

Positive Directions



NEVSUN
RESOURCES LTD.

2014

CORPORATE SOCIAL
RESPONSIBILITY
REPORT



Nevsun Resources Ltd.'s sustainability objective is to generate shared prosperity through its business operations. This objective means much more than just generating economic benefit. It also means protecting the safety and health of our employees, mitigating environmental impacts from our activities, respecting the human rights of our workers and the residents of the communities in which it operates, and contributing to the sustainable development of those communities.

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 or due to the context in which it is used.

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Executive Viewpoint

Corporate Social Responsibility is a key component of Nevsun's strategy. The Bisha Mine continues to be an international and national success story. We are proud of the fact that the economic benefits from the Bisha Mine are being shared by both our shareholders and the Eritrean people. It is what we promised when we reached our first mining agreement with the Eritrean Government back in 2007.



We believe that our commitment to delivering on the economic undertakings, and the promises we made to our employees and the local communities, are essential to maintain our social license to operate in Eritrea. We are confident that additional value will be shared with our stakeholders as we grow our business both within Eritrea and internationally.

In 2014, we undertook several measures to advance our corporate social responsibility program at the Bisha Mine. The independent Human Rights Impact Assessment (HRIA) at Bisha was one of the most important steps taken by the Company on corporate social responsibility. The results of the assessment were shared transparently with all of our stakeholders. Valuable feedback from the report's recommendations has been collected and shared, leading to direct action to enhance our

performance and business practice. Our Board of Directors has adopted a corporate human rights policy and we have provided onsite awareness of the International Finance Corporation's (IFC) Social & Environmental Performance Standards and the Voluntary Principles on Security and Human Rights. The latter is designed to help extractive companies maintain the safety and security of their operations within an operating framework that ensures respect for worker rights and fundamental freedoms.

A significant direct outcome of the HRIA has resulted in more inspections of contractor operations to ensure they are adhering to Eritrean law and our Code of Ethics and contractual obligations to ensure all worker rights are respected at all times. As a direct outcome of the HRIA, an additional independent audit of our performance in the area of worker rights is planned in May 2015 with transparent dissemination of these findings shortly thereafter. We have also allocated funds for agriculture and irrigation projects within communities near the Bisha Mine to improve the lives of nearby residents.

Open discussions with our stakeholders including NGOs and shareholders will continue to improve our CSR performance. The work we are doing with our partner ENAMCO (Eritrean National Mining Corporation) is contributing to setting the national standard for evolving international business practices in the country's growing mineral resource sector.

We believe one of our greatest legacies in Eritrea, in partnership with ENAMCO, will be the training programs we have provided to the domestic workforce with both practical and theoretical skills in the mining sector. These training programs enable Eritreans to take on enhanced responsibilities and receive increased levels of remuneration with their evolving, transferable skillsets.

The Bisha Mine is the flagship mine in the country and our operation provides a national template for mining excellence.

On behalf of Nevsun, I wish to express gratitude to everyone who assisted in making this report possible. It takes considerable sustained discipline from everyone to ensure that corporate sustainability efforts continue in earnest.

Cliff Davis

President and Chief Executive Officer
Nevsun Resources Ltd.

April 23, 2015



CLIFF DAVIS
President and Chief Executive Officer

The Bisha Mine is the flagship mine in the country and our operation provides a national template for mining excellence.

REPORTING PERIOD	DECEMBER 31, 2014
REPORTING CYCLE	ANNUALLY
REPORTING FRAMEWORK	G4

About This Report

The purpose of this Nevsun Corporate Social Responsibility Report is to demonstrate our commitment to provide an ongoing, transparent, and assembled account of our sustainable economic, social, and environmental practices and performance. Reference to Nevsun or the Company in this Report means, collectively, Nevsun Resources Ltd. and all of its wholly and majority owned direct and indirect subsidiaries.

Our 2014 Corporate Social Responsibility Report covers the calendar year ended December 31, 2014, the fourth full year of mining operations at the Company's 60% owned Bisha Mine in Eritrea. There were no corporate entity changes in operations during the reporting period and therefore there were no impacts to content or scope comparability from 2013 to 2014.

The Global Reporting Initiative (GRI) Sustainability Reporting Guidelines were used in the preparation of this Report. The Report also followed the indicator guidance contained within the G4 Implementation Manual, and the Mining and Metals Sector Supplement, and is in accordance with the 'Core' criteria option of the fourth generation (G4) Framework. The Report also includes 12 'comprehensive' General Standard Disclosures relating to governance and sustainability stewardship. The G4 Content Index located on pages 47-52 provides the general standard disclosures and specific standard disclosures (performance indicators) found in this Report and their respective locations.

Independent third party assurance was not sought for the 2014 CSR Report, however the content was prepared and reviewed by management for accuracy and consistency with data collection methods, corporate policies, and protocols. All narrative information and performance data regarding human rights were assessed and reviewed by an independent third party in respect of the Bisha Mine Human Rights Impact Assessment (See Human Rights on page 15 and Human Rights Case Study on page 16). While we made every effort to ensure internal data verification and quality control regarding the contents of this Report, all non-financial performance figures and economic indicator calculations are unaudited.

Defining Report Content - Material Issues

Our CSR Report identifies and discusses sustainability topics that are most important to the Company's stakeholders. The context and priority of each focus area contains an explanation as to why each material aspect is relevant and how it impacts our business and the perceptions of our stakeholders. The work that has been undertaken in managing each focus area is described in this Report, as well as the performance targets that have been set, and the Company's progress in meeting these targets.

In order to identify key material issues and define report content for the 2014 reporting period, Nevsun undertook a materiality assessment to identify and assess relevant priority topics in respect of both stakeholder concerns and business impact. Materiality interviews were conducted with a number of Nevsun's key stakeholder groups including:

- Government of Eritrea
- Our employees
- Our community liaison officers

We also considered issues relevant to Nevsun's operating environment, integrating ongoing formal and informal feedback from the Bisha Mine, combined with company performance metrics, operational reviews, and risk assessments.

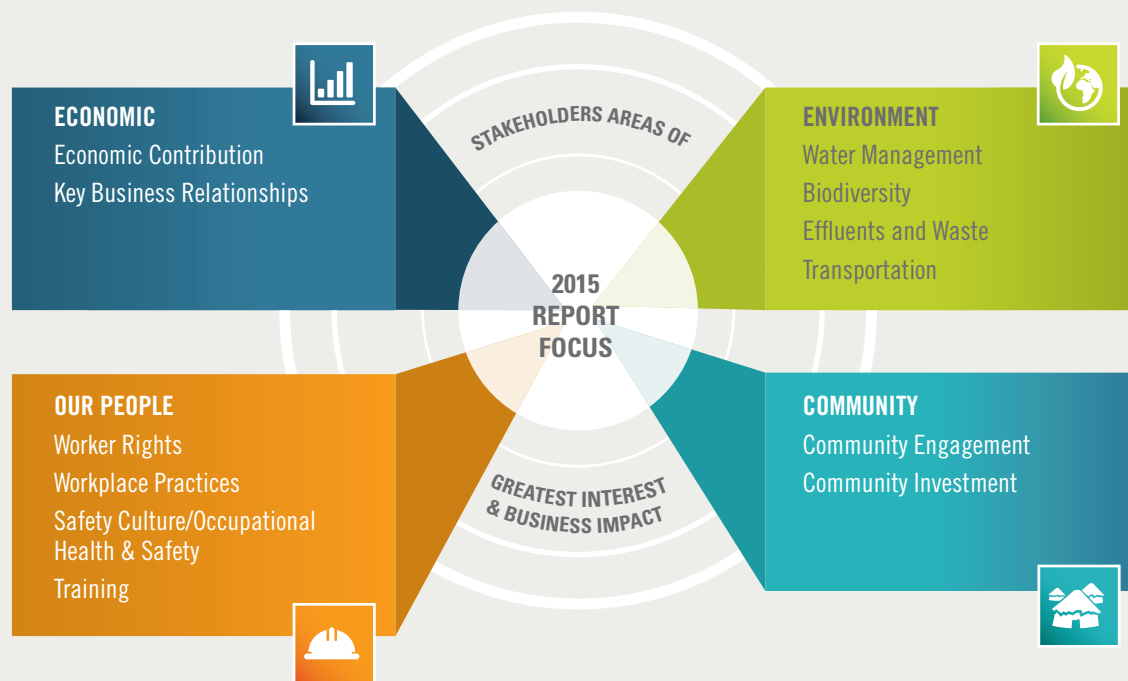
External feedback was derived from ongoing stakeholder engagement with:

- Local communities
- Government of Canada
- Resident Foreign Ambassadors in Eritrea
- United Nations
- Non-government organizations
- Shareholders

We also monitored regulatory and policy trends and developments, as well as media coverage.

Prioritization of material issues was conducted at the senior executive level of Nevsun based on our evaluation of economic, environmental, and social impacts related to operational and sustainability priorities. We also factored in comments received from our CSR reporting feedback survey. We plan to further expand this CSR reporting feedback survey in 2015 by actively seeking out more internal and external stakeholders to make comments and suggestions for improvements to CSR Reporting.

Our material issues for 2014 (those which were identified as ranking high in both stakeholder interest and business impact) included:



Aspect Boundaries – Where Impacts Occur

Different stakeholders, or groups of stakeholders, may be impacted by each of our material sustainability issues. For each key material aspect, we have described whether the impacts of these topics occur within our organization, or are believed to affect or extend outside the organization to our contractors, local communities, and investors. We have described our aspect boundaries within the narrative of the Report and have also provided aspect boundary coding in the Content Index.

Our material issues have been aligned with the corresponding GRI aspects and are the topics receiving coverage and defining the content in this Report.

In 2015, Nevsun intends to continue to expand the formal reach of internal and external stakeholders consulted for the materiality assessment to further enhance the diversity of perspective and strengthen the credibility and reliability of the identified and prioritized material aspects forming the Report content.

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 and transitioned to commercial copper production in December 2013. It will add zinc concentrate production capability, commencing in mid-2016. The Bisha Mine will produce both copper and zinc concentrate through mid-2016, its current anticipated mine life of 2025.

Customers and Markets

Nevsun’s customers in 2014 were copper smelters and concentrate traders. The Company’s copper end-users are spread throughout the world, including China, India, and Europe.

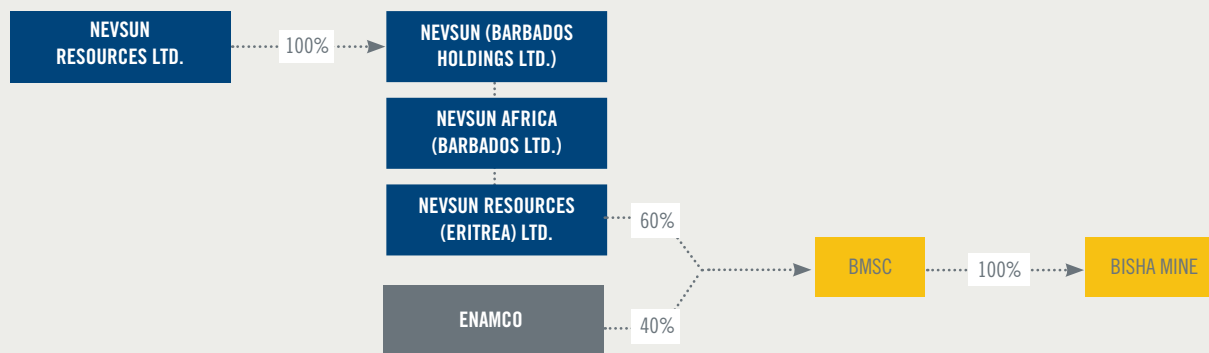
Supply Chain

BMSC has a comprehensive and relatively static supply chain network of local and international companies and contractors that provide the Bisha Mine with a broad spectrum of mining-related supplies and services. 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.

OWNERSHIP STRUCTURE



2014 Operational Highlights



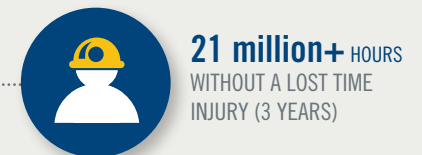
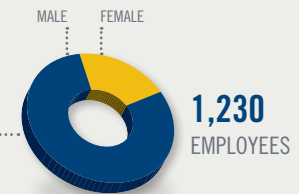
2014 REVENUE
\$555 million

AVERAGE REALIZED COPPER
PRICE PER POUND
\$3.02

2014 NET INCOME
\$93 million
OR \$0.47 PER SHARE

ANNUALIZED DIVIDEND
\$0.16 per share

SUCCESSFUL EXPLORATION PROGRAM
27,300 metres drilled



21 million+ HOURS
WITHOUT A LOST TIME
INJURY (3 YEARS)



Training
ACCELERATED TRAINING AND
PERSONAL DEVELOPMENT FOR
LOCAL ERITREANS



Progress
COMMENCED PROGRESS ON
ZINC PROCESSING FACILITY
OVER 30% COMPLETE



196 million pounds
OF COPPER IN CONCENTRATE
AT A CASH COST OF \$1.05 PER
PAYABLE POUND OF COPPER

Message from the VP, Corporate Social Responsibility

Corporate Social Responsibility (CSR), on a practical level, is a suite of evolving progressive program initiatives aimed at addressing best practices across a range of issues including, but not limited to worker safety, human rights, stakeholder and community engagement and environmental impacts. The need for CSR is precipitated by citizens, shareholders, stakeholders, and of course companies themselves that wish to see business behaving ethically and responsibly in its activities. Nevsun embraces the view that companies should ultimately create an environment in which their presence is of net benefit to society, resulting in a considerable advantage to the host population while mitigating, where possible, detriments from its presence.

Furthermore, we believe our legacy throughout the entire project cycle should be positive to the vast majority of our stakeholders. We are cognizant that our presence in Eritrea, being an inaugural mining operation in the country, creates more regulatory and public scrutiny on our net benefit to society than companies operating in other environments. As such, we believe we have an obligation, whilst respecting the national sovereignty of Eritrea, to uphold and deliver upon standards, programs, and initiatives that reflect our Code of Ethics and organizational values, and that our partner ENAMCO also actively subscribes to these views.

There were many sustainability and CSR achievements in 2014 including:

- We examined worker rights and standard of care
- We achieved or exceeded all of our economic goals
- We continue to have an exemplary workplace safety record
- We reached agreement with our business partner to pursue a study on the use of solar energy in order to reduce our dependency on diesel and look for a hybrid solar solution
- We internally undertook random spot inspections of our contractors to ensure regulatory and contractual compliance
- We listened to feedback from our workers in 2013 and made some changes in the workplace to improve labour conditions
- We secured approval for the allocation of monies towards community projects in 2015 that will enhance local food supply and business opportunities for communities surrounding the Bisha Mine

We also further enhanced the Bisha Training Centre by adding more classes and subjects, which have enabled measurable success for local Eritreans to learn and develop real-world, hands-on mining skills. These newly acquired skills can be applied to the opportunities that exist for skilled mine labour at the Bisha Mine. In addition, these transferrable skill sets also create an opportunity for increased labour mobility across the country which is crucial to a developing economy.

We also facilitated visits to the Bisha Mine for the Canadian Ambassador, as well as the Chair of the Parliamentary Subcommittee on Human Rights and



TODD ROMAINE
VP, Corporate Social Responsibility

International Development, as a mechanism to further enhance our transparency regarding how we operate in Eritrea. Finally, we have endorsed and have begun implementing the recommendations that were raised this past year in the Human Rights Impact Assessment (HRIA) and look forward to the continual enhancement to transparency, worker rights, and community projects in 2015 and beyond.

Areas for continued focus in 2015 include having the personnel and resources in place to achieve the outstanding 2014, and new 2015 environmental goals, with a priority on stakeholder engagement regarding shared water resources and benchmarking our management systems in alignment with the IFC 2012 Performance Standards. Additionally, we plan, to complete and implement an Emergency Response Protocol and communications plan.

I hope you find our 2014 CSR Report an interesting and informative perspective of Nevsun's continuous improvement role with respect to our economic, environmental, and social performance at the Bisha Mine. Our ongoing collaboration with the Government of Eritrea is fostering a positive contribution to the future of this East African state.

Sincerely,

Todd Romaine

Vice President, Corporate Social Responsibility
April 23, 2015

Governance

Achievements and Goals



2014

TARGETS

Ensure management and monitoring systems and procedures are in place to operationalize alignment with the 2012 IFC Performance Standards

Implement training of all employees on Voluntary Principles on Security and Human Rights

ACHIEVEMENT LEVEL

- Not achieved due to prolonged staff turnover, vacancies
- Partially achieved due to decision to roll-out just to applicable groups and BMSC Heads of Departments

2015

GOALS

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



Governance and CSR Management

INSIDE THIS SECTION

ETHICAL CONDUCT
WHISTLEBLOWER POLICY
VISION & VALUES
GOVERNANCE STRUCTURE
CORPORATE SOCIAL RESPONSIBILITY PRACTICES

ENTERPRISE RISK MANAGEMENT
ANTI-BRIBERY & ANTI CORRUPTION
COMMITMENTS TO EXTERNAL INITIATIVES
HUMAN RIGHTS
STAKEHOLDER ENGAGEMENT



BMSC Employee Handbook

ETHICAL CONDUCT

Nevsun's Code of Ethics defines our commitments to ethical and sustainable social and environmental business practices wherever we operate. To emphasize and promote the importance of ethical conduct, Nevsun's board of directors (the "Board") adopted a Code of Ethics applicable to employees, contractors, officers and directors of Nevsun and each of its subsidiaries. The purpose of this code is to promote honest and ethical conduct, full, fair, accurate, timely and understandable disclosure, and compliance with applicable governmental rules and regulations. There is accountability for any violations of the Code. To ensure and monitor compliance with the Code, the Company circulates a copy of the Code to each new employee, requesting a signature acknowledging its receipt. The Code of Ethics was last revised and updated in April 2015 and is available on our [website here](#). ➡

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

WHISTLEBLOWER POLICY

Our Whistleblower Policy enables all 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.

Reports are directed to the Chairman of Nevsun's Audit Committee or to an independent, externally managed hotline service to handle complaints on a confidential and anonymous basis. The hotline service is available 24/7. Details regarding the Company's Whistleblower Policy are contained within the BMSC Employee Handbook and are publicly accessible on our Corporate [website here](#). ➡

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



Vision & Values

Nevsun's vision is to maximize long term community benefits and shareholder value in the responsible development of mineral resources wherever we operate. To accomplish this vision, the Company endorses and promotes the values statement below:

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 towards a zero target for accidents and incidents.

HUMAN RIGHTS

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

INTEGRITY

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

CREATING SHAREHOLDER VALUE

We focus on cost-effective operational governance and financial management excellence in order to maximize shareholder investment returns.

SUPPORTING OUR COMMUNITIES

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

SUPPORTING THE ENVIRONMENT

We are committed to the mitigation and remediation of all environmental impacts through the construction, operation, and closure plan aspects of our activities. We undertake numerous studies and action plans throughout the project cycle to ensure the diverse biological ecosystems where we operate are protected for future generations.



GOVERNANCE STRUCTURE

The Board has the responsibility to oversee the conduct of the management of the Company. The fundamental objectives of the Board are to oversee the Company's strategic direction, enhance long-term shareholder value, ensure the Company operates in a reliable, safe manner, and that it meets 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 for the enterprise, provides direction and oversight, approves strategic plans presented by senior management, and evaluates the performance of senior management. Nevsun's independent directors have a wide base of experience and are very familiar with the many challenges related to mining and operating in geographically diverse jurisdictions. The Board members have a broad range of skills, experience and perspective doing business in developing countries having held senior leadership positions in the mining, accounting, engineering or legal professions throughout their careers.

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 & Safety Committee, [5] Special Committee, and [6] Litigation Committee.

In 2014, the Nevsun Board was comprised of six male members; five of whom were independent, non-executive directors, including the Chairman of the Board.



Nevsun currently does not have any female directors on the Board, but is willing to recruit high quality female candidates most capable of fostering the Company's needs and objectives, based on their individual qualifications, experience, and expertise. The Board recognizes the potential benefits of promoting diversity by identifying, assessing and selecting possible candidates for nomination to the Board or appointments to executive officer positions. The Board is mindful of the benefits of diversity, Nevsun has not at this stage adopted a written policy on the representation of women on the Board, nor has it fixed any targets in this regard. While the Board has not at this stage adopted a board diversity policy or targets or quotas, the Board does aspire to promote various aspects of diversity, including gender, among its leadership team in order to bring a mix of skills, experience, and perspective to the governance of the Company. The Corporate Governance & Nominations Committee will make recommendations to the Board for consideration regarding a gender diversity policy in 2015.

Governance and Oversight of Corporate Social Responsibility Practices

The Company recognizes that its activities have the potential to impact the human rights of individuals affected by its business operations. The Company seeks to integrate human rights best practices into its business processes and conducts its 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. Nevsun is committed to responsible operations and practices at its Bisha Mine based on national and international standards of safety, environmental management, governance, and human rights and strives to ensure that the Company's presence has a positive socio-economic impact to the national economy and the local communities. Some of the Company's social responsibility commitments and practices include:

- Actively promoting understanding by all employees of the culture, language and history of the communities, regions and countries in which it operates
- Working to protect cultural heritage resources potentially affected by the Company's activities
- Conducting 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 Bisha, including inspection and audits of national service discharge documentation for all Eritrean workers at Bisha
- 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 various grievance mechanisms to enable 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





Nevsun has three Board Committees that meet regularly to review CSR performance including:

- The Social, Environmental, Health & Safety (SEHS) Committee
- The Audit Committee
- The Human Resources (HR) Committee

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

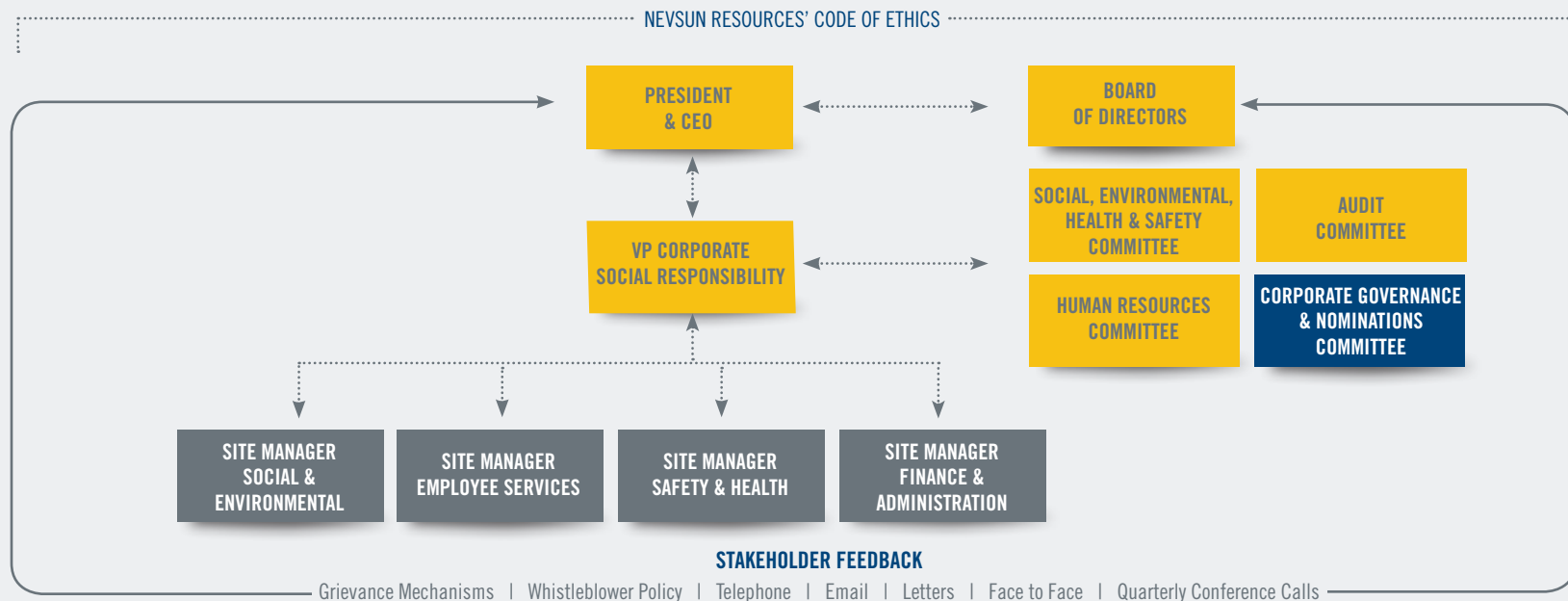
Nevsun has an executive-level position with designated responsibility for economic, environmental, and social topics. The VP of Corporate Social Responsibility provides reporting directly to the SEHS Committee. Our CEO formally reviews and approves our CSR Report; ensuring all material aspects have received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

Enterprise Risk Management

Nevsun's approach to identifying and managing risk has been a critical component of how management and the Board run the business. Nevsun's enterprise risk management process is currently coordinated by the Chief Financial Officer and

managed by the senior management team with direct oversight by the Chief Executive Officer and the Board. Nevsun conducts a top-down review of key strategic, operational and financial risks at least quarterly. Nevsun maintains a risk register which is updated on a monthly basis by the appropriate business owner of the risk. The risk register contains a list of actions to ensure risks are mitigated to the agreed upon level of risk tolerance. The results of the enterprise risk management process are reviewed quarterly by the Audit Committee and semi-annually by the Board of Directors.

GOVERNANCE OF SUSTAINABILITY PERFORMANCE AND COMMUNICATION FLOW





Anti-Bribery & Anti-Corruption

Nevsun has 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. Within this policy, Nevsun reiterates its commitment to full compliance by the Company and its employees, officers, and directors to ensure they conduct their business relationships in compliance with 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 the aspects of the business which could potentially be affected by incidents of corruption. All of our business units at both the corporate level and at the Bisha Mine are reviewed regularly for risks relating to corruption.

We have not encountered any corruption practiced by Government of Eritrea officials, representatives, or any organizations connected to the Government of Eritrea. We have made no payments to any officials or representatives of the Government of Eritrea, which also takes a strong stand on corruption and the conduct of 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 social and environmental policies adopted for the Bisha Mine reflect these international standards.
2012 International Finance Corporation (IFC) Performance Standards for Social and Environmental Sustainability	BMSC will continue to benchmark its management systems against the IFC Performance Standards for Social and Environmental Sustainability.
Global Reporting Initiative (G4) Sustainability Reporting Guidelines	Adopted as the framework for CSR Reporting since 2013.
International Labour Organization (ILO)	Nevsun has incorporated many of these UN recognized worker rights into our corporate policies and procedures, including child/forced labour, minimum wage, overtime, maternity leave, etc.
Occupational Health & Safety Advisory Services (OHSAS)	The Bisha Mine has developed a Health & Safety management system in alignment with the requirements of 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, Nevsun has embarked on a program to ensure the Bisha Mine security contractor and relevant BMSC managers will be trained annually in the Voluntary Principles on Security and Human Rights.





Human Rights

We continually refine our activities to meet the highest ethical standards, including the proper treatment of all stakeholders associated with our operations and will persist in updating our policies and procedures to reflect this commitment.

Nevsun integrates the respect for human rights into its Code of Ethics, its operational policies and procedures, and in its operations. Our approach to human rights is evolving and ongoing and we are committed to international principles and guidance, as well as integrating the recommendations from our recently completed Human Rights Impact Assessment (HRIA).

All of our recruitment procedures conform with Eritrean Law. As such the BMSC Human Resources and Employment Plan (the “HRE Plan”) has policies and procedures in place to protect against under-age workers at its operations and only employs persons that are 18 years of age and older.



Additionally, a formal identification card, a prerequisite for employment at the Bisha Mine, can only be granted once an Eritrean citizen reaches the age of 18.

Specific to our Bisha operation, and in accordance with Eritrean Law, the HRE Plan also mandates that all applicants hired must demonstrate that they have been cleared from the Eritrean National Service Program. Both our contractors and subcontractors are in compliance with this documentation process, which is audited on a regular basis.

A small number of Government of Eritrea and student demobilized workers are given the opportunity each year to take on a secondment at the Bisha Mine. This provides an opportunity for them to acquire real world operator experience in the mining sector and to work for a private organization at a much higher rate of pay over a period of six months before returning back to their regular employer. Those electing to select this option must freely sign-off on their willingness to join our workforce at their choosing for a specified period of time.

During 2014, we did not receive any formal human rights grievances or identify any issues of non-compliance in respect to the use of national conscripts.

A lawsuit was filed against Nevsun in November 2014 in the B.C. Supreme Court by three individuals who claim to have once worked with a local subcontractor at the Bisha Mine. The lawsuit makes human rights allegations against Nevsun and its local subcontractor. Nevsun denies the allegations and will vigorously defend itself against the claim.

The security standard at Nevsun’s operation is designed to assess risks and protect the Company’s people and assets in a manner which minimizes conflict and respects the human rights of its stakeholders. We ensure our security is managed in a way that respects and protects human rights, avoids creating and or escalating conflict, and addresses security threats in as peaceful a way as possible. Our security services are provided by a local Eritrean contractor and 100% of its employees are required to receive regular training in security protocols and procedures, which includes aspects of human rights including harassment, discrimination, and cultural awareness. We have adopted the Voluntary Principles on Security and Human Rights and implemented numerous policies to ensure all employees, contractors, and subcontractors are treated with dignity and respect at all times. In conjunction with the HRIA, Nevsun has embarked on a program to ensure its security contractor and relevant BMSC managers will meet on an annual basis to discuss the Company’s obligations with respect to the Voluntary Principles on Security and Human Rights.

CASE STUDY
UPDATE

In mid-2013/early 2014, Nevsun commissioned its first independent HRIA at its Bisha Mine to better understand strengths and identify areas where human rights best practices can be embedded in Eritrea and wherever it operates. To implement the HRIA, an independent international human rights lawyer undertook two field missions to Eritrea (October 2013 and January 2014) to gather information, review documentation, and visit the Bisha Mine. 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.

A broad and comprehensive mandate was given for the HRIA 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 engagement with stakeholders in Eritrea. Specifically, Nevsun wished to better understand where there may be risks, associated with their operations, of human rights impacts on workers and local communities.

The HRIA prioritized the following:

- Labour rights, including freedom from forced labour, freedom of association, working conditions, and training opportunities
- Human rights related to the environment, including the human right to water and sanitation
- Community development and stakeholder engagement with local communities
- Security and human rights
- Human rights due diligence with respect to business partners and supply chain
- Grievance mechanisms at the operational level

The Bisha Mine Human Rights Impact Assessment

The recommendations to support ongoing due diligence for human rights at the Bisha Mine resulting from the assessment include:

- Adopting and embedding a more explicit human rights policy
- Conducting further human rights training at Bisha
- Integrating human rights considerations into the implementation of the 2012 IFC Performance Standards at the Bisha Mine
- Engaging on human rights with suppliers, contractors, and subcontractors
- Developing a framework and protocols to ensure the effective implementation and coordination of all grievance mechanisms
- Continuing discussions surrounding the implementation of the Community Assistance Programme (CAP)

Upon completion of the HRIA, Nevsun published and made publicly available a summary of the report, and also 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 its annual CSR Report. In 2014, 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 Nevsun's corporate values and shape the expectations of many of its stakeholders. Most importantly, human rights are fundamental to the ongoing dignity, safety, and well-being of the individuals and groups that are affected by the Company's operations.

2014 HUMAN RIGHTS IMPACT ASSESSMENT - RECOMMENDATIONS AND STATUS

HRIA RECOMMENDATION	STATUS	% COMPLETE
Human Rights Policy	Approved	100%
Conduct further human rights training	Ongoing on a regular basis	100%*
BMSC alignment to IFC 2012 Performance Standards	To commence in Q2 2015	0%
Engagement on human rights with suppliers etc.	Auditing underway, BMSC Standard Operating Procedure developed	75%*
Coordination of grievances	Underway in 2015	20%*
Community Assistance Program (CAP)	ENAMCO Board supportive of a pilot CAP program in 2015-2016 **	75%*

* We understand that some of these aspects require ongoing human rights due diligence, and we will continue to report on these ongoing efforts - including with respect to training, engagement, and auditing with our suppliers and contractors.

** The Government of Eritrea's philosophy envisions that the entire country shares in the benefits of the resource sector, with no particular region benefitting disproportionately. Other than employment opportunities for local villagers, BMSC has in past provided limited community investment or assistance, respecting the paradigm and the distribution of financial benefits to the national government.



Stakeholder Engagement

Nevsun's ongoing objective is to be a responsible mining company and to provide a beneficial impact to society throughout the project cycle. We continuously engage 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 Nevsun's ability to maintain its long term social license to operate.

Nevsun was active in 2014 with respect to ongoing engagement 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 and we update affected groups through regular stakeholder identification exercises. The Company places its greatest stakeholder priority on our employees and the nearby local communities to the Bisha Mine, as well as with the Government of Eritrea.

With the full support of the Government of Eritrea, a few key Canadian diplomatic officials were invited to Eritrea and the Bisha Mine in 2014 and early 2015, which supports our belief to provide transparency in our engagement activities. This included the Canadian Ambassador to Eritrea, Mr. Dominique Rossetti, as well as Member of Parliament Scott Reid, who chairs the Canadian Parliamentary Subcommittee on International Human Rights. Both of these individuals were provided tours of the country, access to various government ministries (including the National Federation of Eritrean

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 personally experience how our Company, in collaboration with the Government of Eritrea, is making a positive long-term difference to the country.



Member of Parliament (MP) Scott Reid, Canadian Ambassador to Eritrea Dominique Rossetti, and Lloyd Lipsett, human rights lawyer meet with Segen workers to discuss employment conditions



MP Scott Reid examines the community grievance process

As part of Nevsun's ongoing approach to transparency in our engagement activities, a few key Canadian diplomatic officials were invited to Eritrea and our Bisha Mine in 2014 and early 2015.



Stakeholders

MEDIA

Nevsun responds to requests for information and interviews to television stations and publications from around the world.

THE GENERAL PUBLIC

Engagement with the general public primarily includes email correspondence with individuals inquiring about Nevsun's 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.

Quarterly social and environmental audits from the Eritrean Impact Review Committee that oversee whether the Bisha Mine complies with the requirements of the Mineral Resource Proclamation Law and Mining Agreement.

EMPLOYEES*

Regular engagement and discussion regarding health and safety training, work performance, overall company objectives.

Addressing any complaints or grievances through formal transparent mechanisms.

LOCAL COMMUNITIES*

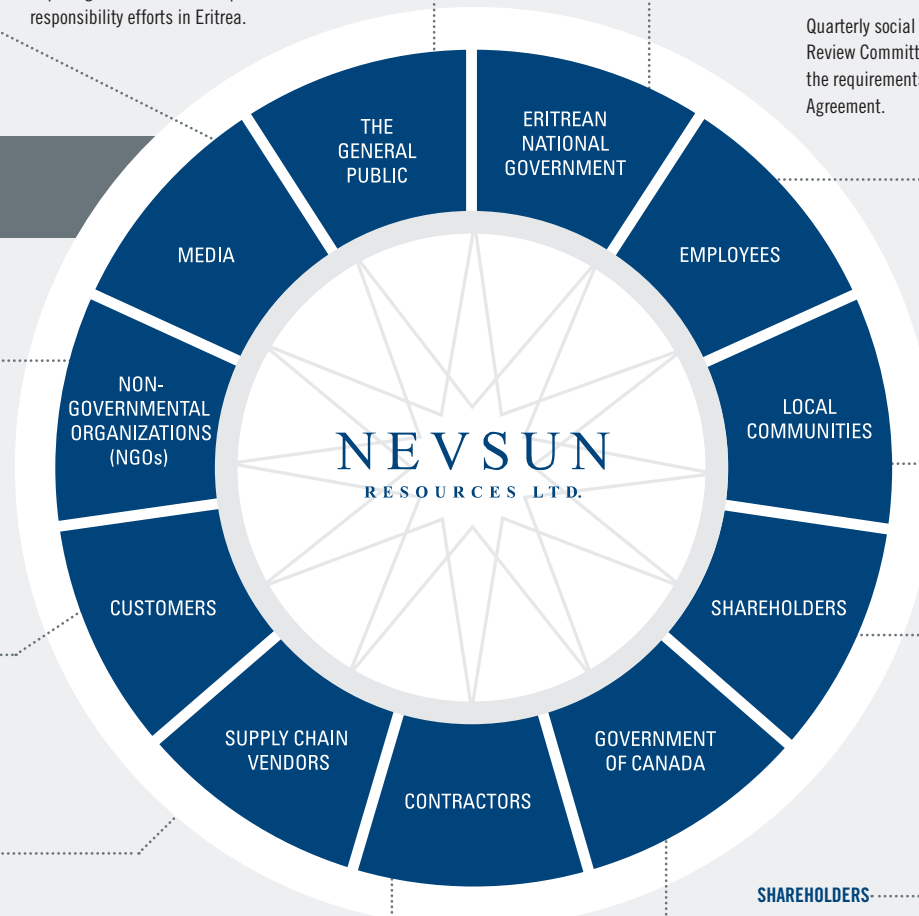
Including village elders, administration and residents of Mogoraib, Jimel, Adi Ibrahim, Adarat, Tekreret, Agordat, Barentu, Dighe and Gogne sub-Zobas and Zoba Gash Barka.

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

BMSC regularly consults with villagers in terms of project updates, facilitating job applications for employment opportunities, and addressing other issues and concerns that community members may have.

BMSC has seven Company community liaison officers stationed in the nearest villages to provide a constant information and engagement access presence for these communities.

* Included in the 2014 materiality assessment



NON-GOVERNMENTAL ORGANIZATIONS (NGOS)

Contact with NGOs has primarily included open dialogue with Human Rights Watch (HRW), Amnesty International, Mining Watch Canada, the Council on Ethics Norway, and the Global Engagement Services (GES) on their concerns regarding past allegations of human rights violations in Bisha.

CUSTOMERS

Nevsun is in regular contact with its customers, typically regarding matters of shipping and associated costs.

SUPPLY CHAIN VENDORS

Engagement with our supply chain includes regular dialogue regarding Bisha Mine resource needs and on costs and timing for the local acquisition of such goods and services.

CONTRACTORS

Segen Construction Ltd. and Transhorn Trucking Ltd. were BMSC's primary contractors, therefore engagement with these groups included regular dialogue on targets and objectives, including compliance audits with our Code of Ethics and BMSC Social and Environmental Management Plans.

GOVERNMENT OF CANADA

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

SHAREHOLDERS

Engagement with our investors includes ongoing progress discussions and/or email correspondence with institutional and retail investors, as well as specific dialogues with certain investors addressing a variety of inquiries.

Economic



Achievements and Goals



2014

2015

TARGETS

- Maintain output and ensure steady state copper tonnes production
- Significant exploration efforts on satellite deposits within our licensed areas
- Start capital project construction of zinc plant
- Continued dividend payments to Nevsun shareholders
- Project acquisition/diversification of project portfolio

ACHIEVEMENT LEVEL

- Achieved
- Achieved
- Achieved
- Achieved
- Not Achieved

GOALS

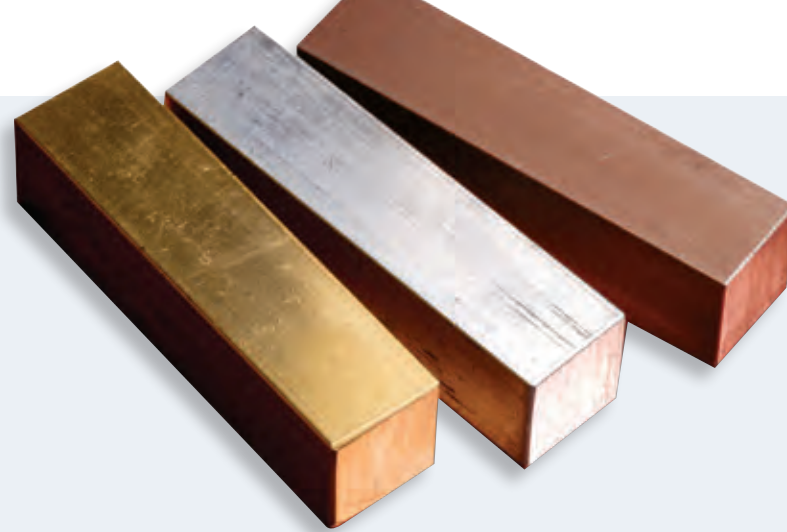
- Maintain output and ensure steady state copper production
- Continue exploration for satellite deposits and deposit extensions within our licensed areas
- Finish majority capital project construction of the zinc plant

- Continued dividend payments to Nevsun shareholders
- Contribution of income tax, royalties, and payments to the Eritrean economy
- Acquisition/diversification of project portfolio

INSIDE
THIS SECTION

APPROACH

ECONOMIC PERFORMANCE
AND CONTRIBUTIONS
PAYMENTS TO GOVERNMENTS
LOCAL PROCUREMENT



Approach

The economic performance of our Company affects all of our stakeholders. Our long-term prosperity depends upon the effective management of our business in the short and medium term and therefore our economic strategy remains consistent:

- 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

Economic Performance & Contributions

A key component of our values and vision is to ensure that our economic contributions and impacts are consistent with Nevsun's sustainable development goals, including providing tangible and

immediate to long-term benefits to the people of Eritrea. The Bisha Mine is the only modern mine in Eritrea and our economic contributions have a positive, significant impact on the Eritrean economy through wages, taxes, and longer-term investments we make. Beyond employment and its contribution to a stronger and more sustainable economy, the Bisha Mine



Bisha Mine, taken January 2015

The Bisha Mine is the only modern mine in Eritrea and our economic contributions have a positive, significant impact on the Eritrean economy through wages, taxes, and longer-term investments

provides opportunities for skills development through training, community support, and a substantial boost to the local businesses within the country's mining supply chain. Financially, the Bisha Mine provides revenue to the Government of Eritrea by way of corporate income taxes, royalties, employment taxes, and distributions to ENAMCO.

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

The development of the Bisha Mine has resulted in a significant contribution to the Eritrean economy. Since inception, the Bisha Mine has generated approximately two billion dollars in revenue which has had and will continue to have numerous domestic spin-off effects. Naturally, with an economy such as Eritrea, a good deal of supply is ultimately sourced from outside of the country and accordingly the direct impact to the country is difficult to measure but is substantially less than the gross values in these tables.

in thousands (USD)

ECONOMIC VALUE GENERATED	TOTAL	2014	2013	2012	2011
Sales and by-product income	\$ 1,824,519	\$ 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	\$ 1,995,323	\$ 564,287	\$ 268,614	\$ 566,039	\$ 596,383

ECONOMIC VALUE DISTRIBUTED

Operating and administrative expenses (including salaries), capital expenditures, and other outlays

Operating and administrative expenses (including salaries), capital expenditures, and other outlays	877,619	273,319	198,175	217,639	188,486
Income taxes, royalties, and other government remittances paid	755,078	206,955	86,635	317,443	144,045
Dividends paid to Nevsun shareholders	84,574	34,770	23,880	19,989	5,935
Total Economic Value Distributed	\$ 1,717,271	\$ 515,044	\$ 308,690	\$ 555,071	\$ 338,466
Total Economic Value Retained	\$ 278,052	\$ 49,243	\$(40,076)	\$ 10,968	\$ 257,917

MELANIE JENKINS

Investor Relations Associate



Melanie is the newest employee at our corporate office in Vancouver, joining Nevsun in March of 2014. She came to the Company with capital markets experience, previously working for a major Canadian financial institution in the Metals and Mining Investment Banking group. Melanie joined Nevsun because of her passion to work for a Canadian mining company operating in Africa. As a born and raised Vancouverite, Melanie naturally enjoys the outdoors, specifically hiking and snowboarding in her leisure time.



Concentrate being loaded from trucks onto cargo ships at the Massawa Port



Payments to Governments

Nevsun, in support of financial transparency and accountability, has voluntarily committed to disclosing payments to governments in countries where we operate. Our disclosure is aligned with “Publish What You Pay” initiatives including the EITI and proposed legislation in the U.S. and Canada calling on companies to disclose payments to governments.

As disclosed in the tables on page 21 and 22, our economic contributions have made a considerable monetary difference to the country since commercial operations at the Bisha Mine began in 2011. Of the approximate \$2.0 billion of economic

value generated, over \$1.0 billion (\$755 million in income taxes, royalties and other government remittances and \$299 million in local supply of goods and services) represent direct payments into the Eritrean economy which has had, and will continue to have numerous spin-off effects. We would note that some of the funds paid to local suppliers for goods and services are ultimately sourced from outside of the country. The single largest example would be the approximately \$42 million in fuel costs. The spin-off effects for this type of local supply for the country are substantially less than the gross values in the table. Payments to governments and government-owned entities from 2011 to 2014 are included in the chart below:

PAYMENTS TO GOVERNMENT

Forms of taxation

	TOTAL	2014	2013	2012	2011
Income taxes	\$ 395,053	\$ 88,983	\$ 60,484	\$ 209,586	\$ 36,000
Royalties	97,759	30,331	14,774	31,462	21,192
Payroll taxes	20,901	6,631	6,370	5,159	2,741
Withholding taxes, customs & duties ^[1]	15,206	4,260	5,007	3,236	2,703
	\$ 528,919	\$ 130,205	\$ 86,635	\$ 249,443	\$ 62,636

PAYMENTS TO ENAMCO

Distributions ^[2]	144,750	76,750	—	68,000	—
Return of capital ^[2]	81,409	—	—	—	81,409
	\$ 226,159	\$ 76,750	\$ —	\$ 68,000	\$ 81,409
Total Payments to Government	\$ 755,078	\$ 206,955	\$ 86,635	\$ 317,443	\$ 144,045

^[1] Withholding taxes were merged with customs and duties in the 2014 reporting year

^[2] Of the \$226.1M paid to ENAMCO through December 31, 2014, ENAMCO has repaid \$124.7M in connection with its acquisition of an equity interest in BMSC

Community Investment

We developed a Community Assistance Plan (“CAP”) for the Bisha Mine as part of the Bisha Mine’s original (2010) Social and Environmental Assessment. This is a program designed to address the development opportunities identified by the community. The CAP contributes beyond direct mining activities and provides the basis for enhancement of social and economic well-being amongst the host communities in which we operate.

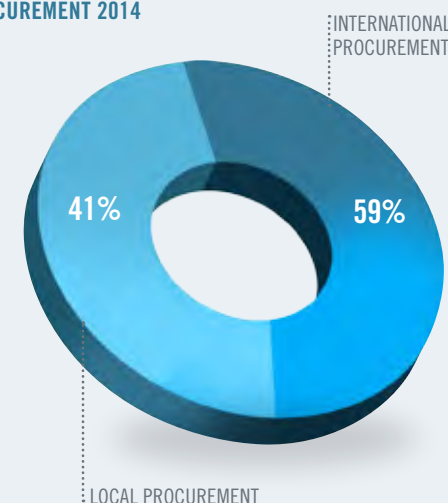
In 2014, there were no CAP expenditures made by the Company, however during the reporting period the Company proposed a number of program initiatives which adhere to national governance objectives and align with local planning processes and priorities. Subsequently, these were approved by the BMSC Board. In 2015, various sustainable agricultural irrigation and infrastructure projects will be implemented to enhance the nearby communities’ agricultural production and to provide potable water sources in closer proximity to villages. The selection of these initial six projects was based on community input via a vis the Community Liaison Officers as well as the local governance administrators (See Case Study in our Community Section on page 46).

Local Procurement

We are committed to sourcing goods and services from local and national Eritrean suppliers wherever possible as part of our efforts to ensure that local communities benefit from economic activity generated from the Bisha Mine. The ability to source all goods locally (within Eritrea) is constrained 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 both a Nevsun protocol and is reinforced within the BMSC Social Responsibility Policy.

During 2014, we spent a total of \$273 million on purchases of fuel, heavy mobile equipment, construction materials, transportation and shipping, and other operating materials, goods and services from local and international vendors (compared with \$198 million in 2013). Of these expenditures, approximately \$112 million* or 41% was provided to local vendors. The increase from 2013 relates to increased transportation and fuel costs in connection with a full year of commercial copper production in 2014. 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 the external fuel delivery.

PROCUREMENT 2014



\$112 million APROX.
IN PURCHASES TO LOCAL VENDORS*

ERITREAN SUPPLY LINES

	TOTAL	2014	2013	2012	2011
Payments to local payroll, parastatal entities and local suppliers	\$ 298,913	\$ 112,224	\$ 63,226	\$ 61,143	\$ 62,320
Non-Eritrean supply of goods and services	\$ 578,706	\$ 161,095	\$ 134,949	\$ 156,496	\$ 126,166
Total operating and administration	\$ 877,619	\$ 273,319	\$ 198,175	\$ 217,639	\$ 188,486
Percentage of Local Procurement	34%	41%	32%	28%	33%



City of Keren, Eritrea's third largest city and a major transit port between Bisha Mine and Asmara

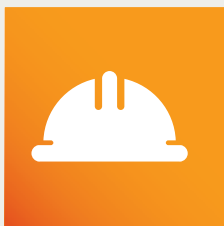
As part of our efforts to ensure that local communities benefit from economic activity generated from the Bisha Mine, we are committed to sourcing goods and services from local and national Eritrean suppliers wherever possible.

* Note that of the funds paid into the Eritrean economy via local vendors, significant portions of those funds are required for ultimately external (non-Eritrean) supplies specific to Bisha.

Our People - Our Workplace



Achievements and Goals



2014

TARGETS

Ramp-up in-country training for local Eritreans

Enhance Emergency Response Training and Emergency Response Plan (ERP) document

ACHIEVEMENT LEVEL

- Achieved, increase over 2013 by 16%
- Partially achieved. ERP review process commenced in 2013 but requires emergency preparedness protocol and communications plan

2015

GOALS

Continue in-country training program for local Eritreans

Complete ERP protocol for training and development of emergency preparedness by Q2 2015.

Undertake interviews and audits as and when required to assist in enhancing workplace practices

Improve the retention rates of all employees



INSIDE
THIS SECTION

COMPOSITION OF EMPLOYEES
LOCAL HIRING PRACTICES AND LOCAL DIVERSITY
EMPLOYEE TRAINING & DEVELOPMENT

Approach

Our people are our most important resource. Nevsun prioritizes numerous initiatives to ensure a safe and supportive work environment and strives to make the workplace rewarding for BMSC and corporate based 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.

Composition of Employees

In 2014 we employed 1,230 BMSC employees in Eritrea and 17 Nevsun employees at our corporate office in Vancouver, Canada.

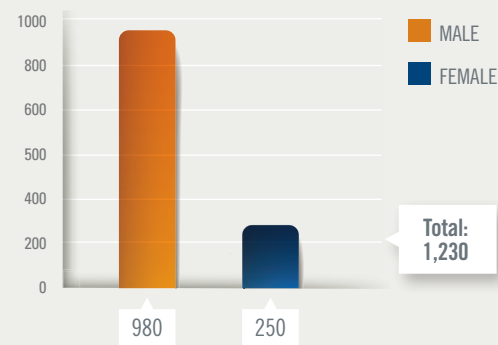
The gender composition of our BMSC workforce is approximately 80% male and 20% female. Throughout our operation, women are employed in a variety of administrative, technical, and managerial functions and receive the same remuneration for the same positions as their male counterparts.

In 2014, 100% of all our BMSC employees (1,230) received a bi-annual performance review. This included 980 male employees and 250 female employees. This was an improvement over the previous year where we undertook annual performance reviews of our employees.

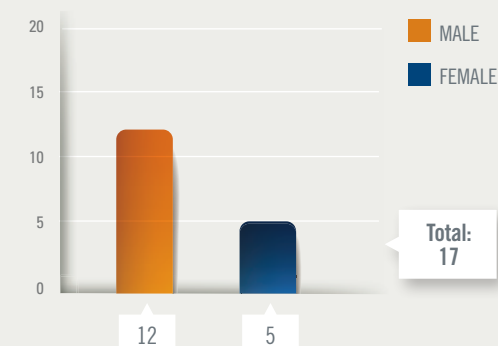
Our full-time BMSC employees are provided with a suite of benefits to encourage productivity, professional development, and retention. These benefits are developed and maintained by both Nevsun management and the BMSC Board and includes, above average wages, medical services, long-term injury compensation,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

The Bisha Mine continues to experience a high turnover rate for its workforce, approximately 18% in 2014 (2013 – 13%) which equates to 224 individuals in 2014 compared to 157 individuals in 2013. By gender, this figure represents 16% for male employees and 26% for female employees. Numerous factors impact employees' decision to leave their positions at the Bisha Mine. For

NUMBER OF EMPLOYEES BY GENDER - ERITREA



NUMBER OF EMPLOYEES BY GENDER - CORPORATE OFFICE (CANADA)



**NIKEDIMOS TEKLAY ZERU**

RC Drill Operator

Nikedimos plays a key role in the Bisha pit and has done so for close to two years now. Prior to his job with BMSC, he worked as a farmer in the city of Keren herding animals and growing fruits and vegetables. He also spent a decade with the Eritrean military before making the switch to farming. In his spare time, Nikedimos enjoys learning about biology.



Our full-time BMSC employees are provided with a suite of benefits to encourage productivity, professional development, and retention.

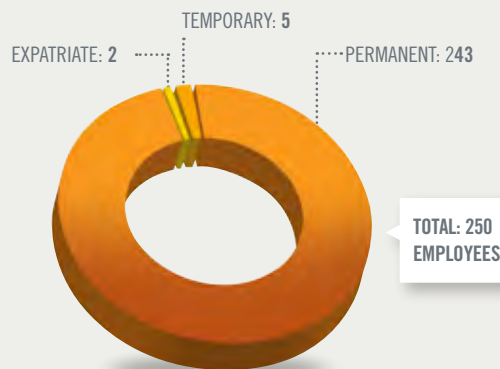
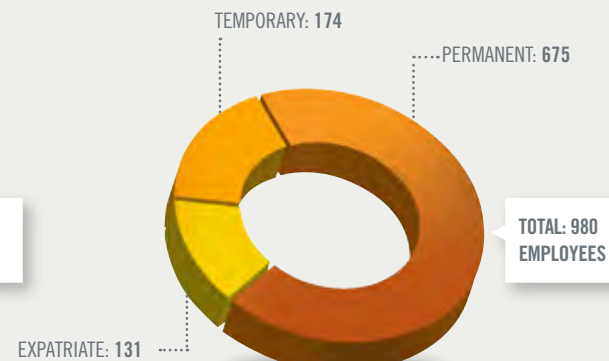


A drill team working in the Bisha Mine open pit

permanent (local Eritrean) employees, factors such as better opportunities with other employers in the country or in less remote locations have been a challenge. For expatriate employees, factors such as career opportunities (pay or position) in a different geographical location relative to their home country of residence had an influence during 2014. We also had 24 employees on maternity leave in 2014 of which 21 returned back to their post and three decided not to return for personal reasons (compared to 13 maternity leaves in 2013 with 5 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 257 BMSC employees were hired in 2014 (compared to 197 in 2013); 77% male (2013-68%) and 23% female (2013-32%). Nevsun hired 3 new employees at its corporate headquarters in 2014 (compared to 4 in 2013) - two males and one female - at its corporate headquarters.

In 2014, there was some local departmental worker discontent, however management was able to react in a timely manner to respond to their concerns about discrepancy in the pay rate/salary scale. These issues contributed to a small proportion of those leaving the Bisha Mine work force. Since then, mine management has undertaken numerous steps (i.e. salary review and level adjustment to reflect skill set) to address these concerns to reduce the turnover rate and ensure localization objectives and expectations are addressed. There have been preliminary discussions amongst the Eritrean Federation of Workers regarding the potential introduction of a union to the BMSC workforce, but to date no formal proposal has been made.

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

EMPLOYEES BY TYPE – FEMALE**EMPLOYEES BY TYPE – MALE**



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 and these matters are addressed by onsite senior management. Nevsun also has a Whistleblower Policy in place, which is intended to encourage and enable employees and others to raise serious concerns regarding breaches or potential breaches of the Code or about the

Company in general without fear of harassment, retaliation, or adverse employment consequence. All submissions or complaints are handled on a confidential and anonymous basis, the latter of which is documented and received by an independent third-party. All BMSC employees are made aware of these grievance mechanisms during their induction process as well as through BMSC Human Resources.

Local Hiring Practices and Local Diversity

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

Local Eritreans made up 89% of our 2014 employees in Eritrea (2013-91%) and 37% (2013-42%) of our onsite senior management is Eritrean. This is slightly down from 2013 but primarily due to the fact that we required

international expertise for a specified period of time during our zinc capital expansion project. Our Eritrean workforce primarily hails from Asmara and other parts of the country (69%), while the remaining local workforce (20%) is from nearby stakeholder villages in the Gash Barka Zone.

We support a great deal of local diversity at the Bisha Mine. There were eight different Eritrean ethnic groups (out of a total of nine in the country) represented at our operation in 2014. This has increased from 2013 in which we had seven out of nine Eritrean ethnic groups represented at the Bisha Mine.

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 these roles while training local personnel with the intention of eventually replacing expatriate personnel and independently sustain operations using local expertise.



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

**FRANCINE SORENSEN**

Senior Geographical Information Services (GIS) and Modeling Geologist

Hailing from Sudbury, Ontario, Canada, Francine has been working at Bisha since 2013 assisting the exploration team. She holds a bachelors' degree in Geology as well as a Geographic Information Systems (GIS) certificate. She previously worked for a geology consulting firm in Canada where she provided resources and GIS services for the mining industry. Francine spends her free time running, reading fiction, and playing crib. During rotational visits back home, she spends time with her husband, cat, and dog - photos of whom are all proudly displayed in her office. Her favourite aspect about working at Bisha is she feels she is helping out the country by training local people in the various applications of GIS and witnessing first-hand the results of increased Eritrean capacity in this field.

Employee Training & Development

We require all personnel onsite undergo an extensive project safety and environmental induction program. We will not permit anyone to work on our property without graduating from the safety and that environmental induction program and verifying that employment requirements of the BMSC Human Resources Plan have been met. We also require periodic re-inductions at site to enhance safety and environmental performance and reconfirm that all personnel on site continue to meet the standards that we have established.

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 service. 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 which includes activities to increase knowledge of

their fellow workers and enhance cooperation and teamwork amongst the diverse workforce.

We also provide 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 will be incorporated into induction training for all workers in mid 2015.



Employee Training

TRAINING & DEVELOPMENT

	MALE	FEMALE
Total number of hours of training received by employees in 2014	20,082	3,496
Total number of hours of training that employees in executive positions received in 2014	349	53
Total number of hours of training that employees in supervisory positions received in 2014	6,302	1,109
Total number of hours of training that contractors received in 2014	5,188	316

23,578TOTAL TRAINING
HOURS**1,230**

TOTAL EMPLOYEES

AVERAGE HOURS
OF TRAINING

250 FEMALES

14 HOURS

980 MALES

20 HOURS



CASE STUDY

Scholastic Synergies

BMSC has recently formed an academic partnership with the Eritrean Institute of Technology (EIT), with the aim of enhancing real-world training for young technical professionals. EIT is one of the country's top academic institutes with a focus on science, engineering, and education and has over 7,000 students at its campus in Mai Nefhi, approximately 12 km from the capital city of Asmara. Approximately one third of all students are enrolled in engineering, increasingly related to mining/processing/mechanical/electrical with the hopes of securing jobs in the country's emerging natural resource sector. Third year students spend time at Bisha to obtain an orientation of the mining business, and when they reach their final year of studies they return back to Bisha for a more intensive learning instruction. BMSC technical specialists and service providers teach both theoretical and practical lessons to EIT students.



PROFESSIONAL DEVELOPMENT AND THE BISHA TRAINING CENTRE

All of our male and female employees have the ability to grow professionally and advance at our operations. We have delivered technical trades and managerial/leadership training courses at our operation and in a nearby community to build local capacity.

In 2014, we enhanced the onsite Bisha training centre to provide local Eritreans with greater levels of training in mechanical, electrical, and hydraulic skills. Despite the emphasis on local employment and training, some expatriate specialists are still required where specific skills are unavailable in the country.

We plan to have our new training facility further enhanced in 2015 to provide additional space for classroom and field based experiences to enable employee growth. Specifically, the focus will be on diesel mechanics, electrical, boiler maker, welding, pipe fitting, and engineering training and to a lesser extent on carpentry, masonry and plumbing.

In addition, we have recently implemented a Company-wide BMSC Personal Development Plan (PDP) initiative for all of the BMSC employees. In order to maximize training and career development opportunities based on employee performance, the training center introduced a pilot training program containing modules that support theoretical learning with a practical logbook. Trainers and supervisors have begun weekly collaboration by supporting classroom based theories with on-the-job training to enhance employees with competency in all levels. This training style works to increase the competency levels of national employees prior to replacing a position held by an international employee in strategic tandem with our Eritrean succession plan for the Bisha Mine.

Undoubtedly, the Eritrean succession plan for the country's inaugural mine site faces initial challenges between managing expectations of local opportunities for promotion versus meeting stringent experience and performance qualifications.

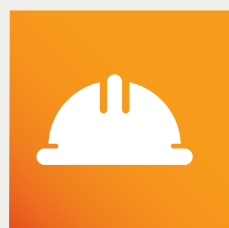


Meeting room in the Bisha Mining Centre

Our People - Health & Safety



Achievements and Goals



2014

TARGETS

Maintain low lost time injury record

ACHIEVEMENT LEVEL

- Achieved 0 LTIs (21.6 million hours) without an injury

2015

GOALS

Maintain low lost time injury record



INSIDE
THIS SECTION

APPROACH TO OUR SAFETY CULTURE
OCCUPATIONAL HEALTH & SAFETY
HEALTH AND SAFETY TRAINING
SAFETY COMMITTEES
EMERGENCY RESPONSE AND PREPAREDNESS
PUBLIC HEALTH & SAFETY

Approach to Our Safety Culture

We believe that the safety of our people is our most important workplace consideration and affects all of our stakeholders, either directly or indirectly. We continuously promote and train for a health and safety culture and mindset where our workers believe it is possible to work injury free, regardless of what role they perform. 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 assessment for all construction and operational activities, ensure that health and safety performance complies with relevant legislation, and establish and maintain a health and safety management system that benchmarks itself against the requirements of OHSAS 18001:2007.



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, 2014, the Company had over 21.7 million hours logged without a lost time injury.



OCCUPATIONAL HEALTH & SAFETY PERFORMANCE

2014 Frequency Rate Index	MALE	FEMALE	TOTAL
Reportable Injury Frequency index ⁽¹⁾	0.22	0.00	0.22
Severity Index ⁽²⁾	0.00	0.00	0.00
2013 Frequency Rate Index			
Reportable Injury Frequency index ⁽¹⁾	0.21	0.20	0.41
Severity Index ⁽²⁾	0.00	0.00	0.00

⁽¹⁾ Reportable Injury Frequency index refers to the frequency of injuries relative to the total time worked by the total workforce multiplied by a factor of 200,000

⁽²⁾ Severity Index refers to the total number of lost days relative to the total time worked by the total workforce multiplied by a factor of 200,000

The Company has not experienced a work-related fatality or any occupational disease at the Bisha Mine during construction, development, or operation. We are very proud to report that the Bisha Mine had no lost time accidents or lost time days in 2014. In the Bisha Mine clinic, we attended to 10,495 sick employees throughout the year, 1,368 of whom required sick leave for a total of 2,905 days missed in 2014. This equates to 2.1 days per employee. This is slightly up from last year, where the average annual sick leave time per employee stood at 1.84 days.

**MICHAEL MESGHINA**

Acting Human Resources Manager



Michael has been at Bisha since April of 2011 and has worked in a variety of human resource capacities for the Company. As a result, he has fast become one of the leading experts at Bisha on all things related to employment contracts, company policies, and the national labour proclamation outlining worker rights. He was university educated in business management in Asmara and in his spare time enjoys watching television and reading books.

We recognize how important protecting worker health is to our organization. We sought feedback from the BMSC employees during our materiality assessment exercise regarding issues pertaining to hydration, sun, and heat fatigue. There were no recorded incidents of personnel requiring medical attention or needing to leave work for these reasons. As a result of these comments, the Company undertook steps to address this concern. This included safety talks on preventative measures, as well as providing portable water jugs, installing ice machines, and distributing urine colour charts to educate workers of the importance of staying hydrated and recognizing signs and symptoms of dehydration. An action plan was created in November 2014 to address matters pertaining to fatigue. Coffee machines were ordered and flasks were given to all employees working nightshift. The Company will continually monitor the effectiveness of these recent initiatives with our workforce.

The Government of Eritrea's Impact Review Committee (IRC), a multi-departmental regulatory body, has directed the Company to focus on issues such as musculoskeletal illnesses, dust, and noise monitoring. We have taken steps to address these issues by introducing a modern physiotherapy unit at our health centre that will be fully operational in mid 2015. We have also purchased the necessary equipment for 2015 to monitor both dust and noise levels on employee health because the original equipment was purchased with limited understanding/planning for future recalibration needs. The IRC undertakes quarterly inspections and we will continue to implement and monitor these aspects in the coming year.

Health & Safety Training

Our Company has a growing occupational health program at the Bisha Mine which 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, which 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), Fatigue Management Incident Cause Analysis Method (ICAM), and food safety and hygiene.

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 2014, thirty-three employees 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 & 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 for the Company. 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 at all times in the event of an emergency situation. If the situation is severe we have the ability to call for a government helicopter which would be accompanied by one of our medics that can transport individuals to a hospital in Asmara or to a location abroad.



BMSC emergency response plays a key fire-fighting role in the nearby community of Mogoraib



One of two BMSC Ambulances



BMSC Awards four individuals as the Annual Safety Champions for 2014

Safety Champions of the Year 2014

Mebrahtu Ghebrezgi, Haddish Yemane, Mohammed Osman, and Russom Ghebreyohannes exhibited courageous safety leadership, diligence, and teamwork in extinguishing a potentially serious fire at the Bisha Mine in 2014. These individuals followed correct Company emergency response procedures quickly and efficiently to extinguish the fire and ensuring no harm came to any employees, while saving the Company's assets from further damage.

Our safety motto - embedded in all reports, correspondence, and signage at our Eritrean operation – ‘Every person going home safe and healthy every day’.

**FESSEHA GHEBREHIWET**

Chief Services Officer



Fesseha holds a senior management position with a particular focus on Human Resources, Training/ Development and Security. He has worked with the Company since May of 2011 in different positions and previously worked at the Ministry of Foreign Affairs of the State of Eritrea and as Chief of Protocol, handling issues related to diplomatic communities in Asmara. He holds a graduate degree in Foreign Affairs and Trade from the University of Monash in Australia. Outside of work, Fesseha enjoys going to the gym, spending time with his family, and watching current affairs on BBC and CNN.

An emergency preparedness protocol and communications strategy will be completed in 2015 to 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. Fifty-three employees and contractors contracted malaria in 2014, down 15% over 2013. This included thirty-six non-resident infections and seventeen camp infections.

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 clinic. We undertake regular spraying within the Bisha camp and provide all resident employees with mosquito netting in their residences. In 2015, we will be reviewing our mosquito control program with the aim of reducing any unnecessary spraying because of its impact to the natural environment. We will 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.



We provide periodic health checkups and other relevant medical testing for the BMSC employees.



Bisha Medical Centre

Environment



Achievements and Goals



2014

2015

TARGETS

Advance environmental laboratory to operational stage

Drill and equip four monitoring boreholes around the Mogoraib well field

Stakeholder engagement in BMSC's Mogoraib River Exploration License that includes the Hambok mineral deposit

Migrate towards IFC 2012 Social and Environmental Performance Standards

Develop and implement biodiversity management plans to ensure further protection of the natural biota within the concession area

Ongoing rehabilitation of the environment of the affected area

ACHIEVEMENT LEVEL

— Re-evaluated. More detailed study indicates that an external, certified laboratory delivers more accurate and cost effective analytical results

○ Not achieved in 2014. Contract awarded to commence work in Q1 2015

● Achieved

◐ Partially achieved. Process started for incorporating IFC 2012 requirements into Standard Operating Procedures in the Environment and Social Department

○ Not achieved. Terms of reference developed and contract to be awarded in 2015. Interim, improved fauna/flora management practices implemented on site

● ~ 11,000 seedlings planted as biodiversity offset. Ongoing maintenance of areas rehabilitated in 2012 and 2013

GOALS

Install sample preparation laboratory

Establish four new monitoring wells. Review and update groundwater monitoring program, as required

Perform detailed hydrological investigations and groundwater modeling for the Mogoraib aquifer well field. Expected completion date in 2016

Ongoing engagement with Mogoraib River stakeholders

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

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

Develop and implement detailed biodiversity management plan within the concession area

Continue rehabilitation of the affected areas

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THIS SECTION

APPROACH
TRANSPORTATION
WATER
ENERGY & EMISSIONS

EFFLUENTS AND WASTE
BIODIVERSITY
LAND USE REMEDIATION
MINE CLOSURE PLANNING

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. We are committed to returning all sites back to a high environmental standard at the end of the project cycle.

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

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

2014 presented operational challenges and unfortunately, we did not achieve all of our desired objectives as a result of staff turnover, capacity constraints and changing budgetary priorities at the mine site. We believe, however, that the new leadership of the Environmental and Social department and the dedicated support staff will make noticeable improvements in 2015 and beyond.



Copper concentrate is shipped by truck from the Bisha Mine to the Massawa Port



Transportation

Copper concentrate is shipped by truck from the Bisha Mine to the Massawa Port and goods and supplies are transported by truck along the same route. The number of one way trips in 2014 totaled 11,639. We hope to increase efficiency by having trucks carry loads in both directions, as far as practicable.

Transportation impacts include:

- Energy use: included in the overall energy consumption, reported on page 38
- GHG emissions: included in the overall emissions, reported on page 39
- Noise and emissions: mitigation measures that are in place 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 then returned to the process plant



- Road accidents: represent a risk due to the number of trips and based on a few incidents that occurred in 2014. Mitigation measures including using new trucks, managing driver fatigue and enforcing speed limits and other traffic safety measures are routinely discussed with Transhorn, the contractor company.

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 an essential human right, as well as being essential 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.

In 2014, we extracted a total of 1.93 million cubic metres (m³) of water for Bisha Mine operations compared to 1.5 million m³ in 2013 (a 29% increase). The increase was the result of higher water demand to process copper concentrate, as well as additional water used during the capital expansion program for the zinc plant.

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 to limited water resources, primarily supporting rehabilitation activities. Both the Company and two local communities (Mogoraib and Aderat) rely on the same 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 of impact to water quality to date. Water monitoring wells are located near the production wells to evaluate the impact on the aquifer dynamics. Even though the water level is showing a similar pattern during wet and dry seasons, there is an indication of a declining trend in the static water level of the boreholes at Mogoraib; especially those monitoring wells located close to production wells where a 1.18 m average decline has been measured since production started in early 2011. The measurements don't necessarily signify a decline for the aquifer in general; however, to understand the potential medium and long-term impacts of extraction on the aquifer, more detailed hydrological investigations and groundwater modelling are required and are scheduled to take place in 2015/16.



Camels being driven to water station

Careful water stewardship is one of Nevsun's 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 essential to maintaining healthy ecosystems.



BMSC has a water policy in place to maximize the efficiency of water use. The primary water demand at the mine is in the process plant. The mine water plan focuses on maximizing recycling and reuse of tailings pond and process plant water to meet those needs. BMSC 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. Water is considered a valuable resource and BMSC has initiated a study with the aim to further improve our ability to recover water from the TMF.

In 2014, approximately 305,365 m³ (15.7% of water use) was recycled from the TMF and returned to the plant as process water. This does not include water recovered by the thickener in the process plant that is also reused. On average, for every tonne of water sent to the TMF from the thickener, a tonne of water is recovered and reused in the plant.

Water quantity and quality monitoring is an ongoing and continuous activity onsite. Water samples are sent to a certified outside laboratory for analysis. In 2013, BMSC considered utilizing an in-house laboratory for sample analysis, but a review of the program in 2014 found that improved detection limits could be achieved by an outside certified laboratory and that efforts should focus on upgrading site sampling techniques and sample preparation.

Energy & Emissions

ENERGY USE

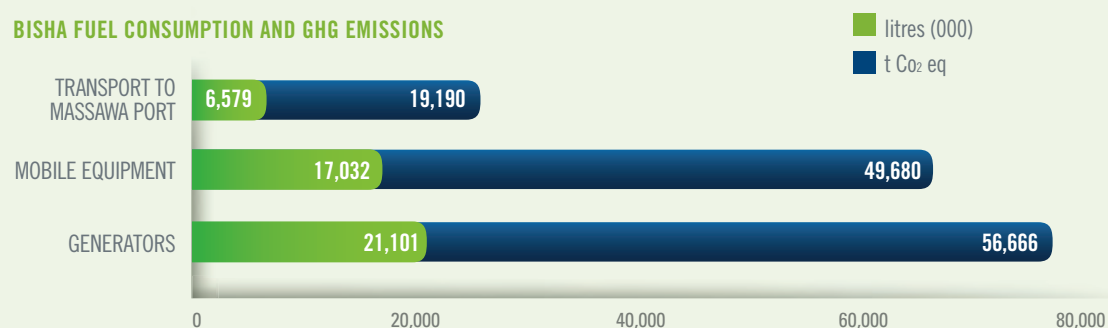
The Bisha Mine relies on diesel fuel to meet all energy requirements. In 2014, the mine consumed 44.7 million litres of diesel fuel, equivalent to 4.53 terajoules of energy. Fuel consumption increased 38% over 2013⁽¹⁾ due to transporting copper concentrate to the Massawa Port and increased fuel consumption on site.

Our reliance on self-generated electricity in a remote location represents an operational risk because the

mine is vulnerable to power outages that can temporarily suspend operations. In December 2014, an unexpected power interruption occurred during scheduled maintenance. Our generator contractor quickly mobilized additional resources and technical personnel to assess and correct the problem. Financial results were not negatively impacted as BMSC was able to draw down and sell from its concentrate stockpiles.

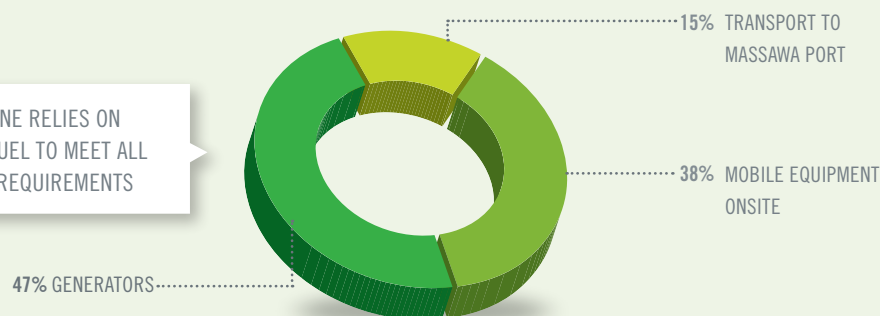
⁽¹⁾ Actual fuel consumption in the 2013 Report was understated as this excluded transport related fuel usage, and is corrected to 32 million litres of diesel to provide more accurate comparisons in future reporting periods.

BISHA FUEL CONSUMPTION AND GHG EMISSIONS



DIESEL CONSUMPTION

BISHA MINE RELIES ON DIESEL FUEL TO MEET ALL ENERGY REQUIREMENTS





IMPROVING PERFORMANCE

To improve performance, we have been investigating alternative energy (solar and wind) to minimize our operating costs (fuel is one of our most significant costs), reduce supply risk and diminish our greenhouse gas (GHG) contributions. In 2014 we began interviewing various providers of renewable energy (i.e. solar panels) with the anticipation that technical and financial feasibility studies will be completed in 2015 for consideration. The goal is to create a diesel hybrid system, likely combining existing power infrastructure with a solar farm, which would reduce our overall reliance on, and use of, diesel.



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 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 2014 are estimated at 125.5 kt CO₂ equivalent. This compares to 89.6 kt CO₂ eq in 2013, the difference is due to the increased fuel consumption cited above. There were no GHG emission reductions achieved in 2014 due to the start of the Phase 2 copper production.

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).



We take a proactive role in monitoring our diesel consumption.

Effluents and Waste

BMSC has implemented a 'zero discharge policy' that has eliminated any water discharge.

Waste is segregated at two handling facilities situated at the camp and salvage yard. Only non-hazardous waste such as food scraps are sent to the landfill.^[2] Significant quantities of wastes (including hazardous items such as batteries and waste oil) are being safely stored onsite pending identification of suitable recycling methodologies. The Company is working closely with the Government of Eritrea to identify appropriate disposal options.

In 2014, we milled 1.79 million tonnes of ore. Of that, 1.45 million tonnes (approximately 81%) went to our tailings management facility with the remainder shipped as copper concentrate product. Most of the tailings had acid generating potential and to address this issue, the tailings management facility is lined with high density polyethylene liner, with a leak detection system and downstream monitoring of groundwater.

In 2014, 12.2 million tonnes of material was sent to the waste rock management facility, which is constructed as per standard industry practice on unlined compacted rock. Approximately one-third of the waste rock has the potential to generate acid and, as a result, this portion is encapsulated within the facility to control its acid generation potential.

Monitoring wells are placed on the downstream side of the facility. As a result of the control measures in

^[2] The waste tracking system was affected by the environmental management turnover in 2014; incomplete data for the year negate the value of a year over year comparison for this reporting period.



place, and given that the site is located in an arid climate, the potential risk associated with the tailings and waste management facilities is low.

The Bisha operation produces no sludges in its processes.

In 2014, there were eight minor hazardous spills; 6 were copper concentrate (totalling ~100 tonnes), one was tailings slurry (~2,000 litres) and one an emulsion spill (~10 tonnes). All of these spills were successfully cleaned up in an expedient manner. As a result, there were no impacts to groundwater or other sensitive environments and no fines were issued.

A total of \$992,592 was spent in 2014 on social and environmental management, including waste disposal of domestic and industrial wastes. This figure excludes waste management costs associated with tailing or with waste rock.

Two environmental grievances were filed in 2014 through one of the various formal grievance mechanisms and are detailed on page 45.

Biodiversity

Nevsun 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 licenses at Bisha

cover a total area of 24.5 km² along with a 54.8 km² exploration license area (Mogoraib) with a variety of habitat types, as identified in the baseline study. The nearest protected area (i.e. Elephant sanctuary or forest/wooded land reserve) is located 85 km away and in another catchment. Under Eritrean legislation, all clearing for mining projects requires a permit and this was granted as part of the impact assessment process. In general, habitats of higher biodiversity within Eritrea and around the mine site are riparian forests associated with the ephemeral waterways or wadis.

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. The total area impacted to date is 626.1 hectares (ha), which includes approximately 10 ha of disturbed land in 2014 for the western waste rock facility.

The clearing has produced habitat loss, however rehabilitation work undertaken to date indicates that biodiversity can be significantly restored as gazelles, 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. Approximately 24.6 ha of habitat has undergone rehabilitation and offset biodiversity planting.

The Eritrean Impact Review Committee provides quarterly assessment of the Company's performance with respect to ongoing rehabilitation efforts. Closure indicators of success need to be developed and monitored by the Company (and approved by the Government of Eritrea) before the rehabilitation work can be deemed complete.

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 150 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. Due to staff turnover issues, we were unable to complete the biodiversity management plan for the Bisha concession area in 2014, but will undertake this necessary and important step in 2015.





Land Use Remediation

Nevsun is committed to remediating the site progressively throughout the mine life and completing rehabilitation once mining has finished. At the end of 2014, the total amount of land disturbed and not yet rehabilitated was 626.1 ha. The rehabilitation efforts undertaken to date consist of areas being re-sloped and covered with topsoil, 14.5 ha of terrace constructed on the northern waste rock dump, and planting of approximately 20,000 trees (including 11,400 new and replacement trees in 2014).

	2014	2013
Total Land Disturbed	626.1 ha	600 ha
Total Land Rehabilitated (in Calendar Year)	6.8 ha	24.6 ha
Total Land Disturbed (in Calendar Year)	26.1 ha	52 ha
Remediation and Rehabilitation Expenditures	\$240,000	\$200,000

LAND REMEDIATION	UNIT	REHABILITATION ACTIVITY	WORK COMPLETED
New area planted 2014	ha	Biodiversity offset	16.9
	ha	Rehabilitation areas	0.0
Total area planted to date	ha	Biodiversity offset areas	16.9
	ha	Rehabilitation areas	14.5
Trees planted 2014	seedlings	New planting	8,432
	seedlings	Replacement planting	2,969
Total trees planted to date	seedlings	New and replacement planting	20,014

Mine Closure Planning

Comprehensive mine closure planning is an important facet of maintaining strong relationships with local governments and communities and is a risk management process at Nevsun. Proper mine closure planning helps us to avoid the risks of being exposed to higher costs, missed opportunities, compensation claims and reputational damage. Closure planning starts at exploration and mine design and continues throughout the life of the mine. At present, the estimated mine life for Bisha is approximately 10 years (2025). However, there is flexibility to extend the life of mine through successful continued exploration.

A conceptual mine closure plan prepared by an independent engineering firm and registered with the Eritrean Ministry of Energy and Mines is in place for the Bisha Mine. We ensure 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. A total of \$34.2 million had been accrued at December 31, 2014

(December 31, 2013 - \$23.6 million) in current estimated closure costs for the Bisha Mine, as disclosed in Note 13 to the audited consolidated financial statements of Nevsun.

Undoubtedly, closure of the mine will result in potential socio-economic impacts for the local population. This includes a positive impact of the local community regaining access to grazing land that has been taken up by the mine site, as well as the negative impact of the loss of employment for local communities. One particular option to help 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 facilitate their employment opportunities with other mining companies operating in Eritrea.

In 2016, BMSC will further refine its closure planning to help mitigate negative socio-economic impacts of mine closure. A consultant will be hired to develop a conceptual social mine closure plan.



Community



Achievements and Goals



2014

2015

2014 TARGETS

Conduct community meetings with 500 stakeholder residents to seek feedback on the Bisha Mine

Strengthen the existing community information centres by providing additional handout materials

Enhance the advertisement of local employment opportunities at the Bisha Mine for the nearby villages

Conduct preliminary cultural heritage assessment prior to exploration activities

Cooperate with local and regional governments on collaborating with national celebrations festivities and other community events

ACHIEVEMENT LEVEL

● Achieved

● Achieved

● Achieved

● Achieved

● Achieved

GOALS

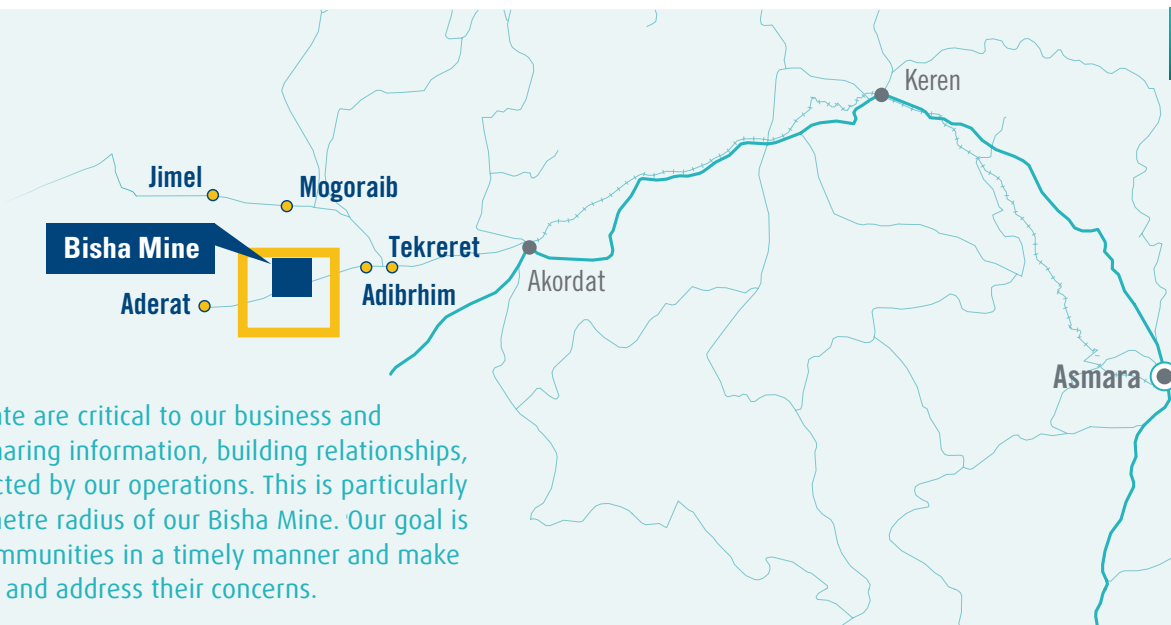
Continue to actively engage stakeholder communities and undertake additional discussions on facilitating the Community Assistance Plan in the nearby villages

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

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COMMUNITY FEEDBACK
COMMUNITY INVESTMENT

Approach

Our relationships with the communities where we operate 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 villages located within a thirty kilometre radius of our Bisha Mine. Our goal is to ensure adequate information is shared 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 now in the process of updating our Social Management Plan to broadly coincide with the IFC 2012 Performance Standards.

Community Engagement

Our original stakeholder mapping and group identification, which included the development of a stakeholder engagement plan, was determined during the 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. To date, our main stakeholder community populations includes Mogoraib, Adibrhim, Jimel, Aderat, and Tekreret. 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

BEREKET SEMERE

Community Relations Supervisor

Bereket has been with BMSC for three years and has an extensive relationship network with the people in nearby communities as well as the Company's community liaison officers. He hopes to play a leadership role with the Company by using his engagement experience to develop evolving social management policies. He holds a bachelors degree in Plant Science and is currently enrolled with the University of London's graduate program in rural development. Prior to his role at BMSC, Bereket spent sixteen years with the Ministry of Agriculture as an agricultural expert for the Gash Barka Province - the region the Bisha Mine is located in. In his spare time, Bereket enjoys watching televised sports and reading fiction by Fyodor Dostoyevsky and other classic writers.



**LUCY ASMELASH**

Senior Geographic Information Systems Technician



Lucy has been working at Bisha for four years in various administrative/data administration functions until landing her most recent job in the technical realm of Geographical Information Systems (GIS). To complement her new work experience, she has embarked on a GIS certification program from Ryerson University in Canada. Prior to her work with BMSC, she worked for many years in Asmara for the United Nations Office for the Coordination of Humanitarian Affairs as well as the World Health Organization. Outside of work, Lucy likes spending time with her family and two children, attending coffee ceremonies, reading books about sociology and history, and watching movies.

Government stakeholders, including those Ministry offices which have permitting, approval, and monitoring function of the Bisha Mine, also are represented by the Impact 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 2014 Eritrean Expo.

Our community relations department maintains a record of stakeholder engagement activities including response to their concerns. Of particular importance in 2014, was the revitalization of the Information Update Committee (IUC) meetings which have 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 are expected to become more involved, as the engagement using the IUC meeting process develops further.

2014 COMMUNITY ENGAGEMENT ACTIVITIES

Stakeholder Group	FREQUENCY OF ENGAGEMENT	TYPE OF ENGAGEMENT
Information Update Committee (IUC)	3 times	IUC meetings recommenced in mid-2014. The frequency will either be monthly or bi-monthly, depending on 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	2 times	Letter.
Government of Eritrea Impact 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	Twice monthly	Formal and informal communication, technical support meetings.
Ministry of Health Sub Zoba Dighe office	2 times	Letter and meeting.



Other specific community engagement successes in 2014 include:

- Our Community Relations department worked closely with the exploration team and affected community members in the Harena area to reschedule portions of the drilling program until such time as crops located on drill targets could be harvested. This cooperation resulted in mutually beneficial outcomes for all parties.
- More than ten meetings and two site visits were conducted in regards to a small cemetery relocation. As a result of these respectful communication efforts, the Company was granted permission to relocate forty-three graves to a community graveyard outside of the BMSC property lease boundary. Sub Zoba administration bodies, religious leaders, and influential community leaders in collaboration with relatives of the deceased, fully participated in the process. This ensured that various cultural considerations and perspectives were respected and that appropriate religious ceremonies were conducted in conjunction with the cemetery relocation.



7 Community Liaison Officers (CLOs)

COMMUNITY LIAISON OFFICERS ARE SITUATED IN NEARBY VILLAGES TO PROVIDE LOCAL RESIDENTS WITH GENERAL INFORMATION AND OPERATIONS UPDATES REGARDING THE BISHA MINE, TO DISCUSS ISSUES, AS WELL AS TO FACILITATE JOB APPLICATIONS.

Community Feedback

Local residents are encouraged to speak freely with any of our seven 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 2014, we began the process of updating our

community grievance procedure for alignment with the IFC 2012 Performance Standards for Social and Environmental Sustainability. In 2015, we plan to complete this process and operationalize any resulting revisions at Bisha.

The following chart depicts the community grievances that were filed through our formal community mechanism in 2014 and how we addressed or resolved these issues.

2014 COMMUNITY FEEDBACK

STAKEHOLDER	GRIEVANCE/COMPLAINT	HOW ADDRESSED OR RESOLVED
Akordat town residents	Concentrate trucks speed and excessive dust.	Built new road to bypass the town.
Two Mogoraib residents	Claim that some sort of mining- related contamination might have caused the sickness of 6 cows, with 2 fatalities.	Ministry of Agriculture Sub Zoba Dighe was formally invited to conduct an investigation. A formal letter was received from the Ministry of Agriculture which described the number of sick animals and type of treatment given. The letter stated that 4 cows were reported sick on 21/3/2014 but they became well after receiving treatment. The investigation confirmed, and it was later agreed by all parties, that the animal's illness was not caused by the mine activities. The illness (locally referred to as "water disease") is common at the time of year and was evident elsewhere. The cattle were located 7 km from the mine site and there are no downstream impacts that could account for any illness.
Adarat Administration - stakeholder village	Dust generated due to BMSC vehicles near the villages is creating discomfort among the villagers.	The exploration team was immediately notified and changed the access road to one further away from the village.
Sub Zoba Dighe Administration on behalf of nine Mogoraib residents and former BMSC workers	Sub-Zoba Dighe Administration submitted written complaint that nine workers were laid-off without any tangible reason.	The personnel were casual laborers hired for fixed, short terms and were laid off due to the ending of their contract period. However BMSC rehired them all on 30/9/2014 due to new project work.

**HASINA OMER**

Hasina Omer, Housekeeper

Hasina has worked at Bisha for over a year and comes from the nearby village of Akordat. Her dream is to one day be a crew leader in the housekeeping department. She is a high school graduate and enjoys spending time after work with her husband and their young son.

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 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 2014, there were no funds allocated specifically towards

community investment. However, an inaugural budget allocated towards the CAP (Community Assistance Plan) was approved by the Government of Eritrea for implementation in 2015 and 2016, taking into consideration particular needs identified by local communities, Zoba Gash Barka (regional) development plans, and as recommended within the Nevsun 2014 HRIA (See Case Study below).

CASE STUDY**Community Assistance Program (CAP)****From Inception to Implementation**

Much effort was expended in 2014 to obtain initial agreement amongst relevant national decision-makers to approve a specific Company allocation of funds for community development projects, with the proviso that they adhere to existing government planning priorities and are reflective of local needs. It will be a requirement of the CAP program to ensure that any project would be subject to each community's capacity to assume complete ownership, thereby ensuring sustainable development goals for local long-term needs.

Engagement in 2014 with nearby communities raised numerous ideas for inclusion in the CAP program. Project approvals for these programs will be based upon factors such as alignment with program objectives, community proximity to the Bisha Mine, sustainability of the project, as well as impact to the community as a whole. BMSC, with the support of

ENAMCO, has an approved budget allocated for 2015-2016 to commence this social investment work.

Based on our initial community engagement and feedback, the priorities for the fiscal year of implementation (2015), will be on the repair of existing irrigation and water supply infrastructure. These structures are generally sustainable to maintain at the community level. However, a massive flood damaged some structures beyond the ability to be repaired locally. The outcome of the repairs and upgrades (designed to minimize such future damage) will be enhanced local agricultural production capabilities and, in a country that needs to import food to meet demand, will create improved local food security for rural, agrarian populations. Drinking water supply will also be improved for communities in terms of more ready nearby access, water quality, and quantity. The

measurable outcome of our CAP efforts in 2015 will be reported in alignment with the metrics contained within the London Benchmark Group's Framework for Community Investment. BMSC also plans to examine developing a policy that governs the framework for criteria/eligibility and monitoring of the CAP program in 2015 and beyond.



Banana tree plantation – with investments in local irrigation projects, local food production will increase

GRI Content Index

G4

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DESCRIPTION	LOCATION
STRATEGY & 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: Pages 6-7 Governance & CSR Management: Page 13 2014 Annual Information Form (AIF) : Pages 51-61
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 8
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: Pages 6-7
G4-10	Total number of employees by employment contract and gender Number of permanent employees by type and gender Total workforce by employees and by gender Total workforce by region and gender etc.	Our People: Workplace: Page 25-27
G4-11	Percentage of total employees covered by collective bargaining agreements	Our People: Workplace: Page 26
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	None
Commitments To External Initiatives		
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	Governance & CSR Management: Pages 10-17 Environment: Page 6

G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Governance & CSR Management: Page 14
G4-16	Memberships in associations and national or international advocacy organizations	Nevsun is not currently a member of any industry associations or national or international advocacy organizations

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 This Report includes sustainability performance data for Nevsun Resources Ltd. and BMSC. It does not include Nevsun (Barbados) Holding Ltd., Nevsun Africa (Barbados) Ltd., Nevsun Resources (Eritrea Ltd.)
G4-18	Process for defining report content and Aspect boundaries. How the organization is implementing the Reporting Principles for Defining Report Content	About This Report: Pages 4-5
G4-19	Material Aspects identified in the process of defining report content	About This Report: Pages 4-5
G4-20	Aspect Boundary within the organization for each material aspect	About This Report: Page 5 G4 Content Index: Pages 50-52
G4-21	Aspect Boundary outside the organization for each material aspect	About This Report: Page 5 G4 Content Index: Pages 50-52
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Environment: Page 38
G4-23	Significant changes from previous reporting periods in Scope and Aspect Boundaries	None

STAKEHOLDER ENGAGEMENT

G4-24	List of stakeholder groups engaged by the organization	Stakeholder Engagement: Pages 17-18
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder Engagement: Pages 17-18
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: Pages 17-18 Community: Page 44
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: Page 45

REPORT PROFILE

G4-28	Reporting period for information provided	December 31, 2014 About this Report: Page 4
G4-29	Date of most recent previous report, if any	December 31, 2013
G4-30	Reporting cycle	Annually 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: Pages 47-52
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Assurance

G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	About this Report: Page 4
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GOVERNANCE**Governance Structure & 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 & CSR Management: Page 11 Management Information Circular: Pages 7, 13-31
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 & CSR Management: Pages 11-13
G4-38	The composition of the highest governance body and its committees	Governance & CSR Management: Pages 11-13
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 & CSR Management: Page 11
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Governance & CSR Management: Page 10

Highest Governance 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 & CSR Management: Pages 11-14
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Highest Governance 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 & CSR Management: Pages 11
G4-46	Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Governance & CSR Management: Page 13
G4-47	Frequency of the highest governance body's review of the economic, environmental and social impacts, risks and opportunities	Governance & CSR Management: Page 13

Highest Governance 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 & CSR Management: 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: Page 24

ETHICS AND INTEGRITY

G4-56	The organizations values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics	Governance & CSR Management: Pages 10-12 Corporate Website Management Information Circular: Page 14
G4-58	Internal and external mechanisms for reporting concerns about ethical and lawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Governance & CSR Management: Page 10 Our People-Our Workplace: Pages 26-27 Community: Page 44 Corporate Website

SPECIFIC STANDARD DISCLOSURES

ASPECT BOUNDARY

INSIDE THE ORGANIZATION

- 1 Newsun/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	GRI G4 ASPECT	RELEVANT DMA AND INDICATORS	DESCRIPTION	ASPECT BOUNDARY	OMISSIONS	REFERENCE OR LOCATION
Human Rights	Human Rights	DMA: Human Rights		1 – 7		Governance & CSR Management: Pages 15-16
	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			Governance & CSR Management: Page 15 Our People: Our Workplace: Page 28
	Non-Discrimination	G4-HR3	Total number of incidents of discrimination and actions taken			None
	Forced labour	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor			Governance & CSR Management: Pages 15-16
	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			Governance & CSR Management: Page 15
	Assessment	G4-HR9	Percentage of total number of operations that have been subject to human rights review and/or impact assessments			100%, Governance & CSR Management: Pages 15-16 Human Rights Case Study: Page 16
	Grievance Mechanisms	HR12	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms			Governance & CSR Management: Page 15
Safety Culture		DMA: Approach to Health & Safety		1 – 7		Our People: Our Workplace: Pages 25-29 Our People – Health & Safety: Pages 30-34
	Occupational Health & Safety	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			Our People: Health and Safety: Page 33
		G4-LA6	Types and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.			Our People: Health and Safety: Page 31-32
Labour/Decent Work Practices	Labour/Decent Work Practices	DMA: Approach to Our Workplace - Our People		1,2,3,5		Our People: Our Workplace: Pages 25-26
	Employment	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region			Our People: Our Workplace: Page 25
		G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation			Our People: Our Workplace: Page 25 Website
		G4-LA3	Return to work and retention rates after parental leave, by gender			Our People: Our Workplace: Page 26
	Training & Education	G4-LA9	Average hours of training per year per employee by gender and by employee category			Our People: Our Workplace: Page 28
		G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings			Our People: Our Workplace: Page 28-29
		G4-LA11	Percentage of employees receiving regular performance and career development reviews by gender and by employee category			Our People: Our Workplace: Page 25
	Equal Remuneration	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation			Our People: Our Workplace: Page 25

NEVSUN MATERIAL ISSUE	GRI G4 ASPECT	RELEVANT DMA AND INDICATORS	DESCRIPTION	ASPECT BOUNDARY	OMISSIONS	REFERENCE OR LOCATION
	Grievance Mechanisms	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms			Our People: Our Workplace: Page 26-27
Key Business Relationships	None Directly Applicable	DMA: Economic G4-2	Description of key impacts, risks and opportunities	1,2,3,7		Economic: Page 20 AIF: Pages 51-61
Community Investment		DMA: Governance & CSR Management and Community Engagement		1,2,3,5,7		Governance & CSR Management: Page 17-18, Community: Page 43
Economic Performance & Contribution	Economic Performance	DMA: Economic		1 – 7		Economic: Page 20
		EC1	Direct economic value generated and distributed, including community investments			Economic: Pages 20-22, Community: Page 46
		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: Page 20-22, Community: Page 46
		G4-EC4	Financial assistance received from government, by country. Include extent to which government has a shareholding position			None
	Market Presence	G4-EC6	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation			Our People: Our Workplace: Page 27
	Procurement Practices	G4-EC9	Proportion of spending on local suppliers at significant locations of operation			Economic: Page: 23
Water	Water	DMA: Environment		1,2,3,5		Environment: Page 36
		G4-EN8	Total water withdrawal by source			Environment: Page 37
		G4-EN9	Water sources significantly affected by withdrawal of water			Environment: Page 37
		G4-EN10	Percentage and total volume of water recycled and reused			Environment: Page 38
	Effluents & Waste	G4-EN22	Total water discharge by quality and destination			Environment: Page 39
Stakeholder Engagement	Local Communities	G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	1 – 7		100%, Community: Page 42-46
		MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.		Not applicable	
		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		Not Applicable	
		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	
		MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process		Not Applicable	
		MM10	Number and percentage of operations with closure plans.			100%, Environment: Page 41
	Public Policy	G4-S06	Total value of political contributions by country and recipient/beneficiary			None
	Grievance Mechanisms	G4-S011	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	1,2,5		Community: Page 45

NEVSUN MATERIAL ISSUE	GRI G4 ASPECT	RELEVANT DMA AND INDICATORS	DESCRIPTION	ASPECT BOUNDARY	OMISSIONS	REFERENCE OR LOCATION
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		Environment: Page 36 Community: Page 45
Biodiversity	Biodiversity	DMA: Environment		1,2,3,5		Environment: Page 36
		G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			Environment: Page 40
		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			Environment: Page 40
		MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated			Environment: Page 41
		G4-EN13	Habitats protected or restored			Environment: Page 40
		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			Environment: Page 40
Effluents & Waste	Effluents & Waste	G4-EN23	Total weight of waste by type and disposal method			Environment: Pages 39
		MM3	Total amounts of overburden, rock, tailings, sludges and their associated risk			Environment: Pages 39-40
		G4-EN24	Total number and volume of significant spills.			Environment: Page 40
	Compliance	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations			None, Environment: Page 40,
	Overall	G4-EN31	Total environmental protection expenditures and investments by type			None, Environment: Page 41
Energy & Emissions	Energy	G4-EN3	Energy consumption within the organization			Environment: Page 38
	Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	1,2,3,5		Environment: Page 39
		G4-EN19	Reduction of greenhouse gas (GHG) emissions			None, Environment: Page 39

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 Form for the year ended December 31, 2014, 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, 2014, 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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