Stakeholder Engagement Plan

Cukaru Peki Copper-Gold Project

RAKITA
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INTRODUCTION
a. Rakita's commitment

The Stakeholder Engagement Plan (SEP) sets out Rakita Exploration d.o.o. Bor (Rakita)'s commitment to effective stakeholder engagement during the lifecycle of the Cukaru Peki Project (the Project).

Stakeholder engagement is a broad, inclusive and continuous process between Rakita and those individuals or groups potentially affected by the Project. It encompasses a range of activities and approaches, and spans the entire life of the Project. Stakeholder engagement is critical for establishing and maintaining constructive relationships with local, national and international stakeholders and for appropriately managing the environmental, social and human rights risks and impacts of the Project.

In the development and implementation of the SEP, Rakita is committed to the following principles of effective stakeholder engagement:

- Promoting open and inclusive dialogue and fostering mutual understanding with stakeholders during all phases of the Project's lifecycle in order to earn and maintain long-term and constructive relationships based on communication, transparency, and trust;
- Favouring two-way communications in good faith and openness to receive continuous feedback from affected stakeholders;
- Informing and consulting with stakeholders about the environmental, social and human rights impacts of the Project and promoting stakeholder participation in the development of effective and adaptive mitigation measures, management systems and opportunities for benefits;
- Developing appropriate measures and initiatives that enable effective consultation and participation of relevant groups, including disadvantaged or vulnerable stakeholders;
- Addressing complaints by implementing effective operational-level grievance mechanisms for affected stakeholders; and
- Consulting stakeholders about the implementation of the SEP in order to support continuous improvement in the Project's environmental, social and human rights performance.

The SEP sets out the framework for Rakita's on-going efforts to develop a comprehensive approach to stakeholder engagement over the full lifecycle of the Project. As such, it is understood that the SEP will need to be updated on a regular basis and will be supplemented by targeted stakeholder engagement activities that support other policies, plans and activities of the Project.
b. Relevant standards

This SEP has been developed in line with the Project's commitments to the International Finance Corporation's (IFC) Performance Standards on Environmental and Social Sustainability, the UN Guiding Principles on Business and Human Rights, Nevsun Resources Ltd.'s policies and Serbian legal requirements.

In particular, the IFC requirements for information disclosure exceed the requirements of Serbian laws and regulations, and stress that public consultation should be started early in project development and that engagement with interested parties at every stage should be:

- “Free” (free of coercion, intimidation or inappropriate incentives for the affected population);
- “Prior” (timely disclosure of information to allow for meaningful influence on project implementation); and
- “Informed” (relevant, understandable and accessible information).

Further information about the relevant standards for stakeholder engagement is listed in Appendix A.

c. Scope

The SEP sets out the framework and approaches that will be used by Rakita to engage with external stakeholders (i.e. individuals and groups at the community, municipality, regional, national and international levels who may be interested in or affected by the Project) on an on-going basis throughout the lifecycle of the Project.

While Rakita's workers, contractors and business partners are also important stakeholders for the Project, engagement with these individuals and entities will be covered by separate policies and plans.
PROJECT DESCRIPTION
The following is a summary Project Description that is current as of February 1, 2017:

**RAKITA EXPLORATION DOO BOR**, registered in Bor, Suvaja 185 a, registration number 20285494, TIN 105044770 (hereinafter: “Rakita”), is conducting exploration activities under the Decision of the Sector for Geology and Mining of the Ministry of Mining and Energy No. 310-02-0221/2012-14, dated 03 March 2015. The exploration work conducted to date under this permit has led to the identification of an underground zone of copper mineralization known as the Cukaru Peki mineral deposit. Rakita is currently developing a potential project, known as the Cukaru Peki Project (the “Project”), with the objective of mining and processing minerals from this deposit.

The Project is located within the above cited exploration permit boundaries in the Timok mining region of eastern Serbia. The Project site is about 6 km south of the town of Bor, a regional administrative and mining centre, and approximately 245 km by road southeast of Belgrade.

Construction of the proposed mining and mineral processing facilities is planned to commence in early 2019, and will take approximately two years to complete. The mining and mineral processing operations will run approximately 12 to 15 years. At the end of this operating phase the Project facilities will be shut down and the Project site reclaimed. Construction and operations will take place on a 24-hour/day, seven-day/week, and 350-day/year work schedule.

Currently the Project employs about 248 people to support development of the feasibility studies and related activities, of which 91 percent are Serbian nationals. During the two-year construction phase, a peak workforce of 1,200 people is anticipated. This number will stabilize at about 600 people during the operating phase of the Project.

The Project will develop and operate an underground mine to produce three to four million tonnes of ore per year. The ore contains on average 2.9 percent copper, along with 1.7 grams of gold per tonne of ore. The mineralized zone will be mined from a depth of 450 to 850 m below ground surface.

Mineral processing will consist of simple flotation to produce a high-grade copper concentrate product containing gold credits. The concentrate will be marketed to copper smelters around the world, including the Bor smelter. Waste material (tailings) left over after the flotation process will be contained in a lined tailings storage facility that will also act as a storage reservoir for mineral processing water.

Groundwater and surface water will be monitored throughout the Project life cycle. The Project is conducting groundwater modeling to help predict groundwater and surface water flow and quality changes during mining and post-closure. This information will support the design and implementation of appropriate management measures to protect long-term water quality.
The Project is collecting social and environmental baseline data in order to conduct an impact assessment in accordance with Serbian and international standards. The impact assessment incorporates the analysis of Project alternatives to arrive at an optimal design, taking into account social and environmental factors, including physical and economic displacement due to land acquisition, as well as technical and economic considerations. The Project design objective is to avoid negative impacts to the extent feasible, to mitigate unavoidable negative impacts to insignificant levels, and lastly to adequately compensate for negative impacts that cannot be sufficiently mitigated through design. The Project is committed to engaging with the affected communities on these issues throughout the development process.

Further information about the Project is included in Appendix B.
a. Stakeholder identification and analysis

Rakita recognizes the importance of, and commits to, the identification of affected stakeholders. This will include both an interest-based analysis of those who may influence the Project, as well as a rights-based assessment of those stakeholders who will experience the impacts of the Project, including vulnerable individuals and groups.

Broadly speaking, this process includes the identification and mapping of the following:

- Individuals, groups, local communities and other stakeholders that may be affected by the Project (positively or negatively and directly or indirectly), including potentially disadvantaged or vulnerable stakeholders;
- Government authorities at the national, regional and municipal levels, including elected officials, non-elected community leaders, leaders of informal or traditional community institutions;
- Non-governmental and public organisations at all levels, including community-based organisations or interest groups (e.g. labour organisations, youth groups, environmental associations, etc.);
- Business partners, commercial organisations and industry associations;
- Local and national media; and
- International organisations and representatives of other governments.

Rakita has already begun to implement and document a systematic process for identifying and analyzing stakeholders from direct and indirect areas of impact, as well as those who consider themselves interested in, or potentially affected by, the Project activities. A summary of Rakita’s current stakeholder map is included in Appendix C.

Further stakeholder analysis and mapping will be conducted regularly through the project development and permitting phases, in particular through various baseline studies and impact assessment processes that are planned for 2017 onwards.

1 Based on the current Project description, the social area of influence includes Bor, Bestovac, Slatina, Sarbanovac, Metovnica, Nikolicevo and Rgotina.
b. Engagement planning

After the identification of the stakeholders that may be interested or affected by its activities, Rakita will consider how different engagement techniques can facilitate effective consultation and communications with different individuals and groups.

As appropriate, the engagement planning will consider disclosure techniques that “push” information to stakeholders; consultation techniques that “pull” information and feedback from stakeholders; as well as joint fact-finding and/or decision-making techniques that seek to build consensus and agreement with stakeholders.

While planning the most appropriate engagement technique(s) in relation to different phases and activities of the Project, Rakita will be guided by the following principles:

- Two-way communications and dialogue will be favoured as much as possible in order to build relationships and trust;
- Special attention will be paid to stakeholders’ language preferences, literacy levels and any special needs or disabilities;
- Due consideration will be given to potential confidentiality and privacy concerns and safeguards will be developed to protect stakeholders against any misuse of personal or confidential information;
- Differences of opinion will be respected and there will be no retribution in any form towards individuals or groups who may be opposed to mining activities.
- As discussed below, individuals or groups with complaints or grievances will have access to grievance mechanisms that seek to proactively resolve disputes through discussion and mediation.
- Records of meetings and other engagement activities will be kept in an appropriate stakeholder engagement database and all commitments made by Rakita will be recorded in a Commitment Register for appropriate follow-up.

The engagement techniques selected will be refined through ongoing consultation with affected stakeholders, monitoring and periodic evaluation of their effectiveness.
c. Vulnerable individuals and groups

Throughout the process of stakeholder identification and engagement planning, attention will be paid to the individuals and groups who may be particularly vulnerable or disadvantaged and who could experience adverse impacts from the proposed Project more severely than others. The broad categories of potential vulnerability that will be considered in the implementation of the SEP are based on domestic and international human rights standards.

Specific and targeted strategies will be developed to communicate and consult with these individuals and groups so that their perspectives, needs and rights are taken into account in the design of mitigation measures, management systems and/or potential compensation or benefits. In some cases, engagement with proxies, experts and civil society organizations can supplement direct engagement with vulnerable individuals and groups.

The planned environmental, social and human rights impact assessment processes for the Project also will have an explicit focus on the needs and rights of vulnerable individuals and groups. These impact assessments will feed into the ongoing development and implementation of this aspect of the SEP. In this regard, disaggregated data collection and tracking techniques, as well as differentiated impact and benefit analyses, will be assessed to support ongoing and meaningful engagement with vulnerable individuals or groups.

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2 This includes women; national or ethnic, religious and linguistic minorities; children and young people; persons with disabilities; migrant workers and their families; people living in poverty; people who are illiterate; and the elderly.
d. Additional stakeholder engagement processes

As part of the implementation of the Project, there will be a variety of impact assessments and other activities that involve their own specific and targeted engagement with affected stakeholders.

Examples of these additional stakeholder engagement processes currently include, but are not limited to the following:

- Environmental and Social Impact Assessment (ESIA);
- Human Rights Impact Assessment (HRIA);
- Social baseline studies that will contribute to the ESIA and HRIA;
- Public review of screening and scoping decisions for Spatial Planning, Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA);
- Involvement of Technical Review Committee for the EIA;
- Land Acquisition and Resettlement Action Plan (LARAP);
- Livelihood Restoration Plan (LRP);
- Community investment planning and project development.

As these processes are developed, additional stakeholder identification, engagement planning and consideration of vulnerable individuals or groups will be conducted in a manner that is appropriate to the context and that is aligned with the overall objectives and standards of the SEP.

Staff, external experts and consultants conducting these additional stakeholder engagement activities will coordinate their approaches and share information with the Rakita team to facilitate tracking and contribute to the continuous improvement of the SEP.

A summary of the current and planned stakeholder engagement activities is attached in Appendix D.
INFORMATION DISCLOSURE AND DISSEMINATION
Information Disclosure

Rakita will disclose and disseminate information regarding the Project on an ongoing basis, including the purpose, nature and scale of the Project; the duration of the proposed activities; any risks to and potential impacts on such communities and the relevant mitigation measures; the implementation of the SEP, including the grievance mechanism; and any other relevant information.

Appendix B contains a summary of the Project summary that is current as of January 2017. As the Project is still in the pre-feasibility stage and is subject to numerous permitting processes, a great deal of the information about the Project is provisional and subject to change. Therefore, updates about the Project will be disclosed and disseminated on a regular basis by Rakita.

The Rakita Information Centre was established in 2014 and is the hub for current information disclosure and dissemination about the Project. In addition to stakeholder visits and inquiries to the Rakita Information Centre, information disclosure and dissemination is supported by the following:

- Website (www.rakita.net);
- Individual meetings and correspondence;
- Community meetings;
- Information letters and brochures;
- Organized tours of the site;
- Media relations (press conference and media interviews); and
- Conference presentations.

As part of the implementation of the SEP, additional methods will be considered and used so that information is disclosed and disseminated in appropriate language(s) and in forms that are accessible and understandable to all stakeholders. The general principles for stakeholder engagement planning outlined above will also be applied to information disclosure and dissemination.

As the Project is developed, there are public disclosure requirements for the Spatial Planning, Strategic Environmental Assessment and Environmental Impact Assessment that will be submitted to the government as part of the Project’s permitting process. Given the importance of disclosing and disseminating information about the risks and potential impacts of the Project, Rakita is also committed to disclosing and disseminating additional information about the other impact assessments that will be undertaken (including the Environmental and Social Impact Assessment, Land Acquisition and Resettlement Action Plan and Human Rights Impact Assessment).
INFORMED CONSULTATION AND PARTICIPATION

Stakeholder Engagement Plan (SEP)
Informed Consultation and Participation

As the Project has potentially significant impacts, the SEP will support an Informed Consultation and Participation (ICP) process that results in the informed participation of the affected communities in the Project. The effective implementation of the SEP on an ongoing basis with proactive attention to vulnerable individuals and groups, along with the specific stakeholder engagement activities related to impact assessments and other Project activities, will contribute to Rakita developing an ICP for the Project.

An important cornerstone of the ICP process will be the disclosure, consultation and participation requirements of the Environmental Impact Assessment (EIA) to be conducted according to Serbian regulations. Rakita will supplement the regulatory EIA process with additional impact assessment and engagement processes as outlined above that will be conducted in a participatory and transparent manner.

3 “For key principles of an ICP process, see IFC Performance Standard 1, paragraphs 30, 31 and 33”
EXTERNAL COMMUNICATIONS
External Communications

As part of its commitment to consultation with affected communities, adaptive management of potential environmental, social and human rights impacts, and continuous improvement of the implementation of the SEP, Rakita has developed a program for receiving external communications from the public. This external communications program includes methods for:

- Receiving and registering external communications;
- Assessing the issues raised and determining how to address them;
- Providing, tracking and documenting responses; and,
- Adjusting the environmental and social management plans accordingly.

The Rakita Information Centre is the hub for the external communications program, but is supplemented by a variety of other publicly available and easily accessible channels (e.g., phone number, website, email address, etc.) to receive external communications and requests for information regarding the Project’s environmental and social performance.

As part of tracking and documenting the external communications received from the public, Rakita has established a Commitment Register so that responses and commitments made by Rakita and its representatives will be followed-up in a timely manner.
GRIEVANCE MECHANISMS
GRIEVANCE MECHANISMS

Rakita is committed to providing effective grievance mechanisms to resolving stakeholder concerns or complaints in a timely, fair and consistent manner, with resolutions that are mutually acceptable to both parties.

For the purposes of the SEP, the main grievance mechanism is the Rakita Community Grievance Mechanism. Nevsun also has a Whistleblower Policy and hotline mechanism that is available for internal and external stakeholders. Additional internal grievance mechanisms will also be provided for Rakita workers, contractors and business partners that are outside the scope of the SEP.

a. Rakita Community Grievance Mechanism

The Rakita Community Grievance Mechanism has been designed to meet the requirements of the IFC Performance Standards and the effectiveness criteria for non-judicial grievance mechanisms according to the UN Guiding Principles on Business and Human Rights. The Rakita Community Grievance Mechanism may receive complaints from any external stakeholders, but has been designed primarily to resolve concerns and complaints from the following stakeholder groups:

- Local individuals and groups who are potentially affected by the Project;
- Land owners or users of parcels who are affected by Rakita exploration, land acquisition and/or resettlement activities;
- Local and national NGOs or other representative organizations that may raise concerns or complaints on behalf of affected stakeholders.

The following are the basic procedures for the Rakita Community Grievance Mechanism. Best efforts will be used to respect the timelines set out below, while allowing some flexibility to address barriers to access (particularly for vulnerable individuals or groups), to explore options for joint fact-finding or problem-solving throughout the process, and/or to resolve complex disputes.

\(^4\) See IFC Performance Standard 1, paragraph 35 and GN 110-111 and UN Guiding Principles, GP31 and Commentary.
### GRIEVANCE MECHANISMS

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<th>Step</th>
<th>Procedures</th>
<th>Timeline</th>
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| 1. Submission                 | - An Application Form is completed and submitted to the Rakita Information Centre.  
- Additional information or assistance can be obtained by contacting the Rakita Information Centre in person, by telephone or by e-mail. Rakita employees can also assist stakeholders to liaise with the Rakita Information Centre.  
- If a stakeholder is unable to fill out the Application Form, a Rakita employee or 3rd party can provide assistance. | Day 1               |
| 2. Registration               | - The Rakita Information Centre receives the Application Form and the information is recorded in the grievance management system.  
- A preliminary classification of the grievance is undertaken on the basis of the information available on the Application Form.  
- The Stakeholder Engagement Committee is alerted about the new grievance. If the grievance is classified as serious, the Rakita Directors and Nevsun’s Vice-President for Corporate Social Responsibility should also be notified.  
- The registration of the grievance is acknowledged to the stakeholder, who is provided with information about the indicative timeline for investigation and resolution and contact details for the Stakeholder Engagement Committee. | 1 week (Day 8)      |
| 3. Investigation              | - The Stakeholder Engagement Committee coordinates the investigation of the grievance with Rakita departments with relevant expertise and/or responsibilities for the issue(s) raised in the grievance. Cross-departmental cooperation may be required for more complex grievances.  
- The Investigation Team (comprising a member of the Stakeholder Engagement Committee and representatives of relevant departments) will conduct an investigation through interviews with the stakeholder and witnesses, site visits and other fact-finding techniques.  
- The Investigation Team will consider including the stakeholder in the investigation activities for the purposes of joint fact-finding. Where appropriate, 3rd parties (e.g. independent evaluators) may be involved to assist with the fact-finding process.  
- The evidence collected during the investigation will be documented, including through photographs where relevant. | 1 week (Day 15)     |
| 4. Assessment and Proposed Resolution | - The Stakeholder Engagement Committee will assess the evidence from the investigation and will provide a recommendation for the resolution of the grievance to the Rakita Directors.  
- Once the proposed resolution has been approved, the proposed resolution is communicated to the stakeholder. Where feasible, the proposed resolution will be presented to the stakeholder in person by a member of the Stakeholder Engagement Committee. | 1 week (Day 22)     |
| 5. Agreement                  | - **Agreement**: If the stakeholder agrees with the proposed resolution, the proposed resolution is implemented. If the stakeholder does not agree, the timeline for appeal and resolution begins.                                                                                                         | 4 days              |

An information sheet about the Community Grievance Mechanism is attached as Appendix E.
GRIEVANCE MECHANISMS

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<th>Step</th>
<th>Procedures</th>
<th>Timeline</th>
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<td>resolution, a Letter of Agreement is prepared and signed by both parties.</td>
<td>(Day 26)</td>
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<td></td>
<td><strong>No Agreement</strong>: If the stakeholder does not agree with the proposed resolution, the option of involving a neutral 3rd party will be considered. If the stakeholder does not want to participate in further dialogue, Rakita will provide information about other judicial or non-judicial mechanisms for dispute resolution.</td>
<td></td>
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<tr>
<td>6. Closure</td>
<td>Where there is an agreement, the Rakita Information Centre will compile the documentation and close out the file in the grievance management system.</td>
<td>4 days (Day 30)</td>
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<td></td>
<td>A short internal assessment and final classification of the grievance will be conducted for tracking and reporting purposes.</td>
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<td>7. Follow-up and reporting</td>
<td>Follow-up actions will be recorded in the Commitment Register.</td>
<td>As agreed by the parties</td>
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<td></td>
<td>The implementation of follow-up actions will be monitored and documented by the Stakeholder Engagement Committee.</td>
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<td>As part of periodic reporting to stakeholders (e.g. through the Nevsun Corporate Social Responsibility report), summaries of grievances and company responses will be provided in accordance with international reporting frameworks.</td>
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Where grievances cannot be resolved using the basic procedures outlined above, Rakita will provide the stakeholder with the option of involving an independent third party to assist in resolving the dispute. A mediation process will be developed that is appropriate for the circumstances of the specific grievance with the agreement of both parties. The mediation process should be underpinned by basic principles of voluntariness, equality, neutrality, impartiality and confidentiality. Rakita should assume the cost of the mediation.

An information sheet about the Community Grievance Mechanism is attached as Appendix E.
b. Nevsun Whistleblower policy

Nevsun Resources Ltd. (Nevsun) has a Whistleblower Policy mechanism that is available to internal and external stakeholders to report suspected breaches of the Nevsun Code of Ethics, including violations of corporate policies, including health and safety, environmental, operational or ethical issues. The Whistleblower Policy provides assurances for confidentiality and anonymity and non-retaliation.

The Whistleblower Policy mechanism can be accessed through the following channels:
- Telephone: Call 1-604-922-5953 (collect) to talk to an experienced professional or leave a message.
- E-mail: nevsun@whistleblowersecurity.com
- In writing to the Chair of the Audit Committee of the Nevsun Board of Directors.

Posters with information about the Nevsun Whistleblower policy have been placed in the Rakita offices and Rakita Information Centre for further information.

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6 The Whistleblower Policy is available at: http://www.nevsun.com/corporate/governance/whistleblowing/
PERIODIC REPORTING TO EXTERNAL STAKEHOLDERS
Rakita will provide periodic reports to its external stakeholders about the Project's environmental, social and human rights performance at least on an annual basis. Amongst other things, these periodic reports will include information about the implementation of the SEP, the operation of the grievance mechanisms, findings from impact assessments and delivery of community investments. As the Project develops, information will be included in the periodic reports about adjustments to management plans and mitigation measures that have been based on the consultation and participation of affected stakeholders.

During the development of the Project, update reports will be provided on the Rakita website and disseminated during community meetings and through other stakeholder engagement activities. Summary information will also be included in Nevsun's annual Corporate Social Responsibility Report.  

7Nevsun produces an annual Corporate Social Report using the Global Reporting Initiative (G4) and includes information on human rights according to the UN Guiding Principles Reporting Framework. While Nevsun is not required to provide information about projects in the development phase, it is committed to providing a summary of the sustainability progress and performance of the Project.
GOVERNANCE
a. Roles and responsibilities

The governance structure for the SEP is as follows:

- Oversight and accountability lies with Rakita’s Directors and Nevsun’s Vice-President of Corporate Social Responsibility;
- Responsibility for implementation and review lies with the Stakeholder Engagement Committee;
- Personnel of the Rakita Information Centre have responsibility for supporting the Stakeholder Engagement Committee in the day-to-day implementation.

In addition, the Rakita staff, external experts and consultants that conduct additional stakeholder engagement activities are responsible for coordinating their approaches and sharing information with the Stakeholder Engagement Committee to facilitate tracking and contribute to the continuous improvement of the SEP.

b. Periodic updates to the SEP

While in Project is in its development stage, various components of the SEP will also need to be developed and adjusted. The Stakeholder Engagement Committee will review the SEP at relevant Project milestones and update it as required. Updated versions of the SEP will be disclosed and disseminated on the website, at the Rakita Information Centre and in meetings with stakeholders.

c. Monitoring and evaluation

Rakita will develop a process for monitoring and evaluating the effectiveness of the SEP with the input and participation of affected stakeholders.

The Stakeholder Engagement Committee will undertake monitoring on an ongoing basis and a formal review will be submitted to the Rakita Directors and Nevsun’s Vice-President of Corporate Social Responsibility on an annual basis. The formal review will include input and participation of stakeholders and may involve independent evaluations as required.
Appendix A: Stakeholder Engagement References

**International standards**
- IFC Performance Standard 1, paragraphs 25 to 36.
- IFC Guidance Note 1, paragraphs GN91 to GN113.
- UN Guiding Principles on Business and Human Rights, Principles 18, 20, 21 and 31 and Commentary.
- Global Reporting Initiative, G4 Version.
- UN Guiding Principles Reporting Framework.

**Nevsun Resources Ltd.’s policies**
- Human Rights Policy
- Community Investment Policy
- Whistleblower Policy

**Serbian legal requirements**
- Law on Planning and Construction (Off. gazette RS no. 72-09, 81-09 - corr., 64-10 – CC decision, 24-11, 121-12, 42-13 - CC decision, 50-13 - CC decision, 98-13 - CC decision, 132-14 and 145-14);
- Law on Strategic Environmental Impact Assessment (OG No. 135/2004, 36/2009); and
Appendix B: Project description

RAKITA EXPLORATION DOO BOR, registered in Bor, Suvaja 185 a, registration number 20285494, TIN 105044770 (hereinafter: “Rakita”), is conducting exploration activities under the Decision of the Sector for Geology and Mining of the Ministry of Mining and Energy No. 310-02-0221/2012-14, dated 03 March 2015. The exploration work conducted to date under this permit has led to the identification of an underground zone of copper mineralization known as the Cukaru Peki mineral deposit. Rakita is currently developing a potential project, known as the Cukaru Peki Project (the “Project”), with the objective of mining and processing minerals from this deposit.

1. Site Location

The Project is located within the above cited exploration permit boundaries in the Timok mining region of eastern Serbia. The Project site is about 6 km south of the town of Bor, a regional administrative and mining centre, and approximately 245 km by road southeast of Belgrade (Figure 1). The actual project footprint is smaller than 35 square km. But the irregular shape of the footprint extends approximately 5 km in the E-W direction, and 7 km in the N-S direction (Figure 2).

Existing roads, rail lines, power and other infrastructure serve the Project area. The region receives on average 640 mm of annual precipitation, distributed relatively evenly throughout the year. It is subject to relatively low intensity, infrequent seismic activity.

2. Time Schedule

Construction of the proposed mining and mineral processing facilities is planned to commence in early 2019, subject to permitting and approvals from competent authorities. Construction of the Project will take approximately two years to complete. The mining and mineral processing operations will run approximately 12 to 15 years. At the end of this operating phase the Project facilities will be shut down and the Project site reclaimed. Construction and operations will take place on a 24-hour/day, seven-day/week, and 350-day/year work schedule.

3. Employment

Currently the Project employs about 248 people to support development of the feasibility studies and related activities, of which 91 percent are Serbian nationals. During the two-year construction phase, a peak workforce of 1,200 people is anticipated. This number will stabilize at about 600 people during the operating phase of the Project. The Bor area has a history of mining, and Serbia has a highly educated workforce. It is expected that the majority of the workforce will be Serbian.

4. Mining

The Project will develop and operate an underground mine to produce three to four million tonnes of ore per year. The ore contains on average 2.9 percent copper, along with 1.7 grams of gold per tonne of ore. The mineralized zone will be mined from a depth of 450 to 850 m below ground surface.
4.1 Mine Access

Access to the underground mine will be via the exploration decline. The decline comprises two parallel tunnels, approximately 30 m apart. The second tunnel is for ventilation, the first one is for access. Each tunnel is approximately 4.5-5.1 m wide and 5.7 m high in an arch configuration (Figure 3). The decline is approximately 3,000 m long, approaching the ore body at a 14 percent slope from surface portals located to the south of the mineralized zone (Figure 4).

4.2 Mine Support Facilities

Support facilities are located adjacent to the decline portals at the surface. These include a mobile equipment workshop, fuel storage, temporary power generation, shotcrete batch plant, mine dry, administrative offices, temporary waste rock storage, and water management infrastructure (Figure 5). The site-wide approach to water management is described in Section 6.0. Power for the operating phase of the project will be supplied from the national grid via a transmission line. During construction, power will be generated on site by diesel generators.

4.3 Decline Waste Rock

The waste rock, 170,000 cubic meters in volume, originates from the decline construction. The majority of the waste rock is from the Bor Clastic formation, and is non-acid generating (NAG). Only at the point where the decline approaches the ore body does the rock become potentially acid generating (PAG). The PAG waste rock is segregated and stored separately from the NAG material. The waste rock will be removed from this area and used as a building material to construct the embankments of the tailings storage facility (Section 5.2).

4.4 Mining Method

The Cukaru Peki ore will be mined using the Sub-Level Caving (SLC) mining technique. The rock quality is such that the deposit cannot be cost-effectively mined by conventional open stope methods. SLC entails the controlled undermining of a targeted zone within the ore body, allowing it to progressively collapse under its own weight. This requires drilling with hydraulic drill rigs and blasting of the ore body to induce caving. The broken up ore is collected in draw points underneath and transferred using scooptrams to an underground gyratory crusher. The crushed ore is then transported to the surface through the decline by means of a conveyor (Figure 6).

The underground mine openings will be supported by rock bolts, mesh and shotcrete. Air quality in the mine will be maintained by means of ventilation shafts to the surface. Power will be distributed underground using a high voltage distribution system. Underground water intercepted by the mine works will be pumped to the surface for use in mineral processing (Section 5.0).

4.5 Ground Surface Effects of Mining

The caving of the ore body underground will eventually propagate to the surface and result in a roughly circular depression in the ground centered over the ore body (Figure 7). The diameter of this surface cave zone will be approximately 800 m (Figure 2). The associated depression in the ground will eventually fill with water fed by precipitation and groundwater flow, creating a pit lake. For public safety, a perimeter fence will be erected around the cave zone.
A larger concentric circle of ground subsidence will gradually form around the central cave zone. The diameter of the subsidence circle may extend up to about 1,400 m. Within the ring of subsidence the ground level may drop several centimeters or more. Geotechnical modeling will be conducted to predict the amount of ground subsidence, and surface and underground instrumentation will be installed to monitor ground displacement.

The project is acquiring the land within the caving and subsidence zones, which includes the existing Bor airstrip (Figure 2). The subsidence zone may also eventually affect a segment of approximately 1,300 m of the existing road between Bor and Zajecar, which would be relocated by the Project well in advance of any ground deformation that may take place.

5. Mineral Processing

5.1 Concentrate Production and Handling

The crushed copper ore will be transported from the decline portal to the mineral processing plant via a surface conveyor. The plant site is located on relatively flat ground about 2 km northeast of the portals (Figure 2).

Mineral processing will consist of simple flotation to produce copper concentrate (Figure 8). The process begins with a semi-autogenous grinding (SAG) mill, followed by additional grinding to reduce the particle size. The ground ore is then floated in conventional cells using control of pH and specific collectors and depressants to lift the sulphide copper particles away from the surrounding waste material. The process then concentrates the desired sulphide copper minerals into a high-grade copper concentrate product containing gold credits.

The concentrate product will be thickened and filtered to a moisture content of eight to ten percent for shipping. The filtered concentrate will be stored and loaded for transport in an enclosed area to prevent fugitive dust. The water extracted from the filtration process will be recycled back to the process plant.

The concentrate will be marketed to copper smelters around the world, including the Bor smelter. Transport alternatives being evaluated by the Project include road transport to Bor, as well as potential road or rail transport to ports on the Danube, Black Sea and Adriatic.

The flotation process consumes water, which will be supplied from the underground mine and from surface runoff. The Project is evaluating potential additional sources of process water. The site-wide approach to water management is described in Section 6.0.

Power to operate the plant will be supplied from the national grid via a transmission line. During construction, power will be generated on site by diesel generators.

5.2 Tailings Management

Waste material (tailings) left over after the flotation process will be pumped via a slurry pipeline to a tailings storage facility (TSF) located about 2 km east of the processing plant (Figure 2). The tailings will be thickened to a moisture content of 50 percent prior to placement in the TSF.

The TSF will consist of two impoundments formed by compacted earth and rock embankments (Figure 9). The impoundments will be lined to prevent leakage. One of the impoundments will
APPENDICES

contain pyritic tailings that are potentially acid generating, while the other impoundment will contain inert, non-acid generating bulk tailings. The pyritic tailings will be submerged under water to prevent oxidation and minimize acid generation. The TSF will also act as a storage reservoir for mineral processing water.

Wells will be installed downstream of the TSF to monitor for seepage. Any seepage would be pumped out and recycled back to the TSF in order to prevent impacts to surface water and groundwater downstream.

6. Water Management

There are two kinds of water to be managed at the project site: (1) contact water, and (2) non-contact water. Contact water will consist of:

- Groundwater intercepted in the underground mine and decline;
- Surface runoff within the Project site areas;
- Wastewater generated mainly from drilling and equipment washing;
- Mineral processing water;
- Concentrate filtering water;
- Tailings thickening water;
- Seepage from the TSF; and
- Water in the TSF.

Non-contact water consists of surface runoff from undisturbed ground. It will be diverted around the project facilities via perimeter channels and allowed to continue along its natural flow pattern.

The Project is developing a site-wide water balance to quantify the changes in water deficit and water surplus throughout the project life cycle. To conserve water during deficit periods, contact water will be collected and recycled to the maximum extent feasible for use in mineral processing. Potential additional water sources are being evaluated, including on-site or off-site wells, and surface water. Extraction of water from wells or surface water will be done only with permission from competent authorities and without causing significant effects on local water users.

During water surplus periods, water will be discharged to surface water bodies. At the portal area, surplus contact water will be collected and routed to water treatment and retention basins. The treatment basin will settle solids and remove oil and grease. The treated water will then be decanted into the retention basin, where additional solids will settle out before being discharged via a pipeline to the Brestovac River (Figure 5). At the TSF, surplus water will be treated as required and discharged downstream to the Bor River. Water discharges will meet the limits established by the competent authority, in addition to relevant European Union standards, to be verified through periodic monitoring.

7. Closure and Reclamation

During construction, the Project will excavate and stockpile topsoil for use in reclamation of disturbed areas upon closure. Following construction, interim and concurrent reclamation of cut and fill slopes and borrow areas will be conducted, including placement of topsoil and seeding.
The mine caving and subsidence zones will be fenced off during the operations phase through post-closure for public safety. Upon closure, the mine portals and vent shafts will be sealed with concrete plugs. Surface facilities will be removed or demolished, and associated waste materials disposed of in accordance with applicable waste management requirements. The associated ground surfaces will be re-contoured, covered with topsoil and seeded. The TSF will remain in place post-closure. The Project is evaluating alternatives for TSF closure after mine life to protect the environment and the final design will include details about TSF closure.

Groundwater and surface water in and around the mine site and TSF will be monitored throughout the Project life cycle. The Project is conducting groundwater modeling to help predict groundwater and surface water flow and quality changes during mining and post-closure. This information will support the design and implementation of appropriate management measures at closure and post-closure to protect long-term groundwater and surface water quality.

8. Social and Environmental Management

The Project is collecting social and environmental baseline data in order to conduct an impact assessment in accordance with Serbian and international standards. The impact assessment incorporates the analysis of Project alternatives to arrive at an optimal design, taking into account social and environmental factors, including physical and economic displacement due to land acquisition, as well as technical and economic considerations. The Project design objective is to avoid negative impacts to the extent feasible, to mitigate unavoidable negative impacts to insignificant levels, and lastly to adequately compensate for negative impacts that cannot be sufficiently mitigated through design. The Project is committed to engaging with the affected communities on these issues throughout the development process.
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Figures

Figure 1. Location Map
APPENDICES

Figures
Figure 3. Dual Decline Section

The above dimensions are preliminary, and may be adjusted in the course of project design.
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Figures
Figure 4. Decline Plan and Section

Plan View

Vertical Section
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Figures
Figure 5. Project area infrastructure
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Figures
Figure 6. Cave Mining Schematic
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Figures
Figure 7. Example of Surface Caving

Initial breakthrough of the cave front after two years of operation

Final caving profile at the end of the mine life
APPENDICES

Figures
Figure 8. Typical Copper Flotation Process Plant
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Figures
Figure 9. Typical Wet Tailings Storage Facility
Appendix C: Summary of current stakeholder identification and analysis
The following table describes the main stakeholder engagement activities that are currently being undertaken or planned by Rakita. This is not an exhaustive list and it will be updated on a regular basis to provide further information about future activities and plans.

<table>
<thead>
<tr>
<th>Project Activity</th>
<th>Stakeholder Engagement Activity</th>
<th>Additional Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>General stakeholder engagement activities during exploration and pre-feasibility phase.</td>
<td>Rakita Information Centre</td>
<td>- Provides basic information about the Project for local community stakeholders.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Main access point for the Rakita Community Grievance Mechanism.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Rakita Information Centre has received over 6,000 visitors since it opened in 2014.</td>
</tr>
<tr>
<td>Rakita website (<a href="http://www.rakita.net">www.rakita.net</a>)</td>
<td></td>
<td>- Provides basic information about the Project for local, national and International stakeholders.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Rakita website has been online since December 2016.</td>
</tr>
<tr>
<td>Nevsun website (<a href="http://www.nevsun.com">www.nevsun.com</a>)</td>
<td></td>
<td>- Provides additional Information about the Project for international and Canadian stakeholders.</td>
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<tr>
<td></td>
<td></td>
<td>- Contains information about Nevsun corporate policies that apply to the Project.</td>
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<tr>
<td>Government officials</td>
<td></td>
<td>- Individual meetings with government officials in Belgrade and Bor since formation of Rakita in 2010.</td>
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<td></td>
<td></td>
<td>- Formal correspondence and interactions as part of permitting processes.</td>
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<td>- Engagement with Prime Minister’s Office</td>
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<td></td>
<td>- Engagement with different ministries, including:</td>
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<tr>
<td></td>
<td></td>
<td>- Mining and Energy</td>
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<td></td>
<td></td>
<td>- Construction, Transport and Infrastructure</td>
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<td></td>
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<td>- Agriculture and Environment</td>
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<td></td>
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<td>- Forestry</td>
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<td></td>
<td></td>
<td>- Civil Engineering Inspection</td>
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<td></td>
<td></td>
<td>- Engagement with local government institutions:</td>
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<tr>
<td></td>
<td></td>
<td>- Department of Urbanism or Bor Municipality</td>
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<tr>
<td></td>
<td></td>
<td>- Cadastre Office</td>
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<tr>
<td></td>
<td></td>
<td>- Bor Court</td>
</tr>
<tr>
<td>Civil society organizations, business associations, and other institutions.</td>
<td></td>
<td>- Business relationships with local and national contractors and suppliers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Engagement with mining companies and other stakeholders at national conference on mining and interaction with government on drafting of the Mining Law</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Engagement with mining institutes in Belgrade and Bor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Engagement with institute for architecture, urban and spatial planning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Local NGOs have been engaged in context of community investment planning</td>
</tr>
<tr>
<td>Local and national media</td>
<td></td>
<td>- Press releases and media interviews with Rakita managers to provide additional Information to stakeholders through the local and national media.</td>
</tr>
<tr>
<td>Land acquisition and resettlement planning</td>
<td>Community meetings and weekly visit to Bestovac and Slatina</td>
<td>- To provide general Information to land-owners and other community members about the land acquisition.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Identification of real users and owners of affected land.</td>
</tr>
</tbody>
</table>
## Appendix D: Summary of current and planned stakeholder engagement activities

<table>
<thead>
<tr>
<th>Project Activity</th>
<th>Stakeholder Engagement Activity</th>
<th>Additional Details</th>
</tr>
</thead>
</table>
|                  | Individual meetings and correspondence (letters, e-mail and telephone). | - To provide additional information about land acquisition.  
- To follow up on households which land was acquired under previous processes, for purposes of monitoring wellbeing post-land acquisition and retrofitting socio economic data (February - March 2017).  
- Further distribution of the GLAC and information related to the LARAP.  
- Ongoing since September 2015. |
|                  | Socio-economic surveys for all households. | - Collection of data to inform entitlement matrix and LAARAP (zones 1, 2 and 3) 2-3 week of March 2017  
- Opportunity to provide additional project information to households.  
- Opportunity to gather relevant project information, including about potentially vulnerable households.  
- Beginning in February 2017. |
| Planning and Impact assessments | Spacial Planning Process | - Statutory engagement is required as part of the Spatial Plan preparation process.  
- The Ministry of Construction, Transportation and Infrastructure (MCTI) requires that public engagement is advertised within Bor Municipality in newspapers, posters and the MCTI website.  
- This notice would provide information on when and where meetings will take place and how long planning documents will be on public display, including the Spatial Plan. |
| Strategic Environmental Assessment | | - A Strategic Environmental Assessment (SEA) process also has engagement requirements which run in parallel to those of the Spatial Plan.  
- The MCTI disseminates information to the public regarding the content of the SEA report, incorporating the potential impacts of the Spatial Plan.  
- This process is often led by the MCTI however the project developer is normally expected to prepare all communication materials and be present for the question and answer sessions. |

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8 Including the Livelihood Restoration Plan (LRP), Stakeholder Engagement Plan (SEP) and Grievance Mechanism (GM).
### Appendix D: Summary of current and planned stakeholder engagement activities

<table>
<thead>
<tr>
<th>Project Activity</th>
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</tr>
</thead>
</table>
| Socio-economic surveys for communities    | - Opportunity to provide additional project information to community members.                   | - Opportunity to gather information about stakeholders, including about potentially vulnerable individuals or groups.  
                                                                                       | - Beginning in February 2017.                                                             |
| Environmental Impact Assessment (EIA) –  | - Rakita is required to submit a screening request to Ministry of Agriculture and Environmental Protection (MAEP), which will determine if an EIA is required. | - MAEP will disseminate how public stakeholder comments can be submitted and normally, a period of 10 days is allocated for the public to submit comments.  
                                                                                       | - The MAEP then has seven days to approve or reject the screening request and will publish the decision in a local newspaper. Under new legislation, a combined EIA screening and scoping decision will be issued. |
| Screening Phase                           |                                                                                                 |                                                                                     |
| EIA – Public consultation and approval    | - Seven days after submission of the draft EIA report to the regulatory authorities, the MAEP informs the project developer and the public about the timing and venue for public meetings, where project documents will be discussed.  
                                                                                       | - Announcements are published in newspapers and on the MAEP website.  
                                                                                       | - Following announcements, there is a minimum 20 day time period for organising these public meetings. |
| approval phase                            |                                                                                                 |                                                                                     |
| Environmental and Social Impact Assessment (ESIA) | - In addition to the EIA, Rakita is undertaking an ESIA in accordance with international standards. | - The main stages of ESIA engagement include:  
                                                                                       | - Scoping: to generate feedback on the Scoping Report including the scope, approach and key issues to be investigated further for the ESIA and to consult with key stakeholders on the next steps in the ESIA process.  
                                                                                       | - Baseline Data Collection: to collect baseline data through detailed surveys using participatory methods and dialogue.  
                                                                                       | - Draft ESIA Engagement: to discuss the identified impacts and proposed mitigation measures with stakeholders, allowing for their input and to provide stakeholders with the opportunity to comment on the draft ESIA report.  
                                                                                       | - Disclosure: to notify stakeholders of the submission of the final report to lenders. The final ESIA report will incorporate comments and feedback received from stakeholders throughout the different |
## Appendix D: Summary of current and planned stakeholder engagement activities

<table>
<thead>
<tr>
<th>Project Activity</th>
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<th>Additional Details</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>rounds of engagement and the overall ESIA process.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Baseline studies have been undertaken since July 2015.</td>
</tr>
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<td></td>
<td></td>
<td>• Stakeholder engagement to begin in February 2017 and continue through 2018.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• ESIA report(s) to be disclosed as part of the EIA process.</td>
</tr>
<tr>
<td>Human Rights Impact Assessment (HRIA)</td>
<td></td>
<td>In addition to the EIA and ESIA, Rakita is undertaking a HRIA to respect international standards on business and human rights.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Stakeholder engagement will be coordinated with the experts conducting the LARAP and ESIA to ensure consistency of approaches.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Targeted individual interviews and focus groups to be conducted with community members and other national stakeholders.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Opportunity to provide additional project information to community members.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Opportunity to gather information about stakeholders, including about potentially vulnerable individuals or groups.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Stakeholder engagement to be conducted in April – May 2017.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Final HRIA report to be publicly disclosed.</td>
</tr>
<tr>
<td>Construction, Operations and Closure</td>
<td>To be determined</td>
<td>Further stakeholder engagement activities will be planned if and when the Project is approved.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The stakeholder engagement will include techniques to keep stakeholders updated about Project information; to receive information about potential or actual impacts related to the Project; to receive and proactively address grievances; and to encourage participation in Project monitoring where relevant.</td>
</tr>
</tbody>
</table>
Appendix E: Information Sheet about the Rakita Community Grievance Mechanism

Rakita Exploration d.o.o. Bor (Rakita) is committed to open communication with all stakeholders and to resolving potential disputes and grievances proactively through dialogue. We have established the Rakita Community Grievance Mechanism as a mechanism to address grievances from local communities.

The following is the basic procedure for submitting a grievance through the Rakita Community Information Centre. The timelines included in the procedure are a general guideline and Rakita will make its best efforts to respect these timelines. However, some flexibility is required to address any special circumstances of grievances and to promote the involvement of stakeholders or independent third parties in the process.

For further information, please contact the Rakita Information Centre at:
- Address: Mose Pijade Street 46/6, Bor, Serbia
- E-mail: info@rakita.net
- Telephone number: +381 30 215 00 67
- Website: www.rakita.net