

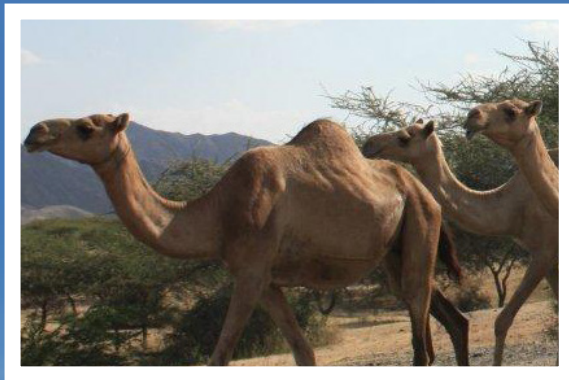


Positive Results



Positive Results

At Nevsun, we strive to create shared prosperity for all our stakeholders. This means far more than economic success—IT MEANS building a future.



IT MEANS protecting the environment.



IT MEANS respecting the human rights of people and communities.



IT MEANS creating a safe, healthy workplace for our employees.

IT MEANS making meaningful, long-lasting contributions to the sustainable development of the communities, and the countries, in which we operate.

Inside this Report

Executive Viewpoint	02
About This Report	04
Defining Report Content - Material Issues	04
Aspect Boundaries – Where Impacts Occur	05
About Nevsun	06
Customers and Markets	06
Supply Chain	06
Ownership	06
2015 Operational Highlights	07
Message from the VP, Corporate Social Responsibility	08

Governance	10
Achievements and Goals	11
Governance and CSR Management	11
Ethical Conduct	11
Whistleblower Policy	11
Governance Structure	11
Vision and Values	12
Governance and Oversight of Corporate Social Responsibility Practices	13
Enterprise Risk Management	13
Anti-Bribery and Anti-Corruption	14
Commitments to External Initiatives	14
Human Rights	15
Stakeholder Engagement	22

Economic	24
Approach	24
Achievements and Goals	25
Economic Performance and Contributions	25
Payments to Governments	26
Community Investment	27
Local Procurement	28

Our People	29
Our People – Our Workplace	29
Approach	29
Achievements and Goals	30
Our Employees	30
Local Hiring and Practices	32
Employee Training and Development	33
Professional Development and Bisha Training Centre	34
Our People – Health & Safety	35
Achievements and Goals	36
Our Safety Culture	36
Occupational Health & Safety Performance	36
Health & Safety Training	37
Safety Committees	38
Emergency Response and Preparedness	38
Public Health & Safety	38

Environment	39
Approach	39
Achievements and Goals	40
Water	40
Transportation	42
Energy and Emissions	42
Effluents and Waste	43
Biodiversity	44
Land Use Remediation	45
Mine Closure Planning	45

Community	46
Approach	46
Achievements and Goals	47
Community Engagement	47
Community Feedback	48
Community Investment	49
CAP Projects	50

GRI Content Index	52
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All currency is stated in US dollars unless otherwise indicated. While every effort has been made to ensure the accuracy of the data and information contained within this Report, it should be noted that all non-financial performance figures and economic indicator calculations are unaudited.

Reference in this Report to “Nevsun” or the “Company” includes Nevsun Resources Ltd. and its partially and wholly-owned subsidiaries unless stated otherwise, or due to the context in which it is used.

Executive Viewpoint

CLIFF DAVIS

President and Chief Executive Officer

Despite the turbulence in global markets in 2015, and unforeseen production constraints at the Bisha Mine, we at Nevsun are proud of the positive results that we continue to deliver to our stakeholders, including our employees and neighbouring communities. These are essential to continuing to earn our social licence to operate in Eritrea.

In 2015, our performance was strong, despite the turbulence in global commodity markets and unforeseen production constraints at the Bisha Mine. Production issues - including fuel and power shortages - led to reduced production of copper concentrate. The grade of copper mined was lower than in 2014 however we were successful in reducing operating costs at the time, and selling pyrite sands and other precious metal stockpiles. We continue to advance the construction of the new zinc processing facility, which has been entirely self-funded by cash from operations and is expected to be finished well below budget in 2016.

Our balance sheet remains very healthy; we carry no debt and our financial performance is strong.

Our exploration program was also successful. We continued drilling, and identified exceptionally promising results at both Harena and Asheli. In 2016, we will continue to drill in and around these areas to determine their commercial viability.

These theme for this year's report is Positive Results. I feel strongly that we are making a significant, positive impact to the country of Eritrea, including the region surrounding the Bisha Mine. Ultimately, we will be measured by maintaining our social license to operate, which is a direct result of our collaborative approach and our ability to produce meaningful value for all of our stakeholders, inside and outside of Eritrea.

Within Eritrea, the Bisha Mine continues to play a pivotal role: in addition to the taxes and other fees that we provide, we are a major employer, and a significant customer to Eritrean suppliers of goods and services. We are a positive force in the country's overall socio-economic structure, with our strong ethical guidelines, our focus on workplace health and safety, and our corporate objectives of maximizing local benefits wherever possible. We take all necessary steps to ensure that the Bisha Mine operations cause no harm to individuals, communities, wildlife or the environment.

In 2015, in collaboration with Eritrean National Mining Corporation (ENAMCO), we embarked on a second independent human rights impact audit. This thorough study confirmed that we have made significant progress in human rights. It also identified new

measures that we should implement as the mine prepares for the transition to zinc production.

Also, in collaboration with ENAMCO, we approved formal training in the Voluntary Principles on Security and Human Rights regarding our security providers, BMSC Security and Binae Security. These principles are designed to guide companies in maintaining the safety and security of their operations in a manner that encourages respect for human rights.



In addition, Nevsun and ENAMCO approved a process to disperse monies made from the Bisha Mine to nearby communities, to support local sustainable infrastructure.

These are only a few of the positive results that come directly from our business principles: we operate a world-class mining operation that adheres to evolving international business practices, as well as follow all Eritrean laws and practices. We believe that we serve as a template for responsible international business practices in Eritrea.

In 2016, we look forward to continued drilling at Bisha, Harena and Asheli, while we move toward commercial production of zinc by mid-2016. We are also seeking growth through diversification: we are actively seeking potential global acquisition opportunities.

On behalf of myself and the Company, I would like to take this opportunity to express my gratitude to our employees, contractors, and the State of Eritrea for supporting our corporate principles of sustainability and transparency.

Cliff T. Davis

President and Chief Executive Officer
Nevsun Resources Ltd.
May 6, 2016



The Bisha Mine continues to play a pivotal role in Eritrea. We are a major employer, and a significant customer to Eritrean suppliers of goods and services.



About this Report

This report demonstrates our commitment to transparent disclosure of our sustainable economic, social, and environmental practices and performance.

We are proud to present our fifth annual Corporate Social Responsibility Report, which reports on the fifth full year of mining operations at the Bisha Mine in Eritrea. Through Nevsun Resources (Eritrea) Ltd., an indirect, wholly-owned subsidiary, Nevsun owns 60% of the Bisha Mine. The Eritrean National Mining Corporation owns the remaining 40%.

This report demonstrates our commitment to providing transparent disclosure of our sustainable economic, social, and environmental practices and performance. It is prepared to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). This is the third year in which we have reported to the standards of the GRI's G4 framework. This report applies the Core criteria, plus the Mining and Metals Sector Supplementary criteria and twelve 'comprehensive' General Standard Disclosures relating to governance and sustainability stewardship. At the end of this report, the G4 Content Index provides the complete list of disclosures and where the details can be found.

This report covers the calendar year ended December 31, 2015. Over the year, there were no corporate entity changes in operations, and therefore no changes to the content or scope of this report, compared to the previous year's report.

While we did not seek independent third-party assurance for this report, its content was prepared and reviewed by management for its accuracy and consistency in data collection methods, corporate policies, and protocols. We made every effort to verify data and the factual contents of this Report, but note that all non-financial performance figures and economic indicator calculations are unaudited.

All reporting related to human rights was assessed and reviewed by an independent third party (in respect of the Bisha Mine Human Rights Impact Assessment).

Defining Report Content - Material Issues

This report discusses those CSR topics and issues that have been identified as the most material to our stakeholders. To determine these topics, we periodically undertake materiality assessments, in which we survey stakeholders to determine the topics and priorities of greatest interest.

In 2015, we undertook a comprehensive materiality assessment to gather input from our key internal stakeholder groups:

- the State of Eritrea
- our workforce
- community liaison officers
- BMSC employees

We also gathered external feedback through ongoing stakeholder engagement with:

- local communities
- the Government of Canada
- resident foreign ambassadors in Eritrea
- the United Nations
- Non-government organizations (NGOs)
- shareholders

To prioritize the material issues in this report, we considered the stakeholder input from the materiality assessments, as well as the feedback received on previous CSR reports, plus generally-accepted industry practices and GRI guidelines. We continually monitor regulatory and policy trends and developments, as well as media coverage.



In 2016, we intend to continue to further expand our internal and external stakeholder consultation, to increase the diversity of perspectives we receive, and to continually improve the content of our reporting.

Aspect Boundaries – Where Impacts Occur

Different stakeholders, or groups of stakeholders, may be affected by each of the ‘material’ issues. In discussions of the material aspects, we describe whether these topics have impacts within our

organization, or whether they are believed to have effects that extend outside of the organization—for example, to local communities, our contractors, and/or investors. In this Report, we describe the boundaries of these material aspects. We also provide aspect boundary coding in the Content Index.

2015 MATERIALITY ASSESSMENT:

Stakeholders areas > of interest and concern

* While the majority of stakeholders stated that the 2014 CSR Report “accurately reflected the most important topics and priorities”, these areas were identified as high priorities for 2015.

Governance	Economic	Our People	Environment	Community
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Transparency*
Human Rights

Financial Performance*
Economic Contribution
Key Business Relationships

Occupational Health & Safety
Worker Rights*
Workplace Practices
Training
Local Employment*
Labour/Working Conditions

Water Management*
Pollution and Dust*
Biodiversity
Effluents and Waste
Transportation

Local Contributions and Relationships*
Community Engagement and Investment

About Nevsun

Nevsun Resources Ltd. (“Nevsun”) is headquartered in Vancouver, Canada and through its wholly and majority owned direct and indirect subsidiaries holds a 60% ownership interest in the operating Bisha Mine in the country of Eritrea, which is in East Africa adjacent to the Red Sea.

The Bisha Mine initially went into commercial gold production in early 2011. In late 2013 it transitioned to commercial copper production. Commencing in mid-2016, the mine will also be able to produce zinc concentrate. It will produce both copper and zinc concentrate from mid-2016 until the end of its current mine life, which is expected to be in 2025.

Customers and Markets

Nevsun’s customers are copper smelters and concentrate traders. Sales are copper concentrates (90%) and direct-sale of precious metals to refineries. The customer base for copper concentrate is 50% China, 40% India and 10% Europe. Direct sale ores are sold predominantly to China for further upgrading into refined Gold and Silver.

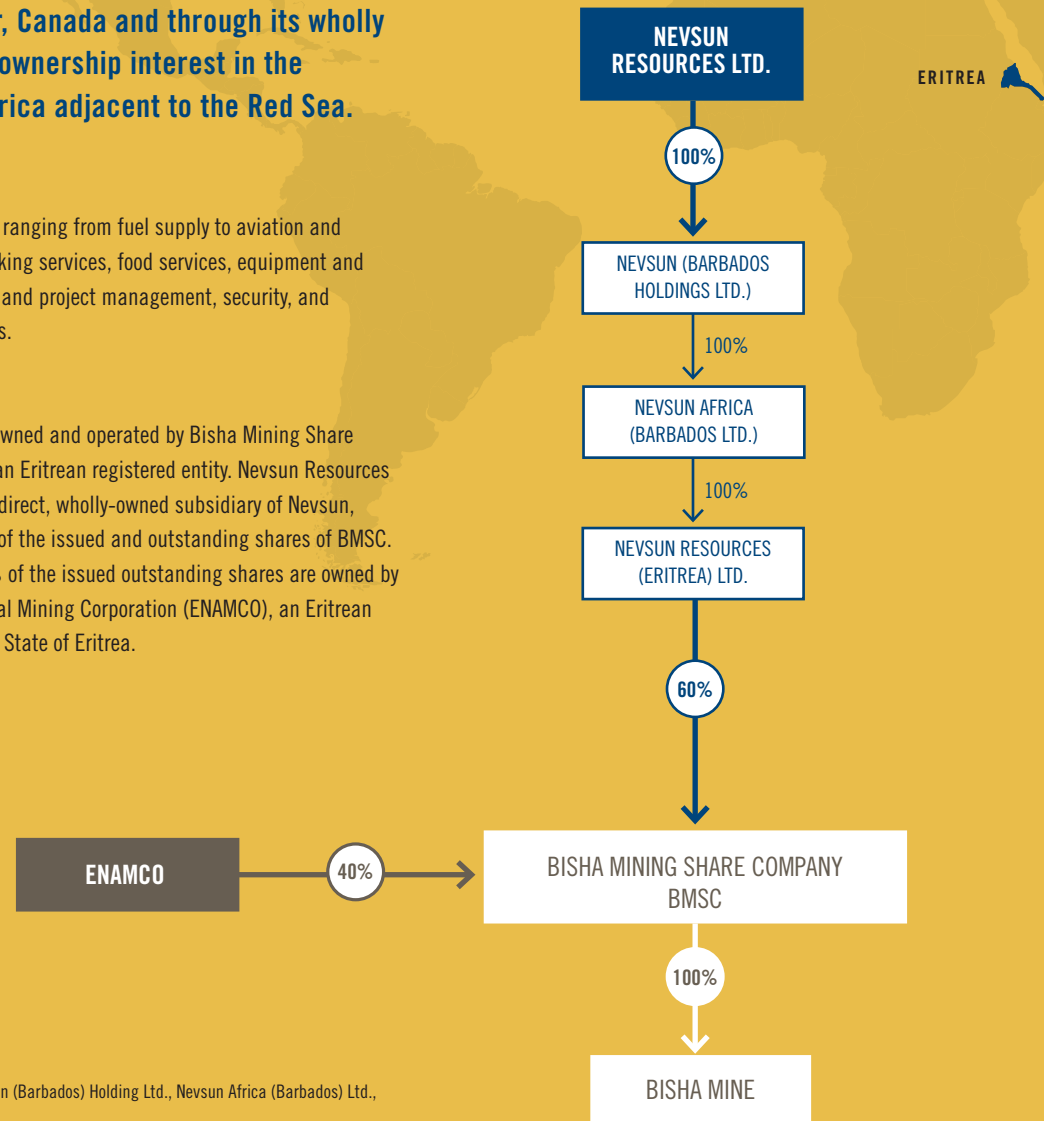
Supply Chain

Bisha Mining Share Company has a comprehensive and relatively static supply chain network of local and international companies and contractors that provide the Bisha Mine with mining-related supplies and services. Approximately one third are Eritrean registered companies. These companies and contractors provide

goods and services ranging from fuel supply to aviation and transportation/trucking services, food services, equipment and parts, construction and project management, security, and telecommunications.

Ownership

The Bisha Mine is owned and operated by Bisha Mining Share Company (BMSC), an Eritrean registered entity. Nevsun Resources (Eritrea) Ltd., an indirect, wholly-owned subsidiary of Nevsun, directly owns 60% of the issued and outstanding shares of BMSC. The remaining 40% of the issued outstanding shares are owned by the Eritrean National Mining Corporation (ENAMCO), an Eritrean entity owned by the State of Eritrea.



* This report includes sustainability performance data for Nevsun Resources Ltd. and BMSC. It does not report on Nevsun (Barbados) Holding Ltd., Nevsun Africa (Barbados) Ltd., Nevsun Resources (Eritrea) Ltd.

** No financial assistance has been received from the Government of Eritrea



6.1 million+ HOURS
(310 CONSECUTIVE DAYS)
WITHOUT A LOST TIME
INJURY

\$357 million
2015 REVENUE

\$ 2.32
AVERAGE REALIZED COPPER
PRICE PER POUND

2015 NET INCOME
\$23 million
\$0.11 PER SHARE

\$0.16 per share
ANNUALIZED DIVIDEND

**35,800 metres
drilled**
EXPLORATION (METRES)



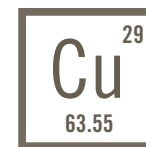
1,342
EMPLOYEES



Training
ACCELERATED TRAINING AND
PERSONAL DEVELOPMENT PLANS
FOR LOCAL ERITREANS



**Over 95%
complete**
PROGRESS ON ZINC
PROCESSING FACILITY



136 million pounds
COPPER PRODUCED (COPPER CONCENTRATE)
\$1.31 PER PAYABLE POUND OF COPPER SOLD

Operation Highlights

Message from the VP, Corporate Social Responsibility

TODD ROMAINE

VP, Corporate Social Responsibility

Positive Results—I am pleased to be able to report that 2015 was a year in which Nevsun delivered on many of our sustainability milestones and achievements.

Our 2015 Sustainability and capacity building projects include:



Completed a second independent audit of our efforts pertaining to human rights



Trained our security forces in the *Voluntary Principles on Security and Human Rights*



Expanded our constructive dialogue with stakeholders around the world



Our safety record continues to exceed North American industrial safety metrics



We engaged in several environmental initiatives and worked on many projects and initiatives to help local communities

At Nevsun and ENAMCO, we made deliberate, measured strides to steadily improve our CSR performance. We remain the benchmark for responsible international business practices in Eritrea.

International standards guide much of our CSR work and reporting, from the Global Reporting Initiative to the *UN's Voluntary Principles on Security and Human Rights*, and its *Guiding Principles on Business and Human Rights*. By successfully aligning ourselves with these standards, we hope to establish them as common practise, and thus help to attract new responsible international enterprises to the country.

The growth of responsible international business is key to the future development and economic sustainability of Eritrea, bringing meaningful, well-paid jobs, training and spinoff businesses that will build the workforce and increase labour mobility throughout the country. It is my hope that the Bisha Mine's experience will be used as a template for future business-government collaboration. Our policies ensure that workers are kept safe. We protect the precious ecosystems of the country while engaging in natural resource extraction. And, by maintaining transparency in our financial transactions with the State of Eritrea, we publicly demonstrate our commitments to poverty alleviation, food security, community infrastructure, social welfare, and education.

Our CSR achievements in 2015 were many. In the area of human rights, we completed an audit of the impact assessment, which examined the progress of our human rights program, and identified new and emerging issues as we make the transition to zinc extraction. We also trained the security forces in the *Voluntary Principles on Security and Human Rights*. (Mine security is provided by BMSC Security Forces and Binae Security.)

In corporate transparency, we significantly expanded our constructive dialogue with stakeholders around the world, including many events in public venues, in which we encouraged open discussions of human rights and CSR governance at the Bisha Mine. In 2015, the mine was visited by many dignitaries and ambassadors from the United States, Canada, South Africa, and Germany as well as the United Nations.

Our safety record continues to exceed North American industrial safety metrics, which is a remarkable achievement in the country's first major industrial operation. Over the year, we made progress on an Emergency Response Management Plan that will result in coordinated efforts between BMSC, Nevsun and ENAMCO.



For Nevsun, Corporate Social Responsibility provides a key strategic advantage, allowing us to maintain our social license to operate in Eritrea.

We engaged in several environmental initiatives, including hydrological studies, to ensure that the mine's water usage is sustainable and does not compete with, or negatively affect the water resources that are essential to nearby communities and animal populations.

We worked on many projects and initiatives to help local communities. We implemented two community assistance program pilot projects in Aderat and Tekreret that will greatly assist with community water accessibility and supply. We provided job training for over 1,000 Eritreans, including those that received formal certifications. This enabled several handfults of our local workers to earn promotions, and now enjoy greater responsibility with higher levels of pay. Because job retention remains a concern, we undertook a number of studies into workplace satisfaction, and made several changes to governance, in order to enhance workplace satisfaction at the mine.

Of course, given the realities of operating a business of this scope in this location, we face many challenges in meeting certain CSR objectives. Staff turnover, difficulty in hiring certain specialists, and operational events caused delays in implementing some programs. Our planned move to solar energy has been slower than anticipated despite repeated attempts to engage international energy providers. Financing models and perceptions of national risk have stalled the program but some recent positive progress has been made.

Looking to 2016, we remain committed to implementing our human rights initiatives. We will continue to engage with environmental studies and, as required, will modify management plans to maximize our protection of nearby communities, wildlife and the regional ecosystem, including water resources.

For Nevsun, Corporate Social Responsibility provides a key strategic advantage, allowing us to maintain our social license to operate in Eritrea. Our constructive efforts, in collaboration with our partners, are resulting in real, measurable, results.

I hope you find our 2015 CSR Report a true reflection of our Positive Results, and of our ongoing challenges in the pursuit of improved social, environmental, and economic performance at the Bisha Mine and nearby communities.

Todd Romaine

Vice President, Corporate Social Responsibility
May 6, 2016



Governance

ACHIEVEMENTS AND GOALS	11
GOVERNANCE AND CSR MANAGEMENT	11
ETHICAL CONDUCT	11
WHISTLEBLOWER POLICY	11
GOVERNANCE STRUCTURE	11
VISION AND VALUES	12
GOVERNANCE AND OVERSIGHT OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES	13
ENTERPRISE RISK MANAGEMENT	13
ANTI-BRIBERY AND ANTI-CORRUPTION	14
COMMITMENTS TO EXTERNAL INITIATIVES	14
HUMAN RIGHTS	15
STAKEHOLDER ENGAGEMENT	22



2015 Achievements

● ACHIEVED ● PARTIALLY ACHIEVED ○ NOT ACHIEVED

- Ensure management, monitoring systems, and procedures are in place to work towards evolving standards and best practices
- Implement training of relevant staff on Voluntary Principles on Security and Human Rights
- Follow-up on the implementation and communication of the Human Rights Impact Assessment recommendations
- Expand our CSR materiality process to include more internal and external stakeholders

2016 Goals

Ensure management, monitoring systems, and procedures are in place to work towards evolving standards and best practices

Finalize training to our security forces and management on the Voluntary Principles on Security and Human Rights

Follow-up on the implementation and communication of the 2016 Human Rights Work Plan

Continue to expand our stakeholder outreach and dialogue both within Eritrea and internationally

Governance and CSR Management

Ethical Conduct

The Nevsun Code of Ethics defines our commitments to ethics and sustainability in our social and environmental business practices. The Code has been adopted by our Board of Directors. It applies to all employees, contractors, officers and directors of Nevsun and each of its subsidiaries.

The purpose of the Code is to promote honest and ethical conduct, with full, fair, accurate, timely and understandable disclosure. To ensure and monitor compliance with all applicable rules and regulations, each employee receives a copy of the Code, and is required to sign an acknowledgment of understanding and receipt. The Code of Ethics was last revised and updated in April 2015. It is available on the [Nevsun website](#).

The Code of Ethics includes provisions for addressing ethical conduct, conflicts of interest, compliance and disclosure obligations, financial reporting, accountability, violations of the Code, bribery and corruption, health, safety, environment, and human rights.

Whistleblower Policy

Our Whistleblower Policy allows anyone—employees, officers, directors, contractors, and subcontractors—to raise concerns regarding the Company's accounting, internal accounting controls, auditing matters or violations or suspected violations of its Code of Ethics without fear of harassment, retaliation, or adverse employment consequences.

Whistleblower reports may be directed to the Chairman of the Audit Committee, or to a confidential and anonymous hotline. The hotline service is available 24/7, and is independent, and externally managed. For details on the Whistleblower Policy, see the BMSC Employee Handbook or the [Nevsun website](#).

In addition to the Nevsun Code of Ethics and Whistleblower Policy, BMSC in Eritrea adheres to numerous policies in environmental management, health and safety, employee relations, and social responsibility

Governance Structure

The Board is responsible for oversight into the conduct of the Company's management. Their fundamental objectives are to oversee the Company's strategic direction, to enhance long-term shareholder value, and to ensure the Company operates in a safe and reliable manner while meeting its obligations on an ongoing basis. The Board is accountable to, and considers the legitimate interests of, our shareholders, and other stakeholders such as government authorities, employees, contractors, customers, communities, and the public. The Board, through the Chief Executive Officer, sets the standards of conduct throughout the enterprise, provides direction and oversight, approves strategic plans presented by senior management, and evaluates the performance of senior management.

In 2015, the Nevsun Board was composed of six members, five of whom were independent, non-executive directors, including the Chairman of the Board.

Vision and Values

Our vision is to maximize long-term community benefits and shareholder value through the responsible development of mineral resources. To accomplish this vision, Nevsun endorses and promotes these value statements:

HUMAN RIGHTS >

We believe in treating everyone equally, with dignity and respect. We support inclusiveness and diversity of opinions in the decision-making process.



< SAFETY

We adhere to high safety standards and procedures and protocol for our employees, contractors, subcontractors, communities and partners. We continually seek better ways to enhance safety culture and continually strive to a target of zero accidents and incidents.



< INTEGRITY

We believe that maintaining our social license is entirely dependent on our ability to cultivate mutual respect, through honesty and accountability in our interactions with our diverse stakeholders in the communities in which we operate.



CREATING SHAREHOLDER VALUE >

To maximize shareholder investment returns, we focus on cost-effective operational governance, and excellence in financial management.



< SUPPORTING THE ENVIRONMENT

We are committed to the mitigation and remediation of all environmental impacts throughout the lifecycle of our activities, from construction, through operation, and eventual closure. We undertake numerous studies and action plans throughout the project cycle to ensure the protection of the diverse biological ecosystems wherever we operate.



SUPPORTING OUR COMMUNITIES >

We strive to make a positive long-term sustainable impact in the communities in which we operate. This includes providing local opportunities for employment, training and advancement, and supporting community development projects.

Our Board members have held senior leadership positions in the mining, accounting, engineering or legal professions, and have a breadth of experience and familiarity with the challenges related to mining and operating in geographically diverse jurisdictions, and in doing business in developing countries.

The Nevsun Board has six committees (the “Board Committees”), including the [1] Audit Committee, [2] Corporate Governance and Nominating Committee, [3] Human Resources Committee, [4] Social, Environmental, Health and Safety Committee, [5] Special Committee, and [6] Litigation Committee.

The Company understands the benefits of a diversified workforce, including promoting the level of female representation and other types of diversity, and diversity is one of many factors that are used in consideration of hires and promotions. In identifying and considering potential candidates for executive appointments, the Board also considers factors such as years of service, regional background, merit, experience and qualifications. In addition, the relative diversity of the Company's executive team is also driven by other factors, many of which are outside of the control of the Company, including the level of staff turnover, the candidates that are available with the necessary skills and experiences required to satisfy the Company's needs and requirements for the position when hiring and promotion opportunities arise, and various other factors. Accordingly, the Board does not set specific gender representation targets when identifying potential candidates to executive officer positions, but does consider diversity and where possible seeks to ensure a representative list of women is included among the group of prospective candidates for executive positions.

The Corporate Governance and Nominations Committee made recommendations to the Board for consideration regarding a gender diversity policy in 2015. The Board subsequently passed this policy on December 10, 2015.

Governance and Oversight of Corporate Social Responsibility Practices

We recognize that our activities have the potential to impact the human rights of individuals affected by our business operations. We strive at all times to integrate human rights best practices into our business processes, and we conduct our business within a framework that promotes worker and community health and safety, environmental protection, community involvement, community benefits and quality of life for employees and their families.

At Nevsun, we are committed to responsible operations and practices at the Bisha Mine, based on national and international standards of safety, environmental management, governance, and human rights. We strive to ensure that our presence has a positive socio-economic impact to the national economy and the local communities. Some of our social responsibility commitments and practices include:

- Actively promoting, amongst all employees, an understanding of the culture, language and history of the communities, regions and countries in which we operate
- Working to protect cultural heritage resources potentially affected by our activities
- Conducting our activities in a manner that respects traditional-use rights, cultures, customs, and social values
- Promoting job equity and equal access to employment opportunities for women
- Maintaining formal human resources practices and procedures to ensure that conscripted labour is prohibited at the Bisha Mine, including the inspection and auditing of national service discharge documentation for all Eritrean workers at the Bisha Mine
- Building capacity, by sharing environmental and social experiences and solutions with local communities and regional and national governments

- Actively consulting with local communities to identify and resolve environmental and social issues
- Promoting the use of grievance mechanisms for ongoing constructive feedback with workers and communities alike
- Procuring materials, goods, and services in a manner that enhances local benefits and protects against unethical practices such as child labour and forced labour
- Establishing social responsibility performance criteria
- Monitoring and reporting performance to senior management through periodic audits

Three Board Committees meet regularly to review CSR performance: the Social, Environmental, Health and Safety (SEHS) Committee, the Audit Committee and the Human Resources (HR) Committee.

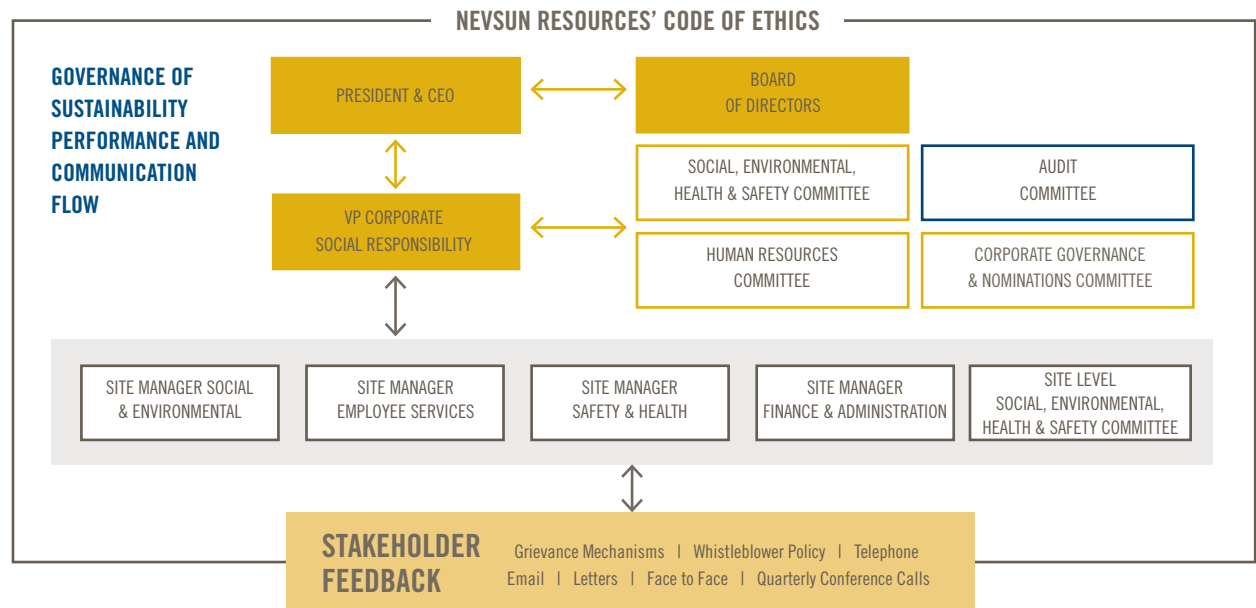
The SEHS Committee meets at least three times a year, the Audit Committee meets at least quarterly, and the HR Committee meets at least annually. All of these committees report their meeting summaries to the Board.

Nevsun has an executive-level position with designated responsibility for economic, environmental, and social topics. The VP of Corporate Social Responsibility reports directly to the SEHS Committee. Our CEO formally reviews and approves our CSR Report and ensures all material aspects have received coverage.

Currently, Nevsun holds no memberships in associations and national or international advocacy organizations.

Enterprise Risk Management

Our approach to identifying and managing risk is, and has always been, critical to how Nevsun does business. The enterprise risk management process is coordinated by the Chief Financial Officer and managed by senior management, with direct oversight by the CEO and the Board. Key strategic, operational and financial risks are given a top-down review at least quarterly. Our risk register contains a list of actions that ensure risks are mitigated (to an agreed-upon level of risk tolerance). The risk register is updated monthly, by the appropriate business owner of the risk. The results of the risk management process are reviewed quarterly by the Audit Committee, and semi-annually by the Board of Directors.



Anti-Bribery and Anti-Corruption

We maintain a thorough, separate, and distinct Anti-Bribery and Anti-Corruption Policy, which is appended to our Code of Ethics and is included in induction training of all new employees. This policy reiterates Nevsun's commitment to full compliance by its employees, officers and directors in all their business relationships — to the Company and its employees, officers, and directors in all their business relationships—to the Corruption of Foreign Public Officials Act (Canada), the US Foreign Corrupt Practices Act, the UK Bribery Act, as well as any local anti-bribery or anti-corruption laws. This policy supplements the Code of Ethics and all applicable laws and provides guidelines for full compliance with such laws and company policies applicable to the Company's operations.

Internal financial controls are in place to monitor all aspects of the business that could potentially be affected by incidents of corruption. All our business units, at the corporate level and at the Bisha Mine, are reviewed regularly for corruption-related risks.

We have not encountered any corruption practiced by State of Eritrea officials, representatives, or any organizations connected to the State of Eritrea. We have made no payments to any officials or representatives of the State of Eritrea, which also takes a strong stand on corruption; any such illegal activities could result in the loss of the Bisha mining license.

Commitments to External Initiatives

Nevsun currently subscribes to or has adopted the following voluntary external social, environmental, human rights, and reporting principles or initiatives:

2006 International Finance Corporation (IFC) Performance Standards for Social and Environmental Sustainability	The Bisha Mine's social and environmental policies reflect these standards.
2012 International Finance Corporation (IFC) Performance Standards for Social and Environmental Sustainability	BMSC benchmarks its management systems against these standards.
Global Reporting Initiative (G4) Sustainability Reporting Guidelines	The framework for CSR Reporting since 2013.
International Labour Organization (ILO)	Many of these UN-recognized worker rights have been incorporated into Nevsun's corporate policies and procedures, including policies related to child/forced labour, minimum wage, overtime, maternity leave, and more.
Occupational Health & Safety Advisory Services (OHSAS)	The Bisha Mine's Health & Safety management system was developed in alignment with OHSAS 18001:2007.
UN Code of Conduct for Law Enforcement Officials	Adopted
UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials	Adopted
Voluntary Principles on Security and Human Rights	Adopted. In conjunction with the Human Rights Impact Assessment, we began a program to ensure that the Bisha Mine's security contractors and relevant BMSC managers will be trained annually in the <i>Voluntary Principles on Security and Human Rights</i> .

HUMAN RIGHTS

We continually refine our activities to meet the highest ethical standards, including the fair treatment of all stakeholders associated with our operations. Our policies and procedures are regularly updated to reflect this commitment.



As part of our commitment to the continuous improvement of our corporate social responsibility efforts, we are constantly monitoring the development of new standards and good practices. We have drawn upon the key questions and guidance in the 2015 *UN Guiding Principles Reporting Framework* for the preparation of the human rights section of this year's report.

Part A: Governance of respect for human rights

A1 What does the company say publicly about its commitment to respect human rights?

- Human rights have always been important to Nevsun and to our operations at the Bisha Mine in Eritrea. A variety of human rights provisions were included in the core policies developed for the Bisha Mine from the outset of operations.^[1]
- As part of our implementation of the UN Guiding Principles on Business and Human Rights, Nevsun has adopted a stand-alone Human Rights Policy and integrated a section on human rights in the Nevsun Code of Ethics in December 2014.
- The Nevsun Human Rights Policy makes a series of commitments to ongoing human rights due diligence, in line with the *UN Guiding Principles* and to respecting human rights in the workplace and in communities in which we operate.

^[1] These include the BMSC Environmental Policy, Health and Safety Policy, Social Responsibility Policy, Employee Policy, Security Policy and Code of Conduct. These policies are available on our [website](#).

- In terms of governance, the mandate of our Safety, Health & Environment Committee includes oversight of the implementation of our Human Rights Policy and addressing concerns raised through the Whistleblower Policy.
- The Nevsun Human Rights Policy, the Code of Ethics and related policies relevant to human rights at Nevsun and the Bisha Mine are available on our [website](#).

A2 How does the company demonstrate the importance it attaches to the implementation of its human rights commitments?

- The Vice President, Corporate Social Responsibility leads in the implementation of our Human Rights Policy and provides guidance to subsidiary management and each of the inter-departmental corporate social responsibility working groups at the operational level.
- One of the requirements of our Human Rights Policy is for each of our subsidiaries to respect, promote, and support human rights in its operations. In 2015, we have continued to work with BMSC on a variety of human rights initiatives, including the development of a stand-alone Workers' Rights Policy and an inter-departmental working group to help embed respect for human rights at the operational level.

HUMAN RIGHTS

- The Board of Directors of BMSC is comprised of senior leaders from Nevsun and ENAMCO. At board meetings, a variety of human rights issues are regularly discussed. In particular, the Board has discussed the findings and recommendations from the 2015 HRIA Audit, including emerging issues related to exploration, road safety, staff turnover and security. Moreover, there is ongoing dialogue about developing the local workforce and supply chain for the Bisha Mine while ensuring that the prohibition against forced labour is fully respected.
- Employees and contract workers are made aware of the importance of human rights through human rights training that has been included in our induction training for new employees and through specialized training for specific departments. In 2015, we focused on training on human rights and the Voluntary Principles for the BMSC security department and our private security department. Moreover, many of our managers and employees have participated in the on-going human rights impact assessments that have been conducted at site, which contributes to their awareness and discussion on human rights issues. In 2016, we will continue to build awareness about human rights at site, through the roll-out of the BMSC Workers' Rights Policy and further training initiatives.
- In our business relationships, we emphasize the importance of human rights in a variety of ways: by including contractual provisions and conducting screening and audits of contractors; by conducting human rights training for private security guards; and by ongoing dialogue with managers of Eritrean contractors and suppliers, our partners on the BMSC Board of Directors, as well as with Eritrean government officials involved in the regulation and monitoring of the mining sector.
- Lessons learned in the reporting period:
 - Enthusiasm about specialized training for specific departments – e.g. of VPs training
 - The development of new standard operating procedures is a key focus for embedding, but it takes time to develop them in an effective and participatory manner and to train a full department
 - Balance between independent auditing and assessment and need to support managers in implementation

Nevsun has engaged extensively with other stakeholders in Eritrea and internationally about human rights issues and due diligence at the Bisha Mine, including with Parliamentarians, government officials and ambassadors, UN officials, civil society organizations, academic and policy institutions, and journalists.

Part B: Defining the focus of reporting

- The geographical focus of our reporting is the Bisha Mine in Eritrea. In line with the commitment in our Human Rights Policy, Nevsun also considers human rights as part of our due diligence process in evaluating for potential acquisitions opportunities in other countries. Nevsun evaluated a number of acquisition opportunities in 2015 but did not complete any acquisitions.
- We have taken a comprehensive view of the human rights issues that are relevant to our operations and business relationships in Eritrea as evidence by the human rights impact assessment (HRIA) of the Bisha Mine that was published in 2014 and the follow-up Audit that was published in 2015.



Nevsun routinely partakes in open public discussions with experts and politicians on issues pertaining to Eritrea, human rights, and responsible international business conduct.

HUMAN RIGHTS

- The issues addressed and publicly reported in the HRIAs include:
 - Freedom from forced labour
 - Safe and healthy working conditions
 - Just and favourable working conditions
 - Freedom of association
 - Non-discrimination
 - Freedom from harassment
 - Freedom from child labour
 - Human rights and the environment, particularly the right to water
 - Support to human rights through community development initiatives
 - Cultural heritage
 - Security and human rights
 - Grievance mechanisms
- In 2015, the latest HRIA Audit of the Bisha Mine identified some emerging issues related to potential human rights impacts that we are addressing proactively:
 - Exploration (land rights, economic rights, right to food, and cultural rights)
 - Staff turnover (labour rights)
 - Road safety (right to life, right to safe and healthy working conditions, right to health and children's rights)
 - Security and human rights (right to life, liberty and security of the person, right to safe and healthy working conditions, and civil and political rights).
- While our approach to human rights due diligence and reporting will remain comprehensive, we have maintained a constant focus on freedom from forced labour over the years, as one of the salient issues related to our business partners and local supply chain in Eritrea.
- There are no additional severe impacts that have not been reported here or in the publicly-available HRIA reports.
- In terms of the stakeholder engagement related to our human rights efforts, there has been extensive and focused engagement with affected stakeholders about human rights over the past three years that builds upon our ongoing dialogue. This has been undertaken by the independent experts that have conducted our HRIAs and supported the implementation of related risk assessments for the *Voluntary Principles on Security and Human Rights*. In addition, we have engaged extensively with other stakeholders in Eritrea and internationally about human rights issues and due diligence at the Bisha Mine, including with Parliamentarians, government officials and ambassadors, UN officials, civil society organizations, academic and policy institutions, and journalists.



Voluntary Principles in Human Rights and Security Training

Since late 2015, the Company has used an external expert/trainer, Mr. Karim Laz (formerly with the Canadian military whom has trained police forces across Africa) to facilitate training amongst the mine's security forces on the *Voluntary Principles on Security and Human Rights*. The *Voluntary Principles on Security and Human Rights* was initiated by the U.S. and U.K. Governments and has grown to about a dozen signatory countries from around the world and expanding. This particular training will also be used to promote awareness to the nearby public security forces. BMSC fully endorsed the Voluntary Principles since the onset and now this training makes the company categorically leading edge in Africa. To date, only a handful of companies in Southern Africa have undertaken this training and Ghana is the only signatory country on the continent. BMSC plans to test the effectiveness of this training by going through an external audit in 2017.

Part C: Management of human rights initiatives/goals

Detailed information about the management of human rights at the Bisha Mine has been published in the comprehensive HRIAs of the Bisha Mine. The following table summarizes the key findings of the 2015 HRIA Audit as it pertains to the specific policies, stakeholder engagement and ongoing due diligence that we are implementing in relation to human rights.

We are committed to managing human rights in a coordinated and systematic manner, and are investing in the refinement of our overall system of human rights due diligence at the Bisha Mine. This includes ongoing human rights training initiatives, integration of human rights considerations into our environmental and social management plans and standard operating procedures, regular human rights assessments and targeted auditing activities, and ongoing dialogue about human rights with our business partners^[1].

In this regard, we will continue to integrate and act upon the findings and recommendations of our HRIAs; we will track our human rights performance; and we will communicate externally in our annual CSR reports and in stand-alone reports.

^[1] For more information, see the section on the “Evolution of Human Rights Due Diligence at the Bisha Mine” at pp. 61-66 of the 2015 HRIA Audit.

OUR HUMAN RIGHTS INITIATIVES/GOALS ^[2]	SPECIFIC POLICIES AND PROCEDURES	OUR ACTIONS IN 2015
Freedom from forced labour (see pp. 42-44 of 2015 HRIA Audit)	• BMSC Social Responsibility Policy and BMSC Employee Policy • Screening procedures to verify that all employees and contract workers at Bisha have been cleared from national service	• Ongoing dialogue with BMSC workers, contractors' workers and managers and the National Confederation of Eritrean Workers • Ongoing screening of all new employees and contract workers at Bisha • Independent audits and dialogue on human rights with key Eritrean suppliers
Safe and healthy working conditions (see pp. 44-46 of 2015 HRIA Audit)	• BMSC Health and Safety Policy and Code of Conduct • Health and safety program covering PPE, task-specific standard operating procedures and ongoing safety training	• Ongoing dialogue and training with workers • No fatalities or occupational diseases reported • One minor lost time injury occurred (fractured foot) • Continuous learning and improvement from safety incidents or near-misses
Just and favourable working conditions (see pp. 47-48 of 2015 HRIA Audit)	• BMSC Employee Policy • Human resources policy framework that respects Eritrean labour law and international standards and ensures fair benefits, entitlements and remuneration	• Ongoing dialogue between our human resources managers and employees about wages and benefits • Monitoring of wages and benefits for other employers in Eritrea to remain an employer of choice • This issue is being proactively monitored and discussed in response to a recent increase in staff turnover
Freedom of association (see p. 49 of 2015 HRIA Audit)	• There is no specific BMSC policy on freedom of association; however, the right is protected under Eritrean labour law	• Ongoing dialogue at the BMSC Board level.
Non-discrimination (see pp. 49-51 of 2015 HRIA Audit)	• BMSC Social Responsibility Policy and Employee Policy • Commitments to the hiring and advancement of Eritrean workers and female employees through specialized training programs offered at our Training Centre	• Ongoing efforts to recruit and promote Eritrean workers and female employees • Continued attention to ensuring that there is respect and cultural sensitivity between Eritrean and expatriate workers

OUR HUMAN RIGHTS INITIATIVES/GOALS ^[2]	SPECIFIC POLICIES AND PROCEDURES	OUR ACTIONS IN 2015
Human rights related to the environment, particularly the right to water (see pp. 52-54 of the 2015 HRIA Audit)	• BMSC Environmental Policy and Social Responsibility Policy • Specific environmental management plans and standard operating procedures related to water consumption, treatment, recycling and monitoring	• Launch of a new hydrological study to gather information about potential water-related impacts • Commissioning of a new water treatment plant to increase water recycling capacity and diminish water consumption from the regional aquifer. • Community assistance projects supporting access to water
Support to human rights of local communities through community development initiatives (see pp. 54-55 of the 2015 HRIA Audit)	• BMSC Social Responsibility Policy and Code of Conduct • BMSC's Community Assistance Plan (CAP) sets out the strategy and process for developing community development initiatives in consultation with local communities and government authorities	• Two pilot projects launched related to enhancing access to water for the Tekreret and Aderat communities • Budgets have been secured and planning has commenced for future CAP projects in 2016
Respect for cultural heritage	• BMSC Social Responsibility Policy and Code of Conduct • BMSC also has a Cultural Heritage Management Plan	• Ongoing monitoring and collaboration between the Exploration Department, Environmental Department and Community Liaison officers to ensure that exploration activities do not have negative impacts on cultural heritage
Security and human rights (see pp. 57-58 of the 2015 HRIA Audit)	• BMSC Security Policy • Implementation of the <i>Voluntary Principles on Security and Human Rights</i>	• Development and delivery of specialized training modules on human rights and the Voluntary Principles for the BMSC Security Department and Binae security guards • Updating the risk assessment for the Voluntary Principles • Updating the standard operating procedures for the Security Department
Grievance mechanisms (see pp. 58-60 of the 2015 HRIA Audit)	• BMSC Social Responsibility Policy, Employee Policy and Code of Conduct • BMSC Stakeholder Engagement Plan includes a community grievance mechanism • Nevsun's Whistleblower policy is open for complaints on non-financial matters including human rights concerns	• The community grievance mechanism is being updated to reflect evolving good practice • There has been a campaign to promote the Whistleblower mechanism at site • Ongoing efforts to promote a dedicated grievance mechanism for the workers of Eritrean contractors and suppliers

^[2] While our HRIA reports also cover issues related to child labour and freedom from harassment, there have been no findings or allegations related to these issues. Therefore, we do not consider these to be salient issues for the purposes of this report. Nonetheless, we will continue to monitor these issues through future human rights assessments, ongoing engagement with workers, suppliers and community members and our grievance mechanisms.

2016 Priorities:

- rolling out a stand-alone BMSC Workers' Rights Policy to consolidate and strengthen the existing commitments to human rights at site
- further training and implementation of the *Voluntary Principles on Security and Human Rights* for the Security Department and Binae Security
- supporting our managers, workers and contractors in adopting human rights due diligence as required as we transition from the copper to zinc phase of operation
- ongoing audits and dialogue on human rights with Eritrean contractors and suppliers

CASE STUDY UPDATE

For the second year in a row, Nevsun and ENAMCO commissioned an independent audit on human rights. This was intended to assess the performance at the Bisha Mine in advancing human rights initiatives and implementing the recommendations from the initial HRIA in 2014. The 2015 audit also assessed additional human rights issues related to changes in the operational context at the Bisha Mine.

The Bisha Mine Human Rights Impact Audit

A broad and comprehensive mandate was given for the 2015 HRIA audit to examine the full spectrum of human and labour rights, through a review of the policies and management systems in place at the Bisha Mine and through engagement with affected stakeholders in Eritrea. Similar to the initial HRIA, the assessment team conducted interviews and focus groups with a wide range of stakeholders, including Nevsun and ENAMCO's senior management; Eritrean government officials; BMSC employees and managers; local community leaders; and employees and managers of Eritrean contractors, subcontractors, and suppliers.

The 2nd HRIA audit covered the following human rights issues:

- respecting and ensuring labour rights, including freedom from forced labour, freedom of association, working conditions, and training opportunities
- respecting human rights related to the environment, including the human rights to clean water and proper sanitation
- contributing to community development and ensuring stakeholder engagement and dialogue with local communities
- conducting human rights due diligence with respect to business partners and supply chain
- providing for an effective operational grievance mechanism at the operational level
- identification and assessment of emerging issues related to exploration, road safety, staff turnover and security and human rights

The full 2015 HRIA audit, as well as the initial HRIA, are available on the [Nevsun website](#). We committed to providing a public response to the HRIA, developing and sharing an action plan resulting from the HRIA process, and continuing to report on human rights in our annual CSR Report. Our public commitment letter can be found on the [Nevsun website](#).

Our key actions and commitments related to the implementation of the recommendations from the HRIAs are summarized on the following page.

In 2015, Nevsun representatives met in person with interested stakeholder groups to review the full report, its recommendations, and planned Company follow-up. Nevsun has received constructive feedback regarding the commitment to the principles of accountability and transparency, and that our actions to date have represented good practice in the emerging field of impact assessment related to human rights. Human rights are integral to our corporate values and shape the expectations of many of our stakeholders. Most importantly, human rights are fundamental to the ongoing dignity, safety, and well-being of the individuals and groups that are affected by Nevsun's operations.



SUMMARY OF KEY ACTIONS AND COMMITMENTS RELATED TO THE HRIA ASSESSMENT AND AUDIT:

POLICY

- A BMSC Workers Rights Policy will be finalized and adopted for the Bisha Mine
- A cross-departmental CSR Working Group will be given formal responsibility for implementing the Workers' Rights Policy
- A roll-out plan will be developed to ensure our stakeholders are informed of the new policy

TRAINING

- The human rights section of the BMSC induction training to take into account the new Workers Rights Policy
- Continue to deliver the BMSC Human Rights and Voluntary Principles training and implementation initiative for the security personnel at the Bisha Mine
- Provide training to the CSR Working Group to support their role in implementing the Workers Rights Policy

IFC PERFORMANCE STANDARDS

- Continue to revise BMSC social and environmental SOPs to align with IFC Performance Standards and other international good practice standards as relevant
- Particular attention will be paid to stakeholder engagement, grievance mechanisms and water-related plans and SOPs
- Continue dialogue with the State of Eritrea's multi-departmental Internal Review Committee (IRC) about BMSC environmental, social and human rights policies and procedures with a view to establishing good benchmarks for the Eritrean mining industry

ENGAGEMENT WITH CONTRACTORS AND SUPPLIERS

- Continue to apply screening procedures (to uphold the prohibition against national service workers in the mining sector) to all employees, contractors and suppliers that work at the Bisha Mine
- Continue to do audits of all contractors and subcontractors practices
- Continue to expand dialogue with contractors and subcontractors to other human rights and labour rights topics as relevant
- Consolidate existing contractual provisions, policies and procedures into a Supplier Code of Conduct for ease of reference

COORDINATION OF GRIEVANCE MECHANISMS

- Continue to refine and promote different grievance mechanisms to encourage the early resolution of any concerns
- The CSR Working Group will track the different mechanisms to ensure there is a coordinated and responsive approach
- Continue to evaluate the effectiveness of grievance mechanisms through the HRIA audits and other feedback from stakeholders
- The use of operational-level grievance mechanisms does not preclude workers or community members from using other processes if they so choose

COMMUNITY ASSISTANCE PLAN (CAP)

- Continue to implement the first two CAP pilot projects and will initiate another 2 projects in 2016
- Continue to prioritize water and agricultural projects to support the needs and rights of communities related to water and food security
- Continue dialogue and coordination with communities, regional and national authorities to ensure these programs are responsive to community needs, aligned with development priorities and sustainable in terms of upkeep and maintenance

EMERGING ISSUES

- Reviewed the 2015 HRIA's findings on exploration, staff turnover, road safety and security, and are proactively addressing these issues to prevent any negative human rights impacts

HUMAN RIGHTS DUE DILIGENCE

- Continue to respond to the HRIA recommendations in a manner that reinforces overall systematic approach to human rights due diligence
- The CSR Working Group at site will be supported in undertaking the suggested next steps for human rights due diligence

ENGAGEMENT WITH THE STATE OF ERITREA

- Collaboration will continue between BMSC, ENAMCO and the Internal Review Committee to share national and international CSR good practices with the new mines that are being developed

Stakeholder Engagement

At Nevsun, our ongoing objective is to be a responsible mining company and to provide a beneficial impact to society throughout the project cycle. We continuously engage with communities, stakeholders, and government in order to incorporate their feedback, concerns, and ideas on making the operation a more positive factor in people's lives. A collaborative and transparent approach to stakeholder engagement contributes to our ability to maintain our long term social license to operate.

In 2015 we actively engaged with our diverse stakeholder populations. We define our stakeholders as groups or individuals that have a direct, indirect, or general interest in Nevsun's operations. We regularly update affected groups through stakeholder identification exercises. We place the highest stakeholder priority on our employees and the communities near the Bisha Mine, as well as with the State of Eritrea. Through the year, we continued discussions with governments, NGOs, diaspora groups, and other interested stakeholders on how we were managing our social license to operate in Eritrea.

Our Commitment to Transparency

In 2014 and early 2015, a group of Canadian diplomatic officials were invited to Eritrea and the Bisha Mine, with the full support of the State of Eritrea. The group included the Canadian Ambassador to Eritrea, Mr. Dominique Rossetti, as well as Member of Parliament Scott Reid, who chaired the Canadian Parliamentary Subcommittee on International Human Rights. These individuals were provided tours of the country, access to various government ministries (including the National Federation of Workers), visits to the Bisha Mine, and candid discussions with our stakeholder populations.

This exercise was conducted as part of the Canadian Government's assessment of the in-country situation from an external perspective, and to demonstrate at the personal level how Nevsun, in collaboration with the State of Eritrea, is making a positive long-term difference to the country.

In addition to the Canadian government officials, we facilitated mine visits for foreign dignitaries and support staff from the EU, U.S., U.K., and the United Nations.

Many discussions centred on the 2015 human rights impact audit and next steps. The biggest single inquiry raised amongst stakeholders was how the State of Eritrea was spending its profits at the Bisha Mine. Such inquiries were raised with the Minister of Finance, and the State of Eritrea followed up with a letter that indicates where Bisha proceeds are spent within Eritrean society.

Subsequently, we played a role in facilitating media access to the Bisha Mine for Thomson Reuters and the Africa Report. We also willingly participated in a media account on the Bisha Mine, which we felt was biased, lacking in fact and substance, and sensationalized for television ratings. However, we believed it was important to stand up for Nevsun's positive role in establishing a template for responsible international business in Eritrea.

"When the Fifth Estate comes calling... governments and corporations tend to run in the opposite direction. Nevsun's Vice President Todd Romaine sat down with me for more than an hour on-camera interview. They have the courage of their convictions and their convictions are they are a force for good in Eritrea. They are providing money, wealth, they are getting infrastructure built, they are getting wells dug, that is their role in this country. And it is good that they come out and it is good that they are actually articulating that because a lot of Canadian mines are doing that."

Mark Kelly, CBC reporter, Fifth Estate



In 2015, Canadian MP and Chair of the Parliamentary Subcommittee for International Human Rights Scott Reid on a site visit, examining the community grievance process



VP CSR Todd Romaine interviewed by Thomson Reuters



THE GENERAL PUBLIC

Most of our engagement with the general public is email correspondence about our corporate social responsibility efforts in Eritrea.

ERITREAN NATIONAL GOVERNMENT

Including regulatory bodies and government agencies

ENAMCO representatives on the BMSC Board of Directors play an active role in the Bisha Mine governance and decision-making as well as regular interactions with the Ministry of Energy & Mines.

The Eritrean Impact Review Committee's quarterly social and environmental audits oversee the Bisha Mine's compliance with the Mineral Resource Proclamation Law and Mining Agreement.

EMPLOYEES*

We engage in regular discussions over health and safety training, work performance, overall company objectives; in addition we offer formal, transparent channels for complaints or grievances, and the Whistleblower hotline.

LOCAL COMMUNITIES*

We engage with village elders, administration and residents of Mogoraib, Jimel, Adi Ibrhim, Aderat, Tekreret, Agordat, Barentu, Dighe and Gogne sub-Zobas and Zoba Gash Barka.

We also engage with disadvantaged or marginalized groups, such as women, children, people suffering from abject poverty; the Disabled War Veteran's Association, and the Association of the Blind.

BMSC regularly consults with villagers regarding project updates, and for employment opportunities (facilitating job applications etc.), and to address any issues and concerns from the community.

Seven community liaison officers are stationed in nearby villages to provide a constant community presence for information and access.

SHAREHOLDERS

We engage with our investors via ongoing progress discussions and/or email correspondence with institutional and retail investors, as well as specific dialogue with certain investors addressing a variety of inquiries.

GOVERNMENT OF CANADA

We are in periodic contact with the Parliamentary Subcommittee on International Human Rights, Department of Foreign Affairs, International Trade Canada, the Canadian Ambassador to the United Nations, and the Canadian Ambassador to Eritrea regarding its operations in Eritrea.

CONTRACTORS

BMSC's primary contractors are Segen Construction Ltd., Transhorn Trucking Ltd., and Binae Security. Our engagement included frequent dialogue on targets and objectives, including compliance audits with our Code of Ethics and BMSC Social and Environmental Management Plans.

SUPPLY CHAIN VENDORS

Engagement with our supply chain includes regular dialogue regarding the Bisha Mine's needs, and regarding the local acquisition of goods and services.

CUSTOMERS

We are in regular contact with our customers, generally regarding pricing and shipping.

NON-GOVERNMENTAL ORGANIZATIONS (NGOS)

We have had open dialogue with NGOs including Human Rights Watch (HRW), Amnesty International, Mining Watch Canada, the Council on Ethics Norway, and the Global Engagement Services (GES), primarily related to concerns regarding past allegations of human rights violations at the Bisha Mine.

MEDIA

We respond to requests for information and interviews from television stations and publications from around the world.

* Included in the 2015 materiality assessment

Nevsun Profile

RUBY SANDHU

BUSINESS AND HUMAN RIGHTS CONSULTANT

Ruby plays a key advisory role in advising the company on best practices in the rapidly-evolving field of international business conduct. Her focus is on building meaningful, constructive stakeholder engagement between Nevsun and diverse stakeholder groups in the U.K. and European Union. Thanks to Ruby, we hear new ideas and concerns, which allows us to modify our practices, and share new outlooks with Eritreans and the diaspora. Ruby is a passionate advocate for the role of companies, and the leverage that they can have in good governance, corporate social responsibility, and social impact.



NEVSUN RESOURCES LTD.

Economic

Our Approach

Nevsun's economic performance affects every one of our stakeholders—even our ability to provide support for local communities depends on our economic performance. Therefore our economic strategy is critical. For years, it has not changed:

- To leverage high grades and infrastructure to drive low-cost production
- To optimize operations and maximize value of current reserves
- To grow our reserves through regional exploration
- To diversify through acquisition
- To ensure our business model delivers value to our shareholders through both capital growth and by sustaining our dividend payment to our investors



ACHIEVEMENTS AND GOALS	25
ECONOMIC PERFORMANCE AND CONTRIBUTIONS	25
PAYMENTS TO GOVERNMENTS	26
COMMUNITY INVESTMENT	27
LOCAL PROCUREMENT	28



2015 Achievements

● ACHIEVED ● PARTIALLY ACHIEVED ○ NOT ACHIEVED

- Maintain output and ensure steady state copper production
- Continue exploration for satellite deposits and deposit extensions within our licensed areas
- Finish majority capital project construction of the zinc plant
- Continue to provide dividend payments to Nevsun shareholders
- Contribute income tax, royalties, and payments to the Eritrean economy
- Acquire/diversify project portfolio

2016 Goals

- Maintain output and ensure steady state copper and zinc production
- Continue exploration for satellite deposits and deposit extensions within our licensed areas
- Finish capital project construction of the zinc plant
- Continue to provide dividend payments to Nevsun shareholders
- Acquire/diversify project portfolio

Economic

Economic Performance and Contributions

It is essential to our values and vision, that our economic contributions and impacts are consistent with our objectives for sustainable development. These objectives provide tangible, immediate and long-term benefits to the people of Eritrea. The Bisha Mine, up until 2015, was the only modern mine in Eritrea, and our economic contributions have a positive, significant impact on the Eritrean economy by providing employment opportunities, training, and wages.

Beyond the employment that we provide, and our contribution to a stronger, more sustainable economy, the Bisha Mine provides opportunities for skills development through training and community support. We also represent a significant source of income for local

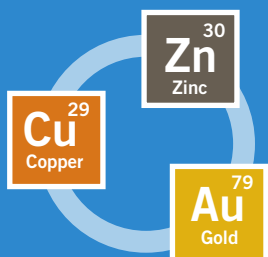
businesses, through the mining supply chain. The Bisha Mine also provides direct revenue to the State of Eritrea through corporate income taxes, royalties, employment taxes, and distributions to ENAMCO.

Our economic value and the distributions from our operations (as defined by the Global Reporting Initiative) are below. For purposes of the table, economic value approximates cash value.

The Bisha Mine represents a significant contribution to the Eritrean economy. Since its inception, the mine has generated approximately two billion dollars in revenue, which has had numerous domestic spin-off effects. Naturally, in an economy such as Eritrea's, much of the mine's supplies are ultimately sourced from outside of the country. For that reason the direct impact to the country is difficult to measure.

		in thousands (USD)				
ECONOMIC VALUE GENERATED	TOTAL	2015	2014	2013	2012	2011
Sales and by-product income	\$2,181,391	\$356,872	\$ 555,012	\$ 155,698	\$ 566,039	\$547,770
Pre-commercial production copper sales	122,191	—	9,275	112,916	—	—
Pre-commercial production gold sales	48,613	—	—	—	—	48,613
Total Economic Value Generated	\$2,352,195	\$356,872	\$ 564,287	\$ 268,614	\$566,039	\$ 596,383

ECONOMIC VALUE DISTRIBUTED	TOTAL	2015	2014	2013	2012	2011
Operating and administrative expenses (including salaries), capital expenditures, and other outlays	1,160,215	282,596	\$ 273,319	\$ 198,175	\$ 217,639	188,486
Income taxes, royalties, and other government remittances paid	828,034	72,956	206,955	86,635	317,443	144,045
Dividends paid to Nevsun shareholders	116,528	31,954	34,770	23,880	19,989	5,935
Total Economic Value Distributed	\$2,104,777	\$387,506	\$ 515,044	\$ 308,690	\$ 555,071	\$ 338,466
Net Economic Value Retained	\$247,418	\$(30,634)	\$49,243	\$(40,076)	\$ 10,968	\$ 257,917



\$2.4 Billion APPROX.
economic value generated
since commercial operations began

Over \$1.2 billion* represents direct payments into the Eritrean economy. These economic benefits continue to generate many spin-off effects.

Payments to Governments

In support of financial transparency and accountability, Nevsun has voluntarily committed to disclosing payments made to governments. This disclosure is aligned with “Publish What You Pay” initiatives that call on companies to disclose their payments to governments, such as the Extractive Industry Transparency Index (EITI) and proposed legislation in the U.S. and Canada.

Since the Bisha Mine began commercial operations, our economic contributions have been considerable. Of approximately \$2.4 billion in economic value generated, over \$1.2 billion* represents direct payments into the Eritrean economy. These economic benefits continue to generate many spin-off effects.

Note that some of the goods and services purchased from local suppliers are ultimately sourced from outside the country—which reduces the value of the spin-off effects to far less than the gross values in the table. The largest example would be the approximately \$24 million in fuel purchase deposits made during the year (2014 – \$42 million).

Payments to governments and government-owned entities from 2011 to 2015 are shown included in the chart below:

PAYMENTS TO GOVERNMENTS Forms of taxation

	TOTAL	2015	2014	2013	2012	2011
Income taxes	\$ 416,843	\$ 21,790	\$ 88,983	\$ 60,484	\$ 209,586	\$ 36,000
Royalties	115,379	17,620	30,331	14,774	31,462	21,192
Payroll taxes	29,100	8,199	6,631	6,370	5,159	2,741
Withholding taxes, customs and duties ⁽¹⁾	21,553	6,347	4,260	5,007	3,236	2,703
	\$ 528,919	\$ 53,956	\$ 130,205	\$ 86,635	\$ 249,443	\$ 62,636

PAYMENTS TO ENAMCO

	TOTAL	2015	2014	2013	2012	2011
Distributions ⁽²⁾	163,750	19,000	76,750	—	68,000	—
Return of capital ⁽²⁾	81,409	—	—	—	—	81,409
	\$ 245,145	\$ 19,000	\$ 76,750	\$ —	\$ 68,000	\$ 81,409
Total Payments to Government	\$ 828,034	\$ 72,956	\$ 206,955	\$ 86,635	\$ 317,443	\$ 144,045

* \$828 million in income taxes, royalties and other government remittances, plus \$394 million in local supply of goods and services

⁽¹⁾ Withholding taxes were merged with customs and duties in the 2014 reporting year

⁽²⁾ Of the \$245.2 million paid to ENAMCO through December 31, 2015, ENAMCO has repaid \$88.2M in connection with its acquisition of an equity interest in BMSC

Community Investment

To address development opportunities identified by the community, we developed a Community Assistance Plan (CAP) for the Bisha Mine. This was originally part of the Bisha Mine's 2010 Social and Environmental Assessment. The CAP's contributions go beyond direct mining activities, and enhance the social and economic well-being of the host communities in which we operate.

In 2015, we initiated three sustainable agricultural irrigation and infrastructure projects, which will improve agricultural production and provide potable water sources that are in closer proximity to local villages. These initial projects were selected based on community input, via Community Liaison Officers and local governance administrators. Due to the fact this was a new process involving numerous stakeholders, there have been delays that have slowed down the implementation of these projects, but the hope is that the creases have been ironed out now. If these projects go well, there will likely be appetite by the State of Eritrea to examine additional community investment proposals for the nearby communities to the Bisha Mine.

In 2015, we initiated three sustainable agricultural irrigation and infrastructure projects, which will improve agricultural production and provide potable water sources that are in closer proximity to local villages



Nevsun Profile

FRAZER BOURCHIER

CHIEF OPERATING OFFICER, NEVSUN RESOURCES LTD.

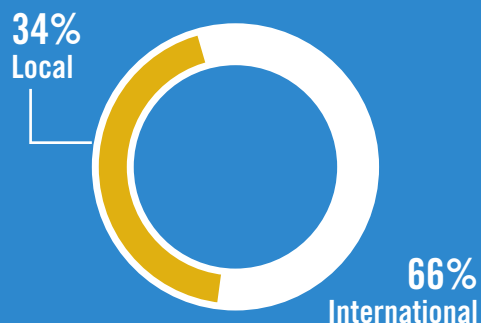
As COO, Frazer, provides inspiration and leadership to the entire company, while ensuring that the Bisha Mine adheres to the complex social, environmental and safety responsibilities that are essential to a world class mining operation.

A Professional Engineer with BASc and MASc degrees in Applied Science & Engineering from the University of Toronto, Frazer has more than 27 years of international experience, including work in South Africa, Argentina and Papua New Guinea. Outside of work, he enjoys spending time with his family, playing competitive ice hockey and cycling. Every year he cycles 200 kilometres from Vancouver to Seattle, in the BC Cancer Foundation's fundraising *Ride to Conquer Cancer*.



NEVSUN RESOURCES LTD.

PROCUREMENT 2015



We are committed to sourcing goods and services from local and national Eritrean suppliers wherever possible.



Local Procurement

To ensure that local communities benefit from our presence, we are committed to sourcing goods and services from local and national Eritrean suppliers wherever possible and practical. This is constrained, in some cases, by lack of availability, and at times, non-competitive pricing.

These factors notwithstanding, the emphasis on local procurement and the requirement to tender contracts in Eritrea first (before seeking international suppliers) is a Nevsun protocol that is reinforced by the BMSC Social Responsibility Policy.

During 2015, we spent a total of \$283 million on fuel, heavy mobile equipment, construction materials, transportation and shipping, and other operating materials, goods and services from local and international vendors (compared with \$273 million in 2014). Of these expenditures, approximately \$95 million*, or 34%, was provided to local vendors (2014 - \$112 million, or 41%). The decrease is due to a lower average per-litre fuel cost realized in 2015. Local vendors include all government and private businesses that provide supplies and services to the Bisha Mine. Certain suppliers such as the Eritrean Petroleum Corporation only receive an administrative fee for facilitating external fuel delivery.

ERITREAN SUPPLY LINES	TOTAL	2015	2014	2013	2012	2011
Payments to local payroll, parastatal entities and local suppliers	\$ 394,404	\$ 95,490	\$ 112,224	\$ 63,226	\$ 61,143	\$ 62,320
Non-Eritrean supply of goods and services	\$ 765,811	\$ 187,106	\$ 161,095	\$ 134,949	\$ 156,496	\$ 126,166
Total operating and administration	\$ 1,160,215	\$ 282,596	\$ 273,319	\$ 198,175	\$ 217,639	\$ 188,486
Percentage of Local Procurement	34%	34%	41%	32%	28%	33%



\$95 million
in Purchases to Local Vendors*

* Of the funds paid into the Eritrean economy via local vendors, significant portions are for ultimately external (non-Eritrean sourced) supplies.

Our People

Our Workplace

Our Approach

Our people are our most important resource. At Nevsun, we strive to ensure a safe, supportive work environment and make the workplace rewarding for BMSC and corporate employees. Our aim is to make working at our operations attractive both in the short and long term for our workers and their families, and for the benefit of the entire operation — being competitive and productive requires safe, well-trained, and motivated people.



ACHIEVEMENTS AND GOALS	30
OUR EMPLOYEES	30
LOCAL HIRING PRACTICES	32
EMPLOYEE TRAINING AND DEVELOPMENT	33
PROFESSIONAL DEVELOPMENT AND THE BISHA TRAINING CENTRE	34



2015 Achievements

● ACHIEVED ● PARTIALLY ACHIEVED ○ NOT ACHIEVED

- Continue in-country training for local Eritreans
- Complete ERP protocol for training and development of emergency preparedness by Q2 2015
To be completed by Q3 2016
- Undertake interviews and audits as and when required to assist in enhancing workplace practices
Numerous studies were done to identify root causes of some low morale and various projects are underway to improve this
- Improve the retention rates of all employees
Additional measures to be implemented in 2016 to further enhance retention

2016 Goals

Continue in-country training for local Eritreans

Finalize ERP protocol for training and development of emergency preparedness

Implement new measures to improve employee retention and boost morale

Implement international job grading standards

Our People – Our Work Place

Our Employees

In 2015 there were 1,342 BMSC employees in Eritrea and 17 Nevsun employees in Vancouver, Canada.

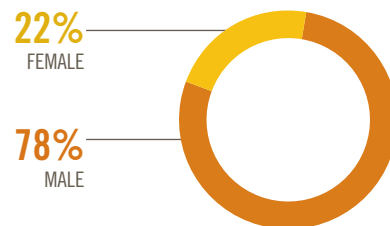
The gender composition of the mine workforce is approximately 78% male and 22% female. This is an annual increase of female employees by 10% since 2014. This change is a combination of male turnover and in some cases female replacements, an increase in workers for the zinc expansion project, and the efforts of the Bisha Training Center to further the career aspirations of local women. Women are employed in a variety of administrative, technical, and managerial functions and receive the same remuneration for the same positions as their male counterparts. In 2015, 31% of new employees (91) hired were women compared to men (205).

In 2014, all 1,342 BMSC employees received either a bi-annual performance review or an annual review if they were hired later in the year. This is consistent with efforts since 2014, the time in which bi-annual reviews were introduced across the BMSC workforce.

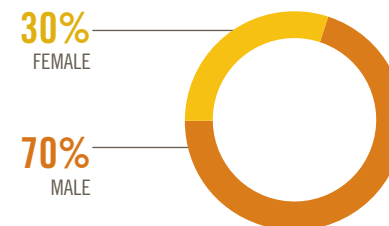
Full-time BMSC employees receive a suite of benefits to encourage productivity, professional development, and retention. These benefits are developed and maintained by Nevsun management and the BMSC Board and include above-average wages, medical services, long-term injury compensation, rotational leave, maternity leave, and professional development. An expanded description of these benefits is located on our [website](#).

The Bisha Mine continues to experience a turnover rate for its workforce, of approximately 18%, or 241 individuals in 2015 (compared to 18% or 220 individuals, in 2014) which is considered average for a remote location. By gender, male turnover was 17%, and female turnover was 20%. In 2014 male turnover was 16% and female turnover was 26%. A morale survey was commissioned to address the turnover rate, especially of local employees. This will include (2016) ensuring a more quantifiable grid to align job duties and competencies to compensation across the operation, and a local roster system (1 week off for every 4 weeks worked) for all of the employees in the nearby villages. In addition, local employees that were bussed to work each day would have full access to the canteens that were previously reserved only for all workers that were living in camp accommodation on-site. The Company will continue

BISHA MINE (ERITREA)



CORPORATE OFFICE (CANADA)



to monitor the situation and is cognizant that there will be increased challenges with local retention as more mines begin operating in the country.

Many factors affect an employee's decision to leave. Permanent (local Eritrean) employees may find better opportunities elsewhere, or they may prefer to work in less remote locations. Expatriate employees may seek career opportunities (pay or position) in a different geographical location, or may prefer to return to their country of residence. We also had 17 employees on maternity leave in 2015 of which 16 returned back to their post and one decided not to return for personal reasons (compared to 24 maternity leaves in 2014 with 21 returning back to their post). A portion of our turnover was due to productivity or performance concerns. Those released from their jobs were provided with severance packages as prescribed by Eritrean Labour Law. A total of 296 BMSC employees were hired in 2015 (compared to 262 in 2014); 69% male (78% in 2014) and 31% female (22% in 2014). One new employee (one male who replaced another male) was hired at corporate headquarters in 2015 (compared to two females and one male hired in 2014).

The Eritrean Federation of Workers wishes to proceed toward the unionization of the mining sector. A formal proposal will need to be developed and discussed with ENAMCO and the BMSC Board to consider the best way forward.

Full-time BMSC employees receive a suite of benefits to encourage productivity, professional development, and retention, including above-average wages, medical services, long-term injury compensation, rotational leave, maternity leave, and professional development.

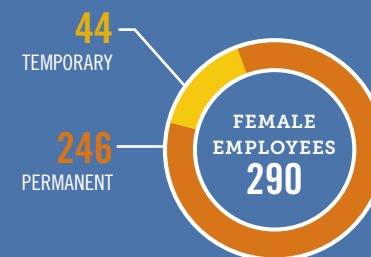
We have mechanisms in place to effectively and expediently address employee grievances, including an open door policy that enables employees to communicate their concerns directly to management. The Company will continue to monitor the effectiveness of our grievance processes and the expediency in which management responds to concerns. We have a confidential suggestion box where employees can submit comments and suggestions. These matters are addressed by onsite senior management.

WHISTLEBLOWER POLICY

Our Whistleblower Policy is intended to encourage and enable employees and others to raise concerns regarding accounting, internal accounting controls, auditing matters or violations or suspected violations of the Code of Ethics without fear of harassment, retaliation, or adverse employment consequences.

All submissions or complaints are handled on a confidential and anonymous basis. Anonymous communications are documented and received by an independent third-party. All BMSC employees are made aware of these grievance mechanisms during their induction process, and through BMSC Human Resources. Additionally, each employee is provided with a business card indicative of the Whistleblower contact information in English and the local language. This is further supplemented by Whistleblower Policy posters placed throughout the Bisha Mine and the Asmara office.

EMPLOYEES BY TYPE



0
TRAINEES
(Graduates/Interns)

0
EXPATRIATE



Newsun Profile

RUTH NEGASH
MANAGER FOR TRAINING AND DEVELOPMENT,
BISHA MINE

As head of the mine's Training and Development Centre, Ruth's job is central to developing the skills and establishing the work credentials of local Eritreans. The mine's training provides job opportunities that build careers and enhance labour mobility in the mining sector. Ruth thoroughly enjoys seeing the difference her efforts have made in empowering workers through skills transference and upskilling.

Ruth is originally from the nearby town of Asmara, but in 1986 she moved with her family to the United States, as a result of the conflict between Eritrea and Ethiopia. In the U.S. she studied pre-med, and then Administrative Leadership and Education. She then joined the Peace Corps and worked in Jordan, where she played a key role empowering individuals and communities at the grassroots level, before returning to Eritrea. She appreciates the cohesive, collaborative approach at the Bisha Mine. In her spare time, Ruth enjoys jogging, comedy and watching soccer.



Local Hiring Practices

We actively work with the Government of Eritrea to enhance preferential hiring for Local Diversity candidates for the Bisha Mine.

In 2015, local Eritreans made up 90% of our employees in Eritrea (89% in 2014) and 35% of our onsite senior management (37% in 2014). The slight change from 2014 is primarily due to the need for the ramp up of local workers expertise during our zinc-production capital expansion project, as well as internal promotions. Our Eritrean workforce consists of people from Asmara and other parts of the country (48%) – compared to 69% in 2014, while the remaining local workforce (42%) – compared to 20% in 2014, is from nearby stakeholder villages in the Gash Barka Zone. The combination of the Bisha training centre and a lower turnover rate for the stakeholder villages explains the decrease/increase of nearby stakeholder villages comparative to the rest of the country.

LOCAL HIRING



90%
Local Eritreans
employed at
Bisha Mine

35%
Eritrean senior
management at
Bisha Mine

At the Bisha Mine, we support a great deal of local diversity. Eight different Eritrean ethnic groups (out of nine ethnic groups in the country) were represented at our operation in 2015— on par with 2014. To date, there has been no member of the minority Rashaida (a nomadic Arab Bedouin tribe found along the Red Sea) employed at our operation.

Our expatriate community comes from locations far and wide, including South Africa, Australia, United Kingdom, Canada, Ghana, Tanzania, Zimbabwe and Tajikistan. These overseas specialists support their roles while training local personnel, with the intention of eventually replacing expatriate personnel and independently sustain operations using local expertise.



Employee Training and Development

We require all mine site personnel to undergo an extensive project safety and environmental induction program.

We do not permit anyone to work on our property that has not graduated from the safety and environmental induction program, and verified that they meet the employment requirements of the BMSC Human Resources Plan. We also require periodic re-inductions at site to enhance safety and environmental performance and reconfirm that all personnel on site continue to meet established standards.

Our employee training program includes induction (including human rights aspects of harassment and discrimination), health and safety, leadership, process, mining and engineering, food safety and catering, and systems and software technical services. Cultural awareness training is also provided to all employees and is conducted in an inclusive format between expatriates and the local workforce. In addition, some departments sponsor a monthly team-building event that includes activities to increase knowledge of their fellow workers and enhance cooperation and teamwork amongst the diverse workforce.

We also provide human-rights orientation on the *Voluntary Principles for Security and Human Rights* to the BMSC Heads of Departments as well as to our local security provider, Binae. To date, this has included formal presentations and questions and answers with an international human rights lawyer. The *Voluntary Principles for Security and Human Rights* were incorporated into induction training for all workers in 2015. Furthermore, in November 2015, half of the Binae’s security force took formal training in the *Voluntary Principles for Security and Human Rights*. Training for the other half will be completed in Q2 2016.

TRAINING AND DEVELOPMENT 2015

TOTAL HOURS OF TRAINING RECEIVED	MALE	FEMALE
Employees	96,970	7,672
Executives	321	73
Supervisors	5,836	455
Contractors	1,746	179

**TRAINING HOURS
(AVERAGE PER YEAR)**

20 hours
980 MALES

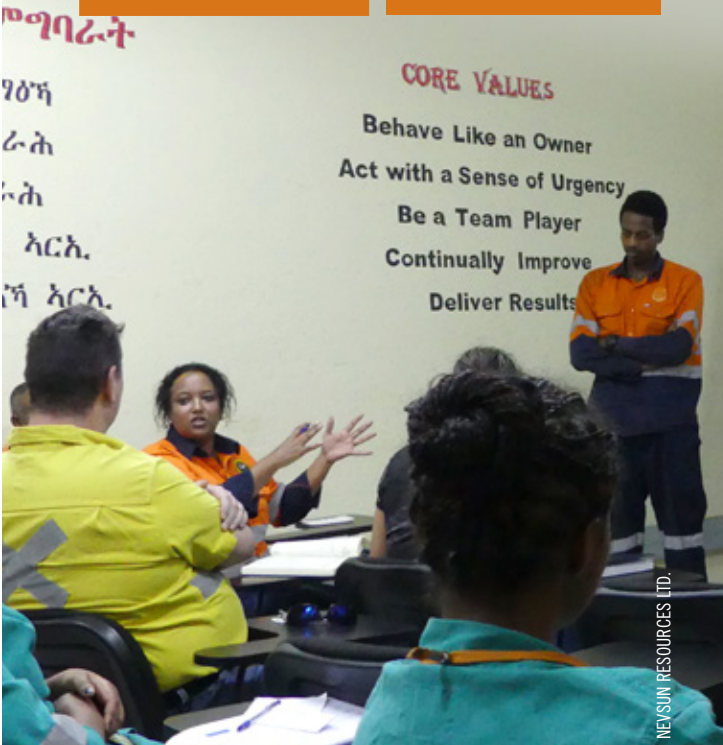
14 hours
250 FEMALES

**TOTAL HOURS OF
TRAINING**

104,642

TOTAL EMPLOYEES

1,321



Professional Development and the Bisha Training Centre

We encourage all national employees, both male and female to grow professionally and advance at our operations. Despite our efforts in local employment and training, we still require some expatriate specialists for specific skills that are unavailable in the local or national workforce.

To build local capacity, we have delivered technical trades and managerial/leadership training courses at our operation. The focus in 2015 was on safety given, some near miss incidents in 2014 that reinforced our need to double our efforts to maintain our exceptional record. We introduced a number of new safety courses such as Task Based Risk Assessment (TBRA), fatigue management, safety

representative, fire warden, and the effective use of radio communication. These safety courses were designed to further reduce potential incidents and add to the overall safety culture at the Bisha Mine. All of these courses have both theoretical and practical training components in which the trainees are expected to perform their competency in respect to company safety protocols.

Several advances were made in 2015 to the training centre's engineering modules. Four levels have been developed (core, basic, intermediate and advanced) to ensure students are able to progress to increasing levels of difficulty in this area.

For 2016, production training plans have been set according to evolving business needs. The ongoing challenge remains our low numbers of artisan labourers in our engineering departments. However, a new program is in place and engineering line management is playing a constructive role to work on enticing local

workers to feel committed to this high maintenance profession. In the mining, drilling, and blasting section, sixty-one of the sixty-four employees have been certified in the introductory course. Further blasting and drilling courses will continue to be offered to upgrade the skill sets of local employees. Other new courses being offered in 2016 include online Edu-Mine as well as zinc commissioning training.

We continue to utilize personal development plans (PDPs) to create detailed training plans for employees that show initiative and the potential to grow. This is designed specifically for those who can replace expatriate filled positions as well as those capable of taking increased levels of responsibility organizationally. These PDPs include reporting skills, computer skills, and English writing skills. Given this is the country's inaugural mining operation, it is important that the expectations are managed in a realistic manner that are sensitive to local capacity and job creation, as well as running a highly technical industrialized operation by qualified individuals.

CASE STUDY

Graduate Engineers in Training (GET)



BMSC has an academic partnership with the Eritrean Institute of Technology (EIT), with the aim of providing real world training opportunities to young professionals. EIT is the country's top academic institution with a focus on science, engineering and education. BMSC actively seeks to utilize EIT to recruit and retain the country's top young talent. Based on the success of the previous year's programs, BMSC is now developing an enhanced paid co-op Graduate Engineers in Training (GET) program that will extend the upgrade of skill sets for students from one year to three years. This is intentionally destined to maximize tenure at the Bisha Mine with the hopes that many of these students can move expeditiously into highly specialized technical positions (i.e. plant engineers, metallurgists, chief planning engineers etc.), supervisors and even superintendents upon graduation with the opportunity for higher remuneration. This is intended to play a supporting role in maximizing the nationalization plan for employment opportunities at the Bisha Mine.

In 2015, the GET program achieved the following noteworthy success:

- Twenty-three GET students finished their first-year training rotations in their respective departments successfully (eleven in the process plant, and twelve in the mining department). These students have contributed to the BMSC safety culture and work efficiency by translating during meetings, creating work area checklists, simplifying standard operating procedures (SOPs), and helping to explain work plans that have contributed to the reduction of safety incidents in their respective areas.

In 2016, the GET program has set out the following objective:

- Forty-one GET students have commenced in a variety of engineering fields and are expected to enter a 3-year degree and 2-year diploma graduate development program. This three phase program will entail: an orientation and familiarization phase, hands-on operational phase, skills enhancement, and supervisory/ leadership phase.



Our People

Health & Safety

ACHIEVEMENTS AND GOALS	36
OUR SAFETY CULTURE	36
OCCUPATIONAL HEALTH & SAFETY PERFORMANCE	36
HEALTH & SAFETY TRAINING	37
SAFETY COMMITTEES	38
EMERGENCY RESPONSE AND PREPAREDNESS	38
PUBLIC HEALTH & SAFETY	38



2015 Achievements

● ACHIEVED ● PARTIALLY ACHIEVED ○ NOT ACHIEVED

- Maintain low lost time injury record
1 LTO but extremely low frequency rate maintained
- Maintain zero fatalities

2016 Goals

Maintain low lost time injury record

Maintain zero fatalities

Strengthen the risk assessment and hazard identification process so as to reduce the number of potential incidents

Our People – Health & Safety

Our Safety Culture

We believe that the safety of our people is our most important workplace consideration. Safety affects all our stakeholders, either directly or indirectly. We continuously promote and train for a health and safety focused culture and mindset, where our workers believe it is possible to work injury-free, regardless of their role. Our short and long term safety goal is to operate accident and injury-free.

To ensure our health and safety principles are adopted and implemented, we are committed to:

- train and motivate all our people to work in a safe and responsible manner
- conduct risk assessments for all construction and operational activities
- ensure that health and safety performance complies with relevant legislation
- establish and maintain a health and safety management system, benchmarked to the requirements of OHSAS 18001:2007

SAFETY PERFORMANCE	2015	2014
Reportable Injury frequency Rate	0.34	0.22
Lost Time Injury frequency Rate	0.03	0
Lost Time Severity Rate	2.00	0
Fatalities	0	0

Occupational Health & Safety Performance

We use various metrics such as the International Labour Organization's 'Recording and Notification of Occupational Accidents and Diseases' to measure and track safety performance and record all reported incidents for both the BMSC employees and our contractors. We classify reported injuries as return-to-work incidents, lost-time injuries (LTIs) or fatalities.

We instruct employees, as part of their site induction training, to report all injuries, incidents, and 'near misses'. The Health and Safety department oversees safety induction training, injury monitoring, and long-term safety planning. As of December 31st, 2015, the Company had a total of 310 days (6.1 million hours) without a lost time injury.

We have not experienced a work-related fatality or any occupational disease at the Bisha Mine during construction, development, or operation. We are pleased to report that the Bisha Mine had only one lost time accident in 2015. In the Bisha Mine clinic, we attended to 11,464 sick employees throughout the year, 1,863 of whom required sick leave, for a total of 4010 missed days in 2015. This equates to 2.1 days per employee and remains the same as of 2014. These numbers are normal for remote locations with the on-site presence of a medical facility.

We recognize how important protecting worker health is to our organization. During our materiality assessment exercise, we sought, and received feedback from BMSC employees regarding issues pertaining to hydration, sun, and heat fatigue. While there were no recorded incidents of personnel requiring medical attention or needing to leave work for these reasons, we took steps to address their concerns. We gave safety talks on preventative measures to

educate workers on the importance of staying hydrated. We installed ice machines, provided portable water jugs, and distributed urine colour charts to help workers recognize signs and symptoms of dehydration. An action plan was created in November 2014 to address matters pertaining to fatigue. The Company can indicate that this plan is being monitored and evaluated regularly and is found to be very effective.

The Government of Eritrea's Internal Review Committee (IRC), a multi-departmental regulatory body, has directed the Company to focus on issues such as musculoskeletal illnesses, dust, and noise monitoring. The Company has taken steps to address these issues by introducing a modern physiotherapy unit at our health centre that will be operational in the future. The necessary equipment has been purchased and occupational health personal dust monitoring has started.

The IRC undertakes quarterly inspections, and we will continue to implement and monitor these aspects in the coming year.

Health & Safety Training

At the Bisha Mine, we run a growing occupational health program that aims to provide ongoing training, program development, and inspections to keep our workers safe and healthy.

Occupational Health and Safety is part of our mandatory induction training for all workers. It includes training in hazard identification, fire awareness, noise, dehydration, proper lifting techniques, personal protective equipment, and lockout and tag-out (isolation). The first aid training component is presented by the Eritrean Ministry of Health and coordinated by the Bisha Training Centre.

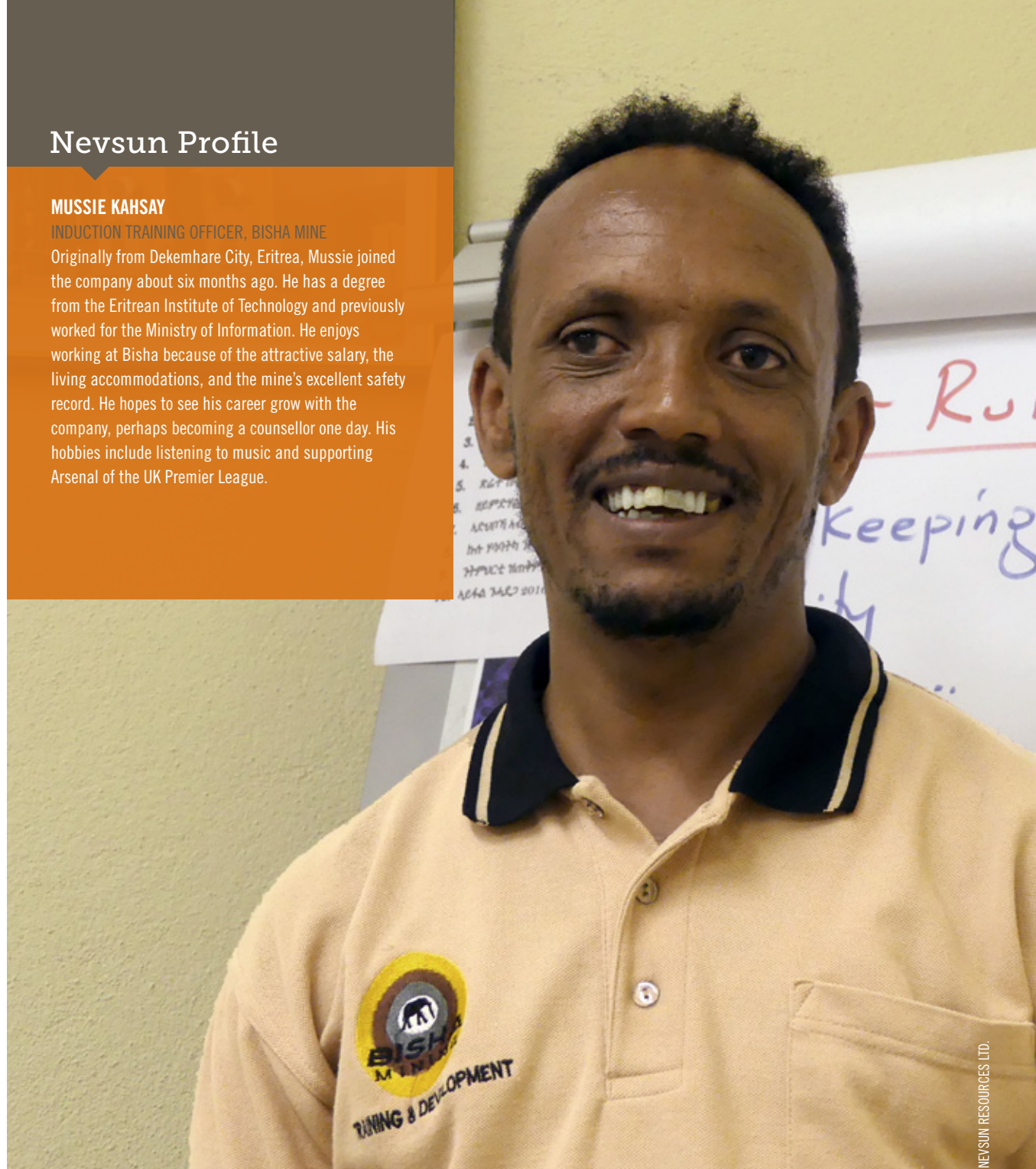
Beyond induction training, our Bisha Training Centre also offers sessions on Field Level Risk Assessment (FLRA), and food safety and hygiene.

Nevsun Profile

MUSSIE KAHSAY

INDUCTION TRAINING OFFICER, BISHA MINE

Originally from Dekemhare City, Eritrea, Mussie joined the company about six months ago. He has a degree from the Eritrean Institute of Technology and previously worked for the Ministry of Information. He enjoys working at Bisha because of the attractive salary, the living accommodations, and the mine's excellent safety record. He hopes to see his career grow with the company, perhaps becoming a counsellor one day. His hobbies include listening to music and supporting Arsenal of the UK Premier League.



Nevsun's Guiding Health & Safety Principles:

- All injuries are preventable
- Our most important objective is safety and health
- Working safely is a condition of employment
- Any task that can't be done safely shouldn't be done



Safety Committees

In 2015, seventy-two employees (an increase of 39 employees from last year) represented the Bisha workforce in formal joint management-worker health and safety committees. All of our main departments at our Bisha Mine have safety representatives from the respective departments as well as a designated Safety Officer from the Health and Safety Department who conduct daily safety talks as part of all pre-shift meetings. There are mandatory monthly departmental health and safety meetings chaired by the various heads of departments. All supervisors, managers, and leaders are involved in regular inspections (three times per month) and a monthly safety audit. Action plans are developed to address any potential shortfalls and are reflected in the various departmental objectives, which are then shared with all employees at monthly meetings.

Emergency Response and Preparedness

The ability to respond to emergency situations effectively is a priority. We have emergency response plans in place to deal with unforeseen incidents, whether on or off-site, which could impact workers or residents of nearby communities. Employees at the Bisha Mine are trained in Emergency Response and procedures are in place to handle high priority issues such as medical or fire (on or off-site), spills, and transport management.

The Bisha Mine has two ambulances and a fire brigade on standby in the event of an emergency situation. If the situation is severe for any of our employees we can call for a government helicopter, with one of our medics on board, for transport to a hospital in Asmara, or the Company will pay to send an employee (expatriates only) to a location abroad.

Our safety motto is embedded in all reports, correspondence, and signage at the mine:

'Every person going home safe and healthy every day.'

An emergency preparedness protocol and communications strategy was intended to be completed in 2015 but due to consultancy negotiations and staff turnover it has been delayed into Q3 2016. The external consultancy hired to assist the Company will articulate many of the possible emergency situations relevant to our operation and our associative collective responses in order to minimize impact to human life, personal property, and the environment, and to address how we would communicate with our key stakeholders if such an event were to occur. This protocol will be integrated into Company-wide management systems.

Public Health & Safety

We provide periodic health checkups and other relevant medical testing for the BMSC employees. One specific regional risk to worker and resident health is malaria. Only 21 employees and contractors contracted malaria in 2015 of which only 8 cases are Bisha camp residents. As a result of on-time and effective vector control measures, this year we had a record low incidence of malaria since the start of the operations back in 2011. The malaria threat at the Bisha Mine is an order of magnitude lower than West and Central Africa generally due to population, climate and lack of standing water. Dependent on the type of malaria (i.e. *P. falciparum*, *P. vivax*) these numbers could also include cases of recurrent malaria, but it is practically impossible to differentiate between a re-infection and renewed symptoms from a historic infection. Tests and treatments for individuals with the malaria infection were conducted at the onsite Bisha Mine Medical Center. We undertake regular spraying within the Bisha camp and provide all resident employees with mosquito netting in their residences. We have reviewed our vector control program with the aim of reducing any unnecessary spraying because of its impact to the natural environment. We will continue to undertake targeted spraying in conjunction with the application of larvicides. Our malaria rate in the Bisha concession area, comparative to mining operations in other parts of Africa, is very low and illustrates the effectiveness of the ongoing program.

Environment

Our Approach

We recognize how important protecting the environment is to all our stakeholders and doing so is one of our key corporate values: Health, Safety and Environment are embedded in our Code of Ethics. We comply with all host country environmental laws and regulations and we make every effort to comply with international good environmental practices and, in particular, the IFC 2012 Performance Standards. We apply the precautionary principle to minimize environmental risks and integrate the management of environmental, social, cultural, and economic issues into company business planning and risk management. We are committed to returning all sites back to a high environmental standard at the end of the project cycle.

To provide oversight, the Board is supported by a Social, Environmental, Health and Safety Committee that reviews site performance on a quarterly basis. The committee's mandate includes both past performance as well as proposed implementation plans to allow for ongoing improvements.

To comply with local regulatory requirements, BMSC submits quarterly Environmental and Social reports to the Eritrean Ministry of Land, Water and the Environment and the Ministry of Energy & Mines; the 4th quarter report is combined into an annual report. The Eritrean Internal Review Committee verifies the report accuracy in a site visit, which includes visits by representatives from key ministries.

ACHIEVEMENTS AND GOALS	40
WATER	40
TRANSPORTATION	42
ENERGY AND EMISSIONS	42
EFFLUENTS AND WASTE	43
BIODIVERSITY	44
LAND USE REMEDIATION	45
MINE CLOSURE PLANNING	45



2015 Achievements

● ACHIEVED ● PARTIALLY ACHIEVED ○ NOT ACHIEVED

- Install sample preparation laboratory.
Pending installation and startup

- Establish four new monitoring wells.
Deferred

- Review and update groundwater monitoring program, as required.
Hydrology consultants are reviewing overall program and will make recommendations for any additional monitoring required, expected in 2016.

- Continue to benchmark our management systems against the 2012 IFC Performance Standards.

- Develop and implement detailed biodiversity management plan.
Draft plan completed by consultant

- Continue rehabilitation of the affected areas.
Rehabilitation and biodiversity offset planting continued in 2015

- Evaluate renewable energy systems to improve energy resilience and reduce GHG emissions.
Technical feasibility was achieved but task incomplete due to vendor concerns over risk and financing.

2016 Goals

Complete installation of the sample preparation laboratory
Complete detailed hydrological investigations and groundwater modelling.

Continue to benchmark our management systems against the 2012 IFC Performance Standards.

Finalise plan and start implementing.

Focus for 2016 is to trial a range of rehabilitation methods with the goals of improving efficiency of planting methods as well as improve diversity of species planted. Incorporate Biodiversity Management Plan into the overall site Rehabilitation Plan.

Evaluate renewable energy systems to improve energy resilience and reduce GHG emissions.

Complete water detox treatment plant



Environment

Water

The Bisha Mine is located in a semi-arid ecosystem, and accordingly, careful water stewardship is one of our most pressing economic, environmental and social issues. Water is not only critical to mining operations but access to water is also an essential human right as well as being indispensable to maintaining healthy ecosystems. We continually look for ways to minimize fresh water use and maximize water recycling to protect surrounding habitats and community water sources. We periodically review our mine water plan, monitor our daily water balance and consumption, and conduct regular water monitoring. Additional flow meters were installed in 2015 to improve the accuracy of water balance management.

In 2015, we extracted a total of 1.74 million cubic metres (m³) of water for Bisha Mine operations compared to 1.93 million m³ in 2013 (a 9% decrease). All water used at the mine is drawn from groundwater resources (primarily the Mogoraib aquifer as well as a lesser amount from dewatering the mine pit located in the Freketet aquifer and an aquifer near the Harena pit). Rainfall also contributes limited water resources, primarily supporting rehabilitation activities. Both the Company and two local communities (Mogoraib and Aderat) rely on the aquifer located along the Mogoraib River. The remaining two aquifers supplying BMSC are not shared with any community due to distance.

Based on the results of the groundwater monitoring program (which are provided to the Eritrean Impact Review Committee), there is no evidence to date that the mine operations impact water quality. To evaluate the potential impact on the aquifer dynamics, monitoring wells are located near the Mogoraib production wells. A declining trend in the static water level at the Mogoraib production field has been observed close to the production wells, where maximum drawdowns ranging from 2 to 3.5 m below background were

measured during 2015, an increase of 0.5-1.0 m from 2014. It is important to note that these measurements reflect the conditions near the monitoring wells and don't necessarily signify a decline for the aquifer in general. Monitoring data has shown local community access to water is not affected to date and BMSC has also not received any grievances related to water. This aquifer is relatively large, with rapid recharge observed during the annual wet season. To understand the potential medium and long term impacts of water extraction on the Mogoraib and other aquifers, further hydrological investigations were initiated in 2015. The results will be available during 2016 and incorporated into the overall water management program.

The primary water demand at the mine is in the process plant. BMSC has implemented a water policy to maximise the efficiency of water use which employs two main methods of reuse: recovery via a thickener that returns water to the process plant before discharging the tailings and a return water system that recovers water from the Tailings Management Facility (TMF) and returns it to the process plant for reuse. Treated sewage from the site also reports to the TMF and forms part of the total process water balance.

In 2015, approximately 119,000 m³ (7% of water use) was recycled from the TMF and returned to the plant as process water, a decrease of 61% over the amount recycled in 2014. The decrease is related to the increased acidity of the tailings pond due to the practice of sending naturally acidic pit water to the TMF. The acidic nature of the pit water, combined with the metal species (i.e., free Cu), impedes recovery in the plant. No water is discharged from TMF to the surrounding area as it does not meet the IFC effluent discharge standard. An upgraded return water treatment plant is being installed at site and expected to be commissioned in early 2016. This will significantly increase the quantity of TMF return water treated and used by the process plant, decreasing reliance on raw water from local aquifers.

Water quantity and quality monitoring is an ongoing and continuous activity on-site. The sample preparation laboratory was advanced in 2015, with equipment purchased and installation initiated. The lab will be fully operational in 2016. Water samples are sent to a certified outside laboratory for analysis.



Monitoring data has shown local community access to water is not affected to date and BMSC has also not received any grievances related to water.

Transportation

Copper concentrate is shipped by truck from the Bisha Mine to the Massawa Port and goods and supplies transported by truck to site; to increase efficiency, trucks carry loads in both directions, as far as practicable. There were 11,723 one way trips in 2015 with no significant environmental incidents associated with this transport.

Transportation impacts include:

- Energy use: included in the overall energy consumption
- GHG emissions: included in the overall emissions
- Noise and emissions: mitigation measures include using new trucks (with lower noise and emissions) and enforcing speed limits.
- Spill control: copper concentrate is shipped in sealed containers to minimize potential impacts such as spillage and dust. In the event of a spill, the contractor cleans up lost material including potentially contaminated soil under the supervision of mine HSE personnel. Recovered material is returned to the process plant.
- Road accidents: represent a risk due to the number of trips. The contracting company (Transhorn Trucking Ltd.) does implement mitigation measures including using new trucks, managing driver fatigue and enforcing speed limits and other traffic safety measures. BMSC undertakes close scrutiny to minimize impacts once these trucks arrive on Bisha property.

ENERGY USE

The Bisha Mine relies on diesel fuel to meet all energy requirements and we take a proactive role in monitoring our consumption. In 2015, the mine consumed 38 million litres of diesel fuel, versus 38.1 million litres in 2014¹, essentially maintaining the same consumption level.

Our reliance on self-generated electricity in a remote location represents an operational risk from potential supply interruptions and an opportunity to diminish our greenhouse gas (GHG) contributions and minimize our operating costs (fuel is one of our most significant costs). BMSC continues to pursue a project to install renewable hybrid energy to offset diesel generation and is in the process of identifying a suitable supplier.

FUEL TYPE	AMOUNT CONSUMED IN 2015 (000 LITRES)	AMOUNT CONSUMED IN 2014 (000 LITRES)	CONVERSION FACTOR TO MEGA JOULES (MJ)	ENERGY EQUIVALENTS IN 2015 (000 GJ)	GHG EMISSIONS IN 2015 (T CO ₂) ²
Mobile equipment on site	9,614	8,665	38.6	371.1	25,865
Generators - diesel	20,949	21,101	38.6	808.6	56,362
Diesel on site	2,182	1,998*	38.6	84.2	5,872
Transport (conc and materials)	5,631	6,369	38.6	217.4	15,150
Petrol on site	2	5	34.2	0.1	5
Total	38,376	38,138		1,481.4	103,254

* Recorded as other diesel consumption

EMISSIONS

Emissions at the Bisha Mine are generated by mobile sources like dozers, dump trucks, light vehicles, contractor buses for transporting workers, as well as stationary sources, including diesel generators and regeneration kilns. The annual calculation also included the fuel utilized for the transport of copper concentrate from Bisha to the Port of Massawa and back. Direct GHG emissions for 2015 are estimated at 192.6 kt CO₂ equivalent, an increase over 2014 due to the increased fuel consumption cited below.

Monitoring devices have been in use since 2012 to measure emissions from stationary and mobile equipment. Emission monitoring covers ozone producing gasses (CO, NO) and other significant air emissions (NO_x, SO_x).



¹ The 2014 fuel consumption has been updated according to an inhouse audit.

² Greenhouse Gas Emissions were calculated based on the [Greenhouse Gas Protocol standard tools](#)

Effluents and Waste

BMSC has a 'zero discharge policy' that eliminates any water discharge. The operation also does not produce any sludges.

Solid waste is segregated at two waste handling facilities situated at the camp and salvage yard. Approximately 480 thousand kg of non-hazardous waste (e.g. wood, metals) was removed by Ministry of Labour and Human Welfare (MoLHW) for recycling. Only non-hazardous waste, such as food scraps, safety shoes, hard hats, air filters and filter cloth from the concentrate area are disposed of in the onsite landfill. An onsite incinerator handles a limited set of items, including medical waste. BMSC also starting sending waste oil to a recycling facility located at Massawa that will be commissioned in 2016. Sufficient waste oil was sent in 2015 (160,000 litres) to enable the site to be commissioned; regular monthly shipments will be sent in 2016 once fully operational. Other wastes (including hazardous items such as batteries) are safely stored onsite pending identification of suitable recycling methodologies. In 2015, the accumulated site storage was 58,000 tonnes. The Company is working closely with the Government of Eritrea to identify suitable disposal options.

In 2015, we milled 1.93 million dry metric tonnes of ore. Of that 1.67 million dry metric tonnes (approximately 87%) went to our tailings management facility with the remainder shipped as copper concentrate; an increase of 15% over 2014. The material held in this facility has acid generating potential; to address this issue, the facility is fully lined with high density polyethylene liner, with a leak detection system and downstream groundwater monitoring. The tailing and water level in this facility is constantly monitored and our management performance regularly reviewed by an external expert in tailing management to ensure we align with international practices.

In 2015, 10.7 million tonnes of material was sent to the waste rock management facility; following standard industry practice, the facility is constructed on unlined compacted rock. Approximately two-third of the waste rock has the potential to generate acid; this portion is encapsulated within the facility to control acid generating

Nevsun Profile

EDWARD MOUSNEY

GENERAL MANAGER, BISHA MINING SHARE COMPANY (BMSC)

Since 2014, Ed has been the mine's General Manager. Originally a chemical engineer, he studied at the University of Manchester, UK, before beginning a career in the mining sector that has lasted more than 30 years.

Before joining Bisha, he spent thirteen years in Australia and fifteen years in Africa, in Zambia and the Democratic Republic of Congo, where he and his family live. He enjoys travelling, fishing and spending time with his family (especially his delightful grandchildren).

"In my experience, when mining is done properly, and in a sustainable and responsible manner, it is a huge force for good. This can be seen here, where it has already improved the lives of many Eritreans".





\$1,375,586

was spent in 2015 on social and environmental management programs at both the Bisha Mine and nearby communities



potential. Monitoring wells are placed on the downstream side of the facility. As a result of the control measures in place, and given that the site is located in an arid climate, the potential contamination risk associated with the waste rock management facility is low.

In 2015, four spills were recorded.

- Emulsion spilled at the explosive storage facility. The bunded area contained non-reactive dirt and the spill was successfully remediated.
- Processing equipment (hoppers) overflowed after a power outage, causing a minor spill (<2m³) outside the bund wall, which was successfully remediated.
- Diesel was spilled during a fuel transfer. The spill was cleaned and the material disposed to the designated area.
- A puncture of the tailings thickener released approximately 2,500 m³ of process water containing residual tailings, affecting a significant area of the plant site, including the HME, warehouse, SGS laboratory and chemical stores. The residual tailings were removed and the area remediated.

All of these spills were successfully cleaned up in an expedient manner; there were no impacts to groundwater or other sensitive environments, no fines were issued and no environmental grievances filed in 2015.

A total of \$1,375,586 was spent in 2015 on social and environmental management, including land use remediation, waste disposal of domestic and industrial wastes. This figure excludes waste management costs associated with tailing or with waste rock.

Biodiversity

BMSC is committed to environmental stewardship, we take active measures to protect and support at-risk species and implement reclamation and conservation efforts to protect and preserve the ecosystems and local species potentially impacted by our operations. Our current mining agreement area is 46.5 km² along with a 41.1 km² exploration license area (Mogoraib) with a variety of habitat types, as identified in the baseline study. In general, habitats of higher biodiversity within Eritrea and around the mine site are riparian forests associated with the ephemeral waterways or wadis. There are no protected areas within or close to the mine. The nearest protected area is the Gash Setit wildlife reserve, located 85 km SE of Bisha mine and in another water catchment basin. However, it is worth noting that the Western Plain (Barka River) area, important for bird species, lies approximately 4 km north of the mine lease area. This area is not currently protected under Eritrean law.

The main impact to biodiversity from the mine is through land clearing (vegetation and topsoil) required for the mine site to be developed and the diversion of the Freketet River to develop the open pit. Under Eritrean legislation, all clearing for mining projects requires a permit and this was granted as part of the impact assessment process. The total area impacted to date is 697.31 hectares, the increased area over 2014 reporting is primarily due to including the peripheral areas with low levels of impact in the overall total.



The clearing has produced habitat loss, however rehabilitation work undertaken to date indicates that biodiversity can be significantly restored as gazelles, ostriches, boars, jackals, hyenas, hares, birds and snakes have been sighted in our rehabilitated areas and signs of burrowing animals are also evident. BMSC is also undertaking biodiversity offset tree planting to fulfill the Eritrean government requirement of planting 5 trees for every tree removed. Tree counts are conducted before any clearing is undertaken and species being planted for rehabilitation and biodiversity offsets are endemic to the area in question.

Studies have been undertaken in recent years to compile a list of species present in the Bisha concession area. According to the International Union for Conservation of Nature (IUCN) Red List, there are 156 species of least concern and 6 species that fall into the endangered-vulnerable-near threatened categories. There are no IUCN botanical listed species but there are botanical species that are listed as Endangered in the Eritrea Forestry and Wildlife Conservation and Development Proclamation Number 155/2006. An advanced draft of the Biodiversity Management Plan was completed in December 2015 and various measures implemented consistent with the plan, as it is being finalized.

LAND REMEDIATION	REHABILITATION ACTIVITY	WORK COMPLETED	UNIT
Total area planted to date	Biodiversity offset areas	16.9	ha
	Rehabilitation areas	14.5	ha
Total trees planted to date	New and replacement planting	20,014	seedlings



Land Use Remediation

BMSC is committed to rehabilitating the site progressively throughout the mine life, completing this important work once mining has finished. At the end of 2015, the total amount of land disturbed and not yet rehabilitated was 697.3 ha. An additional 71.2 ha of peripheral areas were included in the overall disturbed area in 2015.

A total of approximately 31 ha of habitat has undergone initial rehabilitation and offset biodiversity planting and will be completed as part of the overall closure effort. The rehabilitation efforts consist of: grading and topsoil cover, terraces constructed on the northern waste rock dump, and a total of 20,014 trees planted (11,582 in rehabilitated areas including replacement planting).

The Eritrean Internal Review Committee provides quarterly assessment of the Company's performance with respect to ongoing rehabilitation efforts. To complete the rehabilitation, closure success indicators need to be developed and monitored by the Company and approved by the Government of Eritrea.

Mine Closure Planning

Comprehensive mine closure planning is an important facet of maintaining strong relationships with local governments and communities and, as a risk management process, also benefits us. Without proper planning we could be exposed to higher costs, missed opportunities, compensation claims and reputational damage. Therefore, closure planning at Bisha is an activity that starts at exploration and mine design and continues throughout the life-of-mine. At present, the estimated mine-life for Bisha is approximately 9.5 years (2025); however, there is flexibility to extend the life of mine through successful continued exploration.

BMSC has a conceptual mine closure plan in place for the Bisha Mine prepared by an independent engineering firm and registered with the Eritrean Ministry of Energy and Mines. We are committed to ensuring the closure plan is reviewed and updated regularly to reflect our evolving areas of operation and expansion.

We base the Bisha Mine closure and reclamation liability on our best estimate of costs for site closure and reclamation activities. These estimates were updated in 2015, with a current closure cost estimate of \$38,700,000. Undoubtedly the closure will result in potential socio-economic impacts for the local populations. Specifically, this means regaining access to grazing land that has been taken up by the mine site, as well as loss of employment for local communities, which will undoubtedly impact the emerging wage based economy. One particular option to offset this local economic decline is to plant species for dry season grazing as well as planting Acacia Senegal that can be harvested for Gum Arabic, a cash crop that the Ministry of Agriculture is supporting. Our BMSC Training Centre is also improving the skills of our workers that will improve their employability in other mining companies operating in Eritrea.

In 2017, BMSC will further refine its social mine closure plan for mitigating negative socio-economic impacts of mine closure. A consultant will be hired to develop a conceptual social closure plan that will consider local impacts related to closure and specifically how to address them.

Community

Our Approach

Our relationships with local communities are critical to our business and fundamental to our core values. We are committed to sharing information, building relationships, and fostering trust with communities that may be impacted by our operations. This is particularly relevant to the five stakeholder villages located within a thirty-kilometre radius of the Bisha Mine. Our goal is to share information with these communities in a timely manner and make ourselves available and accessible to engage with them and address their concerns.

Onsite policies at the Bisha Mine reinforce that we conduct our business activities within a framework that promotes worker rights and safety, community health and safety, environmental protection, community involvement and benefits, the quality of life for employees and their families, and to respect requests of community leaders. Our social policies and Social Management Plan are currently in alignment with International Finance Corporation Performance Standards (2006). We are working our way towards updating our Social Management Plan to broadly coincide with the IFC 2012 Performance Standards.



ACHIEVEMENTS AND GOALS	47
COMMUNITY ENGAGEMENT	47
COMMUNITY FEEDBACK	48
COMMUNITY INVESTMENT	49
CAP PROJECTS	50

2015 Achievements

● ACHIEVED ● PARTIALLY ACHIEVED ○ NOT ACHIEVED

- Continue to actively engage stakeholder communities and undertake additional discussions on facilitating the Community Assistance Plan in the nearby villages **3 CAP projects initiated in the nearby stakeholder communities.**
- Provide updated information to nearby villages on the company's CSR program
- Enhance the facilitation of local employment opportunities at the Bisha Mine **Local village employment numbers have increased from 2014.**
- Continue to conduct preliminary cultural heritage assessment prior to exploration drilling activities as required
- Continue to cooperate with local and regional governments on collaborating with national celebrations festivities and other community events

2016 Goals

- Provide updated information to nearby villages on the company's CSR program
- Enhance the facilitation of local employment opportunities at the Bisha Mine
- Continue to conduct preliminary cultural heritage assessment prior to exploration drilling activities as required
- Continue to cooperate with local and regional governments on collaborating with national celebrations festivities and other community events

Community

Community Engagement

Our original stakeholder mapping and group identification, which included the development of a stakeholder engagement plan, was determined during the Bisha project's environmental and social impact assessment process. Stakeholders are identified by their potential impact (direct or indirect) by the project and their relationship to the overall project area. More specifically, this means all people who live, use or have cultural ties to lands and resources within the footprint or zone of influence of the Bisha Mine (4-34 km) radius. This includes our main stakeholder community populations in Mogoraib, Adi Ibrihim, Jimel, Aderat, and Tekreret, as well as authorizing government and regulatory bodies in Eritrea that have jurisdiction over resources potentially affected by the Bisha Mine. We engage regularly with these local communities because their concerns and feedback are important to us.

The BMSC Social Responsibility Policy includes a commitment to actively consult with local communities to identify and resolve environmental and social issues. Seven Community Liaison Officers (CLOs) are situated in nearby villages to provide local residents with general information and operations updates regarding the Bisha Mine, to discuss issues or discuss any complaints and to facilitate job applications. BMSC engages on a regular basis with the Sub Zoba Dighe Administration (including the Ministry offices for Agriculture and Health), Gash Barka Regional Administration Office; and National Government stakeholders, including those Ministry offices that have permitting, approval, and monitoring function of the Bisha Mine, also are represented by the Internal Review Committee (IRC). In addition, the Company plays an active role in local and national events, such as the Eritrean Independence Day celebrations, Annual Woman's Day, and the 2015 Eritrean Expo.

2015 ENGAGEMENT ACTIVITIES

STAKEHOLDER GROUP	FREQUENCY OF ENGAGEMENT	TYPE OF ENGAGEMENT
Information Update Committee (IUC)	12 times	IUC meetings recommenced in mid-2014. The frequency has been monthly based on the feedback from the IUC members.
Sub Zoba Administration	Year round	Meetings - formal and informal communications, visitation to project area.
Stakeholder village residents	Ongoing	Formal and informal meetings as required, Community Liaison Officers in place
Zoba Gash Barka Administration	5 times	Formal meetings and letters
Ministry of Agriculture Gash Barka Regional Office	10 times	Formal meetings and letters
Government of Eritrea Internal Review Committee (IRC)	4 times	Quarterly reporting and site visits. Additional phone calls and emails to discuss points as required.
Ministry of Agriculture Sub Zoba Dighe office	Year round	Formal and informal communication, technical support meetings.
Ministry of Health Sub Zoba Dighe office	5 times	Formal meetings and letters

Our community relations department maintains a record of stakeholder engagement activities including response to their concerns. The revitalization of the Information Update Committee (IUC) meetings in 2014 has improved stakeholder engagement with the Bisha Mine. IUC meetings have further encouraged stakeholder community representatives to share their ideas and concerns with the Company's senior management. In 2015, these meetings became more involved (held monthly), as the engagement using the IUC meeting process was developed further.

Other community engagement successes in 2015:

- Successful commencement and implementation progress with the communities on three initial CAP projects
- Improved relations between BMSC and the stakeholder communities. In one example, a community shifted their cultivation for one season, to enable the company to move forward with its desired exploration activities, on the condition that the mine would clear and plough new community land for future farming activities
- At the Eritrean expo, our carnival display was visited by 17,000 locals and won second place among all companies operating in the country. This event encouraged constructive dialogue between local Eritreans and the mining sector with respect to mining, environment and social issues.

Community Feedback

Local residents are encouraged to speak freely with any of our seven Community Liaison Officers (CLOs) situated within nearby villages to ask questions, make requests or file complaints. We have a formal community grievance procedure in place to register and respond to complaints from people directly affected by our operation in a timely manner. The community grievance procedure is posted in each CLO office and is transparent and simple to understand by the local communities. In 2015, we updated our community grievance procedure for alignment with the IFC 2012 Performance Standards for Social and Environmental Sustainability.

The following chart depicts the community grievances that were filed through our formal community mechanism in 2015 and how we addressed or resolved these issues.

2015 COMMUNITY FEEDBACK

STAKEHOLDER	GRIEVANCE/COMPLAINT	HOW ADDRESSED OR RESOLVED
32 BMSC employees from Mogoraib, Adi Ibrhim, Jimel and Tekreret stakeholder villages.	Complainants indicated workers from the stakeholder villages are not getting breakfast service and rotational leaves comparative to workers stationed on-site. The Sub Zoba Administrator forwarded the complaints and petition letter to BMSC using the formal grievance mechanism action form.	Breakfast is provided to all camp residents as they have no other means to make their own breakfast as self-cooking facilities within the camp are not available to all residents. The policy which has been adopted by the Board of Directors is that, "non-camp residents receive only lunch" however BMSC has now revised the rule and allowed breakfast for workers coming daily from the nearby stakeholder villages. "Staying at the mining site for long durations is mentally stressful and employees are isolated from their family unit and community. R&R is a benefit provided to employees who are accommodated within the Bisha village in order for them to recover both mentally and physically by allowing them to travel back to their homes/communities". After listening to the explanation, the sub-Zoba administrator requested a written response (in Tigrigna) in order to explain the fact to the complainants. BMSC executives and the General Manager deemed the request valid (in alignment with the BMSC morale survey findings) and tabled it to the BMSC Board of Directors in 2016. It was subsequently approved in Q1 2016.
Tekreret Stakeholder village resident Mr. Ali Ahmed Hummed	On June 4th, 2015, the stakeholder village of Tekreret sent a letter to BMSC mentioning that a copper truck with plate number 3839 drivers name Mohamed Ali Osman had killed one local donkey on May 30th, 2015. The complainant put in his grievance application even though the truck driver pledged to meet him on his return trip from the mine site and solve the problem. The truck driver did not show up as per their verbal agreement and therefore Mr. Hummed requested BMSC assistance in finding the driver and solving the problem.	BMSC Finance Superintendent agreed to write a formal letter to the contractor trucking company (Transhorn) to ensure they are aware of the grievance and to look into the matter.
Tekreret Stakeholder village resident Mr. Mohamed Ibrahim	On August 9th, 2015 Tekreret stakeholder village resident Mr. Ibrahim submitted a formal grievance regarding a BMSC vehicle that struck and killed his donkey near his village on April 7th, 2015. The complainant indicated that the driver agreed to compensate 6000 Nakfa but did not keep his word and is now seeking compensation as soon as possible.	BMSC communicated with its insurance company and compensation was paid to Mr. Ibrahim.

Community Investment

Our approach to community investment is guided, in large part, by the philosophy of the Government of Eritrea, which envisions that the entire country should share in the benefits from resource development, with no particular region benefiting disproportionately. This perspective does not exclude the opportunity for regional capacity-building within the context of national societal goals and equity provisions.

In 2015-16, there was \$303,000 allocated specifically towards local community investment (Community Assistance Projects – ‘CAP’) centred on water and irrigation projects. These inaugural pilot projects, the first industry-government partnership of its kind, needs to adhere to both national and local planning priorities and be completely sustainable by the community in all respects versus any type of future reliance on the company.



Nevsun Profile

ABTHET TEHATSCON

LAUNDRY ASSISTANT, BISHA MINE

Abthet has been working in the mine's laundry department for three years. Before joining the mine's staff, she completed her one year of national service at the Sawa Defence Training Centre.

Every day, Abthet is bussed to and from her home in the village community of Akordat. She hopes to grow her career at Bisha, possibly becoming a data clerk, or a receptionist in the mine's main office.



CAP Projects

Aderat community potable water project

COMPLETION DATE END OF 2016

Aderat is a medium sized stakeholder village consisting of 1,880 residents and their nearest potable water source is situated 3 km away. This entails young girls to fetch water daily for their families. The existing potable water supply is unhygienic given this same source of water is shared with animals and people become sick with water borne illnesses. Aderat is comparatively lagging to other nearby villages in this crucial category and hence the community potable water project was selected as one of the top priorities. To date, a new borehole in the community of Aderat has been drilled and the solar power and pump design has been completed. Community members excavated a 700-metre piping trench and a community contribution agreement was signed to cultivate a sense of local ownership. Appropriate piping and fitting equipment has been identified and subsequently ordered for delivery. Solving the potable water problem in Aderat will benefit local health, ensure young girls focus more on school during the days, and greatly assist in the quality of life for the household economy.

Tekreret community potable water project

COMPLETION DATE APRIL 2016

Tekreret is a large stakeholder village consisting of 4,391 residents. For the past 15 years, the community had a nearby potable water supply powered by a generator. Unfortunately, the generator became old and overused and no longer provides potable water to the community. This has resulted in mothers and young children traveling 6 km a day to fetch water supplies. This has negatively impacted young girls in the pursuit of schooling. Replacing the old generator and the revitalization of the water supply system will have a positive impact to the community as a whole, especially young girls and mothers. To date, the solar power and power system has been designed and the appropriate equipment has arrived at site ready for installation. The community collected stone and sand, cleaned and levelled the project as per their signed contribution agreement.

Adi Ibrihim diversion rehabilitation structure

COMPLETION DATE MAY 2016

Adi Ibrihim is a medium-sized village of over 3,500. For many years, the community has had an existing damaged diversion structure that has been ineffective in providing enough water to enhance the farmland potential around the community. As such, this project has been fast tracked as a top priority to improve local food security and nutrition for the local residents. The rehabilitation of this diversion structure will retain and direct runoff water from the seasonal stream to 1,580 hectares of cultivable land. This is expected to increase yield from the current 4 quintal/hectare to 20-30 quintal*/hectare. The topographic survey and design work has been completed and the maintenance work will start in Q1 2016.

A fourth and fifth selected CAP project will be to rehabilitate diversion structures for the stakeholder communities of Mogoraib and Jimel. Both of their respective diversion structures are not functional after a seasonal flood several years ago rendered them inoperative. This project will repair the diversions and enable both communities to irrigate 600-1,500 hectares of cropland as a mechanism to improve both local food security and overall nutrition. Both of these projects will be completed by 2017.



A local elder speaks to Thomson Reuters media about the water diversion project in Adi Ibrihim. The project, which is jointly supported by Nevsun and ENAMCO, is an example of reinvesting of Bisha profits into local communities.

* a unit of weight equal to 100 kg.



Community Liaison Officer (CLO) for Mogoraib, Mr. Mohammed Ali Mohammed

MOGORAIB

Mogoraib is the closest village to the Bisha Mine. Situated approximately 4 km away, it is home to nearly 4,100 people in 973 households, including more than 70 Bisha Mine employees. Workers ride a company bus to and from the mine.

We maintain a Community Liaison Officer in the village to help villagers in all their interactions, from distributing information to receiving feedback and grievances. The liaison also helps villagers prepare resumes and fill-out job applications. For those Mogoraib residents who have grazing animals, we allow their livestock to roam freely around the mine property, outside of the areas of core mining activities.

Since the mine began operating, Mogoraib has seen an increase in disposable income, with an accompanying boost in commercial trading: some residents now have mobile phones, televisions and satellite dishes. The State of Eritrea recently installed initial electrification lines as part of its national energy strategy: when electrification arrives, it will spur modernization and improve the quality of life for the entire village.



VILLAGE PROFILE



GRI Content Index

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DESCRIPTION	LOCATION
STRATEGY AND ANALYSIS		
G4-1	Statement of the most senior decision-maker of the organization	Executive Viewpoint: Page 2
G4-2	Description of key impacts, risks and opportunities	About Nevsun: Page 6 Governance and CSR Management: Page 11 Annual Information Form (AIF) : Pages 7-10, 38, Schedule B
ORGANIZATIONAL PROFILE		
G4-3	Name of the organization	About Nevsun: Page 6
G4-4	Primary brands, products and/or services	About Nevsun: Page 6
G4-5	Location of organization's headquarters	About Nevsun: Page 6
G4-6	Number of countries where the organization operates and names of countries either with major operations or that are specifically relevant to the sustainability issues covered in the report	About Nevsun: Page 6
G4-7	Nature of ownership and legal form	About Nevsun: Page 6 AIF : Page 6
G4-8	Market served (including geographic breakdown, sectors served and types of customers/beneficiaries)	About Nevsun: Page 6
G4-9	Scale of the reporting organization	About Nevsun: Page 6
G4-10	Total number of employees by employment contract and gender, number of permanent employees by type and gender	Our People - Our Workplace: Page 30
G4-11	Percentage of total employees covered by collective bargaining agreements	Our People - Our Workplace: Page 31
G4-12	Description of the organization's supply chain	About Nevsun: Page 6
G4-13	Significant changes during the reporting period regarding the organizations' size, structure, ownership or supply chain	About This Report: Page 4
COMMITMENTS TO EXTERNAL INITIATIVES		
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Governance and Oversight of Corporate Social Responsibility Practices: Page 13
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Governance and CSR Management: Page 14
G4-16	Memberships in associations and national or international advocacy organizations	Governance and Oversight of Corporate Social Responsibility Practices: Page 13

GENERAL STANDARD DISCLOSURES	DESCRIPTION	LOCATION
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in the organization's consolidated financial statements and any entity not covered by the report	About Nevsun: Page 6
G4-18	Process for defining report content and Aspect boundaries. How the organization is implementing the Reporting Principles for Defining Report Content	Defining Report Content - Material Issues: Page 4 Aspect Boundaries - Where Impacts Occur: Page 5
G4-19	Material Aspects identified in the process of defining report content	Defining Report Content - Material Issues: Page 4
G4-20	Aspect Boundary within the organization for each material aspect	Aspect Boundaries - Where Impacts Occur: Page 5 GRI Content Index: Page 52
G4-21	Aspect Boundary outside the organization for each material aspect	Aspect Boundaries - Where Impacts Occur: Page 5 GRI Content Index: Page 52
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	None/Not Applicable
G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries	None/Not Applicable
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organization	Defining Report Content - Material Issues: Page 4 Stakeholder Engagement: Page 23
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement: Page 22
G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication as to whether any of the engagement was undertaken specifically as part of the report preparation process	Stakeholder Engagement: Page 22 Community Engagement: Pages 47-48
G4-27	Stakeholder groups that have raised key topics and concerns, the key topics and concerns raised through stakeholder engagement, and how the organization has responded, including through its reporting	Community Engagement: Page 48
REPORT PROFILE		
G4-28	Reporting period for information provided	About This Report: Page 4
G4-29	Date of most recent previous report, if any	About This Report: Page 4
G4-30	Reporting cycle	About This Report: Page 4
G4-31	Contact point for questions regarding the report or its contents	Inside Back Cover
GRI Content Index		
G4-32	"In Accordance" option chosen GRI Content Index External Assurance reference (if applicable)	About This Report: Page 4 GRI Content Index: Page 52
Assurance		
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	About This Report: Page 4

GENERAL STANDARD DISCLOSURES	DESCRIPTION	LOCATION
GOVERNANCE		
Governance Structure and Composition		
G4-34	Governance structure of the organization, including committees under the highest governance body. Identify any committees responsible for decision making on economic, environmental and social impacts	Governance Structure: Page 11
G4-36	Appointment of an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governing body	Governance Structure: Page 11
G4-38	The composition of the highest governance body and its committees	Governance Structure: Page 12
G4-39	Indication whether chair of the highest governance body is also an executive officer (and if so, their function within the organization and reasons for this arrangement)	Governance Structure: Page 11
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Governance and CSR Management: Page 11 Governance and Oversight of Corporate Responsibility Practices: Page 13
Role in Setting Purpose, Values and Strategy		
G4-42	Highest governance body's and senior executives' roles in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social impacts	Governance and CSR Management: Page 11
Role in Risk Management		
G4-45	Report the highest governance body's role in the identification and management of economic, environmental, and social risks, and opportunities. Include the role in the implementation of due diligence processes. Report whether stakeholder consultation is used to support the identification and management of economic, environmental, and social impacts, risks, and opportunities	Governance and CSR Management: Page 11 Enterprise Risk Management: Page 13
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Enterprise Risk Management: Page 13
G4-47	Frequency of the highest governance body's review of the economic, environmental and social impacts, risks and opportunities	Enterprise Risk Management: Page 13
Role in Sustainability Reporting		
G4-48	The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	Governance and Oversight of Corporate Responsibility Practices: Page 13
G4-51	Report the remuneration policies for the highest governance body and senior executives for the following types of remuneration: Report on how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Management Information Circular : Pages 17-42
ETHICS AND INTEGRITY		
G4-56	The organizations values, principles, standards, and norms of behaviour such as codes of conduct and codes of ethics	Ethical Conduct: Page 11 Corporate Website
G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behaviour, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Governance and CSR Management: Page 11 Our People - Our Workplace: Page 31 Community Engagement: Page 47 Corporate Website

SPECIFIC STANDARD DISCLOSURES

ASPECT BOUNDARY

INSIDE THE ORGANIZATION

- 1 Nevsun/Corporate Office
- 2 Bisha Mining Share Company/BMSC

OUTSIDE THE ORGANIZATION

- 3 ENAMCO
- 4 Contractors
- 5 Local/adjacent communities
- 6 Suppliers, Consumers & Distributors
- 7 Shareholders

NEVSUN MATERIAL ISSUE	G4 ASPECT	RELEVANT DMA AND INDICATORS	DESCRIPTION	ASPECT BOUNDARY	REFERENCE OR LOCATION
Human Rights	Human Rights	DMA: Human Rights		1 – 7	Human Rights: Pages 15-21
	Investment	G4-HR2	Total hours of employee training on policies and procedures concerning aspects of human rights relevant to operations, including percentage of employees trained		Employee Training and Development: Page 33 Human Rights: Page 15
	Non-Discrimination	G4-HR3	Total number of incidents of discrimination and actions taken		Human Rights: Page 15
	Forced labour	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour		Governance and Oversight of Corporate Social Responsibility Practices: Page 13
	Security Practices	G4-HR7	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations		Human Rights: Page 21
	Assessment	G4-HR9	Percentage of total number of operations that have been subject to human rights review and/or impact assessments		Governance and CSR Management: Page 11 Human Rights: Page 15-17 Human Rights Impact Assessment of the Bisha Mine (2015 Audit)
	Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms		Community Engagement: Page 47 Human Rights: Page 15
Occupational Health and Safety		DMA: Approach to Health and Safety		1 – 7	Our People - Our Workplace: Page 30 Our People – Health and Safety: Page 36
		G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		Safety Committees: Page 38
		G4-LA6	Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender		Occupational Health and Safety Performance: Page 36
Labour/Decent Work Practices	Labour/Decent Work Practices	DMA: Approach to Our Workplace - Our People		1,2,3,5	Our People - Our Workplace: Page 30
	Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		Our Employees: Page 30
		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		Our Employees: Page 30 Corporate Website
		G4-LA3	Return to work and retention rates after parental leave, by gender		Our Employees: Page 30

NEVSUN MATERIAL ISSUE	G4 ASPECT	RELEVANT DMA AND INDICATORS	DESCRIPTION	ASPECT BOUNDARY	REFERENCE OR LOCATION
	Training and Education	G4-LA9	Average hours of training per year per employee by gender and by employee category		Employee Training and Development: Pages 33-34
		G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		Employee Training and Development: Page 33
		G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category		Our Employees: Page 30
	Equal Remuneration	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		Our Employees: Page 30
	Grievance Mechanisms	G4-LA16 G4-HR12	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms		Our Employees: Page 30
Key Business Relationships	None Directly Applicable	DMA: Economic G4-2	Description of key impacts, risks and opportunities	1,2,3,7	Economic - Approach: Page 25 AIF: Page 6
Community Investment		DMA: Governance and CSR Management and Community Engagement		1,2,3,5,7	Governance and CSR Management: Page 11 Community Investment: Pages 49-50
Economic Performance and Contribution	Economic Performance	DMA: Economic		1 – 7	Economic: Page 25
		G4-EC1	Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, donations and other community investments, retained earnings, and payments to capital providers and payments to governments		Economic Performance and Contributions: Page 25 Community Investment: Pages 49-50
		G4-EC4	Financial assistance received from government, by country. Include extent to which government has a shareholding position		Ownership: Page 6
	Market Presence	G4-EC6	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation		Local Hiring Practices: Page 32
	Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation		Local Procurement: Page 28
Water	Water	DMA: Environment		1,2,3,5	Environment: Page 40
		G4-EN8	Total water withdrawal by source		Water: Page 40
		G4-EN9	Water sources significantly affected by withdrawal of water		Water: Page 40
		G4-EN10	Percentage and total volume of water recycled and reused		Water: Page 41
	Effluents and Waste	G4-EN22	Total water discharge by quality and destination		Effluents and Waste: Page 43
Stakeholder Engagement	Local Communities	G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	1 – 7	Community Engagement: Page 47 Human Rights: Pages 15-21
		G4-MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples		None

NEVSUN MATERIAL ISSUE	G4 ASPECT	RELEVANT DMA AND INDICATORS	DESCRIPTION	ASPECT BOUNDARY	REFERENCE OR LOCATION
		G4-MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes		Community Engagement: Page 47
		G4-MM8	Number (and percentage) of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks		Not Applicable
		G4-MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process		Not Applicable
		G4-MM10	Number and percentage of operations with closure plans		Mine Closure Planning: Page 45
	Public Policy	G4-S06	Total value of political contributions by country and recipient/beneficiary		None/Not Applicable
	Grievance Mechanisms	G4-S011	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	1,2,5	Community Engagement: Page 47
Transportation	Transport	G4-EN30	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	2-5	Transportation: Page 42
Biodiversity	Biodiversity	DMA: Environment		1,2,3,5	Biodiversity: Page 44
		G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Biodiversity: Page 44
		G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		Biodiversity: Page 44
		G4-MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated		Land Use Remediation: Page 45
		G4-EN13	Habitats protected or restored		Land Use Remediation: Page 45
		G4-MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place		Environment: Page 40
		G4-EN14	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Biodiversity: Page 45
Effluents and Waste	Effluents and Waste	G4-EN23	Total weight of waste by type and disposal method		Effluents and Waste: Page 43
		G4-MM3	Total amounts of overburden, rock, tailings, sludges and their associated risk		Effluents and Waste: Page 43
		G4-EN24	Total number and volume of significant spills		Effluents and Waste: Page 44
	Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Effluents and Waste: Page 43
	Overall	G4-EN31	Total environmental protection expenditures and investments by type		Effluents and Waste: Page 44

NEVSUN MATERIAL ISSUE	G4 ASPECT	RELEVANT DMA AND INDICATORS	DESCRIPTION	ASPECT BOUNDARY	REFERENCE OR LOCATION
		G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms		Effluents and Waste: Page: 44
Energy and Emissions	Energy	G4-EN3	Energy consumption within the organization		Energy Use: Page 42
	Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	1,2,3,5	Emissions: Page 42
		G4-EN19	Reduction of greenhouse gas (GHG) emissions		Emissions: Page 42
Transparency	Assessment	G4-HR9	Percentage of total number of operations that have been subject to human rights review and/or impact assessments		Governance and CSR Management: Page 11 Human Rights: Page 15-17 <u>Human Rights Impact Assessment of the Bisha Mine (2015 Audit)</u>

We Welcome Your Feedback

For questions or comments regarding the Corporate Social Responsibility Report please contact:

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This Corporate Social Responsibility Report contains forward-looking statements or forward-looking information within the meaning of the United States Private Securities Litigation Reform Act of 1995, and applicable Canadian securities laws. Forward-looking statements are frequently, but not always, identified by words such as “expects,” “anticipates,” “believes,” “intends,” “estimated,” “potential,” “possible” and similar expressions, or statements that events, conditions or results “will,” “may,” “could” or “should” occur or be achieved. Forward-looking statements are statements concerning Nevsun Resources Ltd. and its direct and indirect partially and wholly owned subsidiaries (collectively, referred to in this report as “Nevsun or the “Company”), and its current beliefs, plans and expectations about the future including but not limited to commercial production, future production of copper and related cash flows and are inherently uncertain. The actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, the risks that: (i) any of the assumptions in the historical resource estimates turn out to be incorrect, incomplete, or flawed in any respect; (ii) the methodologies and models used to prepare the resource and reserve estimates either underestimate or overestimate the resources or reserves due to hidden or unknown conditions, (iii) exploration activities or the mine operations are disrupted or suspended due to acts of god, internal conflicts in the country of Eritrea, unforeseen government actions or other events; (iv) the Company experiences the loss of key personnel; (v) the Company's operations or exploration activities are adversely affected by other political or military, or terrorist activities; (vi) the Company becomes involved in any material disputes with any of its key business partners, suppliers or customers; (vii) the Company is subjected to any hostile takeover or other unsolicited attempts to acquire control of the Company; (viii) the Company is subject to any adverse ruling in any of the pending litigation to which it is a party; (ix) the Company incurs unanticipated power interruptions or failures due to electrical circuit failures or inadequate fuel quality required to effectively operate power generators for the plant or otherwise; (x) the Company experiences shipping delays for equipment or replacement parts that are required to complete repairs at the copper plant that could impact mining operations; or (xi) are associated with the speculative nature of exploration activities, periodic interruptions to exploration, failure of drilling, processing and mining equipment, the interpretation of drill results and the estimation of mineral resources and reserves, changes to exploration and project plans and parameters and other risks are more fully described in the Company's Annual Information Forum for the year ended December 31, 2015, which is incorporated herein by reference. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and the Company assumes no obligation to update such forward-looking statements in the future, except as required by law. For the reasons set forth above, investors should not place undue reliance on the Company's forward-looking statements.

Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ending December 31, 2015, which is available on the Company's website (www.nevsun.com), and filed under our profile on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov) under cover of Form 40-F.



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