

**FEDERAL REVIEW PANEL
PROSPERITY GOLD-COPPER MINE PROJECT**

June 24, 2009

Brian Battison
Vice-President, Corporate Affairs
Taseko Mines Limited
300-905 West Pender Street
Vancouver, BC V6C 1L6

Dear Mr. Battison:

The federal panel (the Panel) reviewing the proposed Prosperity Gold-Copper Mine project (the project) has completed its review of the Environmental Impact Statement (EIS), the comments received from the government agencies, First Nations, non-governmental organizations and the public, as well as Taseko Mines Limited's (Taseko) responses to these comments. The Panel appreciates the many comments received and the proponent's responses to them.

The Panel notes that differences of view remain on the potential effects of the proposed project on the environment and recognizes that there will be further discussions on these matters at the public hearing. However, in the Panel's view, there are still some key issues for which further information is required before it is prepared to schedule the public hearing.

The identified information deficiencies and the Panel's rationale for requesting the required information is attached. The Panel expects Taseko to provide responses to each of the information requests and, where appropriate, to report on the results of discussions with government agencies (i.e. on the matters of fish and fish habitat compensation and the alternatives assessment). Prior to being able to provide a response to some of the information requests, Taseko will need to await the submission of information from First Nations. The Panel expects that First Nations will provide this information soon, or in some cases, once the "Procedures for Requesting Confidentiality" are finalized. If this information is not submitted in a reasonable timeframe, the Panel may need to take other measures in order to complete its review in a timely manner.

The Panel also notes that issues raised in the attached information requests may be under discussion through the provincial working group. The Panel encourages the working group participants and any other parties to continue to resolve issues in advance of the public hearing.

Once the requested information is provided by Taseko to the Panel, the additional information will be made available for a 30 day public review period. In accordance with its Terms of Reference, the Panel, after consideration of any

**FEDERAL REVIEW PANEL
PROSPERITY GOLD-COPPER MINE PROJECT**

comments received on the additional information and its own review, will determine within 30 days if the EIS, supplemented by the additional information, is sufficient to proceed to the public hearing. The public hearing will begin no earlier than 30 days after the schedule is announced.

If you have any questions or require clarification regarding any of the attached information requests, please do not hesitate to contact Colette Spagnuolo, Panel Manager, at 613-957-0541 or via email at prosperity.review@ceaa-acee.gc.ca.

I thank you in advance for your response to these information requests.

Sincerely,



Robert Connelly
Panel Chair

Attachment: Deficiency Statement

c.c.: Garry Alexander, Project Director, British Columbia Environmental Assessment Office
c.c.: Prosperity Distribution List

**FEDERAL REVIEW PANEL
PROSPERITY GOLD-COPPER MINE PROJECT**

Deficiency Statement:

**Information Requests from the
Federal Review Panel**

Issued to Taseko Mines Limited
regarding its proposed
Prosperity Gold-Copper Mine project

June 24, 2009

Table of Contents

1.0	ALTERNATIVES ASSESSMENT	1
1.1	TAILINGS AND WASTE ROCK STORAGE AREA	1
1.1.1	<i>Costing Information/Economic Feasibility of Alternatives</i>	<i>2</i>
1.1.2	<i>Factors Considered in Alternatives Assessment.....</i>	<i>2</i>
1.1.3	<i>Financial Security</i>	<i>3</i>
2.0	ENGINEERING.....	4
2.1	FUTURE MINE EXPANSION.....	4
2.2	TEMPORARY CLOSURE SCENARIO	5
3.0	HYDROLOGY	5
3.1	SITE WATER BALANCE FOR PROSPERITY LAKE AND TAILINGS STORAGE FACILITY	5
3.2	EFFECTS OF PROJECT ON BEECE CREEK	7
4.0	WATER QUALITY	8
4.1	LONG TERM TREATMENT OF PIT LAKE WATER QUALITY	8
4.2	EFFECTS OF THE LOW GRADE ORE STOCKPILE ON WATER QUALITY	8
4.3	STRATIFICATION OF PIT LAKE	9
5.0	FISH AND FISH HABITAT	9
5.1	FISH AND FISH HABITAT COMPENSATION PLAN.....	9
5.2	ABORIGINAL FISHERY USAGE	10
6.0	WILDLIFE	11
6.1	HABITAT COMPENSATION PLAN	11
6.2	TRANSMISSION LINE CORRIDOR MITIGATION STRATEGIES.....	12
7.0	VEGETATION.....	13
7.1	EFFECTS OF PROJECT ON SPECIES OF IMPORTANCE TO FIRST NATIONS	13
8.0	SOCIO-ECONOMICS	14
8.1	OTHER LAND USES.....	14
9.0	FIRST NATION AND CULTURAL HERITAGE	14
10.0	AVAILABLE INFORMATION REQUIRED FOR SUBMISSION.....	15

1.0 Alternatives Assessment

1.1 Tailings and Waste Rock Storage Area

Preamble

The Environmental Impact Statement (EIS) Guidelines require the Proponent to perform an analysis of “alternative means of carrying out the Project that are technically and economically feasible and the environmental effects of any alternative means” (Section 6.0, page 8). The EIS Guidelines encourage Taseko Mines Limited (Taseko) “to take into account the relations and interactions among various components of the ecosystems, including affected communities” (Section 6.0, page 8). The EIS Guidelines further require that the proponent describe how the preferred project was identified “based on the relative consideration of the environmental, economic and technical benefits and costs”.

Volume 2, Section 6 of the EIS and Section 6.1.2.2 of Appendix 2-6-A include information on the alternatives that were considered in the alternatives assessment. However, the Panel notes that there are concerns regarding the sufficiency of the information provided in the EIS (Environment Canada (CEAR#646, CEAR#929), Transport Canada (CEAR#923), Ministry of Energy, Mines and Petroleum Resources (CEAR#763), David Suzuki Foundation (CEAR#934), Mining Watch Canada (CEAR#946)).

The Panel considers it important to understand how the proponent reached the conclusion that it was not possible to select tailings and waste rock alternatives that would allow the retention of Fish Lake. The Panel notes that the EIS Guidelines state that “...the most timely and efficient mechanism for conducting the alternatives assessment required for the Schedule 2 listing process [of the Metal Mining Effluent Regulation] is to ensure that it is part of the EA for such a project” [emphasis added] (Section 6.3.1, page 11). The Panel also notes in Taseko’s response to Environment Canada and others that “it [Taseko] is currently completing a supplemental report which will provide further detail on our assessment of alternatives for tailings and waste rock storage.” Taseko intends to compile this submission in a “timely manner to ensure that it forms part of the record well in advance of the public hearing” (CEAR#992, Alternatives Assessment Table, e.g. ID#s 6, 7, 8, 9 and others).

Information Request

The Panel considers the supplemental report on the assessment of alternatives for tailings and waste rock storage to be of fundamental importance to the understanding of Taseko’s selection of its preferred alternative and requests that it be submitted to the Panel.

The Panel expects the following information to be included in the aforementioned report:

1.1.1 Costing Information/Economic Feasibility of Alternatives

Preamble

Taseko cites cost as a fatal flaw for a number of alternatives (Volume 2, Section 6.2.5.1). While the proponent provides some additional costing information (CEAR#992, Alternatives Assessment Table, ID#3), the Panel finds that there is insufficient information provided to substantiate the conclusion that the excluded alternatives were economically unfeasible.

Information Request

The Panel requests that Taseko provide additional financial information for those alternatives that were eliminated due to economic 'fatal flaws' in order to support the conclusion that it was appropriate to exclude these alternatives from further analysis. The Panel expects current financial information to be used to substantiate the proponent's conclusions, including references to relevant sources. The Panel requests that this information be provided for the various mine component alternatives including the tailings storage facility locations, waste rock storage sites, and tailings storage methods (i.e. thickened, paste and dry-stack tailings alternatives).

The costs associated with mitigation measures required for each of the proposed mine options should be outlined. For the preferred mine development option, the Panel requests that Taseko provide the estimated costs associated with the Fish and Fish Habitat Compensation Plan, such as:

- the creation of Prosperity Lake;
- the development and maintenance of suitable fish habitat; and
- hatchery capital and operation costs.

Additionally, the costs associated with long-term maintenance and monitoring of water treatment and seepage control measures should be included. (See Information Request 4.1)

1.1.2 Factors Considered in Alternatives Assessment

Preamble

The EIS Guidelines encourage Taseko to consult the draft *Guidelines for the Assessment of Alternatives for Tailings Storage for Metal Mining Projects Proposing to use Natural, Fish-bearing Water Bodies as Tailings Impoundment Areas* (July 4, 2008) for further guidance on the development of the alternatives analysis (Section 6.3.1, page 11). The Panel notes that the draft guidance document indicates that "a mining company that is proposing to use natural fish-bearing water bodies as a [tailings impoundment area] must: conduct a federal environmental assessment [and] prepare an alternatives assessment to inform both the environmental assessment and [the Metal Mining Effluent Regulations] regulatory process...Therefore, to optimize the efficiency of the overall

project approval process, information requirements for all federal and provincial processes should be met at the same time and as early in the overall process as is possible” (page 1-2).

After having reviewed the assessment of alternatives within the EIS (Volume 2, Section 6; Appendix 2-6-A; Appendix 2-6-C) and comments from First Nations, government departments, and the public, it is the view of the Panel that the alternatives analysis does not provide sufficient information on the environmental effects, including socio-economic effects, of potential alternative means of carrying out the project.

The Panel also notes that some of the tailings alternatives (e.g. dry-stacked tailings) may offer environmental advantages such as increased recycling of water, reduction in groundwater seepage, elimination of perpetual monitoring post closure, and a smaller footprint), compared to traditional slurry tailings.

Information Request

The Panel requests that the supplemental report on tailings and waste rock alternatives being prepared by Taseko provide additional information on how the assessment of alternatives considered the effects of each alternative on socio-economic considerations (as outlined in the *Guidelines for the Assessment of Alternatives for Tailings Storage for Metal Mining Projects Proposing to use Natural, Fish-bearing Water Bodies as Tailings Impoundment Areas*, page 4) and on the current use of lands and resources for traditional purposes by Aboriginal persons.

The Panel expects that information on the current use of lands and resources at the mine site will be provided soon, or in some cases, once the “Procedures for Requesting Confidentiality” are finalized. This will allow Taseko to take this information into account in determining the potential effects of the project on matters such as hunting, fishing, trapping, gathering, and areas of cultural importance. If it is not submitted in a reasonable timeframe, the Panel may need to take other measures in order to complete its review in a timely manner.

The Panel expects the supplemental report to clearly demonstrate how the relative value of the various alternatives were compared, including, for example, weighting factors used in the assessment of alternatives.

1.1.3 Financial Security

Preamble

The EIS indicates that certain components of the proposed project may result in the need for long-term or perpetual monitoring and/or treatment (e.g. measures to mitigate the seepage of water from the west embankment of the tailings storage facility into Big Onion Lake (Volume 5,

Section 2.3.1.4), treatment of water discharges from Pit Lake (Volume 5, Section 2.1.2.1)). The EIS Guidelines require the EIS to include information on “potential long-term liabilities associated with the project and a description of the mines permitting requirements for financial security” (Section 7.3, p28). The EIS Guidelines also require Taseko to “identify who is responsible for the implementation of these [mitigation] measures and the system of accountability” (Section 2.0, page 40). While the EIS provides a short description of the process for providing financial security (Volume 3, Section 9.3.1), the Panel is of the opinion that the information presented on the bonding process associated with post-closure monitoring and maintenance is not sufficient.

Information Request

The Panel requests that the proponent provide a more detailed description of the factors that will be considered in the establishment of financial security under the *Mines Act*. The Panel also requests Taseko indicate if it anticipates that the amount of financial security required would vary based upon the mine development option that is selected as the preferred option. Additionally, the Panel requests further information on Taseko’s plan to implement required mitigation and/or monitoring in the long term, including, for example, “opportunities to partner with First Nations, local conservation or recreation groups, and/or government agencies” (CEAR#992, Fish and Fish Habitat Table, ID#32).

2.0 Engineering

2.1 Future Mine Expansion

Preamble

According to the EIS Guidelines, the spatial boundaries of the project should include “existing and planned future land use [and] current and proposed resource development projects” (Section 7.1, page 13). The EIS identifies the possibility of future mine expansion stating “the potential for converting resources to reserves...is high, [and that] a radial expansion of the pit would be required to mine them” (Volume 2, Section 6.2.8.4, page 6-79).

Information Request

The Panel requests that Taseko identify the possible spatial extent of potential future mine expansion, specifically the direction in relation to the boundaries of Fish Lake. Expanding the pit to access additional reserves would generate additional waste rock, low grade ore and tailings requiring storage. The Panel requests that Taseko provide information regarding the feasibility of the currently proposed waste rock and tailings locations to accommodate future expansion scenarios. Additionally, the Panel requests information regarding the risks associated with any required expansion of existing waste storage facilities. If option 3 (i.e. the current mine development option) was not chosen for the final

mine development plan, the Panel requests clarification regarding whether future mine expansion would necessitate the draining of Fish Lake.

2.2 Temporary Closure Scenario

Preamble

The EIS Guidelines require the EIS to include management plans for temporary and early closure scenarios, as a component of the conceptual final reclamation plan (Section 7.3.1, page 29). However, Volume 3, Section 6.14.3 of the EIS only provides information regarding early closure of the proposed mine.

Information Request

The Panel requests that Taseko provide the information required by the EIS Guidelines, in order to ensure that potential environmental effects of temporary closure scenarios are addressed.

3.0 Hydrology

3.1 Site Water Balance for Prosperity Lake and Tailings Storage Facility

Preamble

The EIS Guidelines require Taseko to provide “a detailed water balance for the mill, pit, tailings storage facility and any other associated infrastructure, during operation, closure and post-closure phases of the Project, for each of the wet, dry case and expected case scenarios” (Section 5.3.1, page 47).

Volume 3, Section 6.10.2 of the EIS states that under extreme dry conditions, flow from a catchment area east of the headwater channel may be diverted in order to maintain the necessary volume to facilitate continuous, uninterrupted operations of Prosperity Lake and the tailings storage facility. Taseko states that should there be a need for additional water in the tailings storage facility, a portion of the surplus water from Prosperity Lake could be directed to the tailings storage facility rather than released to Wasp Lake (CEAR#992, Hydrology/Hydrogeology Table, ID#39). In order to prevent contaminant transport from the tailings storage facility into Prosperity Lake through the south embankment, the elevation of Prosperity Lake must remain higher than that of the supernatant pond in the tailings storage facility. In response to a question from the Ministry of Environment, Taseko states that the risk of a dry year affecting the elevation of Prosperity Lake is low and that the level of Prosperity Lake is not expected to drop below the maximum elevation of the tailings storage facility supernatant pond (CEAR#992, Hydrology/Hydrogeology Table, ID#39). However, Taseko states that the amount of water required to operate Prosperity Lake effectively under ideal conditions has yet to be determined, but the expectation is that ... needs of Prosperity Lake and mine operations can be balanced appropriately (CEAR#992, Water Quality/ARD/ML Table, ID#59). Further, in response to the Ministry of Environment-K.Moores, Taseko also states that the water balance for Prosperity Lake did not include a scenario for dry years

(CEAR#992, Hydrology/Hydrogeology Table, ID#39). Given these statements, the value of Prosperity Lake as an effective compensation measure could be compromised in order to maintain mine operations.

The EIS Guidelines also require the proponent to provide an “assessment of the feasibility to successfully segregate potentially acid generating and non-potentially acid generating waste materials during operations...and identification of operational methods that will be required to achieve geochemical characterization during operations” (Section 5.0, page 23). While Taseko concludes that segregation of potentially acid generating and non-potentially acid generating is a feasible approach (Volume 3, Section 7.3.3.4), several reviewers identify potential uncertainties with the operational feasibility of achieving the segregation rates identified (Environment Canada (CEAR#646); Ministry of Environment-K.Moores (CEAR#638, CEAR#950); Tsilhqot’in National Government (CEAR#947). This could result in an increase in the amount of potentially acid generating waste requiring disposal on site in the tailings storage facility.

In response to the comments received, Taseko acknowledges that there are uncertainties in the estimate of potentially acid generating rock quantities (CEAR #992, Water Quality/ARD/ML Table, ID#147). However, Taseko states that the potentially acid generating and non-potentially acid generating waste storage areas could be revised to store additional volume, and that under a worst-case scenario, additional volume can be added to the tailings storage facility by raising the crests of the dams (CEAR#992, Water Quality/ARD/ML Table, ID#104). Specifically, Taseko states that if an additional 70M tonnes of non-potentially acid generating rock is unable to be segregated from potentially acid generating rock and requires sub-aqueous disposal in the tailings storage facility, this would result in an increase in dam elevation of approximately 2 m (CEAR#992, Water Quality/ARD/ML Table, ID#168), with a correlating increase in amount of water required to store the material sub-aqueously.

Concerns have been raised regarding the ability of the proponent to maintain a successful water balance in Prosperity Lake and the tailings storage facility under dry conditions with the currently proposed dam heights (CEAR#992, Water Quality/ARD/ML Table, ID#56, ID#59). As the water management system proposes that water will flow from Prosperity Lake into the tailings storage facility, it is important that Taseko demonstrate that it has a detailed understanding of the amount of water required to ensure that both Prosperity Lake and the tailings storage facility will function as intended.

Information Request

Given the importance of maintaining a positive water balance to the operation of Prosperity Lake and the tailings storage facility, a thorough understanding of the volume of water required to successfully operate the fish compensation works and the tailings storage facility is required. Therefore, the Panel requests that

the water balance required to successfully operate Prosperity Lake under ideal conditions and in dry years be completed and submitted for review in order to fully evaluate the technical feasibility of the proposed mitigation measures.

In completing the requested water balance, the Panel requests Taseko investigate the implications of increased water requirements resulting from the possible underestimation of the amount of potentially acid generating waste rock generated from the project by undertaking sensitivity analyses on the water balance model for the tailings storage facility.

If the proponent is required to divert water from the catchment east of the headwater diversion channel, the Panel requests additional information regarding the mechanics of how that water would be diverted into Prosperity Lake and the tailings storage facility and an assessment of the potential effects of such a diversion.

3.2 Effects of Project on Beece Creek

Preamble

The EIS Guidelines require “information describing how current baseline and ongoing surface...quality and flow rates are anticipated to be altered by individual mine components...[and] A detailed assessment and prediction of water quality for major mine components...and all site water discharges for important times (i.e. operations, closure and post-closure)” (Section 5.3.1, page 46-47). The EIS states that during operations, the headwater diversion channel will divert undisturbed runoff through Prosperity Lake and/or Wasp Lake to the Beece Creek watershed (Volume 4, Section 4.2.2.3, page 4-67). The Panel notes that this water management strategy may result in impacts to Beece Creek due to increased flow rates into Beece Creek from Wasp Lake. Taseko indicates that Beece Creek is only predicted to experience a 4% increase in flow, which is within the range of natural variability during the spring freshet as reported in the EIS (Volume 5, Section 2.3.3.4).

Information Request

The Panel requests that Taseko provide a rationale for the conclusion that the increased flow into Beece Creek is within the range of natural variability for the creek. Given that Beece Creek also flows through the property of the Taseko Lake Lodge, the Panel requests that Taseko assess whether the additive effect of an additional 4% increase in flow will result in any channel instability in the creek and if so, whether water quality would be affected due to increased suspended solids.

4.0 Water Quality

4.1 Long Term Treatment of Pit Lake Water Quality

Preamble

The EIS Guidelines require Taseko to “describe general and specific measures intended to mitigate the potentially adverse environmental effects of the Project” (Section 2.0, page 40). The EIS Guidelines further require identification of “...the relative consideration of...economic feasibility” of different alternative means of carrying out the project (Section 6.2, page 9).

The EIS notes that, based on operational monitoring, the need for water treatment will be determined during operations, as the pit will not fill until year 27, (Volume 5, Section 2.1.2.1). As such, the EIS does not provide any details regarding potential treatment methods. While Volume 5, page 2-107 of the EIS states that there is a potential for high magnitude effects on water quality below the waterfall on Fish Creek, Taseko states that “metals levels in pit water are likely to be considerably lower than predicted as these are very conservative estimates, and there is the 27 year period while the pit is filling to evaluate and implement feasible treatment options to reduce metals levels” (Volume 5, Section 2.3.1.4). Information regarding methods for the treatment of selenium and cadmium was provided in a supplemental memo dated May 11, 2009 (CEAR#788). However, as noted by the Ministry of Environment-K.Moores (CEAR #950) no information has been provided regarding the financial cost associated with long-term water quality treatment options.

Information Request

Given that water treatment of Pit Lake discharge may be required and its importance in protecting the receiving environment, the Panel requests Taseko to provide an estimation of the costs associated with the proposed treatment methodologies and the economic feasibility of the project if water treatment is required in the long term. Further, the Panel requests clarification regarding who would have ultimate responsibility for ensuring that water treatment is implemented in perpetuity (see Information Request 1.1.3).

4.2 Effects of the Low Grade Ore Stockpile on Water Quality

Preamble

The EIS Guidelines require the EIS to include “acid rock drainage/metal leaching prevention strategies under a temporary or early closure scenario, including low grade ore” (Section 5.0, page 23). However, the effects of the additional inputs from the low grade ore stockpile under these scenarios have not been modelled in the water quality assessment. Under an early closure scenario, Taseko states that the low grade ore stockpile will not affect water quality as it would either be: (1) processed and the tailings placed in the tailings storage facility; (2) placed in the open pit below the ultimate flood elevation; or (3) left in the stockpile and capped, thereby preventing the development of acid rock drainage/metal leaching (Volume 3, Sections 6.14.3 and 9.3.4.5). The Ministry of Energy, Mines

and Petroleum Resources states that the potential for low grade ore to continue to contribute metal loading to site drainage may present a significant post closure water quality risk that must be assessed during the environmental assessment (Ministry of Energy, Mines and Petroleum Resources – K.Bellefontaine, CEAR#763). Further, the water quality modelling completed for Pit Lake does not include inputs from the potential sub-aqueous storage of the low grade ore stockpile in temporary or early closure scenarios.

Information Request

Under an early or temporary closure scenario, the Panel requests Taseko assess the risk of acid rock drainage/metal leaching and its effects on water quality posed by not processing the low grade ore. Additionally, the Panel requests Taseko include inputs from the low grade ore stockpile in the water quality model completed for Pit Lake in order to assess the effects on the receiving environment in the event that this material is stored sub-aqueously in the open pit.

4.3 Stratification of Pit Lake

Preamble

At closure, Pit Lake is expected to have a depth of 500 m (Volume 3, Section 6.14.3, page 6-92). Given the depth of the lake, reviewers have indicated that there is the potential for the lake to stratify (CEAR#992, Water Quality/ARD/ML Table, ID#176, ID#136). If Pit Lake were to stratify, the Panel is concerned that the lake could overturn, potentially bringing the deep less-oxygenated layers to the surface and disturbing sediments and precipitates. This could potentially affect water quality in the receiving environment during discharge. In response to the comments received, Taseko concludes that potential lake stratification would not occur for a number of years, and states that “monitoring of the pit water during flooding is expected to be a requirement of long term monitoring for the site” (CEAR#992, Water Quality/ARD/ML Table, ID#176).

Information Request

The Panel requests that Taseko provide information on the likelihood that, should Pit Lake stratify, it would subsequently overturn. The Panel also requests that Taseko assess the effects of the discharge on the receiving environment if this mixing were to occur. (see Information Request 4.1)

5.0 Fish and Fish Habitat

5.1 Fish and Fish Habitat Compensation Plan

Preamble

The EIS Guidelines require the proponent to provide “sufficient detail...to demonstrate that no net loss of productive capacity of fish habitat can be achieved and that planned measures are both technically and biologically feasible” (Section 6.0, page 24) and that consideration be given to the

“uncertainty in whether the replacement habitat is likely to function as intended” (Section 6.0, page 24).

The Panel notes that there is no agreement at present between Taseko and Fisheries and Oceans Canada (DFO) regarding how to address the loss of fish habitat associated with Taseko’s preferred alternative (CEAR#992, Fish and Fish Habitat Table, ID#36). Taseko states in its response to DFO that its “goal remains, by the time the Panel convenes hearings to have jointly developed a compensation plan that is both technically and economically feasible and that meets the policy and management objectives of both levels of government” (CEAR#992, Fish and Fish Habitat Table, ID#36). This would suggest that the approach to fish and fish habitat compensation may evolve, potentially having implications for the overall project design and feasibility.

Information Request

The Panel expects further progress to be made on the development of the Fish and Fish Habitat Compensation Plan prior to the scheduling of the public hearing. The Panel would like to see an agreed upon draft Fish and Fish Habitat Compensation Plan; if agreement cannot be reached in a reasonable period of time, the Panel requests Taseko provide a summary of the attempts made to reach agreement and areas of disagreement between the parties before the public hearing begins.

This information is required in order for the Panel to be able to understand the proposed plan and reach a conclusion on the significance of the proposed project on fish and fish habitat.

The Panel expects that the Fish and Fish Habitat Compensation Plan developed by Taseko would also address the acceptability of transferring fish to other recipient lakes (if applicable) and the potential effect of the proposed fish compensation plan on migratory bird populations (as outlined by Environment Canada, CEAR#929).

5.2 *Aboriginal Fishery Usage*

Preamble

The EIS Guidelines state that “the analysis of potential effects [on fish and fish habitat] will consider: Species of cultural, spiritual or traditional use importance to First Nations” (Section 6.2, page 67). The EIS Guidelines further require that the baseline data collected and reported in the EIS include “...the necessary baseline data in support of the assessment of effects on the recreational and native fisheries” (Section 6.2, page 68). It is the view of the Panel and other reviewers (Fisheries and Oceans Canada (CEAR#728), Esketemc First Nation (CEAR#642) and Tsilhqot’in National Government (CEAR#947)) that the proponent has not adequately explained the current use of fish and fish habitat for traditional purposes by Aboriginal persons, or the potential effect the project will have on such uses.

Information Request

The Panel requests that the proponent provide a more thorough description of the anticipated effects of the project on the current use of fish and fish habitat in the project area for traditional purposes by Aboriginal persons.

The Panel anticipates that the information required to evaluate the anticipated effects of the project on the current use of fish and fish habitat in the project area for traditional purposes by Aboriginal persons will be submitted by First Nations soon or in some cases following the finalization of the “Procedures for Requesting Confidentiality”. As discussed in Information Request 1.1.2, the Panel expects that Taseko will include this information in its analysis of the potential effects of the project on the fish and fish habitat that is of cultural, spiritual or traditional importance to potentially affected First Nations and on the Aboriginal fishery in the regional study area. If this information is not provided in a reasonable timeframe, the Panel may need to take other measures in order to complete its review in a timely manner.

6.0 Wildlife

6.1 Habitat Compensation Plan

Preamble

The Panel understands the Deputy Minister of the Ministry of Environment stated in a letter dated May 19, 2006 that “...if a decision is made to proceed with the Prosperity project the ministry will be seeking compensation for the loss of these assets [including recreation values, wildlife, wildlife habitat and habitat of species at risk]”. Accordingly, the EIS Guidelines require the EIS to identify and characterize the extent to which these values may be effected (*sic*) and discuss how these effects can be avoided, reduced or mitigated (Section 4.0, page 42).

The Panel is aware of exchanges between the proponent and the Ministry of Environment (CEAR#992, Terrestrial Wildlife Table, various ID#'s) which indicate that the issue of the loss of wildlife and wildlife habitat values is still unresolved and that the Ministry of Environment is expecting Taseko to develop a compensation plan for the loss of these values.

Similarly, in its comments on the adequacy of the EIS, Environment Canada indicates that “the assessment of impacts on migratory bird populations and species at risk, and their habitats, resulting from the project should be refined and a framework for a habitat compensation plan, or similar mitigation strategy, should be prepared and presented” (CEAR#929). In these comments, Environment Canada states that this is a major deficiency in the EIS that should be addressed before public hearings.

The Panel further understands that Taseko is currently engaged in discussions with Ministry of Environment on the need to compensate for certain values predicted to be lost if this project proceeds. Taseko has committed to discussing

and exploring “innovative ideas by working together towards a common objective of achieving compensation for loss of wetland habitat including the productive capacity of the lake, recreation values, wildlife, wildlife habitat and the habitat of species at risk” (CEAR#992, Terrestrial Wildlife Table, ID#141).

Information Request

In order for the Panel to better understand the residual effects that may result from the project, it requests the proponent provide a conceptual compensation strategy that addresses unavoidable wildlife and wildlife habitat losses and values as a result of the project.

The Panel considers that a detailed compensation plan is not required at this stage. However, the conceptual compensation strategy should describe the process for achieving adequate compensation. In particular, the following information should be provided:

- the need to undertake additional field surveys to confirm presence/absence of wildlife and wildlife critical habitats or elements;
- the need to refine the project’s impact footprint or influence;
- mitigation and monitoring strategies;
- criteria for determining loss of wildlife and habitat values; and
- information on how compensation will be determined and implemented.

The conceptual compensation strategy should address potential loss of the following wildlife and wildlife habitat components:

- wetland habitats and riparian habitats;
- old forests;
- grasslands;
- rare plants;
- species at risk and at risk plant communities
- migratory birds and habitats; and
- wildlife migration corridors / movement corridors.

The Panel encourages Taseko to follow-up with Environment Canada regarding its offer to provide a more thorough scientific analysis of the expected impacts on migratory bird populations (CEAR#929). Gaining a more thorough understanding of the predicted impacts on migratory bird populations in the regional study area would help inform Taseko on the development of a future habitat compensation plan that would facilitate mitigation of potential impacts.

6.2 *Transmission Line Corridor Mitigation Strategies*

Preamble

Sections 5 and 6 of Volume 5b of the EIS identify potential mitigation measures to be implemented during the selection of the transmission line centreline to avoid or minimize impacts on the various components of the environment (e.g. sensitive habitats, wildlife, rare plants). Such measures may include timing of the

activities and avoidance measures for critical habitats and wildlife elements. However, the Panel notes that some of these avoidance and/or minimization measures may conflict with each other (e.g. overlapping sensitive periods for multiple species).

Information Request

In order to better understand the complexities and potential conflicts of the different mitigation strategies proposed along the transmission line corridor, the Panel requests information on the proposed process for avoiding impacts on valued ecosystem components during routing of the transmission line centreline. In the event that a situation arises where there are conflicting mitigation requirements that cannot be resolved, the Panel requests details on the approach that will be used by Taseko to resolve this issue. How will the proponent determine which component of the environment will be given precedence? For example, does Taseko propose to use constraint mapping to avoid areas of concern or will some other methodology be used?

7.0 Vegetation

7.1 Effects of Project on Species of Importance to First Nations

Preamble

The EIS Guidelines require the assessment of “potential effects of the proposed project on vegetation including species known to be important to First Nations” (Section 6.4, page 71). The Tsilhqot’in National Government has provided information regarding species of importance to the Tsilhqot’in people (CEAR#992, Vegetation Table, ID#11).

Based on the information provided by the Tsilhqot’in National Government, Taseko has committed to preparing a summary table, including the associated ecological communities for each plant species, and to identify if these species have already been indirectly addressed in the current vegetation assessment. Following this step, Taseko has committed to work with both government agencies and willing First Nations representatives to extend this preliminary assessment further as appropriate.

Information Request

In order for the Panel to better understand the potential effects of the project on vegetation that is of importance to First Nations, the proponent is requested to provide to the Panel:

- a) the aforementioned summary table;
- b) information on the presence and distribution patterns of these species at the mine site and along the transmission line corridor; and
- c) if necessary, an assessment of the anticipated impacts of the project on these species.

8.0 Socio-Economics

8.1 Other Land Uses

Preamble

The EIS Guidelines require the use of overlays to identify all land tenures and land uses potentially affected by project development, operation and closure (Section 7.4, page 80). Volume 6, Section 5 of the EIS contains information regarding other resource uses that could potentially be affected if the proposed project were to proceed. However, as this information is not provided in spatial form, it is difficult for the Panel to visualize how the project will interact with all of these other potentially affected land and resource uses. It is important for the Panel to be able to compare the interactions between the other uses in order to fully understand the potential effects of the project and the appropriateness of the proposed mitigation measures.

Information Request

The Panel requests that Taseko prepare maps delineating the other land and resource uses in the project area and associated buffers (i.e. mine site and mine site buffer area, transmission line right of way and transmission line buffer area, access roads buffer), as outlined in the various tables found in Section 5.3 of Volume 6 of the EIS. The maps should illustrate any potentially affected land and resources uses, as outlined below:

- timber tenure, community forest licences, forest and logging operators;
- range grazing licence, range grazing permits and range non-replaceable grazing permits;
- water licences;
- guide outfitter licences, trapper licences, and any known angling tenures;
- mineral tenures held by third parties and Taseko.

In addition to those land and resource uses identified in the tables in Section 5.3 of Volume 6 of the EIS, the Panel requests that the following uses also be mapped, where the information is available:

- existing timber harvest roads along or that give access to the proposed transmission line ROW;
- known traplines/trapping concessions; and
- other commercial recreation tenures within or near Project components.

9.0 First Nation and Cultural Heritage

Preamble

The EIS Guidelines require Taseko to document in the EIS “the potential impact of the project on asserted or established Aboriginal rights, Aboriginal title and treaty rights, and the measures to prevent or mitigate those potential impacts“(Section 5.1, page 7). Further the EIS Guidelines require that “Any potential effects on the exercise of First Nations’ traditional uses and activities also need to be identified and assessed” in the EIS (Section 7.0, page 12).

The Panel notes that Taseko has attempted, but has not succeeded, in obtaining current information on traditional knowledge and the use of lands and resources for traditional purposes by potentially affected First Nations such that the potential impact of the project on First Nations can be assessed. Such information is important to enable the Panel to fulfill its mandate to ensure that the information required for the assessment is obtained (Panel Terms of Reference, page 2) and “to fully consider and include in its report information provided by First Nations on the manner in which the project may adversely affect potential or established Aboriginal rights or title” (Panel Terms of Reference, page 2).

The Panel notes that both the Tsilhqot’in National Government (CEAR #947 and CEAR #1012) and the Esketemc First Nation (CEAR #921) indicate that they are prepared to submit such information to the Panel, but that some or all of this information may need to be submitted in confidence. In addition, other First Nations may also have information that they are prepared to share with the Panel. Taseko states that if traditional knowledge or traditional use information is provided to it by individuals or communities, it would gladly review that information and take it into consideration in its assessment of potential environmental effects. (CEAR#992, Aboriginal Interest and Cultural Heritage Table, ID#29).

The Panel expects that information on the current use of lands and resources will be provided soon, or in some cases, once the “Procedures for Requesting Confidentiality” are finalized. This will allow Taseko to take this information into account in determining the potential effects of the project on matters such as hunting, fishing, trapping, gathering, and areas of cultural importance. If it is not submitted in a reasonable timeframe, the Panel may need to take other measures in order to complete its review in a timely manner.

Information Request

The Panel requests that Taseko examine any new information that might be available to it from First Nations on traditional use and cultural heritage in a reasonable time frame and incorporate that information into the assessment of effects of the proposed project, and identify any additional mitigation measures that it might consider appropriate.

10.0 Available Information Required for Submission

The Panel notes that Taseko refers to a number of documents or reports that have recently been or will soon be completed. The Panel requests that they be provided when available and in advance of the hearings. These documents or reports include:

- the matrix indicating how the effects of the project on species not addressed with a detailed assessment can be inferred from the result for

'umbrella' key indicators or applicable vegetation key indicators (CEAR#992, Terrestrial Wildlife Table, ID#121).

- the additional work planned for late 2008/early 2009 to confirm the ground conditions for the Prosperity Lake dam (CEAR#992, Engineering Table, ID#132);
- the revised figure showing the regional tectonics and recorded seismicity up to 2009 (CEAR#992, Engineering Table, ID#101);
- additional maps developed by Taseko in response to Environment Canada (CEAR#992, Terrestrial Wildlife Table, ID#149), which provide more specific details on field surveys conducted in the transmission line corridor; and
- the Fish and Fish Habitat Mitigation and Compensation Implementation Plan (Volume 3, Section 8.1, page 8-1; and CEAR#992, Fish and Fish Habitat Table, ID#65).