

Orbis Gold (OBS-AU)

Price: A\$0.37 **Recommendation:** Buy **Target Price:** A\$0.70 **Market Cap:** A\$81.2m

Safia Prospect — 30km of New Gold Targets Defined by IP Survey

Orbis Gold, the Australian-based resources company focused on the discovery and development of large-scale gold deposits in Burkina Faso, has announced new, highly-prospective gold drill targets defined in the Safia prospect area some 10km north-east of the company's Bantou gold deposit.

Highlights included:

- **The Safia prospect** (and the adjacent Bantou and Tankoro prospects) is located within the highly-endowed Hounde Gold Belt; this has already generated several multi-million ounce gold discoveries to date.
- **Coincident IP and gold-in-soil anomalies** (structural gold targets) are now defined over an aggregate 50km strike length across the Bantou Project area, including 30km strike length of new targets in the Safia prospect area.
- **Processing and interpretation of geophysical survey data is in progress.** The drilling of multiple gold targets will commence during the current quarter.

The new gold targets within the Safia prospect are defined by a combination of:

- high order gold-in-soil anomalies (*previously reported*);
- outcropping gold mineralised structures (*rock chip samples, previously reported*); and
- new structural gold targets defined by electrical geophysical surveys (*new results*).

Comment

At our recent site visit to the Safia prospect we observed some very encouraging quartz veining and shear zones associated with a large gold-in-soil anomaly. The prospect also hosts a number of artisanal gold workings, but has not been tested with drilling and can be viewed as another highly prospective target in the Dynikongolo Project. The Hounde Belt already hosts a number of significant — and often high-grade — deposits defined by other explorers in Burkina Faso and is clearly fertile for gold mineralisation.

The IP (induced polarisation) geophysical survey is designed to define conductive or resistive geology as anomalies. In the case of Safia and the greater Dynikongolo region, a number of relatively conductive trends have been defined. In many cases these anomalies are associated with sulphides that in turn are associated with gold mineralisation (as seen at Bantou and Tankoro).

The anomalies could also be associated with rock types that are more conductive than others. In the latter case the survey can be used to define a prospective structural position likely to host gold mineralisation. IP will be a very useful tool for targeting exploration drilling. We look forward to drilling results next quarter.

Recommendation

We continue to rate Orbis Gold as a **BUY**. We have completed a sum-of-the-parts valuation for Orbis and have determined a **fair value of A\$0.70/share** based on current information. As outlined above, we anticipate considerable upside on this valuation when the benefits of the likely high-grade starter pit are incorporated into management's studies.

Catalysts going forward include:

- Exploration drilling — Ongoing
- Infill drilling at Natougou — 1Q14
- Natougou resource upgrade — 1H14

[RFC Ambrian acts as Agency Broker to this company](#)