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Nevsun Resources Ltd.

Timok Copper-Gold Project

Bor, Serbia

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This report was prepared by the qualified persons listed in Table 2-1. Each QP assumes responsibility for those sections or areas of this report that are referenced opposite their name in Table 2-1. None of the QPs, however, accepts any responsibility or liability for the sections or areas of this report that were prepared by other QPs.

This report was prepared to allow Nevsun Resources Ltd. (the “Owner”) to reach informed decisions respecting the development of the Timok Project. Each QP has consented to the filing by the Owner of this report with Canadian Securities Administrators and its System for Electronic Document Analysis and Retrieval (SEDAR). Except for the purposes legislated under provincial securities laws, any use of this report by any third party is at that party’s sole risk. This report is intended to be read as a whole, and sections should not be read or relied upon out of context.

This report contains estimates, projections and conclusions that are forward-looking information within the meaning of applicable securities laws. Forward-looking statements are based upon the responsible QP’s opinion at the time that they are made but in most cases involve significant risk and uncertainty. Although each of the responsible QPs has attempted to identify factors that could cause actual events or results to differ materially from those described in this report, there may be other factors that cause events or results to not be as anticipated, estimated or projected. None of the QPs undertake any obligation to update the forward-looking information.

As permitted by Item 3 of Form 43-101F1, the QPs have, in the preparation of this report, relied upon certain reports, opinions and statements of certain experts. These reports, opinions and statements, the date, title and author of each such report, opinion or statement and the extent of reliance thereon is described in Section 3 of this report. Each of the QPs hereby disclaims liability for such reports, opinions and statement to the extent that they have been relied upon in the preparation of this report, as described in Section 3.

As permitted by Item 12 of Form 43-101F1, the QPs have, in the preparation of this Report, relied upon certain data provided to the QPs by the Owner and certain other parties. The relevant data and the extent of reliance upon such data is described in Section 3 of this Report.



1. Summary

1.1 Introduction

This Preliminary Feasibility Study (PFS) describes a future mine development on the Upper Zone of the Cukaru Peki Copper/Gold massive sulphide deposit at Cukaru Peki, outside the town of Bor in Serbia. The Upper Zone deposit at Cukaru Peki is 100% owned by Nevsun Resources Ltd. through its wholly owned subsidiary Rakita Exploration d.o.o. This PFS is intended to produce indicative financial costs and revenues for the Upper Zone deposit only; assuming a normal project development cycle and using current technology to mine the deposit by underground means. Mined ore would be hauled to surface using a decline and conveyor and milled in a conventional flotation mill to produce a single sulphide copper gold concentrate which will be sold to smelters on normal terms.

This PFS follows on from a PEA published by Steffen Robertson and Kirsten (SRK) Vancouver and others in October 2017. Nevsun declared an initial Resource, including Measured, Indicated and Inferred tonnage and grade on the Upper Zone of the Cukaru Peki deposit in April 2017. The PFS Mineral Reserve Statement by definition, contains less mineralisation than the Resource statement, since a Reserve statement cannot contain Inferred mineralisation. (Despite the potential to mine this Inferred mineralisation once the operating mine is established).

This PFS will be followed by the generation of a Feasibility Study (FS) expected to be published in mid 2019. The FS will involve greater accuracy than the PFS and will also incorporate a number of Value Improvement (VIP) studies aimed at maximising the potential return from the deposit.

Throughout the years 2018 to 2020, Nevsun will continue to work to permit and develop the Cukaru Peki deposit and based on the PFS studies to-date, subject to permitting and finance, Nevsun is targeting first production from the Cukaru Peki Upper Zone in 2022.



All economic assessments are calculated at the Timok Project level and therefore, do not include certain costs including corporate office, interest, financing and exploration expenses.

A summary of the financial results for the Timok Project is provided in Table 1-7:

Table 1-7: Summary of Key Financial Results

Parameter	Unit	Value
Cu Price	\$/lb	3.15
Au Price	\$/oz	1,300
Project CAPEX	\$M	574
Sustaining Capital	\$M	239
Closure Costs	\$M	48
OPEX	\$/t Ore	32.42
Total Cash Costs	\$/t Ore	93.32
Concentrate Produced	Mt	3.16
C1 Costs	\$/lb	0.92
After Tax NPV8%	\$M	1,816
IRR	%	80%
Payback	years	0.9

The Timok Project has an initial estimated capital cost of \$574M, an estimated sustaining capital of \$239M and a total estimated operating expenditure of \$879M (with a C1 cost of \$0.92/lb Cu) over the life of the mine, generating an after-tax internal rate of return of 80% and an after-tax NPV8% of \$1,816M.

Free cash flow is presented year on year in Figure 1-1.

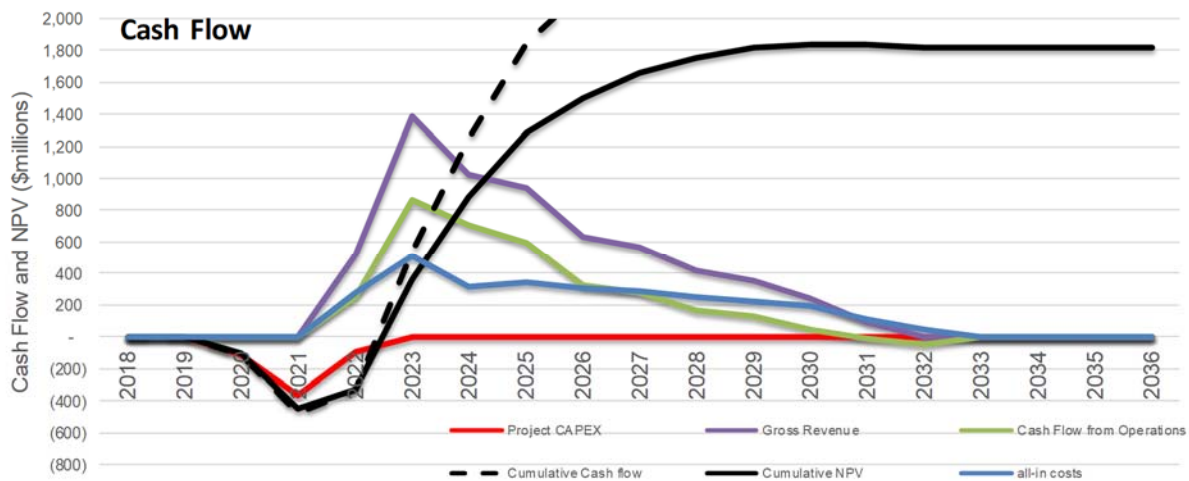


Figure 1-1: Net Cash Flows