

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

██████████, on behalf of himself and  
all others similarly situated,

Plaintiff,

vs.

NEVSUN RESOURCES LTD., CLIFFORD  
T. DAVIS, PETER J. HARDIE, and SCOTT  
TREBILCOCK,

Defendants.

Case No.: 12 CV 1945

CLASS ACTION

CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

J. CASPERS

██████████ (“Plaintiff”), by his attorneys, on behalf of himself and all others similarly situated, alleges the following based upon the investigation of plaintiff’s counsel, except as to allegations specifically pertaining to plaintiff, which are based on personal knowledge. The investigation of counsel included, among other things, a review of Nevsun Resources Ltd. (“Nevsun” or the “Company”) public filings with the United States Securities and Exchange Commission (“SEC”), press releases issued by the Company, media, news and analyst reports about the Company, conference calls with Company executives and investors, and other publicly available data, including, but not limited to, publicly available trading data relating to the price and trading volume of Nevsun common shares.

**I. INTRODUCTION**

1. This action is a securities fraud action brought under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder by the SEC brought by plaintiff on behalf of a class of all persons and entities who purchased the common shares of Nevsun between March 31, 2011 and February 6, 2012, inclusive (the “Class Period”).

2. Nevsun purports to be a natural resource company and the Company's principal business is the operation of the Bisha Project, or Bisha Mine (referred to herein as the "Bisha Project" or "Bisha Mine"), a gold, copper, silver and zinc mine located in Eritrea, a country in northeast Africa. In December 2007, Nevsun announced that the Company had entered an agreement with the government of Eritrea to exploit the Bisha Mine. A 20-year mining license was issued for the Bisha Project in 2008. The government of Eritrea owns a 30% paid participating interest and a 10% free participating interest as provided by the country's mining legislation in the Bisha Project through the Eritrean National Mining Company (ENAMCO).

3. Nevsun announced the achievement of commercial production at Bisha in February 2011 when the Bisha Mine began producing gold at a rate in excess of 1000 ounces per day.

4. In March 2011, the Company represented that the total proven and probable reserves at the Bisha Mine was 28.3 million tonnes, an increase from a prior representation that the total proven and probable reserves were 20.1 million tonnes.

5. Throughout the Class Period, the Company represented that proven and probable reserves were 28.3 million tonnes and specifically that gold was being produced at a rate of in excess of 1000 ounces per day, but failed to disclose that gold reserves were materially overstated.

6. On February 7, 2012 ("Feb. 7 Press Release"), Nevsun shocked investors when, before the market opened, the Company issued a press release entitled "Nevsun 2012 Outlook Including Production Guidance", in which the Company disclosed that it had materially overstated gold reserves at the Bisha Mine by 30-35% and, disclosed that the amount of gold to

be produced in 2012 would be about half of what Nevsun previously represented to investors.

Further, the Company disclosed that it would restate its proven reserves.

7. The Feb. 7 Press Release stated, in part, as follows:

#### **Oxide Gold Reconciliation**

Based on actual production data from 2011, Nevsun has reconciled its 2011 ore control model with the March 2011 resource model at Bisha and *has concluded that the resource estimate used for mine planning over-estimated gold in portions of the Bisha Main* oxide mineralization. The new production forecast includes approximately 1.3 million tonnes at 5.1 grams per tonne gold of the remaining 1.6 million tonnes of Bisha Main oxide. This compares with 2.5 million tonnes that was previously expected. *Accordingly, the ounces to be produced in 2012 are about half of what Nevsun was previously expecting.* In context, per the March 2011 technical report, the change represents a reduction of approximately 4% in Bisha's total reserve tonnage, after taking into account that Bisha also has a proven and probable supergene and primary reserve of 23.7 million tonnes, including 3.9% copper in 7.4 million tonnes of supergene and 5.4% zinc in 16.3 million tonnes of primary.

Company staff and a newly appointed independent engineering firm have conducted thorough investigations of the oxide part of the deposit.

*Nevsun now expects to disclose a revised reserve estimate for the entire Bisha and Harena deposits during the later part of second quarter of 2012 or early third quarter 2012.* The time delay from previous guidance is due to the rigorous review process that has commenced using new independent engineers, incorporating actual mine data and data from the extensive 2011 drilling program

(emphasis added).

8. Also on February 7, 2012, during a conference call with investors, Defendant Clifford T. Davis ("Davis"), Nevsun's President and Chief Executive Officer, made the following statements concerning the overstatement of gold reserves and the expected restatement of reserves:

[N]ow let's talk about the change in the oxide. We noticed a discrepancy during routine reconciliations between the ore control model -- and what we mean by that, that is what we actually mine -- against the original independent resource model, which was the basis for the original feasibility study. After a full year of mining we now have much more data, over 55,000 data points from actual blast holes and ripline ore sampling over the past year.

Bisha concluded that despite the gold production to date and despite reviews of its mine plan by two additional independent qualified engineers in prior years, including the resource block model and subsequent reserve state, so in spite of all of that *we have now concluded that the resource estimate used for mine planning overestimated gold in portions of the oxide mineralization by an average of approximately 35%*. While further investigation is ongoing, Bisha and Nevsun's staff, together with a newly appointed independent engineering firm, have concluded significant investigations over recent weeks. *As a precaution, the engineers are also reviewing the remainder of the deposit in the super gene and primary zones.*

(emphasis added).

9. Further, Davis had the following colloquy with an analyst who questioned the fact that this discrepancy had arisen so suddenly:

*Steven Green - TD Securities Analyst:* Good morning guys. What doesn't add up for me is that all of 2011 you were basically in line with guidance and grade appears to be quite close to, I guess, reserve grade. So how is it that all of a sudden the grade and tonnage reconciliation is so off?

*Cliff Davis:* Steven, I will answer that. Yes, we were on budget throughout the year in terms of the ounces being produced and poured. What was happening is essentially we were progressing through the ore body much more quickly as we were trying to understand this reconciliation issue. *So while we matched up in the most part in terms of ounces delivered and also to a certain point in grade, there were significant pockets that we would have hoped had been grade and ore previously that we ended up sending to the waste pile.*

So while the end of the year wasn't that far off, it was really an issue of now we are left with a smaller portion of the oxide remaining after the calendar year of 2011. So I am not sure if that answers your question for you or not, Steven.

*Steven Green - TD Securities Analyst:* Basically, yes. So what you are saying is the strip ratio was basically a lot higher in 2011 than you thought?

*Cliff Davis:* Exactly.

*Steven Green - TD Securities Analyst:* Okay. And when did this become apparent?

*Cliff Davis:* This has been – taken some time. It has really only become quite clear – I mean we do this ore control versus resource model reconciliation and it became sufficiently significant probably later in the year. At that time we engaged a new independent engineer to assist us in that review to try and better understand the results and the reasons.

The matter, obviously is quite technical in order to identify the cause and ensue what appeared to be the case was the actual problem. So we had probably a temporary report that was delivered near the end of last year but there were a lot of questions. We had a final report – we went out there for a good half of the month of January and we had the final report issued probably about a week ago. But we still had some communication at that time with respect to our Board, the partner, and the state to make sure that was understood and disclosed to the best of our ability.

10. On February 7, 2012, following the above disclosures, Nevsun's common shares declined in price by \$1.94 per share on the NYSE Amex, from a closing price of \$6.34 per share on February 6, 2012, to close at \$4.40 per share on February 7, 2012, a decline of nearly 31% on heavy volume.

11. On February 8, 2012, a number of analysts issued reports that stated they were surprised over the Company's overstatement of gold reserves.

12. A *TD Securities* report stated as follows:

Gold production guidance for 2012 approximately half of previous expectations. The reason for the lowered guidance is an apparent overstatement in the reserve estimate of both tonnage and grade.

This effectively removes from the reserves over 320,000 ounces of near-term, low cost production at Bisha (the gold oxide reserve was (and is) expected to be completed in 2013)).

Furthermore, this calls in question the accuracy of resource calculations for the remaining supergene and primary zones.

\* \* \*

**Oxide Reserve tonnage and grade overestimated** – The large shortfall is due to a reconciliation of its 2011 ore control model (production) with the March 2011 resource model, which the company has concluded overestimates gold in portions of the main oxide mineralization. Management noted on the call that areas mined out in 2011 that were thought to be ore, turned out to be waste. *We believe that there were likely other inaccuracies in the resource estimate such as the specific gravity estimate.* Production was maintained during 2011 by mining through the zone quicker than planned. *We are surprised this issue was not discovered earlier . . . .*

(emphasis added).

13. A *Paradigm Capital Research Note*, dated February 8, 2012 stated, in part as follows:

The news was indeed a disappointment and came as a bit of a shock to everyone considering the stellar year experienced at Bisha in 2011. With the ~50% drop in expected gold production in 2012, the company will lose ~\$1.00-\$1.50/sh in 2012 cash flow. . . .”

## **II. JURISDICTION AND VENUE**

14. The claims asserted arise under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder. Jurisdiction is conferred by Section 27 of the Exchange Act. Venue is proper because Nevsun’s common shares traded on the New York Stock Exchange Amex LLC (“NYSE Amex”) in this district throughout the Class Period and Defendants made materially false and misleading representations to investors that were disseminated to investors in this District.

15. In connection with the facts and omissions alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

## **III. PARTIES**

16. Plaintiff purchased Nevsun common shares on the NYSE Amex as detailed in the certification attached hereto and was damaged thereby.

17. Defendant Nevsun is headquartered in Vancouver, British Columbia, Canada. Nevsun’s common shares trade in the U.S. on the NYSE Amex under the symbol “NSU” and in Canada on the Toronto Stock Exchange (“TSE”) also under the symbol “NSU”.

18. Defendant Davis was the Company’s President and Chief Executive Officer throughout the Class Period. Among other things, Davis signed the Company’s Annual Report

for the year ended December 31, 2010 filed on Form 40-F with the SEC on April 1, 2011 (“2010 40-F”), as well as a Certification regarding the maintenance of disclosure controls and procedures and internal control over financial reporting contained therein (“SOX Certification”), and made materially false and misleading statements in press releases and conference calls throughout the Class Period referred to herein.

19. Defendant Peter J. Hardie (“Hardie”) was the Company’s Chief Financial Officer throughout the Class Period. Among other things, Hardie signed a SOX Certification contained in the Company’s 2010 40-F.

20. Defendant Scott Trebilcock (“Trebilcock”) was the Company’s Vice President Business Development and Investor Relations during the Class Period and, among other things, made false and misleading statements during the April 14, 2011 presentation at the Denver Gold Group European Gold Forum.

21. The individuals named as defendants in ¶¶18-20 are referred to herein as the “Individual Defendants”. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Nevsun’s press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. Each defendant was provided with copies of the Company’s press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them but not to the public, each of the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations which were being made were then materially false and misleading.

#### **IV. CLASS ACTION ALLEGATIONS**

22. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3) on behalf of a class of all persons and entities who purchased the publicly traded common shares of Nevsun between March 31, 2011 and February 6, 2012, inclusive.

23. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to plaintiff at the present time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds of members of the Class located throughout the United States. As of December 31, 2010, Nevsun had over 196 million common shares outstanding and the average daily trading volume for Nevsun's common stock on the NYSE Amex during the Class Period was approximately 619,528 shares.

24. Plaintiff's claims are typical of the claims of the members of the Class. Plaintiff and all members of the Class have sustained damages because of defendants' unlawful activities alleged herein. Plaintiff has retained counsel competent and experienced in class and securities litigation and intends to pursue this action vigorously. The interests of the Class will be fairly and adequately protected by plaintiff. Plaintiff has no interests which are contrary to or in conflict with those of the Class that plaintiff seeks to represent.

#### **V. FALSE AND MISLEADING STATEMENTS**

25. The Class Period begins on March 31, 2011, the date that Nevsun issued a press release reporting its 2010 annual results and 2011 outlook. The March 31, 2011 press release stated, in part, as follows:

##### **Outlook for 2011:**

- With a strong cash position and a great start to the year we look forward to a very positive 2011. We plan to . . . significantly add to existing Bisha reserves beyond the 40% increase recently announced . . . .

26. On April 1, 2011, Nevsun filed the 2010 40-F. The 2010 40-F was signed by defendant Davis and stated, among other things, the following:

The most significant activities impacting the Company during the past three financial years, including subsequent activities up to the date of this filing are:

1. In March 2011, the resource and reserve re-statement of gold, copper, zinc and silver in the Company's Bisha property in Eritrea (the "Bisha Property" or "Bisha").

\* \* \*

## MANAGEMENT'S DISCUSSION & ANALYSIS – ANNUAL FISCAL 2010

\* \* \*

### Highlights of the Bisha Project

. . . The top layer of the deposit is high-grade gold oxide material, lying at surface that allows an early payback of capital. . . .

#### **Production schedule and cash flow projections**

The following production statistics and cash flow projections are based on a March 2011 reserve restatement to the Bisha Project. The reserve restatement *increased the total proven and probable reserve to 28.3 million tonnes from the previously reported 20.1 million tonnes* (2006 feasibility study). The net impact of higher throughputs and lower cut-off grade is that mine life is now extended to 13 years from 10 years while increasing previously reported robust cash flow levels. The Bisha life time strip ratio is estimate at 4.2:1.

(emphasis in italics added).

27. The 2010 40-F also includes SOX Certifications of defendants Davis and Hardie that represented as follows:

1. I have reviewed this annual report on Form 40-F of **Nevsun Resources Ltd.**;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are

reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

28. On April 14, 2011, the Company gave a presentation at the *Denver Gold Group European Gold Forum* at which Trebilcock represented that the Company had *increased* the reserves at Bisha "from 20 to 28 million tonnes of reserves". Additionally, Trebilcock stated that the Company's "plan is to bring the total reserve table up to 40 million tonnes by the end of the year in the Bisha Main . . . ."

29. On May 13, 2011, the Company reported financial results for the quarter ended March 31, 2011. During the conference call that was held the same day, defendant Davis stated, among other things, as follows:

First and foremost, we are going to grow our assets. . . . But that what I mean is we planned to significantly increase our reserves at Bisha, which will extend our mine life and increase our asset base.

Drilling is already underway and has been going on earlier this year with the objective to double our reserves during 2011. It's a pretty aggressive target, but I think it's feasible. We already announced the 40% increase in March.

\* \* \*

Given the reserve expansion objective, we should be mining Bisha for many years beyond this 13 year defined mine life as it currently stand [sic].

30. On July 7, 2011, Nevsun issued a press release reporting its operating highlights for the quarter ending June 30, 2011 and, among other things, represented that "[t]he Bisha mine continues to operate in excess of plan for mill gold recovery. . . ."

31. On October 6, 2011, Nevsun issued a press release reporting its operating highlights for the quarter ending September 30, 2011, and among other things, represented that “[t]he Bisha Mine continues to operate in excess of plan for mill gold recovery. . . .”

32. On November 14, 2011, Nevsun issued a press release reporting financial results for the quarter ended September 30, 2011, stating in pertinent part, as follows regarding the Company’s intention to issue a restatement to increase its reported reserve for Bisha for zinc and copper:

The Company also announced the results of a 16,000 meter diamond drill program on the Bisha Main deposit. The objective of the program was to infill drill the portion of the Bisha Main deposit currently classified as an inferred resource in order to improve confidence levels of the geology and mineralization with the goal of upgrading the resources to the indicated category. The results included 88 meters of 11.8% zinc and 0.8% copper. The results were positive and have confirmed the grade and continuity of the Bisha primary zone below the current pit shell design. The resulting resource and reserve restatement is targeted for Q1 2012.

33. On January 10, 2012, Nevsun issued a press release reporting its operating highlights for the ending December 31, 2011 and, among other things, represented that “[t]he Bisha mine continued to operate in excess of plan for gold recovery and maintained planned milling and gold production rates in Q4.”

34. The statements contained in ¶¶ 25-33, were materially false and/or misleading when made because they failed to disclose that: (a) Nevsun’s mining at the Bisha Mine resulted in a material amount of waste rock, rather than gold ore; (b) that gold ore and gold from the Bisha Mine was materially less than the amount estimated by the Company’s modeland defendants knew or had reason to know this based on data routinely collected from the Bisha Mine throughout the Class Period; (c) that Nevsun was progressing through the ore body much more quickly than planned in order to maintain gold production at a rate that would not reveal to investors that the amount of gold at the Bisha Mine was materially less than the Company’s

model, (d) that the Company was aware that its model was materially defective because the actual amounts of gold mined at Bisha did not reconcile with the Company's model previously disseminated to the investing public, and (e) Nevsun materially overstated its gold reserves at the Bisha mine.

## **VI. LOSS CAUSATION/ECONOMIC LOSS**

35. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated Nevsun's common share price and operated as a fraud or deceit on Class Period purchasers of Nevsun common shares by misrepresenting the Company's operating condition and future business prospects. Defendants achieved this by making positive statements about Nevsun's business and mining reserves while they knew that the Company had overstated its reserves as alleged herein. Later, however, when defendants' prior misrepresentations were disclosed and became apparent to the market, the price of Nevsun's common shares fell precipitously as the prior artificial inflation came out of Nevsun's share price. As a result of their purchases of Nevsun common shares during the Class Period, plaintiff and other members of the Class suffered economic loss, *i.e.*, damages under the federal securities laws.

36. As a direct result of the public revelations regarding the truth about the condition of Nevsun's business and the negative adverse factors that had been impacting Nevsun's business during the Class Period, the price of Nevsun's common shares materially declined. This drop removed the inflation from Nevsun's share price, causing real economic loss to investors who purchased Nevsun common shares during the Class Period.

37. The decline in Nevsun's share price at the end of the Class Period was a direct result of the nature and extent of defendants' fraud finally being revealed to investors and the market. The timing and magnitude of Nevsun's share price declines negate any inference that the

loss suffered by plaintiff and other Class members was caused by changed market conditions, macroeconomic or industry factors, or Company-specific facts unrelated to the defendants' fraudulent conduct.

## **VII. FRAUD-ON-THE-MARKET DOCTRINE**

38. At all relevant times, the market for Nevsun's common shares was an efficient market for the following reasons, among others:

(a) The Company's common shares met the requirements for public listing and were listed and actively traded on the NYSE Amex, a highly efficient market;

(b) As a regulated issuer, the Company filed periodic public reports with the SEC; and

(c) The Company regularly issued press releases which were carried by national news wires. Each of these releases was publicly available and entered the public marketplace.

39. As a result, the market for the Company's publicly traded common shares promptly digested current information with respect to Nevsun from all publicly available sources and reflected such information in the price of the Company's common shares. Under these circumstances, all purchasers of the Company's publicly traded common shares during the Class Period suffered similar injury through their purchase of the publicly traded common shares of Nevsun at artificially inflated prices and a presumption of reliance applies.

## **VIII. ADDITIONAL SCIENTER ALLEGATIONS**

40. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the

federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Nevsun, their control over, and/or receipt and/or modification of Nevsun's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Nevsun, participated in the fraudulent scheme alleged herein.

41. Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information which they caused to be disseminated to the investing public. The ongoing fraudulent scheme described in this complaint could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

42. Defendants had the motive and opportunity to perpetrate the fraudulent scheme and course of business described herein because the Individual Defendants were the most senior officers of Nevsun, issued statements and press releases on behalf of Nevsun and had the opportunity to commit the fraud alleged herein.

#### **IX. NO SAFE HARBOR**

43. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular

forward looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Nevsun who knew that those statements were false when made.

**FIRST CLAIM FOR RELIEF**  
**For Violation of Section 10(b) of the 1934 Act  
and Rule 10b-5 Against All Defendants**

44. Plaintiff incorporates ¶¶ 1-43 by reference.

45. During the Class Period, defendants disseminated or approved the false statements specified above, which they knew or recklessly disregarded were materially false and misleading in that they contained material misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

46. Defendants violated Section 10(b) of the 1934 Act and Rule 10b-5 in that they:

(a) Employed devices, schemes and artifices to defraud;

(b) Made untrue statements of material facts or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made not misleading; or

(c) Engaged in acts, practices, and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of Nevsun's publicly traded common shares during the Class Period.

47. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Nevsun's publicly traded common shares. Plaintiff and the Class would not have purchased Nevsun's common shares at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

48. As a direct and proximate result of these defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Nevsun's common shares during the Class Period.

**SECOND CLAIM FOR RELIEF**  
**For Violation of Section 20(a) of the 1934 Act**  
**Against the Individual Defendants**

49. Plaintiff incorporates ¶¶ 1-43 by reference.

50. The Individual Defendants acted as a controlling person of Nevsun within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

51. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

52. As set forth above, Nevsun and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their

positions each as a controlling person, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Nevsun's and the Individual Defendants' wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's common shares during the Class Period.

**PRAYER FOR RELIEF**

WHEREFORE, plaintiff prays for judgment as follows: declaring this action to be a proper class action; awarding damages, including interest; awarding reasonable costs, including attorneys' fees; and such equitable/injunctive relief as the Court may deem proper.

**JURY DEMAND**

Plaintiff demands a trial by jury.

Dated: March 13, 2012