



Government of Canada Response to the Report of the Federal Review Panel for the Taseko Mines Limited's Prosperity Gold-Copper Mine Project in British Columbia

The Project

Taseko Mines Limited (Taseko) proposes to develop a high-tonnage open pit gold-copper mine (the Project) to be located 125 km southwest of Williams Lake, British Columbia (B.C.). The mineral deposit is described as being located 1 km north of Teztan Biny (Fish Lake) and 10 km northeast of lower Dasiqox Biny (Taseko Lake) and in the Teztan Yeqox (Fish Creek) watershed. The mine site would be located on a 35 km² parcel of land. The Project would be carried out in three phases, a construction phase (2 years), an operational phase (20 years) and closure phase (up to 24 years).

As proposed, the Project would involve an open-pit mine that would produce gold and copper over a 20-year operating life with a production capacity of approximately 70,000 tonnes per day. The Project would include five main elements: mine site, access road, transmission line, rail load-out facility and fish and fish habitat compensation works. The mine site would include an open pit, a camp, an onsite mill, support infrastructure, waste rock stockpiles, a tailings storage facility, and typical large-scale open pit mining equipment, including a primary crusher and overland conveyor. Access to the mine site would be via a 2.8 km access road which would be extended from an existing road.

Electricity would be provided via a 125 km long, 230 KV power transmission line, connected to a new switching station at the existing B.C. Hydro north-south transmission corridor in the vicinity of Dog Creek, east of the Fraser River. The ore would be processed in the mill and the resulting concentrate would be trucked to the existing rail loading facility at Macalister. Taseko proposes to place waste rock, overburden, low grade ore and tailings in natural water bodies, after draining them, which would result in the destruction of Teztan Biny (Fish Lake), Y'anah Biny (Little Fish Lake) and Teztan Yeqox (upper Fish Creek).

The 24-year closure phase would include the time period from the end of tailings production through to the time period when the open pit would fill with water and start discharging that water to the receiving environment.

The Environmental Assessment Process

The environmental assessment (EA) under the *Canadian Environmental Assessment Act (CEA Act)* commenced on July 10, 1997 as a comprehensive study. On February 19, 2007, Fisheries and Oceans Canada (DFO), with the support of Transport Canada (TC) and Natural Resources Canada (NRCan), as the Responsible Authorities (RAs), referred the Project to the Minister of the

Environment for referral to a review panel. On January 19, 2009, the Minister of the Environment referred the project to a Federal Review Panel (the Panel).

The Project requires:

1. DFO authorization under section 32 of the *Fisheries Act* to permit the destruction of fish by means other than fishing; an authorization under subsection 35(2) of the *Fisheries Act* to harmfully alter, disrupt or destroy fish habitat; and a recommendation to the Governor in Council (GiC) for the making of regulations to list portions of the Teztan Yeqox (Fish Creek) watershed as a tailings impoundment area on Schedule 2 of the *Metal Mining Effluent Regulations* (MMER) under paragraphs 36(5) (a) to (e) of the *Fisheries Act*.
2. NRCan licence under paragraph 7(1)(a) of the Explosives Act for the construction and operation of an explosives factory and magazine; and
3. TC approvals under the *Navigable Waters Protection Act* (NWPA), specifically; subsection 5(2) for the placement of the dam in Fish Creek, subsection 5(3) for the placement of the transmission lines over Big Creek and the Fraser River.

In addition, under a process independent of this EA, a GiC authorization to allow an exemption under section 23 of the *NWPA*, which authorizes the dumping of fill in navigable waters less than 20 fathoms is required. This will extinguish navigation on Teztan Biny (Fish Lake) and Y'anah Biny (Little Fish Lake).

A number of these regulatory requirements made it necessary to conduct an EA for the Project under the *CEA Act* prior to issuing any federal approvals.

Various opportunities for participation by interested parties were provided for during the Panel process. Public comment periods were held on the draft agreement concerning the establishment of the Panel, the guidelines for the preparation of the Environmental Impact Statement (EIS) and the EIS itself.

The Panel held public hearings from March 22 to May 3, 2010 in the communities most affected by the Project. The Panel held three types of hearing sessions: general, community, and topic-specific. The general hearing sessions were held in Williams Lake, 100 Mile House and Alexis Creek. The Panel held community hearing sessions in the First Nation communities of the Tsilhqot'in First Nation (TFN), including the Xeni Gwet'in (Nemiah Band), the Yunesit'in (Stone Band), the Tl'esqox (Toosey Band), the Tl'etingox (Anaham Band) and the Tsi Del Del (Redstone Band) as well as the First Nations communities of the Stswecem'c/Xgat'tem (Canoe Creek Band) and the Esketemc (Alkali Lake Band). Topic-specific sessions on alternative means of carrying out the Project, water quality and quantity, fish and fish habitat, terrestrial environment and socio-economics were also held in Williams Lake. Closing remarks were received in Williams Lake on May 1, 2010 and May 3, 2010. The Panel was in session for 31 hearing days, over 42 calendar days. The public hearing sessions were very well attended, with approximately 320 presentations being made to the Panel and a total of approximately 2,700 people attending the various hearing sessions.

The Panel considered the following issues at the hearings: purpose, need, and alternatives to the Project, including alternative means of carrying out the project; potential environmental effects, including effects on human health, water management and quality, fish and fish habitat, and terrestrial resources; potential accidents and malfunctions; cumulative environmental effects; socio-economic issues; Aboriginal issues, including traditional land use and

Traditional Ecological Knowledge; tailings management; air emissions; stakeholder and public consultation; and environmental sustainability.

The hearings gave interested parties the opportunity to better understand the Project and its consequences, and to provide their views and concerns to the Panel. Taseko presented information on the Project and provided clarifications as required. Federal Government agencies also presented their views on the Project and its potential effects and mitigation measures.

The Federal Review Panel Report

The Panel delivered its Report to the Minister of the Environment on July 2, 2010. The Report addresses the factors identified in the Panel's terms of reference and sets out the rationale, conclusions and recommendations of the Panel relating to the EA of the Project, including any mitigation measures and follow-up program.

The Panel concluded that the Project would result in significant adverse environmental effects on fish and fish habitat, on navigation, on the current use of lands and resources for traditional purposes by First Nations and on cultural heritage. The Panel also concluded that the Project, in combination with past, present and reasonably foreseeable future projects would result in a significant adverse cumulative effect on grizzly bears in the South Chilcotin region and on fish and fish habitat.

The Panel stated in its report that the potential employment and economic benefits of the Project were considered by many to be beneficial and that Taseko had indicated that the Project was expected to generate, on average, approximately 375 direct jobs per year during the construction and operations phases. Additionally, approximately 600 indirect and induced jobs per year on average would be created within British Columbia during the 20-year operating life of the mine. Spending in the regional and provincial economy would be approximately \$200 million with government revenue estimated to be \$30 million annually over the life of the Project.

The Panel made twenty-four recommendations relating to the management of environmental effects, should the project proceed. However the panel outlined that the project would result in significant adverse environmental effects on the current use of lands and resources for traditional purposes by First Nations and on cultural heritage and on certain potential or established Aboriginal rights and title..

Government of Canada Conclusions

The response to the Panel's Report and recommendations to the Government of Canada are addressed through this federal response pursuant to subsection 37 (1.1) of the *CEA Act*, as approved by the GiC and in consultation with other federal agencies.

The Government of Canada accepts the conclusions of the Panel as presented in the Report. The Government commends the Panel for undertaking a thorough and comprehensive assessment of the environmental effects of the Project.

Taking into consideration the Report of the Panel and the implementation of any mitigation measures that the RAs consider appropriate, and in weighing the socio-economic benefits and potential significant adverse environmental effects the Government of Canada has determined that the significant adverse environmental effects cannot be justified in the circumstances.

The Government of Canada wishes to see resource projects developed, however, it must balance the economic benefits of projects with responsible resource development. The Government is not opposed to the mining of the Prosperity ore body, however, it cannot justify providing the authorizations that would enable the Project to be carried out as proposed. The Government notes that this decision does not preclude the proponent from submitting a project proposal that includes addressing the factors considered by the panel.

Course of Action Decision

Paragraph 37(1.1)(c) of the *CEA Act*, indicates that the Responsible Authorities (RAs), DFO, NRCan and TC, shall take a course of action that is in conformity with the approval of the GiC. As a result, under subsection 37(1) of the *CEA Act*, the RAs, shall not exercise any power or perform any duty or function conferred on them by or under any Act of Parliament that would permit the Project to be carried out in whole or in part.

The RAs will not issue any subsection 35(2) *Fisheries Act* authorizations, any paragraph 7(1)(a) *Explosives Act* licence or any paragraph 5(2) and 5(3) *Navigable Water Protection Act* approvals associated with this Project. DFO will not make a recommendation to amend the *Metal Mining Effluent Regulations* (MMER) to allow tailings storage in Teztan Biny (Fish Lake), Y'anah Biny (Little Fish Lake) and portions of Teztan Yeqox (Fish Creek).

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