

17 May 2010

Nevsun Resources

Year End	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/08	0.0	(5.2)	(4.1)	0.0	N/A	N/A
12/09	0.0	(5.4)	(3.9)	0.0	N/A	N/A
12/10e	0.0	(22.2)	(4.3)	0.0	N/A	N/A
12/11e	574.5	392.0	75.8	66.3	4.2	21.0

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items. Assumes US\$1/C\$1.01.

Investment summary: Opening Eritrea's golden door

Since acquiring the Bisha project in 1998, Nevsun Resources has worked effectively to develop the low-cost poly-metallic mine in central Eritrea, in spite of geopolitical strife. The company has forged strong links with the government (a 40% equity partner) and should be rewarded for its efforts in early 2011 as its Bisha mine produces its first doré. Once commissioned, the company will be in poll position to open Eritrea's golden door and develop other projects in Eritrea.

First mover advantage in a prospective land

The geology of Eritrea is relatively poorly understood, but there is good indication that it is a continuation of a geological system across the Red Sea that has yielded many gold VMS mineralisation occurrences. As the understanding of Eritrean geology increases it is likely to yield many more deposits like Bisha, and Nevsun can only benefit from its strong links with the government, strengthened by the successful development of the country's first mine since the 1930s.

Bisha Au-Ag-Cu-Zn mine

Currently 60% complete, the Bisha mine will exploit a distinctly stratified deposit. An enriched Au+Ag cap will be mined at \$230/oz gold during 2011 and 2012. From 2013 onwards the supergene ore will be mined to produce Au, Ag and Cu at an average cost of \$0.90/lb copper. Primary ore mining will begin in 2016 adding zinc production with overall production costs of \$0.55/lb zinc and \$1.19/lb copper. Bisha will produce 512koz of gold and 617koz of silver in the first year.

Valuation

Our discounted dividend flow model indicates that Nevsun shares are worth US\$4.09 based on our assumptions for Nevsun's mining operations. To this needs to be added an additional US\$1.75 in respect of the government's acquisition of an additional 30% stake in the project to give a total value for Nevsun's shares in current money terms of US\$5.84 per share. The shares are currently trading at a 46% discount to this valuation. In the event that it pays out a flat dividend of US\$0.73 per share over the life of operations (see page 9), it could trade at a premium.

Price C\$3.18
Market Cap C\$613m

Share price graph



Share details

Code NSU
Listing TSX
Sector Mining
Shares in issue 192.637m

Price

52 week High Low
C\$3.66 C\$1.21

Balance Sheet as at 31 December 2009

Debt/Equity (%) N/A
NAV per share (US\$) 0.47
Net cash (US\$m) 29.1

Business

Nevsun Resources is developing the Bisha Au-Ag-Cu-Zn volcanic massive sulphide deposit in western Eritrea. The company expects production from the project in 2011. Nevsun is debt free.

Valuation

	2009	2010e	2011e
P/E relative	N/A	N/A	33%
P/CF	N/A	N/A	2.8
EV/Sales	N/A	N/A	1.8
ROE	N/A	N/A	80%

Revenues by geography

	UK	Europe	US	Other
0%	0%	0%	0%	0%

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Investment summary: Opening Eritrea's golden door

Company description: Bringing Bisha into production

Listed on the TSX and based in Vancouver, Nevsun Resources will soon commission Eritrea's first mine since colonial times. Nevsun has ridden the waves created by wars and sanctions to develop a low-cost precious and base metals mine, with good potential to substantially increase its Eritrean resource base. During this time the company has cultivated robust links with the Eritrean government and developed a strong local management team. Nevsun's 10-year, US\$260m Bisha mine will start as a gold and silver producer while it exploits a rich oxide cap in 2011. From 2013 onwards it will also be a copper producer, adding zinc to the mix from 2016 onwards.

Valuation

Our discounted dividend model shows that, from US\$4.09 currently, Nevsun's shares should rise to US\$4.50 per share in 2011 while the Bisha mine is in the high grade Au-Ag oxide mining phase. Assuming successful commissioning of the Bisha mine in early 2011, and that the company decides to pay out all excess cash to shareholders, we calculate that it could make an annual distribution to shareholders equivalent to US\$0.73 per share. Applying a (relatively conservative) 5% yield to this payout suggests that Nevsun's shares could reach a value of US\$14.60 (assuming a successful exploration programme provides the market with suitable comfort regarding increased longevity).

Sensitivities and risks

The youth of the country, and its inexperience, would perhaps have stalled many mining projects in this part of the world. Persistence and close ties with the government have allowed Nevsun to prosper, however. As the Bisha project enters the final construction phases, construction risk is duly high, but no higher than any other projects. Earnings will be affected by each metal price in turn as Nevsun works through the highly stratified deposit. Its low operating costs will shield the mine from all but the most dire of bear markets, with plenty of upside from our conservative metals price estimates.

Financials

Nevsun's original, part-debt financing arrangement was awarded Thomson Reuter's African Mining Deal of the Year in 2009. However, an election in Germany, whose government was backing the financing, coupled with a United Nations arms embargo against Eritrea combined to effectively stall Nevsun's original plans. In response, the company chose an all equity route to finance the Bisha mine's development and turned to its existing shareholders. This has left the company with a zero funding requirement, with net cash of US\$29.1m reducing to a minimum of US\$6.9m as at December 2010 before positive cash flows and earnings allow for the payment of a maiden dividend. Consequently, assuming that Bisha enters production according to the development plan, there will be no requirement for debt funding. Should more funds be required for any reason, Nevsun should be easily able to raise additional capital via debt, with minimal risk of dilution to existing shareholders.

Company description: Bringing Bisha into production

Nevsun Resources is focused on developing its Bisha gold-silver-copper-zinc project in central Eritrea. With its debt financing options effectively kyboshed by the UN arms embargo, in early 2010 Nevsun turned to its committed base of shareholders to finance the project. As a result, Nevsun is now in the unusual position of being debt free as it enters the final six months of the build. In addition, on commencement of production, the government will pay Nevsun for its recently acquired 30% stake in the project, giving the company an effective 90% share in the project's NPV. Nevsun will then have a 60% share of the mine and the government will have 40%, of which 10% of the project is free carried.

The Bisha deposit

Geography

Nevsun's mine is located in Eritrea, c 150km west of the capital Asmara, and c 100km east of Sebderat on the border between Eritrea and Sudan. The project is in an area of Eritrea that is semi-arid, close to a paved road to Asmara. By car, a journey between Bisha and Asmara takes approximately four hours. Massawa port, the proposed port for concentrate transport, is c 200km east of Bisha on a route through Asmara.

Ownership

The Bisha deposit is owned by Bisha Mining SC in which Nevsun Resources holds a 90% stake and the Eritrean government owns a 10% free carried interest through its national mining company, the Eritrean National Mining Co (ENAMCO) plus an option to acquire an additional 30% (thereby reducing Nevsun's interest to 60%). Payment for the additional 30% stake is due to be made within six months of the first gold production at a value to be independently determined.

Discovery

The mineralisation of Bisha was first identified by Ophir Ventures in 1996 while prospecting the gossan outcrops in the area. Nevsun took on the project in 1998 and carried out a reconnaissance scale mapping programme which identified Bisha as a possibly economic deposit. Some ground work was carried out across the property once it was converted to an exploration licence in 1999, but was soon suspended due to the war with Ethiopia until 2002.

Nevsun began onsite drilling in late 2002 with 800m of core drilled at the geophysical and geochemical anomalies identified in the reconnaissance scale mapping. This confirmed volcanic massive sulphide deposit of Kuroko type mineralisation and a gold rich gossan cap. From 2004 onwards, Nevsun intensified the exploration of the Bisha project which led to a scoping study in 2005 followed by a feasibility study being produced in late 2006 by AMEC.

Regional geology

Eritrean geology is made up of five terranes trending roughly north-east. Bisha lies within the central, Nafca terrane which is believed to be the back-arc island arc system related to the Hagar terrane lying to the west of the Nafca terrane. Within this system lies the Barka River fault, which also trends north.

Recent interpretation of the geology has drawn a strong link between the Hagar-Nafca terranes and Barka River fault with a similar geological system across the Red Sea in Saudi Arabia, namely the Asir terrane. The Asir terrane, hosting the Wadi Bidah mining district, has yielded many mineralisation

occurrences. While the relationship between the two geological systems lacks empirical testing, there are significant similarities that suggest upside potential for Eritrean metals deposits.

Deposit geology

The Bisha deposit is essentially a volcanic massive sulphide lens that has been geotectonically deformed into a narrow stratified deposit trending approximately north. As a Kuroko type VMS deposit, it was likely emplaced in a shallow sea explosive volcanic event, and this is supported by the presence of pillow lava. The country rock is mostly pyroclastic material related to the volcanism.

There are three areas of mineralisation across Bisha deposit area: the Main Zone which is to be mined, the Northwest Zone, and the Harena Zone.

Main Zone

The primary ore of this VMS deposit is Cu-Zn rich, with small amounts of Au and Ag. Subsequent surface weathering has led to a distinct stratification of the ore body. Acidic groundwater mobilised the near surface copper and zinc, depositing only the copper as a secondary sulphide mineral as the flow crossed the water table (~30-35m) and entered a reducing environment. This led to an economic concentration of precious metals in the upper, oxide layer of the deposit through the removal of the Cu and Zn. Prolonged acidic groundwater weathering has further concentrated the precious metal content of the upper layer leaving an Au-Ag rich gossan cap or saprolite layer.

Exhibit 1: Proven and probable reserves of the Main Zone

Note: Underlying price assumptions: Au – US\$400/oz, Cu – US\$1.05/lb, Zn – US\$0.50/lb.

Ore Type	Tonnage (Kt)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)
Oxide	4,016	7.99	32.85	-	-
Supergene	6,350	0.83	35.98	4.40	-
Primary	9,713	0.76	54.00	1.14	7.21
Total	20,079	2.23	44.07	1.94	3.49

Source: Edison Investment Research, Nevsun Resources

Covellite and chalcocite are the main copper bearing minerals of the deposit. These copper minerals oxidise more easily than most other copper minerals, which will reduce flotation recovery rates if they are exposed for longer than a few days before processing. Due to this, Nevsun will avoid stockpiling of supergene ores during the mining of the oxide ore cap.

The VMS lenses are deformed into an anticline, trending north and plunging shallowly to the north. The lenses are split into eastern and western group, due to the anticline. Lenses are present along the entire strike on the eastern limb but cover only half of the strike on the western limb.

Northwest Zone and Harena

There are two other volcanic massive sulphide deposits located within a contiguous exploration licence covering the Main Zone: the Northwest Zone is located 1.5km north-west of the Main Zone and the Harena deposit that lies 9.5km south-west of the Main Zone. Nevsun is continuing exploration of both deposits with the view to providing supplemental feed for the plant that is under construction at Bisha.

Construction

Nevsun has chosen SENET, a South Africa based company, to be its engineering, procurement, construction and management (EPCM) contractor during the construction of the mine on a cost-plus contract. SENET is using a mixture of expatriate and local tradespeople during construction, with training schemes being developed to bring local people's skills up to the required standard.

A southern route has been chosen from the Massawa port to bring in supplies during construction as it has only 54km of unpaved road. The government has agreed that it will upgrade this road during 2010. All equipment that is too large or heavy to be transported along this route was brought to site through Sudan.

Currently construction of the mine is over 60% complete. Installation of the mill was started in March 2010.

During 2010, approximately 7Mt of overburden and waste will be removed and some Au-Ag rich oxide ore stockpiling will be done in preparation for mill start-up at the end of the year.

The latest pre-production capex estimate conducted in March 2010 is for US\$260m, a small increase from the capex estimate conducted for the ESIA update report of US\$250m. The capex estimate from the feasibility study produced in 2006 was US\$196m. Construction is expected to be completed by the end of 2010.

Water

Mine water will be sourced from wellfields near the Fereketatet River and the Mogoraib River. The Fereketatet runs through the mine site, which, although dry for most of the year, presents a flooding risk during the rainy season. SENET will construct a two stage diversion system that will mitigate the flooding risk while causing few downstream disturbances.

Power

A power generation plant will be constructed adjacent to the grinding plant. Nevsun has rented diesel power generating units for the first two years of operation and expects to have owned heavy fuel oil (HFO) generators installed by 2013. This will reduce the power generation costs of the operation, but the amount of cost reduction will only be known once the HFO units have been purchased. The mine plant's power requirements will be between 15.2MW and 19.1MW.

Mining

A mining licence was granted to Bisha Mining SC in 2008 following the submission of the first Environmental and Social Impact Assessment (ESIA) report. A revised and updated ESIA report was submitted to the mines ministry for approval in early 2010.

Deformation of the deposit has led to the mine being designed as two coalescing pits: a shallow northern pit and a much deeper southern pit. The nominal pit dimensions will be 1.4km long, 0.5km wide, c 200m deep in the northern pit and c 400m deep in the southern pit.

The mine plan is to use 2.9m³ hydraulic excavators to create 10m benches in both the northern and southern pits, extending to 20m in the southern pit following the exhaustion of the oxide ore. An 8m³ wheel loader will then be used to load 36t highway trucks that will transport the ore to a jaw crusher on the eastern side of the mine. Ore will then be conveyored 350m to the plant.

The life of mine stripping ratio average will be 4.7:1, and the maximum strip ratio expected is 7.2:1 in year seven, the second year of primary ore extraction.

Processing

The three ore types at Bisha (gold-silver oxide, supergene sulphide copper bearing and primary zinc and copper bearing sulphide ore) will require three different mineral processing techniques, but will have common crushing and milling processes. Nevsun has decided that it will mine out each

ore type in vertical sequence, constructing the new processing plants as the individual ore zones become depleted. Design mill throughput is 2Mtpa.

The oxide ore will be processed using conventional carbon-in-leach (CIL) technology, with the CIL product to produce a doré product onsite during years 2011-12, and 2014. From year 2013 a froth flotation concentrator will start production of a copper concentrate (30% Cu grade from supergene ore and 25% Cu from primary) with gold and silver credits. In 2016, Nevsun intends to start a zinc concentrator that will produce a zinc concentrate (55% Zn grade) that also has gold and silver credits. The zinc and copper concentrators will then be operated in tandem until the exploitation of primary ore is complete.

A 5% net smelter royalty is to be paid to the government on precious metal production. A 3.5% net smelter royalty is to be paid on all base metal production.

Exhibit 2: Production schedule for Bisha mine

Note: Phase 1 – Oxide ore, Phase 2 – Supergene, Phase 3 – Primary Cu ore, Phase 4 – Primary Zn ore.

	Phase	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Au	1	512	465	-	8	-	-	-	-	-	-	985
(koz)	2	-	2	40	31	28	5	-	-	-	-	104
	3	-	-	-	-	-	17	19	18	19	21	94
	4	-	-	-	-	-	5	5	5	5	5	24
Ag	1	620	990	-	70	-	-	-	-	-	-	1,680
(koz)	2	-	50	1,310	1,110	1,620	260	-	-	-	-	4,350
	3	-	-	-	-	-	820	1,120	1,080	1,100	1,250	5,370
	4	-	-	-	-	-	690	770	740	760	860	3,820
Cu	2	-	4	178	168	190	26	-	-	-	-	566
(kt)	3	-	-	-	-	-	35	40	43	45	44	206
Zn (kt)	4	-	-	-	-	-	205	282	267	256	279	1,289

Source: Edison Investment Research, AMEC

Assumptions

Our valuation assumes that Bisha will enter commercial production in the first quarter of 2011 following start-up in late Q410. We have assumed a tax rate of 38% and also a life-of-mine oil cost of US\$60/bbl. No value has been added for the Harena or Northwest deposits.

We assume that Nevsun will use co-product rather than by-product accounting.

Exhibit 3: Assumptions

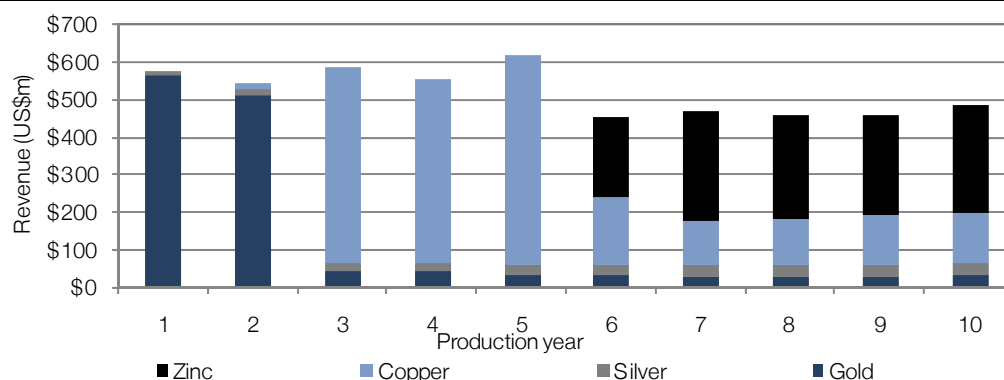
Note: Underlying price assumptions: Au – US\$400/oz, Cu – US\$1.05/lb, Zn – US\$0.50/lb.

Parameter	Assumption
Mill throughput	2Mtpa
Gold recovery rate during oxide phase	87%
Metallurgical recovery rates (LOM average)	57% Au, 48% Ag, 90% Cu, 84% Zn
Gold price	US\$1,100/oz
Silver price	US\$17.36/oz
Copper price	US\$6,500/t
Zinc price	US\$2,300/t
Stripping ratio	4.7
Mining costs	US\$6.79/t
Processing costs	US\$17.57
General & administrative costs	US\$3.78/t
Port costs	US\$0.58/t
Royalties	5% for precious metals; 3% for base metal
Total cost per tonne	US\$36.01
Capex saprolite + oxide phase (start-up)	US\$260m
Capex sulphide phase	US\$61.2m
Capex primary phase	US\$30.8m
Commissioning of plant	Q4 2010
Marginal tax rate	38%
Debtor days	30
Creditor days	30
Stock turn	12

Source: Edison Investment Research, Nevsun Resources, AMEC

We assume that the Bisha mine will be in operation for the 10 years envisaged in the feasibility study. Constant recovery rates have been used and applied to the different ores entering the processing plant.

Exhibit 4: Revenue split by metal produced for Bisha Mine



Source: Edison Investment Research

Scoping economics

On the basis of the assumptions given above, scoping economics for 2013 are as follows.

Exhibit 5: Assumptions

Annual production gold	koz	39.5
Annual production silver	koz	1310.5
Annual production copper	kt	80.6
Annual production zinc	kt	0.0
Revenue	US\$m	590
Costs	US\$m	124.0
Gross profit	US\$m	466.1
General and administrative costs	US\$m	5
EBITDA	US\$m	461.1
Depreciation and amortization	US\$m	19.9
EBIT	US\$m	441.2
Profit before tax	US\$m	441.2
Tax	US\$m	167.6
Marginal tax rate	%	30
Profit after tax	US\$m	273.5
Minority interest	US\$m	109.4
Profit attributable to shareholders	US\$m	164.1
Adding back share of depreciation	US\$m	11.9
Free cash flow	US\$m	176.0

Source: Edison Investment Research

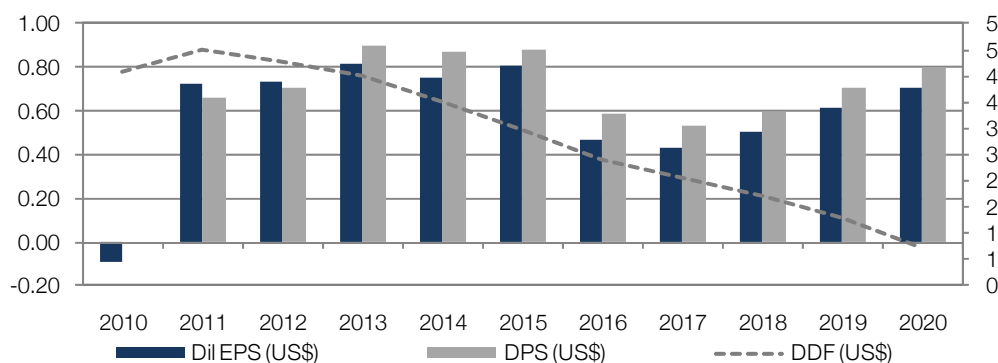
During 2011 and 2012, while Bisha is essentially a gold mine, we estimate operating costs to be US\$230/oz gold. We estimate operating costs to be US\$0.74/lb copper during the supergene phase (2013-15) and US\$0.55/lb zinc from 2016 onwards during the primary ore phase.

Taking a free cash flow value of US\$176m and a discount rate of 10% over 10 years gives a value of US\$1,082m. Subtracting Nevsun's share of capex then gives an illustrative net present value of Nevsun's 60% share of the project of US\$847m, or US\$4.40 per share. This closely approximates our more detailed discounted dividend flow valuation shown below.

Valuation

Should Nevsun bring Bisha into production next year as planned and pay out all of its surplus cash as dividends, we estimate that the dividend stream to investors from 2011 to 2020 will initially be worth US\$4.09 per share, rising to a peak of \$4.50 per share in current money terms at the start of FY11 (using a discount rate of 10% to reflect general equity risk) as shown in Exhibit 6, when it will be mining the gold rich cap of the Bisha mine.

Exhibit 6: Edison estimate of 'base case' fully diluted EPS and theoretical DPS, FY10-FY20



Source: Edison Investment Research

Alternatively, considering the mine plan discussed above, we calculate a conventional value for the project of US\$1,121m (or US\$5.83 per Nevsun share) on a 100% basis, based on the discounted value of future cash-flows from FY10 to FY23 inclusive. In crude terms, Nevsun's effective 66% interest in the project (since the government's acquired 30% interest also carries its 10% free-carried interest) is worth US\$739.9m, or US\$3.84 per share. To this must then be added US\$29m in net cash as at 31 December 2009 (c 15c per share) plus a residual balance sheet value of 9c per share at the official end of formal mining operations in FY20 discounted to current money value at a rate of 10%, to give a total value of US\$4.08 per share.

On the same basis, the 30% interest to be sold to the Eritrean government (ultimately to be calculated by an independent third party) should be valued at US\$336m (30% of US\$1,121m), or US\$1.75 per Nevsun share. Adding this to our discounted dividend valuation of Nevsun's shares (above) generates a total value for the shares of US\$5.84, which correlates closely to our valuation of the project of US\$5.87/share on a 100% basis as well as our approximate US\$5.83 (US\$4.08 plus US\$1.75 government share) per share valuation calculated above (as expected).

Nevsun has no formal dividend policy as yet. If the company were to pursue a conventional, flat yearly dividend payment, however, our analysis suggests that a dividend payment of US\$0.73 per share from 2011 onwards would be possible. Assuming that a successful exploration programme is then capable of at least replenishing the company's resource base, applying a conservative dividend yield of 5% to this distribution suggests that Nevsun's shares could reach a price as high as US\$14.60.

Sensitivities and risks

Eritrea

The State of Eritrea is located on the western coast of the Red Sea between Djibouti and Sudan, with Ethiopia to the south. The national currency is the nakfa (ERN), which is directly linked to US dollar at a rate of ERN15/US\$.

The Eritrean government – New to mining

The People's Front for Democracy and Justice (PFDJ) is the official government of Eritrea and has been in power since independence. The PFDJ holds a tight grip on money flows in and out of the country, and few companies are not partially owned by the government. The PFDJ has no experience of mining jurisdiction as the last mine to operate in Eritrea was run by the Ethio-Nippon company in the 1970s which exploited the Debarwa mine, now being explored by Sunridge Gold Corp. The Bisha mine is being developed along the guidelines set out in the Equator Principles and has been classified as a Category A project due to impact it will have on the country.

United Nation's arms embargo

The United Nations placed trade sanctions – specifically an arms embargo – on Eritrea in late 2009 due to its suspicions that the country was supporting Somali rebels. This follows Eritrea leaving the Inter-Governmental Authority on Development (an international body designed to give the Horn of Africa region more regional organisation) after Ethiopia invaded Somalia in 2007.

The United Nations is currently reassessing trade sanctions as it has found little evidence to substantiate its suspicions.

Operational risk

Notwithstanding the UN's policy, the arms embargo has had little effect upon the Bisha project. There are more general domestic issues, particularly related to people trafficking, but these issues are urban problems from which Bisha's remote location should protect it.

Other operational risks include oxidation of the secondary sulphide copper minerals, which would reduce recovery rates, flooding from the Freketatet River, and standard operational risk. Mitigation strategies for all of these factors have been implemented.

The metal price related sensitivities will change throughout the operation's life. Gold price fluctuations will have the greatest effect in 2011 and 2012, copper price fluctuations from 2013-15, becoming jointly copper and zinc price fluctuations for the remaining years of the project. As with all operations of this nature, the oil price will have a big effect on operating costs, as will exchange rates. There will be little translational effect between the nakfa and the US dollar, but any large dislocation between the US dollar and Canadian dollar will have a translation effect.

Exhibit 7: Nevsun dividend discount valuation sensitivity to supergene sulphide copper recovery

Supergene sulphide copper recovery (%)	97	92	87	82	77
NPV (US\$ per share)	4.19	4.09	3.99	3.89	3.78

Source: Edison Investment Research

Exhibit 8: Nevsun dividend discount valuation sensitivity to the oil price

Oil price US\$/bbl	100	90	80	70	60
NPV (US\$ per share)	3.87	3.93	3.98	4.03	4.09

Source: Edison Investment Research

Exhibit 9: Nevsun dividend discount valuation sensitivity to the discount rate

Discount rate	20	15	10	5	2.5
NPV (US\$ per share)	2.58	3.21	4.09	5.36	6.21

Source: Edison Investment Research

Exhibit 10: Nevsun dividend discount valuation sensitivity to the gold price

Gold price (US\$/oz)	2,000	1,500	1,100	800	748
NPV (US\$ per share)	5.53	4.73	4.09	3.61	3.53

Source: Edison Investment Research

Exhibit 11: Nevsun dividend discount valuation sensitivity to the copper price

Copper price (US\$/t)	10,000	8,000	6,500	4,000	3,000
NPV (US\$ per share)	5.34	4.63	4.09	3.20	2.84

Source: Edison Investment Research

Financials

Nevsun's original, part-debt financing arrangement was awarded Thomson Reuter's African Mining Deal of the Year in 2009. However, an election in Germany, whose government was backing the financing, coupled with a United Nations arms embargo against Eritrea combined to effectively stall Nevsun's original plans. In response, the company chose an all equity route to finance the Bisha mine's development and turned to its existing shareholders. This has left the company with net cash of US\$29.1m reducing to a minimum of US\$6.9m as at December 2010 before positive cash flows and earnings allow for the payment of a maiden dividend.

Consequently, assuming that Bisha enters production according to the development plan, there will be no requirement for debt funding. Should more funds be required for any reason, Nevsun should be easily able to raise additional capital via debt, with minimal risk of dilution to existing shareholders.

Exhibit 12: Financial summary

	US\$ '000s	2008	2009	2010e	2011e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		0	0	0	574,458
Cost of Sales		(6,114)	(5,456)	(8,500)	(168,675)
Gross Profit		(6,114)	(5,456)	(8,500)	405,783
EBITDA		(6,114)	(5,456)	(8,500)	405,783
Operating Profit (before GW and except.)		(6,122)	(5,462)	(22,269)	392,014
Intangible Amortisation		0	0	0	0
Exceptionals		(2,462)	(490)	(10,552)	0
Other		1,963	414	1,492	0
Operating Profit		(6,621)	(5,538)	(31,329)	392,014
Net Interest		935	30	73	17
Profit Before Tax (norm)		(5,187)	(5,432)	(22,196)	392,032
Profit Before Tax (FRS 3)		(5,686)	(5,508)	(31,256)	392,032
Tax		0	0	0	(148,972)
Profit After Tax (norm)		(5,199)	(5,018)	(20,704)	243,060
Profit After Tax (FRS 3)		(5,686)	(5,508)	(31,256)	243,060
Average Number of Shares Outstanding (m)		128.1	130.3	192.5	192.5
EPS - normalised (c)		(4.1)	(3.9)	(4.3)	75.8
EPS - FRS 3 (c)		(4.4)	(4.2)	(9.7)	75.8
Dividend per share (c)		0.0	0.0	0.0	66.3
Gross Margin (%)		N/A	N/A	N/A	70.6
EBITDA Margin (%)		N/A	N/A	N/A	70.6
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A	68.2
BALANCE SHEET					
Fixed Assets		43,395	125,926	241,087	227,318
Intangible Assets		0	0	0	0
Tangible Assets		43,395	125,926	241,087	227,318
Investments		0	0	0	0
Current Assets		42,995	35,827	49,897	96,206
Stocks		207	2,276	25,074	47,872
Debtors		1,842	3,201	16,805	47,216
Cash		40,655	29,067	6,899	0
Current Liabilities		(10,312)	(13,080)	(13,123)	(13,165)
Creditors		(10,312)	(13,080)	(13,123)	(13,165)
Short term borrowings		0	0	0	0
Long Term Liabilities		0	(410)	(1,550)	(1,550)
Long term borrowings		0	0	0	0
Other long term liabilities		0	(410)	(1,550)	(1,550)
Net Assets		76,078	148,262	276,312	308,809
CASH FLOW					
Operating Cash Flow		(4,249)	(3,289)	(42,797)	354,617
Net Interest		935	30	73	17
Tax		0	0	0	(148,972)
Capex		(41,837)	(80,533)	(137,629)	0
Acquisitions/disposals		28,074	28	881	0
Financing		37,270	72,175	157,305	0
Dividends		0	0	(0)	(212,562)
Net Cash Flow		20,193	(11,589)	(22,167)	(6,899)
Opening net debt/(cash)		(20,462)	(40,655)	(29,067)	(6,899)
HP finance leases initiated		0	0	0	0
Other		0	0	0	0
Closing net debt/(cash)		(40,655)	(29,067)	(6,899)	(0)

Source: Company accounts/Edison Investment Research

Growth	Profitability	Balance sheet strength	Sensitivities evaluation	
N/A	N/A		Litigation/regulatory	○
			Pensions	○
			Currency	◐
			Stock overhang	○
			Interest rates	◐
			Oil/commodity prices	●

Growth metrics	%	Profitability metrics	%	Balance sheet metrics	Company details		
EPS CAGR 07-11e	N/A	ROCE 10e	N/A	Gearing 10e	N/A	Address:	
EPS CAGR 09-11e	N/A	Avg ROCE 07-11e	N/A	Interest cover 10e	N/A	Suite 800, 1075 West Georgia St. Vancouver, BC, V6E 3C9.	
EBITDA CAGR 07-11e	N/A	ROE 10e	N/A	CA/CL 10e	N/A	Phone	+1-604-623-4700
EBITDA CAGR 09-11e	N/A	Gross margin 10e	N/A	Stock turn 10e	N/A	Fax	+1-604-623-4701
Sales CAGR 07-11e	N/A	Operating margin 10e	N/A	Debtor days 10e	N/A	www.nevsunresources.com	
Sales CAGR 09-11e	N/A	Gr mgn / Op mgn 10e	N/A	Creditor days 10e	N/A		

Principal shareholders	%	Management team
M&G Investment Management Ltd on behalf of Vanguard Precious Metals & Mining	19.9	CEO: Cliff T Davis
Franklin Templeton Investments Corp	15.5	Mr Davis has been CEO of the company since August 2008. He has also served as Executive VP and CFO of Nevsun. Mr Davis is a member of the Institute of Corporate Directors and is also a chartered accountant. He has been a director of many industrial and mining companies in Canada.
Cliff T Davis	0.3	
R Stuart Angus	0.1	
		COO: Trevor Moss
		Mr Moss has over 25 years' experience in international mining as a professional engineer. He joined Nevsun in August 2008 as a corporate and project management executive. He has previously worked for Cyprus Amax, Newmont and Barrick, as well as junior miners Tiberon Minerals and Gabriel Resources.
Forthcoming announcements/catalysts	Date	Chairman: R Stuart Angus
Corporate Presentation NYSSA 10th Annual Meeting, NY, US Trading update	2 June 2010	Previously the head of Fasken Martineau DuMoulin's Global Mining Group, Mr Angus brings over 30 years' experience in mining and exploration to the board of directors. He was also director of First Quantum from its inception to June 2005.
First Production from Bisha	Q4 2010*	
<i>Note: * = estimated</i>		

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