August 14, 2012

File No.:VA101-266/25-A.01
Cont. No.:VA12-01495

Mr. Scott Jones
Vice President Engineering
Taseko Mines Limited
15th Floor, 1040 West Georgia Street
Vancouver, BC V6E 4H8

Dear Scott,

Re: New Prosperity Project - Climate Change Assessment

This letter presents an overview of historical regional climatic and hydrologic trends for the New Prosperity Project (the Project), which were used to assess potential climate change patterns in the region. This assessment does not include any modelling of possible future climate change scenarios, the results of which are inherently uncertain and only applicable to much longer scales than the next 20 year timeline of the project.

1. Climate Change Analysis Overview

There is a general consensus in the scientific community that the global atmosphere is warming and that worldwide climate patterns are correspondingly changing. According to a 2006 BC Government study on climate change, over the past half-century both minimum and maximum temperatures in the region near the New Prosperity mine have been warming, by approximately 1.4 °C and 0.5 °C, respectively. Furthermore, for the period between 1950 and 2000, winter precipitation has generally decreased by approximately 20% and summer precipitation has generally increased by 20% (BC Gov., 2006). These changes, in turn would have affected hydrologic patterns. Warmer winter temperatures would raise freezing levels, shorten the period of snowfall, and increase the proportion of winter precipitation that would occur as rain, which combined with lower winter precipitation, could dramatically reduce the size of the snowpack and the corresponding freshet flows. At the same time, warmer temperatures may increase winter flows, although this effect could be offset by lower winter precipitation. In turn, an increase in summer precipitation may result in higher summer flows, but this effect could be offset by higher summer temperatures and correspondingly higher evaporation.

Given these predicted changes in climatic and hydrologic patterns, there is understandably some concern about whether or not historical flow and climate records, which were used to assess hydrometeorological conditions at the Project, reasonably represent conditions that might be expected over the next 15 to 20 years and beyond. In an effort to address this concern, admittedly at a very cursory level, historical trends of annual temperature, precipitation, and discharge were examined in the general region of the Project based on regional climate and streamflow data collected by Environment Canada (EC).

2. Climate Trends

The Barkerville climate station (1090660) operated by EC has the longest and most complete climate record in the region of the Project (>100 yrs). Therefore, this dataset was used to analyze long-term regional climate trends applicable to the Project site.

Plots of annual precipitation trends for this station are presented on Figure 1. All of the precipitation parameters demonstrate increasing trends, suggesting that precipitation is generally increasing, although at very low rates, and only Annual Precipitation, Annual Rainfall and Minimum Monthly Precipitation are statistically significant at

the 10% level. This significance level means that one can be 90% confident that these trends are not due to random chance. The Annual Precipitation trend indicates an increase of 13 mm per decade, while the Annual Rainfall indicates an increase of 8.5 mm per decade. Accordingly, one would expect Annual Snowfall to also increase at approximately 4.5 mm per decade. The Minimum Monthly Precipitation indicates an increase of less than 1 mm per decade, so there is essentially no trend. Similarly, the Maximum Monthly Precipitation and Summer Precipitation show no trends. These results largely contradict the results presented in the BC Climate Change study discussed above, and are considered to be more valid since they date back to 1889, rather than 1950, and therefore are less sensitive to climatic cycles, as opposed to climate change.

Trend plots of annual temperature at Barkerville are presented on Figure 2. Of all the trends, only the Maximum Temperature was found to be significant at the 10% level, indicating a trend of +0.1 °C per decade. Overall, it appears that temperatures have been very consistent in the Project region over the past 100 years.

3. Streamflow Trends

Insights into possible long-term climate effects on streamflow in the Project are provided by examining flow records from Water Survey of Canada for the longest operating steamflow station in the Project region: Chilko River at Sandstone (08MA001). Data for all other WSC sites in the region were also investigated but none have sufficient complete records to support such an analysis. The trendline for the annual unit runoff is provided on Figure 3, which indicates a slightly decreasing trend, although it is not statistically significant at the 10% level, so one can conclude that annual runoff has not substantially changed over the past century. Similarly, the trend of annual peak daily flow, which amounts to just 0.9 m^3/s per decade, as shown on Figure 4, is not statistically significant at the 10% level. It is interesting to note that the lack of change in the regional peak flow patterns is inconsistent with the Intergovernmental Panel on Climate Change (IPCC), which states that increased atmospheric energy is expected to result in increased snowmelt rates and increased amounts and frequency of extreme precipitation (IPCC-AR4, 2007).

To further investigate possible evidence of climate change effects, the mean monthly flows for the first half of the complete flow record for the Chilko River (29 years between 1935 and 1981) were compared with the corresponding flows for the second half of the record (29 years from 1982 to 2010). As shown on Figure 5, the annual hydrographs for these two periods are remarkably similar, as is the mean annual runoff for the two periods, at 40.5 m^3/s and 40.3 m^3/s, respectively. This similarity suggests that hydrologic conditions have been remarkably consistent over the past few decades, and there is no apparent evidence of climate change effects.

4. Climate Cycles

It should be recognized that one of the primary factors inhibiting the detection of changing patterns in local climate and streamflow records is the influence of cyclical climate patterns. A number of “normal” cyclical climate patterns occur regularly in the Pacific-Northwest over both short-term and relatively long-term periods. A variety of different climate patterns have been identified in the literature, but the two most recognized phenomena are the Pacific Decadal Oscillation (PDO), which has both hot and cold phases that typically persist for 20 to 30 years, and the El Nino Southern Oscillation (ENSO), which operates on a much shorter time scale with phases typically lasting for 6 to 18 months (Manua, 2001). Both phenomena are defined by changes of surface water temperatures in the Pacific Ocean, and are associated with corresponding changes in climate. The PDO has the strongest signature, as ENSO influences on climate in a region are strongly dependent on the phase of the PDO (McCabe and Dettinger, 1999). The cold phase of the PDO is correlated with colder temperatures and above average winter precipitation, snowpack and annual runoff (Mantua, 2001). These conditions tend to be even more pronounced if the ENSO is in phase. There is some question as to what are the exact periods that define the most recent warm and cold phases of the PDO, but as indicated on Figure 6, the 1888 to 2006 climate record for the Barkerville station spans several cold and warm phases. It is therefore

not surprising that the historical data indicated very consistent temperatures. However, if one was to consider a shorter time period, which is commonly done, one would tend to see fairly strong trends. For instance, if one was to consider the period of 1952 to 2006, which covers a cold phase and then a warm phase of the PDO, one should not be surprised to see a rising temperature trend, as demonstrated by the Barkerville temperature data shown on Figure 7. This is an example of a climate cycle effect, as opposed to a climate change effect.

5. Summary

A review of long-term regional climatic and hydrologic records indicates that data patterns have generally been very consistent over the past few decades in the general region of the New Prosperity Project. Only very minor trends are detectable in some hydrometeorological parameters, and it's not clear if these are the result of climate change or local climatic patterns. Regardless, this consistency, the inherent variability and cyclic nature of climate, and our current inability to accurately predict and model future climate patterns, leads to the reasonable conclusion that current hydrometeorological records provide an appropriate basis for assessing the hydrometeorological conditions in the project area over the expected life of the mine.

If you have any questions please contact the undersigned.

Yours truly,
KNIGHT PIESOLD LTD.

<original signed by>

Signed:
Erin Rainey, P.Eng.
Project Engineer

<signature removed>

Reviewed:
Jamie Cathcart, Ph.D., P.Eng.
Specialist Hydrotechnical Engineer

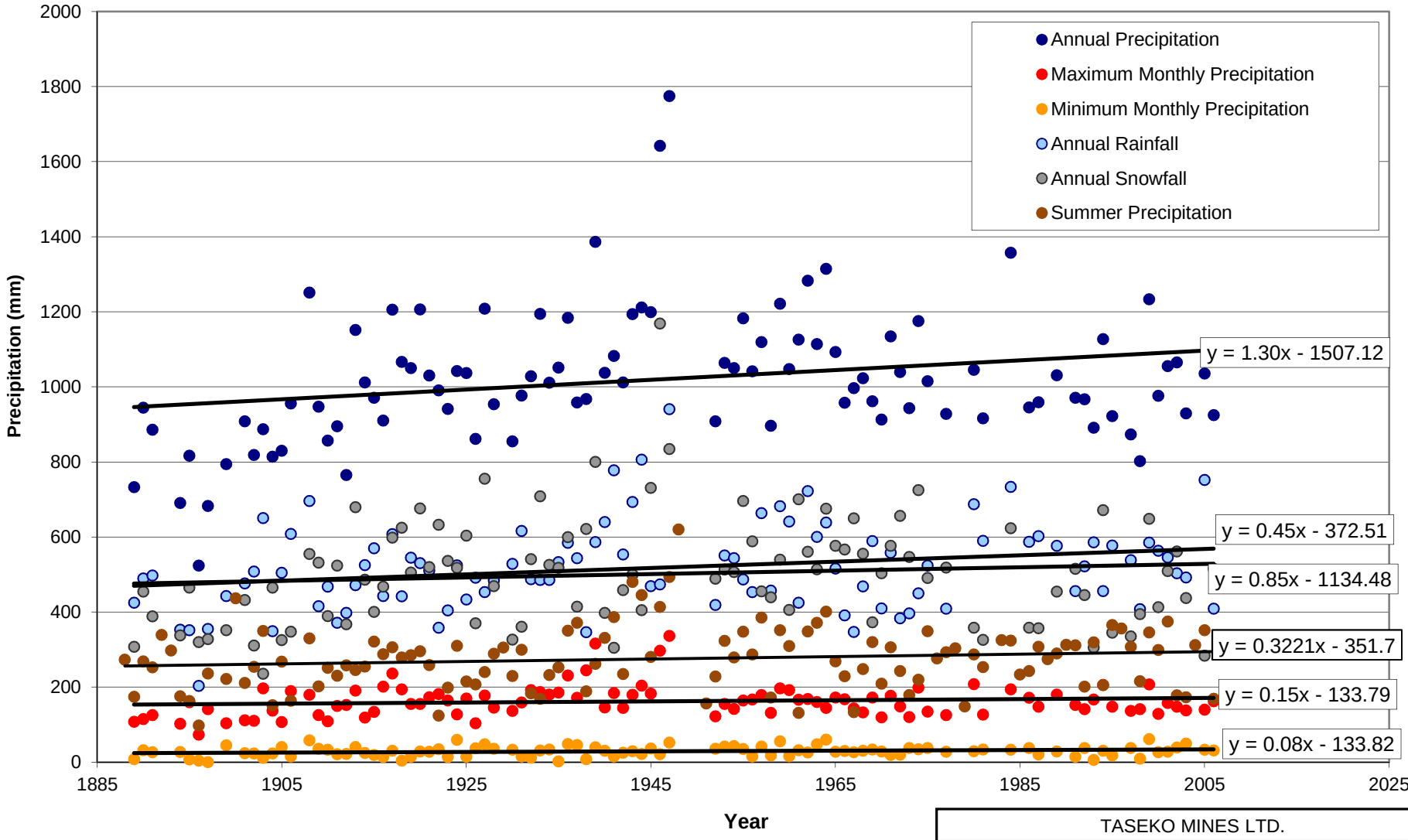
<original signed by>

Approved:
Ken Brouwer, P.Eng.
Managing Director

Attachments:

Figure 1 Rev 0	Barkerville Annual Precipitation Trends
Figure 2 Rev 0	Barkerville Annual Temperature Trends
Figure 3 Rev 0	Regional Annual Discharge Trend
Figure 4 Rev 0	Regional Annual Peak Daily Flow Trend
Figure 5 Rev 0	Hydrograph Shape – Chilko River
Figure 6 Rev 0	The Pacific Decadal Oscillation Index for the 20th Century
Figure 7 Rev 0	Barkerville 1952-2006 Annual Mean Temperature Trend

/err



NOTES:

1. THE ANNUAL PRECIPITATION, ANNUAL RAINFALL AND MINIMUM MEAN MONTHLY PRECIPITATION ARE ALL SIGNIFICANT AT THE 0.1 SIGNIFICANCE LEVEL.

REV	DATE	DESCRIPTION	PREP'D	CHK'D	APP'D
0	27JUL'11	ISSUED WITH LETTER	JM	ER	JGC

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NEW PROSPERITY PROJECT

BARKERVILLE
ANNUAL PRECIPITATION TRENDS

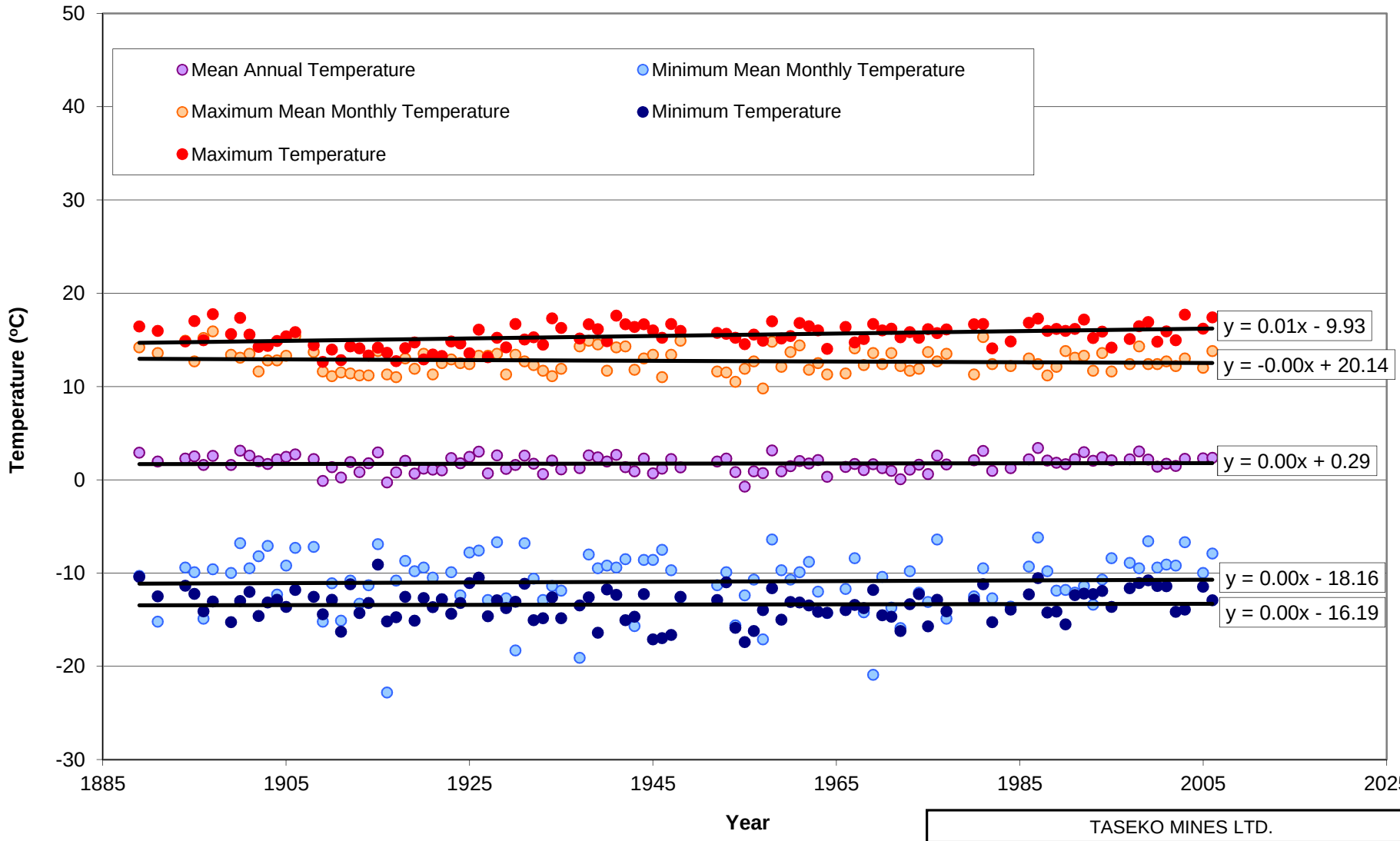
Knight Piésold CONSULTING

P/A NO. VA101-266/25

REF. NO. VA12-01495

FIGURE 1

REV 0



NOTES:

1. THE MAX MEAN MONTHLY TEMPERATURE TREND IS SIGNIFICANT AT THE 0.10 SIGNIFICANCE LEVEL.

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BARKERVILLE
ANNUAL TEMPERATURE TRENDS

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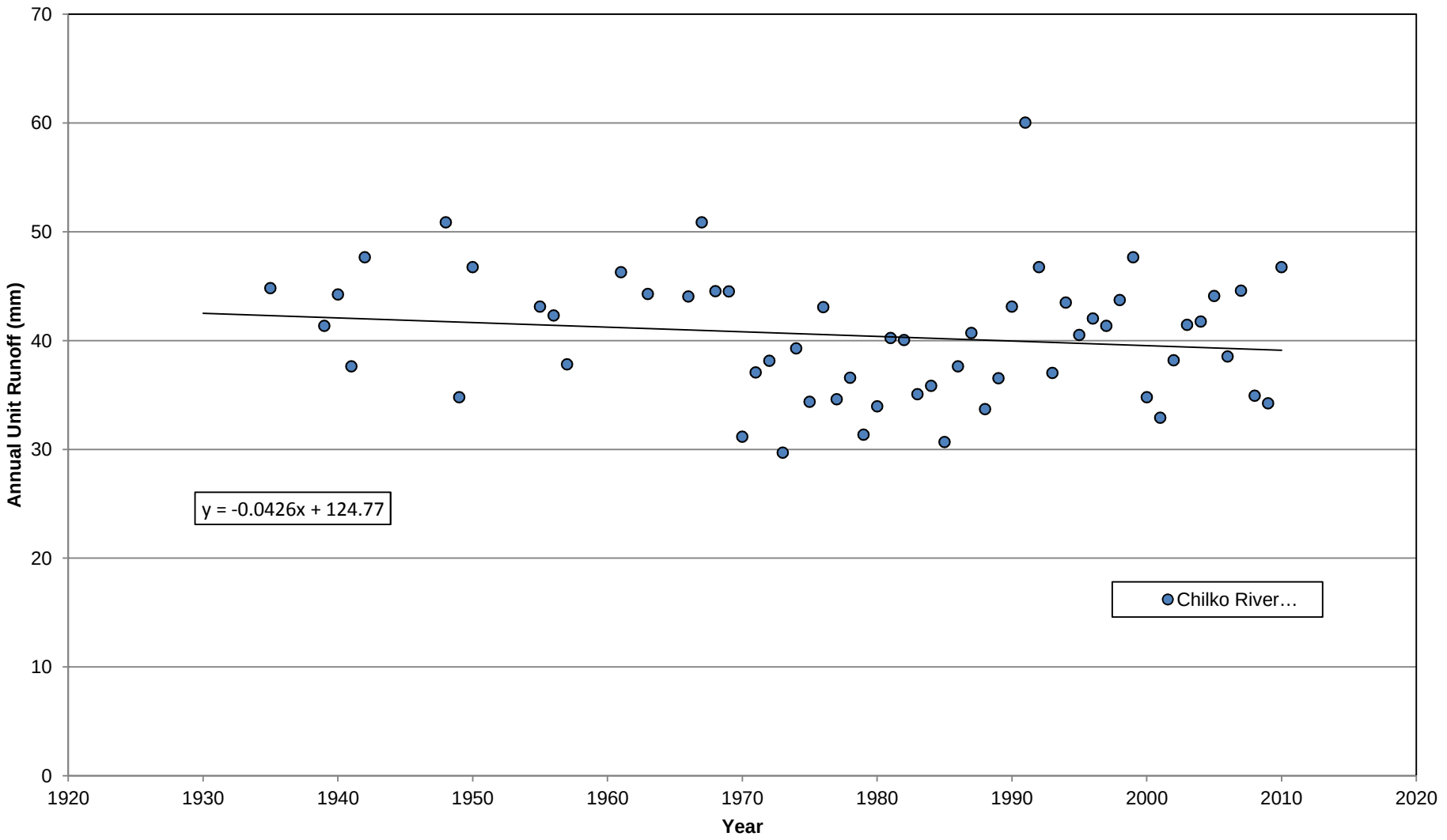
FIGURE 2

REV 0



NOTES:

1. THE TRENDLINE IS NOT STATISTICALLY SIGNIFICANT AT THE 0.1 LEVEL OF SIGNIFICANCE.

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REGIONAL ANNUAL DISCHARGE TREND

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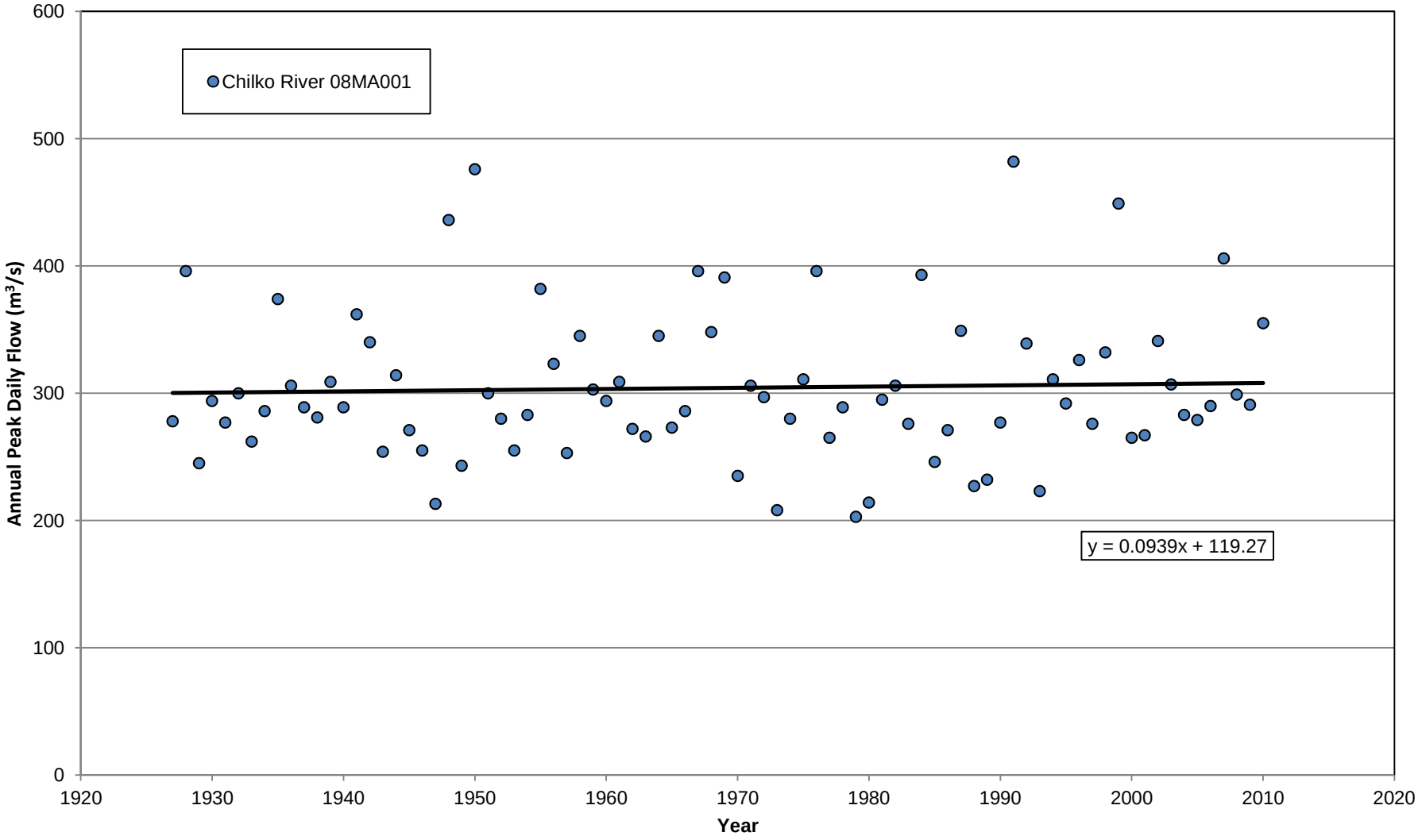
FIGURE 3

REV 0



NOTES:

1. THE TREND IS NOT STATISTICALLY SIGNIFICANT AT THE 0.1 LEVEL OF SIGNIFICANCE.

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REGIONAL ANNUAL PEAK DAILY FLOW TREND

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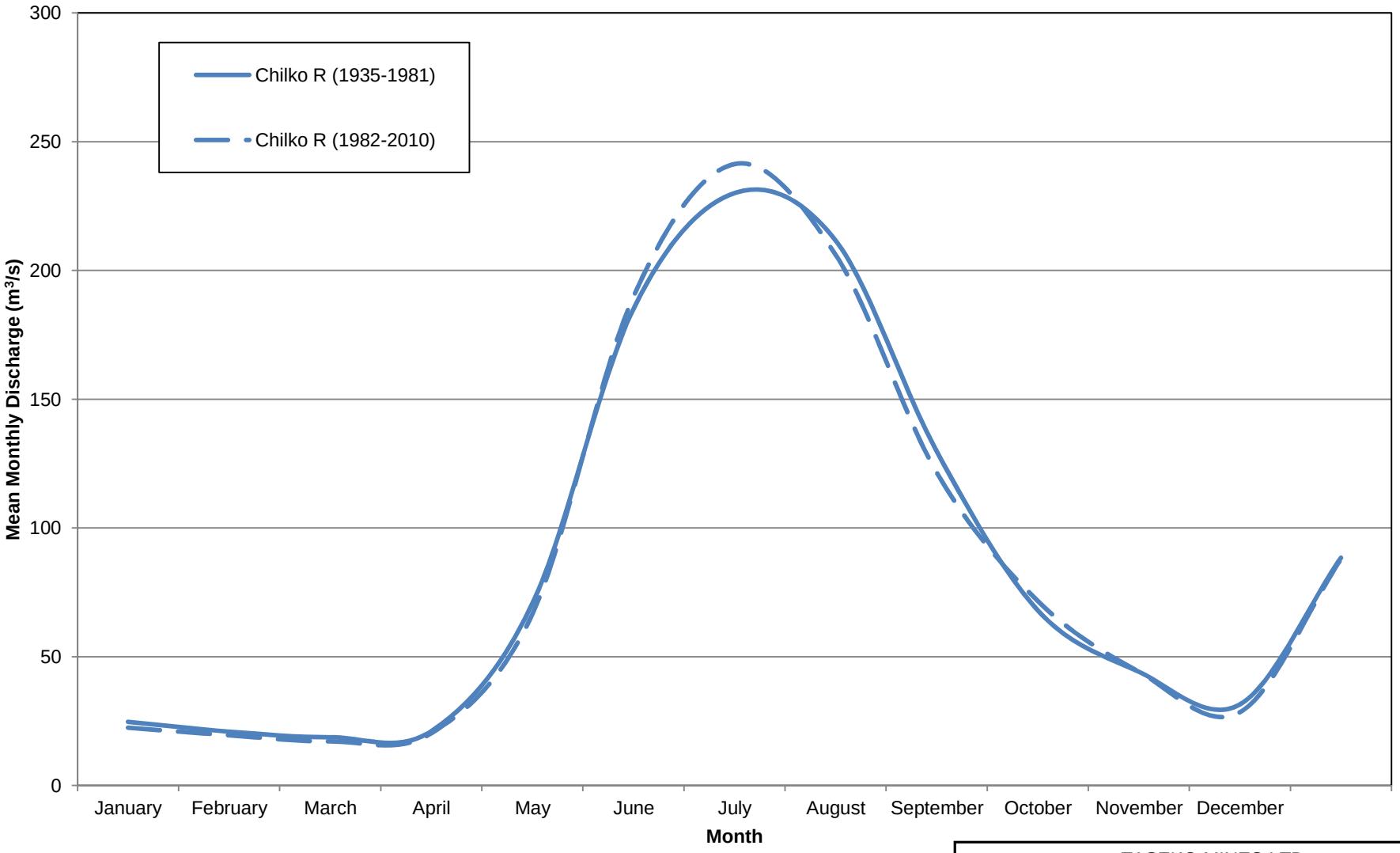
FIGURE 4

REV 0



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HYDROGRAPH SHAPE
CHILKO RIVER

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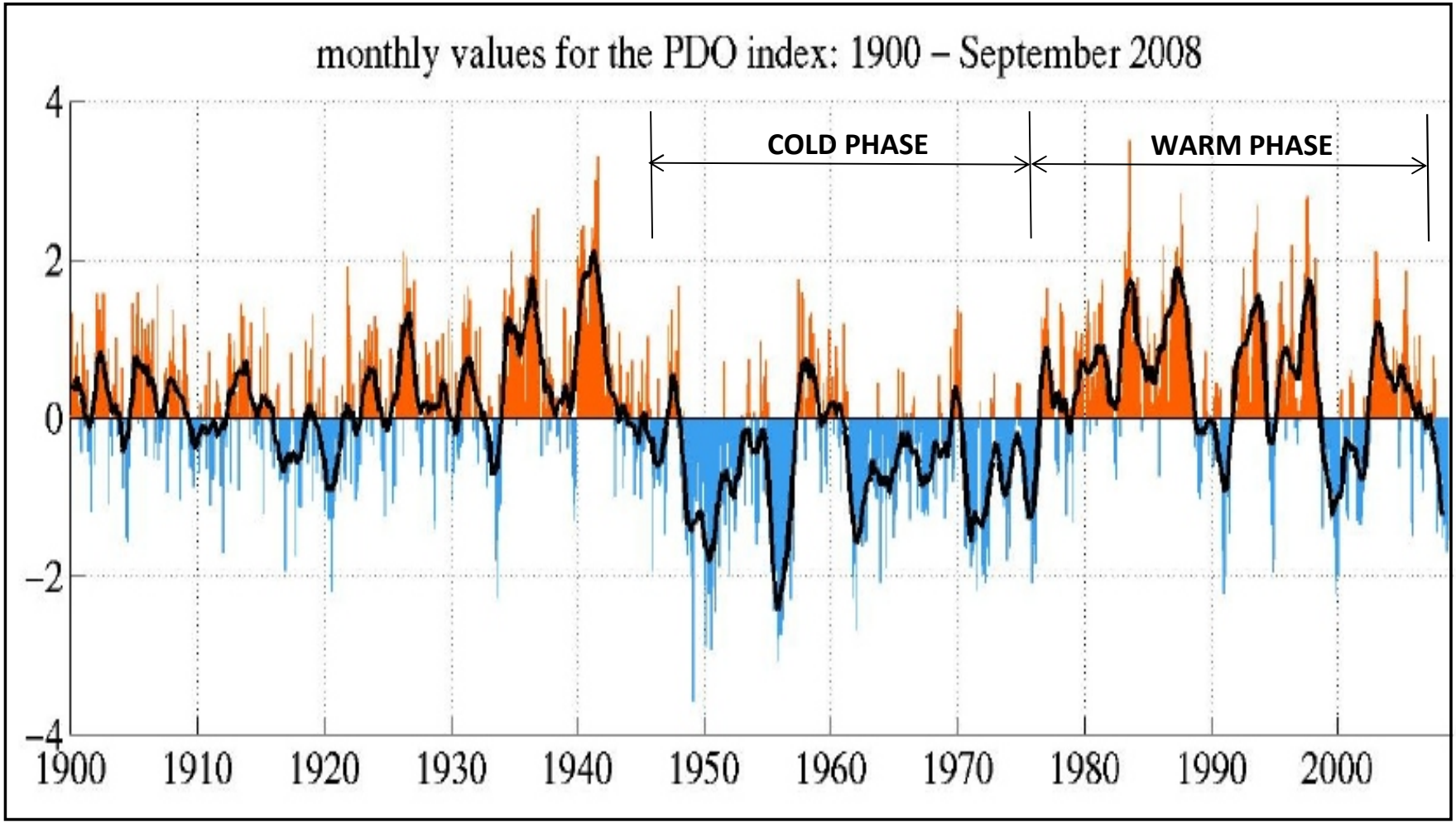
FIGURE 5

REV 0



NOTES:

1. SOURCE: JOINT INSTITUTE FOR THE STUDY OF THE ATMOSPHERE AND OCEAN
   http://jisao.washington.edu/pdo

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THE PACIFIC DECADAL OSCILLATION INDEX FOR THE 20TH CENTURY

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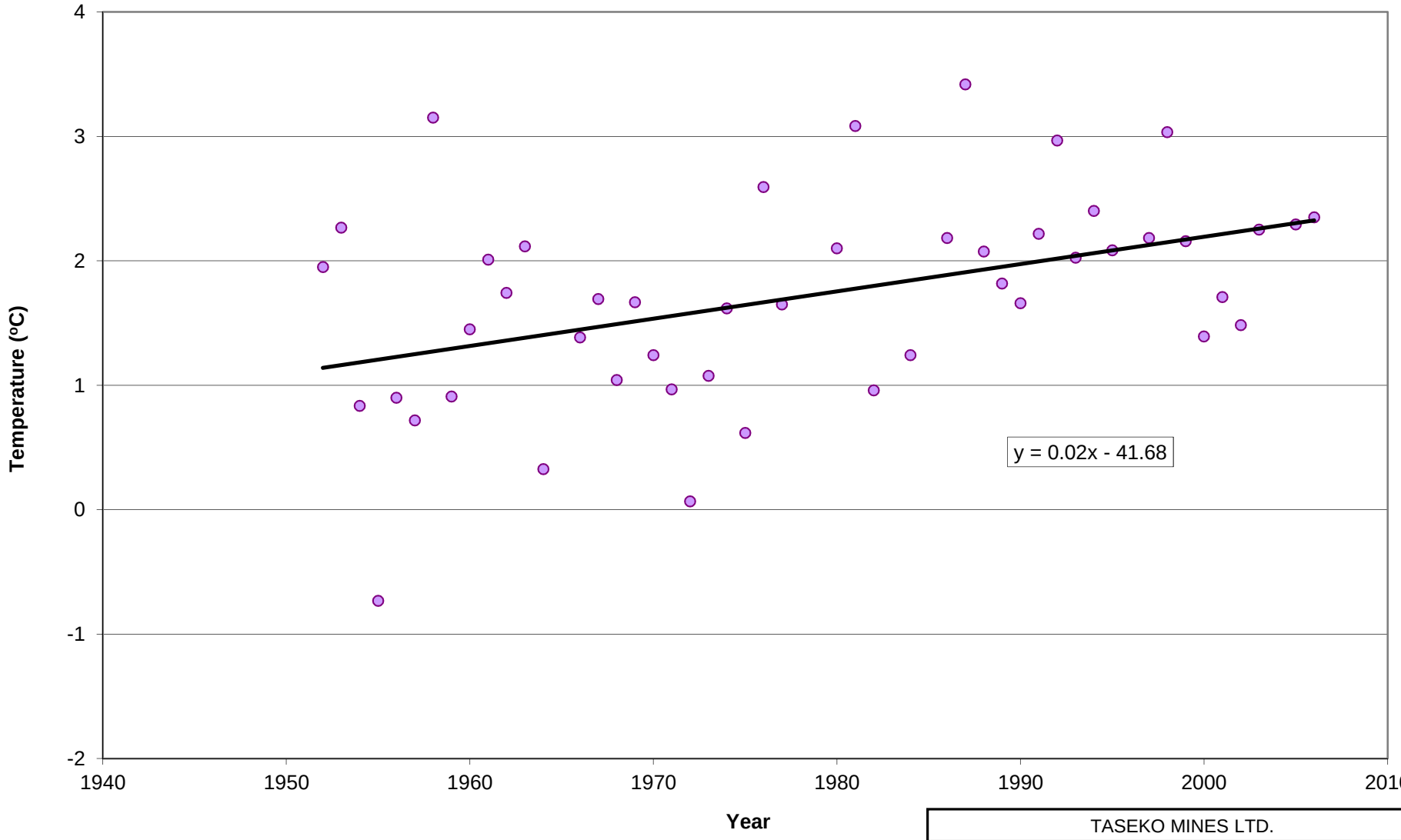
FIGURE 6

REV 0



NOTES:

1. THE MEAN ANNUAL TEMPERATURE TREND IS SIGNIFICANT AT THE 0.10 SIGNIFICANCE LEVEL.

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NEW PROSPERITY PROJECT

BARKERVILLE
1952 - 2006 ANNUAL MEAN TEMPERATURE TREND

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FIGURE 7

REV 0