

ASSOCIATION ČUKARU PEKI YYKAPY ПЕКИ

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No 3/18

NEVSUN RESOURCES Suite 1750 - 1066 West Hastings St Vancouver, BCV6E 3X1 CANADA

> Director, Chairman Mr. Ian W. Pearce

Chief Executive Officer

Canadian Embassy in Serbia KnezaMiloša 75, Beograd Her excellency Mrs. Ambassador Kati Csaba

Please let us introduce ourselves; we are an association recently formed to voice the concerns of local population in the city of Bor, in regards to unsafe and unlawful mining and site activities being performed by Rakita exploration.

Recently, our association received a request from a group of local people living in the area Suva Reka-DzanovoPolje (village Metovnica near Bor), to investigate violations to living and environmental conditions caused by the preparation and construction work for opening an underground pit mine, financed by RAKITA exploration d.o.o. Bor (further cited as Rakita).

SITE CONDITIONS

Representatives of our association along with locals who asked for assistance, visited the construction site on Saturday 16.06.2018, Sunday 24.06.2018, Gend Saturday 15.07, 2018 and found the following hazardous and disruptive activities caused by the start of mining operations in past 45 days:

- Extend of area of disturbance: Huge landscaping work is being performed by leveling the ground (removing soll from nearby hills), and transporting those sols into a nearby creek. The current area where these activities are taking place is roughly a size of 10ha (Photo No. 3), on location No.3).
 - Rakita has a permit to perform work in that particular are. The work described on the permit is for collecting geological samples affecting no more than a few dozen square methers; however as previously mentioned the area of disturbance amounts to almost 10 ha. According to Sorbian authorities as broadcasted by all Serbian media on June 5th 2018, Rakita dose not have a permission to open or start mining operations.
- Portal Construction: Ongoing unauthorized work includes the construction of an entrance
 to the mime which requires degradation of a few hundred thousand square meters. Although
 this work is occurring on land currently owned by Rakita (Document 4 in the attachments,
 area is delineated by a black line), the construction of a mine entrance is usually done in
 preparation for the opening of the mine (Photo No.6 on Location No.6, fremed in yellow
 color). The construction of the portal has caused great disruption to surrounding lands
 owned by locals. Again, the permit issued is for collection of geological samples.
- Proximity to local's privately owned lands: From the site visits it was witnessed how the
 edge of construction limits are not properly observed by Rakita. Private lands owned by
 locals are now in extreme close proximity to the edge of the construction activities (Photos
 No.4 and No.5 on location No.4).



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- This situation is not only unacceptable and hazardous, but also unheard as is not expected from a highly renown company is in the world of mining as Nevsun Resources.
- Another of the <u>biggest issues</u> is that Rakita didn't resolve all legal issues with the local property owners regarding the buffer zone between the properties and the construction site.

Locals now face dangerous conditions due to having actual harvesting areas touching the edge of the construction site. It is important to mention that these locals are not only actively using their land for farming, as the area has done for centuries, but most of their daily income depends on the harvesting activities.

- Lack of construction fence: Although the work above described takes place within the confines of Rakita owned land, there is no construction fence separating the areas.
 Construction fence is mandatory by law (Photo No.7 on location No.6), and not observed by Rakita.
- Improper trenches along the local roads: trenches made by Rakita along each side of the
 road are an extremely dangerous condition that needs to be resolved immediately as to
 prevent accidents to the locals who depend on this road. These trenches are uncontrolled,
 without proper identification or danger warnings, nor are sediment/erosion preventive
 measures in place.
- Excessive Noise: although still in the beginning phase of operations, nearby locals are already experiencing excessive noise caused by the operation of heavy machinery in two shifts: approximately 16 hours of excessive noise caused by large number of heavy trucks, buildozers and excavators (photo No.8 on location No.5).
- Lack of Dust control: Rakita's ongoing activities have managed to create a constant thick layer of dust which extends for kilometers and endangers not only the local's health, but also that of their cattle and crops.
- Improper access to privately owned areas: Locals are not provided with safe passage to their fields, and it is outrageous that some plots are only 1 to 2 meters away from the construction site (photo No. 9 and No. 10 on location No.4). For instance, one plot planted with wheat is surrounded on three (3) sides with diches varying from 1 meter to a few meters (photos No.1 and No.11, and in close proximity — Photo No. 4).
- Uncontrolled and extending ditches: As the subgrade activities continue to level the ground by deepening the ditches and trenches without regards to ground stabilization or soil, erosion control, more plots will end up dozens of meters taller than ground level, making the lands totally useless for farming.
- Improper backfilling of trenches: some of the roadside trenches are being filled with soil, without the proper stone bedding drainage, making rainwater unable to drain properly, affecting roads and transportation (photo No.7 on location No.14). This again, is a safety law that is being violated.
- Disregard for safety zone: Rakita blatantly disregards the law enforced/mandatory safety
 -zone (few hundred meters) affecting the fields and crops as they will continue to lose
 moisture, making the soils dry and unsuitable for harvesting or farming activities. As an
 exhibit of this situation, there is work being performed only tens of meters from three (3) huts,
 where people from Brestovac and Metovnica live and work (photo No.11 on location No.1,
 No.2 and No.11)



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COMMUNITY DISTURBANCE

Besides the above very important violations, the demolition and leveling activities on the construction site happens daily, and it will last for next two months in illegal and dangerous ways, interrupting and disturbing the locals from performing their daily jobs, especially those who have plots in near proximity to the areas of demolition (See attached photos on location No.4,No.8,No.9 and No.10).

Rakita's ongoing operations are already disrupting the local residents and their living standards in different occasions, as noted below:

- Public road leading to an area of Suva Reka is not only surrounded by dangerous trenches on both sides of the road, but also almost permanently interrupted for transportation in both directions.
- The only asphalt paved road between Brestovac and Metovnica is closed during site demolition operations, and in that way threatens old and sick people in the area as this is their only way to the closest hospital.
- State road is being damaged by the transit of heavy machinery required for the site
 operations. The top layer of the asphalt already shows signs of damage by the weight of the
 caterpillars. (photo No.13 on location No.7).
- On 14.06.2018. Approximately 50 households in area Suva Reka Džanovo Polje lost their access to tap water, and they regained it no day later, on 15.06.2018 at 14h. All that happened near the construction site. Although the service was re-established on a not too excessive period of time, this is a threat to locals, cattle and harvest nearby.
- Without knowledge and consent of locals, Rakita operations removed electric poles near the construction site, demolished existing power supply network, making a few households unable to get electricity and communications (huts on location No.1,No.2 and No.11).
- Rakita does not have all necessary permits to start site preparation and construction
 operations that are ongoing; these operations are forecasted to extend for a few months. In
 doing so, without any community outreach, communication or observance of the nearby
 environment, they will cause tremendous damage and jeopardize the life and existence of
 locals surrounding the construction site.

General Remarks:

The Association "Cukaru Peki" is registered tawfully and subject with the competent institutions of the Republic of Serbia, and it has been founded and registered with the sole purpose to protect all local people living in villages surrounding Bor, and located in the zone of influence of the future mine Rakita, village Persetovac, area oggaŝu Kržan.

We have incorporated this association because of the frequent and long-lasting cases of unethical, careless and rude behavior of Rakita employees, who communicate with locals, and mislead them. We have direct representatives of our association actively participating in the issues of concern and who are available to discuss, clarify or assist in any concerns you may have.



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The Association of Čukaru Peki hereby requests from all people addressed in this letter to urgently react in order to prevent further negative consequences to the locals in the area. This is of the upmost importance when considering that the construction of the site <u>portal</u> for Rakita d.o.o., and the site preparation work will be held in a high pace for at least 2 or 3 months, and after that operations will continue for another 2-3 years, with lower intensity.

We hope that this letter will bring perspective and a real picture of the existing situation and urge you to actively and imminently react as to bring all ongoing work in the area to a hatu until Rakita exploration do .o. Bor provides all legal representations (permits and inasmuch) and working conditions are remediated and brought to compliance to regulations and safety standards as to stop endangering the mentioned local people.

Please note that this is not the first effort made to address this situation. We have actively already used public media to inform the public in Bor, informed all members of the city hall, and the entire leadership of the city of Bor of the current situation.

We have reached out to Rakita as well and expressed our concerns; however we feel compelled to reach out to you because the answer received from Rakita has indicated that they have obtained all the necessary permits, that everything they do is legal and they have no issues with the locals in the area. This is absolute bogus as it does not represent the real onsite conditions as you can read in this latter and see in the attached photos.

We have sent requests to the Mayor of Bor, Rakita d.o.o. and Serbian Ministry of Mining and Energy, and we requested to see that permit which allows them to start working from 04.06.2018, but up to date, we have not received an answer(because that permit was never issued).

This association completely supports the efforts towards opening a new copper mine, as this will bring prosperity to the area by means of creating employment to locals, and revenue for the country, however these efforts shall be made while obeying all measures established by the SRK Consulting, study "Cukaru Peki NI43-101" made in March 2016, and as well as observing all laws of Republic of Serbla, and without endangering nearby properties or people who live and work in the areas surrounding the construction sites.

We also want to remind all of the addresses, that it has been proven through the history of the mining industry how conducting improper site preparation and mining operations have catastrophic effects on the environment. Unsafe conditions, lack of erosion control, inadequate benching of excavation trenches, lack of "buffer" zones between the construction site and adjacent properties, etc., have a vast and harmful impact in the global environment of the areas surrounding mining operations and is only through hundreds of years of work and nature's own resources that the areas are restored to be fertile and productive.

The copper mine of Bor is proof in itself of the catastrophic environmental consequences of improperly conducting mining operations. For over a hundred years, Bor's mines have been identified as one of the biggest ecological man-made disasters in Europe due to poor planning and implementation in the mining practices, neglecting the environmental safety standards for soils and mining operations.

In case our request is not heed or a response is provided, locals will then be forced to take radical measures, to protect their personal health and property.

This association will inform given problems and irregularities related to the illegal and unsafe conditions of the ongoing construction work to all foreign and domestic media by gathering all endangered locals into a construction site, and organize a protest in a means to take care and



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resolve of all ongoing problems. In this case, we will notify corresponding authorities of the Republic of Serbia, as well as the Assembly of the Republic of Serbia.

As active and responsible citizens of the Republic of Serbia, we all must come together to protect the wellbeing of our country, our fellow citizens and the land that provides us livelihood. It is in this fashion that we reach out to each one of you in hopes that you are empathic to our cause.

Attachments:

- Request to RAKITA exploration d.o.o. Bor to provide permit allowing for geological sampling, 04.06.18 god (Doc 1.),
- Reply from RAKITA exploration d.o.o. Bor from 20.06.2018 god, upon association Request (Doc 2.).
- Notifications from RAKITA exploration d.o.o. Bor to locals in zone of construction site with Drawing and demolition zones (Doc 3.).
- Demolition zone drawing, with land contours owned by RAKITA exploration d.o.o. Bor; contours of endangered plots and civil building for work(huts) and occupied homes with auxiliary facilities, made by our association Culsaru Peki (Doc 4).
- Photos (14 pieces) of irregularities, described in this letter, and made by our association, (Doc 5.).

In Bor, 18.07.2018.

Sesident of the Association