Mining |

Prior to distribution, the report was peer reviewed by Mr John Elkington (General Manager, Mining Investment Governance).

## 2.3 Basis of the Report

### Data sources

The data sources utilised in the completion of this report have been downloaded from the Orbis Data Room and include:

- Mineral Resource Reports (Natougou and Nabanga)
- Scoping Study reports (Natougou)
- Feasibility framework reports (Natougou)
- Other technical reports.

In addition Snowden has obtained public domain information from the Orbis and ASX websites.

### Data Validation

Snowden has completed a technical review of the reports and data provided and made reasonable enquiries or used its professional judgment to determine the validity of the information.

### Site Visit to Burkina Faso

A site visit to Burkina Faso including the Natougou project was made by Mr Roderick Carlson, (Senior Principal Consultant-Applied Geosciences, Snowden) from 29 March to 1 April 2014. All aspects of on-site data collection and management were reviewed. Inspections of project site, drill rigs, mineralisation outcrop, core yard and sample handling were completed. Snowden was satisfied that the drilling, sampling, logging and assaying procedures are in line with standard industry practices.

Mr Carlson also visited SGS laboratory at Ouagadougou and was satisfied that laboratory procedures including quality control-quality assurance ("QAQC") were acceptable. Following the site visit Snowden updated the Natougou Mineral Resource as at August 2014 (Snowden, 2014).

### Client meeting

On 5 November Snowden met with Mr Peter Spiers (Orbis, Managing Director) and Mr Andrew Skalski (Orbis, Manager Projects) in Perth and discussed Orbis operations in West Africa, the status of the Natougou DFS and the current political situation.

## 2.4 Reporting standard

This report was prepared by Snowden in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports ("the VALMIN Code"). Mineral Resources and Ore Reserves were reviewed in the context of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition ("the JORC Code").

## 2.5 Burkina Faso

### Geography

Burkina Faso is a landlocked country in West Africa around 274,200 km$^2$ in size. It is surrounded by six countries: Mali to the north; Niger to the east; Benin to the southeast; Togo and Ghana to the south; and Ivory Coast to the southwest. Its capital is Ouagadougou. In 2014, its population is estimated at just over 17.3 million.

Burkina Faso is made up of two major types of countryside. The larger part of the country is covered by a peneplain, which forms a gently undulating landscape with a few isolated hills, which are the remains of a Precambrian Shield. The southwest of the country, on the other hand, forms a sandstone massif, where the highest peak, Ténakourou, is found at an elevation of 749 m. The average altitude of Burkina Faso is 400 m and the difference between the highest and lowest terrain is no greater than 600 m. Burkina Faso is therefore a relatively flat country.

The country owes its former name of Upper Volta to three rivers which cross it: the Black Volta (or Mouhoun), the White Volta (Nakambé) and the Red Volta (Nazinon). The Black Volta is one of the country's only two rivers which flow all year, the other being the Komoé, which flows to the southwest. The basin of the Niger River also drains 27% of the country's surface.

The Niger's tributaries, the Béli, the Gorouol, the Goudébo and the Dargol are seasonal streams and flow for only four to six months a year, but can still can flood and overflow. The country also contains numerous lakes; the principal ones are Tingrela, Bam and Dem. Water shortages are often a problem, especially in the north of the country. (Wikipedia)

### Geopolitics

The UN rates Burkina Faso as one of the world's poorest countries. It has suffered from recurring droughts. Cotton is the economic mainstay but mining has become increasingly important. Ebola has not yet been reported in Burkina Faso, and outbreaks will depend upon the actions of neighbouring countries.

According the World Bank Group in 2014 the Burkina Faso economy is ranked 154 out of 189 countries in terms of 'Ease of Doing Business', due to several weaknesses including cumbersome procedures and protection of private investors. However the government is very supportive of mining investment and has a low tax regime.

### Climate of Burkina Faso

Burkina Faso has a tropical climate with two very distinct seasons. In the rainy season, the country receives between 600 mm and 900 mm of rainfall; in the dry season, the 'Harmattan', a hot dry wind blows from the Sahara. The rainy season lasts approximately four months, from May/June to September, and is shorter in the north of the country. Three climatic zones can be defined: the Sahel, the Sudan-Sahel, and the Sudan-Guinea.

The Sahel in the north typically receives less than 600 mm of rainfall per year and has high temperatures, from 5 to 47 °C. A relatively dry tropical savannah, the Sahel extends north beyond the borders of Burkina Faso. Situated between 11°3' and 13°5' north latitude, the Sudan-Sahel region is a transitional zone with regards to rainfall and temperature. Further to the south, the Sudan-Guinea zone receives more than 900 mm of rain each year and has cooler average temperatures.

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## Burkina Faso Mining History

Burkina Faso's predominant natural resources are manganese, gold, limestone, marble, phosphate, zinc and uranium. Its mining sector did not become very significant until 2007, when gold production increased substantially after the opening of the Taparko-Boroum mine 200 km northeast of Ouagadougou by High River.

Figure 2.1 is a map of West Africa showing Burkina Faso in relation to the Birimian gold province and major gold deposits.

**Figure 2.1 Burkina Faso, Birimian gold province**


Source: Orbis

Gold mining in Burkina Faso continues to grow rapidly, with more than fifteen major discoveries made since 2006. In 2010, gold was Burkina Faso's top export. In 2012, there were six gold mines in Burkina Faso. It is the 3rd biggest site for gold exploration in Africa and in 2010 Burkina Faso was the 5$^{th}$ largest gold producer in Africa in 2010 after South Africa (226 t), Ghana (82 t), Tanzania (39 t) and Mali (38 t). In 2011, it earned Burkina Faso 127 billion CFA (US$247 million). Between 2007 and 2011, it brought in 440 billion CFA, accounting for 64.7 % of all exports and 8 % of GDP. Production rose from 23 t in 2010 to 32 t in 2011.

## Gold exploration and mining projects

The following is a brief description of gold projects and exploration/mining companies operating in Burkina Faso.

Iamgold Corporation, based in Toronto, Canada operates the Essakane gold mine in Burkina Faso located approximately 320 km from the capital Ouagadougou. Proven and Probable Reserves at 31 December 2012 were 102 Mt at 1.0 g/t Au, with additional Inferred Resources of 23.1 Mt at 0.8 g/t Au.

Nordgold has operated the Bissa Mine in Burkina Faso since January 2013. The Bissa mine is one of the largest gold mines in the country. It is located in the centre of the country and has estimated reserves of 4.9 Moz of gold.

Avocet has operations in Burkina Faso located within 1,600 $km^2$ of tenements in the Bélahouro district on the eastern edge of the Birimian greenstone belt approximately 220 km northeast of Ouagadougou. The Inata mine produced 135,000 oz of gold in 2012 and 118,000 oz of gold in 2013. At Inata mine licence area a Mineral Resource of 5.0 Moz has been delineated and an Ore Reserve of 0.49 Moz exists. At the Souma project, which is within the Bélahouro region but outside of the Inata mine licence area, a further Mineral Resource 0.78 Moz has been defined.

The Youga Gold Mine operated by Endeavour Mining is located approximately 180 km southeast of Ouagadougou. Endeavour holds a 90% interest in Burkina Mining Company (“BMC”) with the remaining 10% of BMC is held by the government. Youga commenced commercial production in mid-2008. In January 2013 Endeavour delivered a PEA that showed potential to add three years to Youga's mine life by trucking ore from the Ouaré deposit, which is approximately 40 km away.

Amara Mining recently stopped production at its Kalsaka/Sega Gold Mine which is located about 150 km northwest of Ouagadougou. The company will spend US$3M for the rehabilitation of the mine site and closure of the operations in Burkina Faso and concentrate on the Yaoure project in the Ivory Coast, which is hoped to be one of the top ten gold mines in Africa.

Ampella Mining Limited (“Ampella”) has significant gold assets in Burkina Faso, including the 100% owned Batie West gold project, which consists of 12 permits covering approximately an area of 2,350 $km^2$ and which contains the Konkera Resource, consisting of 3.25 Moz of gold at 0.5 g/t cut-off. The company is headquartered in Ouagadougou, Burkina Faso. As of March 24, 2014, Ampella Mining Limited operates as a subsidiary of Centamin Plc.

Centamin plc completed the acquisition of Ampella early in 2014 following a successful takeover offer. Centamin has been exploring licences at Batie West, which cover a prospective and underexplored +100 km trend of gold mineralisation. Centamin plc is a mineral exploration, development and mining company dual listed on the London Stock Exchange (LSE: CEY) and the Toronto Stock Exchange (TSX: CEE).

SEMAFO Inc. (“SEMAFO”) operates the Mana Mine in Burkina Faso, located approximately 200 km west of Ouagadougou, an open-pit mining operation commenced in mid-2008. Permitted property at Mana currently covers 2,327 $km^2$ of land over the prospective Houndé belt. The Company identified new priority drill targets within the Kokoi shear zone, received the new Pompoi Nord permit from the Government of Burkina Faso, received authorization from the Government for the development of the high-grade Siou and Fofina deposits and accelerated Siou development with the commencement of construction of the 17 km access road and began pre-stripping activities.

Roxgold Inc. headquartered in Toronto, Canada operates as a gold exploration and development company. Its principal asset is the 100% owned Yaramoko gold project that covers an area of approximately 16,700 ha located in the Houndé greenstone region of Burkina Faso.

Golden Rim Resources Ltd headquartered in West Perth, Australia engages in the exploration and development of mineral resource properties in West Africa. The company primarily explores for gold resources. It has a pipeline of gold projects comprising the Balogo project, Korongou project, Yako project, Sebba project, Babonga project, and Diapaga project located in Burkina Faso, as well as owns two exploration permits in Ivory Coast.

Gryphon Minerals Limited engages in the exploration and development of mineral projects in West Africa. The company explores for gold, copper, and iron ores. Its flagship project includes the Banfora gold project, which comprises exploration licenses covering approximately 1,000 km$^2$ and a mining license covering 89 km$^2$ in the southwest of Burkina Faso. The company is also involved in exploring for gold and copper in Mauritania and Cote D'Ivoire. Gryphon Minerals Limited is based in Subiaco, Australia

Orezone Gold Corporation headquartered in Ottawa, Canada is engaged in the investigation, acquisition, exploration, and development of gold properties in Burkina Faso. It primarily owns 100% interest in the Bomboré gold project that covers an area of 168 km$^2$ in the Ganzourgou province; and the Bondi project, which covers an area of 168 km$^2$ in Burkina Faso.

True Gold Mining Inc., a mineral exploration and development company, headquartered in Vancouver, Canada is engaged in the acquisition, exploration, and development of mineral resource properties in Burkina Faso. It primarily explores for gold deposits. The company owns 100% interests in the Karma Property located in the north-central part of Burkina Faso, and the Liguidi property located in the east-central part of Burkina Faso. It also holds two permits in the Bissa East Project located in the north-central part of Burkina Faso, and two permits in the Bissa West Project located in the central part of Burkina Faso. The company was formerly known as Riverstone Resources Inc. and changed its name to True Gold Mining Inc. in February 2013.

Goldrush Burkina S.A.R.L. operates as a precious metals exploration company. It holds the Tikare and Kongoussi 1 mineral permits that comprise the Ronguen Project, which is located 10 km northwest of Nordgold's Bissa gold mine and 100 km north of Ouagadougou. The company is headquartered in Burkina Faso. As of October 17, 2014, Goldrush Burkina S.A.R.L. operates as a subsidiary of Nord Gold N.V.

Volta Resources Inc. engages in the identification, acquisition, and exploration of gold properties in Burkina Faso and Ghana, West Africa. Its principal property includes the Kiaka Gold project, a gold project located in south central Burkina Faso. The company is headquartered in Toronto, Canada. As of December 20, 2013, Volta Resources Inc. operates as a subsidiary of B2Gold Corp.

Channel Resources Ltd., an exploration company, engages in the identification, acquisition, exploration, and development of mineral properties. The company's portfolio of properties comprises Tanlouka Gold project, which covers an area of 79 km$^2$ located to the east of Ouagadougou, Burkina Faso. Channel Resources Ltd. is headquartered in Vancouver, Canada. As of January 17, 2014, Channel Resources Ltd. operates as a subsidiary of West African Resources, Ltd.

Sega Gold Project was acquired by Cluff Gold plc on 17 May, 2012 and comprises gold reserves covering an area of approximately 313 km$^2$ in Burkina Faso.

## 2.6 Mining Act

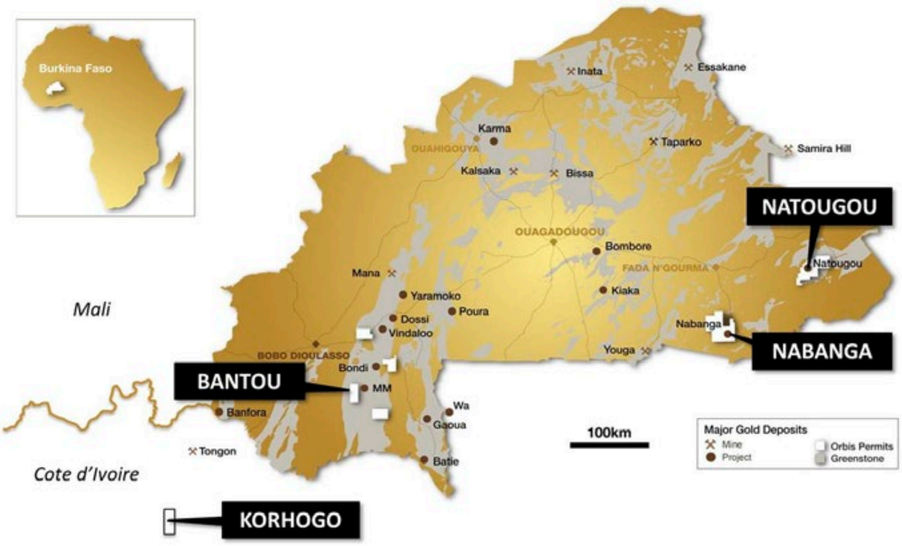
The Mining Act of Burkina Faso (number 031-2003/AN of 8 May 2003) provides the legal framework for exploration and mining activities within Burkina Faso. Exploration Permits up to 250 km$^2$ are granted for an initial period of three years, which may be renewed twice for periods of three years. At the second renewal the Permit area must be reduced by 25%.

Exploitation (Mining) Permits are granted for a term of 20 years (with unlimited five year renewals) and the government carries the right for a 10% free carried interest. The application for an Exploitation Permit requires an Environmental and Social Impact Assessment ("ESIA") and an environmental monitoring and management plan. The current Mining Act includes a sliding scale royalty to the government which is dependent on the gold price (3% to US$1,000, 4% to US$1,300 and 5% >US$1,300).

## 2.7 Orbis Projects

Figure 2.2 shows the location of Orbis projects in West Africa including significant projects in Burkina Faso (Natougou, Nabanga and Bantou) and its single granted permit in the Ivory Coast.

**Figure 2.2 Location of Orbis Permits / Projects in West Africa**




Source: Orbis

## 2.8 Regional Geology

Figure 2.3 shows the Birimian Gold Province which is a world class gold province and hosts most of the major gold deposits in West Africa notably in Ghana, Ivory Coast, Mali, Senegal and Burkina Faso.

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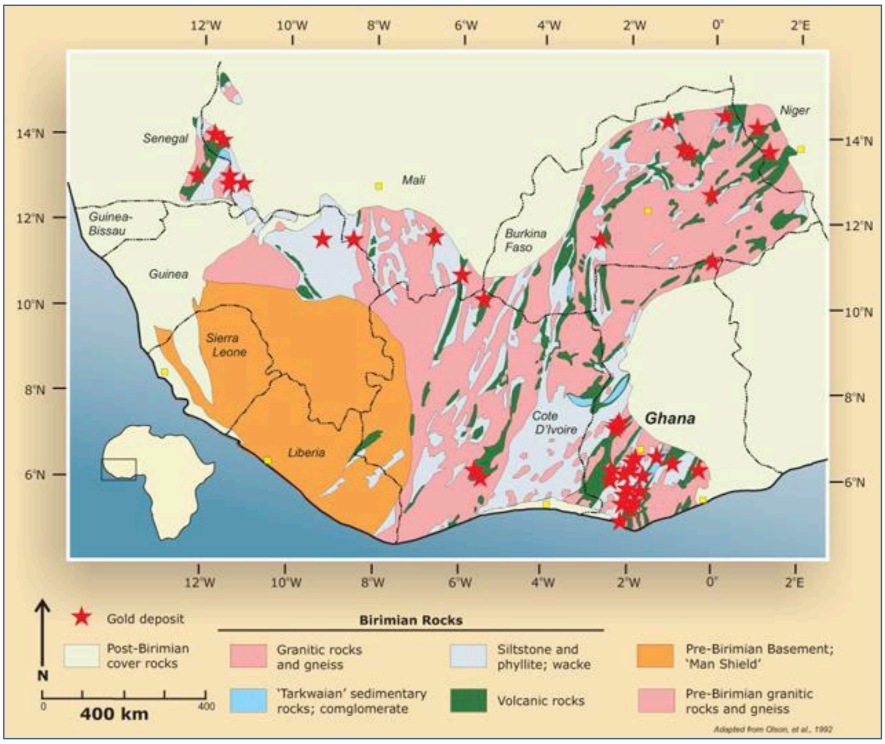
**Figure 2.3 Overview of regional geology of Birimian Province**




Source: Orbis

The Birimian Province is a Paleoproterozoic granite-greenstone province that developed during the Eburnean Orogeny (2195 Ma to 2067 Ma - Pohl, 1988). The rocks of the Birimian are distinguished into two main groups (Lower Series and Upper Series), which despite the nomenclature, are regarded as being time equivalents (Appiah et al., 1991).

The Lower Series consists of predominantly sediments, comprising black and grey phyllites, schists and meta-greywackes with subordinate volcanics, all of which have been metamorphosed to greenschist facies (Appiah, et al., 1991; Dzigbodi-Adjimah, 1993).

The Upper Series consist of predominantly volcanic rocks, including andesitic tuffs and tholeiitic basaltic volcanics, with associated basic intrusives, and interbedded graphitic phyllites containing 1% to 2% pyrite. These volcanic dominated belts generally trend in a north-easterly direction. Individual belts are 15 km to 40 km in width and are spaced approximately 90 km apart.

### Eburnian metamorphics and intrusives

These rocks comprise much of the Lower to Middle Proterozoic of the Man Shield which is composed of granitoid rocks and high grade metamorphic equivalents (gneisses). These rocks yield Eburnian age datings between 2081±25 and 1968±49 Ma, within a thermal event that started at 2127±65 Ma. The granitoids include quartz-diorite, tonalite, trondhjemite, adamellite, granodiorite and granite. The quartz-diorites are largely found cutting the greenstone accumulations, while the granites are developed within the sedimentary basins. The granitoids are divided into two types, namely, 1) synorogenic foliated batholiths within the basin centres, and 2) late orogenic, unfoliated intrusions within the Upper Series volcanic belts (Leube, et al., 1990).

### Tarkwaian sequence

The Tarkwaian sequence is up to 2,600 m thick in the Tarkwa district. These sediments are present in all of the volcanic belts, being developed in the centres of each, with the exception of the Sefwi Belt where they occur on its eastern margin. No Tarkwaian rocks have been found within the main Birimian basins of the Lower Series. The Tarkwaian sediments overlie and truncate granitoids dated at 1890 Ma to 2061 Ma which cut the Birimian (Leube et al., 1990), but are older than a series of 1650 Ma mafic intrusives (Leube et al., 1990). The main Tarkwaian development over the Ashanti Belt is some 250 km long and averages about 16 km in width (Leube et al., 1990).

## 2.9 Tenements

Table 2.2 shows Orbis mineral tenements in Burkina Faso for the Tapoa, Bantou and Yactibo Projects, including the Korhogo West Project in Ivory Coast.

**Table 2.2 West African tenements**

| Permit Group | Country | Permit Name | $km^2$ |
|---|---|---|---|
| Tapoa | Burkina Faso | Boungou* | 250 |
| | Burkina Faso | Pambourou | 234 |
| | Burkina Faso | Bossoari | 34 |
| | Burkina Faso | Dangou | 250 |
| Yactibo | Burkina Faso | Ouargaye | 200 |
| | Burkina Faso | Nabanga** | 179 |
| | Burkina Faso | Kamsongo | 246 |
| | Burkina Faso | Yacti | 219 |
| | Burkina Faso | Napade | 73 |
| Kongolokoro | Burkina Faso | Dynikongolo*** | 250 |
| | Burkina Faso | Milpo | 224 |
| | Burkina Faso | Segué | 250 |
| | Burkina Faso | Founa | 248 |
| Korhogo | Cote d'Ivoire | Korhogo Ouest | 380 |

* Includes Natougou deposit, ** included Nabanga deposit, *** includes Bantou, Tankoro and Safia Prospects

Table 2.3 shows Orbis tenements in Queensland consisting of Exploration Permits for Mining (EPM).

**Table 2.3 Queensland tenements**

| Licence | Hectare (ha) |
|---|---|
| EPM16031 | 3,872.44 |
| EPM16786 | 7,431.88 |
| EPM18477 | 4,524.7 |
| EPM18481 | 2,583.63 |
| EPM18482 | 2,260.14 |
| EPM18757 | 31,079.08 |
| EPM19221* | 62,267.88 |

* under relinquishment.

# 3 Natougou Project

## 3.1 Location and access

The Natougou gold deposit is located near the village of Natoungou in the eastern part of Burkina Faso in the Tapoa Province (capital Diapaga) 325 km east of Ouagadougou.

Access to Natougou is via Route Nationale RN04, an all-weather bitumen road from Ouagadougou, through Fada n'Gourma to the Ougarou junction. From there travel is via a laterite road to the property 60 km to the southeast. Fada n'Gourma is the nearest town with basic hospital, hotel and limited re-supply facilities, but significant supplies are sourced from Ouagadougou.

The main laterite access road into site is located along a ridge top. The road is reasonably well-drained and is accessible year-round to four-wheel drive vehicles. Numerous tracks allow for access to most places throughout the Natougou area. During the wet season heavy rains may temporarily restrict vehicle movement in the immediate area of the deposit.

## 3.2 Climate and Landforms

The climate is semi-arid, with a rainy season from May to September, and a hot dry season from October to April, when the climate is heavily influenced by the dry dust-laden northwest trade wind known as Harmattan. Average temperatures range between 16°C overnight in the cool season to over 40°C during the day in the hot season. Average annual rainfall is approximately 900 mm, although large inter-year variability is common. August is on average the wettest month of the year with an average rainfall of 245 mm while December, January and February are the driest months with very little rainfall.

The Natougou area is relatively flat and sits at an elevation of approximately 260 m above sea level. To the east and north of Natougou are mesas which rise approximately 10 m above the surrounding topography with the land rising gently to the north.

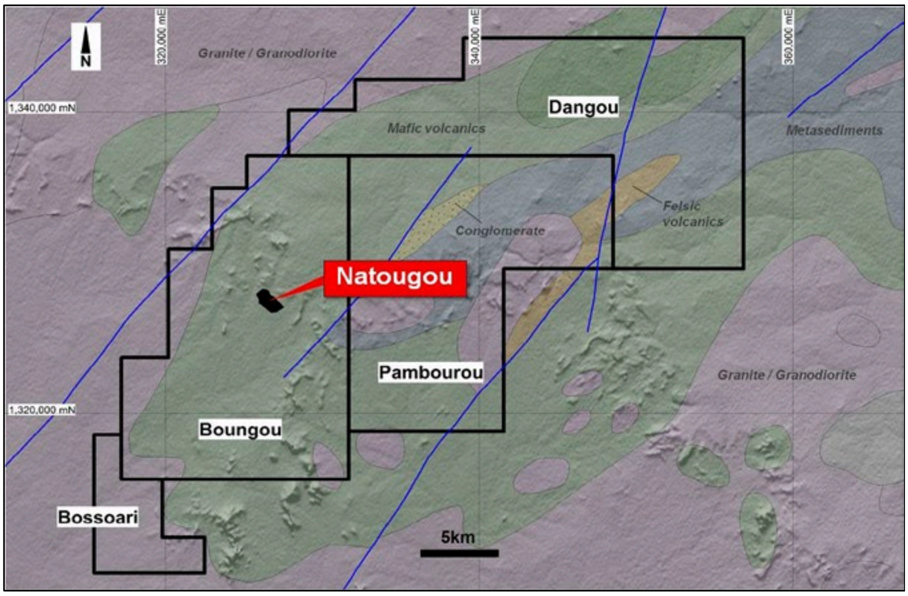
## 3.3 Previous exploration

The Natougou deposit was discovered by Orbis in April 2012 by initial drilling of a large-scale gold-in-soil anomaly. No exploration was known to have occurred on the permit prior to soil and rock chip sampling commenced by Orbis in 2010. The central part of the Permit has artisanal activity along the north to south trending drainage. The local community have been mining mineralised structures through artisanal workings for an unknown period of time. The maximum depth of the workings is approximately 40 m. The total tonnage and grade of material extracted from artisanal workings is unknown. Free gold is recovered by gravity methods in gold pans or simple sluicing methods. There are no records of previous modern exploration or mining.

## 3.4 Tenure

Orbis holds four contiguous permits, Dangou, Pambourou, Boungou and Bossoari, collectively known as the Tapoa Permit Group, covering 70 km in strike length along the Diapaga belt (Figure 3.1) in the southeast of the country.

**Figure 3.1 Orbis permits within Diapaga Belt**




Source: Orbis

<u>Boungou Exploration Permit</u>

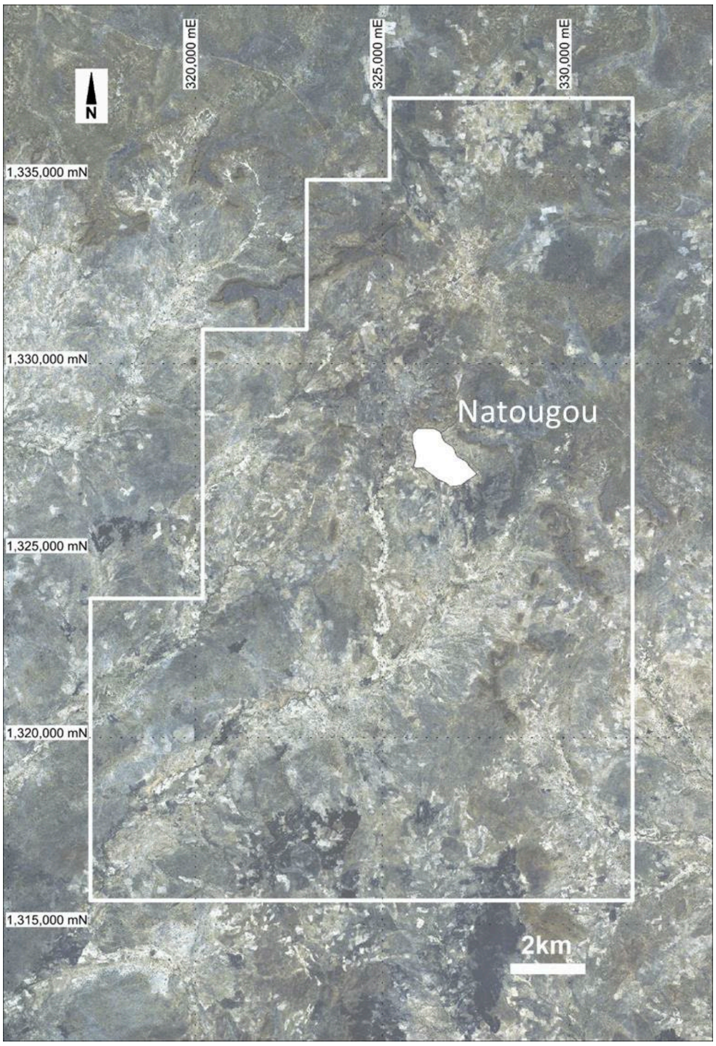
The Boungou Exploration Permit was originally granted on 5 May 2009 by Burkina Faso No. 2009/09 – 126 / MCE/SG/DGMCC to Mr Saidou Pafadnam. In April 2010 Mr Pafadnam and MET BF Pty Ltd., a 100% subsidiary of Orbis, entered into a three year option agreement. The vendor of the permit (Mr Pafadnam) retains a 1% Net Profit Royalty ("NPR") under the terms of the option agreement (Convention d'option pour permis de recherche Boungou) dated 21 April 2010.

The Permit was renewed for a further three years from May 2012 by decree No. 2012/12 – 206 / MCE / SG / DGMGC. On 21 January 2013 the Permit was transferred by decree No. 2013/13 – 012 / MME / SG / DGMG to Birimian Resources (100% Orbis). The Permit has been granted until 5 May 2015 at which time an application can be made for renewal for a three year period subject to 25% reduction in the permit area.

The Boungou permit hosts the Natougou deposit and covers an area of 250 km$^2$. It lies within the Diapaga greenstone belt, a northeast-southwest orientated belt that extends over 250 km in length and over 50 km in width. The outline of the lease boundary is depicted in Figure 3.2.

Orbis is required to report to the Director General of Mines and Geology the exploration activities annually and the provisional program of work and budget expenses for the subsequent year.

**Figure 3.2 Boungou Permit boundary**




Source: Orbis

## 3.5 Regional geology

The Natougou gold deposit is situated in the Diapaga Belt, one of many north and north-easterly trending greenstone belts in Burkina Faso. The Diapaga Belt is made up predominantly of metamorphosed intermediate volcanics, sediments and foliated or migmatitic granites and gneisses, with less common mafic volcanics and basic ultrabasic intrusive complexes. Conglomeratic sediments are also present, mapped as Tarkwaian equivalents.

## 3.6 Local geology

Figure 3.3 shows a geological Map of the Boungou Permit which contains the Natougou gold deposit. Laterite and alluvium cover extensive (lateral) portions of the Permit, however both are generally less than 10 m in thickness. Laterites cover the northern areas where mesas are more prevalent. Alluvium is more extensively developed in the southern half of the Permit associated with the larger drainages.

The most significant rock type on the Permit is a large mafic unit consisting predominantly of amphibolite with minor associated diorite and gabbro plutons which occupies the central portion of the permit. The amphibolite hosts the mineralised shear at Natougou; the unit outcrops as small hills but can also be seen in valleys where small streams have cut through the cover sediments and exposed the bedrock.

Along the western edge of the Permit is a large granitoid batholith (tonalite, granodiorite and quartz-diorite). Lithic tuff, andesite and gabbro outcrop in the southeast corner of the permit along with minor meta-sediments (meta-sandstone and quartzite). Small intermediate to felsic intrusions (granodiorite, biotite-granite) occur in the south-eastern part of the permit. Northwest-southeast oriented steeply dipping dolerite dykes intrude all the above lithologies at Natougou. The dolerites are fine to medium-grained with abundant plagioclase and sparse hornblende and pyroxene phenocrysts.

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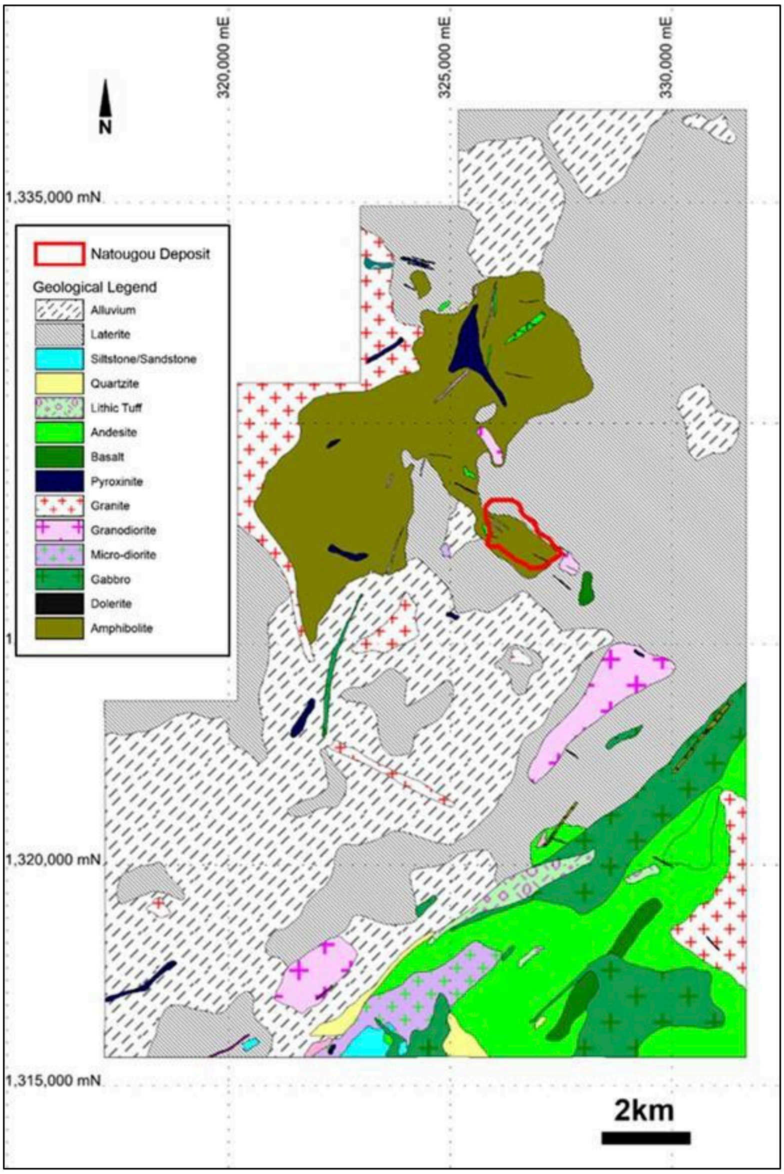
**Figure 3.3 Geological Map – Boungou Permit**




Source: Orbis

The amphibolite unit (MAM) is by far the most significant rock type. It has been mapped and logged as one unit although during the recent infill drilling program it was observed that the MAM could be further subdivided into two distinct units. The main mineralised lode is spatially related to the contact between these two distinct mafic volcanic units (locally termed upper and lower mafic units).

It is believed that this contact provided a plane of weakness between two competent units along which gold bearing fluids were focused. Although the two volcanic units are visually similar they can often be differentiated based on the presence or absence of banding. The lower unit is fine-grained to aphanitic in texture, whilst the upper unit is medium to coarse grained in texture. The coarse grained amphibolite has elongate amphibole minerals and often exhibits a banding with alternating light bands comprising plagioclase and dark bands consisting of Fe-Mg minerals such as amphibolite and minor biotite. Minor carbonate stringers have been observed cross-cutting the amphibolites.

Chemically the upper mafic unit and the lower mafic unit are quite distinct and there are two distinct populations of titanium (Ti) and zirconium (Zr) observed in the mafic volcanic units, using handheld XRF analysis. The upper mafic has Ti and Zr values double those of the lower unit. The drop in both Ti and Zr to values below 6,500 ppm and 28 ppm respectively were used to define a boundary between the two units.

The footwall contact between the main mineralised lode and the lower mafic unit tends to be a sharper contact than that of the hangingwall contact.

The diorite and granodiorite intrusives, observed across multiple consecutive holes, are interpreted as sills. In many drill holes the mineralised lode appears spatially associated with these sub-parallel felsic (granodiorite and rhyolite) and/or mafic (diorite) sills. The sills appear to post-date mineralisation although it is highly probable that some of the sills were emplaced following a similar plane of weakness as the mineralising fluids and the events may be related. The non-foliated diorite is believed to equate to the dolerite dykes mapped on surface that post-date all other rocks in the area.

Four degrees of oxidation were identified at Natougou, ranging from strongly oxidised through to fresh bedrock.

## 3.7 Mineralisation

Two zones of mineralisation have been interpreted by Orbis and included in the reported Mineral Resource - the main mineralised lode and a minor mineralised lode, which occurs below the main lode in the south-eastern portion of the deposit and is referred to as the footwall mineralisation.

The main host to gold mineralisation at Natougou is the Boungou shear zone (BSZ). The BSZ was logged in the core based on the combination of pink-brown biotite alteration (BPK), presence of silica-sericite alteration (BBZ) and the development of a shear fabric.

Whilst the BSZ does vary in intensity across the deposit the tenor of the gold mineralisation shows a strong correlation to the degree of shearing and hydrothermal alteration. There is consistency within zones of higher grade, which exhibit strong shearing and BPK alteration, and within zones of lower grade, which tend to exhibit weak to moderate shearing and BPK alteration.

Sulphides identified at Natougou in thin section studies include pyrrhotite and chalcopyrite followed paragenetically by arsenopyrite and pyrite. Pyrite, pyrrhotite and arsenopyrite have been observed in drill core. Trace to 2% pyrite is ubiquitous throughout drill holes. Traces of pyrrhotite can also be observed in many drill holes irrespective of gold grades. Higher percentages of pyrite and pyrrhotite are commonly associated with the presence of arsenopyrite. Arsenopyrite is almost invariably associated with the presence of gold in assayed samples. Visible gold has been observed in core in some drill holes.

The highest grade zones can often be correlated with an abundance of quartz veining observed within the shear. The quartz veining is boudinaged and folded and clearly pre-dates the development of the shear. Visible gold was observed in many of the quartz-rich zones.

Gold mineralisation also occurs above the main mineralised lode in the north-western portion of the deposit and is referred to as the western hangingwall mineralised zone. At the current wide spaced drilling this zone appears to be somewhat discontinuous and is currently poorly understood in terms of the nature and controls of this mineralisation. The western hangingwall zone is included in the waste domain for the purposes of grade estimation and does not form part of the reported Mineral Resource

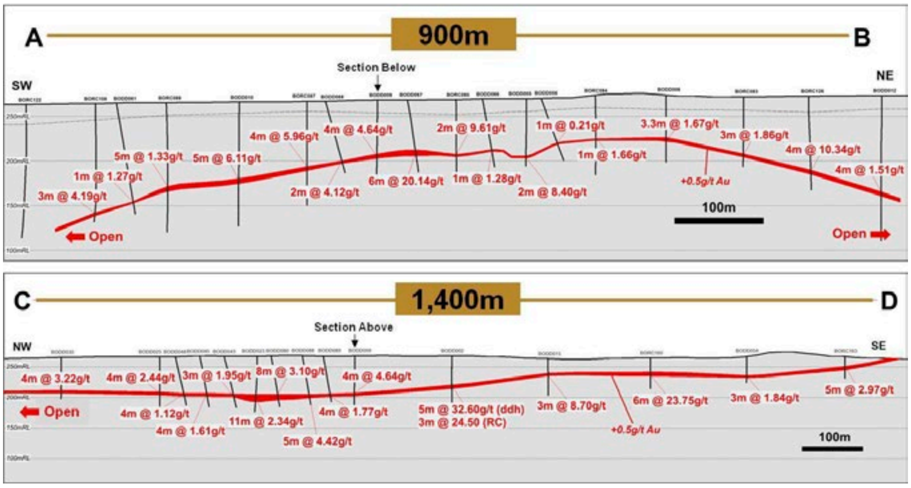
## 3.8 Structure

The main mineralised lode is interpreted as a flat-lying anticlinal shear that outcrops in the southeast and plunges gently to the northwest (Figure 3.4).

The mineralisation has a strike length of approximately 1,900 m, striking towards a bearing of 315° and an across strike length of approximately 1,000 m (towards 045°). The mineralisation is gently folded with the fold axis oriented along strike and the limbs dipping gently at approximately 15°.

Mineralisation is open across strike (towards 045° and 225°) as well as towards 315°. The average true thickness of mineralisation is approximately 3.9 m.

**Figure 3.4 Cross-section through Natougou deposit**




Source: Orbis

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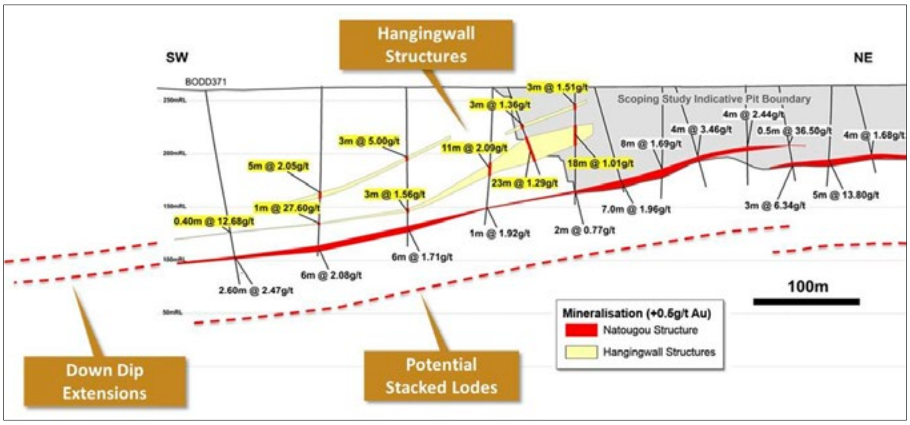
**Figure 3.5 Natougou deposit showing hangingwall structures**



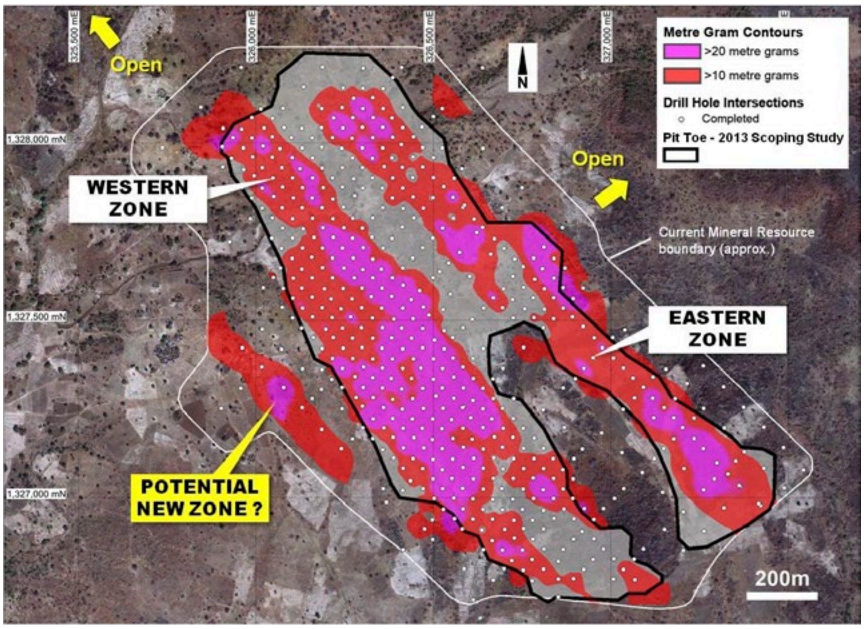

Source: Orbis

## 3.9 Mineral Resource estimation

### Drilling activities

Figure 3.6 is a map of the Natougou Project showing the drill hole collars and the two high grade zones (>10 metre gm), the Western and Eastern Zones. Orbis reports that the mineralisation is open to the west, north and east.

**Figure 3.6 Natougou Project drilling (June 2014)**




Source: Orbis

Drilling at Natougou was performed by reverse circulation ("RC") and diamond drilling ("DD"). The DD drillholes were pre-collared down to approximately 10 to 15 m from the top of mineralisation using RC. Diamond tails (HQ diameter) were used to complete the DD holes.

The Natougou dataset contains 696 drillholes, of which, 588 were used for the Mineral Resource Estimation of August 2014 shown in Table 3.1. The holes not used in the resource estimation relate to exploration drilling collared outside the modelled extents or geotechnical holes which were not sampled.

**Table 3.1 Natougou drillhole details**

| Drill type | Number of holes | Precollar total (m) | Average total depth (m) | Total (m) |
|---|---|---|---|---|
| To April 2013 | | | | |
| DD | 90 | 4,585 | 92 | 8,285 |
| RC | 172 | - | 102 | 17,606 |
| April 2013 to June 2014 | | | | |
| DD | 385 | 16,653 | 71 | 27,306 |
| RC | 48 | - | 83 | 3,962 |
| **Total** | **696** | **21,238** | **82** | **57,181** |

The dominant drillhole spacing at Natougou is 40 m along strike (315°) by 40 m across strike (045°). The drill spacing in the central area is up to 160 m along strike and 80 m across strike. The deposit is predominantly flat lying, and all drillholes have been aligned to be near-perpendicular to the orientation of the mineralisation.

### Sampling activities

Sampling of RC and DD holes has been based on nominal 1 m intervals whilst respecting lithological boundaries in the majority of core samples. The drilling sample recoveries average 98 % for drill core and 76 % for the RC drilling considered by Snowden to be acceptable for representative sampling and subsequent Mineral Resource estimation.

### Bulk density

Orbis collected bulk density measurements on site by using the Archimedes immersion technique (weight in air divided by the weight in air – weight in water) considered by Snowden to be appropriate for Mineral Resource estimation.

### Sample analysis

All drill core and RC samples were submitted to the SGS laboratory in Ouagadougou ("SGS") and submitted to be analysed for fire assay gold. All samples were assayed by fusing a 50 g sample with a litharge based flux followed by cupellation, dissolving the prill in aqua regia and determining gold by AAS. This technique has a lower detection limit of 0.01 ppm Au. It is Snowden's opinion that the fire assay analytical technique is appropriate.

A brief laboratory inspection of the SGS facilities in Ouagadougou was completed by Mr Rod Carlson (Snowden) and Ms Ann Ledwidge (Orbis) on Tuesday 1 April 2014 with supervision by the Laboratory Manager, Helena Bouda. Snowden was satisfied with the laboratory procedures and considers SGS to be a suitable laboratory to be the primary analysis facility for Orbis samples.

### Surveying activities

All drillhole collars were surveyed using a Geoexplorer 6000 differential global position system (DGPS). The DGPS has a reported accuracy of ±1 cm horizontally and ±1.5 cm vertically. The co-ordinate system basis used is WGS84 Zone 31N. It is Snowden's opinion that the collar coordinates have been accurately surveyed and are appropriate for use in the subsequent Mineral Resource estimate. All drillholes were downhole surveyed using a Reflex EZ-shot electronic surveying tool which has an accuracy of ±0.5° when measuring azimuth and ±0.2° when measuring dip angle.

Orbis completed a preliminary ground based topographic survey of the Natougou gold deposit area that showed that existing baseline control was not globally accurate enough to establish absolute precision. The issues with topographic survey have since been resolved.

### Quality Control

SGS undertake an internal quality control process involving standards, blanks and duplicates. A standard, blank and duplicate are assayed every fifty samples as part of the internal QAQC program. SGS also participate in regular round robin programs to monitor for bias. Three different Certified Reference Material (CRM) samples were submitted with primary samples to the SGS laboratory in Ouagadougou. Snowden believes the standards are appropriate to assess laboratory analytical accuracy with respect to Natougou mineralisation.

Since July 2013, there have been a total of 1,059 (5.1%) coarse blank samples submitted with the RC/Core samples and a total of 886 (4.3%) duplicate (RC riffle or quarter core duplicate) samples submitted with the primary RC/core samples.

A set of 744 pulp duplicate samples were submitted to the Actlabs Laboratory in Ouagadougou as an umpire check of results from the primary laboratory. There is a small bias (<10%) at low gold grades (detection to ~0.6 g/t Au) between the two laboratories. Overall the populations compare very well. Snowden considers there is no evidence to suggest that the primary laboratory has any issues with a bias at any grade range significant to the Mineral Resource

Previous twinning of two drill holes indicates there is reasonable repeatability of gold grades between the twinned holes.

### Geological interpretation

Orbis provided Snowden with a geological interpretation of the mineralised structures. The interpretation was based on a variety of criteria such as the geological field logging of drill core and RC chips, trace element data collected from pulps using an Innov-X Omega series handheld XRF, drill core photographs and gold grade analysis.

Four oxidation zones (strong, moderate, weak and fresh) were interpreted by Orbis. The base of complete oxidisation is shallow at Natougou and fresh rock is encountered on average less than 10 m below surface. Only a very small portion of the mineralised shear is interpreted to be within the oxidised zones along the southeast edge of the deposit where the mineralised zone outcrops

## 3.10 Mineral Resources

### Resource classification

The Natougou Mineral Resource estimate was classified and reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition).

The classification was developed based on an assessment of the following criteria:

- Nature and quality of the drilling and sampling methods.
- Drilling density.
- Geological and grade continuity.
- Analysis of the QAQC data.
- A review of the drillhole database and the company's sampling and logging protocols.

### Cut-off grade

The Natougou Mineral Resource has been reported above a 0.5 g/t Au cut-off grade based on the assumption that the mineralisation would most likely be mined using open-pit methods.

### Natougou Mineral Resource statement

The August 2014 Natougou Mineral Resource is estimated to be 18.1 Mt at 3.4 g/t Au, reported above a 0.5 g/t Au cut-off grade shown in Table 3.2

**Table 3.2 Natougou Mineral Resource, reported above a 0.5 g/t Au cut-off grade, August 2014 (Snowden, 2014)**

| Classification (JORC 2012) | Tonnes (Mt) | Au (g/t) | Ounces (koz) |
|---|---|---|---|
| Indicated | 7.1 | 5.1 | 1,200 |
| Inferred | 0.3 | 2.2 | 20 |
| | 0.5 | 1.7 | 30 |
| | 0.2 | 1.7 | 10 |
| | 10.0 | 2.4 | 760 |
| **Total Inferred** | **11.0** | **2.3** | **800** |
| **Grand Total** | **18.1** | **3.4** | **2,000** |

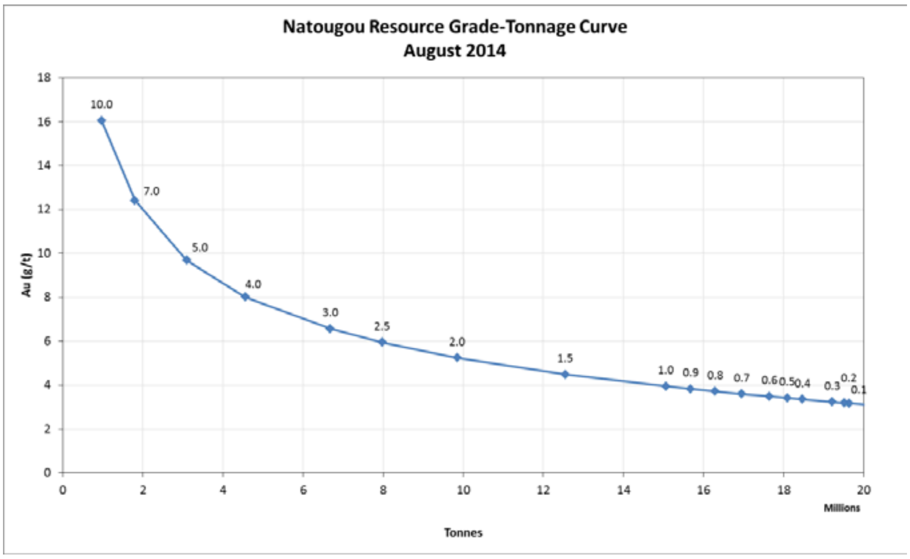
### Grade-tonnage curve

The total Natougou Mineral Resource is reported at various cut-off grades in Table 3.3 and a grade-tonnage curve is provided in Figure 3.7.

**Table 3.3 Natougou Total Mineral Resource reported at various cut-off grades**

| Cut-off (g/t Au) | Tonnes (Mt) | Au (g/t) | Ounces (koz) |
|---|---|---|---|
| 0.0 | 20.1 | 3.1 | 2,000 |
| 0.1 | 19.6 | 3.2 | 2,000 |
| 0.2 | 19.5 | 3.2 | 2,000 |
| 0.3 | 19.2 | 3.2 | 2,000 |
| 0.4 | 18.5 | 3.4 | 2,000 |
| **0.5** | **18.1** | **3.4** | **2,000** |
| 0.6 | 17.7 | 3.5 | 1,980 |
| 0.7 | 17.0 | 3.6 | 1,960 |
| 0.8 | 16.3 | 3.7 | 1,950 |
| 0.9 | 15.7 | 3.8 | 1,930 |
| 1.0 | 15.1 | 3.9 | 1,910 |

**Figure 3.7 Grade-tonnage curve for total Natougou August 2014 Mineral Resource estimate (Snowden, 2014)**

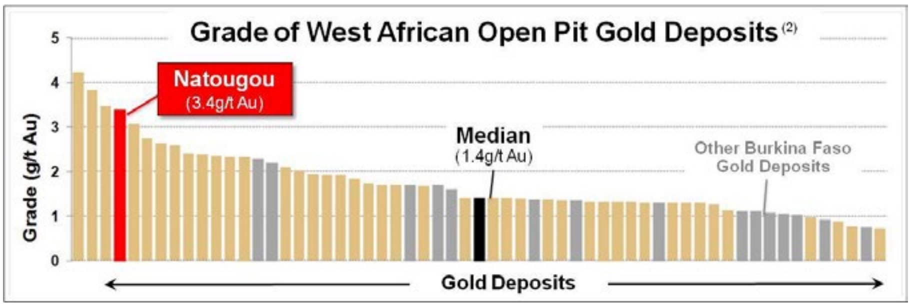



The total resource increased by approximately 3 Mt since August 2013, with a corresponding increase of approximately 0.2 Moz of contained gold. The grade dropped slightly (8%) from 3.7 g/t Au to 3.4 g/t Au. Approximately 6.9 Mt of mineralisation was upgraded to Indicated Resources due to the additional drilling.

Snowden considers that there is potential upside to the Mineral Resource by improved geological interpretation of the western hangingwall mineralisation.

Figure 3.8 is a diagram of the grade of West African open pit gold deposits showing the grade of Natougou at the upper end of the grade distribution. Snowden considers this to be one of the project's main attributes, particularly as the gold price is declining.

**Figure 3.8 Grade of West African open pit gold deposit**




Source: Orbis

## 3.11 Mining Study

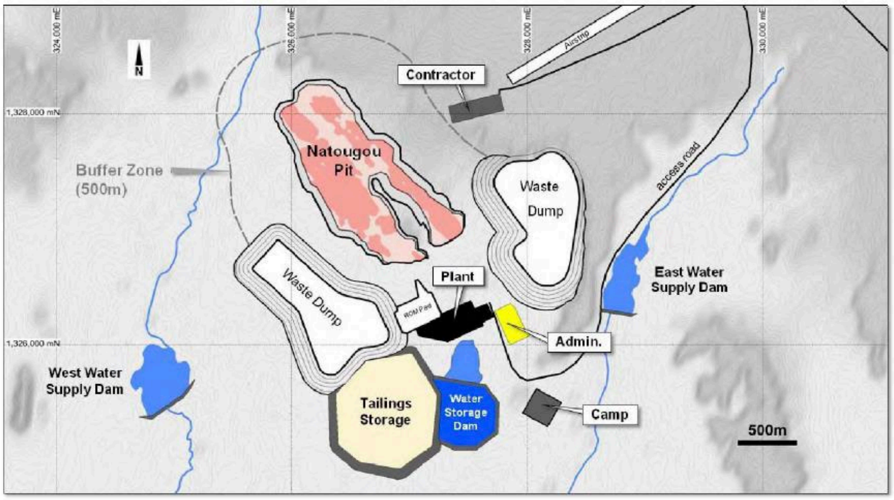
### Scoping Study

Orbis prepared a Scoping Study in October 2013 and updated this in October 2014 based on the Mineral Resource update completed in August 2014. The open pit was re-optimised and redesigned with accompanying mining schedules and cash flows.

Snowden has reviewed the 2013 scoping study as this provides technical (mining and metallurgical) detail of the project. Snowden notes that there is a significant pre-strip of overburden required at the deposit.

Figure 3.9 shows the amended mine layout for the 2013 scoping study, which is still relevant to the current study. The basic mine layout for the 2014 scoping study remains much the same, except for the design of the open pit.

**Figure 3.9 Mine layout (amended after 2013 scoping study)**




Source:Orbis

## Revised scoping study (2014)

Orbis revised the scoping study in October 2014 based on an updated Mineral Resource estimate that was prepared by Snowden in August 2014, and re-optimisation of the open pit to include higher grade gold ore closer to the surface.

The revised scoping study significantly increases gold production in the first year of operations. Total gold production over a mine life of seven years increases from 1.3 million ounces ("Moz") in the 2013 scoping study to 1.5 Moz.

Snowden has reviewed the mining assumptions in the revised scoping study and notes that around 70% of the Resource applied in the revised Scoping Study is classified as Indicated and therefore available for inclusion in a Reserve estimate.

Snowden makes the following observations, acknowledging that the mining study is still at scoping study level:

1. Operating costs. Snowden considers that mine operating costs have been under-called by about 20%. Snowden considers that productivity in the local environment may be an issue but there is scope for reducing exposure to this factor through utilisation of contract mining, particularly in the pre-strip phase.

2. Mine stages. Snowden endorses the pit staging approach taken in the updated Scoping Study.

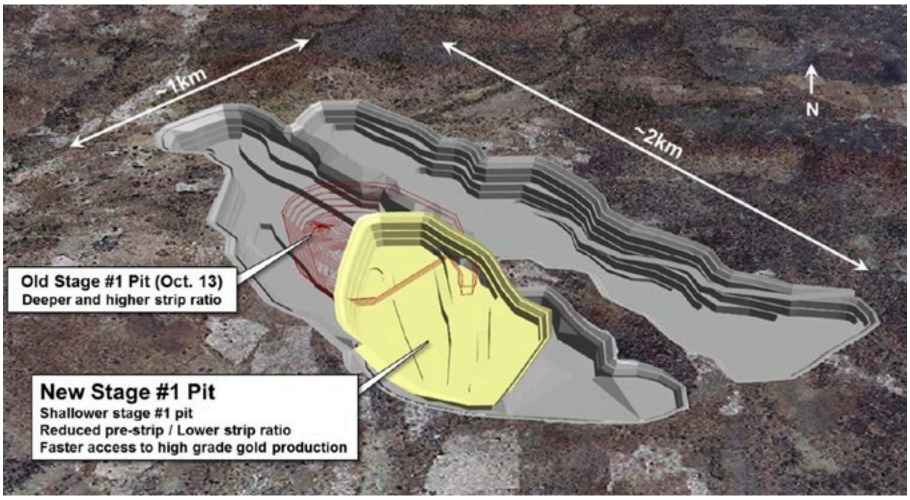
3. In pit dumping. Snowden endorses the in-pit waste dumping concept, which could reduce waste dump and mine operating costs, but cautions that scheduling and design of this procedure is technically complicated and requires careful analysis of pit staging.

4. Snowden understands that an average waste dilution factor of 41% was applied to the Mineral Resource to generate production schedules (a figure that is significantly more conservative than the 20% dilution factor applied to generate the initial pit optimisation shells). Snowden understands that the geology of the orebody is unlikely to facilitate visual grade control, particularly on the hangingwall however, Snowden considers that the dilution factor applied is both reasonable and conservative but notes that in-pit ore/waste delineation could be enhanced through appropriate application of bench and flitch heights and incorporation of portable XRF or other indicative analysis to indicator minerals in blasthole cuttings to identify the ore zones.

Snowden notes that Orbis has included some Inferred Resources in the open pit optimisation study and resultant financial analysis. The JORC Code (2012) does not preclude use of Inferred Resources in a Scoping Study, but does preclude their inclusion in Reserve estimates and requires that "appropriate Feasibility or Preliminary Feasibility level studies will have been carried out prior to determination of the Ore Reserves".

Figure 3.10 shows the latest Natougou pit design revised in September 2014 (Orbis September 2014 Quarterly report), which includes improved ramp and wall designs and a better economic (shallower) Stage 1 pit, with reduced stripping and faster access to high grade gold. Snowden notes the improved pit wall slopes and ramp designs.

**Figure 3.10 Natougou revised pit design (September 2014)**




Source: Orbis

Snowden considers that the revised pit design is an improvement on the 2013 design.

## 3.12 Processing

### Documents reviewed

Snowden has reviewed the following 2013 document for metallurgical content, much of which is relevant to the current scoping study, updated in October 2014.

- Lycopodium; Orbis Gold Limited, Natougou Gold Project, Scoping Study, October 2013

Snowden has also reviewed more recent testwork that is applicable to the DFS, including:

- DFS Test Work and Sampling Plan, (30 April 2014.)
- Crushing and grinding tests, and comminution summary
- SMC (SAG Mill comminution) report (August 2014)
- HPGR_SAG Trade Off Study (August 2014)
- Throughput Assessment Study, Lycopodium (February 2014)

### Metallurgical testwork

Testwork for the 2013 scoping study report was conducted at ALS Metallurgy in Perth and JK Tech in Brisbane. Key elements of the initial programme were:

- Determination of comminution parameters for crushing and milling circuit design.
- Leaching and gravity separation testwork to provide design parameters for the leach and gold recovery circuits.

Samples were selected only from fresh ore drill cores, as the fresh material represents a significant majority of the mineralisation observed within the orebody.

Key comminution parameters determined at both ALS and JK Tech were:

- Bond ball mill work index (BWi) – 19.65 kWh/t
- Bond abrasive index (Ai) – 0.1905
- JK drop-weight index (DWi) – 10.53 kWh/$m^3$
- A x b value 27.1 – categorised as a hard ore

Results highlighted that:

- The Natougou ore is hard and competent and should be suitable for SAG milling. A high aspect mill was recommended due to the competent nature of the ore.
- Abrasiveness is considered average and media and liner consumption rates are not expected to be excessive.
- The BWi is relatively high and grinding energy requirements are expected to be high.
- Relatively low A x b value of 27.1 suggests that the ore has a high resistance to impact breakage.

### Leaching testwork

Leach tests were conducted across five grind sizes, $P_{80}$ of 106 µm, 75 µm, 53 µm, 25 µm and 10 µm. After 24 hours of leaching, gold recoveries for all samples were averaging 88% and with after an additional 24 hours the gold recoveries increase to an average of 93%. The tests showed the following results:

- Gravity recovery of gold was determined as 25%.
- Gold recovery was high, even without a gravity circuit.
- Gold recovery increase for the finer grind sizes, suggesting that the grind size plays a more important part than cyanide concentration or gravity recovery on the overall gold recovery from the feed ore.
- Lime consumption ranged from 0.23 kg/t to 0.42 kg/t.
- Leach kinetics appeared to be faster with the inclusion of gravity recovery, suggesting that a gravity recovery circuit should be considered.
- Initial leach kinetics were slower, suggesting coarse gold or gold locked to some extent in sulphide minerals.

### Future testwork programme

The scoping study recommended additional testwork for a DFS to confirm comminution parameters, process parameters for optimised gold extraction, variability testwork, ore thickening testwork for optimal use of process water, tailings disposal testwork, slurry characteristics for pumping and mixing parameters and enhanced leach kinetics testwork. To accommodate this testwork a comprehensive DFS testwork and sampling plan was prepared by Orbis Gold, detailing the samples to be taken and the testwork to be conducted as part of the current DFS programme.

Snowden has reviewed the testwork programme and has found the plan to be comprehensive and once concluded, should provide the data required for detail design of the plant and equipment as appropriate for a DFS level study.

The testwork programme is currently underway and some of the preliminary results have been reviewed by Snowden. Although not analysed in detail, Snowden makes the following observations:

- Sample selection appears to be appropriate to allow for expected variability in the orebody during operations.

- The ore is generally hard and energy requirements for the crushing and milling circuit will be high. Due to the hardness of the ore, it will be suitable for a SAG mill application, providing the media required for semi-autogeneous milling.
- Early leach test results are confirming the high recovery values, with many tests achieving above 90% gold recovery after 24 hours and most of the tests achieving more than 93% recovery after 48 hours.

### Process design criteria

Key preliminary process design criteria are shown in Table 3.4.

**Table 3.4 Preliminary process design criteria (from October 2013 Scoping Study)**

| Criteria | Units | Value | Source |
|---|---|---|---|
| Annual capacity | Mtpa | 2.00 | Orbis |
| Gold head grade | g/t Au | 3.50 | Orbis |
| Silver head grade | g/t Ag | 0.6 | Orbis |
| Gold recovery | % | 94 | Orbis |
| Silver recovery | % | 73 | Orbis |
| Crushing circuit utilisation | % | 80 | Assumption |
| Plant availability | % | 91.3 | Assumption |
| BWi | kWh/t | 19.6 to 20.8 | Testwork |
| CWi | kWh/t | 20.0 | Assumed |
| Ai | | 0.1905 | Testwork |
| Grind size | µm | 75 | Orbis |
| SAG Mill grinding medial consumption | kg/t | 0.46 | OMC |
| Ball mill grinding media consumption | kg/t | 0.81 | OMC |
| SG | | 2.88 | Testwork |
| Leach circuit residence time | h | 48 | Assumption |
| Leach slurry density | % w/w | 50 | Assumption |
| Number of CIL tanks | | 6 | Assumption |
| Cyanide consumption | kg/t | 0.28 | Testwork |
| Lime consumption | kg/t | 0.33 | Testwork |
| Elution circuit | | AARL | Assumption |
| Elution circuit size | t | 7 | Assumption |
| Frequency of elution | strips/week | 7 | Assumption |
| Tailings thickener loading | $t/m^2h$ | 1.0 | Assumption |

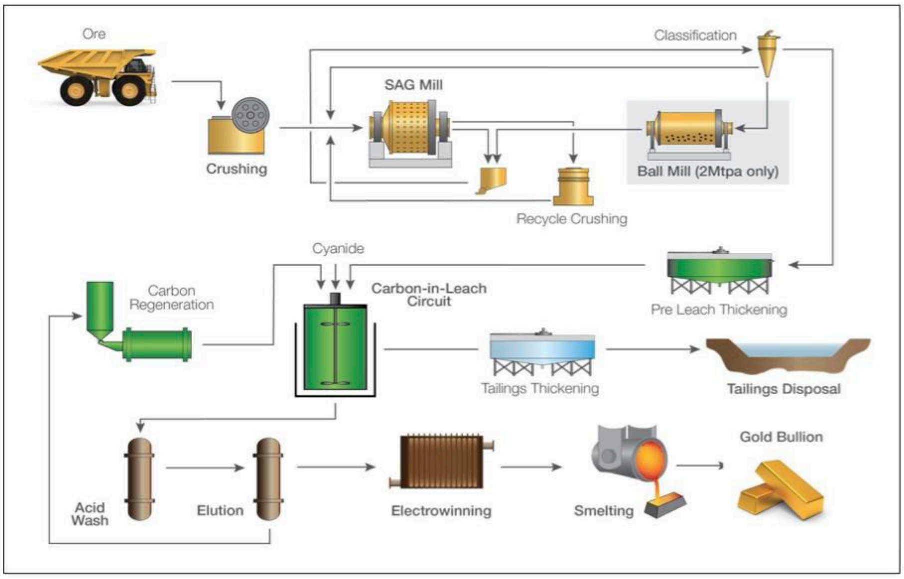
It should be noted that some of the testwork conducted during the development of the DFS will provide updated data for the design criteria and some of the values are thus expected to be updated as part of the DFS currently developed.

### Preliminary process flowsheet

The preliminary process flowsheet evaluated for the base case and alternative options is shown in Figure 3.11 and included the following unit processes:

- Single stage primary crushing ($P_{80}$ of -124 mm).
- Crushed ore surge bin of 90 t, with conveyor to an emergency crushed ore stockpile.
- Single stage SAG mill in closed circuit with pebble crusher and hydrocyclones ($P_{80}$ of -106 µm). For the 2.0 Mtpa alternative case the harder ore and finer grind size requirements indicated a $P_{80}$ of 75 µm would be required, with two stage milling, i.e. a SAG mill in open circuit with a pebble crusher feeding a second stage ball mill in closed circuit with hydrocyclones.
- Pre-leach thickener.
- CIL circuit including six stages with carbon in all stages for gold absorption.
- AARL elution circuit, EW and gold smelting to produce doré bars.
- Tails thickener for water recovery.
- Transfer of tailings to the tailings storage facility.

**Figure 3.11 Natougou - Preliminary process flow diagram**




Source: Orbis

Orbis is in the process of revising the metallurgical design as part of the DFS.

<u>Road Access</u>

The Natougou site is accessed via a sealed bitumen highway that extends from the capital Ouagadougou to within 60 km of the project site and thereafter via an unsealed “laterite” road. Provision has been made for an upgrade to the laterite road to allow for year round vehicle access. This upgrade will include minor culvert works over seasonal watercourses.

Water

Water for the project is to be sourced from two water catchment dams to be established over seasonal watercourses adjacent to the mill site. Water from the dams will be transferred to a lined 12 m deep water storage pond at the mill site to minimise water losses from evaporation.

This water supply is to be supplemented (during dry conditions) by a borefield to be developed adjacent to the project area.

Tailings Storage Facility

Mill tailings are to be deposited in a sub-aerial tailings storage facility (TSF) located to the south of the proposed mill site.

Power Supply

Power is to be generated on-site via leased heavy fuel oil (HFO) generators. Total installed capacity of 16.6 MW has been assumed for the 2.0 Mtpa scenario.

Subsequent feasibility studies will assess a range of power supply options including the use of heavy fuel oil, diesel fired generators as well as options to source power from regional electricity grids.

Camp

The Scoping Study assumes that camp/accommodation facilities are provided and operated by a third party service provider.

In October 2014 Orbis presented the results of the revised scoping study. Table 3.5 shows the revised mill feed, strip ratio, gold production and mine life.

**Table 3.5 Revised scoping study (2014) results**

| Item | Factor |
|---|---|
| Mining (mill feed) | 13.0 Mt at 3.69 g/t Au (1.55Moz) |
| Strip Ratio (LOM) | 11.7:1 |
| Processing | 2 Mtpa |
| Gold Recovery | 94% |
| Mine Life | 6.7 years |
| Gold production | 0.218 Moz pa |

Table 3.6 shows the revised scoping study financial results with an increase in cash flow and internal rate of return (“IRR”) based on a gold price of US$1,300/oz.

**Table 3.6 Revised scoping study financial results**

| Item | Costs |
|---|---|
| Capex (pre-production) | US$234M |
| Cash Operating cost | US$534/oz |
| All-in Sustaining cash cost | US$619/oz |
| Payback | 8 months |
| Total free cash flow (after tax/capex) | US$639M |
| IRR after tax | 100% |

Snowden notes that that 72% of the forecast mill feed (by ounces) is derived from Indicated Mineral Resources, which is equivalent to Probable Reserves, with the balance reported as Inferred Resources. However, further drilling is required to increase the confidence of the Inferred Resources to Indicated or Measured before Ore Reserves can be reported.

### 2014 Cash Flow Model

On 15 October 2014 Orbis updated the financial model with a new mining schedule at the same gold price of US$1,300/oz. Snowden has reviewed the revised scoping study cash flow model. Following discussions with Orbis management Snowden recommends the following adjustments to the model.

Mining costs +20% as mining costs are low compared to other West African gold projects, namely Mali and Ghana where Snowden has specific, although confidential, experience of open pit mining.

Process costs +10 %. Snowden consider that that process costs will be higher due to high abrasive rock and other process operations (still to be decided).

Process recoveries changed and related to gold grade as follows:

- Year 1 grade 8.01 g/t Au 94% gold recovery
- Year 2 grade 4.80 g/t Au 92% gold recovery
- Year 3 grade 3.29 g/t Au 91% gold recovery
- Year 4 grade 2.60 g/t Au 89% gold recovery
- Year 5 grade 2.18 g/t Au 87% gold recovery
- Year 6 grade 2.59 g/t Au 89% gold recovery
- Year 7 grade 2.64 g/t Au 89% gold recovery

These recoveries are based on metallurgical testwork of low and high grade samples.

The pre-production phase (plant construction) should be for two years rather than 18 months, with costs split equally between the two years. Orbis acknowledged that the pre-production phase is likely to be at least 18 months, but in Snowden's experience it is considered more likely to be two years.

## 3.13 Definitive Feasibility Study

Orbis has advanced the technical studies on the Natougou Project, having commenced the Definitive Feasibility Study ("DFS") stage in January 2014. Table 3.7 shows the external consultants study managers for the DFS, with Mr Andrew Skalski (Orbis) an experienced metallurgist as Project Manager. The DFS is now more than 50% complete and scheduled for completion mid-2015.

**Table 3.7 Study managers**

| Discipline | Company |
|---|---|
| Process/infrastructure | Lycopodium |
| Resource estimation | Snowden |
| Metallurgical testwork | ALS Ammtec |
| Ancillary infrastructure | Knight Piesold |
| Mine design (engineering) | AMC |
| Geotechnical/hydrology | Golder Assciates |
| Environment/community (ESIA) | INGRID/Knight Piesold |

The company has also allocated dedicated internal personnel (Mrs Jennifer Gunter) to manage the ESIA for the DFS.

A Study Execution Plan ("SEP") for the DFS aims to provide mineral resource statement reporting to a minimum of Measured and Indicated Resources and the project cost at a Class3 ±10% to ±15% level of accuracy. Orbis aims to reduce the PFS stage and bring forward the DFS in the belief that the geology, mine design and process are straightforward.

The following DFS work activities have been completed:

- Resource definition – infill drilling program for the classification of Indicated Resources.
- Mine design – geotechnical drilling and assessment, pit optimisation and preliminary mine design and scheduling. The definition of additional high grade near-surface Mineral Resources indicates potential for inclusion of additional high grade mineralisation into the early stages of the mine schedule. This mineralisation (together with the new Footwall Lode mineralisation) has potential to reduce the cost / size of the initial waste pre-strip and to lower the average strip ratio over the life-of-mine.
- Metallurgical testwork – flotation assessment, gravity gold recovery, grind versus recovery and leach optimisation including pre-aeration and lead nitrate addition
- Comminution characterisation – testwork on large-diameter (PQ) core and modelling of test results.
- Comminution optimisation – assessment of alternative process flowsheets including high pressure grinding rolls, SAG / Ball and three stage crushing and ball milling flowsheets to optimise power consumption.
- Process engineering – first draft of the project process flowsheets and process design criteria.
- Tailings management – assessment of conventional tailings disposal versus dry-stacking tailings.
- Water supply – Stage 1 exploration which has identified three groundwater resource areas for continuous discharge testing.

- Waste rock and tailings geochemistry – testwork has commenced at Maxxam Laboratories in Canada.
- Power supply - assessment of alternative power generation and fuel options completed, with preliminary recommendations for heavy fuel oil (HFO) generators.
- Infrastructure geotechnical – pit excavation and shallow hole diamond drilling to assess ground conditions at processing / infrastructure sites, including tailings storage, water supply dams and airstrip.
- Environment and Community – initial baseline flora and fauna surveys, terms of reference submitted to the relevant government authority, with planning for community consolations with in country specialists engaged to conduct these surveys. Ongoing schedule of project briefings maintained with representatives from the Burkina Faso Department of Environment and Department of Mines.

As at October 2014 the DFS activities continued across multiple disciplines including: metallurgy, mine design (geotechnical), environment, community, hydrology, water exploration, process engineering and site infrastructure.

The following DFS activities remain or are in progress:

- Resource definition – Measured infill drilling of the initial mining area and Indicated infill drilling of the remaining deposit, resource estimation and reporting.
- Mine design – final pit design, scheduling, contractor and cost assessment and preparation of ore reserves.
- Water Supply – Stage 2 groundwater exploration plan has been defined and planned to start in November 2014.
- Metallurgical testwork – a significant amount of additional metallurgical testwork has been completed as part of the DFS program. Minor testwork still remains with pulp rheology and filtration assessment.
- Process engineering – basic engineering for the processing plant, support infrastructure and power supply is scheduled to commence in November 2014.
- Ancillary infrastructure – basic engineering for the surface water dams, water storage, air strip, tailings storage facility and surface water run-off management to commence in January 2015.
- Environment and Community – community consultation, final baseline surveys, relocation action plan and final impact assessment and
- Cost estimation and reporting.

Although preliminary, the results received to date demonstrate clear opportunities to further optimise the process flowsheet by applying enhancements such as installation of a gravity circuit and a tailings filtration system (to aid in water recovery / reduce water and reagent consumption).

Snowden considers that the Natougou Project has good potential for economic development based largely on the high gold grades near the top of the deposit and the favourable mineralised structure in relation to open pit mining.

## 3.14 Natougou Exploration Potential

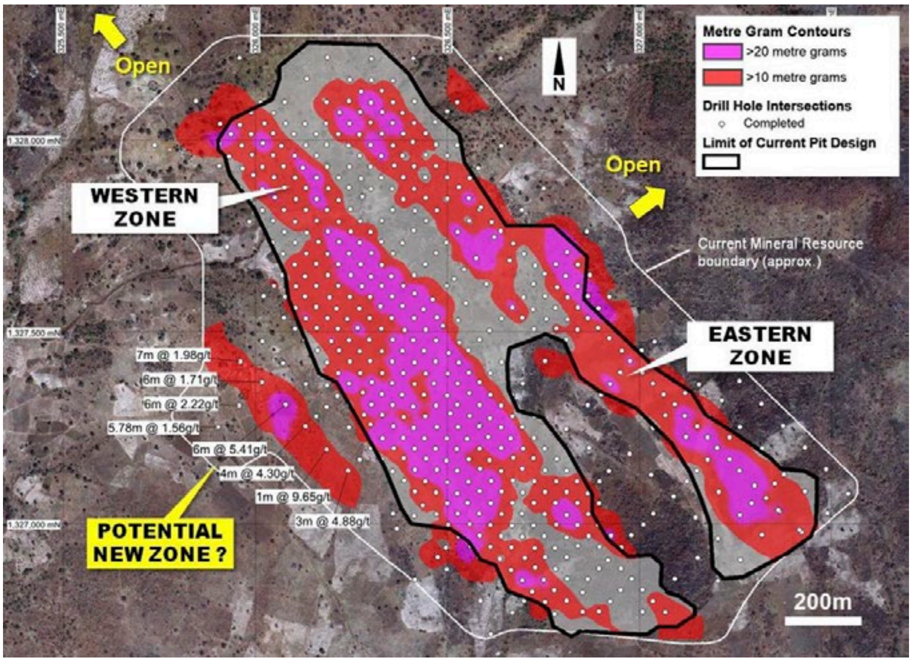
### Natougou deposit

Exploration and definition drilling completed to date at Natougou has defined two sub-parallel zones of higher grade gold mineralisation within the target Main Lode structure, the Western Zone and Eastern Zone. These higher grade zones are oriented in a northwest to southeast direction and extend over significant lengths, up to 2 km along strike and up to 400 m across dip.

Reverse circulation drilling completed late in the 2014 field season recorded additional significant gold intersections along the southwest margin of the deposit. The intersections (together with prior drilling) define a potential third zone of higher grade mineralisation that extends over an approximate 500 m "strike" length. The new zone of mineralisation is open along strike and down dip and demonstrates the potential for discovery of multiple "repeat" zones of high grade mineralisation within the lateral extensions of the large-scale Natougou structure.

Figure 3.12 shows the latest Natougou drill plan with the location of drill hole results along southwest margin as a potential new zone and the limit of the latest pit design.

**Figure 3.12 Natougou drill plan, showing location of drill hole results along southwest margin**




Source: Orbis

The Natougou deposit is open at depth and hanging wall structures are not included in the latest Mineral Resource estimate. Potential exists for the discovery of sub-parallel "stacked" structures. Gold mineralisation in the Natougou area is open beyond the limit of current drilling (down-dip to the southwest and down-plunge to the northwest).

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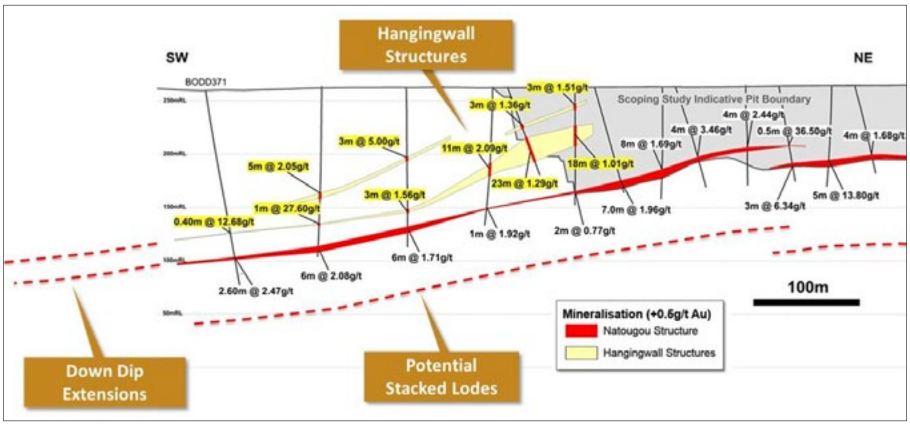
Additional planned drilling will target:

- elongate zones of high grade gold mineralisation - along the southwest margin of the deposit parallel to the currently defined Western and Eastern mineralised zones,
- "hangingwall" intersections - recorded along the southwest margin of the deposit that are not yet included in the current Mineral Resource estimate, and
- "stacked" lodes - ie: possible flat-lying repeat structures developed at depth below the base of current drilling. Limited drilling has been completed to date to test for the presence of such deeper lodes. The average down hole depth from all drilling in the Natougou deposit is only 82 m.

Figure 3.13 is a cross section of the Natougou deposit showing hangingwall structures with relatively low gold grades, potential stacked lodes and down dip extensions.

**Figure 3.13 Natougou deposit, hangingwall structures**



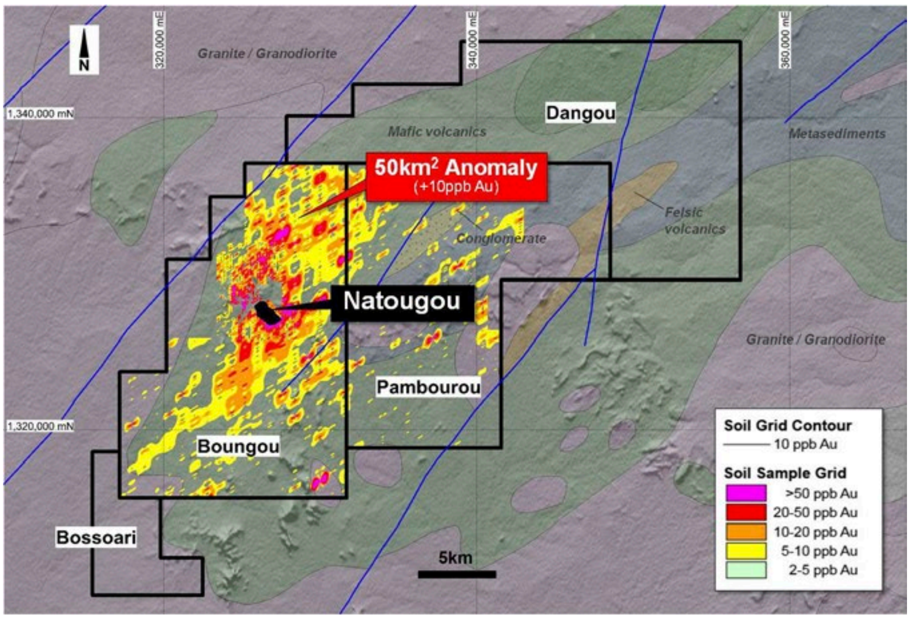

Source: Orbis

### Natougou region

Snowden considers that significant potential exists for additional gold discoveries within the broader 770 km$^2$ permit area, where extensive soil anomalies with multiple gold trends and multiple step-out targets exist. In the area surrounding the Natougou discovery Orbis has defined a large-scale high-order (+50 ppb) gold-in-soil anomaly. The soil anomaly (defined within a 6 km x 4 km survey area) includes multiple zones of higher-order anomalism that have received minimal exploration drilling to date. The higher order soil anomalies present as priority areas for follow-up exploration.

Figure 3.14 is a map showing the results of soil sampling indicating significant anomalies surrounding the Natougou deposit, probably in part related to drainage features. Orbis intends to commence a substantial exploration program within the regional soil anomaly during the forthcoming field season.

**Figure 3.14 Natougou area exploration (soil anomaly)**

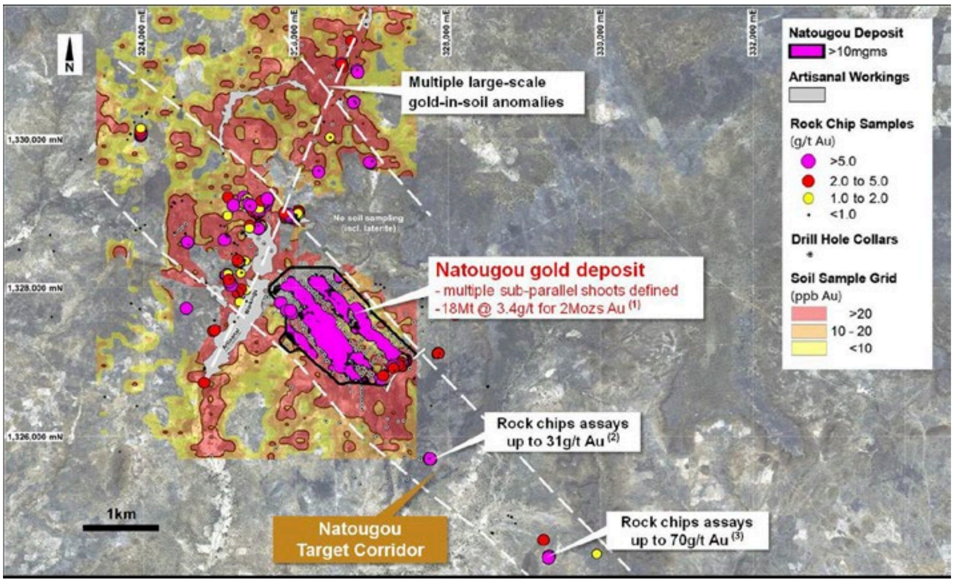



Source: Orbis

Orbis believes that exploration targets within the greater Natougou area offer a robust opportunity to significantly expand the current 2 Moz Mineral Resource inventory and add to the current mine production profile. Snowden concurs with this view.

Priority regional drill target areas to be tested in the current field season include the "Natougou Target Corridor", a 7 km long elongate NW to SE-trending corridor that encompasses the Natougou deposit, significant hard rock artisanal mining activity, and, widely distributed high grade surface rock chip samples collected by Orbis with assay results up to 70 g/t Au (Figure 3.15).

**Figure 3.15 Targets within the Natougou Corridor and the broader gold-in-soil anomaly**




Source: Orbis

Snowden considers that the soil anomalies are significant and offer good exploration potential for the discovery of additional gold deposits in the region.

## 3.15 Risk Analysis

### SWOT analysis (Natougou)

The Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis by Snowden is presented below. The Natougou Project is considered to have potentially high reward, depending on the gold price.

**Strengths (Natougou)**

- High grade gold deposit (open pit) 3.4 g/t Au
- High gold grades at top of deposit assist cash flow.
- Shallow dipping orebody (assists stripping)
- Deposit mined by open pit
- Reasonable infrastructure
- Positive economic evaluation

**Strengths (Burkina Faso)**

- Developing gold mining country
- Many large >1 Moz deposits in region.
- Eight mines developed in last six-eight years
- Low tax structure (17.5%)
- Simple transparent mining legislative framework

**Weaknesses (Natougou)**

- Landlocked country
- Awaiting completion of Definitive Feasibility Study
- Preliminary feasibilty study by-passed (although probably justified)
- Inferred Resources used in scoping study valuation (comprises 28% of ounces)
- Operating costs appear low, particularly mining costs
- Gold deposit not visually controlled
- Low gold grade (2.2 g/t Au) forecast in Year 5.

**Opportunities (Natougou)**

- Professional exploration team with strong track record
- Extensions to orebody in hangingwall and down dip.
- Further discoveries across broader permit area
- Process flowsheet optimisation
- Mine scheduling improvements, including in pit waste disposal

**Threats (Burkina Faso)**

- Burkina Faso rated a very poor country by UN
- Burkina Faso ranked 154 out of 189 in “Ease of Doing Business”
- Public demand for greater share of gold wealth (tax increase?)
- Delay in plant construction
- Artisanal workers
- Ebola virus in neighbouring countries

**Threats (market)**

- Gold price declining

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# 4 Nabanga Project (Yactibo Permit Group)

## 4.1 Location and access

The Nabanga Project is located 250 km south east of Ouagadougou in southeast Burkina Faso, and lies wholly located within the 179 $km^2$ Nabanga Permit that forms part of the Yactibo Permit Group (Figure 4.1). The Project is accessed by paved road to within 15 km of the project area, then good gravel roads are used to access the prospect. Access across the prospect area is excellent during the dry season.

**Figure 4.1 Location of Nabanga deposit in Yactibo Permit Group**


Source: Orbis

The Nabanga deposit is defined at surface by a 3.6 km long northeast trending zone of shallow artisanal gold workings that have exploited high grade gold mineralisation. Artisanal mining is by hand (pick and shovel), with minor utilisation of semi-mechanised machinery (small scale crushers) and free gold is recovered by simple gravity methods, using water from adjacent watercourses or from the bottom of deeper pits in dry season, ore is placed in sacks and sold on for processing.

There are no records of prior modern industrial exploration or mining at the Nabanga Project.

## 4.1 Climate and Landforms

The climate at Nabanga is very similar to that at Natougou (Section 3.2). The area is semi-arid grassland and open woodlands, with a gently undulating topography (ranging 183 m RL to 223 m RL). There are artisanal workings throughout the lease area which are believed to be in the order of 10 m deep. Tall-grass savannah is common across most of southern Burkina Faso including the Nabanga area, with occasional open forest and trees. The Nabanga Gold Deposit is centred around 11’ 18” 03 North and 0’ 29” 58 East at an elevation of approximately 200 m above sea level.

## 4.2 Tenure

The Nabanga Permit was acquired under an option agreement and is 100% owned by Orbis. The Permit has a Net Smelter Royalty (NSR) of 1% assigned to the original vendor (Sawadogo Sayouba). Nabanga is located within the Yactibo Permit Group, a group of five permits.

## 4.3 Project geology

Orbis considers that Nabanga belongs to the "intrusion-related" class of gold deposits which include a number of significant global deposits including, Fort Knox and Pogo (Alaska), Vasilkovskoe (Russia) and Chirano (Ghana). Intrusion-related gold deposits can extend to significant depths. Gold mineralisation within the Chirano gold deposit (located some 500 km south of Nabanga) is known to extend to at least 1 km vertical depth.

Nabanga is located within the Yactibo Permit Group that straddles the major NE-trending shear separating the Youga Belt in the northwest from the Diapaga Belt in the southeast. Nabanga is located to the southeast of the shear, within the Diapaga Belt.

The Diapaga Belt is dominantly comprised of metamorphosed intermediate volcanics, sediments, and foliated or migmatitic granites and gneisses, with less common mafic volcanics and basic-ultrabasic intrusive complexes. Conglomeritic sediments are present, and are mapped as Tarkwaian equivalents. Early banded and/or foliated granitoids, which many workers ascribe to a Tonalitic-Trondhjemitic-Granodioritic (TTG) group associated with subduction, are also very common, and probably correlate with the Belt Granitoids as defined in Ghana.

At a broader scale the Nabanga structure can be traced in high resolution magnetic data over an additional 5 km strike length to the southwest beyond the limit of surface gold workings.

## 4.4 Mineralisation

Gold mineralisation at Nabanga is predominantly hosted within a magnetite-rich granodiorite intrusive. Gold mineralisation is associated with quartz veining and a distinctive alteration zone developed around the central quartz "lode"

The Nabanga gold deposit strikes approximately north-east to southwest and is currently defined along 2.3 km. Gold mineralisation is primarily associated with a quartz vein system and a distinctive alteration zone developed around the central quartz filled structure, which is hosted by magnetite-rich Palaeoproterozoic granodiorite. The intrusive includes interpretive rafts or xenoliths of chlorite – sericite – biotite schist preserving relict phyric plagioclase and interpreted to represent low grade greenschist facies metamorphosed / metasomatised basalt to basaltic andesite.

The gold mineralisation is finely disseminated and occurs as gold (and silver) tellurides included within a pyrite host and a structurally controlled quartz vein and adjacent altered granodiorite. On average the mineralised structure is 3.2 m horizontally thick, dipping between 55º to 70º northwest and is open at depth.

The Nabanga mineralised zone is cross-cut by structures that strike oblique to the Nabanga structure. The Nabanga mineralised structure tends to 'rotate' east and become shallower as it approaches these oblique structures.

The four main lithologies at Nabanga consist of granodiorite, amphibolites, diorite and the quartz vein.

Granodiorite

The granodiorite is medium to coarse grained, with a granular plutonic texture. The granodiorite often shows a very weak to weak foliation, which commonly becomes stronger in the immediate vicinity of gold-hosting quartz veining.

Amphibolite

Within the granodiorite are multiple lenses of amphibolite, most of which the granodiorite appears to have intruded (Rugless, 2011). The amphibolite shows no positive relationship with the mineralisation or associated alteration and quartz veining, and mineralisation is often lower grade and/or narrower where the main zone occurs within an amphibolite.

Diorite

Fine to medium grained diorite was originally thought to be a different phase of the granodiorite but this appears unlikely as the diorite has very low magnetic susceptibility. The diorite is not believed to have any significant impacts on mineralisation.

Quartz Vein

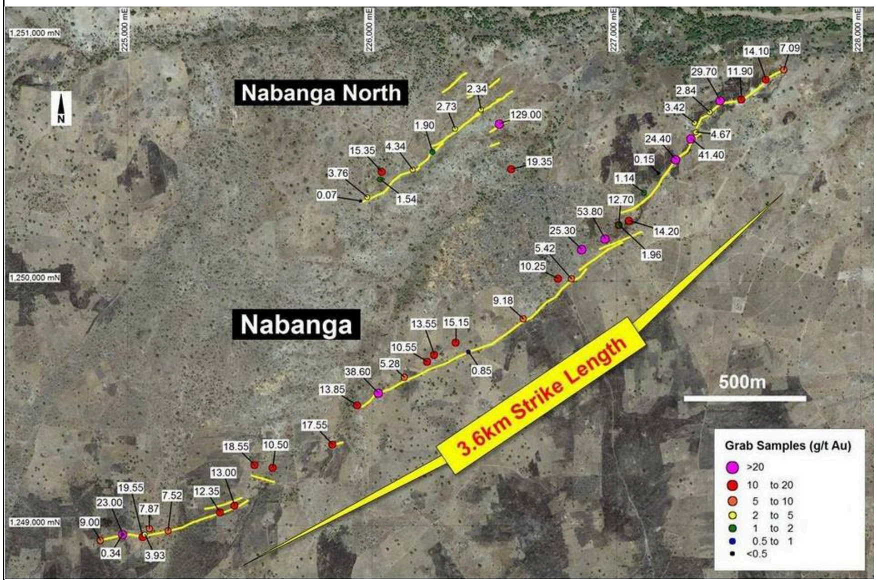
A massive white quartz vein hosts the majority of the gold mineralisation and has been recorded up to 5 metres (down-hole length) but more typically is 1 to 2 metres wide (down-hole length).

## 4.5 Exploration and data acquisition

### Rock sampling

Figure 4.2 is an aerial photograph of the Nabanga Prospect showing the results of rock grab samples up to 129 g/t Au.

**Figure 4.2 Nabanga surface expression**



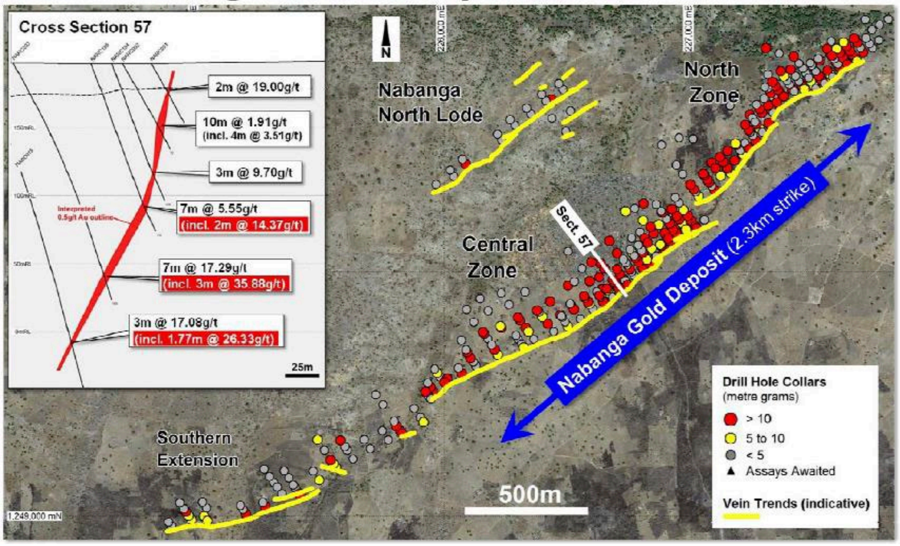

Source: Orbis

### Drilling

Drilling completed to date by Orbis at the Nabanga Project has defined a significant high grade gold zone. The average down hole intersection for all RC drill holes intersecting the Nabanga structure, and completed to July 2012, is 3.9 m at 6.27 g/t Au (from 254 drill holes).

Figure 4.3 is an aerial photograph of the Nabanga Prospect showing drill hole collars and gold intercepts in metre grams (mg), many in excess of 10 mg. A strike length of 2.3 km has been drilled where artisanal gold workings have exploited higher grade gold mineralisation. There are additional high grade intersections at depth and along strike and potential for additional gold mineralised "veins" within 20 km long intrusive host. Orbis note that there are additional artisanal gold sites across the +900 km$^2$ Project area.

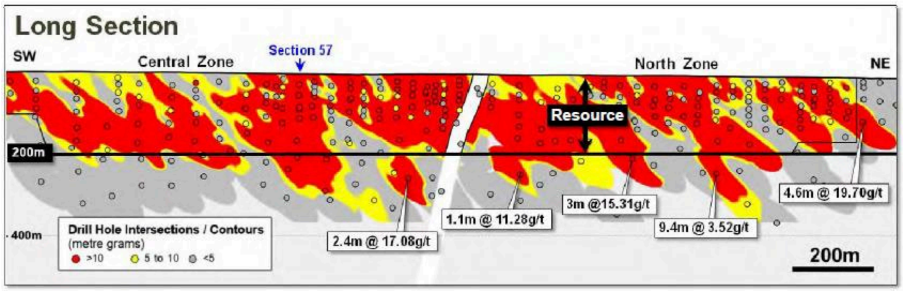
**Figure 4.3 Nabanga drilling plan**




Source: Orbis

Figure 4.4 is a long section at Nabanga showing high grade drilling results including 4.6 m at 19.7 g/t Au.

**Figure 4.4 Nabanga drilling long section**




Source: Orbis

The Nabanga drillhole database comprises holes drilled within a region bounded by 1247110 mN to 1251070 mN and 221740 mE to 227740 mE. The database contains a total of 390 drillholes, comprising 358 RC and 29 DD holes with an average depth of 112 m. This represents 43,300 drill metres and a total of 17,969 sample records. Of the 390 drillholes, 239 RC holes and 14 diamond drillholes have been used for the Mineral Resource estimate.

Table 4.1 lists the number of drillholes by hole type and the total number of samples for gold.

**Table 4.1 Nabanga drillhole data**

| Hole Type | No. Holes | No. Assays |
|---|---|---|
| RC | 358 | 16,941 |
| DD HQ | 7 | 79 |
| DD NQ | 22 | 875 |
| Unspecified | 3 | 167 |
| **Total** | **390** | **17,895** |

Drilling at the Nabanga deposit was carried out on northeast to southwest drill sections on a nominal spacing of 40 m along strike by 20 m across strike. Drill spacing tightens to approximately 30 m along strike between 1249850 mN and 1250300 mN.

There are 17 drillholes to the south and southwest of the main area of drilling which are too distal to be included in the Resource.

The drillholes are supported by collar and downhole single shot surveys and QAQC information. Snowden conducted a high level review of QAQC data for the Nabanga drillholes within the supplied digital database.

### Drill hole intersections

Figure 4.5 is a long section looking northwest with drill hole samples > 70.0 g/t Au (purple). The section shows all the high grade samples occur in the South Zone (left of diagram).

**Figure 4.5 Long section looking north west with samples > 70.0 g/t Au (purple)**

Source: Orbis

### Bulk density

Relative density data is limited and blocks were coded with a value of 2.70 g/cm$^3$ based on the arithmetic average of density measurements for quartz vein material.

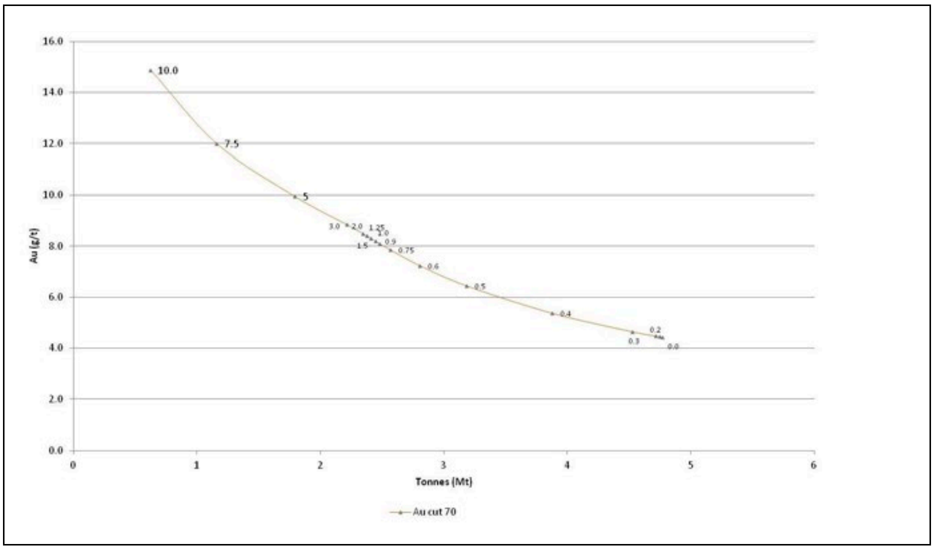
## 4.6 Mineral Resources

In August 2012 Snowden completed the maiden Mineral Resource estimate for the Nabanga Gold deposit. The deposit is classified as an Inferred Mineral Resource, JORC Code (2004, edition), reported at a cut-off grade of 0.5 g/t Au, minimum horizontal width of 1.5 m as presented in Table 4.2. The global grade and tonnage curve for gold is presented in Figure 4.6. The Mineral Resource includes drilling to approximately 200 m below surface.

**Table 4.2 Mineral Resource estimate for Nabanga at 0.5 g/t Au cut-off, (August 2012)**

| Deposit | Resource category | Material | Mt | Au (g/t) | Au (Ounces) |
|---|---|---|---|---|---|
| Nabanga | Inferred | Oxide | 0.2 | 5.14 | 30,930 |
| | | Fresh | 3.0 | 6.53 | 628,530 |
| | | **Total** | **3.2** | **6.45** | **659,460** |

**Figure 4.6 Global grade and tonnage curve for Nabanga Mineral Resource estimate August 2012**




Source: Orbis

Snowden reviewed and validated the drilling and sampling data and believes the data is of sufficient quality to support a Mineral Resource estimate.

Block ordinary kriging (OK) was used to estimate gold into a constrained cell model reflecting the interpreted gold mineralisation. A hard boundary was used for grade estimation between the lower grade domain (0.2 g/t Au to 1.0 g/t Au) and higher grade domain (>1.0 g/t Au).

Snowden based the Resource classification upon a number of criteria including the geological confidence, the integrity of the data, the spatial continuity of the mineralisation as demonstrated by variography and the quality of the estimation. The resource is reported above a maximum 200 m vertical depth, but a number of significant high grade drill intersections have been recorded by Orbis below the base of the current resource estimate.

### Nabanga Development Studies

The high grade nature of the Nabanga deposit indicates good potential for the development of a selective underground mine at Nabanga in conjunction with initial open pit mine development (subject to the completion of formal feasibility studies).

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During 2014 Orbis carried out a range of internal scoping-level studies to assess possible future mine development scenarios for the deposit with studies focussing on selective underground mining methods targeting higher production grades and lower annual production rates.

Preliminary metallurgical testwork was completed and indicates cyanide leach recoveries for Nabanga composite samples in the range 81% (primary mineralisation) to 92% (oxide mineralisation) at a $P_{80}$ of 53 um particle size. Leach recoveries increase to 95% (primary mineralisation) and 99% (oxide mineralisation) at a $P_{80}$ of 10 um particle size.

Orbis considers that a 53 um "grind" can be achieved through a conventional mill process route without the need for additional plant and equipment associated with fine grinding, however, further testwork is required to determine the optimal process route and leach conditions for Nabanga gold mineralisation.

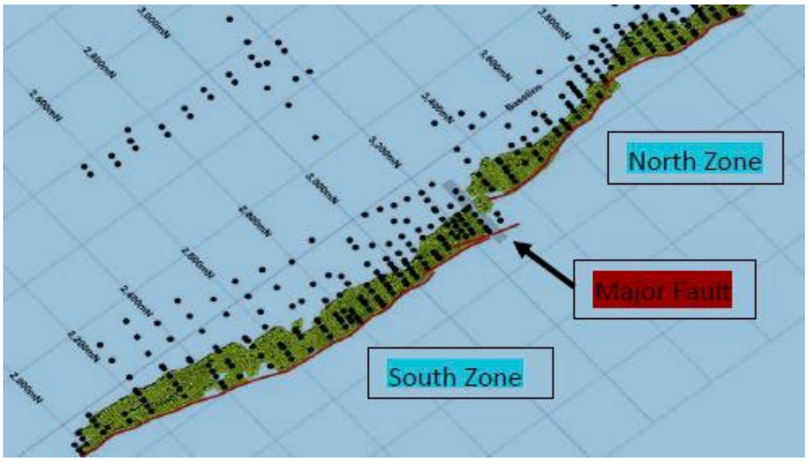
Orbis expects to complete the initial Scoping Studies by the end of 2014.

## 4.7 Mining Study

Snowden has reviewed the mining information presented in the Orbis Data Room regarding the Nabanga Project, specifically the studies prepared by AMDAD, the Mancala Group (based in Australia) and Norox.

Nabanga is a steeply dipping, structurally controlled gold vein that is faulted into a north and south segment and is consequently analysed as two separate project components, the North Zone and the South Zone, (Figure 4.7).

**Figure 4.7 Nabanga deposit (after Norox)**




Source: Orbis

AMDAD examined a preliminary open pit proposal, followed by an underground phase. The Mancala Group considered an underground-only project and examined the applicability of various mining techniques.

Norox analysed both approaches and concluded that the project is best served by an underground-only operation, concentrating on the South Zone first, to produce a reported "73% of the deposit's mineable ounces' from "56% of the strike length of the deposit" . Norox contemplated a bottom-up resue cut-and-fill mining technique, utilising loose waste fill on 20 m level centres. Snowden concurs that this technique is attractive and merits formal examination in the form of a Preliminary Feasibility Study ("PFS") that contemplates other, selected alternatives, such as uphole benching, with or without fill.

Resue mining is an underground mining method that uses long hole retreat stoping, utilising up and down holes with artificial concrete pillars. Stawell Gold Mine is currently mining the Golden Gift and Magdala orebodies in Victoria, Australia.

Norox recommended owner-operator mining to reduce exposure to contractor margins. Snowden considers that this may be desirable to reduce costs, but, conversely, risk may be significantly reduced through the use of a contractor, at least over the course of a preliminary three years' standard mine contract.

Snowden notes that significantly more work is required to optimise the future development of the Nabanga deposit.

## 4.8 Processing

Snowden has reviewed the metallurgical testwork reports as developed for the Nabanga scoping study, which included:

- ALS Metallurgy; Metallurgical testwork conducted upon Samples from Nabanga Gold Project for Orbis Gold Limited; November 2013.
- Lycopodium; Nabanga Project Metallurgical Testwork Review; October 2012.
- Pathfinder Exploration Pty Ltd; Petrographic and Minegraphic Descriptions, not dated.
- Knight Piesold Consulting; Memorandum to Mt Isa Metals; re: Preliminary Waste Rock Geochemical Characterisation; 22 October 2012.
- Pathfinder Exploration Pty Ltd; SEM Analyses of Samples NARC 040 66-67m & 69-70m for Mt Isa Metals Ltd; 6 June 2012.
- JK Tech; SMC Test Report; Mt Isa Metals; July 2012

Testwork conducted at ALS in 2013 was relatively broad and included:

- Chemical analyses
- Gravity separation
- Flotation
- Leaching

The head grade of the composite sample tested was high at 10.9 g/t Au and 3 g/t Ag. Recoveries were not optimised; however, gold recovery to a flotation concentrate was 80% at a grind size $P_{80}$ of 75 µm. A laboratory scale Knelson concentrator recovered approximately 12.5% of the gold to a gravity concentrate. Subsequent high intensity leaching recovered about 25% of the gold with the balance reporting to the gravity tails.

The following comminution tests were undertaken:

- Bond Work Index
- Bond Abrasion Index
- SMC tests

Testwork results confirmed that the material was hard, with a BWi of 22.9 kWh/t for the quartz rock type and 23.5 kWh/t for the granodiorite rock type. SMC testwork confirmed A x b values of 34.7 and 37.1, which supported the data that the material would be classed as hard for comminution design purposes.

Cyanidation tests were to be conducted on samples from the various ore zones, which included low, average and high grade oxidised ore, as well as low, average and high grade sulphide ore, all at a grind size $P_{80}$ of 106 µm. Further leach tests were also conducted at finer grind sizes of 53 µm, 25 µm and 10 µm.

The initial leach tests were conducted to establish the free-milling nature of the ore. The results showed that oxide ore recoveries of 70% of Au and 83% of Ag could be achieved after 48 hours of leaching. The fresh ore samples only achieved 47% Au recovery and 51% silver recovery, giving an early indication that the ore may be refractory.

As the initial leach tests at a grind size $P_{80}$ of 106 µm returned unsatisfactory results, further tests were conducted at finer grinds and then also at higher cyanide concentration. Table 4.3 provides a summary of the leach test results.

**Table 4.3 Summary of cyanide leach test results**

| Grind size P80 (µm) | % w/v NaCN | Oxide ore - Au recovery (%) | Primary ore - Au recovery (%) |
|---|---|---|---|
| Initial conditions | | | |
| 106 | 0.035 | 70 | 47 |
| 53 | 0.035 | 78 | 56 |
| 25 | 0.035 | 81 | 60 |
| Revised conditions | | | |
| 53 | 0.5 | 90 | 81 |
| 25 | 0.5 | 95 | 86 |
| 10 | 0.5 | 99 | 95 |

Although the initial leach tests performed relatively poorly, further fine grinding and higher cyanide additions did result in satisfactory gold recoveries. This indicates a more complex flowsheet, requiring fine grinding of the feed prior to intensive leaching will be required.

Further testwork will be required to determine if the recovery of gold in a gravity circuit will enhance overall recoveries and also if the inclusion of a flotation circuit to produce a high grade concentrate will improve overall processing efficiencies and recoveries.

Knight Piesold investigated the potential for acid and metalliferous drainage from waste rock for the Nabanga project. Based on results from acid base accounting the net acid generation (NAG) tests, the waste rock appears to present low risks of generating acid drainage. Similarly the waste rock samples were found to have a low level of enrichment and therefore the risk of leaching metal from the waste dumps was considered to be low. However further confirmatory tests were recommended during subsequent project design phases.

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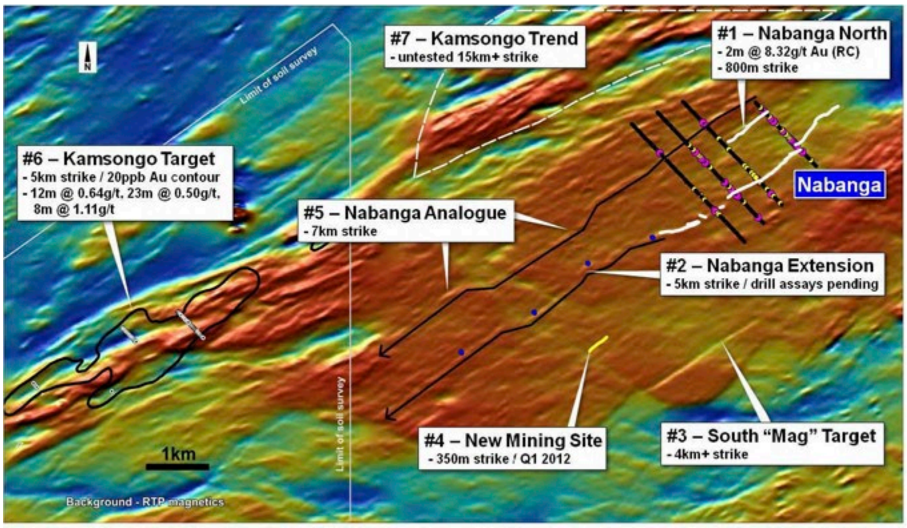
## 4.9 Exploration Potential

In the region surrounding the Nabanga deposit Orbis holds exploration tenure (comprising 5 permits) with a total area of 917 $km^2$. Little exploration has been undertaken in these permits as work has concentrated on Nabanga deposit and Natougou Project. Figure 4.8 is a magnetic map showing targets surrounding the Nabanga deposit.

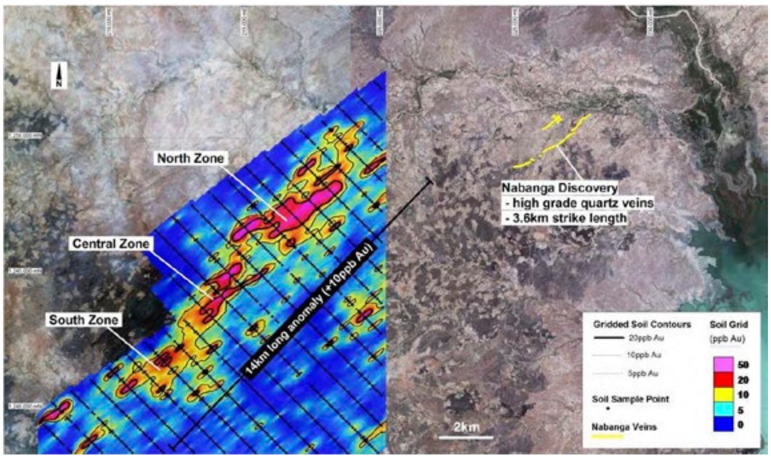
**Figure 4.8 Nabanga district**




Source: Orbis

Figure 4.9 shows soil anomalies along strike of the Nabanga gold deposit at a target referred to as the Kamsongo Prospect.

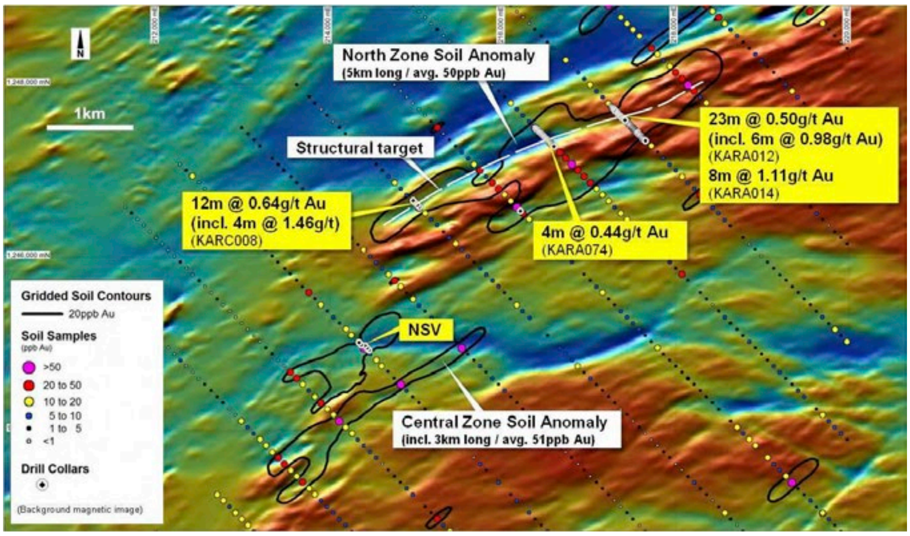
**Figure 4.9 Kamsongo Prospect soil anomalies**




Source: Orbis

Figure 4.10 is a magnetic map with soil samples results, soil anomalies and drilling results at the Kamsongo Prospect.

**Figure 4.10 Kamsongo Prospect, soil anomalies and drilling results**



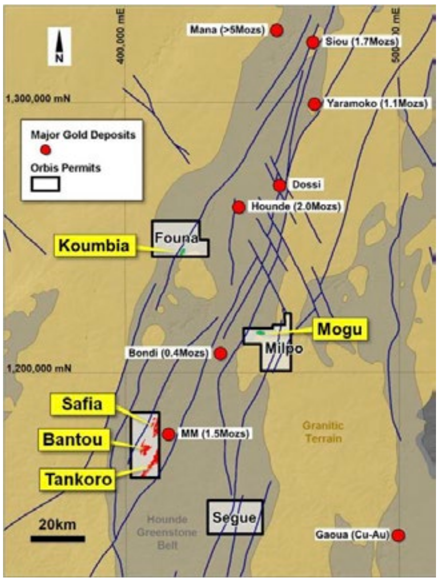

Source: Orbis

# 5 Kongolokoro Permit Group

## 5.1 Location and description

The Kongolokoro Permit Group is located in the southwest of Burkina Faso and is comprised of four separate exploration permits (Dynikongolo, Milpo, Founa and Segue) with a total area of 972 km$^2$, shown in Figure 5.1 All permits are located within the prospective Hounde Greenstone belt that hosts multiple large-scale (Moz plus) gold deposits.

**Figure 5.1 Kongolokoro Permit Group**




Source: Orbis

## 5.2 Dynikolongo Permit

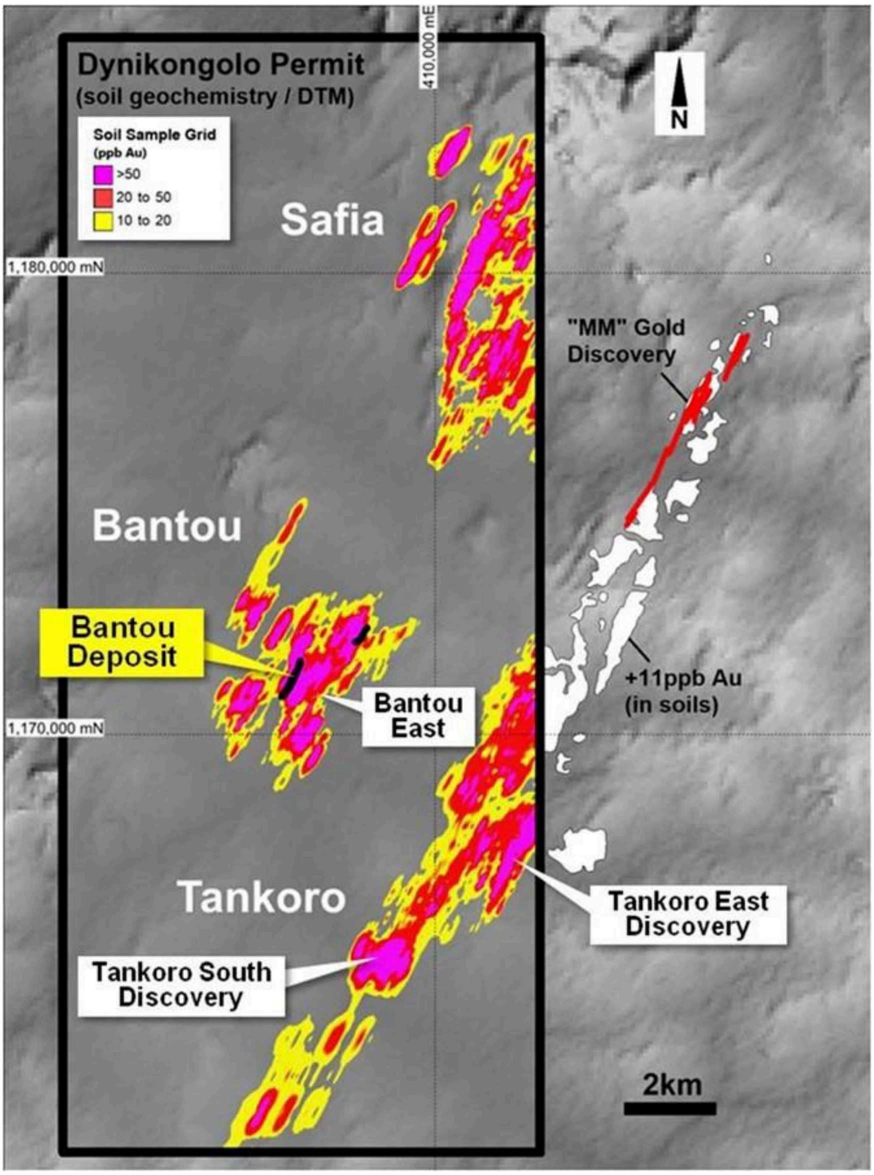
The Dynikongolo Permit contains the Safia, Bantou and Tankoro prospects. No published work prior to Orbis involvement is noted.

### Geochemical Soil Sampling Program

During the 2013 and 2014 Orbis focussed exploration activities within the Dynikongolo Exploration Permit where multiple large-scale gold targets have been identified (Bantou, Tankoro and Safia Prospects) each of which offers the potential for the discovery of large-scale gold deposits.

Figure 5.2 shows the Dynikongolo Permit with encouraging soil geochemical values.

**Figure 5.2 Dynikongolo Permit (Safia, Bantou and Tankoro)**




Source: Orbis

### IP Geophysical Survey Program

During the 2013 and 2014 year Orbis completed a program of induced polarisation (IP) geophysical surveys of selected gold targets within the Dynikongolo Exploration Permit. The IP surveys defined new structural gold targets within the Bantou, Tankoro and Safia Prospect areas, with an aggregate 50 km strike length.

The gold targets (IP anomalies) are typically coincident with large-scale gold-in-soil anomalies previously defined across the greater permit area and as such are highly prospective for future gold discoveries.

All IP anomalies defined to date are "open" at the limit of the survey areas. Strong potential exists to extend the anomalies, and scale of the gold targets, through a further expansion to the geophysical survey program.

Initial drilling of selected IP and soil anomalies continued to generate very positive exploration results with extensions to known mineralised structures and discovery of additional new gold mineralised structures.

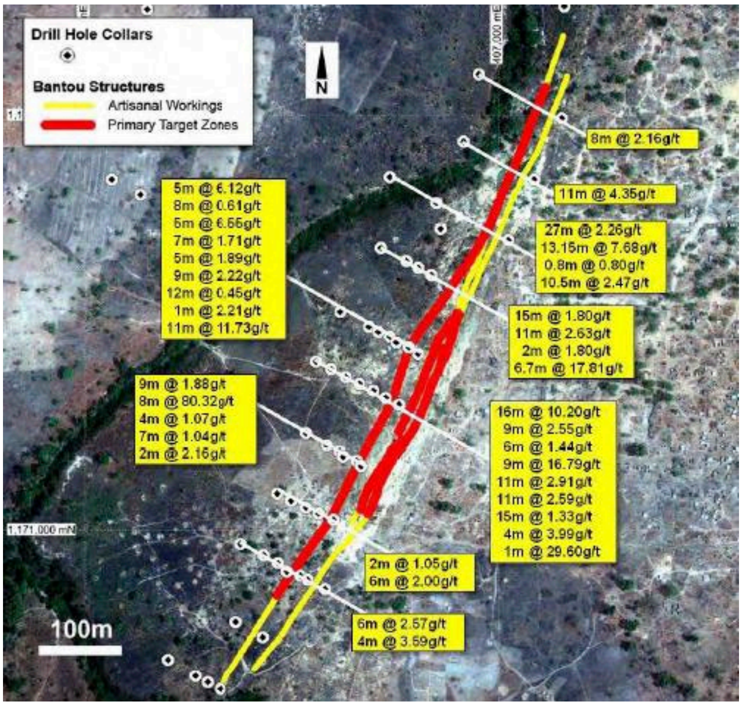
### Bantou Prospect

The Bantou Prospect is located in the central Dynikongolo Permit area (Figure 5.2).

Drilling at the Bantou Prospect has focussed on a zone of artisanal gold workings that extend over an approximate 700 metre strike length.

Figure 5.3 is an aerial photograph showing the Bantou Prospect with artisanal workings and target zones. The drilling indicated reasonable gold grades with some high grade intercepts up to 8 m at 80.3 g/t Au.

**Figure 5.3 Bantou drilling gold intersections**




Source: Orbis

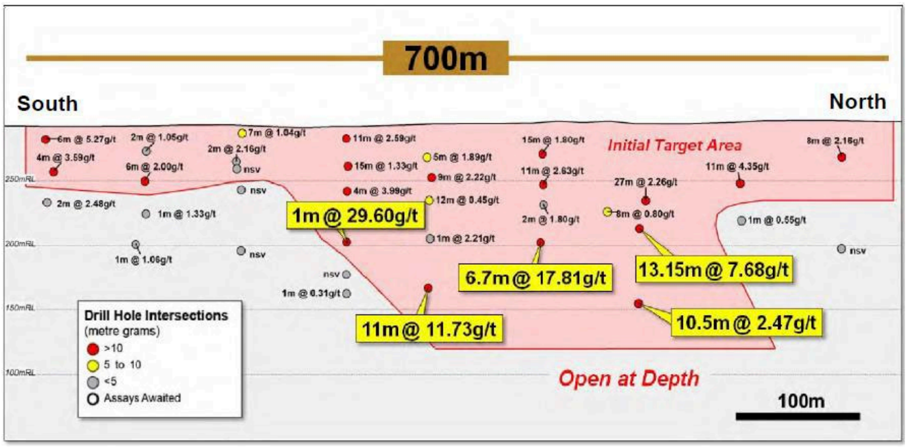
The drilling program recorded significant intersections and extended gold mineralisation within the Hangingwall structure to 160 m vertical depth.

Significant drill intersections recorded within the Bantou Hangingwall structure included:

- 13.15 m at 7.68 g/t Au from 86 m (in DYDD006)
- 10.50 m at 2.47 g/t Au from 163.9 m (in DYDD010)
- 1.0 m at 29.60 g/t Au from 102 m (in DYDD001)
- 11.0 m at 11.73 g/t Au from 141 m (in DYDD004)
- 6.7 m at 17.81 g/t Au from 104.3 m (in DYDD005)

Figure 5.4 is a long section of the Bantou Prospect showing encouraging results of drilling and indicating a significant mineralised zone of > 10 metre grams over a strike length of 700 m to 150 m below surface which is open at depth below the limit of current drilling and Orbis considers that significant potential exists to extend mineralisation through further drilling.

**Figure 5.4 Bantou long section**

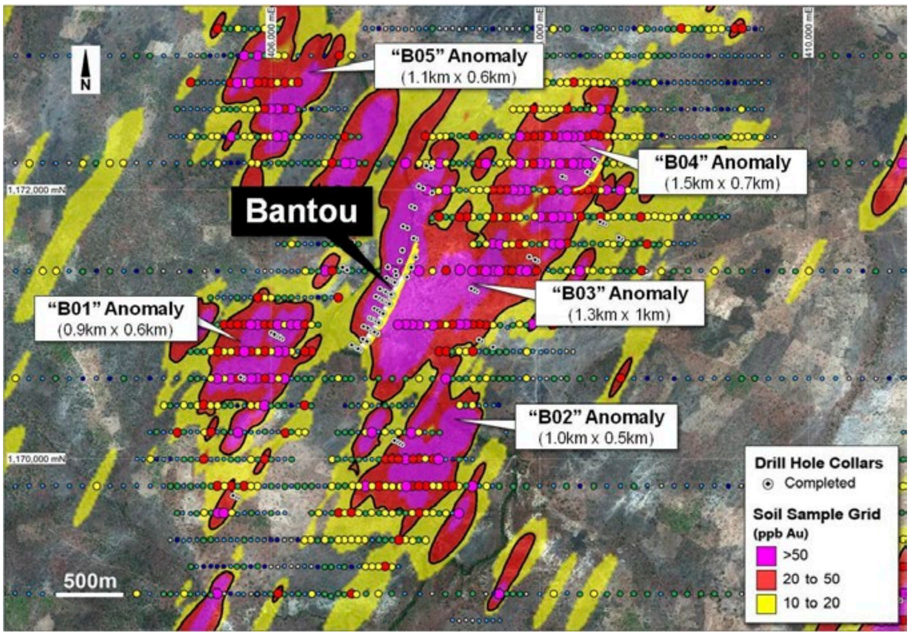



Source: Orbis

**Bantou Area soil sampling targets**

Orbis has recently completed a detailed soil sampling survey of the greater Bantou Prospect area. The survey identified large-scale high-order gold-in-soil anomalies that indicate potential for multiple new gold-mineralised structures beyond the immediate vicinity of the initial Bantou discovery (Figure 5.5).

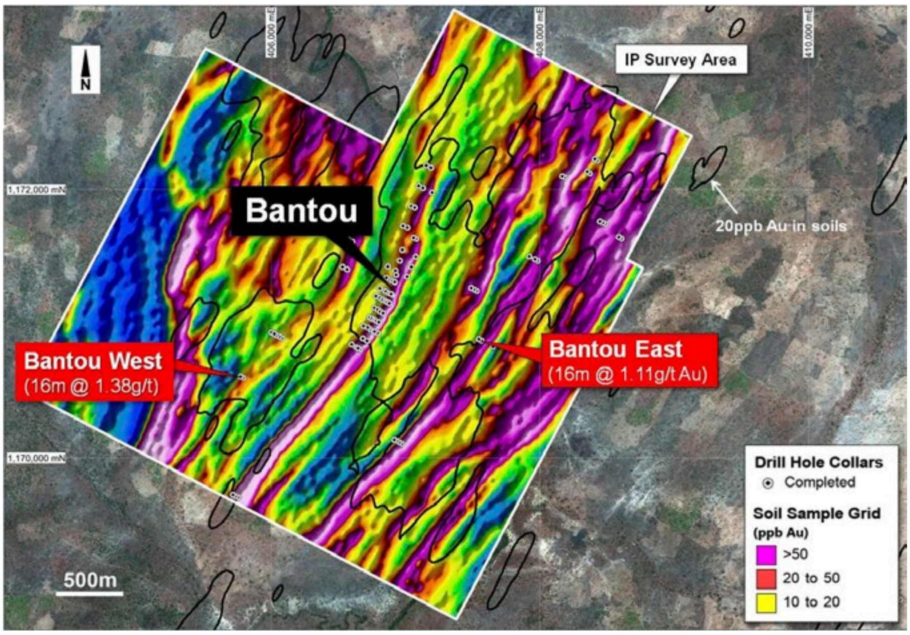
**Figure 5.5 Bantou – large-scale gold-in-soil anomalies**




Source: Orbis

Orbis has progressively implemented geophysical induced polarisation ("IP") surveys over the prospective soil anomalies to identify gold mineralised structures in bedrock. The surveys are used to identify sulphides in silicified altered rocks that may indicate gold mineralisation at depth. The surveys have identified new structural gold targets and scout drilling of one IP anomaly led to discovery of a new gold mineralised structure in the Bantou East area (Figure 5.6). Further IP surveys and follow-up drilling are planned by Orbis.

**Figure 5.6 Bantou – significant structural gold targets identified by IP geophysical survey, including the Bantou East discovery**



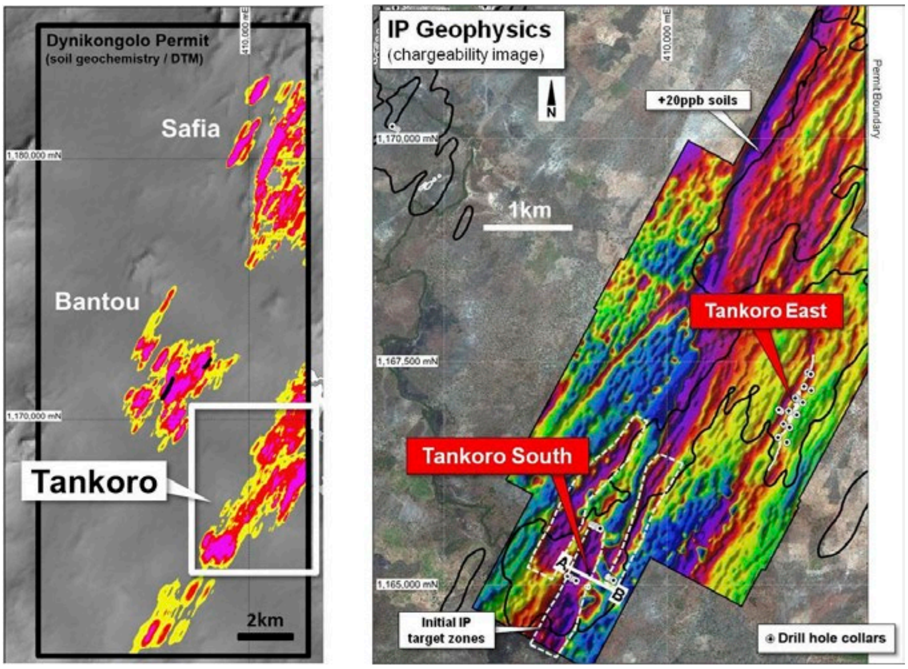

Source: Orbis

The Bantou Prospect (comprising the Bantou, Bantou West and Bantou East discoveries and the surrounding large-scale geochemical and geophysical anomalies) define a gold target considered to be highly prospective by Orbis and a significant exploration program is proposed in the greater Bantou area.

### Tankoro Prospect

The Tankoro Prospect is defined by a large-scale gold-in-soil anomaly that extends over a 12 km strike length. The anomaly forms part of a regionally significant gold mineralised trend that extends over a minimum 25 km strike length (which includes third party tenure). The soil anomaly includes multiple discrete zones of high order (+50 ppb Au) anomalism that form exploration targets (Figure 5.7)

**Figure 5.7 Tankoro showing location of discovery drill holes over IP (geophysics) map and high-order soil anomaly**




Source: Orbis

Orbis commenced follow-up exploration in the Tankoro area with a reconnaissance induced polarisation (IP) geophysical survey over a small part (~2 km$^2$) of the larger soil anomaly. The IP survey was undertaken to identify sulphides in silicified and altered bedrock structures that may indicate gold mineralisation at depth.

The initial IP survey identified multiple sub-parallel structural gold targets coincident with highly anomalous soil samples. Scout drilling of two IP structural targets in mid-2013 (four holes in total) led to a new gold discovery at the Tankoro East site. Drill intersections included 5 m at 1.79 g/t Au from surface (in DYRC062) and 5 m at 4.77 g/t Au (in DYRC063).

Grab sampling in shallow pits subsequently excavated at the discovery site generated high grade gold assay results (up to 57.8 g/t Au) associated with a quartz-veined porphyry-sediment contact. Orbis considers that the location of the Tankoro East discovery within a regionally extensive gold mineralised shear zone indicates potential for a large scale gold deposit and further exploration is proposed.

### Tankoro East Prospect

During the 2013/14 year Orbis completed further IP surveys and follow-up reconnaissance RC drilling in the Tankoro East area. The drilling recorded significant assay results and extended the known gold mineralisation within the Tankoro East structures to an approximate 800 m strike length.

Drill assay results received from the Tankoro East area (above a 0.5 g/t Au cut-off grade) included:

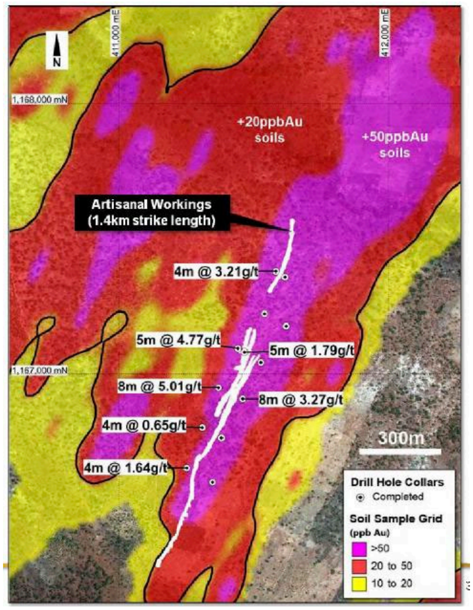
- 8 m at 5.01 g/t Au from 88 m (in DYRC084)
- 4 m at 3.21 g/t Au from 28 m (in DYRC085)
- 8 m at 3.27 g/t Au from 72 m and 8 m at 1.73 g/t Au from 124 m (in DYRC087)
- 4 m at 1.64 g/t Au from 44 m (in DYRC082)
- 5 m at 4.77 g/t Au from 39 m (in DYRC063)
- 5 m at 1.79 g/t Au from surface (in DYRC062)

Mineralisation remains open at Tankoro East in all directions and significant potential exists to extend the mineralisation through additional drilling. The gold mineralised structures can be traced at surface within artisanal workings over a 1.4 km strike length (ie: 600 m beyond the limit of the current drilling).

A coincident 2 km long, high order gold soil anomaly indicates further potential to extend the mineralised zone. The soil anomaly remains untested over a 1.2 km strike length. Follow-up drilling is proposed to test the large scale anomalies in the area.

Figure 5.8 is a map of Tankoro East showing artisanal workings, significant drilling results and extensive soil gold anomalies.

**Figure 5.8 Tankoro East**




Source: Orbis

### Tankoro South Prospect

During the 2013/14 year multiple new gold mineralised structures were discovered by reconnaissance RC drilling in the Tankoro South area. The target is defined by a large-scale high-order gold soil anomaly that extends over an approximate 1 $km^2$ area. The soil anomaly is coincident with multiple linear north-east trending IP anomalies interpreted by Orbis as potential gold mineralised structures.

The Tankoro South Prospect together with the large-scale soil anomaly and IP geophysical survey results are shown in Figure 5.7.

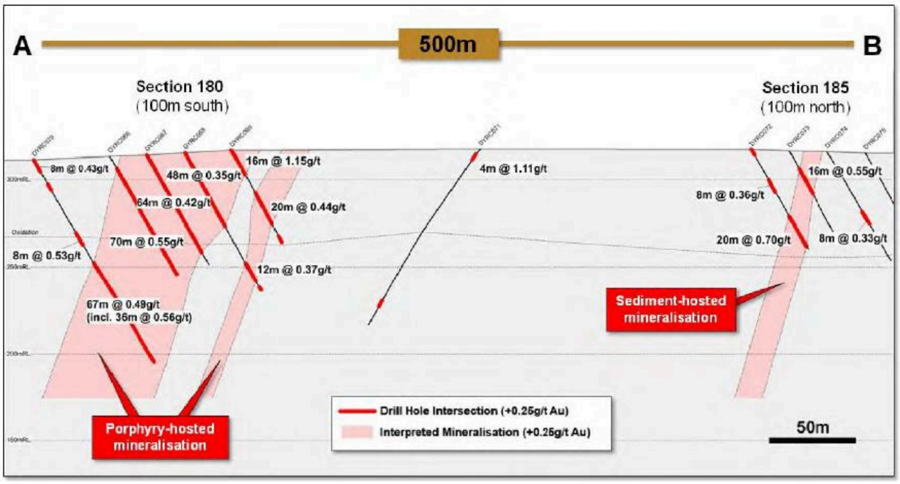
Gold mineralisation defined to date in the prospect area includes wide intervals (up to 60 m in cross section) of porphyry-hosted mineralisation as well as separate sediment-hosted gold mineralisation.

Drill assay results received from the Tankoro South area (above a 0.25 g/t Au cut-off grade) include:

- 70 m at 0.55 g/t Au from 8 m (in DYRC066) - hole ends in mineralisation
- 64 m at 0.42 g/t Au from 0 m (in DYRC067)
- 16 m at 1.15 g/t Au from 0 m (in DYRC069) - hole ends in mineralisation
- 67 m at 0.49 g/t Au from 68 m (in DYRC070) - hole ends in mineralisation
- 20 m at 0.70 g/t Au from 44 m (in DYRC072)
- 16 m at 0.55 g/t Au from 12 m (in DYRC073)

Figure 5.9 is a cross section of the Tankoro South Prospect showing drill intersections, indicating wide zones of low grade porphyry hosted mineralisation including 70 m at 0.55 g/t Au and sediment hosted mineralisation.

**Figure 5.9 Tankoro South Prospect cross section**



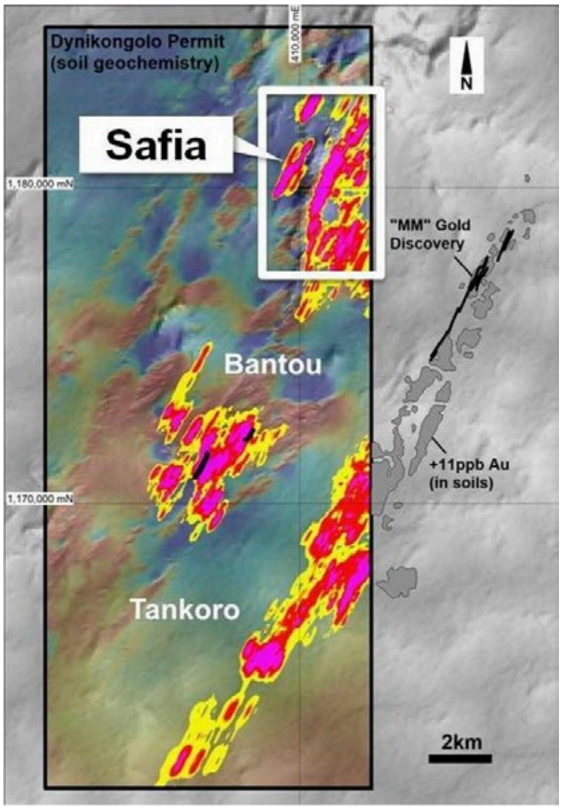

Source: Orbis

Orbis proposes follow-up drilling to further test the large-scale anomalies that extend over a substantial strike length.

## Safia Gold Prospect

The Safia Gold Prospect is located within the Dynikongolo Exploration permit, 10 km to the northeast of the Company's Bantou gold discovery (Figure 5.10).

**Figure 5.10 Safia gold-in-soil anomaly in Dynikongolo Permit**

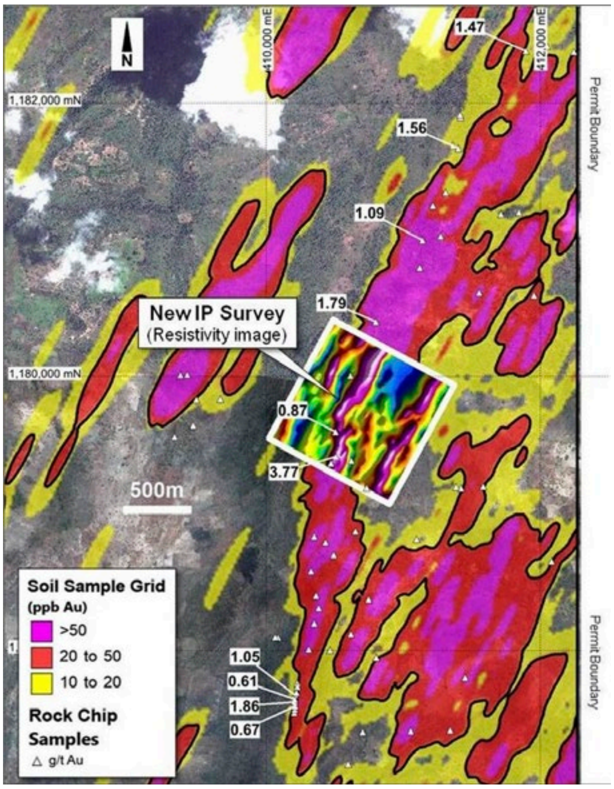



Source: Orbis

The Safia Prospect is an advanced-stage exploration prospect. Exploration in the area consisted of grab sampling and a reconnaissance IP survey (successfully used to discover new gold mineralised structures at the Tankoro and Bantou East Prospect in the Dynikongolo Permit area).

The reconnaissance grab sampling program recorded positive results with significant (+0.5 g/t Au) assay values recorded along the entire strike length of the central soil anomaly including a peak result of 3.77 g/t Au, shown in Figure 5.11, which also shows the initial IP survey area.

**Figure 5.11 Safia Prospect, showing soil results and initial IP survey area**




Source: Orbis

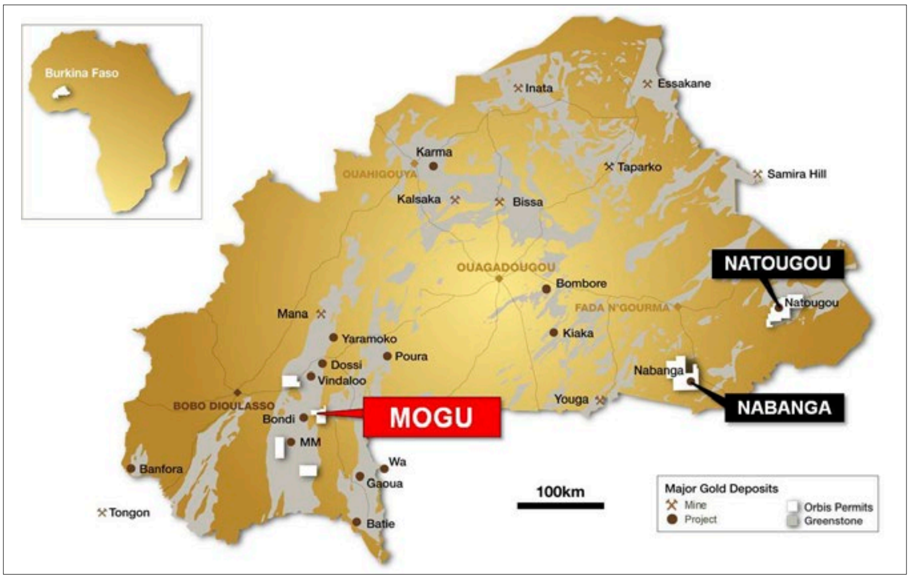
The IP survey (conducted over an approximate 6 km strike length) generated encouraging results including strong resistivity and chargeability anomalies that extend to the northern and southern limits of the survey area. The IP anomalies are coincident with the peak soil anomaly trend and the peak rock chip sample results.

Limited drilling has been conducted along the northwest linear trend of the Safia Prospect. Drill holes targeting the peak of the IP anomalies failed to return any significant gold values.

## 5.3 Milpo Permit

The Mogu Prospect is located in southwest Burkina Faso 260 km from Ouagadougou and lies within the Milpo Exploration Permit (Figure 5.12).

**Figure 5.12 Mogu prospect**




Source: Orbis

The Mogu Prospect overlies greenstone lithologies and was acquired by Orbis to target prospective regional-scale structures that host known gold mineralisation both to the north and south of the prospect area.

The Mogu Prospect is centred over a prominent topographic ridge that rises some 80 m above the surrounding landscape. Gold-bearing pyritic quartz “lodes” outcrop along the ridge top and are locally exploited by small-scale artisanal gold mining activity (Figure 5.13).

Orbis has completed reconnaissance rock chip and grab sampling of the quartz lodes over an approximate 800 m x 200 m area. The sampling recorded high grade samples including, 22.9 g/t Au, 12.9 g/t Au and 13.1 g/t Au.

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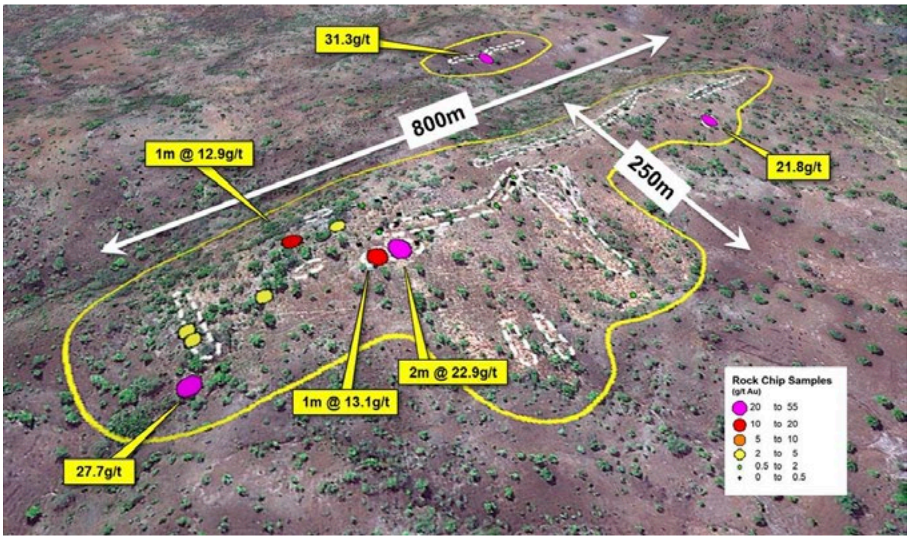
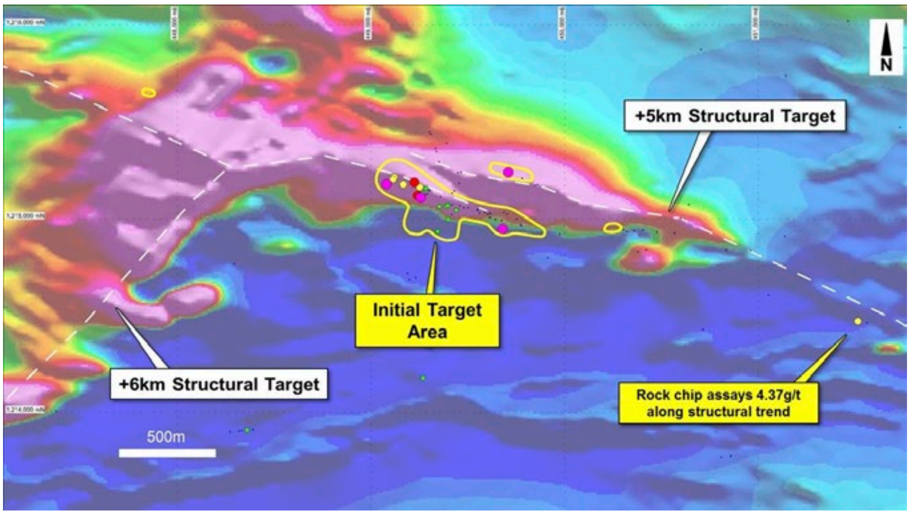
**Figure 5.13 Mogu rock chip and grab sample results**




Source: Orbis

In order to better define the regional setting of the gold mineralisation at Mogu Orbis has completed a high resolution geophysical (magnetic and radiometric) survey of the greater prospect area. Interpretation of the survey indicates a significant east-west trending structural gold target underlying the Mogu Prospect that extends over a minimum 5 km strike length (Figure 5.14).

**Figure 5.14 Mogu Prospect magnetic image**




Source: Orbis

Additional structural gold targets have also been identified in the geophysical survey outside the immediate Mogu Prospect area.

Geochemical soil sample surveys are proposed for the greater Mogu area to define initial drill targets and to seek to extend the size of the known gold system.

No drilling has been completed to date by Orbis in the prospect area.

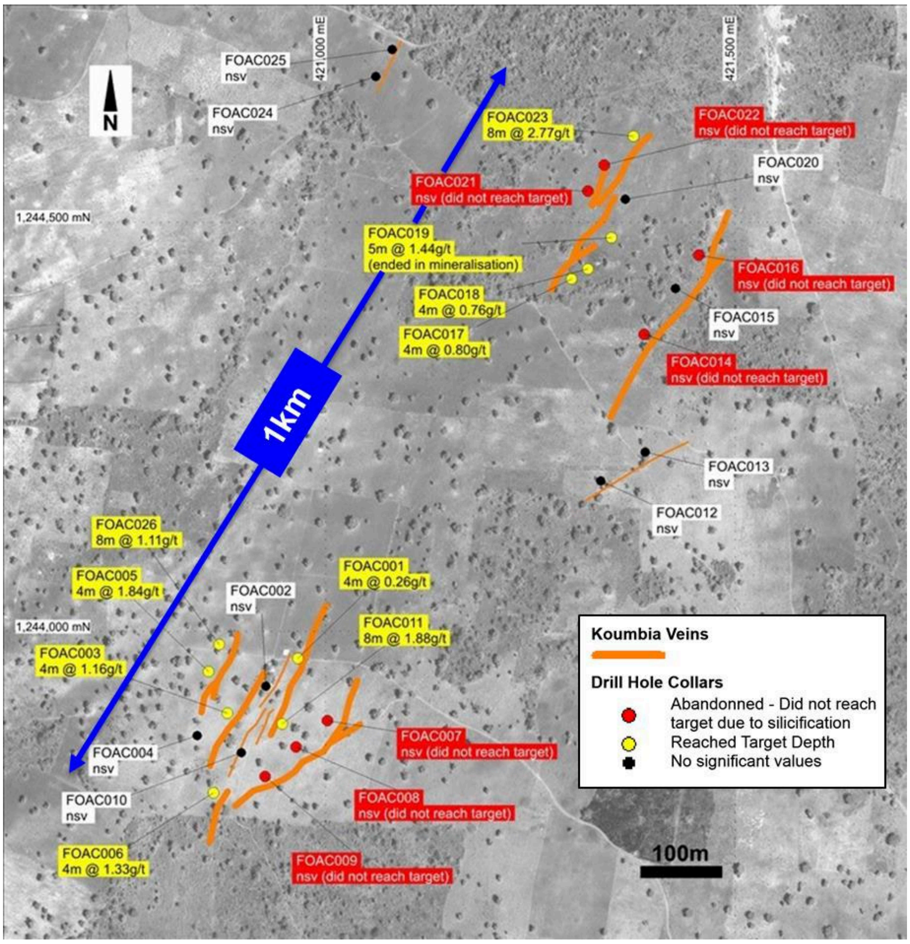
## 5.4 Founa Permit

The Founa Permit is one of four permits in the Kongolokoro permit area located in southwest Burkina Faso 260 km from Ouagadougou. The Koumbia Prospect lies within the Founa Exploration Permit.

Multiple northeast-trending veins can be traced in shallow artisanal workings over a 1 km strike length. High grade rock chip samples have been recorded over the length of the workings with a peak value of 54 g/t Au.

Initial scout (aircore) drilling by Orbis during 2014 intersected gold in multiple structures (Figure 5.15). The best intersection was 8 m at 2.77 g/t Au (from 4 m composite samples).

**Figure 5.15 Koumbia Prospect, drilling results**

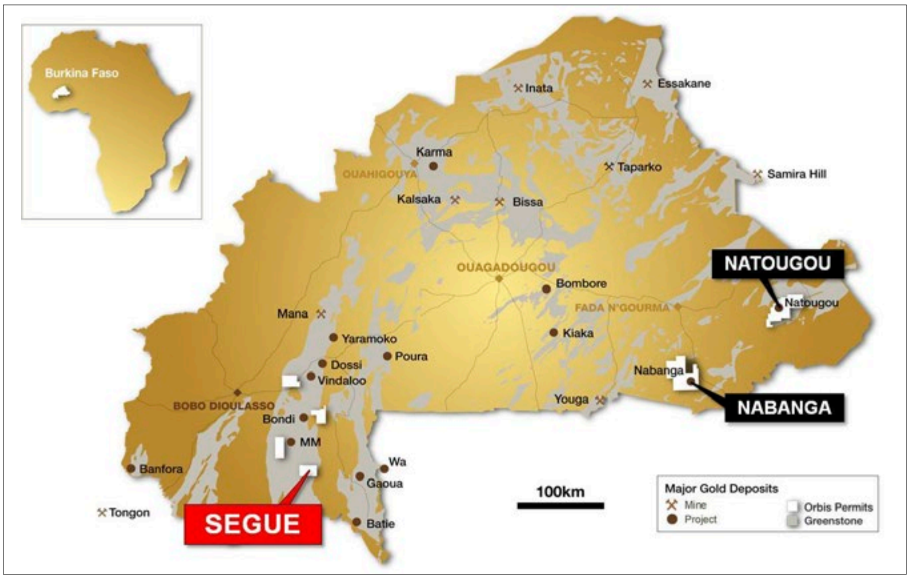



Source: Orbis

## 5.5 Segue Permit

During 2012 a first pass regional soil sampling program was completed at the Segue Permit area, shown in Figure 5.16. No significant results were noted, compared to the results of other soil sample programs in other permits. Orbis has not outlined any future exploration program in this area.

**Figure 5.16 Segue Permit location**




Source: Orbis

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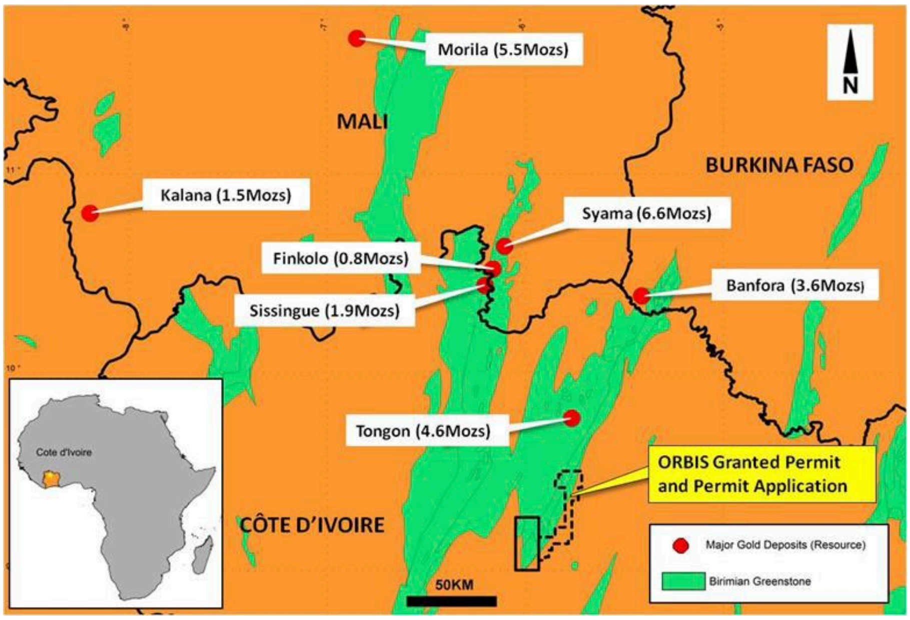
# 6 Côte D'Ivoire (Korhogo West Permit)

Figure 6.1 shows the location of the Korhogo Permit and Permit application in Cote d'Ivoire (Ivory Coast).

**Figure 6.1 Orbis Korhogo West Permit (Ivory Coast)**




Source: Orbis

During the September 2014 quarter Orbis was granted a 380 km$^2$ exploration permit in northern-central Cote d'Ivoire, the Korhogo West Exploration Permit. The permit is the first to be secured by Orbis in Cote d'Ivoire, and considered by the company to be one of the least explored countries within the West African gold province. No prior exploration has been recorded within the permit area.

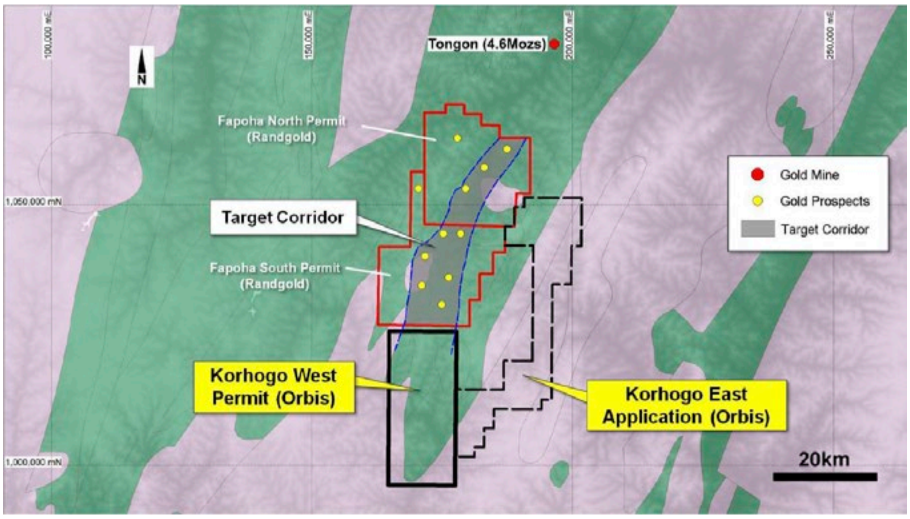
The Korhogo West Permit is located at the southern end of the Senoufa greenstone belt which hosts a number of large-scale gold deposits including the multi-million ounce Tongon (Randgold Resources) and Banfora (Gryphon Minerals) gold deposits. The permit is located immediately adjacent to Randgold's Fapoha South exploration permit and represents a potential strike extension to Randgold's priority (Oubolo) gold targets. The permit overlies potential 30 km strike length of unexplored and prospective greenstone belts.

Exploration results recently announced by Randgold from within the Fapoha exploration permits include high order gold-in-soil anomalies (that extend up to the northern boundary of Orbis' Korhogo West permit), and anomalous air core drill intersections (located within 5 km of the Korhogo West permit boundary).

Exploration in northern Cote d'Ivoire will be managed and supported from Orbis's regional exploration base in Ouagadougou. Planning for initial reconnaissance exploration activities commenced recently.

Figure 6.2 shows the location of Korhogo West Permit and Korhogo East permit application in relation to regional targets in the greenstone belt.

**Figure 6.2 Location of Korhogo West / Korhogo East Application in relation to regional targets**




Source: Orbis

Snowden considers that the Korhogo West Permit has good potential for gold mineralisation to be discovered.

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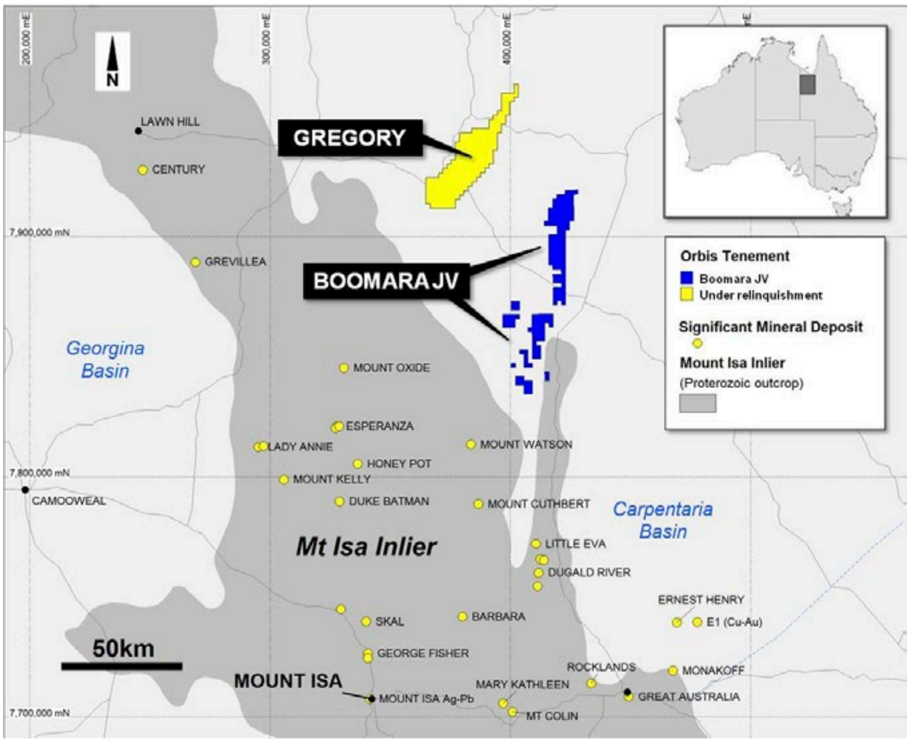
# 7 Mount Isa Projects - Boomara

## 7.1 Location

In 2013 Orbis retained an interest in two exploration project areas in the Mount Isa region, the Gregory (Orbis 100%) and Boomara Projects (Xtrata earning in) shown in Figure 7.1.

**Figure 7.1 Mount Isa Projects**




Source: Orbis

## 7.2 Gregory Project

### Project tenure

Table 7.1 shows the Gregory project tenement.

**Table 7.1 Gregory project tenement**

| Tenement | Area ($km^2$) |
|---|---|
| EPM19221 | 624.60 |

### Exploration

The Gregory Project is an iron-oxide copper-gold ("IOCG") target but it is under about 500m of cover sediments, which is very deep and expensive to explore. Orbis drilled two holes late in 2009 in this area without success but have not done anything since that time, which coincided with Orbis decision to explore in Burkina Faso.

Orbis is in the process of surrendering EPM19221, with the relinquishment lodged in February 2014, and therefore it is considered to have no significant value.

## 7.3 Boomara Project

### Project tenure

The Boomara Project area comprises approximately 600 km$^2$ of tenements in the Mount Isa region of northwest Queensland (Table 7.2).

**Table 7.2 Boomara project tenements**

| Tenement | Area (km$^2$) |
|---|---|
| EPM16031 | 38.80 |
| EPM16786 | 74.50 |
| EPM18477 | 45.40 |
| EPM18481 | 25.90 |
| EPM18482 | 22.70 |
| EPM18757 | 311.70 |
| **Total** | **515.60** |

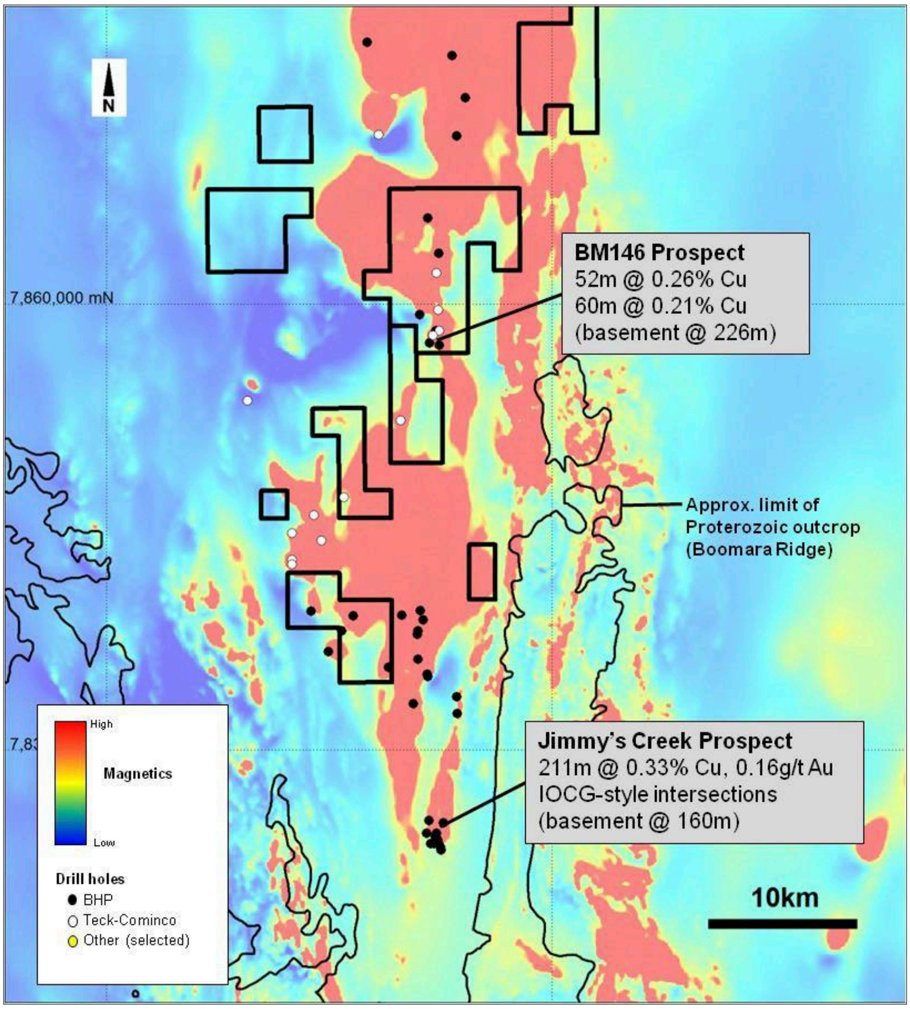
### Previous exploration

Historical exploration within the Boomara area primarily focused on the southern end of the current Orbis project area and has been dominated by magnetic and gravity geophysical surveys and geophysical modelling with limited drill testing of the Proterozoic basement. IOCG-style mineralisation recorded from limited drilling within the project area includes, in drill hole BMD030:

- 52 m at 0.26% Cu and 0.12 g/t Au
- 60 m at 0.21% Cu

Figure 7.2 shows the location of prior drilling on magnetic image at Boomara.

**Figure 7.2 Boomara – location of prior drilling on magnetic image**




Source: Orbis

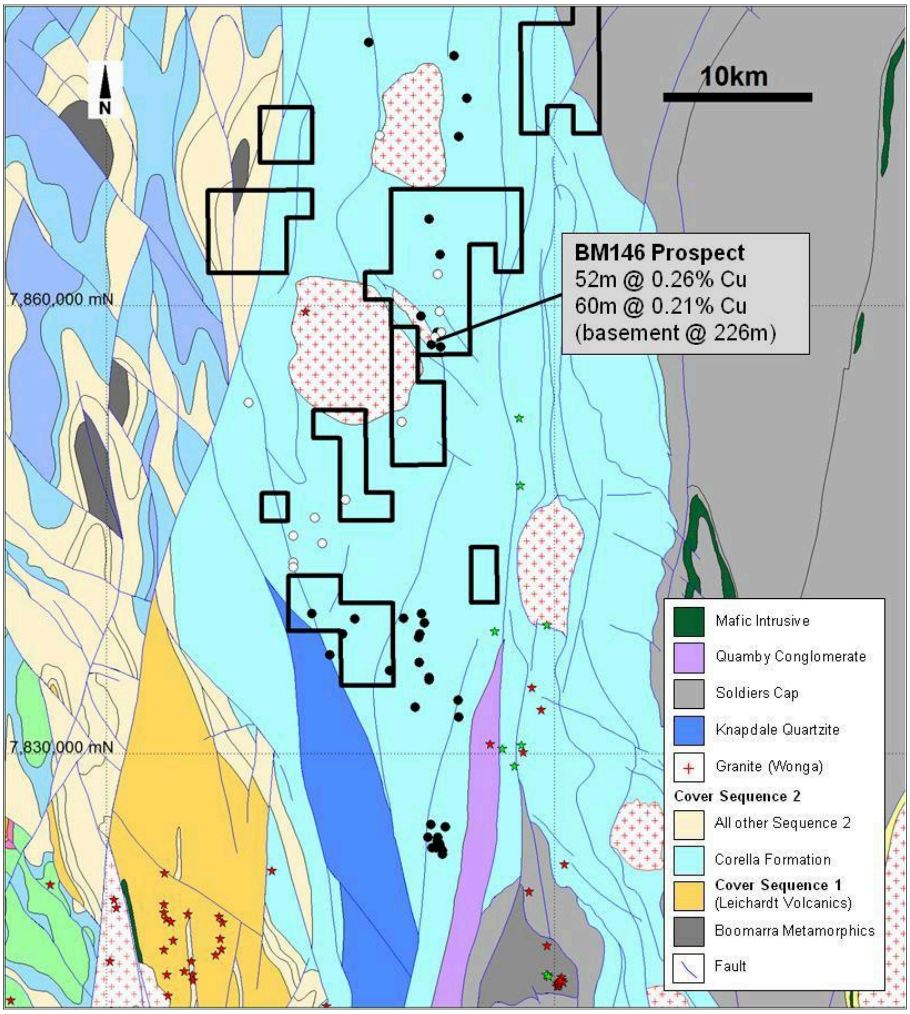
At the Jimmy's Creek Prospect, which sits to the south of the Company's tenements, previous explorers intersected strong albite-haematite-magnetite alteration and multi stage breccias including 211 m at 0.33% Cu and 0.16 g/t Au (BMD021) and 124 m at 0.27% Cu and 0.06 g/t Au (BMD017).

## Project geology

Orbis consider the project area to be prospective for iron-oxide copper-gold (IOCG) style mineralisation along a 100 km strike length of Proterozoic Mount Isa Inlier basement rocks. Key exploration features of the project include a complex magnetic basement, interpreted multiple fault systems and evidence of IOCG-style alteration in historical third party drilling which included halo grade copper and gold intersections. Mesozoic cover depths typically range from 150 m to 300 m.

Figure 7.3 is a geological map of the Boomara area.

**Figure 7.3 Boomara geology**




Source: Orbis

**Orbis Exploration**

In December 2011 Orbis announced an Earn-in and JV Agreement with Xstrata Mount Isa Mines over the entire Boomara Project permit area. Under the terms of the agreement Xstrata can earn up to 51% of the Boomara Project by spending A$1 million over three years and an additional 29% by spending an additional $2.5 million in the three years after the initial earn-in.

During the 2013 financial year Xstrata completed geochemical and geophysical (magneto-telluric) surveys over selected targets within the Boomara Project area, but no significant results were discovered. Three RC drill holes were completed within the Trevally Prospect area, but were abandoned short of target depth due to poor ground conditions. Consideration is being given to extending the RC holes with diamond core tails to test basement rocks.

During the 2014 financial year, Xstrata advised Orbis that it had met the requirement to earn a 51% interest in the Boomara Project Joint Venture. No significant exploration results were achieved during the 2014 financial year. However, Xstrata advised of their intention to Sole Fund expenditure for the next stage of the Earn-In to acquire a further 29% interest in the project.

# 8 Mineral Asset Valuation

## 8.1 Introduction

Snowden has based its valuation of the mineral assets on information known to it as at the date of this report but is based on the Valuation Date which is the date of this report. The values assigned to these mineral assets are in United States (US$) and Australian Dollars (A$).

Based on the available data the projects were valued based on in situ gold resources using recent comparable gold transactions in West Africa and exploration potential based on the geoscientific kilburn method, modified by Snowden.

## 8.2 The VALMIN Code

Mineral assets are defined in the VALMIN Code as "all property including, but not limited to real property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements".

The VALMIN Code defines the value, that is fair market value, of a mineral asset as the estimated amount of money or the cash equivalent of some other consideration for which the Mineral Asset should change hands on the valuation date between a willing buyer and a willing seller in an arms-length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

The VALMIN Code notes that the value of a Mineral Asset usually consists of two components, the underlying or Technical Value and the Market component which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero. When the Technical and Market components of value are added together the resulting value is referred to as the Market Value.

The value of Mineral Assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions and sentiment, commodity prices, exchange rates, political and country risk change. Other factors that can influence the valuation of a specific asset include the size of the company's interest, whether it has sound management and the professional competence of the asset's management. All these issues can influence the market's perception of a mineral asset over and above its technical value.

## 8.3 Valuation Considerations

It is Snowden's opinion that no single valuation approach should be used in isolation as each approach has its own strengths and weaknesses. Where practicable, Snowden undertakes valuations using a combination of valuation techniques in order to form an opinion.

Snowden has valued the exploration potential within Orbis project areas using the Kilburn geoscientific method (modified by Snowden) and valued the Mineral Resources reported for the Natougou and Nabanga projects using comparable transactions for similar gold projects in West Africa in the last three years.

### Mineral assets in the exploration stage

When valuing an exploration or mining property, the Expert is attempting to arrive at a value that reflects the potential of the property to yield a mineable Ore Reserve and which is, at the same time, in line with what the property will be judged to be worth when assessed by the market.

The most commonly employed methods of exploration asset valuation are:

- multiple of exploration expenditure method (exploration based) also known as the premium or discount on costs method or the appraised value method;
- joint venture terms method (expenditure based);
- geoscience rating methods such as the Kilburn method (potential based); and
- comparable market value method (real estate based).

In Snowden's opinion, a valuer charged with the preparation of a tenement valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'. Key technical issues that need to be taken into account include:

- geological setting of the property
- the relative size of the landholding
- results of exploration activities on the tenement
- evidence of mineralisation on adjacent properties
- proximity to existing production facilities of the property.

In addition to these technical issues the Expert has to take particular note of the market's demand for the type of property being valued.

### Mineral assets with Mineral Resource and Ore Reserves

Where Mineral Resources and/or Ore Reserves have been defined, Snowden's approach is to excise them from the mineral property and to value them separately on a value per resource tonne / metal unit basis or on the basis of a discounted cash flow ("DCF"). The value of the exploration potential of the remainder of the property can then be assessed. Where appropriate, discounts are applied to the estimated contained metal to represent uncertainty in the information.

In Snowden's opinion, an Expert charged with the preparation of a development or production project valuation must give consideration to a range of technical issues as well as make a judgement about the 'market'. Key technical issues that need to be taken into account include:

- confidence in the Mineral Resource / Ore Reserve estimate
- metallurgical characteristics
- difficulty and cost of extraction
- economies of scale
- proximity of and access to supporting infrastructure.

### Discounted cash flow analysis

A DCF analysis determines the Technical Value of a project by approximating the value if it were developed under the prevailing economic conditions.

Once a Mineral Resource has been assessed for mining by considering revenues and operating costs, the economically viable component of the resource becomes the Ore Reserve. When this is scheduled for mining, and the capital costs and tax regime are considered, the net present value ("NPV") of the project is established by discounting future annual cash flows using an appropriate discount rate.

The resulting 'classical' NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision making, however the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

### Comparable market transaction value

When the economic viability of a resource has not been determined by studies, then a comparable market transaction value approach can be applied. The comparable market transaction value approach for resources is a similar process to that for exploration property however a dollar value per resource tonne / metal in the ground is determined.

As no two mineral assets are the same, the Expert must be cognisant of the quality of the assets in the comparable transactions, with specific reference to:

- the grade of the resource
- the metallurgical qualities of the resource
- the proximity to infrastructure such as an existing mill, roads, rail, power, water, skilled work force, equipment, etc.
- likely operating and capital costs
- the amount of pre-strip (for open pits) or development (for underground mines) necessary
- the likely ore to waste ratio (for open pits)
- the size of the tenement covering the mineral asset
- the overall confidence in the resource.

### Exploration potential (Kilburn Method)

Snowden's view is that the Kilburn method provides the most appropriate approach to the technical valuation of the exploration potential of mineral properties on which there are no defined resources.

Each tenement is assessed and ranked based on aspects which enhance or downgrade the estimated intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC") which is the average cost incurred to acquire a base unit area of mineral tenement (the application cost) and to meet all annual rent and statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC.

Snowden's has determined the following BACs:

- Burkina Faso A$600/km$^2$
- Ivory Coast A$700/km$^2$
- Queensland A$335/km$^2$

The Kilburn method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers are then applied serially to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

## 8.4 Valuation

### Recent Comparable Transactions

Snowden reviewed 13 transactions since March 2012 for gold projects in West Africa (including Burkina Faso, Mali, Nigeria, Liberia and Senegal) with reported Mineral Resources based on research from Intierra shown in Table 8.2. This indicated a very wide range of values from US$11/oz (A$13/oz) to US$123/oz (A$142/oz) at an exchange rate of A$1.00 = US$0.85. Snowden notes that the wide range in values is due to the variation in gold projects in terms of size, grade, resource classification, feasibility status and transaction payment (cash and/or equity).

The average value of all 13 comparable transactions is approximately US$36.50/oz (A$42.90/oz). The average of the following seven transactions that are most similar to Natougou and Nabanga (in terms of higher grade) is US$44.00/oz (A$51.80/oz), shown in Table 8.1.

**Table 8.1 High grade gold comparable transactions**

| Gold project | Country | Paid (US$M) | US$/oz |
|---|---|---|---|
| Guiro Gold Mine | Burkina Faso | 4.01 | 34.90 |
| Gold Fields Mali assets | Mali | 20.00 | 13.70 |
| Fekola project | Mali | 570.00 | 123.00 |
| Segilola Gold Project | Nigeria | 14.00 | 44.40 |
| Kokoya Gold Project | Liberia | 5.00 | 13.60 |
| Mali West Gold Project | Mali | 5.75 | 18.30 |
| Finkolo | Mali | 20.00 | 60.50 |
| **Average** | | **91.25** | **44.00** |

Snowden considered that the above average undervalues the Natougou and Nabanga Mineral Resources which contain high grade gold deposits with favourable economic development.

Snowden notes the following in relation to the comparable transactions:

- The size of the six most comparable transactions above (excluding Fekola) is materially lower than Orbis and that the average transaction value of these is approximately only US$10 million.

- Only four out of the 13 selected comparable transactions have a grade higher than 2.5 g/t Au.
- The Fekola transaction appears to be the most comparable transaction to the Natougou Project, although the Fekola Project has a larger resource and the confidence level of the resources is higher.
- Snowden found it difficult to justify a Preferred Value for the Natougou and Nabanga resources, based on these transactions and has assisted Grant Thornton to assess the appropriate valuation range taking into account the other valuation methodologies adopted by Grant Thornton.

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## Table 8.2 Comparable transactions of gold projects in West Africa

| Gold Project | Country | Status | Date | Transaction Name | Paid (US$M) | Type | Resource Date | Resource – Mt | Resource – Grade (Au g/t) | Resource acquired Gold Oz | Resource – Category | US$/oz |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ronguen | Burkina Faso | Exploration | 12/06/2014 | Sale of Ronguen Gold Project to Nord Gold N.V. | 4.25 | Cash | 18-May-12 | 9.38 | 1.27 | 0.384 | MEAS/INDI/INF | 11.07 |
| Ampella - Konkera | Burkina Faso | Advanced Exploration | 10/12/2013 | Centamin aquires Ampella | 40.9 | Equity | 4-Mar-13 | 59.18 | 1.71 | 2.928 | INDI/INF | 13.97 |
| Kiaka | Burkina Faso | Pre-feas | 28/10/2013 | B2Gold acquires Volta Resources | 63.0 | Equity | 10-Jan-13 | 187.00 | 0.98 | 4.755 | MEAS/INDI/INF | 13.25 |
| Guiro | Burkina Faso | Feasibility Study | 28/05/2014 | Komet Resources to acquire a gold mine in Burkina Faso | 4.01 | Cash, Equity | 2-Aug-06 | 0.35 | 10.2 | 0.115 | MEAS/INDI | 34.91 |
| Karma | Burkina Faso | Feasibility Study | 18/07/2014 | Strategic invest in True Gold | 23.45 | Cash | 27-Jan-14 | 92.62 | 1.11 | 0.662 | INDI/INF | 35.40 |
| Gold Fields | Mali | Operations | 12-Jun-14 | Hummingbird Resources buys Gold Fields mine in Mali | 20.0 | Equity | 31/12/2012 | 17.41 | 2.6 | 1.463 | INDI/INF | 13.67 |
| Fekola (1) | Mali | Feasibility Study | 3-Jun-14 | B2Gold Pappillon | 570.0 | Equity | 3/09/2013 | 68.29 | 2.35 | 4.653 | MEAS/INDI/INF | 122.98 |
| Segilola | Nigeria | Feasibility Study | 10-Apr-14 | RTG divests Segilola interest | 14.0 | Cash | 31-Dec-12 | 4.37 | 4.4 | 0.315 | INDI/INF | 44.41 |
| Kokoya | Liberia | Feasibility Study | 7-Mar-14 | Amlib divests interest in Kokoya | 5.0 | Cash | 14-Oct-11 | 4.90 | 2.6 | 0.369 | INDI/INF | 13.56 |
| OJVG/Golouma | Senegal | Advanced Exploration | 12-Dec-13 | Teranga moved to 100% ownership of OJVG Galouma | 180.0 | Cash | 31-Dec-13 | 71.36 | 2.14 | 2.774 | INDI/INF | 64.89 |
| Sepola | Mali | Advanced Exploration | 22-Feb-13 | Sandeep acquires Sepola & Faraba | 4.4 | Cash | 30-Jun-10 | 3.76 | 1.5 | 0.163 | INF | 27.04 |
| Mali West | Mali | Advanced Exploration | 12-Sep-12 | Papillon moves to 90% ownership in Mali West | 5.75 | Equity, Cash | 3-Sep-13 | 72.91 | 2.32 | 3.14 | MEAS/INDI/INF | 18.31 |
| Finkolo | Mali | Advanced. Exploration | 7-Mar-12 | Resolute moves to 100% ownership of Finkolo | 20.0 | Cash | 31-Dec-12 | 9.92 | 2.61 | 0.338 | MEAS/INDI/INF | 60.46 |

(1) Multiple based on the total equity value of Papillon

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Snowden has estimated the Nataougou Project to contain 2 million ounces of gold (Snowden, 2014). Based on the range of values of resource ounces from US$11/oz (A$13/oz) to US$123/oz (A$142/oz), (at the exchange rate of US$0.85 for every A$), this gives a range of values from A$26 M to A$284 M.

Snowden considers that the value of the Natougou Project is at the upper end of the range and that the Fekola Project is considered the most comparable.

Snowden has estimated the Nabanga Project to contain 0.66million ounces of gold (Snowden, 2012). Based on the range of values of resource ounces from A$13/oz to A$142/oz, this gives a range of values from A$8.6 M to A$94 M.

Snowden decided to provide a wide range of values reflecting the high reward but high risk nature of developing gold projects in West Africa, bearing in mind recent political troubles in Burkina Faso and the Ebola virus in neighbouring countries, but elected not to provide a Preferred Value for Natougou and Nabanga Mineral Resources. Instead Snowden has provided technical assistance to assist Grant Thornton to select an appropriate valuation range for the Natougou and Nabanga projects taking into account the various valuation methodologies (including the Snowden assessment).

## 8.5 Exploration

Snowden has valued the exploration projects in Queensland (Boomara), in Ivory Coast (comprising a single permit - Korhogo) and Burkina Faso (comprising thirteen permits sub-divided into three permit groups) using the geoscientific Kilburn method (modified by Snowden), which is based on a Base Acquisition Cost (“BAC”).

Snowden reviewed the BAC for Burkina Faso and Ivory Coast and calculated it based on first principles using the tenement application fee, annual rent (taxes) and minimum exploration expenditure in these countries. The BAC’s of A$600/km$^2$ and A$700/km$^2$ for the two countries, respectively, provide a valuation of the exploration properties, which compares favourably with the Enterprise Values per km$^2$ of gold companies in West Africa with no reported resources.

## 8.6 Summary of valuation results

Snowden has valued Orbis’s mineral assets by applying the following methodologies

- Comparable Transactions of West African gold deposits based on US$/oz Au in situ (Mineral Resources), ie ounces in ground for the Natougou and Nabanga Gold Projects.
- Kilburn Geoscience rating method for exploration potential of gold project areas in West Africa (Burkina Faso and Ivory Coast) (exclusive of resources).
- Kilburn Geoscience rating method for exploration potential of base metal-gold project areas in Queensland (exclusive of resources).

Snowden decided to provide a wide range of values for the mineral resources reflecting the high reward but high risk nature of developing gold projects in West Africa, bearing in mind recent political troubles in Burkina Faso and the Ebola virus in neighbouring countries, but elected not to provide a Preferred Value for Natougou and Nabanga resources.

A summary of the valuation results for Orbis Gold projects is provided in Table 8.3.

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**Table 8.3 Summary of Fair Market Value results for Orbis mineral assets as at the Valuation date**

| Project | Lower (A$M) | Upper (A$M) | Preferred (A$M) | Valuation methods |
|---|---|---|---|---|
| Natougou Resource | 26.0 | 284.0 | na | CT |
| Nabanga Resource | 8.6 | 93.7 | na | CT |
| **Total Resource** | **34.6** | **377.7** | **na** | |
| Queensland, Boomara | 0.4 | 1.4 | 0.9 | Kilburn |
| Ivory Coast, Korhogo | 0.5 | 2.2 | 1.4 | Kilburn |
| Tapoa Permit Group (Dangou, Pambourou, Boungou and Bossoari) | 3.0 | 8.2 | 5.6 | Kilburn |
| Kongolokoro Permit Group (Dynikongolo, Milpo, Founa and Seque) | 1.9 | 5.5 | 3.7 | Kilburn |
| Yactibo Permit Group (Yacti, Nabanga, Kamsongo, Ouargayeand Napade) | 1.5 | 5.3 | 3.4 | Kilburn |
| **Total Exploration Area (Potential)** | **7.3** | **22.6** | **15.0** | |
| **TOTAL** | **41.9** | **400.3** | **na** | |

**Note: For these projects only resources & exploration potential was valued. US$ to A$ conversion based on Reserve Bank of Australia rate as at 1 December 2014 at A$1.00 = US$0.85.*

*Note: CT = Comparative transactions, Kilburn = geoscientific. na = not available (not estimated)*

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# 10 Glossary of terms

| Term | Description |
|---|---|
| Abbreviations | Cu – copper, EL – Exploration Licence, , EPM – Exploration Permit for Minerals, Ga – giga ($10^9$) years ago, g/t – grams per tonne, kg – kilogram, km – kilometre, $km^2$ – square kilometres, kt – kilotonnes, m – metre, M – million, mm – millimetre, Mtpa – million tonnes per annum, Ma – million years ago, , PFS – Pre-feasibility study, ppm – parts per million,. |
| Accuracy | Statistical term for the correctness of a value |
| Alteration | A change in mineralogical composition of a rock commonly brought about by reactions with hydrothermal solutions or by pressure changes. |
| Amphibolite | A metamorphic rock composed predominantly of amphibole and plagioclase. |
| Anomalous | A departure from the expected norm. In mineral exploration this term is generally applied to either geochemical or geophysical values higher or lower than the norm. |
| Artisan | Skilled to semi skilled manual worker |
| Bedrock | Solid rock that underlies soil or other unconsolidated material. |
| Biotite | A dark coloured mica mineral. |
| Cumulative Frequency | Statistical analysis of the frequency of occurrence of values of a phenomenon less than a reference value |
| DCF | Discounted Cash Flow, DCF analysis is a method of valuing a project, company, or asset using the concepts of the time value of money |
| Diamond Drilling | Method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit. |
| Dip | The angle at which rock stratum or structure is inclined from the horizon. |
| Domain | Geological and resource term for a distinct geological or mineralisation unit |
| Dyke | A tabular intrusion of igneous rock that cuts across the planar structure of the surrounding rock. |
| Fault | A fracture in rocks along which rocks on one side have been moved relative to the rocks on the other. |
| Felsic | Light coloured rock containing an abundance of any of the following: feldspars, felspathoids and silica. |
| Fire Assay | Laboratory assay method which involves smelting a sample with lead oxide. |
| Footwall | The underlying side of a fault, ore body or mine workings. |
| Geochemical Exploration | Used in this report to describe a prospecting technique which measures the content of certain metals in soils and rocks and defines anomalies for further testing. |
| Geophysical Exploration | The exploration of an area in which physical properties (e.g. resistivity, gravity, conductivity, magnetic properties) unique to the rocks in the area are quantitatively measured by one or more geophysical methods. |
| Grade | The relative quantity or percentage of mineral content. Gold grade is commonly expressed in the terms: g/t - grams per tonne, ppb – parts per billion, ppm – parts per million. |

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| Term | Description |
|---|---|
| Granite (Granitic) | A medium to coarse-grained felsic intrusive rock which contains 10-50% quartz. |
| Granodiorite | A coarse grained igneous rock containing quartz, plagioclase (sodium - calcium feldspar) and potassium feldspar, with biotite, hornblende or pyroxene. |
| Hangingwall | The overlying side of a fault, ore body or mine workings. |
| Hydrothermal | A term applied to magmatic emanations rich in water and to the alteration products and mineral deposits produced by them. |
| Igneous | A rock that has solidified from molten material or magma. |
| Indicated Mineral Resource | 'An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.' (JORC, 2012) |
| Inferred Mineral Resource | 'An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes which may be limited or of uncertain quality and reliability.' (JORC, 2012) |
| Intrusion | A body of igneous rock that invades older rocks. |
| JORC | Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia). |
| JORC Code | Joint Ore Reserves Committee Code, 2012 |
| Kriging | geostatistical technique to interpolate the value (grade) of a random field as a function of its geographic location |
| Lithology | A term pertaining to the general characteristics of rocks. It generally relates to descriptions based on hand sized specimens and outcrops rather than microscopic or chemical features. |
| Mafic (Composition) | Igneous rocks composed dominantly of iron and magnesium minerals. |
| MAIG | A post-nominal that signifies the holder is Member of the Australian Institute of Geoscientists ("AIG"). Under the JORC reporting code, a 'competent person' must be at a minimum a member of the AIG or the AusIMM. |
| Malachite | A copper carbonate mineral found in oxidised zone of copper deposits. |
| MAusIMM | A post-nominal that signifies the holder is Member of the Australian Institute of Mining and Metallurgy ("AusIMM"). Under the JORC reporting code, a 'competent person' must be at a minimum a member of the AIG or the AusIMM. |
| Measured Mineral Resource | A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. The locations are spaces closely enough to confirm geological and grade continuity. |

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| Term | Description |
|---|---|
| Metamorphism (Metamorphic) | The process by which changes are brought about in earth's crust by the agencies of heat, pressure and chemically active fluids. |
| Metasediment | Metamorphosed sedimentary rock. |
| Mineral Resource | Defined in the 2012 JORC Code as a concentration or occurrence of material of intrinsic economic interest in or on the earth's crust in such a form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. . Mineral Resources are subdivided, in order of increasing confidence, into Inferred, Indicated and Measured categories. The words 'ore' and 'reserves' must not be used in describing Mineral Resources as the terms imply technical feasibility and economic viability and are only appropriate when all relevant Modifying factors have been considered |
| Mineralisation | Geological term for potentially economic minerals |
| NPV | Net Present Value is the sum of the present values (PVs) of the individual (annual) cash flows |
| Ore Reserve | A technical term which is controlled in its use by the 2012 JORC Code. An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could be reasonably justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. |
| Oxide Zone | Near surface material affected by weathering and leaching of minerals. |
| Pit | Circular surface excavation, usually unsupported |
| Plunge | The inclination of a linear geological structure from the Horizon. |
| Proterozoic | Geological time classification system in which rocks are between 570 and 2500 million years old. |
| Pyrite | A common iron mineral composed of iron and sulphur. |
| QA/QC (for sampling and assaying) | There are two components to a QA/QC system – quality assurance and quality control. Quality assurance (QA) refers to the protocols and procedures, which ensure that sampling and assaying is completed to the required quality. Quality control (QC), however, is the use of control samples and statistical analysis to ensure that the assay results are reliable. |

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| Term | Description |
|---|---|
| Quartz | Mineral species composed of crystalline silica. |
| Resource | Mining term for the size and grade of a mineral deposit , strictly mineral resource |
| Resource Classification | JORC term for resource confidence level increasing from Inferred to Indicated to Measured |
| Reverse Circulation (RC) Drilling | A method of drilling whereby rockchips are recovered by air flow returning inside the drill rods rather than outside, thereby providing usually reliable samples. |
| Rockchip grab sample | A series of rock chips or fragments taken at regular intervals across a rock exposure. |
| Shaft | Circular surface excavation, usually supported |
| Shear Zone | A generally linear zone of stress along which deformation has occurred by translation of one part of a rock body relative to another part. |
| Silicified | Alteration of a rock by introduction of silica. |
| Specific Gravity | SG is the density of a mineral or rock relative to water which has an SG of 1 |
| Stockwork | A network of veins |
| Stratabound | Confined within a particular strata |
| Stratigraphy | The study of formation, composition and correlation of sedimentary rocks. |
| Strike | The direction of bearing of a bed or layer of rock in the horizontal plane. |
| Sulphides | Minerals consisting of a chemical combination of sulphur with a metal. |
| Syncline | A fold in rock in which the strata dip inward from both sides toward the axis. |
| Tectonic | Forces or movements resulting in the formation of structural features. |
| Ultramafic | An igneous rock comprised chiefly of mafic minerals. |
| Valmin Code | The Valmin Code and guidelines sets standards for the preparation and commissioning of Independent Expert Reports for public documents as required by corporations law concerning the assessment and/or valuation of mineral or petroleum securities. |
| Variogram | A function describing the degree of spatial dependence of a spatial field (grade) |
| Volcanics | Collective term for extrusive igneous rocks. |
| XRF | X-Ray Fluorescence – method of analysis. |

# Corporate Directory

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