



UPDATE ON SEMAFO'S OFFER, PROPOSED FUNDRAISING

- SEMAFO's Offer is currently scheduled to close on 6 February 2015 and SEMAFO may further extend
- Despite the Company's efforts, to date no superior offer has emerged to SEMAFO's existing \$0.65 per share bid
- In order to meet on-going financial commitments, Orbis intends to pursue a potential capital raising to raise working capital provided SEMAFO does not have a relevant interest in more than 50% of Orbis shares by 6 February 2015
- Orbis continues to pursue value enhancing alternatives and Shareholders are being afforded the opportunity to effectively choose between the SEMAFO Offer or supporting the Company's proposed capital raising

As Shareholders would be aware, on 16 October 2014 SEMAFO Inc (**SEMAFO**) announced its intention to make an off-market takeover offer for all of the shares in Orbis Gold Limited (**Orbis** or the **Company**) for cash consideration of \$0.65 per share (**Offer**). This followed an unsolicited approach made immediately prior to the release of Orbis' Updated Scoping Study for Natougou.

The Orbis Board carefully considered the merits of the Offer at the time, and given the Board's firm view that the Offer was opportunistic and fundamentally undervalued the Company, advised shareholders to unanimously reject the Offer. This was further reinforced by the assessment of the Independent Expert who considered the Offer neither fair nor reasonable. The Independent Expert provided an estimated range of valuation of between \$0.713 and \$1.15 per share, while at the same time, discussing the exposure of shareholders to various risks in the company proceeding forward with its planned program. These risks included the inherent uncertainty associated with the Company's early stage of development, the recent volatility in the gold market and the recent political events that have occurred in Burkina Faso.

Since announcement of SEMAFO's Offer, the Company has been in discussions with a number of parties. To date no superior offer has emerged, however several alternative funding alternatives have been progressed.

On 9 January 2014, SEMAFO extended the Offer and it is now scheduled to close on 6 February 2015. Despite the Offer now being open for 6 weeks, as at the date of this announcement only 2.069% of Orbis Shareholders have accepted.

As outlined in the Company's Target's Statement, SEMAFO has included a condition in its Offer such that any debt or equity raising will represent a breach of its Offer and will provide SEMAFO with the right to withdraw its Offer.

To date, Orbis has not undertaken any capital raising activity which would breach the Offer conditions, and in this regard have satisfied near-term funding requirements using existing cash reserves and extending its debt funding facility with Macquarie Bank which was established prior to SEMAFO's Offer being announced.

As shareholders may recall, prior to the announcement by SEMAFO of its intention to make its Offer, Orbis had secured a private placement to an institutional investor to raise \$US20 million at \$0.42 per share subject to shareholder approval. The funds from the placement were to be used to complete the Definitive Feasibility Study for the Natougou Gold Project and meet near-term working capital and general corporate expenses. At the time of announcing the placement, the Company believed that it had achieved a measure of certainty of finance and was therefore no longer required to actively seek out and obtain financing for its projects and general corporate purposes.

The SEMAFO Offer and the Conditions attached to it (specifically the Condition which required the placement to not be approved by Shareholders) means that the Company no longer has certainty of finance to progress its projects and meet its general corporate expenses. As a result of this, the Company requires funds, which prior to the SEMAFO Offer it anticipated it would have received pursuant to successful completion of the announced placement.

Since the Offer by SEMAFO, the company's work program, including fieldwork and completion of the Natougou study, has virtually stopped with management time and the available cash resources being diverted to dealing with the Offer.

Accordingly, in the absence of a change of control transaction occurring in a short period of time and a SEMAFO led funding solution being obtained, the Company intends to pursue a capital raising to raise much needed working capital. The capital is currently intended to be raised through a placement of securities to a strategic investor (or group of investors), although the form has not been finalised. Although no determination has yet been made by the Board with respect to the form of the proposed capital raising, in the event that the capital raising is via a placement of securities, it is likely that the issue price will be materially below SEMAFO's \$0.65 per share Offer price. Shareholders should note that any capital raising through the issue of new securities other than a rights issue will result in some dilution to existing shareholders.

As noted above, any form of capital raising conducted by the Company whilst the SEMAFO Offer remains conditional, will trigger a Condition under the SEMAFO Offer, giving SEMAFO the right not to proceed with the Offer. If the Company does proceed with its proposed raising and SEMAFO elects to rely on the breach of the Offer Conditions as a result of the raising, Shareholders will not have the ability to accept the SEMAFO Offer. As noted by the Independent Expert, should SEMAFO withdraw the Offer and no alternative transaction eventuate; there is a risk that Orbis shares may fall from their current level, reflecting the withdrawal of the implied premium of the Offer. As the Board is cognisant that some Shareholders may prefer the certainty of the \$0.65 cash per share consideration offered by SEMAFO, the Board has decided that it will not raise any capital before 6 February 2015.

In the event that Shareholders who hold more than 50% in aggregate of the shares in Orbis have accepted into the Offer by this date and SEMAFO declares the Offer unconditional, the Company will not proceed with the capital raising. By delaying the raising until 6 February 2015, Shareholders are being afforded the opportunity to effectively choose between the SEMAFO Offer, which the Board has previously advised shareholders does not represent fair value, or supporting the Company's capital raising plan to ensure the Company can meet its ongoing financing needs which may have the effect of SEMAFO withdrawing its bid.

For completeness, if the proposed capital raising is via the issue of new shares and SEMAFO elects to proceed with the Offer notwithstanding the breach of the Conditions, unless SEMAFO obtains a waiver from ASIC the SEMAFO Offer will not extend to the new shares. This may impact SEMAFO's ability to obtain control of the Company.

The Directors urge Shareholders to carefully consider all materials which have been sent to you, and have regard for the risks identified in deciding whether or not to accept SEMAFO's Offer, as well as their own personal circumstances.

The Company will advise shareholders in due course of further updates with regard to the Offer and pending fundraising.

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Further information on Orbis Gold can also be found on our website www.orbisgold.com
