





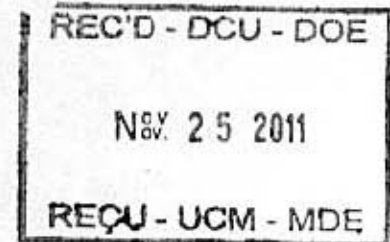
*Building wealth through developing and operating major copper & gold mines*

November 23, 2011

Minister Peter Kent  
Minister of the Environment  
Environment Canada  
10 Wellington, 23<sup>rd</sup> Floor  
Gatineau, QC  
K1A 0H3

Fax: 819-953-0279

Dear Minister Kent,



I am writing further to the announcement of November 7, 2011, regarding the establishment of a review panel for the federal environmental assessment of the proposed New Prosperity Project.

As you may be aware, Taseko Mines has spent in excess of \$120 million in its efforts to develop this project. It is one which would bring enormous socioeconomic benefits to the region of British Columbia that has been devastated by Pine beetle deforestation. When the federal government refused to grant an environmental assessment approval in 2010, it made clear that Taseko could reconfigure the project and submit it for further assessment. We have done so in good faith, at considerable further expense, and we are committed to moving this revised project forward for assessment as expeditiously as possible. Although we had hoped that another panel process would not be necessary given the extent to which matters have been previously assessed and the changes we have made to directly address the concerns of the original panel, we accept your decision in this regard. We will work through the panel process and are pleased to see that you intend to impose a one-year timeframe within which the assessment must be completed.

As we embark upon the panel process, we do however wish to take this opportunity to draw to your attention to some very serious concerns that we had with respect to the last panel process. Some of these concerns have been raised previously, and some have not. They relate to the fairness and objectivity of the panel process, and it is our hope that by raising these now, you and your officials will have an opportunity to consider whether you share the concerns, and if so, that you can take steps to avoid them as you establish terms of reference for the panel and as you select the panel members. I would be more than happy to speak in more detail with any of your officials to provide additional details regarding these concerns if you wish.

Our first and most significant concern relates to the composition of the panel. In the first panel process, the federal government appointed a person who was contemporaneously acting as the Coordinator for the Tahltan Central Council organization (which referred to themselves by the acronym "THREAT") and, in that capacity, advocated the position that projects on land asserted to be Tahltan traditional territory ought not proceed without their approval or consent. This occurred even though it was known full well that the panel would be required to consider extensive issues and concerns raised by aboriginal persons. In our view, this was a fundamentally unfair thing to do, as panel members should be independent and not be viewed as representative of any perspectives of any particular interest that will be appearing before the panel. Although the panel does not make the final decision whether a project can proceed or not, it clearly has an important impact on the ultimate federal decision and the interests of the proponent. As such, we believe that all panel



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members should be, and be seen to be, as unbiased in respect of all matters before the panel. They must also be independent from any of the parties appearing before the panel. As such, we ask that if any aboriginal groups seek your commitment that at least one panel member be an original person and / or that aboriginal groups have a role in the panel selection process, that you decline any such requests. Rather, we ask that you select panel members on the same basis as you would for any other project whether they be aboriginal persons or not.

Our concern in this regard was very serious, and as you may know, we made an application to the original panel asking that the member in question recuse herself on the basis of her prior comments evidencing a reasonable apprehension of bias. The panel did not accept our submission and continued as constituted. At the time, we opted not to pursue the matter further through Federal Court, given the further delay that would have caused. In any case, going forward, we would very much prefer to avoid such a situation developing this time around, so that we are not forced to make such applications or to consider potential applications to court. Having to do so would have a negative effect on relationships, delay the proceedings and incur additional expenses for all involved.

We also have general concerns about how the previous panel conducted its hearings in respect of matters related to aboriginal interests. More specifically, we are concerned that some of the steps that the panel took or allowed others to take had the effect of giving priority status to the interests and perspectives aboriginal people who were appearing before the panel. In our view, these actions go well beyond conducting a culturally inclusive process, and stray into areas where a reasonable perception of bias begins to exist.

For example, we believe that it was not appropriate for the panel to begin its hearings with an aboriginal prayer ceremony. While we fully support respect for and recognition of aboriginal customs including prayer ceremonies in appropriate circumstances, we do not believe that an independent panel process is one where that is appropriate. Similar opportunities were not afforded to other persons or groups of persons, nor did the panel explain why it felt it was appropriate in the circumstances to give that opportunity to one of the groups that was an active participant appearing before the panel and presenting evidence and submissions. While we appreciate this is a delicate issue for a panel, particularly one that wishes to be culturally sensitive, fair process sometimes requires difficult decisions to be made. And this is not a matter that is of concern simply to our company. As you may be aware, the Commissioner Wally Oppal Q.C. of the Missing Women's Inquiry in British Columbia recently came under significant public criticism for engaging in similar practices at the commencement of his commission of inquiry hearings (see attached).

There were also circumstances during the course of the hearing itself that we felt would cause the average person to question the objectivity of the panel and its willingness to keep the process on track and within scope. As you know, the purpose of the panel hearings is to obtain information and submissions, and to ensure the relevant issues are duly assessed from a scientific and objective perspective. Yet there were a number of circumstances in which the panel permitted presentations to be made that that are difficult to square with even the most generous interpretation of a science-based assessment. One such example included the panel allowing a group of kindergarten children to present a play, in which the children wore fish cut-outs on their heads, moved around the floor, and then all fall over simultaneously, symbolizing the death of the fish. As another example, counsel for the Tsilhqot'in National Government was permitted to



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play a 40-minute sensational movie entitled, "Blue Gold: The Tsihloq'in Fight for Tetzan Biny (Fish Lake)". That movie placed before the panel many statements of purported facts that were not subject to questioning by the panel or any parties, thus avoiding procedural safeguards necessary to ensure a fair and balanced hearing process. We do not see how such actions add in any way to the scientific assessment of the proposed project, or how they serve to keep the panel process seen as being objective and fact based.

Finally, we also wish to raise a concern about the manner in which issues of spirituality were addressed in the panel's report. As we understand the law, spirituality in and of itself does not represent an aboriginal right, nor is it a matter that would fall within the scope of assessment under the Canadian Environmental Assessment Act. To the contrary, it is aboriginal rights and title that must be considered. And an aboriginal right has been defined by the Supreme Court of Canada to be a custom, practice or tradition integral to a distinctive aboriginal culture at the time of contact with European settlers. While a panel has every right to consider asserted aboriginal rights, even where such practices are undertaken for spiritual purposes, in our view a panel does not have any right to attribute significance to the spirituality of a place *per se*. It is our hope that this is something that will be given serious consideration by you and your legal counsel as the terms of reference for the panel are being set.

In raising the above concerns, I want to be clear that I am doing so in a positive spirit, with a view to ensuring the next panel process is effective, efficient and fair to all participants including aboriginal persons and groups. But as you no doubt are aware, this project has become a highly politicized one, and we are firmly of the view that it is incumbent upon the next panel to ensure it treats all parties fairly and impartially, that it gives all parties appearing before the panel similar status, and that it takes the steps necessary to ensure that any submissions or activities which are outside of the scope of a panel process are not permitted.

Thank you in advance for your consideration.

Sincerely yours,

**TASEKO MINES LIMITED**

A handwritten signature in black ink, appearing to read "Russell E. Hallbauer".

Russell E. Hallbauer  
President & CEO