

Taseko Mines Limited

New Prosperity Gold-Copper Mine Project

British Columbia, Canada

ENVIRONMENTAL IMPACT STATEMENT

September 2012

EXECUTIVE SUMMARY

Taseko Mines Limited, a British Columbia based mining company that owns and operates the Gibraltar Mine near Williams Lake, British Columbia proposes to develop the New Prosperity Gold-Copper Mine Project 125 km to the southwest of Williams Lake.

The Project would involve the construction, operation, and closure of a large gold-copper mine which would take two years to build and would operate for 20 years. The main project components include an open pit mine, a 125 km power line, an onsite concentrator, a new 2 km access road and a tailings pond.

An environmental impact statement/application was submitted for mine development after the completion of an updated feasibility study in 2007, and was subject to rigorous reviews under British Columbia's Environmental Assessment Act (BCEAA) and the Canadian Environmental Assessment Act (CEAA) through the period 2009 to 2010.

Through their respective reviews which culminated in 2010, both governments concluded there would be no significant adverse environmental effects to:

- Air quality
- Terrain and soil
- Surface or groundwater quality
- Moose and mule deer and their habitat
- Vegetation, including old growth forest and grasslands
- Archaeological resources
- Fish in the Taseko River
- Water quality in Onion Lake, and
- Human health.

Both Governments also concluded the impact of the project on Fish Lake would likely result in adverse environmental effects on fish and fish habitat.

On January 14, 2010 the Province of British Columbia approved the project with the granting of an Environmental Assessment Certificate. They had determined the impact on fish and fish habitat was justified because of the significant economic benefit the project would bring to the local communities, the Province and the country.

Ten months later on November 2, 2010, the Government of Canada announced it could not justify providing the authorizations that would enable the project to be carried out as proposed. In rendering its decision the Government of Canada stated it was not opposed to the mining of the Prosperity ore body and that Taseko was not precluded from submitting a project proposal that includes addressing the factors considered by the panel. Subsequently, Taseko was invited to redesign the project in a manner that would respect the environmental concerns raised by the federal environmental assessment.

After a careful reading of the Government of Canada's decision and of the Panel Report upon which the decision was based, Taseko undertook to examine the means and methods by which a mine development proposal could be prepared which would address the factors considered by the panel, be consistent with the provincial project approval already in place, avoid significant adverse environmental effects and satisfy the Government of Canada. The result of this work is detailed in the Environmental Impact Statement for the New Prosperity Gold-Copper Project formally submitted on September 19, 2012 to the Review Panel established under the Canadian Environmental Assessment Act and appointed by Hon. Peter Kent federal Minister of Environment on May 9, 2012.

Addressing the Federal Factors

In his referral of the Project to a federal review panel, the Minister of the Environment instructed the CEA Agency to design a process that will thoroughly assess whether the proposal addresses the environmental effects identified in the environmental assessment of the original Prosperity Gold-Copper Mine Project. He also directed the Agency to ensure that information obtained during the previous environmental assessment is used to the extent possible to ensure a timely decision and that the review take no more than 12 months. Consequently, the EIS focusses on:

- Evaluating all environmental effects resulting from changes to on-site and off-site components and activities associated with the new MDP and reconfiguration of the mine site layout (including any situations not explicitly identified in these Guidelines)
- How previously identified as well as new mitigation measures will be applied
- How previous commitments will be integrated
- How recommendations from the July 2010 Panel Report have been considered, and
- The significance of any residual effects.

The first federal Review Panel had determined that development of the project would result in adverse environmental effects on:

- Fish and fish habitat
- Navigation
- On the current use of the land and resources by First Nations for traditional uses and on potential or established Aboriginal rights or title, and
- As well, there would be a cumulative effect on grizzly bear in combination with foreseeable projects, including logging and ranching.

The new MDP, which addresses these factors, results in the preservation of the 111 ha Fish Lake and the lower portions of Upper Fish Creek as well as preservation of reaches of Fish Creek required for spawning and other small tributaries feeding the lake. This redesign will enable future generations' use of these waters for navigation, fishing and recreational activities and will also mitigate impacts on current use of the land by aboriginal people.

Additionally, the provincial policy of revenue sharing which results in significant economic benefit to participating aboriginal communities represents meaningful compensation and opportunity in consideration of project impact. Also, Taseko remains committed to working with aboriginal people, to ensure local benefit from the project through employment, contracting and education/training opportunities.

The mine development is not located in high value grizzly bear habitat. Regardless, the revised mine site layout reduces the impact to grizzly bears as hectares of bear habitat disturbance are reduced and less fragmented.

The previous review panel report contains 24 recommendations. New Prosperity has taken these recommendations into consideration.

Project Components

Many elements and features of the New Prosperity Project design are identical to the original plan approved by the Provincial Government. There have been no changes to the proposed open pit or milling operations and facilities; and there have been no changes proposed for the access road, power line or rail load-out facilities that are also components of the project.

Taseko has relied on the previous methodology, regulatory and public participation, and consistent provincial and federal conclusions with respect to those aspects of the Project that have not changed and would suggest that previous conclusions with respect to those aspects remain valid and correct.

There will be changes to ore, waste rock and tailings storage locations. These changes, the most significant of which is the relocation of the tailings pond 2.5 km upstream of Fish Lake, will ensure the preservation of the lake, as well as the fish and fish habitat associated with the lake.

In comparison to the previous project proposal, the development design for New Prosperity results in a direct increase in capital and operating costs of \$300 million over the 20-year mine life.

The Need, Purpose, and Value of New Prosperity

The purpose of the Project is to help fill the predicted global shortage of copper concentrate and help fill a current gap that exists between the production of, and demand for, gold. The mine development is to utilize this proven mineral reserve to create value and opportunity for the people of British Columbia and Canada, and for the shareholders of Taseko.

The Project is expected to generate \$11 billion in Real Gross Domestic Product and 57,000 person years of employment over its anticipated 20 years of operation. The economic and social benefits for British Columbia and Canada will be significant, and especially for the Cariboo-Chilcotin region considering the current and future impact of the pine beetle infestation in this area of the province.

Public and Aboriginal Consultations

Input from public stakeholders and Aboriginals was provided through various consultation exercises including public meetings and a purpose-built interactive website.

Concern for the current and future economic condition of the region was top of mind with the majority of public comments received. New Prosperity is seen as having the ability to deliver considerable and much

needed economic benefit including job creation at a time when the region is suffering and facing an uncertain economic future. The following environmental concerns were also expressed: protection of water quality, wildlife, fish and fish habitat.

Consultation events and activities with aboriginal groups and individuals have been conducted since 1993. The purposes of this consultation has been to seek to develop a working relationship with the Aboriginal people; to identify potential opportunities for mutual benefit; to identify Aboriginal concerns and consider options to mitigate or accommodate those concerns; and, to perform certain procedural aspects of the Crown's duty to consult.

The key issues raised during Aboriginal consultations include the protection of wildlife habitat, fish and fish habitat, water quality, archaeology, gathering and harvesting locations, site closure and reclamation, as well as economic, community and social benefit.

The EIS illustrates how stakeholder and aboriginal considerations were incorporated into the MDP project design.

Mitigation and Significance of Effects

The following mitigation measures have been proposed to reduce the impact of any potential adverse environmental effects related to this project:

- Fish habitat compensation plans to mitigate the potential harmful alteration, disruption, and destruction of fish habitat
- Extensive use of water re-cycling and water management strategies to protect the aquatic ecology in Fish Lake and the Fish Creek watershed
- Seepage and runoff collection systems to monitor the quality and quantity of mine effluent and to assist in managing the nature and timing of its discharge into waters frequented by fish
- Adaptive management techniques to monitor and mitigate environmental impacts as required
- Subaqueous disposal of potentially acid generating (PAG) waste rock to prevent and mitigate potential impacts to water quality as a result of acid rock drainage (ARD)
- Air quality and noise control measures to reduce offsite impacts to local wildlife and workers
- Use of existing forestry roads and clear-cuts to reduce disturbance related to mine access and power line construction
- Implementation of environmental management plans will provide guidance on all environmental aspects during the construction, operations and decommissioning phases to minimize and, where possible, eliminate environmental impacts associated with the project.

Taking into account the implementation of proposed mitigation, including commitments made by Taseko in this EIS, and relying on the information supplied by relevant experts in each of the scientific and social disciplines who have contributed to this report, Taseko concludes that the Project is not likely to cause any significant adverse environmental effects.