Due to the necessity of communication and cooperation with relevant national institutions and authorities, Rakita has opened an office in Belgrade in 12 Brace Nedic Street. On March 15 representatives of the local and national press visited Rakita where they had the opportunity to become acquainted in detail with the Timok project.

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Meeting with the Minister of Mining and Energy, Aleksandar Antic

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Contribution to the Local Communities

Environmental Protection and Occupational Safety

Environmental protection is a priority for the Timok project. For this purpose, Rakita has hired local and international companies working in this area.
Defining and Adopting the Stakeholder Engagement Plan (SEP)

Rakita has created the Stakeholder Engagement Plan (SEP) for the project, which represents the base line for communication and cooperation with target audiences impacted or potentially impacted by the geological exploration of the project. At the same time, by adopting this document, additional opportunity for proactive communication with the communities has been created. This document shapes a series of activities that are crucial to establishing and maintaining constructive cooperation with stakeholders at local, national and international levels.

Rakita has launched its Stakeholder Engagement Plan to guide its proactive communications with diverse stakeholder populations for the project. A very important component of the Stakeholder Engagement Plan is the Grievance Mechanism which is clearly defined and set forth in this document. Its application and implementation has been confirmed in the first quarter of this year, regarding the remediation of damage of a particular road section in the village of Slatina.

During the implementation of planned work activities, Rakita has caused minor damage to the part of the local road network. However, by adequately approaching the situation and reaching an agreement with the individuals in question, the damage has been remedied as early as possible. This approach to responsibility and obligations proves the Company’s attitude towards respecting the principles defined in the Grievance Mechanism.

The Stakeholder Engagement Plan is available to the public on Rakita’s website at http://rakita.net/SEP-ENG-FINAL.pdf. All interested people can also review the printed version of this document at the Rakita Info Center in Bor (46/6 Mose Pijade Street).
Communication with Local Communities

In the previous quarterly period, Rakita had a series of constructive meetings with the local community representatives in order to share information on the Timok project. Management from Bor Municipality, as well as the heads of the Bor Municipal Administration, were presented with an update on the current stage of the project at the meeting with Rakita’s management. The local government representatives were presented with the proposed timeline for the development of the project, directing special attention to explaining the potential economic benefits the local communities could receive from the project. During the meeting, it was pointed out that this stage of the project has already shown visible contributions to the local economy and economic development. The representatives of Bor Municipality expressed their full support to the further implementation of the Timok project.

Rakita’s representatives also attended meetings with local community leaders in Brestovac, Slatina and Metovnica. During the meetings, Rakita representatives further explained the process of geological exploration and the current status of the project. Rakita’s corporate principles towards environmental protection were highlighted at these meetings.
Meeting with the Minister of Mining and Energy, Aleksandar Antic

Frazer Bourchier, Chief Operating Officer at Nevsun which is the parent company of Rakita, and Predrag Lukic, Rakita's manager for the relations with government institutions, met on February 10th with the Minister of Energy and Mining, Aleksandar Antic, to share information about the Timok project and the Cukaru Peki mineral deposit. State Secretary Mirjana Filipovic also attended the meeting at the Ministry of Mining and Energy. During the meeting, Rakita highlighted significant progress that has been achieved during the implementation of the planned project activities.

Hiring Local Manpower and Capacities

In total, Timok project currently employs 410 workers. More specifically, Rakita employs 103 workers, and 307 workers are employed by subcontractors. Rakita is committed to providing local economic benefits, and this is shown through the fact that domestic manpower makes up 85% of all workers currently engaged.

According to preliminary estimates, during the period of two years anticipated for the construction work, the total number of engaged workforce could reach 1,200 people. It is also expected that about 600 workers could be needed for the operational phase of the mine construction.

Until now, Rakita has been using the services of 246 companies that have been hired as subcontractors or source of supply of goods and services. It is important to emphasize that, out of the total number of engaged companies, 204 were domestic, of which 37% are companies registered in Bor.

Rakita’s management is aimed at providing business opportunities primarily at the local level whenever the circumstances allow. Income, taxes and employment opportunities are the first evidence of the project’s positive impact on Bor and Serbia.
Contributions to the Local Communities

Rakita is supporting the program for IT entrepreneurship in Bor which is expected to enable citizens to acquire or to improve their skills and knowledge in the field of Internet Technologies (web programming, graphic design, web marketing, Internet in tourism etc.) and thereby initiate and develop their own business in the IT sector.

194 persons have shown interest in this initiative of which 120 participants will be provided with training.

The initiator and project developer is “Creative Educational Center” that has also provided the support of the Ministry of Trade, Tourism and Telecommunications. After the training which is to be organized in the period from February to June 2017, participants will be provided with mentors who will help them establish important contacts and adequately promote their ideas on the IT market. The ultimate goal of this initiative is setting up the IT center in Bor, which could serve as a base for Internet Technologies in eastern Serbia.

The company’s representatives had discussions with the NGO’s sector in order to define and implement other projects that will, through training and education, increase employment, which is the base-line of the company’s strategy of contributing to the local communities.

Office Open in Belgrade

Due to the necessity of communication and cooperation with relevant national institutions and authorities, Rakita has opened its office in Belgrade in 12 Brace Nedic Street.

Bearing in mind that the Timok project has gained importance and attention, both with the media and various national institutions, this office will assist in the placement of accurate and timely information to all stakeholders.

In this regard, Rakita will maintain constant contact with the representatives of the Ministry of Mining and Energy, the Government of the Republic of Serbia, as well as other relevant entities.

Media Briefing

On March 15th, 2017, representatives of the local and national press visited Rakita where they had the opportunity to become acquainted with the Timok project. Rakita Managing Director, Timothy Livesey, welcomed the journalists and provided an overview of the project which included the background of Rakita, the current economic benefit of the project and Rakita’s commitment to environmental protection.

Among the press representatives there were journalists from RTS, Ekapija, TV Bor, Beta agency, Blic, local web portal Bor 030, Solaris Media Bor, Media Centar Bor, Ist Media Bor, Knjazevacke novine, and others.

The press were first welcomed with a presentation on the project, and then they had the opportunity to tour the facilities for core processing and a location.
Environmental Protection and Occupational Safety

Environmental protection is a priority for the Timok project. For this purpose, Rakita has hired local and international companies in this area - Environmental Resources Management (ERM), Link 011 and ENVICO Environmental Consulting.

The company has already commenced the activities of assessing the environmental and social impacts of the project, with the support of specialized Serbian consultants and institutions. It should be emphasized that thorough hydrological and technical assessments of the potential impacts to water is currently being conducted, and the goal is to minimize the impact of planned mining activities, if the project is economically feasible to proceed forward to a mine one day.

There were no incidents in the first quarter of 2017 that could have posed a threat to the health and safety of people.
Exploration Drilling

- Drilling continues to confirm continuity and the high-grade nature of the Upper Zone.
- New massive and semi-massive sulphide intersections include:
  
  - 14.58 % Cu and 12.9 g/t Au over 67.5m, within 6.00% Cu and 3.79 g/t Au over 256.3m in TC160130.
  
  - 17.97% Cu and 7.59 g/t Au over 46.5m, within 5.93% Cu and 2.20 g/t Au over 279.0m in TC160128A.
  
  - 16.94% Cu and 9.44 g/t Au over 22.5m, within 5.25% Cu and 4.69 g/t Au over 163.5m in TC160133.
  
  - 13.94% Cu and 4.91 g/t Au over 20.3m, within 4.96% Cu and 2.01 g/t Au over 222.8m in TC160124A.
  
  - Final 10.000m of planned prefeasibility study resource drilling in progress.

Table 1: 2017 Timok Upper Zone Drilling Results

<table>
<thead>
<tr>
<th>Hole No.</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Length (m)</th>
<th>Cu (%)</th>
<th>Au (%)</th>
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<td>601.2</td>
<td>93.0</td>
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<td>includes and</td>
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<td>691.8</td>
<td>222.8</td>
<td>4.96</td>
<td>2.01</td>
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<td>includes and</td>
<td>487.0</td>
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<td>TC160127A</td>
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<td>491.3</td>
<td>513.8</td>
<td>22.5</td>
<td>16.94</td>
<td>9.44</td>
</tr>
</tbody>
</table>

Holes are drilled to intersect the top of the high sulphidation epithermal zone near perpendicular and are estimated to be between 80 and 95% of true thickness.