

SEMAFO Provides Its Observations to Orbis' Notice of AGM and Updated Scoping Study

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MONTREAL, QC--(Marketwired - Nov 6, 2014) - SEMAFO (TSX:SMF)(OMX:SMF) provides its observations to the [Orbis Gold Ltd.](#) (ASX:OBS) notice of AGM and updated scoping study.

Introduction

If Orbis shareholders vote in favour of the A\$20 million rights issue, it would effectively be a vote for Orbis to continue as a stand-alone company. In contrast, SEMAFO has put forward a A\$0.65 per share cash offer for Orbis (the "Cash Offer"), representing a generous 86% premium to the closing share price of October 9, 2014, the day prior to Orbis' appointment of a financial advisor.

As Orbis shareholders decide how to vote at their AGM on November 28, 2014, SEMAFO wants to ensure Orbis shareholders have the benefit of an alternate viewpoint to what has been presented by their company.

In considering how to vote, Orbis shareholders may wish to consider where Orbis sits on the development time line from exploration to production and the associated risks and uncertainties.

Orbis Shareholders Face Significant Risks and Uncertainties

The transition from explorer to producer for a stand-alone company in West Africa has repeatedly proven to be challenging, especially for shareholders. In addition to the capital markets' lack of interest in the 18- to 24-month period, the track record and history of developers without existing production in West Africa do not favour Orbis shareholders.

Recent West African construction financings have demonstrated that traditional equity and straightforward project debt are not readily available. Whether or not Orbis will be able to obtain construction financing and if so, the associated dilution and overall cost to shareholders, remains uncertain and represents a significant risk.

SEMAFO Would Pursue an Alternate Development Plan to That of Orbis

It is clear that Orbis staff do not have the in-house experience the SEMAFO team has in developing, building and operating gold mines in West Africa. It appears that a significant portion of the Orbis technical analysis has been completed by third party consultants who work on a fee-for-service basis.

A developer, builder, owner miner and operator for more than a decade in various jurisdictions in West Africa, SEMAFO has the skills required in house to evaluate and advance the project. SEMAFO would pursue a different development plan from the one currently envisioned by Orbis' updated scoping study.

Limitations of Orbis' Scoping Study

SEMAFO has a firm and realistic understanding of the likely costs, challenges and risks facing a company such as Orbis that is at the scoping study stage. We believe that the following factors, amongst others, should be considered by Orbis investors.

Orbis' Scoping Study is Preliminary and Insufficient to Provide Assurance of Economic Development

The 2013 scoping study capital cost and operating cost estimates were prepared to a notional +/- 50% level of accuracy. In addition, Orbis' scoping study allows the inclusion of inferred resources into the mine plan, whereas pre-feasibility studies and definitive feasibility studies do not allow inferred resources and require ore reserves, of which Orbis currently has none. These facts can be overlooked, so we have reproduced the cautionary statement below from Orbis' October 14, 2014 press release (our highlighting added):

Cautionary Statement Regarding Production Targets / Scoping Study

*The Company advises the updated Scoping Study results and production targets reflected in this announcement are **preliminary in nature** as conclusions are drawn partly from Indicated Mineral Resources and Inferred Mineral Resources. **The updated 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 updated Scoping Study will be realised.** There is a lower 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.*

Orbis' Scoping Study is only at the Project level, NOT at the Shareholder Level

Investors must realize that Orbis' scoping study is limited to the project level and is not at the shareholder level. So, in formulating an equity price per share, return on investment and payback, consideration must be given to missing items to determine if shareholders can make a reasonable return.

Government 10% Free Carry and 6.25% Dividend Withholding Tax Excluded from Scoping Study Economics

Orbis' scoping study presents project-level economics for 100% of the project. In the real world, the government maintains a free-carried 10% stake in all gold projects in the country. This means that when dividends are paid to shareholders, the government gets 10% of the dividends paid. In addition, the government has a 6.25% withholding tax on the dividends paid to Orbis. So, to get cash back into equity shareholders hands, you must reduce the cash flows by these amounts. In addition, the 10% free-carried government interest must be funded by Orbis shareholders.

Significant Working Capital and In-Country Based Expertise Required to Operate Successfully in West Africa

To manage and operate a gold mine in West Africa, significant working capital is required to support operations. Further, it is a difficult and costly undertaking to attract and retain experienced technical and operational people.

While SEMAFO has existing in-house development, construction, operational, administrative and government relations teams (all fluent in the French language), Orbis is at the very front end of that process, which poses significant risk and uncertainty.

No Dilution and Effect on Bid Conditions

SEMAFO is fundamentally opposed to Orbis issuing equity, especially at a price below its A\$0.65 Cash Offer. SEMAFO is attempting to ascertain the terms and conditions of the US\$4.3M working capital facility announced by Orbis on November 3, 2014 as having been established on October 7, 2014, and the effect of that facility, if any, on SEMAFO's Bid Conditions. SEMAFO only became aware of the existence of that facility when Orbis' Quarterly Activities Report was released on ASX on November 3, 2014.

About SEMAFO

SEMAFO is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation currently owns and operates the Mana Mine in Burkina Faso, which includes the high-grade satellite Siou and Fofina deposits. SEMAFO is committed to evolve in a conscientious manner through the responsible development of its Mana property. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. Forward-looking statements include words or expressions such as "pursue", "plan", "attempting", "committed", "evolve", "pursuing", "growth", "opportunities" and other similar words or expressions. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward-looking statements include the ability to ascertain the terms and conditions of the US\$4.3M working capital facility announced by Orbis on November 3, 2014, the effect of that facility on the Cash Offer and the ability to execute on our strategic focus. SEMAFO disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

The above information has been made public in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act.

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