



Taseko Mines Limited
Prospectus
18 November 2019

This document comprises a prospectus relating to Taseko Mines Limited prepared in accordance with the Prospectus Rules. This document has been approved by the Financial Conduct Authority in accordance with Part VI of the Financial Services and Markets Act 2000 and has been filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. This Prospectus has been approved by the Financial Conduct Authority, as competent authority under Regulation (EU) 2017/1129. The Financial Conduct Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Applications have been made to the UK Listing Authority and the London Stock Exchange for all of the Common Shares to be admitted to the standard segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities, respectively. Admission to trading on the Main Market constitutes admission to trading on a UK regulated market. It is expected that Admission will become effective and that unconditional dealings in the Common Shares will commence on 22 November 2019.

The Company has established arrangements to enable investors to settle interests in the Common Shares through the CREST system. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, depositary interests allow such securities to be dematerialised and settled electronically through CREST. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which will be settled through CREST and not the Common Shares.

The Common Shares are currently listed on the Toronto Stock Exchange and NYSE American stock exchange, where they will continue to be listed. The Company is seeking an additional listing for the Common Shares on the standard segment of the Official List and to trading on the London Stock Exchange.

The Company and each of the Directors, whose names appear on page 53 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read this document in its entirety. In particular, your attention is drawn to Part 2 (*Risk Factors*) of this document for a discussion of the risks that might affect the value of your shareholding in the Company. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in this document occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Common Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.



TASEKO MINES LIMITED

(Incorporated and registered in British Columbia with Business Number BC0069082)

Admission to the Official List (by way of a Standard Listing under Chapter 14 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities of 246,194,219 Common Shares



Velocity Trade Capital Limited Financial Adviser

This document does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Common Shares in any jurisdiction, including, without limitation, the US or Japan, or any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company.

Velocity Trade Capital Limited ("VT Capital") is acting exclusively for the Company as financial adviser (and not as sponsor) and for no other person in connection with Admission and will not regard any other person (whether or not a recipient of this document) as its client in relation to Admission and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to Admission. VT Capital has not been engaged by the Company as sponsor in connection with Admission and will not be responsible to anyone (including the Company) for providing the protections afforded to its clients for providing advice as sponsor in relation to Admission or any other transaction or arrangement referred to in this document.

VT Capital and/or any of its respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for the Company, for which it would have received customary fees. VT Capital and/or any of its respective affiliates may provide such services to the Company and any of its respective affiliates in the future.

The application for Admission has been made in compliance with Listing Rule 3.

Information to distributors

The distribution of this document and the offer, sale and/or issue of Common Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors or VT Capital to permit a public offer or sale of Common Shares or possession or distribution of this document (or any other offering or publicity material or application form relating to the Common Shares) in any jurisdiction. Persons into whose possession this document comes are required by the Company, the Directors and VT Capital to inform themselves about and to observe any such restrictions. This document does not constitute or form part of an offer to sell, or the solicitation of an offer to buy, Common Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful.

Application has been made for the Common Shares to be admitted to the standard segment of the Official List. A Standard Listing affords investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that the UK Listing Authority will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules or those aspects of the Disclosure Guidance and Transparency Rules which the Company has indicated herein that it intends to comply with on a voluntary basis, nor to impose sanctions in respect of any failure by the Company to so comply.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA or Rule 3.4 of the Prospectus Rules, the publication of this document does not create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Company's website

Information contained on the Company's website or the contents of any website accessible from hyperlinks on the Company's website are not incorporated into and do not form any part of this document.

Interpretation

Certain terms used in this Prospectus are defined in Part 17 (*Definitions*) of this document.

References to the singular in this document shall include the plural and vice versa, where the context so requires. References to sections or Parts are to sections or Parts of this document. All references to time in this document are to London time unless otherwise stated.

Exchange rates

Throughout this document, unless indicated otherwise, the following exchange rates have been used:

US\$1.00 : \$1.30
1.00 : GBP0.61
US\$1.00 : GBP0.80

Dated 18 November 2019

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PART 1 – SUMMARY

1. Introduction and Warnings

1.1 Introduction warning

This summary must be read as an introduction to the Prospectus. Any decision to invest in Common Shares should be based on consideration of the Prospectus as a whole by the investor. An investor could lose all or part of their invested capital and where such investment is not limited to the amount of capital invested, the investor may lose more than the capital invested. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national law of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

1.2 The name and ISIN of the securities

The securities being admitted to trading are the Common Shares of the Company of no par value. The ISIN of the Common Shares is CA8765111064.

1.3 The identity and contact details of the issuer and Legal Entity Identifier (LEI)

The Issuer is Taseko Mines Limited. The contact details for Taseko are as follows:

Address: *Suite 1500, 1040 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4H1.*

Telephone: *+1 (778) 373-4533*

Email: *Investor@tasekomines.com*

The LEI number for Taseko is 549300XKUO1JSLU7KX54.

1.4 The identity and contact details of the competent authority approving the prospectus and, where different, the competent authority that approved the registration document or the universal registration document

UK Listing Authority
Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

1.5 Date of approval of the prospectus

18 November 2019

2. Key Information on the Company

2.1 Who is the issuer of the securities?

The legal and commercial name of the issuer is Taseko Mines Limited, which was incorporated on 15 April 1966, pursuant to the Company Act (British Columbia). This corporate legislation was superseded in 2004 by the British Columbia Business Corporations Act, which is now the corporate law statute that governs the Company. Its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, and its head office is located at Suite 1500, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1. The LEI number for Taseko is 549300XKUO1JSLU7KX54.

Taseko is engaged in the development and operation of mineral properties and is currently focused on the operation of and owns a 75% controlling interest in the Gibraltar Mine, and on the development of its wholly-owned Florence Copper Project.

As at the Last Practicable Date, the Company is not aware of any Shareholders that, directly or indirectly, hold interests in five per cent. or more of the Company's capital or voting rights.

The Directors are as follows:

<u>Name</u>	<u>Position</u>
Russell Hallbauer	CEO and Director
Ronald Thiessen	Chairman and Director
Alexander Morrison	Director
Anu Dhir	Director
Kenneth Pickering	Director
Richard Mundie	Director
Robert Dickinson	Director

The auditors of the Company are KPMG LLP.

2.2 What is the key financial information regarding the Company?

The table below sets out a selection of historical financial information of the Group as derived from the audited annual consolidated financial statements of the Group for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016 and the unaudited condensed consolidated financial statements of the Group for the financial periods ended 30 September 2019 and 30 September 2018.

	<u>Nine months ended 30 September 2019*</u>	<u>2018</u>	<u>Years ended 31 December</u>		
			<u>2018</u>	<u>2017</u>	<u>2016</u>
	(\$ in thousands)				
Statements of Operations Data:					
Revenues	239,231	232,749	343,870	378,299	263,865
Cost of sales	(270,915)	(202,105)	(302,648)	(248,305)	(262,089)
Earnings (loss) from mining operations	(31,684)	30,644	41,222	129,994	1,776
General and administrative and other expenses	(16,067)	(9,203)	(12,987)	(37,911)	(27,437)
Finance expenses and foreign exchange	(20,494)	(37,692)	(63,561)	(28,643)	(20,448)
Income tax recovery (expense)	24,794	197	(448)	(29,178)	14,713
Net income (loss)	(43,451)	(16,054)	(35,774)	34,262	(31,396)
Other comprehensive income (loss) ..	(3,711)	2,619	13,675	(11,968)	(3,225)
Total comprehensive income (loss)	(47,162)	(13,435)	(22,099)	22,294	(34,621)

* Please note that the interim financial information is unaudited.

	<u>As of 30 September 2019</u>	<u>Years ended 31 December</u>		
		<u>2018</u>	<u>2017</u>	<u>2016</u>
	(\$ in thousands)			
Balance Sheet Data:				
Total current assets	95,419	104,431	145,736	165,327
Total non-current assets	865,271	868,292	842,974	784,112
Total assets	960,690	972,723	988,710	949,439
Total current liabilities	73,847	57,434	61,409	54,798
Total non-current liabilities	572,259	568,212	560,221	555,702
Total liabilities	646,106	625,646	621,630	610,500
Total equity	314,584	347,077	367,080	338,939
Total liabilities and equity	960,690	972,723	988,710	949,439

	Nine months ended 30 September		Years ended 31 December		
	2019*	2018	2018	2017	2016
	(\$ in thousands)				
Cash Flow Data:					
Cash provided by operating activities	33,414	49,958	94,078	211,079	33,853
Cash used for investing activities	(39,230)	(69,254)	(94,394)	(101,812)	(19,091)
Cash provided by (used for) financing activities	2,697	(15,163)	(33,595)	(112,933)	6,260
Effect of exchange rate changes on cash and equivalents	(669)	(480)	(655)	(5,133)	(513)
Increase (decrease) in cash and equivalents	(3,788)	(34,939)	(34,566)	(8,799)	20,509
Cash and equivalents, beginning of period	45,665	80,231	80,231	89,030	68,521
Cash and equivalents, end of period . . .	41,877	45,292	45,665	80,231	89,030

* Please note that the interim financial information is unaudited.

This document does not contain pro-forma financial information.

The auditor's reports on the consolidated financial statements of the Group as at and for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 do not contain any qualifications.

2.3 What are the key risks that are specific to the Company?

- The Company is currently entirely dependent upon the Gibraltar Mine, which is the Company's sole source of revenue and profits. Any prolonged and/or material interruption to, or cessation of, production or sales from the Gibraltar Mine may have a material adverse effect on the Company's cash flow.
- The Company will need to raise additional capital in order to commence development of the Florence Copper Project. As such the Company will require additional finance for the Project Costs in order to have sufficient working capital to commence development of the Florence Copper Project during the Working Capital Period. If the Company is unable to raise the finance for the Project Costs the development of the Florence Copper Project will have to be delayed.
- The Company's financial performance is highly dependent upon the price of copper which has historically been subject to wide and, at times, rapid fluctuations and is affected by numerous economic and market factors beyond the Company's control, and may decline in the future. A significant and prolonged reduction in the price of copper, may result in the Company determining that it is not economically viable to continue commercial production at the Gibraltar Mine and/or further finance and develop the Florence Copper Project. Volatility in the price of copper may have significant impact on the market price of the Common Shares.
- The 2017 Notes contain customary high yield covenants, incurrence tests including fixed charge cover ratios and restrictions that limit the Company's ability to engage in activities that may be in the Company's long-term best interest. A breach of any of these covenants, incurrence tests (including fixed charge cover ratio calculations) or restrictions, including as a result of events beyond the Company's control, could result in an event of default that could also lead to an acceleration of debt under the 2017 Notes and under other debt instruments that contain cross acceleration or cross default provisions. In such circumstances it is possible that the Company's assets would not be sufficient to repay such debt in full.
- In order to commence construction of the commercial ISCR facility at the Florence Copper Project, some of the Company's existing permits will require updating, principally the TAPP/APP issued by the ADEQ and the UIC permit issued by the EPA. While the Company is confident that it will receive these updated permits, there can be no assurance that such updates will be obtainable at all, on reasonable terms, or the conditions to which they may be subject.
- The planned development of the Florence Copper Project has been subject to a number of unsuccessful challenges, and is currently subject to two active claims, the defence of which can be a complex, time-consuming and costly process. There can be no assurance that such challenges will successfully be defeated, with success being contingent upon many variables

outside of the Company's control. For both claims the Company has been advised that the appellate courts are unlikely to overturn the existing judgements. However there can be no assurance that the Company's planned development of the Florence Copper Project will not be adversely affected by these claims, including further challenges to the Florence Copper Project. If such appeals are successful the Company's planned development of the Florence Copper Project could be delayed or restricted, or may not occur, which would have a material adverse effect on the Company's business, financial condition and prospects.

- The Florence Copper Project will deploy an in situ wellfield recovery method that, while in use in other resource extraction sectors (most notably in uranium), will be the first of its kind to extract copper at commercial levels relying solely on this method which presents additional development ramp-up risks and complexity compared to a traditional underground or open pit operation. Development of the Florence Copper Project could also be delayed, experience interruptions, incur increased operating and capital costs or be unable to complete due to a number of factors outside of the Company's control.
- The operation of the Gibraltar Mine involves various types of risks and hazards common in the mining industry. These risks could result in injury or death, environmental damage, damage to, or destruction of, mineral properties, production facilities or other properties, delays in mining, increased production costs, monetary losses, and possible legal liability, and the mine could experience interruptions, incur increased costs or cease operations due to a number of factors outside of the Company's control.

3. Key Information on the Common Shares

3.1 What are the main features of the Common Shares?

- The securities being admitted to trading are the Common Shares of the Company. The ISIN of the Common Shares is CA8765 111064.
- Following Admission, the price of the Common Shares will be quoted on the London Stock Exchange in GBP.
- On Admission, the Company will have an issued share capital of 246,194,219 fully paid Common Shares.
- The Common Shares rank equally for voting purposes. On a show of hands, each Shareholder present has one vote and on a poll, each Shareholder has one vote per Common Share held.
- The Common Shares rank equally for dividends declared and for any distributions on a winding-up.
- The Common Shares rank equally in the right to receive a relative proportion of the Company's assets upon dissolution.
- The Common Shares are freely transferable and there are no restrictions on transfer.
- There are no restrictions that prevent the Company from paying dividends or distributions. However, the Company has not paid any dividends or distributions on its Common Shares since incorporation. At present, all available funds are invested to finance the growth of the Company and the production of its mineral properties. Any decision to pay dividends on its Common Shares in the future will be made by the Board, in its sole discretion.
- On Admission, Shareholders will be able to hold and transfer interests in the Common Shares within CREST pursuant to the Depositary Agreement established by the Company. The Common Shares will not themselves be admitted to CREST; rather, the Depositary will issue the Depositary Interests in respect of underlying Common Shares.
- The Depositary Interests are independent securities constituted under English law, which are held and transferred directly through the CREST system. Depositary Interests have the same ISIN as the underlying Common Shares and do not require a separate admission to trading on the London Stock Exchange. The Depositary Interests were created and issued pursuant to a Deed Poll issued and executed by the Depositary.

3.2 Where will the Common Shares traded?

In addition to the Common Shares being traded on the TSX and the NYSE American, application has been made to the UKLA and the LSE for all of the Common Shares to be admitted to the standard segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities.

3.3 Is there a guarantee attached to the Common Shares?

No

3.4 What are the key risks that are specific to the Common Shares?

- The market price of the Common Shares could be negatively affected by sales or an additional offering of Common Shares in the public market, or the perception or any announcement that such sales or an additional offering could occur.
- The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. Financial markets experience significant price and volume fluctuations that affect the market price of equity securities of companies and that may be entirely unrelated to the operating performance, underlying asset values or prospects of such companies.
- Any decision to pay dividends on the Common Shares will be made by the Board on the basis of the Company's earnings, financial requirements and other conditions existing at such future time and will be subject to the ability of the Company's subsidiaries to pay dividends/make distributions to the Company. At present, all available funds are expected to be invested to finance the growth of the Company and the development of its mineral properties. Accordingly, the Company cannot guarantee its ability to pay dividends in the future.
- The Common Shares will be admitted to the Standard List and so Shareholders will not be afforded the protections applicable to a Premium Listing, in particular the provisions of Chapter 6 to 13 of the Listing Rules.
- The Common Shares will be listed on the TSX, the NYSE American and the Main Market of the London Stock Exchange. The TSX, the NYSE American, the LSE, the Canadian Securities regulators, the SEC and the FCA each have the right to suspend trading in the Common Shares in certain circumstances. If trading is suspended, Shareholders may not be able to dispose of their Common Shares on the LSE, the NYSE American or TSX as the case may be.

4. Key Information on the Offer of Securities and Admission to Trading on a Regulated Market

4.1 Under which conditions and timetable can I invest in this security?

It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 22 November 2019.

4.2 If different from the issuer, under a sub-section entitled 'Who is the offeror and/or the person asking for admission to trading?'

N/A

4.3 Why is this prospectus being produced?

Following consultation with its advisers, the Directors are seeking Admission as they believe that the dual listing will enable the Company to reach institutional investors in the UK, Europe, Africa and the Middle East, to increase share trading liquidity and to further raise the profile of the Company, including the Gibraltar Mine and the Florence Copper Project.

PART 2 – RISK FACTORS

The Company's business, financial condition or results of operations could be materially and adversely affected by the risks described below. In such cases, the market price of the Common Shares may decline due to any of these risks and investors may lose all or part of their investment. The Company considers the following risks to be the material risks for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company.

Any investment in the Common Shares may not be suitable for all recipients of this document and is subject to a high degree of risk. Prior to investing in the Common Shares, prospective investors should carefully consider the risks and uncertainties associated with any investment in the Common Shares, the Company's business and the industry in which it operates, together with all other information contained in this document, including, in particular, the risk factors described below. Any of the risks described below, as well as other risks and uncertainties discussed in this document, could have a material adverse effect on the Company's business and could therefore have a negative effect on the trading price of the Common Shares. Prospective investors should note that the risks relating to the Company, its industry and the Common Shares summarised in Part 1 (*Summary*) of this document are the risks that the Company believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Common Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in Part 1 (*Summary*) of this document, but also, among other things, the risks and uncertainties described below.

The following factors are not exhaustive, or an explanation of all of the risk factors involved in investing in the Common Shares, and should be used as guidance only. The factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. Additional risks and uncertainties that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have an adverse effect on the Company's business, results of operations, financial condition and prospects. In particular, the Company's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements. If such changes were to occur the price of the Common Shares may decline and investors could lose all or part of their investment. Prospective investors should also consider carefully whether an investment in the Common Shares is suitable for them in light of the information in this document and their personal circumstances.

The information contained in this document is based upon current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of an investment in the Common Shares.

RISKS RELATING TO THE COMPANY'S FINANCIAL CONDITION

The Company is reliant on the Gibraltar Mine

The Company is currently entirely dependent upon the Gibraltar Mine, which is the Company's sole source of revenue and profits. Any adverse development affecting the Gibraltar Mine, which would lead to a prolonged and/or material interruption to, or cessation of, production or sales in the future, may have a material adverse effect on the Company's cash flow and consequently business, results of operations and financial condition

Currently the Company has insufficient working capital to meet its requirements for the 12 months from the date of this Prospectus

The Company is of the opinion that the Company does not have sufficient working capital to meet its present requirements, that is, for at least the 12 months from the date of this document.

Standalone, the Company is operating the Gibraltar mine profitably and has sufficient working capital to meet its liabilities and to carry on business for the foreseeable future. However, to develop the Florence Copper Project, the Company will require additional funding to meet the Project Costs of

US\$241 million (as described below). The development of the Florence Copper Project will only proceed when both: (i) the required permits are in place; and (ii) the Company has fully secured the funding for the Project Costs.

As at 30 September 2019, the Company has cash resources of approximately \$42 million which, together with future cashflows from the Gibraltar Mine, will be used to fund ongoing sustaining capital expenditures at the Gibraltar Mine (including capitalised stripping costs), fund ongoing operation of the production test facility at the Florence Copper Project and related activities, other project activities and for general working capital purposes.

The Company does not currently anticipate that cash flows from the Gibraltar Mine will directly fund the Project Costs, and the Company currently intends to rely entirely on external funding sources to fund these Project Costs. As of the date of this Prospectus, none of these funding sources has yet been committed.

Advancing and Financing the Florence Copper Project

The decision to commence development of the Florence Copper Project is at the Company's sole discretion following receipt of the required permits. Management will not recommend a final construction decision on the Florence Copper Project to the Board until sufficient finance for the Project Costs has been secured.

As set out in the CPR the initial capital cost estimate of the Project is US\$227 million which is planned to be spent over a two-year pre-production period as summarised below:

<u>Item</u>	<u>Capital Cost (millions US\$)</u>
Well Field	\$ 39
Process Plant	\$ 77
Owners Cost/Pre-production	\$ 36
Infrastructure	\$ 52
Subtotal before escalation	\$204
Escalation (Q4 2016 to June 2019 dollars)	\$ 23
Total Pre-Production Capital Costs	<u><u>\$227</u></u>

The balance of US\$14 million of Project Costs is comprised of net reclamation bond funding of US\$9 million and general working capital of US\$5 million for the pre-production period.

Sustaining capital expenditures during the production period of the Florence Copper Project are estimated to be US\$788 million. This capital will be expended over a 19-year period following the commencement of production (which will be outside of the Working Capital Period) and consists of US\$690 million for well field development and US\$98 million for a water treatment plant and construction of process water ponds. These expenditures are expected to be funded from the proceeds of copper cathode production at the Florence Copper Project.

The Directors intend that of the total Project Costs, approximately US\$100 million to US\$125 million will be raised by way of a senior secured project debt facility, with the balance of the required Project Costs being raised through either: (i) the sale of a royalty or metal stream, (ii) the sale of a joint venture interest in the Florence Copper Project, (iii) the issuance of Common Shares, or (iv) a combination of any of the foregoing.

Conditional upon receipt of permits necessary to commence construction and securing sufficient finance to meet the Project Costs, the Company would only then commence construction of the Florence Copper Project. The Company expects to have debt financing commitments in hand ahead of receipt of the final permits, with the balance of the required Project Cost financing secured during the same time period based on the success of these two events. All of which is expected to be concluded by mid-2020.

The Company estimates that up to US\$30 million of the total Project Costs could be expected to be incurred during the Working Capital Period. Construction is expected to take approximately 18 months

with the commercial facility operational before the end of 2021. The balance of the estimated pre-production capital cost for the Florence Copper Project will be incurred outside of the Working Capital Period (US\$197 million) if the Project commences construction by mid-2020, and will be financed in the manner described above.

Whilst no assurance can be given, the Directors are currently of the view that finance for the Project Costs can be achieved on acceptable terms before mid-2020, based on the following factors:

Debt Finance

In Q4 2018, the Company appointed Cutfield to provide financial advisory services with respect to the debt element of the Project Finance, through a senior secured project debt facility. Cutfield is an independent mine finance adviser based out of London and Toronto, and advises on project financing and assists their clients in developing and implementing financing strategies to address complex mining finance needs.

Management, with the assistance of Cutfield, has initiated discussions starting in Q1 2019 with commercial banks and debt funds, that have expressed initial interest in financing the Florence Copper Project with a senior secured credit facility (as permitted under the 2017 Notes).

Based on the initial positive feedback from these debt providers, the Board has confidence in the Company's ability to obtain debt commitments to fund the debt element of the Project Costs, in accordance with the Company's strategy. However, there is no guarantee that this will be the case.

If a significant portion of the debt finance cannot be secured in the form of a secured credit facility or not available on commercially acceptable terms, alternative forms of financing such as mezzanine debt, bonds or equity-linked securities could be considered. However, as at the date of this document, discussions are progressing satisfactorily, and the Directors remain confident that suitable debt financing will be provided in a form acceptable to the Company at the appropriate time, and the Directors are not pursuing, nor have they formed a preference for these alternative forms of debt finance.

Royalty and Streams

Management has initiated discussions with various royalty and stream providers on financing a portion of the Project Costs either through the issuance of a copper cathode metal stream or a royalty on the Florence Copper Project.

Initial feedback from these alternative funding providers has been encouraging, and the Directors are confident that royalty or metal stream financing is a potentially viable source of financing for a portion of the Project Costs for the Florence Copper Project. However, there is no guarantee that this will be the case or that such financing will be available on commercially acceptable terms.

Project Joint Venture Equity Interest

The Company has initiated discussions with potential strategic and joint venture partners that may wish to acquire a direct equity interest in the Florence Copper Project. The Company could then use joint venture investment to fund the portion of the Project Costs that is not met through other funding arrangements. Joint venture partners could include strategic industry companies or private equity investors with a track record of investing directly into mine development projects.

Initial feedback from potential joint venture partners for the Florence Copper Project has been encouraging, and the Directors believe this could be a potentially viable source of financing for a portion of the Project Costs. However, there is no guarantee that this will be the case or on commercially acceptable terms.

Equity

Pending any funding shortfall from the above sources, the Company could look to the issuance of new Common Shares to a mixture of strategic, cornerstone and institutional investors as well as existing Shareholders at some point following Admission.

Admission is a key component of this strategy, aiming to attract significant interest from investors in the UK, Europe and the Middle East, particularly as the Company continues to positively advance the Florence Copper Project through permitting and towards a final construction decision, which may not be available to the Company if it remained solely listed on TSX and NYSE American.

Inability to raise funds

While the Directors are currently of the view that the Company will be able to raise the Project Finance required to advance the Florence Copper Project to development and production, there is no guarantee that this will be the case.

Raising the finance for the Project Costs will be affected by numerous factors outside of the Company's control, such as commodity prices and financial and stock market conditions and there can be no guarantee that the finance for the Project Costs will be raised.

If the Company is unable to secure the finance for the Project Costs, development of the Florence Copper Project would not commence as planned. Any material delay or failure to commence development of the Florence Copper Project could have a material adverse effect on the Company's business results of operations, financial condition and the price of Common Shares.

In the event the Company is unable to raise the finance for the Project Costs and therefore unable to develop the Florence Project as planned, the Company will continue to operate the Gibraltar Mine where it is profitable and has sufficient working capital to meet its liabilities and to carry on business for the foreseeable future.

The Company is susceptible to fluctuations in the copper price and foreign exchange rates

The price of copper has historically been subject to wide and, at times, rapid fluctuations and is affected by numerous economic and market factors beyond the Company's control, and may decline in the future. Depending on the market price of copper, particularly in the case of a significant and prolonged reduction in the price of copper, the Company may determine that it is not economically viable to continue commercial production at the Gibraltar Mine and/or further finance and develop the Florence Copper Project which could have an adverse effect on the Company's business, results of operations and financial condition. In such circumstances, the Company may reduce or suspend some or all of its development and production activities and/or be required to draw down and/or restate its reserves. The Company does not significantly hedge its copper price exposure other than the purchase of copper put options for a portion of its share of production from the Gibraltar Mine.

As the Company's sales are denominated in USD, with the majority of operating and capital expenditure being incurred in CAD, the Company's margins and operating cash flows are highly dependent on the exchange rate. This exposes the Company to currency exchange rate fluctuations as determined by the international market. Foreign exchange volatility could significantly affect the Company's business, results of operations and financial condition.

The Company does not currently enter into foreign currency contracts to hedge against currency risk and has no immediate plans to do so.

The 2017 Notes are also issued in US dollars, and while creating a partial hedge to revenue receipts denominated in US dollars, fluctuations in the exchange rate may significantly increase the overall amount of debt in terms of Canadian dollars, including losses on settlement and interest expense realised and paid by the Company.

The Company's debt service obligations and requirements to comply with related covenants may adversely affect its business, prospects, financial condition and results of operations.

As at 30 September 2019, the Company's total long-term debt was \$365.9 million.

The 2017 Notes with an issued amount of US\$250 million contain customary high yield covenants, incurrence tests including fixed charge cover ratios and restrictions that limit the Company's ability to

engage in activities that may be in the Company's long-term best interest including, amongst other things:

- a limitation on the Company's ability to obtain additional debt financing in the future, which could impact its ability to adequately finance existing operations and the Project Costs;
- a limitation on the Company's ability to grant security interests in its assets to third persons, which could limit the finance alternatives for development of the Florence Copper Project or other debt funding alternatives for the Company generally;
- a limitation on the Company's ability to dispose of material assets, which could impact strategic alternatives for its core and ancillary assets and potential sources of liquidity;
- a limitation on the Company's ability to make investments, which could impact the Company's strategy of pursuing growth through acquisitions;
- a limitation on the Company's ability to undertake organisational measures such as mergers, changes of corporate form, joint ventures or similar transactions; and
- a limitation on the Company's ability to pay dividends out of excess cash.

Each of the above limitations, alone or in combination, could have a material adverse effect on the Company's business, financial condition and results of operations.

A breach of any of these covenants, incurrence tests (including fixed charge cover ratio calculations) or restrictions, including as a result of events beyond the Company's control, could result in an event of default that could also lead to an acceleration of debt under the 2017 Notes and under other debt instruments the Company is permitted to incur that contain cross acceleration or cross default provisions. If the Company's obligations under the 2017 Notes or other indebtedness were to be accelerated, it is possible that the Company's assets would not be sufficient to repay such debt in full.

Further, the Directors may wish to implement the Company's business plan in a way that is not permitted by such restrictive covenants unless it first obtains consent of the holders of the 2017 Notes, which may not be forthcoming and which may adversely affect the Company's ability to finance its future operations or capital needs, or engage in other business activities that may be in its best interest.

The 2017 Notes mature in 2022 and will require refinancing

A substantial portion of the Company's debt matures in 2022 (outside of the Working Capital Period) exposing the Company to risks relating to the refinancing of such debt. While the Company currently intends to refinance the 2017 Notes with new bonds, there is no certainty that the Company will be able to refinance the 2017 Notes in their entire amount. Further the Company's ability to obtain debt financing will depend, inter alia, on prevailing financial market conditions at the time and the Company's business performance.

Successful refinancing of the bonds is dependent upon a number of factors many of which are outside of the Company's control including the copper price which directly impacts the Company's profitability and debt capacity and capital market factors including prevailing interest rates at the time of refinance.

Furthermore, any additional debt financing may involve restrictive covenants, which may limit or affect the Group's operating and financial flexibility.

In the event the Company cannot refinance its debt on acceptable terms or at all, this could adversely affect its ability to carry out its operations.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company is reliant on meeting permitting and licence requirements

Development of the Florence Copper Project is planned to occur in two phases. The first phase is construction and operation of the PTF, which will demonstrate the application of ISCR to the Florence Copper Project. The second phase is the construction and operation of the commercial ISCR facility.

The various permits required to authorise the PTF have been issued by the regulators. In order to commence construction of the commercial ISCR facility at the Florence Copper Project, some of the Company's existing permits will require updating, principally the TAPP issued by the ADEQ and the UIC permit issued by the EPA.

While the Company is confident that it will receive these updated permits, there can be no assurance that such updates will be obtainable at all, on reasonable terms, or the conditions to which they may be subject. In particular, the issue of the APP permit could be impacted by a successful appeal of the ADEQ's issuance of the TAPP, or by a separate legal challenge which could impact the issuance or validity of the amended APP permit and it is difficult to predict how long it would take to resolve legal challenges and appeals. The failure to obtain such required updates, or delays in obtaining the same, or failure to fulfil any conditions attaching to such permits could increase the Company's costs and delay its activities, including the commencement of the development of the Florence Copper Project.

Any additional future laws and regulations, changes to existing laws and regulations (including, but not restricted to, the imposition of higher licence fees, mining royalties or taxes) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, or of rulings or clearances obtained from such governmental authorities, could require additional permitting or cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on, or suspensions of, the Company's operations and cause delays in the development of its properties.

The planned development of the Florence Copper Project has been subject to a number of unsuccessful challenges, and is currently subject to two active claims.

Opponents of the Florence Copper Project have in the past, and may in the future, file legal challenges to the validity of permits, licences and approvals sought and/or obtained by the Company in relation to the Florence Copper Project, the defence of which can be a complex, time-consuming and costly process and there can be no assurance that such challenges will successfully be defeated, with success being contingent upon many variables outside of the Company's control. There are currently two claims relating to the Company's proposed development of the Florence Copper Project:

Town of Florence v. Florence Copper, Inc.

Exercise of power of eminent domain

The Town of Florence challenged FCI's ability to operate the PTF using the power of eminent domain. Eminent domain refers to the power of the government to take private property and convert it into public use. The Fifth Amendment of the U.S. Constitution provides that the government may only exercise this power for certain purposes and, if it does so, it must provide just compensation to the property owners.

The Florence Project area consists of 1,182 acres of privately-held land and 160 acres of State Trust Land. State Trust Lands are not privately held but public lands granted to the state (Arizona) by the United States to be held or sold generally by the state for the benefit of public schools in Arizona. These State Trust Lands are not subject to the use of the government's eminent domain powers.

The PTF is located exclusively on this State Trust land and consequently the Town's use of eminent domain was dismissed and is not subject to further appeal. The Town could attempt to exercise its power of eminent domain to take the private property that is not classified as State Trust Land, meaning the Company could only undertake mining on the State Trust Land parcel where the PTF is located.

However, under Arizona's Constitution, the Town must pay Florence Copper the fair market value of the condemned property. Whilst the value of this property as a copper mine has not yet been quantified, it will significantly exceed the Town's annual budget, thus it is highly unlikely that the Town would seek to take the property through an eminent domain action.

Development agreement

At the same time, the Town sought a declaratory judgement against a 2003 development agreement between the Town and FCI's predecessor-in-interest, which authorised the property owner to undertake copper mining on its private property that is not State Trust Land. The Town asserted that the use of the private land as a mine is not in compliance with the Town's relevant zoning on the property in January 2019.

The trial court ruled in FCI's favour on the grounds that its operations were in accordance with the development agreement.

This ruling is currently the subject of appeal by the Town (the "**First Appeal**"). Whilst the Company is confident that the First Appeal will be unsuccessful, if the appellate court reverses the lower court's ruling and denies FCI's right to legally mine on its private property, mining could only occur on the State Trust Land where the PTF is located. In this scenario, Florence Copper could seek to appeal the decision to the state supreme court; however there is no certainty that the court would agree to hear the case.

As at the date of this document the Company is unable to estimate the financial impact on the Group in the event that the First Appeal is successful and FCI is denied the right to legally mine on its private property.

Town of Florence, et al. v. ADEQ, Florence Copper-Intervenor

The Town and SWVP-GTIS MR, LLC ("SWVP") unsuccessfully challenged ADEQ's grant of a Temporary Aquifer Protection Permit ("TAPP") to FCI and have now filed an appeal to the Arizona Court of Appeals (the "**Second Appeal**"). The TAPP is a key operating permit that applies to the PTF that currently makes up the Florence Copper Project. Briefing on the Second Appeal is complete and the parties await the scheduling of an oral argument. A ruling from the Court of Appeals is not expected for 12-18 months.

Under Arizona law, judicial deference is given to appeals of state agency actions. The court reviews the evidence in the light most favorable to upholding the agency's decision and will not substitute its judgement for that of the agency regarding factual questions and agency technical expertise. Under the Second Appeal, the challenge of the TAPP involves two technical issues only and no new facts or evidence has been introduced by the appellants. Consequently the Company has been advised that it is unlikely that the court will overturn ADEQ's decision to award the TAPP because to do so, the court must conclude that the agency's action is contrary to law, not supported by substantial evidence, is arbitrary and capricious, or is an abuse of discretion.

If the appellate court reverses the trial court's ruling, which upheld the TAPP, the PTF can continue to operate unless an injunction is issued by the court requiring Florence Copper to cease operations. In this scenario, in order to continue development of the Florence Copper Project, the Company would be required to submit another permit application to ADEQ that addresses the issue of concern to the appellate court.

As at the date of this document the Company is unable to estimate the financial impact on the Group in the event that the Second Appeal is successful and FCI is denied the right to legally mine on its private property.

For both the First and Second Appeals the Company has been advised that the appellate courts are unlikely to overturn the existing judgements, with rulings expected in the next 12-24 months.

However whilst the First and Second Appeal remain outstanding there can be no assurance that the Company's planned development of the Florence Copper Project will not be adversely affected. If the First and/or Second Appeal are successful the Company's planned development of the Florence Copper Project could be delayed or restricted, or may not occur, which would have a material adverse effect on the Company's business, financial condition and prospects.

Risks associated with the development of the Florence Copper Project

The development and commencement of commercial production at the Florence Copper Project is key to the Company's future strategy.

The Florence Copper Project, given its unique geological conditions, will deploy an in situ wellfield recovery method that, while in use in other resource extraction sectors (most notably in uranium), will be the first of its kind to extract copper at commercial levels relying solely on this method. This in situ mining method of the Florence Copper Project presents additional development ramp-up risks and complexity compared to a traditional underground or open pit operation which could result in delays, interruptions, lower recoveries than forecasted and/or increased costs to the development of the Project.

Demonstration of feasibility of the production test facility is a key element of any decision to move towards full commercial development at the Florence Copper Project. However, there is no assurance that the PTF will establish that the in-situ extraction of copper at the Florence Copper Project can be

completed as currently contemplated in the feasibility study for the Florence Copper Project. Specifically, there is no assurance that the PTF will establish that the recoveries of leach copper solution, known as sweep efficiencies, will be as expected. In addition, the results of the PTF operations may indicate that changes to mining operations at the Florence Copper Project may be required, which may result in delays and/or higher than anticipated construction and operating costs for commercial development of the Florence Copper Project.

Development of the Florence Copper Project could also be delayed, experience interruptions, incur increased operating and capital costs or be unable to complete due to a number of factors, including but not limited to:

- delays in receiving the updated permits required for development of the commercial facility;
- litigation which could take several years and significant costs to defend and resolve;
- non-performance by third party consultants and contractors;
- inability to attract, train and retain a sufficient number of qualified workers;
- unforeseen escalation in anticipated costs of development, or delays in construction;
- material decreases in the expected recovery of copper through the in-situ process;
- increases in expected wellfield costs including the number and scale up of wells, as well as drilling, material and labour costs;
- shortages or delays in obtaining critical processing equipment;
- catastrophic natural events such as drought, flooding or storms; or
- the breakdown or failure of equipment or processes.

It is not uncommon for mining developments to experience these factors during their construction, commissioning and production start-up, or indeed for such projects to fail or experience significant delays as a result of one or more of these factors occurring to a material extent.

There can be no assurance that the Company will complete the various stages of development necessary in order to achieve its strategy in the timeframe expected by the Company or at all. Any of these factors may have a material adverse effect on the development of the Florence Copper Project and, consequently the Company's business, results of operations and activities, financial condition and prospects.

Risks associated with the operation of the Gibraltar Mine

The Company's future success will be affected by the Company's ability to operate the Gibraltar Mine profitably.

Mining involves various types of risks and hazards and operation of the Gibraltar Mine could experience interruptions, incur increased costs or cease due to a number of factors, including but not limited to:

- changes in the regulatory environment relating to the operation of the Gibraltar Mine;
- industrial or environmental accidents, discharge of pollutants or hazardous chemicals;
- inability to attract, train and retain a sufficient number of workers;
- increases in extraction costs including energy, diesel fuel, material and labour costs;
- metallurgical and other processing problems;
- unusual or unexpected rock formations and other geological problems;
- lack of availability, breakdown or failure of mining equipment;
- catastrophic events such as wildfires and environmental issues which could impact access to the mine site or transportation of concentrate products to the market; or
- performance of the processing plant and ancillary operations falling below expected levels of output or efficiency.

These risks could result in injury or death, environmental damage, damage to, or destruction of, mineral properties, production facilities or other properties, delays in mining, increased production costs, monetary losses, and possible legal liability.

By way of example, in 2017, access to the mine was disrupted for several business days due to nearby wildfires. In 2018, other wildfires in British Columbia impacted transportation reliability. In the first quarter of 2019, the total tons mined was below plan due an extended period of extremely cold weather which impacted shovel availability.

Such disruption to the Company's mining and processing operations at the Gibraltar Mine and/or supporting infrastructure for a sustained period would have a material adverse effect on production which may result in lower revenue or cash flows from operating activities until such time, if at all, that the disruption is cured and consequently the Company's business, financial position and results of operations. Further limiting the impact of such risks if they arise may require additional capital or operational expenditure, which may have a material adverse impact on the business and its profitability.

Development of the Company's business requires substantial capital expenditures.

The Company's strategy, including its operation at Gibraltar, involves significant capital expenditure and it may require external debt and further equity financing in order to fund expenditure during and beyond the Working Capital Period. The Company may be unable to obtain debt financing or additional equity financing in the amounts required for its expenditures beyond its current committed capital expenditure, on favourable terms or at all due to a variety of factors, some of which are outside of the Company's control.

If the Company fails to generate or obtain sufficient resources to fund its capital expenditure for its acquisition, operations, exploration, appraisal, development or production plans (beyond the Company's current committed capital expenditure), this could have a material adverse effect on the Company's business, prospects, financial condition, results of operations and cash flows or the Company's ability to fund the expansion or development of the business in the longer term.

The Resource and Reserve data cited in this document are estimates based on a number of assumptions that may prove inaccurate

The Resource and Reserve estimates cited in this document in respect of the Gibraltar Mine and the Florence Copper Project are, unless otherwise stated, based on a number of assumptions that have been made by RPA in accordance with National Instrument 43-101 which adopts the CIM Definition Standards on Mineral Resources and Reserves.

Resource and Reserve estimates are inherently prone to variability, as they involve expressions of judgement based on various factors such as knowledge, experience and industry practice. The accuracy of these estimates may be affected by many factors, including quality of the results of exploration drilling and analysis of samples, as well as the procedures adopted by and the experience of those making the estimates the interpretation of which is subjective.

Estimates of the Resources and Reserves may change significantly in the future when new information becomes available or new factors arise, and interpretations and deductions on which these Resources and Reserve estimates are based may prove to be inaccurate. The Reserves and Resources information set out in this document represent estimates only, based on data available up to 6 November 2019. Moreover, different engineers may make different estimates of Reserves and Resources based on the same data. Should the Company encounter mineralisation that is more complex or different from that predicted by past drilling, sampling and similar examination, Resources and Reserve estimates may have to be adjusted downward.

Additionally, lower market prices, increased production costs, reduced recovery rates and/or other factors may render the Resources uneconomical to exploit and may result in the revision of its Resources and Reserve estimate from time to time.

There can be no assurance that the Reserves or Resources will be recovered in the quantities or yields presented. The inclusion of Reserve and Resources estimates should not be regarded as a representation that all these amounts can be economically exploited, and nothing contained herein (including, without limitation, estimates of mine life) should be interpreted as assurance of the economic life of the Company's Reserves and Resources or the profitability of its future operations. If the Company's actual Reserves or Resources are less than current estimates, the Company's business, development plans, financial position and results of operations could be materially and adversely affected.

Furthermore, there are numerous uncertainties in estimating the timing and quantity of development expenditures and associated production projections. The production and development plans in this

document are based on a number of assumptions which, together with the estimates of Resources and Reserves, may prove to be inaccurate.

The Company's actual costs of reclamation and mine closure costs may exceed current estimates.

There is no assurance that the actual costs of reclamation and mine closure for each of the Company's properties will not exceed current estimates and bonding amounts or that the estimated costs will not increase in the future when the Company's reclamation and mine closure plans are updated in accordance with the terms of the relevant authorisations. Accordingly, the amount the Company is required to spend on reclamation and mine closure activities could, ultimately, be materially different from current estimates. Any additional amounts required to be spent on bonding requirements, reclamation costs, and mine closure activities could materially adversely affect the Company's business, financial conditions and results of operations.

The Company is required to prepare and file a reclamation and mine closure plan for the Gibraltar Mine with the B.C. Ministry of Energy and Mines and to post security for the estimated costs to complete this reclamation and mine closure work. The Gibraltar reclamation and mine closure plan is updated every five years and the amount of security for reclamation bonding is agreed based on this plan. The most recent five year reclamation and closure plan was submitted in March 2017 and cash security and cash backed letters of credit totalling \$48.4 million (100 per cent basis) were in place as of December 31, 2018. However, this amount may be increased in the future when the next iteration of the reclamation and closure plan for the Gibraltar Mine is assessed in 2022.

Based on its current operations, security in the amount of US\$8.7 million has been provided to meet current bonding requirements for the Florence Copper Project. The Company has recently submitted a Permit Amendment Form to amend the APP including a current total estimate of reclamation and mine closure costs totalling US\$29.3 million. This estimate will need to be agreed by the ADEQ in conjunction with its assessment of the revised closure plan.

The Company has also submitted a similar estimate of closure costs and post-closure costs to the EPA as part of its updated UIC permit application. The Company is seeking to utilise a surety bond with a third-party insurance company to provide a significant portion of the security with the regulators with the balance to be funded as part of the finance plan for the Project Costs from external sources.

There can be no assurance that the Company will be able to agree a revised closure plan and additional funding for the security in line with its planned timetable for development of the Florence Copper Project. The failure to reach an agreement in line with the Company's expectations could increase the Company's costs and/or delay its planned activities, including development of the Florence Copper Project and could adversely affect the business and operations of the Company. Furthermore, if surety bond financing is not available this will increase the overall Project Costs of the Florence Copper Project to be funded by external parties, which could impact the commencement of construction and the terms of the finance for the Project Costs.

The Company is reliant on meeting permitting and licence requirements

Development of the Florence Copper Project is planned to occur in two phases. The first phase is construction and operation of the PTF which is demonstrating the application of ISCR to the Florence Copper Project. The PTF was completed in 2018 and is currently being operated. The second phase will be the construction and operation of the commercial ISCR facility. The various permits required to authorise the PTF were issued by the regulators in 2017. In order to commence construction of the commercial facility at the Florence Copper Project, some of the Company's existing permits require updating, principally the TAPP/APP by the ADEQ and the UIC permit issued by the EPA.

While the Company is confident that it will receive these updated permits, there can be no assurance that such updates will be obtainable at all, on reasonable terms, or the conditions to which they may be subject and the issuance of the updated permits may be delayed. In particular, the issue of the APP permit could be impacted by a successful appeal of the ADEQ's issuance of the TAPP, or by a separate legal challenge which could impact the issuance or validity of the amended APP permit and it is difficult to predict how long it would take to resolve legal challenges and appeals. The failure to

obtain such required updates, or delays in obtaining the same, or failure to fulfil any conditions attaching to such permits could increase the Company's costs and delay its activities, including the commencement of the development of the Florence Copper Project.

Any additional future laws and regulations, changes to existing laws and regulations (including, but not restricted to, the imposition of higher licence fees, mining royalties or taxes) or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities, or of rulings or clearances obtained from such governmental authorities, could require additional permitting or cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on, or suspensions of, the Company's operations and cause delays in the development of its properties.

The Company is reliant on rail transportation of production from the Gibraltar Mine

Copper concentrate production from the Gibraltar Mine is transported by rail to the Kinder Morgan port terminal in Vancouver utilising the CN rail line. In the event of any interruption to this service, the Company would likely be limited to trucking in order to transport its production to this port terminal. Transporting concentrate production by truck is more expensive and subject to greater scheduling constraints to facilitate the timely loading of ships at the port.

In the event that the Company is unable to transport its concentrate production by rail on a reliable basis over routine timing intervals, this could lead to increased transport costs and variability in the timing of the receipt of revenues which would have a material effect on the Company's business and financial condition.

The Company does not wholly own the Gibraltar Mine

The Company is the operator of and owns a 75% joint venture interest in the Gibraltar Mine. Cariboo, a consortium of Japanese companies, holds the remaining 25%. The Gibraltar Joint Venture is governed by a joint venture operating agreement, which outlines the responsibilities of the Company as operator and the decision and approval processes, including those decisions that require the consent of Cariboo.

There is a risk that Cariboo may elect not to approve certain activities or may breach the terms of the Gibraltar Joint Venture. Similarly, there is a risk that Cariboo may default in its obligations to fund capital or meet other funding obligations and, as such, the Company may be required to contribute all or part of any such funding shortfall.

The Company's operations may be harmful to the environment and may be subject to compliance, clean-up and other costs

The Company is subject to various Canadian and US federal, provincial and municipal environmental laws. Any project which involves the exploration for minerals, development and operations of mines and the extraction and production of minerals has the potential to be hazardous to the environment and environmental damage may occur that is costly to remedy. Mining projects inherently have the potential to cause environmental damage, whether by way of negligence or accident, and for the owner and/or operator of those projects to be liable to fines, imprisonment, suspension or revocation of licences and clean-up costs.

Although the Company believes that it is in compliance with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spillages, leakages or other unforeseen circumstances, which could subject the Company to substantial remediation costs or liabilities to third parties. In addition the Company could be liable for losses associated with environmental hazards and rehabilitation that are not covered under the closure plan, have its licences and permits withdrawn or suspended as a result of a failure to meet its environmental obligations due to circumstances outside of its control, and face negative reputational consequences or be forced to undertake remedial clean-up action or to pay for government-ordered remedial clean-up actions. Any such losses, withdrawals, suspensions, reputational consequences, actions or payments may have a material adverse effect on the Company's business, results of operations and financial condition and the price of the Common Shares.

Further, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damage to or destruction of properties and injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The occurrence of any of these factors may have a material adverse effect on the Company's business, results of operations and financial condition and the price of the Common Shares.

There is no assurance that the Company will be able to renegotiate the existing union agreement for the Gibraltar Mine when it expires in 2021.

The Company has a union agreement in place for the Company's unionised employees at the Gibraltar Mine which expires in 2021. If the Company is unable to renew this union agreement on acceptable terms when it becomes subject to renegotiation, the Company could experience a disruption of operations, higher labour costs or both. A lengthy strike or other labour disruption could have a material adverse effect on the Company's business results of operations and financial condition.

Whilst the Company can foresee no reason why it may not be able to renew the union agreement, there can be no assurance that such renewal will be obtainable at all, on reasonable terms or the conditions to which it may be subject.

Labour disruptions could increase operational costs and decrease revenues by delaying the Company's business activities or increasing the cost of substitute labour, which may not be available. If such disruptions are material, they could adversely affect the Company's results of operations and financial condition.

Aboriginal peoples' title claims and rights to consultation and accommodation may impact the Company's ability to expand its existing operations and proceed with planned development.

Provincial and federal governments in Canada are required by law to consult with aboriginal peoples with respect to the issuance or amendment of project authorisations, whether for new projects or for an expansion of an existing project and to try to accommodate aboriginal peoples' needs to the extent considered appropriate.

In practice, it is extraction industry participants who are often left to engage with affected local aboriginal communities with the goal often being the achievement of an impacts and benefits agreement. Such agreements may provide promises of priority for employment opportunities, the provision of commercial services such as transportation and catering, social, educational and environmental initiatives, cash payments and other consideration. This consultation and accommodation may affect the timetable and costs of development projects in Canada and may impact the manner in which the Company proceeds with the development of these projects.

Whilst the Company is not currently engaged in any such consultations, opposition to the Company's mining activities by communities or companies, including aboriginal peoples, may have an impact on the Company's ability to proceed with the operations, expansion or development of the Company's projects and the timetable and costs for these projects. While the Company is committed to operating in a socially responsible manner, there can be no assurance that the Company's community relations efforts will mitigate this potential risk.

The mining industry is subject to a number of laws and governmental regulations, compliance with which may be burdensome

Development and operational activities in the mining industry are subject to extensive laws and regulations. These include, but are not limited to, laws and regulations relating to taxation, environmental protection, management and use of hazardous substances and explosives, management of natural resources, licences over resources owned by governments, development of mines, production and post-closure reclamation, the employment of local and expatriate labour, and occupational health and safety standards, including mine safety.

Mining companies are required to seek and to comply with the terms of governmental licences, permits, authorisations and other approvals in connection with their construction and operating activities, for example in relation to their mining licences, environmental management, water supply and discharge, and use of hazardous chemicals. Obtaining the necessary governmental permits can be a complex and time-consuming process and may involve costly undertakings. The duration and success of permit applications are contingent on many factors that are outside the Company's control.

RISKS RELATING TO COMMON SHARES

Shareholders are not entitled to the takeover offer protections provided by the UK Takeover Code

The UK Takeover Code applies to offers for, among other companies, listed public companies which are either: (i) considered by the Takeover Panel to be resident in the United Kingdom, the Channel Islands or the Isle of Man; or (ii) incorporated in the United Kingdom, the Channel Islands or the Isle of Man and listed on a Member State's regulated market, traded on a multilateral trading facility in the United Kingdom or traded on a stock exchange in the Channel Islands or the Isle of Man.

While application has been made to list the Common Shares on the regulated market of the London Stock Exchange, the Company is not a resident or incorporated within the United Kingdom, the Channel Islands or the Isle of Man. Shareholders will not therefore receive the benefit of the takeover offer protections provided by the UK Takeover Code.

An active trading market may not develop or be sustained in the future

Although the Company has applied to the FCA for admission to the Official List and has applied to the London Stock Exchange for admission to trading on the Main Market, the Company can give no assurance that an active trading market for the Common Shares will develop in the United Kingdom or, if developed, can be sustained. If an active trading market is not developed or maintained, the liquidity and trading price of the Common Shares could be adversely affected.

Substantial future sales of Common Shares, or the perception that such sales might occur, or additional offerings of Common Shares could depress the market price of Common Shares

The Company cannot predict what effect, if any, future sales of Common Shares, or the availability of Common Shares for future sale, or the offer of additional Common Shares in the future, will have on the market price of Common Shares. Sales or an additional offering of substantial numbers of Common Shares in the public market, or the perception or any announcement that such sales or an additional offering could occur, could adversely affect the market price of Common Shares and may make it more difficult for Shareholders to sell their Common Shares at a time and price which they deem appropriate and could also impede the Company's ability to raise capital through the issue of equity securities.

The Company does not currently intend to pay dividends and its ability to pay dividends in the future may be limited

The Company has never declared or paid any dividends on the Common Shares. The Company currently intends to retain future earnings, if any, for future operations, expansion and debt repayment, if necessary. Therefore, at present, there is no intention to pay dividends and a dividend may never be paid. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Company's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.

In addition to the foregoing, the Company's ability to institute and pay dividends now or in the future is or may be limited by covenants contained in the 2017 Notes and in any debt facilities or other agreements governing any indebtedness that the Company may incur in the future, including the terms of any credit facilities the Company may enter into with third party lenders. It is not uncommon that credit facilities will prevent a borrower from declaring or paying any dividends to any of its shareholders or returning any capital (including by way of dividend) to any of its Shareholders.

As a result of the foregoing factors, purchasers of the Common Shares may not receive any return on an investment in the Common Shares unless they sell such Common Shares for a price greater than that which they paid for them.

Certain Shareholders will be issued Depositary Interests in respect of underlying Common Shares

On Admission, holders of Common Shares will be able to hold and transfer interests in the Common Shares within CREST pursuant to a depositary interest arrangement established by the Company. The Common Shares will not themselves be admitted to CREST; rather, the Depositary will issue the Depositary Interests in respect of underlying Common Shares. Holders of Depositary Interests may experience delays in receiving any dividends paid by the Company, may receive proxy forms later than other Shareholders and may have to act earlier than other Shareholders when casting votes at general meetings of the Company, by virtue of the administrative process involved in connection with holding Depositary Interests.

Dual listing on the TSX, NYSE American and LSE may lead to an inefficient market in the Company's shares

Dual listing of the Common Shares will result in differences in liquidity, settlement and clearing systems, trading currencies, prices and transaction costs between the exchanges where the Common Shares will be quoted. These and other factors may hinder the transferability of the Common Shares between the three exchanges.

The Common Shares are already quoted on TSX and the NYSE American. An application will be made to list the Common Shares on the LSE. Consequently, the trading in and liquidity of the Common Shares will be split between these three exchanges. The price of the Common Shares may fluctuate and may at any time be different on the TSX, the NYSE American and the LSE. This could adversely affect the trading of the Common Shares on these exchanges and increase their price volatility and/or adversely affect the price and liquidity of the Common Shares on these exchanges.

The Common Shares are quoted and traded in Canadian Dollars on the TSX, and in US Dollars on the NYSE American. The Common Shares will be quoted and traded in pounds sterling on the LSE. The market price of the Common Shares on those exchanges may also differ due to exchange rate fluctuations.

The rights afforded to Shareholders are governed by Canadian law and non-Canadian Shareholders may have difficulties exercising rights which are governed by Canadian law

As the Company is a Canada resident company, the rights of Shareholders will be governed by Canadian law and the Company's Constitution. The rights of Shareholders under Canadian law may differ from the rights of shareholders of companies incorporated in other jurisdictions including in the United States of America and United Kingdom. Not all rights available to shareholders under English law or United States of America will be available to the Shareholders including, but not limited to, provisions relating to interested directors, mergers, takeovers and inspection and corporation records.

The Company is organised and exists under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA and Canadian corporate law. The BCBCA law differs in certain material respects from laws generally applicable to United Kingdom corporations and shareholders. Accordingly, the rights and obligations of the Company's shareholders are regulated by Canadian corporate law and the Company's shareholders must follow Canadian legal requirements in order to exercise their rights, in particular the resolutions of the shareholders in general meeting may be passed with majorities different from the majorities required for the adoption of equivalent resolutions under English law or other laws.

PART 3 – PRESENTATION OF FINANCIAL AND OTHER INFORMATION

1. General

This document comprises a prospectus for the purpose of Article 6 of the Prospectus Regulation and is issued in compliance with the Listing Rules. Investors should only rely on the information in this document. No person has been authorised to give any information or to make any representations in connection with Admission, other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company or the Directors. The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication other than this document.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to FSMA, the delivery of this document shall not under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this document, or that the information contained herein is correct as of any time subsequent to its date.

The contents of this document or any subsequent communications from the Company or any of their respective affiliates, officers, advisers, Directors, employees or agents, are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial intermediary or tax adviser for legal, financial or tax advice. In making an investment decision, each investor must rely on its, his or her own examination, analysis and enquiry of the Company, including the merits and risks involved.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company or the Directors or any of their representatives that any recipient of this document should subscribe for or purchase Common Shares. Prior to making any decision as to whether to subscribe for or purchase Common Shares, prospective investors should read this document. Investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this document, including the risks involved.

2. Presentation of financial information

The financial information presented in this document includes audited annual consolidated financial statements for the Company as at and for the years ended 31 December 2018, 31 December 2017 and 31 December 2016.

The audited annual consolidated financial statements for the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are reported in Canadian dollars.

3. Mineral Reserves and Mineral Resources

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The CIM definitions were followed for the classification of Indicated and Inferred Mineral Resources.

The quantity and grade of reported Inferred Mineral Resources in this document are uncertain in nature and there has been insufficient exploration to define these Inferred Mineral Resources as an Indicated Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated Mineral Resource category. All figures have been rounded to reflect the relative precision of the estimates.

4. Currencies

In this document, references to “**Great British Pounds**”, “**GBP**”, “**pounds sterling**”, “**£**”, “**pence**” or “**p**” are to the lawful currency of the UK, references “**CAD**” to “**\$**” are to the lawful currency of Canada, references to “**USD**” or “**US\$**” are to the lawful currency of the United States of America, and references to “**EUR**” are to the lawful currency of 19 Member States of the European Union. The basis of translation of any foreign currency transactions and amounts are set out in the financial information in the Appendix to this document (*Historical Financial Information*).

5. Rounding

Percentages and certain amounts in this document, including financial, statistical and operating information, have been rounded to the nearest thousand whole number or single decimal place for ease of presentation. As a result, the figures shown as totals may not be the precise sum of the figures that precede them. In addition, certain percentages and amounts contained in this document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

6. Third party information

The Company confirms that all third party information contained in this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has also been identified.

7. Forward-looking statements

Certain statements contained in this document constitute forward-looking statements. These statements, including the explanatory wording in the document in relation to the Company’s working capital, relate to future events or the future performance of the Company but do not seek in any way to qualify the working capital statement given by the Company. These statements relate to future events or the future performance of the Company. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “*seek*”, “*anticipate*”, “*plan*”, “*continue*”, “*estimate*”, “*expect*”, “*forecast*”, “*may*”, “*will*”, “*project*”, “*predict*”, “*potential*”, “*targeting*”, “*intend*”, “*could*”, “*might*”, “*should*”, “*believe*”, “*expect*” or similar expressions. These statements involve numerous assumptions, known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed, anticipated or implied in such forward-looking statements. The Company believes that the expectations reflected in forward-looking statements contained herein are reasonable, but no assurance can be given that such expectations will prove to be correct or accurate and accordingly, such forward-looking statements included in, or incorporated by reference into, this document should not be unduly relied upon. These statements speak only as of the date of this document. Actual operational and financial results or events may differ materially from the Company’s expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Company.

Forward-looking statements in this Prospectus include, but are not limited to, statements with respect to the following:

- changes in the markets for and pricing of copper and molybdenum;
- currency exchange rate fluctuations;
- costs and productivity;
- unanticipated production disruptions (including as a result of safety-related stoppages, labour or community unrest or interruptions in the Company’s electricity and water supply) and other operational difficulties (including delays in commissioning and bringing into production new mining areas);

- changes in mining, environmental, tax and other laws and regulations and the impact of the current laws of Canada concerning areas such as exchange control restrictions, environmental protection and rezoning of land for mining purposes;
- the impact on the Company's business of inflation and other macroeconomic conditions;
- the Company's ability to fund further development and new business plans;
- environmental laws, regulations and rehabilitation obligations;
- the Company's ability to realise and maximise its business plan, exploration and development activities;
- the impact of investments, acquisitions and dispositions (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions and achieving expected savings and synergies; and
- uncertainties inherent in estimating the Company's Reserves and Resources and potential restatements and impairments relating thereto.

With respect to forward-looking statements contained in this document, the Company has made assumptions regarding:

- production levels;
- commodity prices;
- transportation, realisation charges and other offsite costs;
- foreign exchange rates;
- development, operating, and rehabilitation costs;
- future currency and interest rates;
- the Company's ability to generate sufficient cash flow from operations and to access existing or future credit facilities and capital markets to meet its future financial obligations;
- availability of labour and mining equipment;
- general economic and financial market conditions; and
- government regulation in the areas of taxation, royalty rates and environmental protection.

These factors should not be considered exhaustive. Statements relating to Reserves and Resources are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the Reserves described can be profitably produced in the future. The forward-looking statements contained in this Prospectus are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.

Investors are cautioned that forward-looking statements are not guarantees of future performance. The Company makes no representation, warranty or prediction that the results predicted by such forward-looking statements will be achieved and these forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this document speak only as at the date of this document, reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and the availability of new credit. Investors should specifically consider the factors identified in this document that could cause actual results to differ. All of the forward-looking statements made in this document are qualified by these cautionary statements.

Subject to the requirements of the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Listing Rules, MAR, or applicable law, the Company explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of it.

8. Basis of preparation of Competent Person's Report

The CPRs conform to the requirements for a CPR as established by the European Securities and Markets Authority (ESMA) Recommendations on consistent implementation of Commission Regulation (EC) No 809/2004, implementing the Prospectus Directive (the ESMA Recommendations, as revised in March 2013). Mineral Resources and Mineral Reserves in the CPRs conform to the standards published and maintained by the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) – specifically the CIM Definition Standards as adopted 10 May 2014 (CIM 2014).

In respect of the CPR relating to the Florence Copper Project, a Prefeasibility Study (PFS) of the Project was completed in 2013 by M3 Engineering & Technology Corporation (M3) based on Mineral Resources estimated by SRK Consulting (U.S.) Inc. (SRK) in 2010. Subsequently, Taseko updated the Project costs and economics in a National Instrument 43-101 (NI 43-101) Technical Report dated December 2017. RPA reviewed the 2010 resource model and 2017 NI 43-101 report and amended the Mineral Resource classifications. The 2010 Mineral Resource estimate with amended Mineral Resource classifications was used as the basis for this CPR.

RPA reviewed the 2017 Mineral Reserves and re-assessed cut-off grade for the purpose of this report. RPA is of the opinion, based on the mining block grades, that a higher cutoff grade of 0.08% TCu at \$2.75/lb Cu is warranted; however, the Florence deposit is not sensitive to cut-off grade and this increase in cut-off grade has no impact on the total Mineral Reserve estimate, which remains unchanged.

RPA reviewed other 2017 physical and cost inputs and amended the following in its CPR relating to the Florence Copper Project"

- Lowered overall TCu% recovery from 70% to 65% based on its review of prior metallurgical test results and model assumptions as well as preliminary results from PTF operations in mid-2019.
- Escalated operating and capital costs from Q4 2016 basis to Q2 2019 basis.
- Included accelerated wellfield development sustaining capital spend during early years of project life to maintain the designed 85 million pounds of annual cathode production.
- The Project valuation incorporated current federal US tax law changes resulting from the Tax Cuts and Jobs Act' (TCJA) signed into law on December 22, 2017. RPA notes that the positive effect of this tax legislation is significant on Project economics.

In respect of the CPR relating to the Gibraltar Mine, RPA has previously carried out independent audits of the Mineral Resources and Mineral Reserves of Gibraltar in 2004, 2006, 2011, 2014, 2015 and 2019. A portion of the Mineral Resources for the Gibraltar Mine were classified as Proven and Probable Mineral Reserves in accordance with the definitions by NI 43-101 and defined by the CIM (2014) definitions as the basis for this CPR. RPA is of the opinion that the cut-off grades are reasonable for Mineral Reserve estimation based on forecasted long range metal prices, capital and operating costs and recoveries.

9. No incorporation of website

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and do not form part of this document and investors should not rely on such information.

10. Definitions and technical terms

A list of defined terms used in this document is set out in Part 17 (*Definitions*) of this document. A list of defined technical terms used in this document is set out in Part 18 (*Glossary of Technical Terms*) of this document.

References to the singular in this document shall include the plural and vice versa, where the context so requires. References to sections or Parts are to sections or Parts of this document. All references to time in this document are to London time unless otherwise stated.

PART 4 – CONSEQUENCES OF A STANDARD LISTING

After careful consideration, the Directors have concluded that in order to promote liquidity in the Common Shares through a public listing on the London Stock Exchange while allowing a sufficient degree of flexibility for a company of its size and type, it is appropriate for the Company's shares to be admitted to listing on the standard segment of the Official List. In particular, the following are key considerations for the Company's proposed Standard Listing:

- a Standard Listing as compared to a Premium Listing will generally facilitate more cost-efficient administration. In this regard, the Company wishes to align its regulatory responsibilities and the associated cost consequences with the Company's size;
- the proposed Standard Listing of the Company will mean that the Company will not be required to comply with the super-equivalent provisions of the Listing Rules that apply to companies with a Premium Listing, which will have a direct cost saving for the Company; and
- the Listing Rules for securities with a Standard Listing are far less demanding and stringent than those applicable to securities with a Premium Listing.

A Standard Listing affords Shareholders and investors in the Company a lower level of regulatory protection than that afforded to investors in companies whose securities are admitted to the premium segment of the Official List, which are subject to additional obligations under the Listing Rules.

It should be noted that the FCA will not have the authority to (and will not) monitor the Company's compliance with any of the Listing Rules or any of the DTR, nor to impose sanctions in respect of any failure by the Company to so comply.

Application has been made for the Common Shares to be admitted to listing on the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings and does not require the Company to comply with, *inter alia*, the provisions of Chapters 6 to 13 of the Listing Rules (excluding Listing Principles 1 and 2). As a result, the Company's securities will not be eligible for inclusion in the UK series of the FTSE indices.

1. Listing Rules which are not applicable to a Standard Listing

Such non-applicable Listing Rules include, in particular:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this document or Admission;
- Chapter 9 of the Listing Rules relating to further issues of shares, issuing shares at a discount in excess of 10 per cent. of market value, notifications and contents of financial information;
- Chapter 10 of the Listing Rules relating to significant transactions which require Shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by the Company of its Common Shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to Shareholders.

2. Listing Rules with which the Company must comply under a Standard Listing

There are, however, a number of principles and continuing obligations set out in Chapter 7 and Chapter 14, respectively, of the Listing Rules that will be applicable to the Company. These include requirements as to:

Chapter 7 – Listing Principles

- the taking of reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations; and
- the dealing with the FCA in an open and co-operative manner.

Chapter 14 – Continuing Obligations

- the forwarding of circulars and other documentation to the UKLA for publication through the document viewing facility and related notification to a regulatory information service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the UKLA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the making of regulatory information service notifications in relation to a range of debt and equity capital issues; and
- at least 25 per cent of the Common Shares being held by the public in the EEA or the jurisdiction in which the Common Shares are listed.

In addition, as a company whose securities are admitted to trading on a regulated market, the Company will be required to comply with the Disclosure Guidance and Transparency Rules.

3. Disclosure Guidance and Transparency Rules

Under DTR Rule 5 (Vote Holder and Issuer Notification Rules) (“**DTR5**”), a person must notify the Company and the FCA of the percentage of the Company’s voting rights he or she holds as a Shareholder (or holds or is deemed to hold through his or her direct or indirect holding of financial instruments) if, as a result of an acquisition or disposal of Common Shares or financial instruments, or as a result of any event changing the breakdown of voting rights of the Company (for example, a buy-back of Common Shares by the Company), the percentage of those voting rights in which he is interested reaches, exceeds or falls below 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent.

The form in which such notification must be made is provided by the FCA on its website at:

<https://www.fca.org.uk/markets/ukla/regulatory-disclosures/submit-investor-notification>

Such notification must be made no later than four trading days after the date upon which the person making the notification (1) learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regards to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect, or (2) is informed about the event changing the breakdown of voting rights of the Company.

Any person who is in breach of their obligations under DTR5 is liable to a fine and/or public censure by the FCA and the FCA may apply to court to have such person’s voting rights suspended.

National Instrument 55-104, “*Insider Reporting Requirements and Exemptions*” requires that any person or company that has beneficial ownership of, or control or direction over, whether direct or indirect, securities of a reporting issuer (such as the Company) carrying more than 10 per cent. of the voting rights attached to all the issuer’s outstanding voting securities, including securities (issued and unissued) that the person or company is the beneficial owner of, which are convertible into voting securities within 60 days following that date, is required to provide public notice of their holdings. Insider reports are filed electronically using the System for Electronic Disclosure by Insiders (“**SEDI**”) established by the Canadian Securities Administrators. Further information about SEDI can be found at the SEDI website (www.sedi.ca). Furthermore, a reporting issuer (such as the Company) is required by Form 51-102F5 of National Instrument 51-102, “*Continuous Disclosure Obligations*”, to disclose in its information circulars whether, to the knowledge of its directors or executive officers, any person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent. or more of the voting rights attached to any class of voting securities of such reporting issuer.

4. Exchange Act

Sections 13(d) and 13(g) of the Exchange Act require any person or group of persons who directly or indirectly acquires or has beneficial ownership of more than 5 per cent. of a class of an issuer’s

securities to report such beneficial ownership on Schedule 13D or Schedule 13G, as appropriate. These reports are filed with the SEC electronically on EDGAR. Both Schedule 13D and Schedule 13G require background information about the reporting persons, including the name, address, and citizenship or place of organisation of each reporting person, the amount of the securities beneficially owned and aggregate beneficial ownership percentage, and whether voting and investment power is held solely by the reporting persons or shared with others.

5. National Instrument 62-104 – “Take-Over Bids and Issuer Bids”

Any person who acquires beneficial ownership, or control or direction, over voting or equity securities of a reporting (such as the Company) that, together with securities of that class already held by the acquirer constitute 10 per cent. or more of the outstanding securities of that class, the acquirer must: (i) promptly, and in any event no later than the opening of trading on the business day following the acquisition, issue and file a news release containing the information required by National Instrument 62-103 “The Early Warning System and Related Take-over Bid and Insider Reporting Issues”; and (ii) promptly, and no later than 2 business days after the acquisition, file a report on SEDAR containing the information required by National Instrument 62-103. In addition, each time there is a material change in a report filed by an acquiror under National Instrument 62-104, or an acquiror or any person acting jointly or in concert with the acquiror acquires securities of the class or securities convertible into the class of securities subject to a previously filed report that constitute 2% or more of the outstanding securities of that class, the acquiror must again issue a news release and file a report containing the information required by National Instrument 62-104. During the period commencing on the occurrence of an event for which a report is required to be filed and ending on the expiry of the first business day following the date on which the report is filed, the acquiror must not acquire or offer to acquire any additional securities of the reporting issuer.

PART 5 – EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Prospectus published	18 November 2019
Admission and commencement of dealings in Common Shares on the London Stock Exchange	8.00 am on 22 November 2019

These dates and times are indicative only, subject to change and may be brought forward as well as moved back, in which case new dates and times will be announced. The times referred to above are references to the time in London, UK.

ADMISSION STATISTICS AND DEALING CODES

Number of Common Shares in issue on Admission	246,194,219
Number of Options on Admission	10,767,900
Number of PSUs on Admission	1,675,000
Number of Warrants on Admission	3,000,000
Number of Common Shares on a fully diluted basis	261,637,119
Percentage of issued share capital represented by Options or Warrants outstanding at Admission	5.26%
Expected market capitalisation of the Company on Admission	\$147,716,531
ISIN	CA8765111064
LEI	549300XKUO1JSLU7KX54
Tickers	LSE: TKO TSX: TKO NYSE:TGB

PART 6 – DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Russell Hallbauer Ronald Thiessen Alexander Morrison Anu Dhir Kenneth Pickering Richard Mundie Robert Dickinson	<i>CEO & Director</i> <i>Chairman & Director</i> <i>Independent Director</i> <i>Independent Director</i> <i>Independent Director</i> <i>Independent Director</i> <i>Independent Director</i>
Company Secretary	Trevor Thomas	
Registered Office of the Company	c/o McMillan LLP, Suite 1500 Royal Centre 1055 West Georgia Street Vancouver British Columbia V6E 4N7 Canada	
Head Office of the Company	Suite 1500 1040 West Georgia Street Vancouver British Columbia V6E 4H1 Canada	
Financial Adviser to the Company	Velocity Trade Capital Limited 100 Yonge Street Suite 1800 Toronto Ontario M5C 2W1 Canada	
English Legal Advisers to the Company	Memery Crystal LLP 165 Fleet Street London EC4A 2DY United Kingdom	
Canadian Legal Advisers to the Company	McMillan LLP Suite 1500, Royal Centre 1055 West Georgia Street Vancouver, British Columbia V6E 4N7 Canada	
Reporting Accountants	KPMG LLP 11 th Floor, 777 Dunsmuir Street Vancouver, British Columbia V7Y 1K3 Canada	

Competent Person	Roscoe Postle Associates UK Ltd. 29 Throgmorton Street, Suite 2.9, Warnford Court London, EC2N 2AT United Kingdom
Financial PR	Tavistock Communications Limited 1 Cornhill London EC3V 3ND United Kingdom
Registrar	Computershare Investor Services Inc. 3 rd Floor, 510 Burrard Street Vancouver, British Columbia V6C 3B9 Canada
Depositor	Computershare Investor Services Plc The Pavillions Bridgewater Road Bristol, BS13 8AE United Kingdom

PART 7 – INFORMATION ON TASEKO

1. Introduction

Taseko is a mining company that seeks to create long-term shareholder value by acquiring, developing, and operating large tonnage mineral deposits which, under conservative forward metal price assumptions, are capable of supporting a mine for ten years or longer. The Company's sole operating asset is the 75% owned Gibraltar Mine, which is located in central British Columbia and is one of the largest copper mines in North America. Taseko also owns 100% of the Florence Copper Project in the United States, which it is advancing towards production.

The map below highlights the location of Taseko's material and non-material mineral properties:



The Group's current strategy is built around its two flagship copper assets in Canada and the United States: the Gibraltar Mine and the Florence Copper Project, respectively. The Group's focus over the next 18 months is to: (i) continue to generate cash flow from the Gibraltar Mine while improving operating practices and reducing unit costs; and (ii) to advance the Florence Copper Project towards full scale operation, subject to a production decision being made and confirmation of available financing.

Gibraltar

The Gibraltar Mine is located in south-central British Columbia and is the second largest open pit copper mine in Canada, having produced 125 million pounds of copper and 2.4 million pounds of molybdenum in 2018 (on a 100% basis). The Gibraltar Mine has an expected mine life of 19 years based on Proven and Probable Sulphide Mineral Reserves of 594 million tons, grading 0.25% copper and 0.008% molybdenum, and containing 2.6 billion pounds of recoverable copper and 48 million pounds of molybdenum.

Between 2006 and 2013, the Company expanded and modernised the Gibraltar Mine ore concentrator, added a second ore concentrator, increased the mining fleet and made other production improvements. Following this period of mine expansion and capital expenditure, the Gibraltar Mine has achieved a stable level of operations and, in 2018, generated \$149.3 million of earnings from mining operations before depletion and amortisation on a 100 per cent. basis.

Gibraltar is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2019, comparable to the production level achieved in 2018. The fundamentals for copper remain strong and most industry analysts are projecting a growing deficit and higher copper prices in the coming years.

Florence

The Florence Copper Project is an in-situ copper recovery project, located midway between Phoenix and Tucson near the community of Florence, Arizona. The Florence Copper Project has an expected mine life of 21 years based on Probable Mineral Reserves of 345 million tons grading 0.36% copper.

In the third quarter of 2018, the Company completed construction of the production test facility for the Florence Copper Project, which includes 24 injection, recovery and monitoring wells and an SX/EW plant. Wellfield operations commenced in the fourth quarter of 2018.

The main focus of the PTF production phase is to demonstrate to regulators and key stakeholders that hydraulic control of underground leach solutions can be maintained. Results to date are in line with management's expectations. Successful operation of the in-situ leaching process will allow permits to be issued for the full-scale operation, which is expected to produce 85 million pounds of copper cathode per year. The permit application process for the commercial phase has been started, and it is anticipated that, subject to funding, construction of the commercial scale operation could be commenced by the middle of 2020, which would lead to the start of production before the end of 2021.

Other Projects

Taseko has a diverse pipeline of wholly-owned development projects at various stages of technical and economic feasibility studies, namely: the Aley project, the Yellowhead project, and the New Prosperity project. Taseko also owns the Harmony Gold project, currently a dormant exploration stage gold property.

In light of, inter alia, the Company's: (i) sole focus on the Gibraltar Mine and the Florence Copper Project (including allocation of all cash resources and work programmes); (ii) permitting status and stage of development; and (iii) assessment of the relative value currently attributed to each of the Company's properties; the Company does not consider the Aley, Harmony, New Prosperity or Yellowhead projects to be material to the Group's operations at this time.

2. History of Taseko

The following is a summary of the development of Taseko's material business over the last three financial years:

2016

The Gibraltar Mine achieved a stable level of operations and produced 133 million pounds of copper for the 2016 year.

2017

In January 2017, the Company completed technical work on the Florence Copper Project which resulted in a significant improvement in project economics.

In March 2017, the Company completed a US\$33 million streaming agreement with Osisko for Taseko's 75% share of payable silver production from the Gibraltar Mine. In June 2017, the Company completed an offering of US\$250 million aggregate principal amount of 8.75% senior secured notes due 2022. The Company used the net proceeds of the offering and a portion of its existing cash balance to fund the redemption of its US\$200 million senior notes due 2019 and to repay a senior secured credit facility (due March 2019) and the related copper call option.

In July 2017, Gibraltar's mining and milling operations were impacted by wildfires in the Cariboo region, which limited employees' ability to travel to the mine site due to restrictions on road access and evacuation orders in the region.

In September 2017, the Company received all necessary state and federal permits to build and operate the Florence Copper Project PTF in Arizona, and the Board approved the construction of the PTF at an estimated cost of US\$25 million.

2018

In 2018, construction of the PTF for the Florence Copper Project was completed on time and on budget. Wellfield operations commenced in the fourth quarter. The main focus of the PTF phase is to demonstrate to regulators and key stakeholders that hydraulic control of underground leach solutions can be maintained.

2019

In April 2019, the Company announced first copper production from the PTF at the Florence Copper Project, and in June the Company achieved commercial grade leach solutions in the PTF wellfield. Permit applications for the APP and the UIC were submitted to the Arizona Department of Environmental Quality and the U.S. Environmental Protection Agency in June and August, respectively.

By October, the PTF wellfield demonstrated hydraulic control of solutions 800 to 1200 feet underground, in the orebody, and remained compliant with all environmental guidelines. The Company also turned its focus to testing different wellfield operating strategies, including adjusting pumping rates, solution strength, flow direction, and the use of packers in recovery and injection wells to isolate different zones of the orebody.

3. Gibraltar Mine

Project Description, Location, and Access

The Gibraltar open pit mine and related facilities are located 65 kilometres north of the town of Williams Lake and are centered at latitude 52° 30'N and longitude 122° 16'W in the Cariboo Mining Division. Williams Lake is approximately 590 kilometres north of Vancouver, British Columbia.

Access to the Gibraltar Mine from Williams Lake is 43 kilometres via Highway 97 to McLeese Lake, and then 17 kilometres by paved road to the mine site.

The Gibraltar Mine property consists of 244 tenures held as summarised below.

<u>Tenure Type</u>	<u>Number</u>	<u>Area (ha)</u>
Claims	212	19,815
Leases	32	2,275
Total	244	22,090

There are 32 mining leases at the Gibraltar Mine which are valid until at least July 2023 as long as renewal fees, which are due on an annual basis, are paid. Rights to use the surface accompany each mining lease. There are 212 claims included in the Gibraltar property tenure package due to expire in June 2020 or later. It is intended that all leases and claims will be renewed prior to their renewal fees being due (in the case of the leases) and prior to their expiry (in the case of the claims).

There are several land parcels for which surface rights were purchased outright. There is one fee simple lot at the Gibraltar Mine on which the plant site is located and annual taxes are paid. In addition, the Gibraltar Mine holds three other land parcels.

All mining leases and all mineral claims are currently in good standing.

In March 2017, Taseko entered into an agreement to sell all of its 75% share of payable silver production from the Gibraltar Mine to Osisko. There are no other royalties, overrides, back-in rights, payments or other agreements to which the project is subject.

Gibraltar has been developed using open pit mining methods since the commencement of mining in 1971. Five pit areas are currently identified in the LOM plan, The Gibraltar, Pollyanna, and Granite pits have previously been mined in several phases, while the Connector and Extension pit areas have yet to be developed. Over the past few years, mine operations have been focused on the Granite pit. Summarised below is the open pit mine production for the past five years of operations.

<u>Year</u>	<u>Ore mined (Mst)</u>	<u>Cu Grade(%)</u>	<u>Contained Cu (Mlb)</u>	<u>Waste mined (Mst)</u>	<u>Total mined (Mst)</u>	<u>Strip ratio (waste ore)</u>
2014	29	0.27	151	85	114	3.0
2015	28	0.27	150	66	94	2.4
2016	35	0.26	185	53	88	1.5
2017	21	0.28	118	72	93	3.4
2018	30	0.25	151	82	112	2.7

The Competent Person notes that for years 2015 and 2016, open pit mining operations, specifically waste mining, was purposefully slowed down due to depressed copper market conditions. In 2017, both ore and waste mining operations were negatively impacted by forest fires in the region, which required mining operations to be halted along with the evacuations of local communities where the majority of the workforce resides. The Competent Person is of the opinion that the years 2014 and 2018 are representative of the capacity of the existing mining operations at Gibraltar.

The mine is planned to consist of five open pits, namely: Granite, Pollyanna, Connector, Gibraltar, and Extension. Gibraltar holds sufficient title for mining and concentrator operations including tailings and waste disposal areas, with the exception of a lease boundary expansion required to mine the full Extension pit the last of five pit areas to be mined in the production plan, which is scheduled to start in 2032.

Geological Setting, Mineralisation, and Deposit Types

The Gibraltar Mine deposits are hosted by the upper Triassic Granite Mountain Batholith, located within a wedge of Mesozoic and Palaeozoic rocks bounded on the west by the Fraser Fault system and on the east by the Pinchi Fault system. The Granite Mountain Batholith is a composite body consisting of three major phases; Border Phase diorite, Mine Phase tonalite, and Granite Mountain trondjemite. Contacts between the major phases are gradational over widths ranging from two metres to several hundred metres. The regional deformation was accompanied by localised metasomatic alteration and associated sulphide deposition that led to the concentration of copper mineralisation in specific areas of the batholith.

There are currently five defined mineralised zones on the Gibraltar Mine property – the Pollyanna, Granite, Gibraltar, Connector, and Extension zones. The zones occur within the Batholith in a broad area of shearing and alteration.

Two major ore structure orientations have been recognised; the Sunset and Granite Creek systems. Ore host structures of the Sunset system are mainly shear zones, with minor development of stockworks and associated foliation lamellae whereas oriented stockworks with associated pervasive foliation lamellae predominate in the Granite Creek system.

Pyrite and chalcopyrite are the principal primary sulphide minerals. Small concentrations of other sulphides are present in the Gibraltar ores with molybdenite being a minor but economically important associate of chalcopyrite in the Pollyanna, Granite, and Connector deposits.

Exploration

A property-scale Induced Polarisation geophysical survey was designed and initiated in August 2000. Field activities included 237km of line cutting and some 220km of IP survey. Several deposit scale anomalies external to current reserves were identified and drill tested in 2003.

In 2011, Gibraltar Mines Ltd. had an airborne ZTEM electromagnetic and magnetic survey flown over its then existing claims surrounding the Gibraltar Mine. A total of some 690 line kilometres of Z-Axis Tipper electromagnetic and magnetic data was collected.

In 2015, a ground magnetometer survey was performed over 36.6 line kilometres on four mineral claims.

In 2017, two geophysical surveys were conducted over the Gibraltar NW area by Walcott & Associates. The first consisted of an airborne magnetics survey flown over the property. The survey covered a total of 346 line-km flown along northeast orientated lines at 100m spacings. The second survey consisted of a ground IP survey that covered a total of 41.5 line-km along 11 north-easterly orientated lines with spacing between 200 and 400 metres. The collected data was used to target a diamond drill programme which consisted of two exploration diamond drill holes totaling 3,941' (1,201.4m) in the area northwest of the current Extension Resource.

Drilling

The first recorded drilling took place in the area of exposed surface mineralization in 1965. From 1965 through 1971, 286,718 feet in 596 holes were completed in annual drill programs with an average length of 480 feet per hole. Drilling activities resumed in 1978 and continued annually to 1998, resulting in the completion of a further 398,558 feet in 772 additional holes averaging 515 feet in length. The dominant core size for this early diamond drilling was NQ (4.76 cm diameter) and most holes were drilled vertically (-90 degrees). No downhole surveying was performed. Core recovery was not recorded prior to 1999; however, 21,675 rock quality designation measurements were recorded for an average RQD of 43% from 1979 through 1998.

Taseko acquired Gibraltar in mid-1999 and by mine restart in 2004, added a further 223 holes and 118,874 ft of drilling to the mine database. Most of this footage was completed in the 2003 program. All cores from this period were drilled NQ size, except for four HQ core size monitoring wells. Holes from this period averaged 530 feet in length. 90% of holes were drilled vertically with the remaining holes drilled at an inclination of -45 degrees to the northeast. No downhole surveying was performed. 2,989 core recovery and RQD measurements were taken on drill runs averaging 10 feet in length. The average core recovery was 99% and RQD was 37% for this drilling. Digital core photography became routine at Gibraltar in 2003. This practice has continued for all exploration and geotechnical core drilling at the mine since then.

Mine operations resumed in 2004 after a 6-year hiatus. During this period from 2004 through 2010 a further 418,106 feet was drilled in 492 holes. A typical drill hole from this period was vertical, NQ core size and 850 feet in length. The 92 non-vertical holes from this period were drilled in wide variety of azimuths and orientations. Core recovery was measured for 37,129 intervals averaging 10 feet in length for an average recovery of 96% and RQD of 69%. Of the total footage, 63% was drilled NQ core size. A total of 36 HQ and HQ3 core holes were also completed representing 6% of the total. In addition to that, ten 8-inch diameter percussion holes totaling 3,061 feet were drilled for other purposes.

In 2009 and 2010, 28 AD series 5-inch diameter percussion rotary air blast (RAB) holes were drilled for a total of 7,040 feet. The AD series of holes were drilled in active mining areas, usually in-pit on ramps. They were completed using rapid RAB drilling and sampling techniques to ensure completion while avoiding conflict with ongoing mine operations.

From 2011 through 2014, 150,477 feet was drilled in 195 holes. Almost 50% of the footage was for exploration, delineation and infill drilling with the remaining for geotechnical, piezometer cored holes and dewatering wells. Drill holes from this period average 770 feet in length, with 40% of the footage drilled NQ core size, 23% HQ core size, 27% rotary and 6% casing. A total of 27 core holes were drilled vertically. The 74 non-vertical core holes were drilled in a wide range of azimuths and range of inclinations from -45 to -85 degrees. The core recovery of holes drilled in this period is 97% and the average RQD is 68%.

A total of 189 holes and 148,451 feet of drilling was completed between 2015 and 2018 with an average length of 785 feet. Of this, 62% was drilled NQ core size, 13% HQ core size, 21% rotary and 4% was casing. Exploration, delineation and infill drilling comprised 63% of the total footage with piezometer, geotechnical and water well holes comprising the balance. A total of 102 non-vertical core holes were drilled from -43 to -85 degrees inclination in a wide range of azimuths. Seven core holes and all production and water well percussion holes were drilled vertically. The core recovery of holes drilled in this period is 96% and the average RQD is 64%.

Sampling, Analysis, and Data Verification

Over 135,000 samples have been taken for total copper analysis from drilling at Gibraltar since 1965. About 95% of these samples were also assayed for molybdenum, 52% for acid soluble

copper, 41% for multi-element ICP and 36% for gold. Essentially all rock drilled and recovered is sampled in 10 ft intervals. Unconsolidated overburden material, where it exists, is generally not recovered by core drilling and therefore not usually sampled.

From discovery in 1965 through mine start-up in 1971, and since mine re-start in 2004, assays on exploration drill samples have been performed by reputable, independent third-party analytical laboratories. Mine laboratory personnel performed all exploration drill sample analyses from 1979 to 2003.

Well-documented sample preparation, security and analytical procedures used on the Gibraltar drill programmes since 1999 have been carried out in an appropriate manner consistent with common industry practice. The results are supported by many years of mine production. A significant amount of due diligence and analytical QAQC for copper and molybdenum has been completed on the samples that were used in the current mineral resource/reserve estimate. The quality of the work performed on the digital database provides confidence that it is of good quality and acceptable for use in geological and resource modeling of the Gibraltar deposits.

Details of sample preparation, assay laboratories, security, and data verification used in the Gibraltar drill hole sampling and analytical programmes is documented in the Gibraltar Technical Report. Sample preparation, security and data verification protocols since the Gibraltar Technical Report continue to apply these same procedures and standards.

Mineral Processing and Metallurgical Testing

Sulphide ore from the Gibraltar deposits has been processed on-site since 1972 and run of mine oxide ore has been leached from 1986 through 2015. The current mineral reserves are contained within zones which have been significantly mined, with the exception of the Extension Zone.

Metallurgical testing associated with the Extension Zone returned results consistent with the rest of the mineralised zones. The basis for predictions of copper concentrate flotation recovery is plant performance data from both of the existing concentrators based on sulphide and oxide content. Copper recovery averages 86% over the remaining operating period of the reserves.

Molybdenum recovery is based on closed circuit cleaner locked cycle tests on Gibraltar bulk copper concentrate. Applying the predicted molybdenum recovery from the locked cycle tests to the average bulk flotation circuit molybdenum recovery supports an overall recovery of 50% used in economic calculations.

The basis of the predictions of copper cathode produced from heap leaching and subsequent solvent extraction is based upon historical leaching recovery curves. These curves take into account the annual recovery declination from the date of material placement.

Mineral Resource and Mineral Reserve Estimates

The Gibraltar Mine mineral Resources and Reserves, as at 31 December 2018, as documented in the CPR, are set out below. The cut-off grades used were 0.15% Cu with an upper limit of 50% ASCu for sulphide resources and 0.10% ASCu for oxide resources. These cut-off grades are consistent with current mine practices and the Mineral Reserves outlined below. The Mineral Resources are classified according to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves dated 10 May 2014 (CIM (2014) definitions).

Mineral Resources – 31 December 2018

<u>Category</u>	<u>Tonnage (Mst)</u>	<u>Cu Grade (%)</u>	<u>Mo Grade (%)</u>
Measured	806	0.25	0.008
Indicated	303	0.23	0.007
Total Measured and Indicated	1,109	0.25	0.007
Inferred	59	0.21	0.004

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.

2. Mineral Resources are presented on a 100% basis.
3. Sulphide Mineral Resources are estimated at a cut-off grade of 0.15% Cu.
4. Oxide Mineral Resources are estimated at a cut-off grade of 0.10% ASCu.
5. Mineral Resources are estimated using a long-term copper price of US\$3.25/lb, a molybdenum price of US\$12.00/lb, and a US\$/C\$ exchange rate of US\$0.80 to C\$1.00.
6. Tonnage factors are 12 ft³/st for in situ material and 15 ft³/st for fill.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
9. Numbers may not add due to rounding.

Proven and Probable Mineral Reserves are reported as the Measured and Indicated Mineral Resource within the final pit designs and above the stated cut-off grade for sulphide and oxide ores. Sulphide Mineral Reserves total 594 Mst grading 0.25% Cu and 0.008% Mo. Oxide Mineral Reserves total 17 Mst grading 0.15% ASCu. Set out below are the Proven and Probable Mineral Reserves for sulphide and oxide ores at Gibraltar as of December 31, 2018. The Mineral Reserves are contained within the Mineral Resources set out above and are presented on a 100% basis.

Sulphide Mineral Reserves – December 31 2018

<u>Sulphide: 0.15 Cu Cut-off Grade</u>		<u>Tonnage (Mst)</u>	<u>Cu Grade (%)</u>	<u>Mo Grade (%)</u>
Total	Proven	469	0.26	0.008
	Probable	121	0.23	0.008
	Subtotal	590	0.25	0.008
	Ore Stockpiles	3	0.19	0.008
	Total	<u>594</u>	<u>0.25</u>	<u>0.008</u>

Oxide Mineral Reserves – December 31 2018

<u>Oxide: 0.10% ASCu Cut-off Grade</u>		<u>Tonnage (Mst)</u>	<u>ASCu Grade (%)</u>
Total	Proven	1	0.16
	Probable	16	0.15
	Total	<u>17</u>	<u>0.15</u>

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are presented on a 100% basis.
3. Mineral Reserves are estimated using a copper price of US\$2.75/lb, a molybdenum price of US\$8.00/lb, and a US\$:C\$ exchange rate of 1.00:1.25.
4. Mineral Reserves for sulphide ore are estimated at a cut-off grade of 0.15% Cu with a maximum 50% ASCu content constraint.
Mineral Reserves for oxide ore are estimated at a cut-off grade of 0.10% ASCu.
5. Mineral Reserves are estimated as mined and delivered to the processing facilities.
6. Numbers may not add due to rounding.

Mining Operations

The Gibraltar Mine is a typical open pit operation that utilises drilling, blasting, cable shovel loading and large-scale truck hauling to excavate rock. The Gibraltar Mine is planned for excavation of sulphide mineralised ore of sufficient grade that it can be economically mined, crushed, ground and processed to a saleable product by froth flotation. Ore stockpiles are used to maintain consistent ore supply to the crushers and to facilitate blending for ore grade and hardness characteristics.

Rock containing oxide mineralisation is directed to designated dumps where it is leached with a highly diluted sulphuric acid, which is naturally assisted by bacterial action, and the resultant copper sulphate solution can be processed to cathode copper in the Gibraltar Mine's solvent extraction and electrowinning plant.

The strip ratio over the remaining 19 year operating period of the reserve will average 1.9:1. Strip ratio refers to the ratio of the amount of waste material required to be mined in order to extract a unit of ore. For example, a 3:1 stripping ratio means that mining one tonne of ore will require mining three tonnes of waste rock. While the annual strip ratio generally decreases with time, the strip ratio will vary and be managed over the course of the mine life based on exchange rates, commodity prices, and grade distribution during annual and mid-range mine planning process to optimize the economic performance of the operation.

Processing and Recovery Operations

The processing facilities at the Gibraltar Mine consist of two separate bulk sulphide concentrators, a dedicated molybdenum flotation plant, and a series of leach piles which feed a SX/EW facility.

Run of mine ore is fed to the two sulphide concentrators in parallel at a combined design rate of approximately 85,000 tons per day. These two bulk concentrators, while differing in size, follow the same process path. Ore is fed to primary crushing with the product reporting to a closed circuit SAG/Ball comminution stage. Ground ore is processed through a rougher flotation stage. Tailings from the rougher flotation stage are pumped to a storage facility, while the concentrate is reground and processed through two further cleaner flotation stages. Final bulk concentrate contains both copper and molybdenum values.

The bulk concentrate from both facilities is combined and processed through a single molybdenum flotation plant. The bulk concentrate is floated in a rougher stage which depresses the copper values and selectively recovers molybdenum. The underflow from this plant is the site's final copper concentrate. This copper concentrate is dewatered and shipped in bulk to market. The rougher concentrate is reground and processed through two further cleaner flotation stages. Molybdenum final concentrate from this plant is dewatered and bagged, and subsequently shipped to market. The molybdenum flotation plant was restarted in September 2016 after being idled in July 2015 during a decline in molybdenum prices.

Oxide ore from the mine is delivered to oxide leach dumps. The SX/EW plant is designed to extract copper from the pregnant leach solutions collected from the site's leach dumps. Acidic solution is passed through the leach pile and extracts copper in the form of copper ions in this PLS. This copper laden solution is delivered to the SX/EW plant via collection ditches, ponds and pumping where required. The process takes PLS and selectively extracts the copper ions in solvent extraction mixer-settlers. The copper is transferred from this acid solution to an organic phase and finally to a clean electrolyte. The electrolyte is filtered and heated before being passed through the electrowinning cells where the copper is plated out on stainless steel cathodes. The resultant high quality cathode copper is bundled and sold. The barren solution leaving the plant, raffinate, is pumped back to leach additional copper from the leach piles. This system is scheduled to operate when sufficient oxide ore is available for leaching.

Gibraltar's copper concentrate has an approximately 28% copper content grade and no significant deleterious elements. Gibraltar copper cathode is nominally 99.9%+ pure copper.

Infrastructure, Permitting and Compliance Activities

The Canadian National Railway has rail service to facilitate the shipping of copper concentrates to Vancouver Wharves, owned and operated by Kinder Morgan in North Vancouver, British Columbia. The Company operates the concentrate rail load-out facility on the CN rail line at Macalister, 26 kilometres from the mine site. Gibraltar owns the buildings and a portion of the land upon which the siding is located and has an agreement in place for the use of CN-owned siding materials.

Electricity is obtained from BC Hydro. Natural gas is provided by Fortis BC. The communities of Williams Lake and Quesnel are sufficiently close to the site to supply goods, services, and personnel to the Gibraltar Mine. The Gibraltar Mine had over 680 active personnel at the end of December 2018. Fresh water for domestic use is obtained from a set of wells on the Gibraltar Mine property. Process facilities operate using reclaimed water from the existing tailings storage facility.

Water currently stored in the Pollyanna Pit will be pumped to Granite Pit starting in 2020. A bulk dewatering system will be used to pump the free water above the 3700 elevation followed by a

series of wells used to dewater rock fill located inside the previously mined pit. Water currently stored in the Gibraltar Pit will be transferred to the completed Granite Pit starting in 2024. This will require the construction of a bulk pit dewatering system.

Relocation of the in-pit crusher feeding concentrator 1 will need to be completed in 2022 prior to starting phase 2 of the Connector Pit. Additionally, an electrical substation used for distributing power to the pit areas will need to be relocated at the same time.

With the current design parameters and tailings deposition concept and plan the current facility footprint will accommodate processing through 2033. Starting in 2034, tailings will be deposited in the mined out Granite Pit. All material regulatory authorisations and permits are in place to extract the reserves described in the CPR with the exception of:

- a small extension of lease boundary to include the Extension Pit by 2032; and
- periodic amendments of PE-416 and M-40 for pit wall pushbacks, water discharge, and waste rock and tailings storage.

Other permit considerations include approvals required for route changes to the access road, hydro transmission line, natural gas line, and water discharge pipeline in order to complete development of the Extension Pit which is scheduled to start in 2032. Approvals will be sought as required.

There have been no material environmental non-compliance incidents since the Gibraltar Mine reopened in 2004.

Capital and Operating Costs

As the majority of the Gibraltar Mine's facilities are in place and operating, the only capital requirements are for the relocation of the in-pit crusher/conveyor system and electrical substation, bulk pit dewatering, specific tailings and water discharge related activities, and sustaining capital to maintain the integrity of the mining and processing equipment.

The total anticipated site capital requirements over the next 19 years are summarised below:

<u>Area</u>	<u>Total Capital (in \$ millions) on a 100% basis</u>
Process Improvements	2
Bulk Pit Dewatering	24
Tailings and Water Reclaim/Discharge	34
Crusher and Substation Relocation	43
Road and Gas Line Relocation	6
General and Sustaining	176
Total	<u>285</u>

LOM estimated total site operating costs are \$6,287 million resulting in a unit operating cost of \$10.59 per ton milled, summarised as follows:

<u>Operating Category</u>	<u>Life of Mine Unit Operating Cost (\$/t milled)</u>
Mining cost (\$/ton mined)	1.84
Mining cost	5.49
Processing	4.20
General and Administrative cost	0.90
Total operating cost (\$/t milled)	<u>10.59</u>

Note: Numbers may not add due to rounding.

It is intended that these costs will be met from future cashflows from the Gibraltar Mine and existing cash resources of approximately \$42 million.

Mining and Development

Gibraltar is pursuing initiatives to improve recovery, concentrator throughput, and mine cost and productivity. Continued improvement in any or all of these areas will have not only positive economic implications but could increase the size of the reserve pits under current commodity assumptions and/or impact the optimum cut-off grade.

A total of approximately 1,767 Mst of material is planned to be mined continuously over the next 19 years from five pit areas. The mining operations are designed and scheduled to supply the processing facilities with 590 Mst of sulphide ore (plus 3 Mst of stockpile ore for 594 Mst total sulphide ore) at a rate of 31 Mstpa, or 85,000 tpd, and 17 Mst of oxide ore delivered between 2021 and 2026. Ore is delivered at a 1.9 to one waste to ore strip ratio. While the annual stripping ratio generally decreases with time, it will vary and be managed over the life of mine based on mid-range mine planning processes to optimise the economic performance of the operation.

From 2019 to 2024, peak mining rates occur, with an average of 121 Mstpa forecast over this period. From 2025 through to the end of mining operations in 2038, total tonnes mine per annum are in general decline, from an annualised rate of 96 Mstpa to 45 Mstpa in 2037, the last full year of production mining.

4. Florence Copper Project

Project Description, Location and Access

The Florence Copper Project is an advanced-stage oxide copper project controlled 100% by the Company through its wholly owned subsidiary, Florence Copper Inc.. The project hosts a buried porphyry copper deposit that is amenable to ISCR and SX/EW copper production.

The Florence Copper Project is located in the Sonoran Desert of Pinal County in south-central Arizona at latitude 33° 02' 49" North and longitude 111° 25' 48" West within the limits of the Town of Florence. The Florence Copper Project site entrance is 14 miles by paved highway from Interstate 10 and can be accessed from the center of the Town of Florence via 4 miles of highway (AZ-79 and Hunt Highway). The Copper Basin Railway, a federally regulated short-line railroad, is located 100 feet north of Hunt Highway adjacent to the project site and provides rail access between the Town of Winkelman and the Union Pacific Railroad at the Magma Copper Company loading station near Interstate 10.

The Florence Copper Project property is 1,342 acres and consists of two contiguous parcels of land, including 160 acres of leased State Trust Land. Florence Copper Project owns surface and subsurface rights to 1,182 acres of patented land held in fee simple that includes the majority of the project area. The patented land is subject to annual property taxes and falls within the jurisdiction of the Town of Florence for zoning and land use. Florence Copper Project also holds Arizona State Mineral Lease 11-26500 that includes approximately 160 acres of surface and subsurface mineral rights on Arizona State Trust Lands, which is not subject to the jurisdiction of the Town of Florence for land use. The Arizona State Mineral Lease term is from December 2013 through to December 2033 and is renewable with Florence Copper Project having the preferred right to renew thereafter. The mineral lease requires annual rent to be paid to the State of Arizona and includes a royalty requirement on production from the mineral lease land. The Arizona State Mineral Lease is in good standing and the State Trust Lands overlie approximately 42 percent of the targeted copper resource.

There are three separate royalties applicable to Florence Copper Project. The land subject to Arizona State Mineral Lease 11-26500 is subject to a royalty payable to the State of Arizona based on a percentage (between 2% and 8% according to a "Copper Index Price") of the gross value of minerals produced. A 3% "Net Returns" royalty on the entire property is payable to Conoco Inc., and a 2.5% "Net Profits Interest" royalty applicable to the patented land is payable to BHP Billiton.

Although there are some limited environmental liabilities on the project site relating to historical mining and exploration activities conducted by previous owners, these are managed by the Company and do not pose a risk to access, title or the ability to perform work on the Florence Copper Project. The patented land portion of the Florence Copper Project was subject of a legal non-conforming use litigation which was recently resolved in the Company's favour.

History

The Florence Copper Project has had four previous owners whose primary business is exploration and mining development including Continental Oil Company, Magma, BHP Copper Inc. and Curis Resources Ltd.. BHP conveyed the land constituting the Florence Copper Project to Florence

Copper Inc. on May 2000. In the years between 2002 and 2009 the ownership of the private property passed through a number of companies including Roadrunner Resorts LLC, WHM Merrill Ranch Investments LLC, The Peoples Bank, and Merrill Ranch Properties LLC. Ownership of Arizona State Mineral Lease 11-26500 remained with Florence Copper Inc. which was acquired by Felix-Hunt Highway LLC in 2008. Curis purchased the surface rights and all of the mineral rights to the 1,182 acre private land component of the Florence Copper Project in December 2009. In February 2010, Curis obtained assignment of Arizona State Mineral Lease 11-26500 completing the land holdings that form the Florence Copper Project site. Curis was acquired by Taseko in November 2014.

Conoco discovered the Florence Copper Project deposit in 1970 while executing an exploratory drilling programme southwest of Poston Butte. From 1970 to 1977 Conoco completed approximately 620,000 feet of exploration drilling in 612 drill holes. In 1974, Conoco mined approximately fifty thousand tons of mineralised material from a single-level, underground mine designed to collect samples for metallurgical and geological testing. Metallurgical testing of the recovered material was performed using a small plant built on the property. The mine shafts are now capped at the ground surface and the mine is flooded.

Magma acquired the property from Conoco in July 1992 and initiated a Pre-Feasibility Study to verify the Conoco work and to determine the most effective technology for extracting copper from the deposit. The results from copper resource modeling, metallurgical testing, material property testing, and financial analysis supported the conclusion that the preferred method for development of the property was ISCR and SX/EW to produce cathode copper. Magma also completed approximately 150,000 feet of exploration drilling in 172 drill holes over the period from 1994 to 1996.

In January 1996, Broken Hill Proprietary Company Limited of Australia acquired Magma and created BHP. In 1998, BHP conducted a 90-day field optimisation ISCR test to demonstrate hydraulic control, gather copper recovery and other technical data for a feasibility study. The outcome of the study confirmed to regulatory agencies that production wells could be efficiently installed into the mineralised zone, hydraulic control of the injected and process solutions could be maintained and documented, and that the ISCR method was a viable method for copper extraction at Florence Copper Project. BHP also completed approximately 17,000 feet of exploration drilling in 21 drill holes in 1997.

After completing the acquisition of Florence Copper Project in February 2010, Curis conducted approximately 8,000 feet of drilling in 6 drill holes to verify previous results, provide metallurgical samples, and information for further project development. Curis performed detailed data verification and generated a new resource model for the project as well as undertaking a metallurgical programme focused on simulating in-situ conditions by using whole core box leach tests.

Geological Setting, mineralisation and Deposit Types

The Florence Copper Project hosts a porphyry copper deposit consisting of a large core of sulfide copper mineralisation underlying a zone of oxide copper mineralisation. The deposit formed when numerous dike swarms of Laramide granodiorite porphyry intruded Precambrian quartz monzonite near Poston Butte. Hydrothermal solutions associated with the intrusion altered the host rock depositing copper and iron sulfide minerals in the strongly faulted and fractured rocks.

Mid-Tertiary Basin and Range extensional faults subsequently elevated and isolated much of the Florence Copper Project deposit as a horst block and this block as well as the downthrown fault blocks were exposed to weathering and erosion. The centre of the deposit was eventually eroded to a gently undulating surface and the deposit was buried due to regional erosion processes to a depth of approximately 400 feet. During this period of erosion and deposition, a clay layer was deposited approximately 75 feet above the bedrock surface that impedes the mixing of groundwater between the near surface aquifer and the deeper aquifer hosting the mineralised zone.

Mineralisation in the highly-fractured oxide zone consists primarily of chrysocolla with lesser "copper wad," tenorite, cuprite, native copper, and trace azurite and brochantite. The majority of the copper occurs as chrysocolla in veins and fracture fillings, while the remainder occurs as copper-bearing clays in fracture fillings and former plagioclase sites. The average thickness of the oxidised zone is approximately 400 feet.

The main sulfide minerals in the deposit are chalcopyrite, pyrite and molybdenite with minor chalcocite and covellite. The supergene chalcocite blanket is very thin and irregular and in most instances the transition from the oxide zone to the sulfide zone is quite abrupt.

Exploration

Substantial exploration work has been undertaken on the Florence Copper Project site by previous owners including drilling (exploration, assessment, condemnation, geotechnical and environmental), underground mine development, geophysical surveys and mineralogy studies. Over the period since Taseko acquired the Florence Copper Project, the Company has not conducted any exploration work on the property, instead its activities concentrating on permitting, metallurgical testing, engineering, and the construction and operation of the PTF.

Drilling

Drilling on the Florence Copper Project site has been undertaken by means of core drilling, RC rotary drilling and conventional rotary drilling. Conoco developed a detailed geologic core logging protocol in the early to mid-1970s and subsequent geologists have continued to use this method, with slight modifications, to maintain continuity of the geologic data produced.

Since 2009, work on the property has been focused on the site's potential copper production through ISCR which has included the drilling of 6 holes to obtain samples for metallurgical testing and engineering studies to support planning for project development.

Drilling performed on the property is summarised below.

<u>Company</u>	<u># of drill holes</u>	<u>Core length (metres)</u>
Curis Resources (2011)	6	7,752
BHP Copper (1997)	21	16,638
Magma Copper Company (1994-1996)	172	146,891
Conoco (1970-1977)	612	620,483
Other	6	3,716
Total	<u>817</u>	<u>795,480</u>

Sampling, Analysis and Data Verification

Sampling protocols were developed by previous owners to ensure consistency and mitigate bias. Sampling consisted of core samples and cuttings from drilling, as well as bulk samples obtained from the underground workings. Core samples as well as conventional rotary and reverse circulation drill cuttings were all assayed, although assays for conventional rotary cuttings are considered unreliable and have not been used in the project data set. Core samples provide the most representative, unbiased samples of the mineralised materials encountered in the boreholes.

Assays of drill samples were conducted by various laboratories under the supervision of Arizona-registered assayers and laboratory managers. The "San Manuel Method" was consistently used by Magma, BHP and outside laboratories contracted for the analysis of percent acid-soluble copper content in the Florence drill and metallurgical test samples.

Data verification has been performed by each company conducting exploration and development at the site and the information and data generated by all prior owners have been reviewed and verified to ensure that the data is of good quality and is suitable for use in mineral reserve estimates. Details of sample preparation, assay laboratories, security, and data verification used in the drill hole sampling and analytical programmes is documented in the Florence Technical Report.

Mineral Processing and Metallurgical Testing

The Florence Copper Project has a long history of metallurgical testing which establishes the amenability of the site oxide copper mineralisation to leaching. Historic test work has included laboratory scale column testing and vat leaching as well as pilot scale vat and agitation leaching. These tests have been conducted on material sourced from drill core as well as a bulk sample from the test underground mining.

Recent metallurgical test work has focused on test methods specific to simulating ISCR performance. This programme began in 2011 with box leach tests where whole drill core was leached at near atmospheric pressure to simulate leaching of undisturbed ore. In 2013 development of a pressurised test apparatus led to tests on whole drill core to simulate the hydrostatic pressure in the ore body during leaching and rinsing. This pressurised test apparatus was refined to more accurately simulate ISCR conditions as the test work proceeded and a test linking seven pressurised cells in series was completed in 2016. This series leach test passed solutions through approximately 15 feet of whole core with a solution transit time of about 13 days, representing approximately the mid-point of scale-up between a single pressurised test with a solution transit time of less than two days and the full scale well field with an estimated 30 days transit time. The development of the ISCR leach test methodologies culminating in the series leach test has allowed the laboratory to produce mature leach solutions with compositions that closely correspond to those predicted for the full scale operation. All of the ISCR leach testing was conducted in closed circuit and used solvent extraction to recover the leached copper into a proxy electrolyte solution.

The leaching model for ISCR at Florence is based on data from the box leach tests, individual pressurised tests and the series testing. Laboratory data used for modelling is subjected to a validation process based on established industry practice in the copper leaching field. The leach model is then combined with a model of sweep efficiency, which adjusts for the amount of mineralised material that would be contacted by solutions over time in the ISCR well field, and a recovery factor to account for the proportion of copper leached which is plated as cathode copper. Recovery to cathode copper is conservatively predicted to be 65% over a four year leach cycle for Florence Copper Project.

The PTF was constructed at the Florence Copper Project site and completed in 2018 to evaluate and demonstrate the ISR process. The wellplan portion of the PTF consists of 4 injection wells, 9 recovery wells and 9 observation and sampling wells. The solution processing portion of the PTF is a scaled version of the commercial SX/EW plant with identical unit operations. Initial wellfield operations began in December 2018, with commissioning of the SX/EW copper recovery circuits beginning in March 2019. PTF operations continue to ramp up and will continue to operate until the wells are incorporated into the commercial wellfield.

To date, there have been no operational or metallurgical issues with the SX/EW circuit. Although the results of the PTF will be used to refine recovery estimates once mature data is generated, the PTF results as of 6 November 2019 are too preliminary to further inform the forecast of final copper recovery.

Mineral Resource and Mineral Reserve Estimates

The Florence Copper Project mineral Resources as at 1 July 2019, as documented in the CPR, are set out below:

Category	Tonnage (Mst)	Grade (%TCu)	Contained Metal (Mlb Cu)
Indicated	429	0.33	2,839
Inferred	63	0.24	295

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.05% TCu.
3. Mineral Resources are estimated using an average long-term copper price of US\$3.25 per pound.
4. Includes the entire copper oxide zone including 40 ft bedrock exclusion zone.
5. A tonnage factor of 12.5 ft³/st was used.
6. Mineral Resources are inclusive of Mineral Reserves
7. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
8. Numbers may not add due to rounding.

The Florence copper deposit is a large oxide and sulphide copper deposit extending from approximately 450 ft below surface to 1,700 ft below surface and covering an area of

approximately 5,200 ft by 5,600 ft in plan. The oxide portion of the deposit is planned to be mined using the ISCR method. The Mineral Reserves are all classified as Probable Mineral Reserves reflecting the planned extraction method. The Mineral Reserve estimate for the Florence deposit as at 1 July 2019 is summarised below:

Category	Tonnage (Mst)	Grade (%TCu)	Contained Metal (Mlb Cu)
Proven	—	—	—
Probable	345	0.36	2.472

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are estimated at a cut-off grade of 0.08% TCu.
3. Mineral Reserves are estimated using an average long-term copper price of US\$2.75 per pound.
4. A minimum mining area of 100 ft by 100 ft width was used together with a minimum vertical thickness of 100 ft.
5. Bulk density is 12.5 ft³/st.
6. Numbers may not add due to rounding.

Mining Operations

The mining method proposed for Florence Copper Project is ISCR which is an extraction method used for selected mineral deposit conditions as an alternative to open pit or underground mine methods. The Florence Copper Project deposit is amenable to the ISCR method due to the high degree of natural fracturing in the oxide zone, connectivity of the fractures, acid soluble copper mineralisation that occurs on the faces of the fractures, and host rocks as well as deposit hydrologic conditions which are favorable for leaching operations.

The ISCR process involves drilling wells into the mineralised material and circulating a dilute low pH lixiviant solution (consisting of 99% water) through the ore between injection and recovery wells. The lixiviant solution dissolves the copper minerals and the resulting copper rich solution is processed in a conventional SX/EW plant where the copper is removed from the solution and plated as cathode copper.

The ISCR method is highly environmentally efficient, does not require the large-scale movement of waste rock or ore and will have minimal impact on the site topography. Using ISCR will result in the project consuming less energy, less water and producing less carbon dioxide emissions and waste per pound of copper produced than a conventional mining operation. The project well field design includes a surrounding network of perimeter wells and monitoring wells to ensure that the process solutions remain in the mineralised zone and, when leaching in an area is completed, the process solutions will be rinsed from the block to restore the ground water quality.

Processing and Recovery Operations

Copper recovery at Florence Copper Project will utilise conventional SX/EW technology to produce cathode copper from the copper-bearing leach solutions pumped from the ISCR well field. The planned commercial SX/EW plant is designed for a flow of 11,000 gpm with a PLS grade of 2 grams per litre.

The planned processing plant and associated infrastructure will be located on Florence Copper Project private land to the east of the State Land parcel. The process fluids are piped to and from the process plant in lined trenches.

The process consists of the following elements:

- ISCR well field;
- Lined PLS and raffinate ponds;
- SX Plant with four mixer settlers;
- Tank farm for handling process liquids;
- EW Tankhouse;

- Ancillary warehouse and maintenance facilities;
- Water treatment plant and solution ponds; and
- Existing Administration Office complex.

Infrastructure, Permitting and Compliance Activities

The Florence Copper Project area has excellent local infrastructure and vendor resources to support exploration, development, and mining. Service companies for the metals/non-metals, coal, oil and gas industries are located in Phoenix and Tucson as well as, at a greater distance, in Albuquerque, New Mexico and Denver, Colorado. Skilled manpower resources are readily available locally due to the area's long history of copper exploration and mining.

The project site has an administration building, warehouse building, equipment laydown yard, the production test facility, consisting of the PTF wellfield and PTF small scale SX/EW facility, and core storage facility. The project site is serviced from existing water wells owned by the Company for its potable water needs as well as for future process requirements. The site is also presently serviced with electrical power, trash pick-up, a septic system for sanitary wastes and full communication services including landline telephone, cellular telephone and internet services.

Power for commercial development of the project is available from an Arizona Public Service high-voltage transmission line at the northwest corner of the property. Natural gas is available in the area from Southwest Gas approximately one mile east of the site.

Development of the site is planned to occur in two phases. The first phase was construction and operation of the PTF, which is demonstrating the application of ISCR to the Florence Copper Project. The second phase will be the construction and operation of the commercial ISCR facility. The various permits required to authorise the PTF were issued by the regulators in 2017.

Capital and Operating Costs

As set out in the CPR, the Project Finance required to develop the Florence Copper Project is US\$227 million. A summary of the major components of the capital cost estimate is presented below.

Summary of Pre-Production Capital Cost Estimate

<u>Item</u>	<u>Capital Cost</u> <u>(millions US\$)</u>
Well Field	\$ 39
Process Plant	\$ 77
Owners Cost/Pre-production	\$ 36
Infrastructure	\$ 52
Subtotal before escalation	\$204
Escalation (Q4 2016 to June 2019 dollars)	\$ 23
Total Pre-Production Capital Costs	<u>\$227</u>

Sustaining capital expenditures during the production period of the Florence Copper Project are estimated to be US\$788 million. This capital will be expended over a 19-year period following the commencement of production (which will be outside of the Working Capital Period) and consists of US\$690 million for well field development and US\$98 million for a water treatment plant and construction of process water ponds. These expenditures are expected to be funded from the proceeds of copper cathode production at the Florence Copper Project.

The estimated total production costs for the Florence Copper Project over the life of mine is US\$1.13 per pound of copper produced inclusive of royalties. The discounted cashflow valuation (at an 8% discount rate) for the Florence Copper Project gives an after-tax NPV of US\$667 million based on an average ROM production rate of 85 million pounds of copper cathode per year at a production cost of US\$1.13/lb Cu, which generates approximately US\$100 million of after-tax free cash flow annually for the full 21 years of commercial operation. The Florence Copper Project has an after tax Internal Rate of Return of 40.2% and undiscounted payback period of 2.3 years from start of commercial operations.

Exploration, Development and Production

Development of the site is planned to occur in two phases. The first phase is the construction and the operation of the PTF which aims to demonstrate the application of ISCR to the Florence Copper Project. The Company completed construction of the PTF in 2018 and is currently operating the PTF. The second phase which the Company aims to commence by the middle of 2020, conditional on receipt of final permits and the finance for Project Costs, is the construction and operation of the commercial ISCR facility with a production capacity of 85 million pounds of cathode copper per year operating for 21 years.

While the Company is confident that it will receive these updated permits, there can be no assurance that such updates will be obtainable at all, on reasonable terms, or the conditions to which they may be subject. In particular, the issue of the APP permit could be impacted by a successful appeal of the ADEQ's issuance of the TAPP, or by a separate legal challenge which could impact the issuance or validity of the amended APP permit and it is difficult to predict how long it would take to resolve legal challenges and appeals. The failure to obtain such required updates, or delays in obtaining the same, or failure to fulfil any conditions attaching to such permits could increase the Company's costs and delay its activities, including the commencement of the development of the Florence Copper Project.

5. Competent Person's Report

The Gibraltar Project CPR was completed on 6 November 2019 and contains statements of the mineral reserves and resources as at 31 December 2018. The Florence Copper Project CPR was completed on 6 November 2019 and contains statements of the mineral reserves and resources as at 1 July 2019. Roscoe Postle Associates UK Ltd are independent of the Company, the Directors, Senior Managers and the Company's other advisers; each have no economic or beneficial interest in the Company or the Florence Copper Project and Gibraltar Project. The Company confirms that no material changes have occurred since the effective date of the Competent Person's Report, being 6 November 2019 for the Gibraltar Project and 6 November 2019 for the Florence Copper Project, the omission of which would make the Competent Person's Report misleading.

6. Strategy

Gibraltar

Standalone, the Company is operating the Gibraltar Mine profitably and has sufficient working capital to meet its liabilities and to carry on business for the foreseeable future. However, the Company will require additional funding to meet the Project Costs of US\$241 million (as described below) for the development of the Florence Copper Project, as set out in the Competent Person's Report and in this Prospectus. The development of the Florence Copper Project will only proceed when both the final permits have been received, and the company has fully secured the Project Costs funding.

The Company does not currently anticipate that cash flows from the Gibraltar Mine will directly fund a significant portion of the development of the Project Costs, and the Company currently intends to rely entirely on external funding sources to fund these Project Costs. As of the date of this Prospectus, none of these funding sources have been committed.

As at the Last Reported Date, the Company has cash resources of approximately \$42 million, which, together with future cashflows from the Gibraltar Mine, will be used to fund ongoing sustaining capital expenditures at the Gibraltar Mine (including capitalised stripping costs), fund ongoing operation of the PTF at the Florence Copper Project and related activities, other project activities and for general working capital purposes.

Advancing and Financing the Florence Copper Project

The decision to commence development of the Florence Copper Project is at the Company's sole discretion following receipt of final permits. Management will not recommend a final construction decision on the Florence Copper Project to the Board until sufficient finance for the Project Costs has been secured.

The development of the Florence Copper Project, as envisaged in the Competent Person's Report, requires total Project Costs of US\$241 million. As set out in the CPR, the estimated

pre-production capital cost for the Florence Copper Project commercial production facility is US\$227 million. A summary of the major components of the pre-production capital cost estimate is presented below:

<u>Item</u>	<u>Capital Cost</u> <u>(millions US\$)</u>
Well Field	\$ 39
Process Plant	\$ 77
Owners Cost/Pre-production	\$ 36
Infrastructure	\$ 52
Subtotal before escalation	\$204
Escalation (Q4 2016 to June 2019 dollars)	\$ 23
Total Pre-Production Capital Costs	<u>\$227</u>

The balance of US\$14 million is comprised of net reclamation bond funding of US\$9 million and working capital of US\$5 million.

Sustaining capital expenditures during the production period of the Florence Copper Project are estimated to be US\$788 million. This capital will be expended over a 19-year period and consists of US\$690 million for well field development and US\$98 million for a water treatment plant and construction of process water ponds. These expenditures are expected to be funded from the proceeds of copper cathode production at the Florence Copper Project.

The Directors intend that of the total Project Costs, approximately US\$100 million to US\$125 million will be raised by way of a senior secured project debt facility, with the balance of the Project Costs being raised through either: (i) the sale of a royalty or metal stream, (ii) the sale of a joint venture interest in the Florence Copper Project, (iii) the issuance of Common Shares, or (iv) a combination of any of the foregoing.

Conditional upon receipt of final permits and securing sufficient finance to meet the Project Costs, the Company would only then commence construction of the Florence Copper Project. The Company expects to have Project debt financing commitments in hand ahead of receipt of the final permits, with the balance of the Project Cost financing needs secured during the same time period based on the success of these two events. All of which is expected to be concluded by mid-2020.

The Company estimates that up to US\$30 million of the total Project Costs could be expected to be incurred during the Working Capital Period. Construction is expected to take approximately 18 months with the commercial facility operational before the end of 2021. The balance of the estimated pre-production capital cost for the Florence Copper Project will be incurred outside of the Working Capital Period (US\$197 million) if the Project commences construction by mid-2020, and will be financed in the manner described above.

7. Reasons for Admission

Following consultation with its advisers, the Directors have chosen a Standard Listing as they believe that the additional listing will enable the Company to reach institutional investors in the UK, Europe, Africa and the Middle East, to increase share trading liquidity and to further raise the profile of the Gibraltar Mine and the Florence Copper Project.

8. Competition

The Directors believe that the primary competitors of the Company are companies currently producing copper that have the ability to expand operations, and other companies developing greenfield copper projects.

In 2018, global copper demand was approximately 24 million tonnes. As such, the production from the Gibraltar Mine and the Florence Copper Project is not expected to have a material impact on the broader copper market.

9. Employees

For the period of the historical financial information, the Company has employed, on average, the following numbers of people:

Category of Activity	31 December 2016	31 December 2017	31 December 2018	30 September 2019
Office and management	172	179	181	194
Technical and operational	481	540	551	562
Total	653	719	732	756

As at the Last Practicable Date, the number of employees of the Company in (i) office and management, and (ii) technical and operational roles was 194 and 562 respectively.

10. Option Plan

On June 7, 2018 the Company adopted the Option Plan, replacing its prior employee share option incentive scheme.

The purpose of the Option Plan is to give to Eligible Persons, as additional long term compensation, the opportunity to participate in the success of the Company by granting to such individuals Options, exercisable over periods of up to five years as determined by the Compensation Committee of the Board, to buy Common Shares. The exercise price for each Option cannot be less than the market price as defined in TSX policies, being the volume weighted average closing price of the Company's shares on the TSX for the five days immediately prior to the grant date, less any applicable discount permitted by the TSX Policies and approved by the Compensation Committee.

The Option Plan provides for a reservation of a number of optioned shares as are equal to a maximum of 9.5% of the issued and outstanding Common Shares of the Company at the time an option is granted, less Common Shares reserved for issuance pursuant to all other equity based compensation arrangements of the Company. All options granted under the Option Plan are exercisable for a period of up to 5 years and will vest at the discretion of the Compensation Committee.

The Company has outstanding 10,767,900 Options pursuant to the Option Plan.

11. PSU Plan

On June 7, 2018 the Company adopted the PSU Plan. The purpose of the PSU Plan is to give senior executive officers, as additional long term incentive compensation, the opportunity to participate in the success of the Company by granting each individual PSUs which are paid out over periods of up to three years as determined by the Compensation Committee. PSUs are paid out or settled by the Company in cash, Common Shares or a combination thereof. PSUs vest upon the expiry of a time-based vesting period determined by the Compensation Committee and the Compensation Committee may establish other terms or conditions with respect to the vesting of PSUs, including without limitation, provisions which make the vesting of PSUs conditional upon (i) the achievement of corporate or personal objectives, including the attainment of milestones relating to financial, operational, strategic or other objectives of the Company, (ii) the market price of the Company's Common Shares from time to time and/or the return to Shareholders, and/or (iii) any other performance criteria relating to the participant or the Company. PSUs granted to date have been subject to a vesting multiplier based on relative total shareholder return ("TSR") in reference to a peer group of companies pursuant to which up to 2.5 times the number of PSUs granted are paid out in the event of exemplary TSR and no PSUs are paid out in the event of a sub-par TSR.

Under the PSU Plan, the maximum number of Common Shares reserved and available for issuance from treasury is 3% of the issued and outstanding Common Shares (on a non-diluted basis) from time to time.

The Company has outstanding 1,675,000 PSUs pursuant to the PSU Plan.

12. Tax

Further details relating to taxation are set out in Part 15 (*Taxation*) of this document.

13. Working capital

The Company is of the opinion that the Company does not have sufficient working capital to meet its present requirements, that is, for at least the 12 months from the date of this document.

Standalone, the Company is operating the Gibraltar mine profitably and has sufficient working capital to meet its liabilities and to carry on business for the foreseeable future. However, to develop the Florence Copper Project, the Company will require additional funding to meet the Project Costs of US\$241 million (as described below). The development of the Florence Copper Project will only proceed when both: (i) the required permits are in place; and (ii) the Company has fully secured the funding for the Project Costs.

As at 30 September 2019, the Company has cash resources of approximately \$42 million which, together with future cashflows from the Gibraltar Mine, will be used to fund ongoing sustaining capital expenditures at the Gibraltar Mine (including capitalised stripping costs), fund ongoing operation of the production test facility at the Florence Copper Project and related activities, other project activities and for general working capital purposes.

The Company does not currently anticipate that cash flows from the Gibraltar Mine will directly fund the Project Costs, and the Company currently intends to rely entirely on external funding sources to fund these Project Costs. As of the date of this Prospectus, none of these funding sources has yet been committed.

Advancing and Financing the Florence Copper Project

The decision to commence development of the Florence Copper Project is at the Company's sole discretion following receipt of the required permits. Management will not recommend a final construction decision on the Florence Copper Project to the Board until sufficient finance for the Project Costs has been secured.

As set out in the CPR the initial capital cost estimate of the Project is US\$227 million which is planned to be spent over a two-year pre-production period as summarised below:

<u>Item</u>	<u>Capital Cost</u> <u>(millions US\$)</u>
Well Field	\$ 39
Process Plant	\$ 77
Owners Cost/Pre-production	\$ 36
Infrastructure	\$ 52
Subtotal before escalation	\$204
Escalation (Q4 2016 to June 2019 dollars)	\$ 23
Total Pre-Production Capital Costs	<u>\$227</u>

The balance of US\$14 million of Project Costs is comprised of net reclamation bond funding of US\$9 million and general working capital of US\$5 million for the pre-production period.

Sustaining capital expenditures during the production period of the Florence Copper Project are estimated to be US\$788 million. This capital will be expended over a 19-year period following the commencement of production (which will be outside of the Working Capital Period) and consists of US\$690 million for well field development and US\$98 million for a water treatment plant and construction of process water ponds. These expenditures are expected to be funded from the proceeds of copper cathode production at the Florence Copper Project.

The Directors intend that of the total Project Costs, approximately US\$100 million to US\$125 million will be raised by way of a senior secured project debt facility, with the balance of the required Project Costs being raised through either: (i) the sale of a royalty or metal stream, (ii) the sale of a joint venture interest in the Florence Copper Project, (iii) the issuance of Common Shares, or (iv) a combination of any of the foregoing.

Conditional upon receipt of permits necessary to commence construction and securing sufficient finance to meet the Project Costs, the Company would only then commence construction of the

Florence Copper Project. The Company expects to have debt financing commitments in hand ahead of receipt of the final permits, with the balance of the required Project Cost financing secured during the same time period based on the success of these two events. All of which is expected to be concluded by mid-2020.

The Company estimates that up to US\$30 million of the total Project Costs could be expected to be incurred during the Working Capital Period. Construction is expected to take approximately 18 months with the commercial facility operational before the end of 2021. The balance of the estimated pre-production capital cost for the Florence Copper Project will be incurred outside of the Working Capital Period (US\$197 million) if the Project commences construction by mid-2020, and will be financed in the manner described above.

Whilst no assurance can be given, the Directors are currently of the view that finance for the Project Costs can be achieved on acceptable terms before mid-2020, based on the following factors:

Debt Finance

In Q4 2018, the Company appointed Cutfield to provide financial advisory services with respect to the debt element of the Project Finance, through a senior secured project debt facility. Cutfield is an independent mine finance adviser based out of London and Toronto, and advises on project financing and assists their clients in developing and implementing financing strategies to address complex mining finance needs.

Management, with the assistance of Cutfield, has initiated discussions starting in Q1 2019 with commercial banks and debt funds, that have expressed initial interest in financing the Florence Copper Project with a senior secured credit facility (as permitted under the 2017 Notes).

Based on the initial positive feedback from these debt providers, the Board has confidence in the Company's ability to obtain debt commitments to fund the debt element of the Project Costs, in accordance with the Company's strategy. However, there is no guarantee that this will be the case.

If a significant portion of the debt finance cannot be secured in the form of a secured credit facility or not available on commercially acceptable terms, alternative forms of financing such as mezzanine debt, bonds or equity-linked securities could be considered. However, as at the date of this document, discussions are progressing satisfactorily, and the Directors remain confident that suitable debt financing will be provided in a form acceptable to the Company at the appropriate time, and the Directors are not pursuing, nor have they formed a preference for these alternative forms of debt finance.

Royalty and Streams

Management has initiated discussions with various royalty and stream providers on financing a portion of the Project Costs either through the issuance of a copper cathode metal stream or a royalty on the Florence Copper Project.

Initial feedback from these alternative funding providers has been encouraging, and the Directors are confident that royalty or metal stream financing is a potentially viable source of financing for a portion of the Project Costs for the Florence Copper Project. However, there is no guarantee that this will be the case or that such financing will be available on commercially acceptable terms.

Project Joint Venture Equity Interest

The Company has initiated discussions with potential strategic and joint venture partners that may wish to acquire a direct equity interest in the Florence Copper Project. The Company could then use joint venture investment to fund the portion of the Project Costs that is not met through other funding arrangements. Joint venture partners could include strategic industry companies or private equity investors with a track record of investing directly into mine development projects.

Initial feedback from potential joint venture partners for the Florence Copper Project has been encouraging, and the Directors believe this could be a potentially viable source of financing for a portion of the Project Costs. However, there is no guarantee that this will be the case or on commercially acceptable terms.

Equity

Pending any funding shortfall from the above sources, the Company could look to the issuance of new Common Shares to a mixture of strategic, cornerstone and institutional investors as well as existing Shareholders at some point following Admission.

Admission is a key component of this strategy, aiming to attract significant interest from investors in the UK, Europe and the Middle East, particularly as the Company continues to positively advance the Florence Copper Project through permitting and towards a final construction decision, which may not be available to the Company if it remained solely listed on TSX and NYSE American.

Inability to raise funds

While the Directors are currently of the view that the Company will be able to raise the Project Finance required to advance the Florence Copper Project to development and production, there is no guarantee that this will be the case.

Raising the finance for the Project Costs will be affected by numerous factors outside of the Company's control, such as commodity prices and financial and stock market conditions and there can be no guarantee that the finance for the Project Costs will be raised.

If the Company is unable to secure the finance for the Project Costs, development of the Florence Copper Project would not commence as planned. Any material delay or failure to commence development of the Florence Copper Project could have a material adverse effect on the Company's business results of operations, financial condition and the price of Common Shares.

In the event the Company is unable to raise the finance for the Project Costs and therefore unable to develop the Florence Project as planned, the Company will continue to operate the Gibraltar Mine where it is profitable and has sufficient working capital to meet its liabilities and to carry on business for the foreseeable future.

The Company is susceptible to fluctuations in the copper price and foreign exchange

The price of copper has historically been subject to wide and, at times, rapid fluctuations and is affected by numerous economic and market factors beyond the Company's control, and may decline in the future. Depending on the market price of copper, particularly in the case of a significant and prolonged reduction in the price of copper, the Company may determine that it is not economically viable to continue commercial production at the Gibraltar Mine and/or further finance and develop the Florence Copper Project which could have an adverse effect on the Company's business, results of operations and financial condition. In such circumstances, the Company may reduce or suspend some or all of its development and production activities and/or be required to draw down and/or restate its reserves. The Company does not significantly hedge its copper price exposure other than the purchase of copper put options for a portion of its share of production from the Gibraltar Mine.

As the Company's sales are denominated in USD, with the majority of operating and capital expenditure being incurred in CAD, the Company's margins and operating cash flows are highly dependent on the exchange rate. This exposes the Company to currency exchange rate fluctuations as determined by the international market. Foreign exchange volatility could significantly affect the Company's business, results of operations and financial condition.

The Company does not currently enter into foreign currency contracts to hedge against currency risk and has no immediate plans to do so.

The 2017 Notes are also issued in US dollars, and while creating a partial hedge to revenue receipts denominated in US dollar, fluctuations in the exchange rate may significantly increase the overall amount of debt in terms of Canadian dollars, including losses on settlement and interest expense realised and paid by the Company.

14. Environmental and social

Taseko operates its business in a responsible and sustainable manner, and to guide its business approach the Company has established an Environmental Policy, an Aboriginal Policy, and a Health & Safety Policy.

Environmental

Taseko is committed to continual improvement towards the protection of human health and the stewardship of the environment. Taseko recognises that responsible environmental management is critical to its success and has committed that it will:

- Consider the environmental impacts of its operations and take appropriate steps to prevent environmental pollution;
- Comply with relevant environmental legislation, regulations and corporate requirements;
- Integrate environmental policies, programs and practices into all activities;
- Ensure that all employees and service providers understand their environmental responsibilities and encourage dialogue on environmental issues;
- Develop, maintain and test emergency preparedness plans to ensure protection of the environment, employees and the public;
- Work with government and the public to develop effective and efficient measures to improve protection of the environment, based on sound science; and
- Maintain an environmental committee to review environmental performance, objectives and targets, and to ensure continued recognition of environmental issues as a high priority.

First Nations

As outlined in the Company's Aboriginal Policy, Taseko is committed to developing mutually beneficial relationships with First Nations communities that are affected by, or that affect, the Company's various endeavors. To fulfill this commitment the following principles will guide its decisions and the conduct of its employees. The Company will:

- Respect Aboriginal and Treaty rights and seek to understand local perspectives on those rights;
- Acknowledge and respect the social, economic, environmental and cultural interests of Aboriginal Peoples;
- Engage with Aboriginal Peoples to develop open and effective relationships throughout the mining lifecycle;
- Undertake early, timely and culturally appropriate engagement with Aboriginal peoples, including within the environmental assessment process, to ensure their interests in a project and its potential impacts are understood;
- Consider traditional knowledge to minimize or mitigate potential adverse environmental and social impacts, and enhance positive benefits of mining and related activities;
- Develop agreements for participation, where appropriate, either directly with local Aboriginal communities or in conjunction with governments;
- Work with governments and communities to support and encourage community development programs, which may include education, training, employment and business development, or other community needs and priorities;
- Support and encourage Aboriginal involvement in environmental monitoring, closure planning and reclamation and other environmental activities that may be of interest to them; and
- Develop and implement company policies and systems that support these commitments and encourage suppliers of goods and services to the industry to do the same.

Health and Safety

Taseko is committed to providing safe and healthy working conditions, and to establishing operating practices which safeguard employees and physical assets. To achieve this goal, the Company endeavours to:

- Meet or exceed all industry standards and legislative requirements.
- Develop and enforce safe work rules and procedures.

- Provide employees with the information and training necessary for them to perform their work safely and efficiently.
- Acquire and maintain materials, equipment and facilities so as to promote good health and safety.
- Encourage employees at all levels to take a leadership role in accident prevention by reporting and/or correcting unsafe situations.

Health and safety have always been a high-level commitment for Taseko, Gibraltar, and Florence management. The Gibraltar Mine's 2018 results of zero loss time accidents is a reflection of that priority and a reflection of the general standard of work at that site. The Gibraltar Mine received the Province of British Columbia Ministry of Energy and Mines' John Ash Award for the years 2015, 2016, 2017, and 2018. This award goes to the mine in British Columbia that has worked more than one million hours with the lowest injury frequency rate.

PART 8 – DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

1. Directors

The following table lists the names, positions and ages of the Directors and the date they were appointed:

Name	Date of birth	Position	Appointed
Russell Hallbauer	01/22/1954	CEO and Director	July 2005
Ronald Thiessen	12/21/1952	Chairman and Director	October 1993
Alexander Morrison	06/27/1963	Director	April 2011
Anu Dhir	06/16/1971	Director	September 2017
Kenneth Pickering	11/29/1947	Director	December 2018
Richard Mundie	09/07/1940	Director	January 2010
Robert Dickinson	09/25/1948	Director	January 1991

Russell Hallbauer, P.Eng. – Chief Executive Officer and Director

Mr. Hallbauer graduated from the Colorado School of Mines with a B.Sc. in Mining Engineering in 1979. He is a Registered Professional Engineer with the Association of Professional Engineers of British Columbia. He has been a member of the Canadian Institute of Mining and Metallurgy since 1975 and is a director and former chairman of the Mining Association of B.C. In 1983, he joined Teck Corporation's Bullmoose mine, advancing through Engineering and Supervisory positions to become Mine Superintendent in 1987, and in 1992, became General Manager of Quintette. In 1995, he assumed new responsibilities in Vancouver when he was appointed General Manager, Coal Operations, overseeing Teck's three operating coal mines in the Province. In 2002, he was appointed General Manager, Base Metal Joint Ventures, responsible for Teck Cominco's interests in Highland Valley Copper, Antamina in Peru, and Louvicourt in Quebec. Mr. Hallbauer is a director of HDSI (and HDI), a company providing management and administrative services to several publicly-traded companies (including the Company), and focuses on directing corporate development and financing activities. Mr. Hallbauer holds a Bachelor of Science in Mining Engineering from the Colorado School of Mines.

Ronald Thiessen, CPA, FCA – Chairman of the Board and Director

Mr. Thiessen is a Chartered Professional Accountant with professional experience in finance, taxation, mergers, acquisitions and re-organisations. Since 1986, Mr. Thiessen has been involved in the acquisition and financing of mining and mineral exploration companies. Mr. Thiessen is a director of HDSI (and HDI), a company providing management and administrative services to several publicly-traded companies (including the Company), and focuses on directing corporate development and financing activities. Mr. Thiessen holds a Bachelor of Commerce from the University of Saskatchewan.

Alexander Morrison, CPA, CA – Director

Mr. Morrison is a mining executive and Chartered Professional Accountant with over 30 years of experience in the mining industry. Mr. Morrison is a citizen of the United States and is a resident of the state of Colorado. Mr. Morrison has held senior executive positions with a number of mining companies, most recently serving as Vice President and Chief Financial Officer of Franco-Nevada Corporation from 2007 to 2010. From 2002 to 2007, Mr. Morrison held increasingly senior positions at Newmont Mining Corporation, including Vice President, Operations Services and Vice President, Information Technology. Prior to that, Mr. Morrison was Vice President and Chief Financial Officer of NovaGold Resources Inc., Vice President and Controller of Homestake Mining Company and held senior financial positions at Phelps Dodge Corporation and Stillwater Mining Company. Mr. Morrison began his career with PricewaterhouseCoopers LLP after obtaining his Bachelor of Arts in Business Administration from Trinity Western University.

Anu Dhir, B.A. JD. – Director

Ms. Dhir is a co-founder and executive of ZinQ Mining, a private base metals and precious metals company that focuses on the Latin America region. Prior to ZinQ, she served as Vice President,

Corporate Development and Company Secretary at Katanga Mining Limited, a publicly-listed mining company. Katanga has major copper-cobalt mines in the Democratic Republic of Congo. Her portfolio of responsibilities at Katanga covered corporate development, legal advisory, investor relations, governance, and communications. Ms. Dhir also serves as a non-executive Director for Golden Star Resources and Trillium Health Partners. Ms. Dhir is a graduate of the General Management Programme at Harvard Business Schools, she has a law degree (Juris Doctor) at Quinnipiac University and a Bachelor of Arts from the University of Toronto.

Kenneth Pickering – Director

Mr. Pickering is a Professional Engineer and mining executive with 40 years of experience in a variety of capacities in the natural resources industry. He has led the development, construction and operation of world-class mining projects in Canada, Chile, Australia, Peru and the United States, focusing on operations, executive responsibilities and country accountabilities. Mr. Pickering holds a Bachelor of Applied Science in Mining Engineering from the University of British Columbia.

Richard Mundie, CPA, CA – Director

Mr. Mundie is a Chartered Professional Accountant with a Bachelor of Commerce degree from the University of British Columbia. Mr. Mundie has held a number of senior leadership positions in the mining sector for over 40 years in key organisations in British Columbia and overseas. From 2005 to 2007, he was Vice President, Asia Affairs and Chief Representative (China), for Teck Cominco Limited. In this role, he was active in the international mining community and participated in several joint programmes to build stronger relationships with the Chinese Government.

Mr. Mundie also held the position of Vice President – Commercial for a period of ten years with Teck Cominco. In this role, he was responsible for marketing the company's commercial mineral products, gaining invaluable experience in Europe, South America, United States, Japan, Korea, and Taiwan.

Between 1983 and 1995, he held a number of financial and leadership positions with Cominco and in 1992, he assumed the role of Director of Business Development with wide responsibilities for mergers, acquisitions and divestitures. Earlier career positions included a number of finance related roles in the resources sector, transport and public accounting with PriceWaterhouseCoopers LLP. Mr. Mundie holds a Bachelor of Commerce from the University of British Columbia.

Robert Dickinson, B.Sc., M.Sc. – Director

Mr. Dickinson is an economic geologist who has been actively involved in mineral exploration and mine development for over 45 years and was inducted into the Canadian Mining Hall of Fame in 2012. He is Chairman of Hunter Dickinson Inc. (“HDI”) and Hunter Dickinson Services Inc. (“HDSI”) as well as a director and member of the management team of a number of public companies associated with HDSI. He is also President and Director of United Mineral Services Ltd., a private resources company. He also serves as a Director of Britannia Mine Museum and Trustee of the BC Mineral Resources Education Programme. Mr. Dickinson holds a Bachelor of Science (Hons. Geology) and a Master of Science (Business Administration and Finance) from the University of British Columbia.

2. Senior Managers

The Company's current Senior Managers, in addition to the Directors listed above, are as follows:

<u>Name</u>	<u>Date of birth</u>	<u>Position</u>	<u>Appointed</u>
Brian Battison	06/25/1957	Vice President, Corporate Affairs	14 Feb. 2008
Bryce Hamming	06/29/1976	Chief Financial Officer	13 June 2019
John McManus	09/25/1957	Chief Operating Officer	15 Oct. 2014
Scott Jones	01/30/1956	Vice President, Engineering	11 Dec. 2007
Stuart McDonald	10/24/1971	President	13 June 2019

Brian Battison – Vice President, Corporate Affairs

Mr. Battison is responsible for all matters relating to corporate and public affairs, including government and community relations and external communications. Mr. Battison has many years of experience in both the private and public sectors specializing in policy and programme development, strategic planning and issue management.

Bryce Hamming – Chief Financial Officer

Mr. Hamming joined Taseko in 2018 and was appointed Chief Financial Officer in June 2019. Mr. Hamming is a financial executive with over 20 years of experience in corporate finance, corporate development, treasury, tax and financial reporting oversight. He was most recently a corporate finance adviser to Seaspans Corporation. From 2011 to 2019, he was Chief Financial Officer of Northcliff Resources Ltd. and was also employed by the Hunter Dickinson group on various other mining development projects throughout North America. He worked for the Royal Bank of Scotland in debt capital markets origination from 2007 to 2009 and worked with Ernst & Young LLP's advisory groups based out of London from 2006 to 2007. He articulated with KPMG LLP (Vancouver) as a senior tax manager and is a Chartered Financial Analyst and a Chartered Professional Accountant (British Columbia). He holds a Bachelor of Business Administration from Simon Fraser University.

John McManus, P. Eng. – Chief Operating Officer

Mr. McManus holds a Bachelor of Science degree in mining engineering from the Colorado School of Mines and a Technologist Diploma in Mining from the British Columbia Institute of Technology. Mr. McManus has worked in the mining industry in British Columbia for over 30 years where he gained experience in mine operations, mine engineering and environmental management. Prior to joining Taseko in 2005, he was the General Manager, Coal Mountain Operations at Elk Valley Coal Corporation. Before that, Mr. McManus was the Mine Manager at Teck Cominco's coal mining joint venture Bullmoose operation, General Superintendent at the Elkview coal mine and Superintendent of Engineering at the Quintette operation. His past experience also includes five years working in operations and engineering at the Highland Valley and Lornex copper mines and three years working in gold exploration in the Yukon, British Columbia and California.

Scott Jones, P.Eng. – Vice President, Engineering

Mr. Jones has over 35 years of experience in the mining industry. Prior to joining Taseko in 2006, he was a Senior Mining Engineer for Teck Cominco where he was involved in property valuation and feasibility studies. He has also held various senior positions in both underground and open pit operations for Teck Cominco and at Barrick Gold's Hemlo Operations. He has a B.Sc. in Mine Engineering from McGill University.

Stuart McDonald, CPA, CA – President

Mr. McDonald is a mining executive with over 25 years of experience in mining, corporate development, financial and management roles. He joined Taseko as Chief Financial Officer in 2013 and was appointed President in June 2019. Prior to Taseko, he held a number of senior roles in the mining industry including Chief Financial Officer of Quadra FNX Mining Ltd. (and its predecessor Quadra Mining Ltd.) and CFO and Senior Vice President of Yukon Zinc Corp. He was also Corporate Controller at Cumberland Resources until its acquisition by Agnico-Eagle Mines in 2007. Prior to joining the mining industry, he spent 10 years in public accounting with Deloitte & Touche LLP and Ernst & Young. Mr. McDonald is a Chartered Professional Accountant and holds a Bachelor of Commerce (Finance) degree from the University of British Columbia.

3. Corporate governance Board of Directors

The Board currently comprises seven Directors, six of which are non-executive Directors and considered by the Board to be independent. The Company considers each of Anu Dhir, Robert Dickinson, Alexander Morrison, Richard Mundie, Ken Pickering and Ronald Thiessen to be independent.

Any Director appointed to the Board by the Directors will be subject to election by the Shareholders at the first AGM after his/her appointment. Under the Constitution, all Directors retire

from office immediately before the next AGM, following that Director's last election or appointment. Any Director who retires in accordance with the Constitution is eligible for re-election.

The composition of the Board will be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience. The Constitution provides that the number of Directors that may be appointed cannot be fewer than three or greater than a number of Directors as set by the shareholders at the AGM. A majority of Directors present and entitled to vote at a Board meeting will constitute a quorum.

The Board is responsible for the corporate governance of the Company, and has developed policies to ensure that an appropriate level of corporate governance is in place. The Company's corporate governance system is reviewed regularly by the Board to ensure that it fulfils the needs of Shareholders.

The Common Shares are currently quoted on the TSX and NYSE American and the Company is therefore required to comply with the TSX Policies and NYSE American Policies. The Company's approach in applying the TSX Policies is to ensure that the Company's corporate governance policies and principles are established, implemented, and monitored in such a way so as not to compromise or distract the Board and management from their key goals and to enable the organisation to conduct its business in an efficient and effective manner.

In order to comply with the TSX and NYSE American policies and generally accepted corporate governance objectives, the Company has put in place the following policies, some of which are summarised below and all of which may be found in the Company's Corporate Governance Policies and Procedures Manual (the "Manual") on the Company's website:

- Audit Committee charter;
- Nominating and Governance Committee charter;
- Compensation Committee charter;
- Environmental, Health, and Safety Committee charter;
- Whistle blowing policy;
- Code of business conduct and ethics;
- Timely disclosure, confidentiality and insider trading policy; and
- Anti-bribery and anti-corruption policy.

Committees

The Company's Board committees are constituted as follows:

<u>Committee</u>	<u>Chair</u>	<u>Appointed</u>
Nominating and Governance Committee: Anu Dhir Alexander Morrison Richard Mundie	Anu Dhir	7 June 2018
Audit Committee: Anu Dhir Alexander Morrison Richard Mundie	Richard Mundie	1 June 2011
Compensation Committee: Anu Dhir Alexander Morrison Kenneth Pickering	Kenneth Pickering	22 May 2019
Environmental, Health, and Safety Committee: Anu Dhir Robert Dickinson Russell Hallbauer Kenneth Pickering	Kenneth Pickering	17 December 2018

The deliberations of the various committees do not reduce the individual and collective responsibilities of the Directors with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

Nominating and Governance Committee

The Board has established a Nominating and Governance Committee. The Nominating and Governance Committee is given the responsibility of developing and making recommendations to the Board concerning the Company's approach to corporate governance. The Nominating and Governance Committee also assists members of the Board in carrying out their duties, and reviews with the Board the rules and policies applicable to governance of the Company to ensure the Company remains in full compliance with proper governance practices and that the Manual is routinely updated.

The nominating function of the Nominating and Governance Committee is to evaluate and recommend to the Board the size of the Board and certain persons as nominees for the position of director of the Company.

Audit and Risk Committee

The Board has established an Audit and Risk Committee. The Audit and Risk Committee reviews all financial statements of the Company prior to their publication, meets with the auditors as part of their review of audit findings, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The charter has set criteria for membership which all members of the Audit and Risk Committee are required to meet consistent with National Instrument 52-110 Audit Committees and other applicable regulatory requirements. The Audit and Risk Committee, as needed, meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

Compensation Committee

The Board has established a Compensation Committee to assist the Board in carrying out its responsibilities relating to executive and director compensation, as well as the fiduciary oversight

of the Company's non-executive employee compensation plans. The Compensation Committee performs all duties relating to this mandate, including the annual review and recommendation to the Board on various forms of compensation and related programme considerations, including director's pay for service on the Board and on other committees. The Compensation Committee is also responsible for the granting of stock options and other equity-based compensation, evaluation of the performance of Officers and the review of succession plans with the Chairman and Chief Executive Officer. The Compensation Committee also recommends to the Nominating and Governance Committee the qualifications and criteria for membership on the Committee.

Environmental, Health and Safety Committee

The Board has established an Environmental, Health and Safety Committee. The Environmental, Health and Safety Committee reviews and monitors environmental, health and safety issues relevant to the Company.

Code of Business Conduct and Ethics

The Company has adopted a Code of Ethics and Trading Restrictions that applies to all directors, officers and employees of the Company, including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other senior finance staff. The Board has implemented an annual procedure whereby directors, senior officers and department heads within the Company sign off on, and certify that they have read and understand the Company's code of ethics and that they are unaware of any violations thereof. Each department head would ensure that the code of ethics is complied with within his or her department.

Timely disclosure, confidentiality and insider trading policy

The Company's Code of Ethics and Trading Restrictions includes provisions that deal with timely disclosure, confidentiality and securities transactions and insider trading.

Anti-bribery and anti-corruption policy

The Company has adopted an anti-bribery and anti-corruption policy. The Company's anti-bribery and anticorruption policy is consistent with the UK Bribery Act 2010. The policy specifically addresses facilitation payments or gifts and hospitality, dealings with public officials, political donations, lobbying and advocacy and charitable donations, and includes provisions dealing with notification, as well as provisions regarding disciplinary action in the event that any part of the anti-bribery and anti-corruption policy has been breached. New and existing staff are required under the policy to be trained in the application of the policy and the Company's legal obligations.

PART 9 – INDUSTRY OVERVIEW

The following information relating to the copper market has been provided for background purposes only. The information has been extracted from a variety of sources released by public and private organisations, together with the Company's understanding of this market. The industry information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1. Background

The global demand for copper continues to grow with world refined usage having tripled in the last 50 years thanks to expanding sectors such as electrical and electronic products, building construction, industrial machinery and equipment, transportation equipment, and consumer and general products.

2. Copper Overview

Copper is the 29th chemical element on the periodic table, with the symbol Cu. Pure copper has a red-orange colour and is one of the few metallic elements that can be found in native form. Copper is entirely recyclable – reportedly 80% of the total copper that has ever been produced is still in use. Copper's chemical, physical and aesthetic properties make it a material of choice in a wide range of domestic, industrial and high technology applications. With an uninterrupted history of use dating back over 10,000 years, the principal uses for the metal have evolved to meet the needs of new technologies.

Copper is primarily used for its strength and malleability, corrosion resistance, anti-microbial qualities, and thermal and electrical conductivity. Alloyed with other metals, such as zinc (to form brass), aluminum or tin (to form bronzes), or nickel, it can acquire new characteristics for use in highly specialised applications.

After steel and aluminium, Copper is the third most used metal, primarily for its superior electrical conductivity. It is often considered the best non-precious metal conductor of electricity as it encounters much less resistance compared with other commonly used metals, resulting in over half of all copper produced being sourced for electrical uses. Copper in the form of a wire or a cable can be used in power generation and transmission, telecommunications, and circuitry. It is also used in industrial processes which require thermal conductivity, ease of machining, strength and malleability, and corrosion resistance (e.g. tubes, valves and instruments) in the building construction, consumer durables and utilities sectors.

New copper applications being developed include antimicrobial copper touch surfaces, lead-free brass plumbing, high tech copper wire, heat exchangers, and new consumer products. Copper is also an essential component of energy efficient generators, motors, transformers and renewable energy production systems. Renewable energy sources such as solar, wind, geothermal, fuel cells and other technologies are all heavily reliant on copper due to its excellent conductivity. The arrival and rapid growth in electric vehicles (EVs) has been another source of new demand in recent years, with an EV using approximately 3 times the amount of copper as a conventional car.

The main substitutes for copper are aluminium (for electrical and thermal conductivity) and plastics (for tubes).

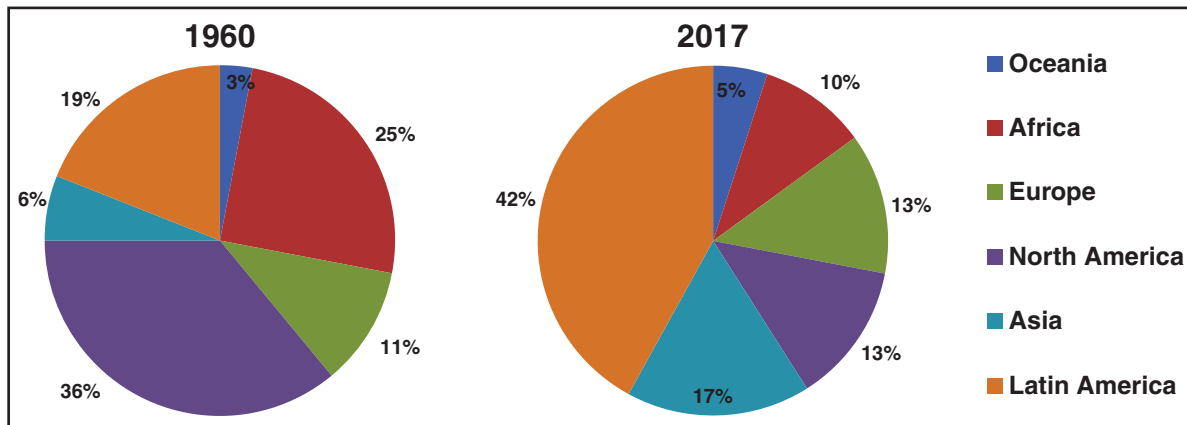
3. Copper Production

Copper is typically found in a variety of minerals including copper sulphides (chalcopyrite, bornite, chalcocite), copper oxides (cuprite, tenorite), copper oxides dominated by carbonates (azurite, malachite), and copper sulfosalts (enargite).

Copper production starts with the mining and extraction of copper-bearing ores. Mine production is dominated by Latin America, comprising over 40% of this amount (predominantly Chile and Peru). There are three basic methods of copper mining: surface mining, underground mining and in-situ leaching. Open-pit mining is the predominant copper mining method in the world. Mining produces two basic copper ores, sulphide and oxide, each of which has a different processing method. The majority of copper production is through the processing of sulphide ores.

4. Copper Mine Production by Region (1960 vs 2017)

(thousand metric tonnes copper)



Source: ICSG

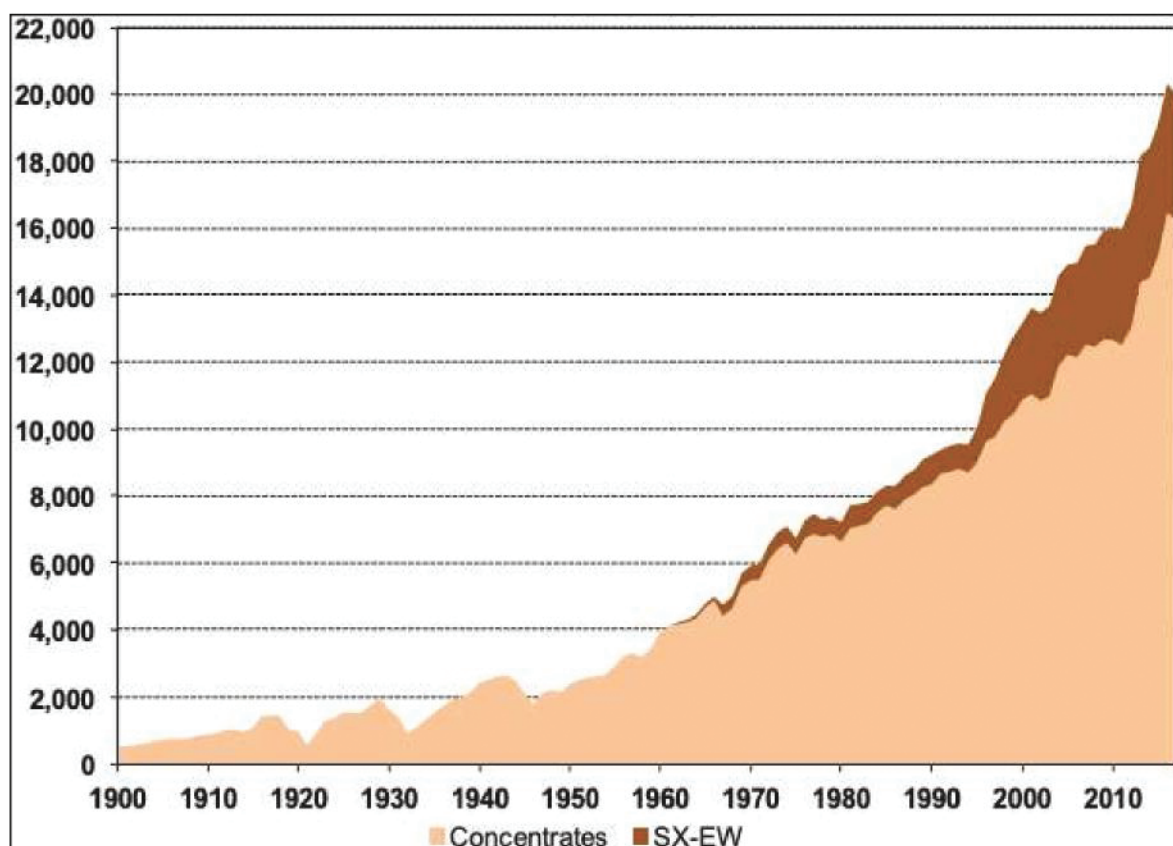
Copper sulphide ore is crushed and then fed through a grinding circuit to further break it down to the required size. This is followed by a copper flotation process producing a copper concentrate. Copper concentrates typically contain around 25% Copper, but concentrate grades can range from 20% to 40%. The concentrate is sold to smelters where it undergoes a smelting process first producing a “matte” containing 50 to 70% copper, which in turn is processed in a converter producing blister copper of 98.5 to 99.5% copper content. The blister copper is then refined by re-melting and casting into anodes for electrowinning. The final product of electrowinning is refined copper cathodes, assaying over 99.99% of copper.

Copper oxide orebodies are usually processed through a leach process where the ore is saturated with low concentrations of sulphuric acid to liberate the copper into solution. Typically, the leaching process occurs after the mined ore has been placed on a heap or dump, but the leaching may also be done ‘in-situ’ with solutions injected into the orebody using wellfield technology. In either case, pregnant leach solution is then processed through a SX/EW plant, where the copper ions are deposited onto a cathode using an electrolytic procedure. This method is used as generally, oxide minerals are not responsive to the froth flotation method. The final refined product is the same high-quality copper cathode as is achieved for sulphide ores. ICSG estimates that, in 2017, refined copper production from SX/EW represented 16% of total copper refined production.

Copper is sent to refineries where it is transformed into intermediate products (e.g. rods, plates, wires, tubes) and then sold to manufacturers of end use products. Refined copper production derived from mine production is referred to as “primary copper production”.

World Copper Mine Production (1900-2017)

(thousand metric tonnes copper)



Source: ICSG

An important source of raw material for copper production is scrap. Copper scrap derives from either metals discarded in semiconductor fabrication, finished product manufacturing processes or obsolete end-of-life products which can be re-melted and reused. Refined copper production attributable to recycled scrap feed is classified as “secondary copper production”. Secondary producers use processes similar to those employed for primary production. ICSG estimates that in 2017, at the refinery level, secondary copper refined production represented 17% of total copper refined production.

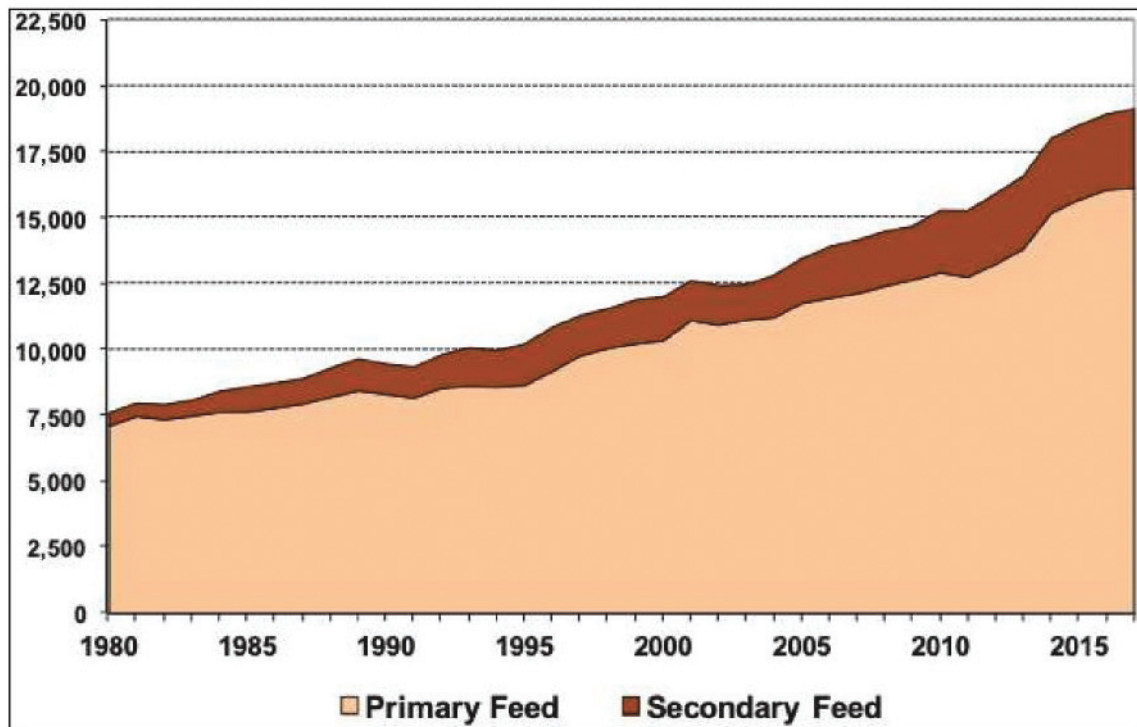
5. Copper Supply

Preliminary figures indicate that global copper mine production in 2018 reached 20.6 million tonnes, equating to 85.4% mine capacity utilisation. The largest producer of mined copper was Chile at over 5.8 million tonnes (approximately 28% of world mine production). This 2.5% increase in world mine production in 2018, occurred principally due to constrained output in 2017 and an unusually low rate of overall supply disruptions in 2018. Besides the restart of the Katanga mine in the DRC no major new copper mine capacity was brought on stream in 2018.

Smelter production in 2018 reached over 19.6 million tonnes, a 2.1% yoy increase. Asia's share of world copper smelter output has risen from 27% in 1990 to over 60% in 2017 on the back of smelter production in China rapidly expanding – China itself accounting for over 40% the world total in 2017.

World Copper Smelter Production (1980-2017)

(thousand metric tonnes copper)

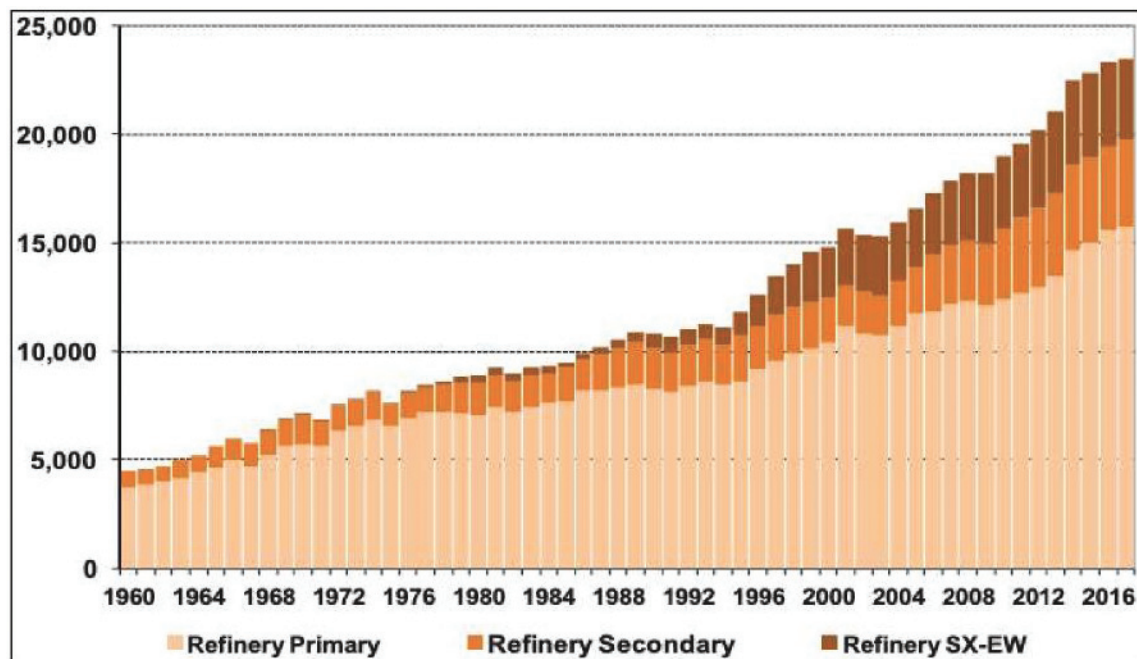


Source: ICSG

In 2018, global refined production reached over 24 million tonnes for the first time a, 2.4% increase over 2017. This past year global refined copper production was actually constrained by an unusually high frequency of smelter disruptions and temporary shutdowns for technical upgrades and modernisations.

World Refined Copper Production (1960-2017)

(thousand metric tonnes copper)



Source: ICSG

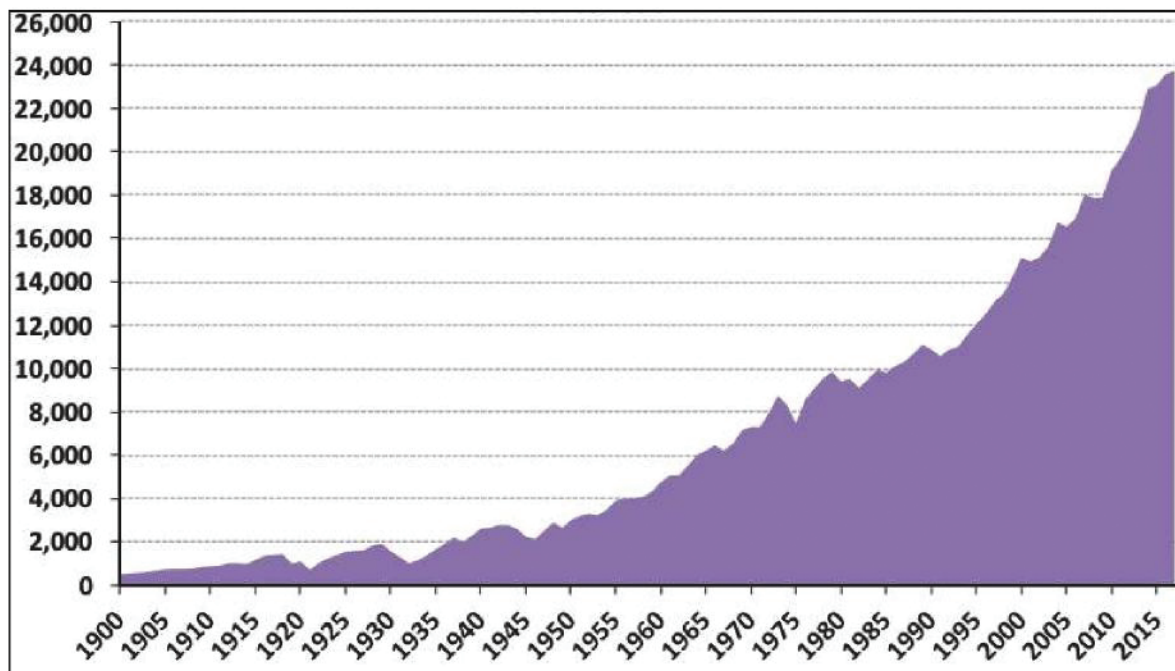
6. Copper Demand

Historically, the compound annual growth rate in copper demand has closely tracked global GDP growth levels. The extraordinary, investment led, growth in the Chinese economy accelerated this growth in the first part of the 21st Century. Supply has become constrained due to increasing depth of mining and lower grade of mines.

In 2018, world usage of refined copper was approximately 24.5 million tonnes according to the ICSG, up almost 800 kt from the year before, a growth rate of 3.3%. The key driver of global refined copper usage has been Asia, where demand has expanded almost eight-fold over the past four decades. China in particular, is the world's largest consumer of copper, and has been the driving force for global consumption growth for over a decade now. China consumed an estimated 12.3 million tonnes of copper in 2018, over half of global consumption.

World Refined Copper Usage (1900-2017)

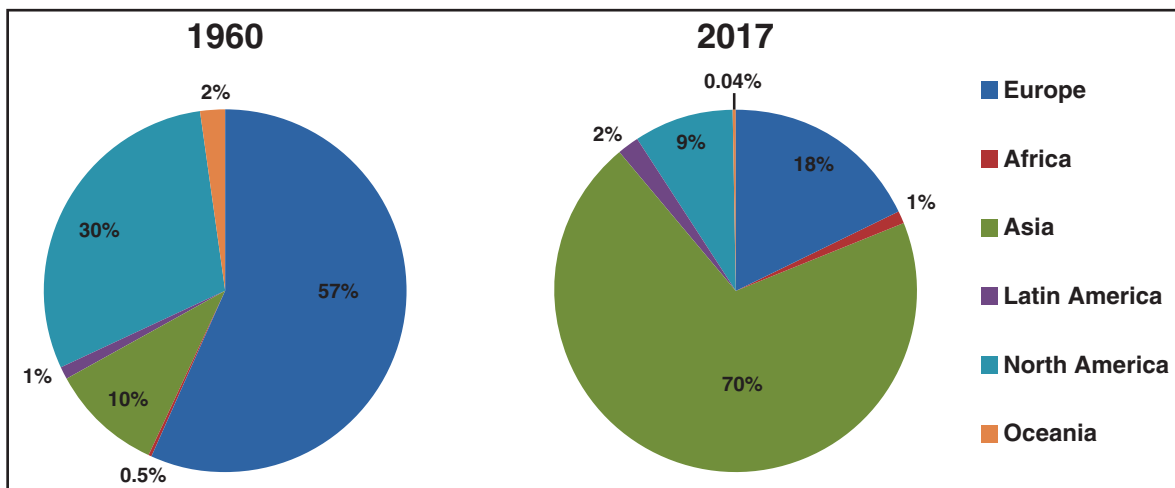
(thousand metric tonnes copper)



Source: ICSG

Refined Copper Usage by Region (1960 vs 2017)

(thousand metric tonnes copper)



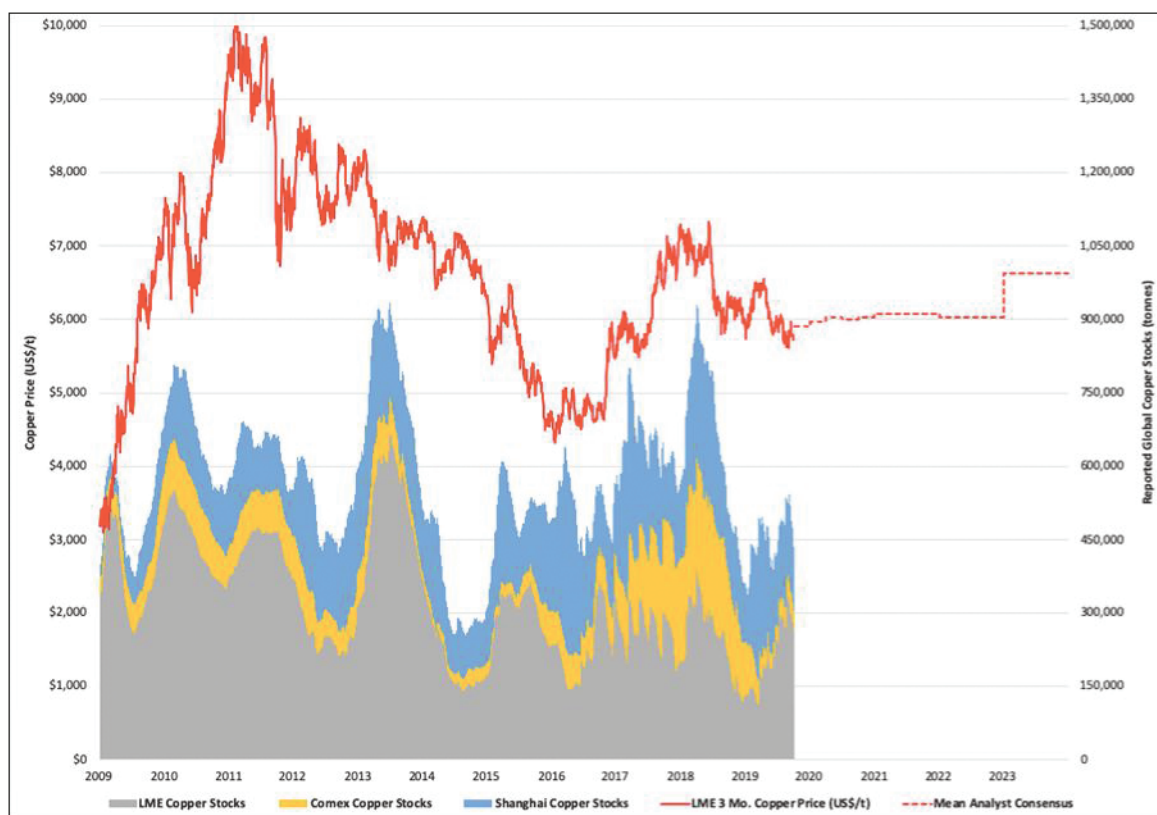
Source: ICSG

7. Copper Market Conditions

Three commodity exchanges provide copper trading facilities: the LME, the Commodity Exchange Division of the New York Mercantile Exchange (COMEX/NYMEX) and the Shanghai Futures Exchange (SHFE). Over the last ten years, the price of copper on the LME has averaged US\$6,786/t or US\$3.08/lb. The LME copper price was US\$5,725 or US\$2.60/lb as of 30 September 2019.

The copper price performed well in 2017 as demand was strong in the face of supply disruptions, with primary demand drivers being the strong Chinese housing market data and global economic growth. Global supply was disrupted by labour disputes and weather factors, particularly at the Escondida and Grasberg mines – two of the largest copper mines in the world. In 2018 copper prices declined due to increased supply and reports of slowing economic growth in China. The start of 2019 initially saw a recovery in copper prices back to over US\$6,500/t on expectations of future supply deficits due to declining head grades and lack of new mine development, progress on a US-China trade deal, and further Chinese economic stimulus. However, continued trade tensions have seen prices fall back down to 2018 levels of sub US\$6,000/t.

Historical Copper Prices & Inventory (2009 – 2019) and Consensus Analyst Copper Price Forecasts



Source: Bloomberg

8. Copper Market Outlook

After a growth of 2.5% in 2018, world mine production, after adjusting for historical disruption factors, is expected to remain essentially unchanged in 2019 and to grow by 1.9% in 2020. In 2019, additional output from the startup of the major Cobre de Panama mine, the expansion of Toquepala mine and the commissioning of a few small-medium mines is expected to be balanced by a significant decline in Indonesian output (due to the transition of Grasberg to an underground operation and Batu Hijau mine to phase 7) and regulatory and taxation issues which will negatively impact output in Zambia. In 2020, additional supply from ramp-up mines and expansions that started in 2019, together with a recovery in Indonesian output will support growth of about 1.9% (adjusted for possible supply disruptions).

World refined production is expected to increase by around 2.8% in 2019 and 1.2% in 2020 respectively. In 2019, expanded electrolytic capacity in China, the ramp-up of electrowinning output in

the DRC and the recovery from 2018 operational issues/maintenances at smelters in Australia, Brazil, Indonesia, Poland, among others, will largely offset lower anticipated production at some plants in China and Europe due to planned maintenance shutdowns and lower output in Chile and Zambia due to operational issues at smelters. In 2020 planned electrolytic refined production is likely to be constrained by tightness in the availability of concentrates resulting in a limited increase of 1.2% in world refined production. Scrap is expected to recover in 2019 and 2020. China should remain the biggest contributor to world refined production growth in both 2019 and 2020.

PART 10 – CANADA AND US LEGAL AND REGULATORY FRAMEWORK

Canada

Canada is a federal state with one federal, 10 provincial and three territorial governments. Mining activities are governed by the laws of the province or territory in which a mine is physically located, and federal laws, although regional and municipal laws may also be relevant.

The following provides an overview of some of the key aspects of mining legislation applicable in the Province of British Columbia where the Company's principal project, the Gibraltar Mine, is located.

1. Mining specific legislation

In British Columbia, no person can carry out any mining activity – including exploration – without authorisation under the B.C. Mines Act, RSBC 1996 c. 293. Authorisations can come in different forms but typically include conditions regarding the work to be undertaken, requirements for reclamation and posting of financial security proportionate to the reclamation to be undertaken.

Where a mine receives authorisation for construction and operation, the related permit(s) will include requirement for development (and governmental approval) of closure plans. These plans must be reviewed and periodically updated according to the terms of the permits.

The BC Mineral Tenure Act RSBC 1996 c. 292 governs the rights and interests of holders of mineral claims and leases. Mineral claims can be converted into leases as a matter of right under this legislation, provided certain requirements are met. Leases may be issued for up to 30 years and may be further renewed thereafter.

2. Other Environmental laws and regulations

Mines in British Columbia often require a provincial waste discharge permit under the Environmental Management Act, SBC 2003, c. 53, typically in respect of discharge of water from the mine site.

For mines that trigger certain size thresholds, environmental assessment is required under the BC Environmental Assessment Act SBC 2002, c. 43 and the Canadian Environmental Assessment Act 2012, SC 2012, c. 19 before a mine can be constructed or operated. These acts provide for extensive technical review, public consultation and Indigenous consultation in relation to major projects. Existing mines may also trigger a requirement for environmental assessment if substantial modifications (expansions) are proposed.

Both the British Columbia and federal governments have recently passed new environmental assessment legislation, which is not yet in force. This legislation is similar to existing legislation in many respects, but includes additional provisions regarding matters such as early engagement, dispute resolution, requirements to seek Indigenous consent where possible and other matters.

Under the federal Fisheries Act RSC 1985 c. F-14, it is an offence for anyone to (without authorisation) carry on a work, undertaking or activity that results in serious harm to fish that are part of a commercial, recreational or Aboriginal fishery, or to fish that support such a fishery. Serious harm to fish includes harm to fish and permanent alteration or destruction of fish habitat. In practice, the need for an authorisation is often avoided by working with officials to satisfy them that mitigation measures will be put in place to ensure such concerns will not arise.

In any case where a mine releases effluent that is considered a "deleterious substance" into waters frequented by fish, this must occur only in accordance with Metal and Diamond Mining Effluent Regulations SOR/2002-222. Use of water bodies for tailings storage can only occur if the waterbody is listed in a schedule to the regulations.

3. Indigenous Rights

While some areas of British Columbia are covered by historic or modern day treaties, most of British Columbia (including the Gibraltar Mine) is not. In such circumstances Aboriginal groups frequently claim Aboriginal rights (such as fishing and hunting) and Aboriginal title. Aboriginal rights and title (as well as treaty rights) are constitutionally protected in Canada.

In the case of Aboriginal rights and title that are claimed but not yet proven through litigation (which includes the majority of British Columbia) government will generally have a “duty to consult” potentially impacted indigenous groups and consider appropriate accommodation (such as mitigation measures or terms and conditions) to balance Aboriginal and non-Aboriginal interests when issuing permits. Procedural aspects of such consultation obligations are often delegated to project proponents as part of the regulatory process.

In any case where Aboriginal rights are proven, the courts have developed tests that governments must satisfy if they authorize activities that infringe such rights. In the case of proven Aboriginal title, the courts have indicated the government must either obtain the consent of the relevant Aboriginal group before authorizing activity such as mining, or must be able to satisfy a relatively high standard for justifying infringement. To date only one area in British Columbia has been held by the Courts to be subject to Aboriginal title and it does not include the area of the Gibraltar Mine; however, title is claimed over most of British Columbia by indigenous groups.

United States

The following provides an overview of some of the various aspects of the mining regime in the Arizona where the Company, is located. The applicable mining law requirements turn on whether a mining claim or prospect is located on federal, state, or privately owned land.

1. Mining exploration

1.1 Federal Land

Under the federal Mining Law of 1872, mineral claimants may enter federal lands, unless mineral entry has been otherwise restricted, to search for minerals and to establish ownership rights in any deposits of locatable minerals found. Under this system, the first mineral claimant (or its legal successor) that discovers a valuable mineral deposit on available federal lands, and who locates a mining claim and diligently maintains the claim, is protected against subsequent claimants and is entitled to produce minerals from the deposit. The system allows the claimant to produce minerals from the deposit without being required to purchase fee simple title from the federal government (*i.e.*, unpatented mining claim) or, if desired, to obtain fee simple title by means of a patent issued by the federal government.

Mining operations on federal lands managed by the Bureau of Land Management (“BLM”) must be conducted to prevent unnecessary or undue degradation of public lands, and must comply with all applicable federal and state laws and regulations. Operators must obtain a plan of operations for any mining operations on BLM-administered lands that disturb more than 5 acres. BLM’s review and approval of a plan of operations triggers the requirement for BLM to comply with the federal National Environmental Policy Act (“NEPA”), the National Historic Preservation Act (“NHPA”), and the Endangered Species Act (“ESA”). The mine operator may not initiate a plan of operations until BLM has approved the plan and the operator has provided a financial guarantee to BLM to ensure reclamation.

Mining operations on federal lands managed by the US Forest Service (“USFS”) must be conducted to minimize adverse environmental impacts on surface resources, comply with all applicable air, waste, and water quality requirements and standards, harmonize operations with scenic values, reclaim disturbed areas, and maintain and protect fisheries and wildlife habitat. A plan of operations is required for mining operations that may cause significant disturbance to surface resources. Review and approval of a plan of operations is subject to USFS’s compliance with NEPA, NHPA, and ESA. The mine operator must provide a financial guarantee to USFS for reclamation of the mining operations.

1.2 State Land

Any person may apply for a mineral exploration permit on state land with the Arizona State Land Department (ASLD). A mineral exploration permit gives the permittee the exclusive right to explore for minerals within the state land covered by the permit and to apply for and obtain a mineral lease to the land. However, the permittee is liable to the owner and any lessee of the state lands covered by a mineral exploration permit for damages caused by the permittee to grasses, forage, crops, or improvements. Upon the termination of the permit, the permittee must reclaim the

surface to its former condition, as far as reasonably possible. The ASLD may require the permittee to furnish a bond to cover any potential damages to grasses, forage, crops, or improvements or to guarantee the required surface reclamation. If the permittee discovers a valuable mineral deposit on the lands covered by a mineral exploration permit, the permittee may apply to the ASLD for a mineral lease applicable to those lands.

1.3 Private Land

Mining on private land in Arizona is not subject to the federal or state mining laws discussed immediately above but are subject to state mined land reclamation requirements, local zoning obligations, and the environmental laws and regulations discussed below.

Arizona's Mined Land Reclamation Act ("AMLRA"), A.R.S. §§ 27-901 to -1026, is administered by the Arizona State Mine Inspector ("ASMI"). The AMLRA applies to exploration operations and mining units used to locate or mine "minerals," defined as "any metalliferous material extracted from the earth, including gold, silver, copper, molybdenum, zinc and lead and other materials that are used as feedstocks in producing metalliferous materials."

The AMLRA does not apply to any exploration or mining activity that occurs on state land and that is regulated pursuant to a state exploration permit or mineral lease. In addition, if exploration operations or mining units are located on federal lands, an approved federal reclamation plan (i.e., plan of operations) and financial guarantee supersede the reclamation plan and financial guarantee requirements under the AMLRA.

Mining operations subject to the AMRLA will have to conduct reclamation to achieve a safe and stable condition consistent with the postmining land uses specified in a reclamation plan. "Stability" requires erosion control and the ability to withstand seismic activity. Exploration activities subject to the Act will have to provide for adequate reclamation of certain workings, including access roads, drill pads, drill holes, and trenches.

An owner or operator of a new exploration operation must have in place an approved reclamation plan and financial assurance before causing any "surface disturbance" (defined as clearing, covering, or movement of land by means of mechanized equipment for mineral exploration, development, and production purposes, not including activities that create *de minimis* disturbances such as surveying, assessment work, location work, seismic work, or maintenance) of more than 5 contiguous acres. An owner or operator of a new mining unit (defined as an individual portion of a mining facility, such as a tailing pile, leach pile, surface impoundment, ore stockpile, waste rock, etc.) must have in place an approved reclamation plan and financial assurance before causing any surface disturbance of more than 5 contiguous acres.

2. Environmental laws and regulations

The mining sector in Arizona is subject to a complex array of environmental laws and regulations across three levels of government: (i) federal; (ii) state; and (iii) local. The development or expansion of a mining project generally triggers requirements for federal and Arizona environmental permits and associated environmental impact reviews prior to commencing exploration and beginning operations.

2.1 Federal Regulation

National Environmental Policy Act

NEPA is the primary federal law that requires comprehensive environmental assessments of new or expanded mining operations. Under NEPA, an Environmental Impact Statement ("EIS") must be prepared for all "major federal actions" that will "significantly" affect the "quality of the human environment." If a federal action will not "significantly" affect the "quality of the human environment," NEPA review can be limited to an environmental assessment or EA in lieu of an EIS.

If federal lands are associated with a new mine or expansion, NEPA may be triggered as part of the review of the associated mine plan of operations under BLM or USFS NEPA regulations and associated guidance. If federal lands are not implicated in a new mine or expansion, NEPA is triggered only if the mine activity triggers the need for certain federal permits or approvals. In

Arizona, the need for individual Clean Water Act Section 404 dredge or fill material discharge permit coverage is generally what triggers the requirement for NEPA review of a proposed mining project. Permits issued by the US Environmental Protection Agency (“EPA”), such as federal Underground Injection Control permits, generally do not trigger NEPA review based on the functional equivalence of EPA’s permit review process.

National Historic Preservation Act & Endangered Species Act

Reviews of historic properties under NHPA or impacts to endangered or threatened species under ESA are required if federal lands are associated with a new mine or expansion or if the new mine or expansion requires other federal agency involvement such as through the issuance of a federal permit or license.

2.2 State Regulation

Arizona does not have a specific environmental assessment process. However, similar to the functional equivalent reviews conducted by EPA in lieu of NEPA, the Arizona Department of Environmental Quality conducts environmental reviews for new or expanded mining operations through issuance of air and water quality permits.

One of the key permits for authorizing mining operations in Arizona is an Arizona Aquifer Protection Permit (“APP”). The APP program requires that “any person who discharges or who owns or operates a facility that discharges” obtain an APP. “Discharge” is defined as “the addition of a pollutant from a facility either directly to an aquifer or to the land surface or the vadose zone (the zone between the ground surface and any aquifer) in such a manner that there is a reasonable probability that the pollutant will reach an aquifer.” Certain mining activities or operations are deemed by statute to be APP discharging facilities including surface impoundments, injection wells, mine tailings piles and ponds, and mine leaching operations. Individual permits issued under the APP program require the protection of aquifer water quality standards at the applicable point of compliance, the implementation of best available demonstrated control technology to eliminate and control discharges from discharging facilities, and the provision of financial assurance to cover closure of all discharging facilities, including post-closure monitoring and maintenance.

3. Tribal Rights

Federal and state agencies are generally required to consult with Indian Tribes when a federal or state action or policy has the potential to affect tribal communities or their members, including the issuance of federal or state permits or approvals for new or expanded mining operations. The scope of the consultation will depend on the federal or state action that is triggered by proposed new or expanded mining operations.

PART 11 – SELECTED HISTORICAL FINANCIAL INFORMATION

Company audited financial information

The following selected historical financial information set forth below as of and for the three financial years ending 31 December 2018, 31 December 2017 and 31 December 2016 should be read in conjunction with Part 12 of this document 'Operating and Financial Review' and the Appendix to this document for the audited financial reports of the Company for each of the financial years ended 31 December 2018, 31 December 2017, 31 December 2016.

Consolidated Statements of Comprehensive Income (Loss)

(Cdn\$ in thousands)

	Nine months ended 30 September 2019*	2018	Year ended 31 December, 2018	2017	2016
Revenues	239,231	232,749	343,870	378,299	263,865
Cost of sales					
Production costs	(192,539)	(149,196)	(231,867)	(200,583)	(209,150)
Depletion and amortization	(78,376)	(52,909)	(70,781)	(47,722)	(52,939)
Earnings (loss) from mining operations	(31,684)	30,644	41,222	129,994	1,776
General and administrative	(10,284)	(10,830)	(13,957)	(12,775)	(11,299)
Share-based compensation recovery (expense)	(2,268)	1,223	1,544	(6,983)	(3,619)
Exploration and evaluation	(2,746)	(1,381)	(1,752)	(1,730)	(2,087)
Loss on derivatives	(2,150)	579	(294)	(10,082)	(6,360)
Other income (expenses)	1,381	1,206	1,472	(6,341)	(4,072)
Income (loss) before financing costs and income taxes	(47,751)	21,441	28,235	92,083	(25,661)
Finance expenses	(30,215)	(28,873)	(38,564)	(46,430)	(30,007)
Finance income	1,089	940	1,254	935	1,084
Foreign exchange gain (loss)	8,632	(9,759)	(26,251)	16,852	8,475
Income (loss) before income taxes ...	(68,245)	(16,251)	(35,326)	63,440	(46,109)
Income tax recovery (expense)	24,794	197	(448)	(29,178)	14,713
Net income (loss)	(43,451)	(16,054)	(35,774)	34,262	(31,396)
Other comprehensive income (loss):					
Unrealized gain (loss) on financial assets	1,299	(1,335)	962	(4,248)	484
Foreign currency translation reserve	(5,010)	3,954	12,713	(7,720)	(3,709)
Other comprehensive income (loss)	(3,711)	2,619	13,675	(11,968)	(3,225)
Total comprehensive income (loss)	(47,162)	(13,435)	(22,099)	22,294	(34,621)

* Please note that the interim financial information is unaudited.

Consolidated Balance Sheets

(Cdn\$ in thousands)

	As of 30 September, 2019*	As of 31 December,		
		2018	2017	2016
ASSETS				
Current assets				
Cash and equivalents	41,877	45,665	80,231	89,030
Accounts receivable	5,281	14,735	21,618	12,905
Inventories	44,524	38,986	39,639	60,550
Other financial assets	1,537	3,581	2,774	1,574
Prepays	2,200	1,464	1,474	1,268
	<u>95,419</u>	<u>104,431</u>	<u>145,736</u>	<u>165,327</u>
Property, plant and equipment	817,145	821,287	797,265	730,208
Other financial assets	42,666	41,380	40,537	48,368
Goodwill	5,460	5,625	5,172	5,536
	<u>960,690</u>	<u>972,723</u>	<u>988,710</u>	<u>949,439</u>
LIABILITIES				
Current liabilities				
Accounts payable and other liabilities	43,863	41,001	47,382	33,416
Current portion of long-term debt	16,508	9,856	11,270	16,157
Current portion of deferred revenue	3,985	3,907	1,312	—
Interest payable on senior secured notes ...	8,449	1,243	1,143	4,336
Current income tax payable	1,042	1,427	302	889
	<u>73,847</u>	<u>57,434</u>	<u>61,409</u>	<u>54,798</u>
Long-term debt	365,914	345,625	317,948	373,133
Provision for environmental rehabilitation	106,598	97,914	107,874	98,454
Deferred and other tax liabilities	58,586	83,793	89,045	62,202
Deferred revenue	39,475	39,367	39,640	—
Other financial liabilities	1,686	1,513	5,714	21,913
	<u>646,106</u>	<u>625,646</u>	<u>621,630</u>	<u>610,500</u>
EQUITY				
Share capital	436,318	423,438	422,091	417,975
Contributed surplus	51,063	49,274	47,478	45,747
Accumulated other comprehensive income	10,353	14,064	389	12,357
Deficit	<u>(183,150)</u>	<u>(139,699)</u>	<u>(102,878)</u>	<u>(137,140)</u>
	<u>314,584</u>	<u>347,077</u>	<u>367,080</u>	<u>338,939</u>
	<u>960,690</u>	<u>972,723</u>	<u>988,710</u>	<u>949,439</u>

* Please note that the interim financial information is unaudited.

Consolidated Statements of Cash Flows

(Cdn\$ in thousands)

	Nine months ended 30 September,		Year ended 31 December,		
	2019*	2018	2018	2017	2016
Operating activities					
Net income (loss) for the period	(43,451)	(16,054)	(35,774)	34,262	(31,396)
Adjustments for:					
Depletion and amortization	78,376	52,909	70,781	47,722	53,024
Income tax expense (recovery)	(24,794)	(197)	448	29,178	(14,713)
Share-based compensation expense (recovery)	2,414	(994)	(1,282)	7,100	3,682
Loss (gain) on derivatives	2,150	(579)	294	10,082	6,360
Finance expenses, net	29,126	27,933	37,310	45,495	28,923
Unrealised foreign exchange (gain) loss	(9,378)	10,817	28,704	(17,684)	(7,785)
Write-down of mine equipment	—	—	—	3,551	—
Deferred revenue deposit	—	—	—	44,151	—
Amortisation of deferred revenue	(2,930)	(2,809)	(3,295)	(1,322)	—
Deferred electricity repayments	—	(4,841)	(4,841)	(6,174)	10,938
Other operating activities	(1,027)	(205)	(160)	1,097	(469)
Net change in non-cash working capital	2,928	(16,022)	1,893	13,621	(14,711)
Cash provided by operating activities	33,414	49,958	94,078	211,079	33,853
Investing activities					
Purchase of property, plant and equipment	(37,037)	(68,834)	(94,866)	(97,223)	(18,843)
Purchase of copper put options	(2,834)	(1,063)	(1,063)	(3,952)	(3,777)
Proceeds from copper put options	241	401	855	—	3,371
Investment in other financial assets	—	(253)	(253)	(1,395)	—
Other investing activities	400	495	933	758	158
Cash used for investing activities	(39,230)	(69,254)	(94,394)	(101,812)	(19,091)
Financing activities					
Interest paid	(16,508)	(15,444)	(30,578)	(43,995)	(22,668)
Proceeds from equipment loan, net	34,013	8,943	8,943	—	—
Repayment of capital leases and equipment loans	(14,984)	(8,984)	(12,293)	(17,074)	(16,586)
Proceeds on exercise of options and warrants	176	322	333	2,928	22
Net proceeds from issuance of senior secured notes	—	—	—	317,596	—
Repayment of senior notes	—	—	—	(264,180)	—
Repayment of senior secured credit facility	—	—	—	(92,463)	—
Settlement of copper call options	—	—	—	(15,745)	—
Proceeds from senior secured credit facility	—	—	—	—	93,605
Financing costs for senior secured credit facility	—	—	—	—	(4,346)
Repayment of Curis secured loan	—	—	—	—	(43,767)
Cash provided by (used for) financing activities	2,697	(15,163)	(33,595)	(112,933)	6,260
Effect of exchange rate changes on cash and equivalents	(669)	(480)	(655)	(5,133)	(513)
Increase (decrease) in cash and equivalents	(3,788)	(34,939)	(34,566)	(8,799)	20,509
Cash and equivalents, beginning of period	45,665	80,231	80,231	89,030	68,521
Cash and equivalents, end of period	41,877	45,292	45,665	80,231	89,030

* Please note that the interim financial information is unaudited.

PART 12 – OPERATING AND FINANCIAL REVIEW

The following discussion and analysis is intended to assist in the understanding and assessment of the trends and significant changes in the Group's results of operations and financial condition during Historical Financial Information Period. Historical results may not be indicative of future financial performance. Forward-looking statements contained in this review that reflect the current view of management involves risks and uncertainties and are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in paragraph 2 of Part 3 (*Presentation of Financial and Other Information*) and Part 2 (*Risk Factors*) of this document. In this document the consolidated financial statements presented are those of the Group. This discussion is based on the consolidated audited financial statements of the Group for financial years ended 31 December 2018, 31 December 2017 and 31 December 2016, and the consolidated unaudited financials statements for the nine months ended 30 September 2019 and 30 September 2018, and should be read in conjunction with its consolidated financial statements and the accompanying notes contained in the Appendix to this document with the information relating to the business of the Group included elsewhere in this document. Unless otherwise indicated, all of the financial data and discussions thereof are based upon financial statements prepared in accordance with IFRS. Investors should read the whole of this document and not rely just on summarised information.

1. Overview

The Company is a mining company and its sole operating asset is the 75% owned Gibraltar Mine, which is located in central British Columbia and is one of the largest copper mines in North America. The Company also owns the Florence Copper Project, which is advancing towards a construction decision.

The Gibraltar Mine is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2019, comparable to the production level achieved in 2018. The fundamentals for copper remain strong and most industry analysts are projecting a growing deficit and higher copper prices in the coming years.

2. Highlights

Financial Data (includes 75% share of Gibraltar) (\$ in thousands)	Nine months ended 30 September		2018	Year ended 31 December	
	2019*	2018		2017	2016
Revenues	239,231	232,749	343,870	378,299	263,865
Earnings from mining operations before depletion and amortisation**	46,692	83,553	112,003	177,716	54,715
Earnings (loss) from mining operations	(31,684)	30,644	41,222	129,994	1,776
Net income (loss)	(43,451)	(16,054)	(35,774)	34,262	(31,396)
Adjusted net income (loss)**	(52,451)	(7,198)	(8,508)	41,420	(31,860)
Adjusted EBITDA**	32,811	71,728	98,217	161,749	41,628
Cash flows provided by operations	33,414	49,958	94,078	211,079	33,853

* Please note that the interim financial information is unaudited.

** Non-GAAP performance measure, please refer to paragraph 13 of Part 12 of this document.

Gibraltar Mine (75% Owned)

Operating data (100% basis)	Q3* 2019	Q2* 2019	Q1* 2019	YE 2018	YE 2017	YE 2016
Tons mined (millions)	24.7	26.6	23.3	111.6	93.1	87.6
Tons milled (millions)	7.5	7.7	6.8	30.1	29.8	29.5
Strip ratio	3.0	2.3	3.2	2.7	3.4	1.5
Site operating cost per ton milled (CAD\$)**	\$10.83	\$11.51	\$10.88	\$ 9.71	\$ 7.48	\$ 9.47
Copper concentrate						
Head grade (%)	0.249	0.256	0.216	0.251	0.281	0.264
Copper recovery (%)	87.7	87.7	84.6	82.7	84.1	85.5
Production (million pounds Cu)	33.0	34.7	24.9	125.2	141.2	133.2
Sales (million pounds Cu)	33.5	32.3	23.3	126.5	143.7	131.1
Inventory (million pounds Cu)	5.0	5.5	3.1	1.6	2.7	5.6
Molybdenum concentrate						
Production (thousand pounds Mo)	620	653	738	2,366	2,637	949
Sales (thousand pounds Mo)	518	708	770	2,304	2,645	903
Per unit data (US\$ per pound produced)**						
Site operating costs**	\$ 1.88	\$ 1.92	\$ 2.23	\$ 1.80	\$ 1.22	\$ 1.58
By-product credits**	(0.16)	(0.21)	(0.32)	(0.20)	(0.13)	(0.06)
Site operating costs, net of by-product credits**	\$ 1.72	\$ 1.71	\$ 1.91	\$ 1.60	\$ 1.09	\$ 1.52
Off-property costs	0.33	0.30	0.30	0.33	0.34	0.33
Total operating costs (C1)**	<u>\$ 2.05</u>	<u>\$ 2.01</u>	<u>\$ 2.21</u>	<u>\$ 1.93</u>	<u>\$ 1.43</u>	<u>\$ 1.85</u>

* Please note that the interim financial information is unaudited.

** Non-GAAP performance measure, please refer to paragraph 13 of Part 12 of this document.

3. Operations Analysis

Gibraltar

Nine months ended 30 September 2019

Copper production in the nine months ended 30 September 2019 was 92.6 million pounds. Copper grade for the period 2019 averaged 0.241%. Copper recovery in the mill was 86.8% during the period.

A total of 74.6 million tons were mined during the period. The strip ratio for the period was 2.8 to 1.

Total site spending (including capitalised stripping costs) was higher than previous years. The increase was primarily a result of a smaller proportion of mining costs being capitalized in the nine months ended 30 September 2019 because of advancement in the Granite pit. Capitalised stripping costs totaled \$18.6 million (75% basis) in the nine months ended 30 September 2019 compared to \$30.0 million in the same period in 2018. These factors contributed to the increase in site operating cost per ton milled*, which was \$11.08 for the nine months ended 30 September 2019.

Molybdenum production was 2,011 thousand pounds in the nine months ended 30 September 2019 and molybdenum prices averaged US\$11.93 per pound over the period. By-product credits per pound of copper produced* was US\$0.28 in the period.

Off-property costs per pound produced* were US\$0.31 for the period.

2018 Results

In 2018, Gibraltar produced 125.2 million pounds of copper. Copper grade for the year averaged 0.251% copper, approximately 3% below the life of mine average grade. Throughput and recoveries were both slightly below targeted levels for the year. Copper recovery was 82.7% for the year due to lower head grades in 2018.

A total of 111.6 million tons were mined in 2018, a 20% increase over 2017 as waste stripping was increased to meet mine plan sequencing requirements. Waste stripping costs of \$48.8 million (75% basis) were capitalised in 2018, as a new pushback in the Granite pit was initiated.

Site operating costs* for 2018 were US\$1.80 per pound of copper produced, an increase from 2017, due to the lower copper production, higher mining costs and decreased capitalisation of stripping costs.

Molybdenum production for 2018 was 2.4 million pounds, resulting in by-product credits per pound of copper produced* of US\$0.20, an increase from US\$0.13 in 2017. The higher by-product credit was due to higher molybdenum prices, partially offset by lower sales volumes in 2018.

Off property costs were US\$0.33 per pound of copper produced, consistent with US\$0.34 per pound produced in 2017.

2017 and 2016 Results

Gibraltar's copper production in 2017 was 141.2 million pounds, a 6% increase over the 133.2 million pounds produced in 2016 due to higher average head grades and increased mill throughput. Mining and milling operations in July and August were impacted by wildfires in the Cariboo region which limited the employees' ability to travel to the mine site, resulting in reduced mine and mill production for periods of time as well as a complete mine shutdown for several days.

A total of 93.1 million tons were mined in 2017 at a strip ratio of 3.4 to 1. Waste stripping costs of \$69.0 million (75% basis) were capitalised in 2017, an increase over the \$9.2 million capitalised in 2016, as a new pushback in the Granite pit was initiated in 2017. Approximately 8.5 million tons of ore were drawn from ore stockpiles during the year.

Site operating costs per pound 2017 were US\$1.22 per pound of copper produced, a 23% reduction from 2016, primarily due to the higher copper production and increased capitalisation of stripping costs in 2017. Site operating costs for 2016 were US\$1.58 per pound of copper produced as the Company realised a full year of benefit from the cost saving initiatives implemented in 2015. These initiatives included a mine optimisation based on a new mine plan, workforce reduction and rationalisation, and vendor engagement resulting in decreased cost of supplies and services. The benefit of these cost savings resulted in lower unit costs in 2016.

Molybdenum production for 2017 was approximately 2.6 million pounds, resulting in by-product credits per pound produced of US\$0.13, an increase from US\$0.06 in 2016.

Off property costs per pound produced were US\$0.34 per pound of copper produced, consistent with US\$0.33 per pound produced in 2016. Long-term contracts for treatment and refining costs and ocean freight were completed in 2016.

Health, Safety, and Environment

The Company places a high priority on the continuous improvement of performance in the areas of employee health and safety at the workplace and protection of the environment. In 2018, the Gibraltar Mine had zero loss time accidents and zero accidents that affected the environment. Gibraltar received the Province of British Columbia Ministry of Energy and Mines John Ash Award for the years 2015 to 2018. This award goes to the mine in British Columbia that has logged more than one million worker hours with the lowest injury frequency rate.

Operational Review of Other Projects

The Company's current development focus is on permitting and developing the Florence Copper Project to a final construction decision.

Florence Copper Project

The Company has constructed, and is currently operating, the PTF at the Florence Copper project. The main focus of the current PTF at the Florence Copper Project is to demonstrate to regulators and key stakeholders that hydraulic control of underground leach solutions can be maintained, and provide valuable data to validate the Company's leach model as well as optimise well designs and performance and hydraulic control parameters. Successful operation of the in-situ leaching process will allow permits to be amended for the full scale commercial operation.

Historical Spend on the Florence Project

	Nine months ended 30 September 2019*	2018	Year ended December 31, 2017	2016
	(\$ in thousands)			
Project Development Costs	5,148	6,796	4,768	4,961
PTF Construction Expenditures	1,231	28,802	10,477	—
PTF Operation and Other Expenditures	4,616	923	—	—
Total	10,995	36,521	15,245	4,961

Construction of the PTF for the Florence Copper Project began in 2017 and progressed smoothly in 2018 and was completed on time and on budget. Total expenditures at the Florence Project in 2018 were \$36.5 million which includes PTF construction and operation, and other project development costs.

Wellfield operations at the PTF commenced in the fourth quarter of 2018. During the first quarter of 2019, concentrations of copper in the leach solution increased to levels which allowed the SX/EW plant to begin operation, and on 12 April 2019 the Company announced that the SX/EW plant was producing its first copper. The first delivery of LME grade A copper cathode occurred in the quarter ending 30 September 2019. Proceeds from the sale of Copper Cathode are applied against project development costs.

4. Financial Performance

Earnings

	Nine months ended 30 September 2019*	2018	2018	Year ended 31 December 2017	2016
	(\$ in thousands)				
Net income (loss)	(43,451)	(16,054)	(35,774)	34,262	(31,396)
Unrealised foreign exchange (gain) loss	(9,378)	10,817	28,704	(17,684)	(7,785)
Unrealised (gain) loss on copper put options ...	518	(2,686)	(1,970)	1,970	1,044
Write-down of mine equipment	—	—	—	3,551	—
Write-down of investment	—	—	—	3,850	—
Loss on settlement of long-term debt	—	—	—	13,102	—
Loss on copper call option	—	—	—	6,305	3,360
Other non-recurring expenses	—	—	—	—	5,489
Estimated tax effect of adjustments	(140)	725	532	(3,936)	(2,572)
Adjusted net income (loss)**	(52,451)	(7,198)	(8,508)	41,420	(31,860)

* Please note that the interim financial information is unaudited.

** Non-GAAP performance measure, please refer to paragraph 13 of Part 12 of this document.

The Company's net loss was \$43.5 million for the nine months ended 30 September 2019, compared to a net loss of \$16.1 million for the same period in 2018. The increased net loss in the current period was primarily due to lower average realised copper prices in 2019 of US\$0.21 per pound on a year to date basis, a high grade production quarter in Q3 2019, and overall higher production costs in 2019 since less stripping costs were capitalised compared to 2018 as the mine transitioned towards mining more ore in the Granite pit in 2019. In addition, depreciation expense increased as previously capitalised strip associated with the Granite Pit was recognised starting in Q2 2019. The nine months ended 30 September 2018 also benefited from the insurance recovery of \$7.9 million related to the Cariboo wildfires in 2017. These net loss variances were partially offset by a \$9.4 million unrealised foreign exchange gain in 2019 due to a strengthening Canadian dollar as compared to a \$10.8 million loss for the same period in 2018 which saw a weakening Canadian dollar.

The Company's net loss was \$35.8 million for 2018, compared to a net income of \$34.3 million for 2017 and a net loss of \$31.4 million for 2016. The increase in net income in 2017 compared to 2018 and 2016 was primarily due to higher copper prices, higher production and sales volumes, and lower production costs at the Gibraltar Mine.

Included in net income (loss) are a number of items that the management believe require adjustment in order to better measure the underlying performance of the business. The following items have been adjusted to derive adjust net income as management believes they are not indicative of a realised economic gain/loss or the underlying performance of the business in the year:

- As at 30 September 2019, the Canadian dollar strengthened since 31 December 2018 resulting in an unrealised foreign exchange gain of \$9.4 million for the nine months ended 30 September 2019. The unrealised foreign exchange gain was primarily driven by the translation of the Company's US dollar denominated senior secured notes due in 2022.
- For 2018, the Canadian dollar weakened in comparison to the US dollar by 9%, resulting in an unrealised foreign exchange loss of \$28.7 million. For 2017 and 2016, the Canadian dollar strengthened in comparison resulting in an unrealised foreign exchange gain of \$17.7 million and \$7.8 million, respectively. Unrealised foreign exchange gains and losses primarily related to the Company's US dollar denominated notes.
- The unrealised gain of \$2.0 million in 2018 relates to the fair value adjustment of copper put options.
- In the third quarter of 2017, a write-down of mine equipment of \$3.6 million was recorded to adjust the carrying value of certain Gibraltar mine equipment to its estimated recoverable value. This mine equipment was replaced by equipment acquired under capital leases in 2017.
- In the fourth quarter of 2017, the Company assessed the value of its investment in subscription receipts of a private mineral exploration and development company and recorded a \$3.9 million write-down in net income of the investment to its estimated fair value.
- The loss on settlement of long-term debt in 2017 relates to the write-off of deferred financing costs and additional interest costs paid as part of the refinancing completed in June 2017. At that time, the Company also settled a copper call option obligation with a lender, resulting in a loss of \$6.3 million.
- The other non-recurring expenses in 2016 relates to special shareholder meeting costs and other nonrecurring financing costs. For 2016 the Company incurred total costs of \$4.9 million on legal and other advisory costs associated with a special shareholder meeting, a proxy contest and related litigation, and \$0.6 million on other non-recurring financing costs.

5. Revenues

	Nine months ended September 30, 2019* 2018		Year ended December 31, 2018 2017 2016		
	(\$ in thousands)				
Copper contained in concentrate	235,737	236,732	350,522	375,295	280,933
Molybdenum concentrate	23,407	17,892	26,589	20,782	5,914
Silver	3,156	3,169	3,713	1,728	3,612
Price adjustments on settlement receivables	(3,670)	(7,725)	(10,679)	13,490	2,830
Total gross revenue	258,630	250,068	370,145	411,295	293,289
Less: treatment and refining costs	(19,399)	(17,319)	(26,275)	(32,996)	(29,424)
Revenue	239,231	232,749	343,870	378,299	263,865
(thousands of pounds, unless otherwise noted)					
Copper in concentrate**	64,382	60,588	91,426	103,871	94,734
Average realised copper price (US\$ per pound) . . .	2.70	2.91	2.84	2.88	2.26
Average LME copper price (US\$ per pound)	2.74	3.01	2.96	2.80	2.21
Average exchange rate (US\$/CAD)	1.33	1.29	1.30	1.30	1.32

* Please note that the interim financial information is unaudited.

** This amount includes a net smelter payable deduction of approximately 3.5% to derive net payable pounds of copper sold.

Copper revenues for the nine months ended 30 September 2019 decreased by \$1.0 million, compared to the same period in 2018, primarily due to lower realised copper prices in the current period by US\$0.21 per pound, partially offset by the increase in copper in concentrate sold and the weakening of the Canadian dollar relative to the US dollar.

During the nine months ended 30 September 2019, negative price adjustments of \$4.1 million, were recorded for provisionally priced copper concentrate due to declining copper price trends following shipment. These adjustments resulted in a US\$0.05 per pound decrease to the average realised copper price for the nine month period. These negative price adjustments were greater for the nine months ended 30 September 2018 at \$7.7 million.

Copper revenues in 2018 were \$24.8 million lower than 2017 due to a decrease in copper sales volumes and lower realised copper prices. Price adjustments of negative \$11.3 million were recorded in 2018 for provisionally priced copper concentrate resulting in a US\$0.09 per pound decrease to the average realised copper price. In 2017, positive price adjustments of \$7.3 million were recorded, which resulted in a US\$0.05 per pound increase in the average realised copper price for 2017. Copper revenues for 2017 increased by \$104.0 million over 2016, primarily due to an increase in copper sales volumes and higher realised copper prices.

Molybdenum revenues for the nine months ended 30 September 2019 increased by \$5.5 million, compared to the same period in 2018. The increase was due to higher molybdenum sales and production volumes in the current period. Molybdenum sales volumes (75% basis) was 1,497 thousand pounds for the nine months ended 30 September 2019, a result of higher molybdenum production.

Molybdenum revenues in 2018 were \$5.8 million higher than 2017, due to higher molybdenum prices, partially offset by lower sales volumes in 2018. The realised average molybdenum price for 2018 was US\$12.20 per pound compared to US\$8.46 per pound for 2017. The molybdenum circuit did not operate in 2016 until its restart in September 2016.

6. Cost of sales

	Nine months ended September 30, 2019* 2018		Year ended December 31, 2018 2017 2016		
			(\$ in thousands)		
Site operating costs	183,392	169,984	219,104	167,338	209,381
Transportation costs	12,807	12,507	17,163	19,281	16,507
Changes in inventories of finished goods	(6,763)	(17,593)	2,435	(302)	(272)
Changes in inventories of ore stockpiles	3,103	(7,827)	1,078	14,266	(16,466)
Insurance recovery	—	(7,875)	(7,913)	—	—
Production costs	192,539	149,196	231,867	200,583	209,150
Depletion and amortisation	78,376	52,909	70,781	47,722	52,939
Cost of sales	<u>270,915</u>	<u>202,105</u>	<u>302,648</u>	<u>248,305</u>	<u>262,089</u>

* Please note that the interim financial information is unaudited.

** Non-GAAP performance measure, please refer to paragraph 13 of Part 12 of this document.

Site operating costs for the nine months ended September 30, 2019 increased by \$13.4 million, compared to the same prior period as less costs were capitalised in the first half of 2019 as the mine transitioned to mining more ore than waste from the Granite pit in 2019.

For the nine months ended September 30, 2019, capitalised stripping costs were \$18.6 million, compared to \$30.0 million for the same period in 2018 due to the mining phase noted above. The remaining increase of \$1.9 million in site operating costs for the nine months ended September 30, 2019 is due to the timing of maintenance related costs.

Site operating costs in 2018 increased by \$51.8 million, primarily as a result of increased mining rates in 2018 and reduced allocations to capitalised stripping costs. Haul truck hours were increased in 2018 to meet mine plan sequencing requirements resulting in increased mining costs. A total of 112 million tons were mined in the year, a 20% increase over 2017. Site operating costs are also impacted by the portion of mining costs that are allocated to capitalised stripping. The portion of mining costs capitalised to the balance sheet was \$20.3 million lower in 2018, and this contributed to higher cost of sales in 2018. For 2018, \$48.8 million was allocated to capitalised stripping, compared to \$69.0 million in 2017 and only \$9.2 million in 2016.

Site operating costs for 2017 decreased by 20% compared to 2016. The reduction in site operating costs was primarily due to the increased allocation of costs to capitalised stripping as a result of waste stripping in a new section of the Granite pit, in accordance with the mine plan.

In 2018, the Company has recognised an insurance recovery of \$7.9 million (75% basis) related to the Cariboo region wildfires in 2017.

During the nine months ended 30 September 2019, stockpiled ore tonnage decreased by 2.3 million tonnes and the Company recorded an impairment of \$2.7 million to adjust the carrying value of ore stockpile inventories to net realisable value. For the nine months ended 30 September 2018, the ore stockpiles increased by 2.3 million tonnes.

The quantity of inventory in ore stockpiles remained relatively unchanged year over year, however valuation adjustments resulted in a decrease in inventories (increase in cost of sales) of \$1.1 million in 2018. In 2017, the quantity of ore in stockpile inventory decreased by approximately 8.5 million tons resulting in a \$14.3 million increase in cost of sales in 2017.

Depletion and amortisation for the nine months ended 30 September 2019 increased by \$25.5 million, over the same period in 2018. The difference is primarily due to increased depreciation of capitalised stripping costs as greater ore tons are being mined from the Granite pit.

Depletion and amortisation in 2018 increased by \$23.1 million compared to 2017. This difference is primarily due to increased amortisation of capitalised stripping costs in 2018 as ore tons were mined from the newly developed section of the Granite pit. Depletion and amortisation for 2017 decreased by 10% compared to 2016, primarily due to the decreased amortisation of capitalised stripping costs.

7. Other operating (income) expenses

	Nine months ended September 30, 2019* 2018		Year ended December 31, 2018 2017 2016		
	(\$ in thousands)				
General and administrative	10,284	10,830	13,957	12,775	11,299
Share-based compensation expense (recovery)	2,268	(1,223)	(1,544)	6,983	3,619
Project evaluation	2,746	1,381	1,752	1,730	2,087
Realised loss on copper put options	1,632	2,107	2,264	1,807	1,956
Unrealised (gain) loss on copper put options	518	(2,686)	(1,970)	1,970	1,044
Loss on copper call option	—	—	—	6,305	3,360
Write-down of mine equipment	—	—	—	3,551	—
Write-down of investment	—	—	—	3,850	—
Special shareholder meeting costs	—	—	—	—	4,894
Other income, net	(1,381)	(1,206)	(1,472)	(1,060)	(822)
	16,067	9,203	12,987	37,911	27,437

* Please note that the interim financial information is unaudited.

General and administrative costs have decreased in the nine months ended 30 September 2019, compared to the same prior period primarily due to executive pension contributions incurred in the third quarter of 2018. General and administrative costs have increased in 2018, compared to 2017 primarily due to executive pension contributions during 2018. General and administrative costs have increased in 2017 compared to the same period in 2016 due to a \$0.5 million donation to a local hospital, additional legal costs related to the silver stream transaction and base shelf prospectus, and because a portion of executive compensation in 2016 was issued in the form of PSU's and classified as share-based compensation expense.

Share-based compensation recovery changes year over year result from changes in the Company's share price. Project evaluation costs represent costs associated with the New Prosperity, and Yellowhead projects.

Other amounts in the table above have been explained previously in the earnings section.

8. Financial Condition Review

The Company's asset base is comprised principally of non-current assets, including property, plant and equipment, reflecting the capital intensive nature of the mining business. Other current assets include accounts receivable, other financial assets and inventories (concentrate inventories, ore stockpiles, and supplies), along with prepaid expenses and deposits. Concentrate inventories, accounts receivable and cash balances fluctuate in relation to shipping and cash settlement schedules.

9. Balance sheet review

	As at 30 September 2019*	2018 (\$ in thousands)	As at 31 December 2017	2016
Cash and cash equivalents	41,877	45,665	80,231	89,030
Other current assets	53,542	58,766	65,505	76,297
Property, plant and equipment	817,145	821,287	797,265	730,208
Other assets	48,126	47,005	45,709	53,904
Total assets	960,690	972,723	988,710	949,439
Current liabilities	57,339	47,578	50,139	38,641
Debt:				
Senior secured notes	323,482	331,683	302,085	—
Senior notes	—	—	—	266,435
Senior secured credit facility	—	—	—	91,483
Equipment related financings	58,940	23,798	27,133	31,372
Deferred revenue	39,475	39,367	39,640	—
Other liabilities	166,870	183,220	202,633	182,569
Total liabilities	646,106	625,646	621,630	610,500
Equity	314,584	347,077	367,080	338,939
Net debt (debt minus cash and equivalents)	340,545	309,816	248,987	300,260

* Please note that the interim financial information is unaudited.

Total long-term debt increased by \$26.9 million for the nine months ended 30 September 2019, due to two new equipment loans, a sale leaseback transaction on some equipment at Gibraltar, a new lease for a wheeler loader, and the recognition of \$5.9 million of additional lease liabilities, under the new IFRS lease accounting standard as of 1 January 2019. These factors were partially offset by unrealised foreign exchange gains on the Company's US dollar denominated debt and principal payments for leases and equipment loans. The decrease in the cash balance in the nine months ended 30 September 2019 reflects capital expenditures at Florence and Gibraltar not funded from operating cash flows.

Total long-term debt increased by \$26.3 million for 2018, due to unrealised foreign exchange losses on the Company's US dollar denominated 2017 Notes and a new equipment loan for \$9 million, partially offset by payments on the Company's capital leases and equipment loans. Cash decreased in 2018 for the Florence PTF and due to capital expenditures for Gibraltar.

Total long-term debt decreased by \$60.1 million for the year ended 31 December 2017, due primarily to the refinancing transaction completed in the second quarter of 2017 and foreign exchange gains on the Company's US dollar denominated debt. In June 2017, the Company used the proceeds of a US\$250 million senior secured note offering along with a portion of its cash on hand, to repay the US\$200 million senior notes (due March 2019) and the senior secured credit facility. The Company's net debt decreased by \$51.3 million for the year ended 31 December 2017 primarily due to cash flow generated from mining operations during 2017.

In 2016, the Curis secured loan was repaid using the proceeds from a new secured credit facility that was entered into on 29 January 2016.

Deferred revenue relates to the advance payment received in March 2017 from Osisko for the sale of future silver production from the Gibraltar Mine.

Other liabilities include provision for environmental rehabilitation ("PER") and deferred tax liabilities. Changes in the PER reflect changes in the Bank of Canada long-term benchmark rates and inflation rates. At 30 September 2019, the Bank of Canada long-term benchmark bond rate used as a proxy for long-term discount rates was 1.60% (2018 – 2.18%; 2017 – 2.26%; 2016 – 2.31%).

During the nine months ended 30 September 2019, other liabilities decreased by \$16.4 million mainly due to the decrease in deferred tax liabilities. Other liabilities increased by \$20.1 million for 2017 due to the increase in deferred tax liabilities and the PER. Other financial liabilities decreased due to the settlement of the copper call option obligation and the reclassification of the amount payable to BC Hydro to current liabilities.

10. Liquidity, cash flow and capital resources

The table below sets out historical cash flow of the Company as derived from the audited annual consolidated financial statements of the Group for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016 and the unaudited consolidated financial statement for the nine months ended 30 September 2019 and 30 September 2018.

	Nine months ended 30 September		Year ended 31 December		
	2019*	2018	2018	2017	2016
	(\$ in thousands)				
Cash Flow Data:					
Cash provided by operating activities	33,414	49,958	94,078	211,079	33,853
Cash used for investing activities	(39,230)	(69,254)	(94,394)	(101,812)	(19,091)
Cash provided by (used for) financing activities	2,697	(15,163)	(33,595)	(112,933)	6,260
Effect of exchange rate changes on cash and equivalents	(669)	(480)	(655)	(5,133)	(513)
Increase (decrease) in cash and equivalents	(3,788)	(34,939)	(34,566)	(8,799)	20,509
Cash and equivalents, beginning of period	45,665	80,231	80,231	89,030	68,521
Cash and equivalents, end of period	41,877	45,292	45,665	80,231	89,030

* Please note that the interim financial information is unaudited.

Cash flow provided by operations during the nine months ended 30 September, 2019 was \$33.4 million compared to \$50.0 million for the same period in 2018. Investing cash flows for the nine months ended 30 September, 2019 includes \$9.9 million of expenditures at the Florence Project, \$18.6 million for capitalised stripping costs and \$8.0 million for other capital expenditures at Gibraltar.

Net cash provided by financing activities for the nine months ended 30 September, 2019 was \$2.7 million. In May 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being \$13.9 million. A portion of the proceeds of the loan were used to repay an existing equipment loan of \$1.4 million. In June 2019, Gibraltar entered into a sale leaseback transaction on some equipment, with the Company's share of proceeds being \$12.2 million. A portion of the proceeds of the financing were used to settle an equipment lease early in the amount of \$2.5 million. In August 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being \$8.0 million. Principal repayments for leases and equipment loans were \$15.0 million and interest paid was \$16.5 million for the nine month period ended 30 September, 2019. Net proceeds from these the equipment re-financings are available for general working capital purposes.

During 2018, the Company generated operating cash flow of \$94.1 million and used \$94.4 million for investing activities. Investing activities in the period included \$34.3 million of cash payments for development of the Florence Copper Project, \$48.8 million for capitalised stripping costs, \$11.0 million on other capital expenditures for Gibraltar, and \$2.7 million on other project costs.

Cash used for financing activities during 2018 includes \$30.6 million of interest payments, primarily related to the Notes. In addition, the Company made principal payments for capital leases and equipment loans of \$12.3 million, and received \$8.9 million of net proceeds from a new equipment loan completed in June 2018.

In 2017, the Company generated \$109 million of positive cash flow from operating and investing activities, as a result of strong operating results at the Gibraltar Mine and including \$44 million of cash proceeds from the sale of a silver stream to Osisko. This cash was used for interest payments and to reduce debt in 2017.

At 30 September 2019, the Company had cash and equivalents of \$42 million (31 December 2018 – \$46 million; December 31, 2017 – \$80 million; 31 December, 2016 – \$89 million). The Company continues to make monthly principal repayments for leases and equipment loans, however, there are no principal payments required on the senior secured notes until the maturity date in June 2022. The next semi-annual interest payment of US\$10.9 million is due on 15 December 2019 on the senior secured notes.

11. Hedging Strategy

Future changes in copper and molybdenum market prices could impact the timing and amount of cash available for future investment in development projects, debt obligations, and other uses of capital. To partially mitigate commodity price risks, copper put options are entered into for a portion of Gibraltar copper production.

The Company's hedging strategy is to secure a minimum price for a portion of copper production using put options that are either purchased outright or funded by the sale of call options that are significantly out of the money. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper price and quantity exposure are reviewed at least quarterly to ensure that adequate revenue protection is in place. Hedge positions are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection. The Company's hedging strategy is designed to mitigate short-term declines in copper price.

Considerations on the cost of the hedging program include an assessment of Gibraltar's estimated production costs, anticipated copper prices and the Company's capital requirements during the relevant period. In February 2019, the Company spent \$0.9 million to purchase copper put options that matured evenly between February and April 2019. In August 2019, the Company spent \$2.0 million to purchase copper put options that matured between September and December of 2019. In 2018, the Company spent \$1.1 million to purchase copper put options that matured evenly over the third and fourth quarters of 2018. These put option contracts generated cash proceeds of \$0.9 million in 2018. During the years ended December 31, 2017 and 2016, the Company spent \$4.0 million and \$3.8 million, respectively on purchase copper put options.

12. Critical Accounting Policies and Estimates

The Company's significant accounting policies are presented in the Appendix – Historical Financial Information. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement, determining the timing of transfer of control of inventory for revenue recognition, and recovery of other deferred tax assets.

Significant areas of estimation include reserve and resource estimation; asset valuations and the measurement of impairment charges or reversals; valuation of inventories; plant and equipment lives; tax provisions; provisions for environmental rehabilitation; valuation of financial instruments and derivatives; capitalised stripping costs and share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to these consolidated financial statements as appropriate.

The accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions made and judgment used in the engineering and geological interpretation, and may be subject to revision based on various factors. Changes in reserve and resource estimates may impact the carrying value of property, plant and equipment; the calculation of depreciation expense; the capitalisation of stripping costs incurred during production; and the timing of cash flows related to the provision for environmental rehabilitation.

Changes in forecast prices of commodities, exchange rates, production costs and recovery rates may change the economic status of reserves and resources. Forecast prices of commodities, exchange rates, production costs and recovery rates, and discount rates assumptions, either individually or collectively, may impact the carrying value of derivative financial instruments, inventories, property, plant and equipment, and intangibles, as well as the measurement of impairment charges or reversals.

13. Non-GAAP Performance Measures

This Operating and Financial Review includes certain non-GAAP performance measures that do not have a standardised meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-GAAP measures to the most directly comparable IFRS measure.

Total operating costs and site operating costs, net of by-product credits

Total costs of sales include all costs absorbed into inventory, as well as transportation costs and insurance recoverable. Site operating costs is calculated by removing net changes in inventory, depletion and amortisation, insurance recoverable, and transportation costs from cost of sales. Site operating costs, net of by-product credits is calculated by removing by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum (net of treatment costs) and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

(Cdn\$ in thousands, unless otherwise indicated) – 75% basis	Nine months ended September 30, 2019*		Year ended December 31,		
	2019*	2018	2018	2017	2016
Cost of sales	270,915	202,105	302,648	248,305	262,089
Less:					
Depletion and amortisation	(78,376)	(52,909)	(70,781)	(47,722)	(52,939)
Insurance recoverable	—	7,875	7,913	—	—
Net change in inventories of finished goods	6,763	17,593	(2,435)	302	272
Net change in inventories of ore stockpiles	(3,103)	7,827	(1,078)	(14,266)	16,466
Transportation costs	(12,807)	(12,507)	(17,163)	(19,281)	(16,507)
Site operating costs	183,392	169,984	219,104	167,338	209,381
Less by-product credits:					
Molybdenum, net of treatment costs	(20,020)	(15,776)	(23,419)	(16,883)	(4,400)
Silver, excluding amortisation of deferred revenue	(588)	(209)	(327)	(810)	(3,988)
Site operating costs, net of by-product credits	162,784	153,999	195,358	149,645	200,993
Total copper produced (thousand pounds)	69,381	74,516	93,888	105,874	99,938
Total costs per pound produced	2.35	2.07	2.08	1.41	2.01
Average exchange rate for the period (CAD/USD)	1.33	1.29	1.30	1.30	1.32
Site operating costs, net of by-product credits (US\$ per pound)	1.77	1.61	1.60	1.09	1.52
Site operating costs, net of by-product credits	162,784	153,999	195,358	149,645	200,993
Add off-property costs:					
Treatment and refining costs	15,898	14,617	22,381	28,072	27,924
Transportation costs	12,807	12,507	17,163	19,281	16,507
Total operating costs	191,489	181,123	234,902	196,998	245,424
Total operating costs (C1) (US\$ per pound)	2.08	1.89	1.93	1.43	1.85

* Please note that the interim financial information is unaudited.

Adjusted net income (loss)

Adjusted net income (loss) remove the effect of the following transactions from net income (loss) as reported under IFRS:

- Unrealised foreign currency gains/losses;
- Unrealised gain/loss on copper put options;

- Losses on settlement of long-term debt and copper call option;
- Write-down of investment and mine equipment; and
- Other non-recurring expenses.

(Cdn\$ in thousands)	Nine months ended September 30,			Year ended December 31,	
	2019*	2018	2018	2017	2016
Net income (loss)	(43,451)	(16,054)	(35,774)	34,262	(31,396)
Unrealised foreign exchange (gain) loss	(9,378)	10,817	28,704	(17,684)	(7,785)
Unrealised (gain) loss on copper put options	518	(2,686)	(1,970)	1,970	1,044
Loss on copper call option	—	—	—	6,305	3,360
Loss on settlement of long-term debt	—	—	—	13,102	—
Write-down of mine equipment	—	—	—	3,551	—
Write-down of investment	—	—	—	3,850	—
Other non-recurring expenses**	—	—	—	—	5,489
Estimated tax effect of adjustments	(140)	725	532	(3,936)	(2,572)
Adjusted net income (loss)	(52,451)	(7,198)	(8,508)	41,420	(31,860)

* Please note that the interim financial information is unaudited.

** Other non-recurring expenses includes legal and other advisory costs associated with the special shareholder meeting, the proxy contest and related litigation, and other non-recurring financing costs.

Adjusted EBITDA

Adjusted EBITDA represents net income (loss) before interest, income taxes, and depreciation and also eliminates the impact of a number of items that are not considered indicative of ongoing operating performance. Certain items of expense are added and certain items of income are deducted from net income that are not likely to recur or are not indicative of the Company's underlying operating results for the reporting periods presented or for future operating performance and consist of:

- Unrealised foreign exchange gains/losses;
- Unrealised gain/loss on copper put options;
- Share-based compensation;
- Loss on copper call option;
- Write-down of investment and mine equipment; and
- Other non-recurring expenses.

(\$ in thousands)	Nine months ended September 30,			Year ended December 31,	
	2019*	2018	2018	2017	2016
Net income (loss)	(43,451)	(16,054)	(35,774)	34,262	(31,396)
Add:					
Depletion and amortisation	78,376	52,909	70,781	47,722	53,024
Finance expense	30,215	28,873	38,564	46,430	30,007
Finance income	(1,089)	(940)	(1,254)	(935)	(1,084)
Income tax expense (recovery)	(24,794)	(197)	448	29,178	(14,713)
Unrealised foreign exchange (gain) loss	(9,378)	10,817	28,704	(17,684)	(7,785)
Unrealised (gain) loss on copper put options	518	(2,686)	(1,970)	1,970	1,044
Amortisation of share-based compensation expense (recovery)	2,414	(994)	(1,282)	7,100	3,682
Loss on copper call option	—	—	—	6,305	3,360
Write-down of investment	—	—	—	3,850	—
Write-down of mine equipment	—	—	—	3,551	—
Other non-recurring expenses**	—	—	—	—	5,489
Adjusted EBITDA	32,811	71,728	98,217	161,749	41,628

* Please note that the interim financial information is unaudited.

** Other non-recurring expenses includes legal and other advisory costs associated with the special shareholder meeting, the proxy contest and related litigation, and other non-recurring financing costs.

PART 13 – CREST AND DEPOSITARY INTERESTS

1. The Company has established arrangements to enable investors to settle interests in the Common Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, Depositary Interests allow such securities to be dematerialised and settled electronically through CREST. Where investors choose to settle interests in the Common Shares through the CREST system, and pursuant to depositary arrangements established by the Company, the Custodian will hold the Common Shares and issue dematerialised Depositary Interests representing the underlying Common Shares, which will be held on trust for the holders of the Depositary Interests. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which will be admitted to and settled through CREST and not the Common Shares.
2. The Constitution is consistent with CREST membership in respect of Depositary Interests and the holding and transfer of Depositary Interests in uncertified form. Under the Corporations Act, companies are not prohibited from issuing shares in book-entry form, but shareholders have the right to require the companies to issue physical certificates. The Board has passed a resolution authorising the issuance of shares in book-entry form.
3. The Company and the Depositary entered into a depositary agreement on 29 October 2019, the principal terms of which are summarised below.
4. The Depositary Interests have been created pursuant to and issued on the terms of a deed poll that was executed on 10 October 2019 by the Depositary in favour of the holders of the Depositary Interests from time to time. Holders of Depositary Interests should note that they will have no rights against Euroclear UK & Ireland (the operators of CREST) or its subsidiaries in respect of the underlying Common Shares or the Depositary Interests representing them.
5. If a holder of Common Shares so requests, its Common Shares will be transferred to an account of the Depositary or its nominated custodian and the Depositary will issue Depositary Interests to participating CREST members. Each Depositary Interest will be treated as one Common Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to holders of Depositary Interests any stock or cash benefits received by it as holder of Common Shares on trust for such Depositary Interest holder. Depositary Interest holders, through the Depositary, will also be able to receive notices of meetings of holders of Common Shares and other notices issued by the Company to its Shareholders.
6. The Depositary Interests have the same security code (ISIN) as the underlying Common Shares and will not require a separate admission to the Main Market. The Depositary Interests can then be traded and settled within the CREST system in the same way as any other CREST securities. Application will be made for the Depositary Interests to be admitted to CREST with effect from Admission.
7. If a holder wishes to cancel its Depositary Interest, it will either directly or through its broker instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that appears on the Register. The Depositary Interest will then be cancelled by the Depositary and the related Common Shares will be credited to the account on the Register by the Registrar. The Registrar will then send the holder a new Common Share certificate.
8. The information included within this section relating to the obtaining and cancellation of Depositary Interests by a holder is intended to be a summary only and is not to be construed as legal, business or tax advice. Each investor should consult his or her own lawyer, financial adviser, broker or tax adviser for legal, financial or tax advice in relation to Depositary Interests.

Deed Poll

The Deed Poll executed by the Depositary prior to Admission contains the following provisions:

9. The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying Common Shares and all and any rights and other securities, property and cash attributable to the underlying

Common Shares pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests as tenants in common. The Depositary will re-allocate securities or Depositary Interests distributions allocated to the Depositary or Custodian pro rata to the Common Shares held for the respective accounts of the holders of Depositary Interests, but will not be required to account for fractional entitlements arising from such re-allocation.

10. Holders of Depositary Interests agree to give such warranties and certifications to the Depositary as the Depositary may reasonably require. In particular, holders of Depositary Interests warrant, inter alia, that the securities in the Company transferred or issued to the Depositary or Custodian on behalf of the Depositary for the account of the Depositary Interest holder are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, or applicable law or regulation binding or affecting such holder, and holders of Depositary Interests agree to indemnify the Depositary against any liability incurred as a result of any breach of such warranty.
11. The Depositary and any Custodian shall pass on to the Depositary Interest holders and, so far as they are reasonably able, exercise on behalf of the Depositary Interest holders all rights and entitlements received or to which they are entitled in respect of the underlying Common Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form in which they are received, together with amendments and additional documentation necessary to effect such passing-on, or, as the case may be, exercised in accordance with the Deed Poll. If arrangements are made which allow a holder to take up rights in the Company's securities requiring further payment, the holder must put the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.
12. The Depositary will be entitled to cancel Depositary Interests and treat the holders thereof as having requested a withdrawal of the underlying securities in certain circumstances, including where a Depositary Interest holder fails to furnish to the Depositary with such certificates or representations as to material matters of fact, including his identity, as the Depositary deems appropriate.
13. The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation.
14. The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any Depositary Interest holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Except in the case of personal injury or death, any liability incurred by the Depositary to a holder under the Deed Poll is limited to the lesser of:
 - (a) the value of the Common Shares that would have been properly attributable to the Depositary Interests to which the liability relates; and
 - (b) that proportion of £5 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £5 million.
15. The Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll.
16. Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees), and hold each of them harmless, from and against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of that holder, other than those

caused by or resulting from the wilful default, negligence or fraud of: (i) the Depositary; or (ii) the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

17. The Depositary is entitled to make deductions from the deposited property or any income or capital arising therefrom, or to sell such deposited property and make deductions from the sale proceeds thereof, in order to discharge the indemnification obligations of Depositary Interest holders.
18. The Depositary may terminate the Deed Poll by giving not less than 90 days' notice. During such notice period, Depositary Interest holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable and amongst other things: (i) deliver the deposited property in respect of the Depositary Interests to the relevant Depositary Interest holder; or at the Depositary's discretion; (ii) sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll, pro rata to the Depositary Interest holders in respect of their Depositary Interests.
19. The Depositary or the Company may require from any holder: (i) information as to the capacity in which Depositary Interests are owned or held by such holders and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying Common Shares and the nature and amounts of such interests; (ii) evidence or declaration of nationality or residence of the legal or beneficial owner(s) of Depositary Interests and such information as is required to transfer the relevant Depositary Interests or Common Shares to the holder; and (iii) such information as is necessary or desirable for the purposes of the Deed Poll or CREST system, and holders are bound to provide such information requested. The holders of Depositary Interests consent to the disclosure of such information by the Depositary, Custodian or Company to the extent necessary or desirable to comply with their respective legal or regulatory obligations.
20. Furthermore, to the extent that the Company's constitutional documents, applicable laws or regulations, the Ground Rules for the Management of the FTSE UK Index Series (if applicable), or any court or legal or regulatory authority may require or the Company deems it necessary or desirable in connection therewith (including in response to requests for information), the disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever in the Company's securities, the Depositary Interest holders are to comply with such provisions and with the Company's instructions with respect thereto, and consent to the disclosure of such information for such purposes.
21. It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Common Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Registrar or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying Common Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Common Shares as a proxy of the Registrar or its nominated Custodian.

Depositary Agreement

22. The Depositary Agreement entered into between the Company and the Depositary prior to Admission contains the following provisions:
 - Under the Depositary Agreement, the Company appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll, a series of Depositary Interests representing Common Shares and to provide certain other services (including depositary services, custody services and dividend services) in connection with such Depositary Interests.
 - The Depositary agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable skill and care. The Depositary assumes certain specific obligations, including, for example, to arrange for the Depositary Interests to be

admitted to CREST as participating securities and provide copies of, and access to, the register of Depositary Interests.

- The Company acknowledges that it shall be its responsibility and undertakes to advise the Depositary promptly of any securities laws or other applicable laws, rules or regulations in Canada with which the Depositary must comply in providing the services.
- The Company agrees to provide such assistance, information and documentation to the Depositary as is reasonably required by the Depositary for the purposes of performing its duties, responsibilities and obligations under the Depositary Agreement.
- The Depositary is to indemnify the Company and its officers and employees from and against any loss (excluding indirect, consequential or special loss) which any of them may incur in any way as a result of or in connection with the fraud, negligence or wilful default of the Depositary (or its officers, employees, agents or sub-contractors).
- Subject to earlier termination, the appointment of the Depositary shall continue for a fixed period of one year and thereafter until terminated in accordance with the terms of the Depositary Agreement. Should the Depositary Agreement be terminated for any reason, other than arising from the Depositary's fraud, negligence, wilful default or material breach of a term of the Depositary Agreement, the Company shall within 30 days of termination pay to the Depositary the Depositary's reasonable costs and expenses of transferring the Depositary Interest register to its new registrar. Either party may terminate the Depositary Agreement by giving not less than 3 months' notice in writing. Either party may terminate the Depositary Agreement with immediate effect by notice in writing if the other party: (i) shall be in persistent or material breach of any material term (of the Depositary Agreement) and such breach is not remedied within 21 days of a request for such remedy; (ii) goes into insolvency or liquidation or administration or a receiver is appointed over any part of its undertaking or assets, subject to certain provisos; or (iii) shall cease to have the appropriate authorisations which permit it lawfully to perform its obligations under the Depositary Agreement.
- The Depositary will be entitled to employ agents for the purposes of carrying out certain of its obligations under the Depositary Agreement which the Depositary reasonably considers to be of a specialist nature.
- The Company is to pay to the Depositary an annual fee for the services. The Company shall pay a fixed fee for the deposit, cancellation and transfer of the Depositary Interests and the compilation of the initial Depositary Interests register. The Company shall in addition reimburse the Depositary within 30 days of the Depositary's invoice for all network charges, CREST charges, money transmission and banking charges and other out-of-pocket expenses incurred by it in connection with the provision of the services under the Depositary Agreement.
- The Company will indemnify the Depositary from and against all loss suffered by the Depositary as a result of or in connection with the performance of its obligations under the Depositary Agreement.
- The aggregate liability of the Depositary to the Company over any 12-month period under the Depositary Agreement will not exceed twice the amount of the Fees (as defined in the Depositary Agreement) payable in any 12-month period in respect of a single claim or in the aggregate.

PART 14 – CAPITALISATION AND INDEBTEDNESS

The table below sets out the unaudited cash and cash equivalents, indebtedness and capitalisation of the Group as at 30 September 2019. The unaudited cash and cash equivalents, indebtedness and capitalisation figures have been derived from the Company's unaudited internal accounts. The figures do not include the transactions costs related to the issuance of the senior secured notes or any other debt financings.

	<u>C\$ 000</u>
<i>Total Current Debt</i>	
Lease liabilities	8,018
Secured equipment loans	6,680
Lease related obligations	1,810
<i>Total Non-Current Debt</i>	
Senior secured notes	323,482
Lease liabilities	11,979
Secured equipment loans	20,535
Lease related obligations	9,918
Total Debt	<u>382,422</u>
	<u>C\$ 000</u>
<i>Shareholder Equity</i>	
Share capital	436,318
Contributed surplus	51,063
Accumulated other comprehensive income	10,353
Deficit	(183,150)
Total Equity	<u>314,584</u>

The following table shows the Group's net indebtedness as at 30 September 2019:

A. Cash and cash equivalents	41,877
B. Marketable securities	854
C. Liquidity (A) + (B)	42,731
D. Accounts receivable	5,281
E. Interest payable	8,449
F. Current portion of lease liabilities and lease related obligations	9,828
G. Current portion of secured equipment loans	6,680
H. Current Financial Debt (E) + (F) + (G)	24,957
I. Net Current Financial Indebtedness (H) – (D) – (C)	(23,055)
J. Senior secured notes	323,482
K. Lease liabilities and lease related obligations	21,897
L. Secured equipment loans	20,535
M. Non-current Financial Indebtedness (J) + (K) + (L)	365,914
N. Net Financial Indebtedness (I) + (M)	342,859

As at the Last Practicable Date, there has been no significant change to the capitalisation of the Group.

PART 15 – TAXATION

The information set out below describes the principal UK and Canadian tax consequences of the acquisition, holding and disposal of the Common Shares and is included for general information only. It is not intended to be, nor should it be construed to be, legal or tax advice to any prospective investors. This Section does not take into account the individual circumstances of any prospective investors and should not be relied upon by any prospective investor or any other person. Each prospective investor should obtain, and only rely upon, their own professional tax advice regarding the tax consequences of acquiring, holding and disposing of the Common Shares under the laws of their country and/or state of citizenship, domicile or residence. Should any withholding taxes be payable on amounts payable by the Company, the Company assumes responsibility for withholding of such taxes at the source. This summary is based on tax legislation in force as at the Last Practicable Date, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

Tax residency

The Company is incorporated in Canada and considered a Canadian tax resident. Companies incorporated in Canada are generally residents of Canada for income tax purposes, as are companies that are not incorporated in Canada but with their central management and control in Canada. An individual is generally considered to be a tax resident of Canada if he or she is domiciled in Canada or physically present in Canada for a period or periods exceeding in aggregate more than 183 days in any calendar year. A Canadian tax resident is subject to income tax in Canada on its worldwide income, subject to certain exemptions.

Other members of the Company may be subject to the payment of corporate or other tax in jurisdictions outside of Canada either where they have their registered office and/or where they are managed and controlled and/or carry out their operations (subject to the tax laws in the relevant jurisdictions). The tax residency status of other companies has not been examined in this document. This section has been limited to outlining the tax rules and rates applicable in the two principle jurisdictions where the Company and/or its companies may have business interests and/or where its shareholders may be tax resident for the purposes of preliminarily assessing taxable income derived from shares held in the Company. However, each shareholder should obtain independent professional advice as to the tax implications of its shareholding.

UK taxation

The following statements are intended only as a general guide to current UK tax legislation and to the current practice of HMRC and may not apply to certain shareholders in the Company, such as dealers in securities, insurance companies and collective investment schemes. They relate (except where stated otherwise) to persons who are resident, and in the case of individuals, domiciled in (and only in) the UK for UK tax purposes, who are beneficial owners of Common Shares (and any dividends paid on them) and who hold their Common Shares as an investment (and not as employment-related securities and other than via an individual savings account). They are based on current UK legislation and what is understood to be the current practice of HMRC as at the Last Practicable Date, both of which may change, possibly with retroactive effect. The tax position of certain categories of shareholders who are subject to special rules (such as persons acquiring their Common Shares in connection with employment, dealers in securities, insurance companies and collective investment schemes or those who hold 10 per cent. or more of the Common Shares or those who are non-UK domiciled individuals) is not considered.

Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her own professional advisers immediately.

Taxation of dividends – Individual Shareholders

UK resident individual Shareholders will be liable to income tax in respect of dividends or other income distributions of the Company. A UK resident individual Shareholder will generally benefit from an allowance in the form of an exemption from tax for the first £2,000 of dividend income received in the 2018/19 tax year (“**Dividend Allowance**”). Any dividends above the Dividend Allowance will be taxable

at 7.5 per cent. (to the extent it falls within an individual's basic rate band), 32.5 per cent. (to the extent it falls within an individual's higher rate band) or 38.1 per cent. (to the extent it falls within an individual's additional rate band) for the 2018-19 tax year.

Taxation of dividends – Corporate Shareholders

Dividends paid to a UK resident corporate Shareholder will be taxable income of the UK corporate Shareholder unless the dividends fall within an exempt class and certain other conditions are met. It is likely that most dividends paid to UK resident corporate shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

To the extent that dividends are not exempt, UK resident corporate Shareholders may be able to obtain credit for any withholding tax and any underlying tax paid by the Company, subject to certain conditions. The UK has complex double tax relief where UK resident companies receive dividends from non-UK resident companies and therefore UK resident corporate Shareholders should seek further advice on these issues.

Taxation of dividends – Trustees

The annual dividend allowance available to individuals will not be available to UK resident trustees of a discretionary trust. Generally, dividends received by UK resident trustees of a discretionary trust are liable to income tax at a rate of 38.1 per cent. (save the first £1,000 of trust income which may attract a lower rate of 7.5 per cent.). The £1,000 dividend allowance for trustees must be divided by the total number of trusts which the settlor has settled. However, if the settlor has set up five or more trusts, the standard rate band for each trust is £200.

Taxation of dividends – UK pension funds and charities

UK pension funds and charities are generally exempt from tax on dividends which they receive.

Other Shareholders who are not resident in the UK for tax purposes should consult their own advisers concerning their tax liabilities on dividends received.

Chargeable gains

Shareholders who are resident in the UK for tax purposes and who dispose of their Common Shares at a gain will ordinarily be liable to UK taxation on chargeable gains, subject to any available exemptions or reliefs. The gain will be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the original acquisition cost of the Common Shares.

Shareholders who are not resident in the UK for tax purposes but who carry on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

If an individual Shareholder ceases to be resident in the UK and subsequently disposes of Common Shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that Shareholder becoming once again resident in the UK.

For UK resident individual Shareholders, capital gains tax at the rate of 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate tax payers) will be payable on any gain. UK resident individual Shareholders may benefit from certain reliefs and allowances (including a personal annual exemption allowance, which for 2018-19 tax year exempts the first £11,850 of gains from tax) depending on their circumstances.

For UK resident corporate Shareholders any chargeable gain will be within the charge to corporation tax. UK corporate Shareholders can benefit from indexation allowance up to 31 December 2017 (which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index up to 31 December 2017), but indexation allowance for corporate

shareholders no longer applies post 31 December 2017. Accordingly, any new (post 31 December 2017) UK tax resident corporate shareholder holding any rolled over tax base cost pre 31 December 2017 may claim indexation allowance on a subsequent disposal on the shares in Taseko, but such indexation allowance will only be up to 31 December 2017.

Stamp duty and stamp duty reserve tax (SDRT)

The statements below are intended as a general guide to the current position under UK tax law. They do not apply to certain intermediaries who may be eligible for relief from stamp duty or SDRT, or to persons connected with depositary arrangements or clearance services (or, in either case, their nominees or agents), who may be liable to stamp duty or SDRT at a higher rate.

Treatment of the transfer of Common Shares into CREST and the trading of Depositary Interests within CREST

Admission of the Common Shares to the standard segment of the Official List should not give rise to a liability to stamp duty or SDRT on the basis that the Admission does not involve a change in title or beneficial ownership in the Common Shares for consideration.

Where there is a transfer of Common Shares into CREST (where Depositary Interests are issued) there should be no SDRT or stamp duty provided that there is no change in beneficial ownership of the Common Shares.

Where there is a transfer of Common Shares into CREST (where Depositary Interests are issued) and there is a change in beneficial ownership of the Common Shares, no charge to SDRT should arise on the basis that:

- the central management and control of the Company currently takes place, and will continue to take place outside the UK;
- the register of members of the Company is, and will be, maintained outside the UK; and
- the underlying Common Shares are, and will continue to be, listed on a recognised stock exchange (such as TSX).

Assuming that no document of transfer is executed for such a transfer there should be no stamp duty either.

Where Depositary Interests are traded (wholly within CREST), no charge to SDRT should arise on the basis that:

- the central management and control of the Company currently takes place and will continue to take place outside the UK;
- the register of members of the Company is, and will be, maintained outside the UK; and
- the underlying Common Shares are, and will continue to be, listed on a recognised stock exchange (such as TSX).

Since any transfer of the Depositary Interests will be wholly within CREST, and no documents of transfer will be executed, no charge to stamp duty should arise on the transfer of Depositary Interests (wholly within CREST).

Treatment of the transfer of Common Shares out of CREST and trading of the underlying Common Shares

Where there is a transfer of Common Shares out of CREST (which may involve a collapse of the Depositary Interests) and there is a change in beneficial ownership of the Common Shares, no charge to SDRT should arise, provided that:

- the register of members of the Company continues to be maintained outside the UK; and
- the Common Shares are not paired with shares in UK-incorporated companies.

Provided that the register of members of the Company continues to be maintained outside the UK, and the Common Shares are not paired with shares in UK incorporated companies, there should be no SDRT on any agreement to transfer the Common Shares themselves.

However, any document transferring title to the Common Shares will be technically within the scope of UK stamp duty (at the rate of 0.5 per cent., rounded to the nearest £5) if it is executed in the UK or relates (wheresoever executed) to any matter or thing done or to be done in the UK. Where stamp duty arises, this is generally payable by the purchaser.

Stamp duty is not a directly enforceable tax. As such, any stamp duty which may arise should not generally be required to be paid in respect of transfers of Common Shares, unless the document of transfer is required to be relied upon as evidence in a UK court or for other official purpose in the UK. However, where the stamp duty is paid late, interest and penalties may arise.

Inheritance Tax

If any individual Shareholder is regarded as domiciled in the UK for inheritance tax purposes, inheritance tax may be payable in respect of the Common Shares on the death of the Shareholder or on certain gifts of the Common Shares during their lifetime, subject to any allowances, exemptions or reliefs.

Non-UK domiciled individual Shareholders may be regarded as deemed domiciled for inheritance tax purposes following a long period of residence in the UK. Further advice should be sought in these circumstances.

Individual Shareholders who are in any doubt about the impact of this change on their tax position should obtain detailed tax advice from their own professional advisers.

UK inheritance tax is a complex area and individuals should obtain their own advice in respect of this.

Certain Canadian Federal Income Tax Considerations

The following is a summary, as of the date of this document, of certain Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations promulgated thereunder (collectively, the “**Canadian Tax Act**”) that generally apply to an investor who acquires Common Shares as beneficial owner in accordance with this Prospectus, and who, for the purposes of the Canadian Tax Act and at all relevant times, (i) deals at arm’s length with the Company, (ii) is not affiliated with the Company, (iii) acquires and holds the Common Shares as capital property, (iv) is not resident in Canada or deemed to be resident in Canada, and (v) does not use or hold, and is not deemed to use or hold, the Common Shares in carrying on a business in Canada. Investors that meet all of the foregoing requirements are referred to in this summary as “**Non-Resident Holders**”, and this summary only addresses such Non-Resident Holders. Special rules, which are not discussed in this summary, may apply to an investor that is an insurer that carries on business in Canada and elsewhere, or an “authorised foreign bank” as defined in the Canadian Tax Act. Such investors, and any other investor (including a Non-Resident Holder) of special status or in special circumstances should consult with their own advisors.

Generally, Common Shares will be considered to be capital property to a Non-Resident Holder provided that the Non-Resident Holder does not use Common Shares in the course of carrying on a business of trading or dealing in securities and such Non-Resident Holder has not acquired them or been deemed to have acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Canadian Tax Act, the current provisions of the Canada-United Kingdom Income Tax Convention (the “**UK Treaty**”) where reference is made to such UK Treaty in the summary, and the current published administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”). This summary takes into account all specific proposals to amend the Canadian Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (“**Tax Proposals**”) and assumes that the Tax Proposals will be enacted in the form proposed, although no assurance can be given that the Tax Proposals will be enacted in their

current form or at all. This summary does not otherwise take into account any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, nor does it take into account or consider any provincial, territorial or foreign income tax considerations, which considerations may differ significantly from the Canadian federal income tax considerations discussed in this summary.

This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Non-Resident Holder. All investors (including Non-Resident Holders) should consult their own tax advisors with respect to their particular circumstances.

Currency

For purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of Common Shares must be determined in Canadian dollars. Amounts denominated in any other currency must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada on the day the amount first arose, or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada).

Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder by the Company are subject to Canadian withholding tax at the rate of 25 per cent on the gross amount of the dividend unless such rate is reduced by the terms of a relevant income tax treaty or convention. The rate of withholding tax on dividends paid or credited to a Non-Resident Holder who is resident in the United Kingdom for purposes of the UK Treaty, who is entitled to the benefits of the UK Treaty, and is the beneficial owner of the dividend, is generally limited to 15 per cent of the gross amount of the dividend (or five per cent in the case of such a Non-Resident Holder that is a company that controls, directly or indirectly, at least 10 per cent of the voting power in the Company). Non-Resident Holders should consult their own tax advisors regarding the application of any relevant income tax treaty or convention (including the UK Treaty) to dividends based on their particular circumstances.

Dispositions of Common Shares

A Non-Resident Holder generally will not be subject to tax under the Canadian Tax Act in respect of a capital gain realised on the disposition or deemed disposition of Common Shares, nor will capital losses arising therefrom be recognized under the Canadian Tax Act, unless the Common Shares constitute “taxable Canadian property” to the Non-Resident Holder for purposes of the Canadian Tax Act and the gain is not exempt from tax pursuant to the terms of a relevant income tax treaty or convention.

Provided the Common Shares are listed on a “designated stock exchange”, as defined in the Canadian Tax Act (which currently includes the TSX and the LSE) at the time of disposition, the Common Shares generally will not constitute taxable Canadian property of a Non-Resident Holder at that time, unless at any one time during the 60-month period immediately preceding the disposition of the Common Shares the following two conditions were met concurrently:

- (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length for purposes of the Canadian Tax Act, and partnerships in which the Non-Resident Holder or such non-arm’s length person holds a membership interest (either directly or indirectly through one or more partnerships), or the Non-Resident Holder together with all such persons, owned 25 per cent or more of the issued shares of any class or series of the Company’s shares; and
- (ii) more than 50 per cent of the fair market value of the Common Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Canadian Tax Act), “timber resource properties” (as defined in the Canadian Tax Act) or an option, an interest or right in such property, whether or not such property exists.

Notwithstanding the foregoing, a Common Share may also be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Canadian Tax Act in certain other circumstances.

Non-Resident Holders who may hold Common Shares as taxable Canadian property should consult their own tax advisors regarding eligibility for any relief from Canadian tax under the provisions of any relevant income tax treaty or convention, including under the UK Treaty where applicable, based on their particular circumstances.

This summary is for general information only and is not intended to be, nor should it be construed to be, legal advice to any shareholder or prospective investor, including a Non-Resident Holder as defined above

PART 16 – ADDITIONAL INFORMATION

1. Responsibility statement

The Company and each of the Directors, whose names appear on page 33 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. RPA responsibility statement

RPA accepts responsibility for the CPR contained in Part 19 (*Competent Person's Report*). To the best of the knowledge of RPA, the information contained in the CPR including estimates of Mineral Reserves and Mineral Resources contained therein, as well as references to them, and statements and information attributed to RPA or extracted from the CPR and included in this document, is in accordance with the facts and contains no omissions likely to affect the import of such information.

3. The Company

On 15 April 1966, Taseko Mines Limited was registered and incorporated in British Columbia, Canada, under the Corporations Act. The Company listed on the TSX on 8 March 2006 and on the NYSE American on 4 October 2004.

The registered office of the Company is Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E, and the head office and principal place of business of the Company is at Suite 1500, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1. The Company's telephone number is +1 (778) 373-4533. The liability of each Shareholder is limited to the amount, if any, unpaid on the shares held by him.

4. Share capital of the Company

- 4.1 As at the Last Practicable Date, the Company has an issued share capital of 246,194,219 Common Shares.
- 4.2 The issued share capital of the Company immediately after Admission is expected to be 246,194,219 Common Shares.
- 4.3 On Admission, it is expected that approximately 95.7 per cent. of the Common Shares will be held in public hands (within the meaning of Listing Rule 14.2.2(4)).
- 4.4 The Common Shares will be registered, and may be held in either certificated or uncertificated form (by way of Depository Interests on the London Stock Exchange).

- 4.5 During the period covered by the historical financial information, there have been the following changes to the Company's issued share capital:

	<u>Common Shares Issued</u>
Issuance for 2016	
Shares issued – exercise of Options	58,500
Aggregate issued during year ending 31 December 2016	58,500
Total issued share capital as at 31 December 2016	221,867,134
Issuance for 2017	
Shares issued – exercise of Options	1,132,600
Shares issued – exercise of Warrants	4,000,000
Aggregate issued during year ending 31 December 2017	5,132,600
Total issued share capital as at 31 December 2017	226,999,734
Issuance for 2018	
Shares issued – Share-based compensation	407,350
Shares issued – conversion of PSUs	1,023,750
Aggregate issued during year ending 31 December 2018	1,431,100
Total issued share capital as at 31 December 2018	228,430,834
Issuance for 2019	
Shares issued – exercise of Options	463,000
Shares issued – consideration for asset acquisition	17,300,385
Aggregate issued during 9 months ending 30 September 2019	17,763,385
Aggregate Issuance during the period covered by the HFI	24,385,585
Total issued share capital as at Last Practicable Date	246,194,219

5. Canadian takeover provisions

- 5.1 The Corporations Act and Canadian securities legislation govern takeover bids for Canadian companies incorporated in the Province of British Columbia. A takeover bid is defined as an offer to acquire outstanding voting or equity securities of a class, made to any holder in the local jurisdiction of the securities, if such securities, together with the securities held by the offeror and any person acting jointly or in concert with the offeror, would constitute 20 per cent. or more of the outstanding securities of the class, in aggregate, at the date of the offer.
- 5.2 A takeover bid must be made to all holders of securities of the class subject to the bid and securities that are convertible into securities that are subject to the bid who are in the local jurisdiction (with limited exceptions) and must allow those holders at least 105 days to deposit securities pursuant to the bid, subject to a reduction of the minimum deposit period to a minimum of 35 days with the consent of the target's board of directors or where certain competing takeover bids or alternative change in control transactions are outstanding. Canadian Securities Administrators may issue a cease trade order in the event the takeover offer is not made to all Canadian security holders.
- 5.3 The availability of a takeover bid to shareholders residing outside Canada will be dependent on whether such takeover bid may be made to such non-Canadian shareholders pursuant to applicable legislation of the jurisdiction in which the non-Canadian shareholders reside and the actions of the offeror.
- 5.4 The offeror is required to deliver to the security holders a takeover bid circular detailing the terms of the bid. The directors of the reporting issuer (in this case, the Company) are required to send a directors' circular to the security holders within 15 days of the date of the takeover bid. The directors' circular contains the Board's recommendation to accept or reject the bid, including reasons therefor or a statement that the Board is unable to comment and providing reasons in support of that position. The offeror is not permitted to take up the securities deposited to the bid unless (i) the minimum period for the deposit of securities has elapsed; (ii) all of the terms and conditions of the bid have been complied with or waived, and (iii) more than 50 per cent. of the outstanding securities of the class that are subject to the bid, excluding

securities beneficially owned or over which control or direction is exercised by, the offeror or persons acting jointly or in concert with the offeror, have been deposited under the bid and not withdrawn.

6. Squeeze-out rights

- 6.1 Under the Corporations Act, where an offeror has successfully acquired 90 per cent. of the shares of a company (other than shares already held at the date of the offer by the acquiring person) pursuant to an acquisition offer (as defined in the Corporations Act), the offeror may, within five months after making the offer, send written notice to any shareholder who did not accept the offer, that the acquiring person wants to acquire the shares of that shareholder that were the subject of the acquisition offer.
- 6.2 If a notice is sent to a shareholder, the acquiring person is bound to acquire all of the shares of that shareholder that were the subject of the acquisition offer for the same price and on the same terms contained in the acquisition offer unless the court orders otherwise on an application made by the offeree within two months after the date of the notice, in which case the court may set the price and terms of payment and make such other consequential orders and give such directions as it deems appropriate.
- 6.3 There is no reciprocal mechanism in Canada whereby any shareholder who did not accept the original offer from the offeror might require such offeror to compulsorily acquire their shares on the terms of the original acquisition offer.

7. Substantial holdings

- 7.1 National Instrument 55-104, *"Insider Reporting Requirements and Exemptions"*, requires a person to make a public notice of its holdings where that person has beneficial ownership of, or control or direction over (whether direct or indirect), securities of a reporting issuer (such as the Company) carrying more than 10 per cent. of the voting rights attached to all the issuer's outstanding voting securities, including securities (issued and unissued) that the person or company is the beneficial owner of, securities held by the person that are convertible into voting securities within sixty days following that date are included in determining whether the person holds greater than 10 per cent. of the voting rights. Insider reports are filed electronically using the System for Electronic Disclosure by Insiders ("**SEDI**") established by the Canadian Securities Administrators. Further information about SEDI can be found at the SEDI website (www.sedi.ca). Furthermore, a reporting issuer (such as the Company) is required by Form 51-102F5 of National Instrument 51-102, *"Continuous Disclosure Obligations"*, to disclose in its information circulars whether, to the knowledge of its directors or executive officers, any person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent. or more of the voting rights attached to any class of voting securities of such reporting issuer.
- 7.2 Sections 13(d) and 13(g) of the Exchange Act require any person or group of persons who directly or indirectly acquires or has beneficial ownership of more than 5 per cent. of a class of an issuer's securities to report such beneficial ownership on Schedule 13D or Schedule 13G, as appropriate. These reports are filed with the SEC electronically on EDGAR. Both Schedule 13D and Schedule 13G require background information about the reporting persons, including the name, address, and citizenship or place of organisation of each reporting person, the amount of the securities beneficially owned and aggregate beneficial ownership percentage, and whether voting and investment power is held solely by the reporting persons or shared with others.
- 7.3 Under Disclosure Guidance and Transparency Rule 5 (Vote Holder and Issuer Notification Rules) ("**DTR5**"), a person must notify the Company and the FCA of the percentage of the Company's voting rights he or she holds as a shareholder (or holds or is deemed to hold through his or her direct or indirect holding of financial instruments) if, as a result of an acquisition or disposal of Common Shares or financial instruments, or as a result of any event changing the breakdown of voting rights of the Company (for example, a buy-back of Common Shares by the Company), the percentage of those voting rights in which he is interested reaches, exceeds or falls below 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent.

- 7.4 The form in which such notification must be made is provided by the FCA on its website at:
<https://www.fca.org.uk/markets/ukla/regulatory-disclosures/submit-investor-notification>
- 7.5 Such notification must be made no later than four trading days after the date upon which the person making the notification: (a) learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regards to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; or (b) is informed about the event changing the breakdown of voting rights of the Company.
- 7.6 Any person who is in breach of their obligations under DTR5 is liable to a fine and/or public censure by the FCA and the FCA may apply to court to have such person's voting rights suspended.

8. TSX Disclosure requirements

In addition to the numerous ongoing reporting requirements, commonly referred to as continuous disclosure obligations for reporting issuers pursuant to applicable corporate and securities legislation in Canada, the TSX imposes certain disclosure and notification requirements on listed companies. The TSX's timely disclosure policy requires listed companies to immediately disclose any material information, with limited expectations for confidentiality.

9. NYSE American Disclosure requirements

In addition to the numerous ongoing reporting requirements for reporting issuers pursuant to applicable corporate and securities legislation in the U.S., the NYSE American imposes certain disclosure and notification requirements on listed companies. The NYSE American's timely disclosure policy requires listed companies to immediately disclose any material information, with limited exceptions for confidentiality.

10. Articles of the Company

The following is a non-exhaustive summary of the provisions of the Company's Articles and Notice of Articles. The Company also remains subject to any corporate law, securities law and stock exchange requirements that may be applicable to the Company. This summary of the Articles does not purport to be complete and is subject to and is qualified in its entirety by the Articles. Please see paragraph 29 of this Part 16 (*Additional Information*) for details of how to obtain a full copy of the Articles.

10.1 Objects

The Articles contain no restrictions on the principal objects or type of business that may be carried out by the Company.

10.2 Authorised capital structure

The Company is authorised to issue an unlimited number of Common Shares without par value, having attached thereto the rights, privileges, restrictions hereinafter set forth.

The authorised share structure of the Company consists of shares of the class and series, if any, described in the Notice of Articles of the Company.

10.3 Rights attaching to the Common Shares

Pursuant to the Corporations Act, each holder of Common Shares shall be entitled to:

- (a) receive notice of and attend all meetings of Shareholders, except meetings at which only holders of other classes or series of shares are entitled to attend, and at all such meetings shall be entitled to one vote in respect of each Common Share held by such holder;
- (b) receive on a pro rata basis such dividends on such Common Shares, if any, as and when declared by the Board; and

- (c) in the event of liquidation, dissolution or winding up of the Company, receive on a pro rata basis the net assets of the Company after payment of debts and other liabilities, subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of Common Shares.

10.4 Directors' authority to issue Common Shares

The Notice of Articles and Articles permit the Directors to issue an unlimited number of Common Shares.

10.5 Transfer of Common Shares

A transfer of Common Shares must not be registered unless the Company or its transfer agent or registrar for the Common Shares has received:

- (a) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate and a duly signed written instrument of transfer made by the shareholder; or
- (b) if a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder; or
- (c) in the case of the share that is uncertificated, a duly signed written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder; or
- (d) such other evidence, if any, as the Company or the transfer agent may require.

10.6 Changes in share capital

Subject to the Corporations Act, the Company may:

- (a) by Board resolution or by ordinary resolution:
 - (i) create one or more classes or series of shares or if none of the shares of a class or series of shares are allotted or issued, eliminate a class or series of shares; or
 - (ii) increase, reduce or eliminate the maximum number of shares that the Company is authorised to issue of any class or series of shares or establish a maximum number of shares that the Company is authorised to issue out of any class or series of shares for which no maximum is established; or
 - (iii) subdivide or consolidate all or any of its unissued, or fully paid issued, shares; or
 - (iv) if the Company is authorised to issue shares of a class of shares with par value, decrease that par value or if none of the shares of that class of shares are allotted or issued, increase the par value of those shares; or
 - (v) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
 - (vi) alter the identifying name of any of its shares; and
- (b) by ordinary resolution, otherwise alter its shares or authorised share structure; and, if applicable, alter its Notice of Articles and Articles accordingly.

10.7 Variation of rights

Subject to Corporations Act, the Company may:

- (a) by Board' resolution or by ordinary resolution, in each case as determined by the Board:
 - (i) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares; or

- (ii) vary or delete any special rights or restrictions attached to the shares of any class or series of shares if none of those shares have been issued; and
- (b) by special resolution of the Shareholders of the class or series affected, do any of the acts in paragraph 10.7(a), if any of the shares of the class or series of shares have been issued, and alter its Notice of Articles and Articles accordingly.

10.8 General meetings

The Company must hold an AGM of Shareholders at least once in each calendar year, and not more than 15 months after the last AGM, unless the AGM has been deferred or waived in accordance with the Corporations Act at such time and place as determined by the Board. In addition, the Board will convene a meeting of Shareholders upon the written requisition of Shareholders entitled to exercise five per cent. or more of the issued shares that carry the right to vote at the meeting.

The accidental omission to send notice of any meeting of Shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at the meeting. Any person entitled to notice of a meeting of Shareholders may in writing or otherwise, waive that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of Shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

The quorum for a meeting of Shareholders is at least two persons who hold, or represent by proxy, at least one-third of the issued and outstanding shares entitled to be voted at the meeting.

10.9 Notice of general meetings

The Company must send notice of the date, time and location of any meeting of Shareholders to each shareholder entitled to attend the meeting, to each Director, and to the auditor of the Company, at least 21 days before the meeting.

10.10 Nomination of Directors

Directors are nominated for election before each annual meeting at the direction of the Board. A shareholder may nominate a person for election to the Board either (i) pursuant to the proposal provisions of the Corporations Act, or (ii) by providing notice to the Company not more than 65 days and not less than 30 days before the date of the annual meeting that the shareholder intends to nominate an individual or individuals for election to the board, together with information regarding the nominee and the shareholder

10.11 Remuneration and appointment of Directors

The Board are entitled to the remuneration for acting as Directors, if any, as the Board may from time to time determine. If the Board so decides, the remuneration of the Directors, if any, will be determined by the Shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a Director.

Pursuant to the Articles, the Shareholders entitled to vote at the AGM of Shareholders for the election of Directors must elect, a Board consisting of the number of Directors set by ordinary resolution of the shareholders. No election, appointment or designation of an individual as Director is valid unless: (a) the individual consents to be a Director in the manner provided for in the Corporations Act; or (b) the individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a Director.

The Board may, between annual meetings of the Shareholders, appoint one or more additional directors, provided that the number of directors so appointed must not at any time exceed more than one third of the number of current directors who were elected or appointed as directors otherwise than by the Board.

10.12 Disqualification and retirement of Directors

A Director ceases to be a Director when: (a) the term of office of the Director expires; or (b) the Director dies; or (c) the Director resigns as a Director by notice in writing provided to the

Company or a lawyer for the company; or (d) the Director is removed from office as provided for below.

Shareholders may remove any Director from office before the expiration of his or her term by a special resolution of Shareholders which, for all practical purposes, can only be passed at the meeting of the Shareholders.

The Board may remove any Director before the expiration of his or her term of office if the Director is convicted of an indictable offence, or if the Director ceases to be qualified to act as a Director of a Company and does not promptly resign.

10.13 Powers and duties of Directors

Subject to the Articles and the Corporations Act, the Board must manage or supervise management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Articles or the Corporations Act, reserved for the Shareholders.

The Board may from time to time, by power of attorney or other instrument, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions and for such period, and with such remuneration and subject to such conditions as the Board may think fit. Any such attorney may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

10.14 Proceedings of the Board

The Articles provide that the Board may meet to conduct business, and they may regulate their meetings as they think fit. Meetings of the Board held at regular intervals may be held at the place, at the time and on the notice, if any, as the Board may from time to time determine. Questions arising at any Board meeting are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

The chair at a meeting of Board can be: (i) the chair of the Board, if any; (ii) in the absence of the chair of the Board or if designated by the chair, the president, a Director or other officer; or (iii) any other Director or officer chosen by the Board if: (a) neither the chair of the Board nor the president is present at the meeting within 15 minutes after the time set for holding the meeting; (b) neither the chair of the Board nor the president is willing to chair the meeting; or (c) the chair of the Board and the president have advised the secretary, if any, or any other Director, that they will not be present at the meeting.

A Director may participate in a Board meeting in person, by telephone or by another communications medium, provided all other Directors who wish to participate in that meeting have consented to the other communications medium.

The Board may set the quorum necessary to transact business of the Board, and, if not so set, the quorum is deemed to be a majority of Board.

A resolution of the Board may be passed without a meeting if each of the Directors entitled to vote on the resolution consents to it in writing.

10.15 Interests of Directors and officers

The Articles provide that a Director or senior officer who holds a disclosable interest (as the term is used in the Corporations Act) in a contract or a transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the Director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Corporations Act.

A Director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any Directors' resolution to approve that contract or transaction, unless all the Directors have a disclosable interest in that contract or transaction, in which case any or all of those Directors may vote on such resolution.

A Director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a Director or senior officer, must disclose the nature and extent of the conflict as required by the Corporations Act.

10.16 Indemnity

The Articles provide that the Company shall indemnify, to the greatest extent permitted under the Corporations Act, its Directors and officers, former Directors and officers, alternate Directors, and their respective heirs and personal or other legal representatives, against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding.

10.17 Borrowing powers

The Company, if authorised by the Board, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the Board considers appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the Board considers appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

10.18 Dividends

Subject to the Corporations Act, the Board may from time to time declare and authorise payment of such dividends as they consider appropriate.

The Board may set a date as the record date for the purpose of determining Shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the Board passes the resolution declaring the dividend.

All dividends on shares of any class or series of shares must be declared and paid according to the number of shares held.

No dividends bear interest against the Company.

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address or the shareholder.

10.19 Pre-emptive Rights

There are no provisions in the Articles of the Company that require new Common Shares to be issued on a pre-emptive basis to existing Shareholders.

11. Information on the Directors and Senior Managers

- 11.1 The Directors and Senior Managers, their functions within the Group and brief biographies are set out in Part 8 (*Directors, Senior Management and Corporate Governance*) of this document.
- 11.2 Details of the names of companies and partnerships (excluding directorships in the Group) of which the Directors and Senior Managers are or have been members of the administrative,

management or supervisory bodies or partners at any time in the five years preceding the date of this document are set out below:

<u>Name</u>	<u>Current partnerships/directorships</u>	<u>Past partnerships/directorships</u>
<i>Directors</i>		
Russell Hallbauer	N/A	Northern Dynasty Minerals Ltd. Curis Resources Ltd.
Ronald W. Thiessen	Northern Dynasty Minerals Ltd.	Quartz Mountain Resources Ltd. Amarc Resources Ltd.
Alexander G. Morrison	Gold Standard Ventures Corp. Gold Resource Corp.	Pershing Gold Corp. Detour Gold Corp.
Anu Dhir	Golden Star Resources Ltd.	Energulf Resources Inc. Frontier Rare Earths Ltd. Atlatsa Resources Corp.
Kenneth Pickering	Northern Dynasty Minerals Ltd. Endeavour Silver Corp. Teck Resources Ltd.	Enaux Chile Pan Aust Minerals THEMAC Resources Group Ltd.
Richard Mundie	N/A	Panoro Minerals Ltd.
Robert A. Dickinson	Amarc Resources Ltd. Heatherdale Resources Ltd. Northcliff Resources Ltd. Northern Dynasty Minerals Ltd.	Quartz Mountain Resources Ltd.

Senior Management

Brian Battison	N/A	N/A
Bryce Hamming	N/A	Northcliff Resources Ltd.
John McManus	N/A	N/A
Scott Jones	N/A	N/A
Stuart McDonald	N/A	N/A

11.3 As publicly disclosed at www.sedar.com, Great Basin Gold Ltd. ("GBG"), a company on whose board Ronald W. Thiessen served became insolvent and was liquidated commencing in 2012. GBG was developing two gold projects using substantial debt financing when gold prices began their precipitous fall. Mr. Thiessen resigned on 30 June 2013.

11.4 Save as set out above, none of the Directors or Senior Managers:

- (a) have any convictions in relation to fraudulent offences for at least the previous five years; or
- (b) have been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company for at least the previous five years; or
- (c) have been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including designated professional bodies) for at least the previous five years; or
- (d) have ever been disqualified by a court from acting as a director of a company, or from acting as a member of the administrative, management or supervisor bodies of a company, or from acting the management or conduct of the affairs of any company for at least the previous five years.

11.5 There are no family relationships between any of the Directors or Senior Managers.

11.6 Save as set out below, there are no potential or actual conflicts of interest between any duties owed by the Directors or the Senior Managers to the Company and their private interests and/or other duties, save for their interest as holders of securities of the Company:

Several directors of the Company also serve as directors of one or more other resource companies involved in mineral exploration and/or development. It may occur from time to time

that, as a consequence of his activity in the mineral industry and serving on such other boards, a director may become aware of potential resource property opportunities which are of interest to more than one of the companies on whose boards that person serves. Furthermore, it is possible that the directors of the Company and the directors of one or more such other companies (many of which are described herein) may also agree to allow joint participation on the Company's properties or the properties of that other company. Accordingly, situations may arise in the ordinary course, which involve a director in an actual or potential conflict of interest as well as issues in connection with the general obligation of a director to make corporate opportunities available to the company whose board the director serves. In all such events, any director is required to disclose a financial interest in a contract or transaction by virtue of office, employment or security holdings or other such interest in another company or in a property interest under consideration by the Board, and is obliged to abstain from voting as a director of the Company in respect of any transaction involving that other company or in respect of any property in which an interest is held by him. The directors will use their best business judgment to help avoid situations where conflicts or corporate opportunity issues might arise and they must at all times fulfil their duties to act honestly and in the best interests of the Company as required by law.

12. Directors' and Senior Managers' interests

- 12.1 The number of Common Shares held by the Directors and Senior Managers (all of which are held beneficially unless otherwise stated) is as follows:

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage of the share capital</u>
<i>Directors</i>		
Russell Hallbauer	4,518,766 ¹	1.838%
Ronald W. Thiessen	1,400,795 ²	0.570%
Anu Dhir	8,500 ³	0.004%
Alexander G. Morrison	48,800 ⁴	0.020%
Kenneth Pickering	Nil ⁵	0.000%
Richard Mundie	100,000 ⁶	0.041%
Robert A. Dickinson	3,135,960 ⁷	1.275%
<i>Senior Management</i>		
Brian Battison	270,520	0.110%
Bryce Hamming	36,800	0.015%
John McManus	306,580	0.125%
Scott Jones	189,668	0.078%
Stuart McDonald	310,000	0.126%

¹ This includes 1,171,918 Common Shares held indirectly by Mr Hallbauer of which 351,194 Common Shares are held by affiliates of Mr Hallbauer and companies hold 817,724 Common Shares over which Mr Hallbauer exercises control. Mr Hallbauer also holds options to purchase 1,797,000 Common Shares and 637,500 performance share units.

² This includes 163,600 Common Shares held indirectly by Mr Thiessen in an RRSP and 229,500 Common Shares held by Mr Thiessen in trust, for an affiliate. Mr Thiessen also holds options to purchase 504,000 Common Shares and 555,962 deferred share units.

³ Ms Dhir also holds options to purchase 166,000 Common Shares and 132,000 deferred share units.

⁴ Mr Morrison also holds options to purchase 421,000 Common Shares and 502,962 deferred share units.

⁵ Mr Pickering hold options to purchase 144,000 Common Shares and 88,000 deferred share units.

⁶ Mr Mundie also holds options to purchase 380,000 Common Shares and 447,450 deferred share units.

⁷ This includes 2,640,960 Common Shares held indirectly by Mr Dickinson in an RRSP. Mr Dickinson also holds options to purchase 380,000 Common Shares and 416,000 deferred share units.

Details of Options granted to the Directors and Senior Managers are set out in paragraphs 15.1 and 15.2 of this Part 16 (*Additional Information*).

13. Major Shareholders

- 13.1 As at the Last Practicable Date, the Company is not aware of any Shareholders that, directly or indirectly, hold interests in five per cent. or more of the Company's capital or voting rights.
- 13.2 None of the Shareholders named in paragraph 13.1 above has different voting rights from other Shareholders.
- 13.3 The Company is not aware of any person who, directly or indirectly, owns or controls the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

14. Directors' and Senior Managers' service agreements

14.1 Directors

The Directors and their functions are set out in Part 8 (*Directors, Senior Management and Corporate Governance*) of this document. The Directors are appointed at each AGM of the Shareholders and may also be appointed at a special meeting of Shareholders.

Once appointed, Directors hold office until the close of the next AGM following their appointment, or until a successor is duly elected or appointed or his or her office is earlier vacated in accordance with the Corporations Act and the Articles.

Directors who are not officers or employees of the Company or any of its subsidiaries are compensated for their services as Directors through annual retainer fees and Options issuable from time to time under the Option Plan and DSUs issuable from time to time under the DSU Plan based on recommendations of the Compensation Committee.

A director's term of office is terminable in accordance with the provisions of the Corporations Act. Pursuant to the Corporations Act, a director will cease to hold office by reason of: (a) death or resignation; or (b) expiration of his or her term of office; or (c) removal or disqualification in accordance with the provisions of the Corporations Act. A director may be removed from office if the shareholders of a corporation so vote by special resolution or otherwise as provided for in the Articles. A director may become disqualified if: (a) he is less than 18 years of age; or (b) is found by a court to be of unsound mind; or (c) is an undischarged bankrupt; or (d) is convicted of an offense involving fraud.

The Directors are subject to the Canadian common law fiduciary duty and to a statutory fiduciary duty under the Corporations Act in respect of the Company which obliges them, among other things, not to disclose the confidential information of the Company and to act honestly and in good faith.

On Admission, the Board will comprise of the Directors set out in Part 8 (*Directors, Senior Management and Corporate Governance*) of this document.

14.2 Senior Managers

Set forth below is a summary of the terms of the employment agreements in place with the Company's senior managers.

Brian Battison

Brian Battison and the Company have entered into an employment agreement dated 14 February 2008. His current base salary is \$302,375 per annum. The agreement has a term ending 30 June 2020, but may otherwise be terminated as contemplated thereunder, by Mr. Battison on eight weeks' notice and by the Company on nine months' notice. Under the agreement Mr. Battison is, among other things, entitled to standard employment benefits, to participate in short term and long term annual incentive programs and to receive, among other things, a payment equal to his base annual salary and bonus upon a change of control. The agreement contains confidentiality and non-competition provisions.

Russell Hallbauer⁸

Russell Hallbauer and the Company have entered into entered into an employment agreement dated 4 May 2015. His current base salary is \$672,656 per annum. The agreement has a term ending 30 June 2020, but may otherwise be terminated as contemplated thereunder, by Mr. Hallbauer on 16 weeks' notice and by the Company on 18 months' notice. Under the agreement Mr. Hallbauer is, among other things, entitled to standard employment benefits, to participate in short term and long term annual incentive programs and to receive, among other things, a payment equal to two times his base annual salary and bonus upon a change of control. The agreement contains confidentiality and non-competition provisions.

Bryce Hamming

Mr. Hamming has entered into an employment agreement dated 11 March 2019. Under the agreement Mr. Hamming is, among other things, entitled to standard employment benefits, to participate in short term and long term annual incentive programs and to receive, among other things, a payment equal to his base annual salary and bonus upon a change of control. He was appointed Chief Financial Officer effective 13 June 2019. His base salary is \$285,000 per annum.

Scott Jones

Scott Jones and the Company have entered into entered into an employment agreement dated 21 February 2008, as amended. His current base salary is \$302,375 per annum. The agreement has a term ending 30 June 2020, but may otherwise be terminated as contemplated thereunder, by Mr. Jones on eight weeks' notice and by the Company on nine months' notice. Under the agreement Mr. Jones is, among other things, entitled to standard employment benefits, to participate in short term and long term annual incentive programs and to receive, among other things, a payment equal to his base annual salary and bonus upon

Stuart McDonald

Stuart McDonald and the Company have entered into entered into an employment agreement dated 1 September 2013, as amended. His current base salary is \$425,000 per annum. The agreement has an indefinite term, but may be terminated as contemplated thereunder, by Mr. McDonald on eight weeks' notice and by the Company on nine months' notice. Under the agreement Mr. McDonald is, among other things, entitled to standard employment benefits, to participate in short term and long term annual incentive programs and to receive, among other things, a payment equal to two times his base annual salary and bonus upon a change of control. The agreement contains confidentiality and non-competition provisions.

John McManus

John McManus and the Company have entered into entered into an employment agreement dated 10 March 2008, as amended. His current base salary is \$458,380 per annum. The agreement has a term ending 30 June 2020, but may otherwise be terminated as contemplated thereunder, by Mr. McManus on eight weeks' notice and by the Company on nine months' notice. Under the agreement Mr. McManus is, among other things, entitled to standard employment benefits, to participate in short term and long term annual incentive programs and to receive, among other things, a payment equal to two times his base annual salary and bonus upon a change of control. The agreement contains confidentiality and non-competition provisions.

15. Summary of remuneration and benefits

15.1 A summary of the amount of remuneration paid by the Group to the Directors and Senior Managers (including any contingent or deferred compensation) and benefits in kind for the

⁸ Russell Hallbauer is a senior manager of the Company but also sits on the Board of Directors. Mr Hallbauer is therefore referred to as a Director and a Senior Manager in the Prospectus.

twelve month fiscal period ended 31 December 2018 or their services, in all capabilities, to the Group is set out below:

Name	Short-Term	Equity Incentive Plan Compensation		Non-Equity Incentive Plan Compensation	Total (\$)	Common Shares and Options as Percentage of Total Remuneration
	Basic Salary & Fees (\$)	Shares (\$)	Options (\$) ⁽¹⁾	Annual Incentive Plans (\$)		
Directors						
Russell Hallbauer	656,250	426,000	451,672	859,687	2,393,609	17.80%
Ronald W. Thiessen	215,000	188,905	49,684	Nil	453,589	41.65%
Alexander G. Morrison	139,500	157,421	41,403	Nil	338,324	46.53%
Anu Dhir	86,500	125,937	183,680	Nil	396,117	31.79%
Geoffrey Burns ⁽²⁾	74000	125,937	33,123	Nil	233,060	54.04%
Richard Mundie	110,500	125,937	33,123	Nil	269,560	46.72%
Robert A. Dickinson	65,000	125,937	33,123	Nil	224,060	56.21%
Senior Management						
Brian Battison	295,000	71,000	112,918	132,750	611,668	11.61%
John McManus	447,200	213,000	188,197	415,896	817,093	26.07%
Scott Jones	295,000	71,000	112,918	138,650	617,568	11.50%
Stuart McDonald	375,000	213,000	188,197	330,000	1,106,197	19.26%

(1) The Black-Scholes option valuation model has been used to determine the fair value on the date of grant for all options granted. The Black-Scholes option valuation is determined using the expected term of the stock option (4.4 years), expected forfeiture rate (0%), expected volatility of the Company's common share price (64%), expected dividend yield (0%), and risk-free interest rate (1.8%).

(2) Mr. Burns ceased to be a director on 13 June 2019; however, he continues to hold options by virtue of his past directorship.

(3) Mr. Pickering was appointed as a director on 17 December 2018.

15.2 Except as outlined herein in this Section 15 or Section 17, neither the Directors nor the Senior Managers are entitled to any benefits upon their ceasing to be a director or on termination of their employment agreements, respectively as relevant.

16. Pension arrangements

The Company has established retirement compensation arrangements to provide benefits to Mr Hallbauer, Mr McDonald, Mr McManus, Mr Jones and Mr Battison on or after retirement as a means of facilitating a long-term commitment to the Company. The Taseko Mines RCA Trusts ("RCA Trusts") are registered defined contribution pension plans under the Income Tax Act (Canada). The assets in the RCA Trusts are invested in accordance with the individual participants' election from the investment options offered by the RCA Trusts.

Upon retirement, the participant is entitled to the distribution of the accumulated value of the contributions under his RCA Trust. The following table sets forth the accumulated equity inside the defined contribution pension plan within the RCA Trusts, subject to individual vesting conditions as outlined in the terms of the retirement benefit plan for each executive officer:

Name	Accumulated value at 1 January 2018 (\$)	Compensatory ⁽²⁾ (\$)	Accumulated value at 31 December 2018 ^{(1) (2)} (\$)
Brian Battison	783,055	358,636 ⁽³⁾	1,075,843
Russell Hallbauer	2,421,623	343,857	2,566,038
Scott Jones	998,265	115,185	1,025,479
Stuart McDonald	189,016	54,000	218,406
John McManus	1,111,881	128,123	1,178,141

Notes:

(1) The amounts reported reflect the Company's contributions to the retirement compensation arrangement trust accounts for Messrs. Hallbauer, McDonald, McManus, Jones and Battison. An

equal amount is remitted to a refundable tax account for each participant held with the Canada Revenue Agency. The accumulated values are subject to graded vesting conditions dependent on the years of service with the Company, as outlined in the terms of the plan.

- (2) Year-end accumulated value can be considerably less than starting value + compensatory deposits as yearend accumulated value reflects penalties and surrender charges for early plan withdrawal (i.e. at December 31, 2018).
- (3) Amount reflects a true-up for prior year contributions for the defined pension plan contributions.

17. Option and incentives

17.1 As at the Last Practicable Date, the following Options were outstanding under the Option Plan and were delineated between Optionholders as follows:

Name	Option-based Awards				Share-based Awards		
	Number of Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised 'in the money' Options (\$) ⁽¹⁾	Number of shares or units of shares vested ⁽²⁾	Market or payout value of share based awards that have not vested ⁽¹⁾	Market or payout value of vested share based awards not paid out or distributed ⁽³⁾
Directors							
Russell Hallbauer	261,000	0.98	22.05.2020	Nil	150,000	103,500	Nil
	261,000	0.38	20.01.2021	80,910	150,000	103,500	
	300,000	1.25	06.01.2022	Nil	337,500	232,875	
	300,000	2.86	02.01.2023	Nil	—	—	
	675,000	0.78	10.01.2024	Nil	—	—	
Ronald W. Thiessen	165,000	0.98	22.05.2020	Nil	555,962	Nil	383,614
	165,000	0.38	20.01.2021	51,150			
	75,000	1.25	06.01.2022	Nil			
	33,000	2.86	02.01.2023	Nil			
	66,000	0.78	10.01.2024	Nil			
Alexander G. Morrison	132,000	0.98	22.05.2020	Nil	502,962	Nil	347,044
	44,000	0.38	20.01.2021	13,640			
	62,500	1.25	06.01.2022	Nil			
	27,500	2.86	02.01.2023	Nil			
	55,000	0.78	10.01.2024	Nil			
Anu Dhir	122,000	2.86	02.01.2023	Nil	132,000	Nil	91,080
	44,000	0.78	10.01.2024	Nil			
Kenneth Pickering ⁽⁴⁾	144,000	0.78	10.01.2024	Nil	88,000	Nil	60,720
Richard Mundie	132,000	0.98	22.05.2020	Nil	447,447	Nil	308,738
	132,000	0.38	20.01.2021	40,920			
	50,000	1.25	06.01.2022	Nil			
	22,000	2.86	02.01.2023	Nil			
	44,000	0.78	10.01.2024	Nil			
Robert A. Dickinson	132,000	0.98	22.05.2020	Nil	416,000	Nil	287,040
	132,000	0.38	20.01.2021	40,920			
	50,000	1.25	06.01.2022	Nil			
	22,000	2.86	02.01.2023	Nil			
	44,000	0.78	10.01.2024	Nil			

Name	Option-based Awards				Share-based Awards		
	Number of Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised 'in the money' Options (\$) ⁽⁵⁾	Number of shares or units of shares vested ⁽⁶⁾	Market or payout value of share based awards that have not vested ⁽⁵⁾	Market or payout value of vested share based awards not paid out or distributed ⁽⁶⁾
Senior Management							
Brian Battison	50,000	0.98	22.05.2020	Nil	25,000	17,250	Nil
	51,000	0.38	20.01.2021	15,810	25,000	17,250	
	64,700	1.25	06.01.2022	Nil	50,000	34,500	
	75,000	2.86	02.01.2023	Nil	—	—	
	150,000	0.78	10.01.2024	Nil	—	—	
Bryce Hamming	30,000	1.51	14.05.2021	Nil	—	—	Nil
	39,000	0.78	10.01.2024	Nil	—	—	
	150,000	0.69	29.05.2024	Nil	—	—	
John McManus	106,200	0.98	22.05.2020	Nil	75,000	51,750	Nil
	52,000	0.38	20.01.2021	16,120	75,000	51,750	
	125,000	1.25	06.01.2022	Nil	168,750	116,438	
	125,000	2.86	02.01.2023	Nil	—	—	
	281,250	0.78	10.01.2024	Nil	—	—	
	250,000	0.69	29.05.2024	Nil	—	—	
Scott Jones	68,000	0.98	22.05.2020	Nil	25,000	17,250	Nil
	81,000	0.38	20.01.2021	25,110	25,000	17,250	
	75,000	1.25	06.01.2022	Nil	50,000	34,500	
	75,000	2.86	02.01.2023	Nil	—	—	
	150,000	0.78	10.01.2024	Nil	—	—	
Stuart McDonald	144,000	0.98	22.05.2020	Nil	75,000	51,750	Nil
	144,000	0.38	20.01.2021	44,640	75,000	51,750	
	125,000	1.25	06.01.2022	Nil	168,750	116,438	
	125,000	2.86	02.01.2023	Nil	—	—	
	281,250	0.78	10.01.2024	Nil	—	—	
	300,000	0.69	29.05.2024	Nil	—	—	
Other (Former Director) Optionholders							
Geoffrey A. Burns	150,000	1.25	06.01.2022	Nil	212,000	Nil	146,280
	22,000	2.86	01.02.2023	Nil			
Linda Thorstad	132,000	0.98	22.05.2020	Nil	328,000	Nil	226,320
	132,000	0.38	20.01.2021	40,920			
	50,000	1.25	06.01.2022	Nil			
	22,000	2.86	01.02.2023	Nil			
William Armstrong	132,000	0.98	22.05.2020	Nil	328,000	Nil	226,320
	132,000	0.38	20.01.2021	40,920			
	50,000	1.25	06.01.2022	Nil			
	22,000	2.86	01.02.2023	Nil			

- (1) Calculated based on the difference between the closing price of the Common Shares at 30 June 2019 on the TSX and the exercise price of the Options. Mr. Burns ceased to be a director on 13 June 2019.
- (2) Calculated based on the difference between the closing price of the Common Shares at 30 June 2019 on the TSX and the exercise price of the Options.
- (3) Calculated based on the number of DSUs held at 30 June 2019 multiplied by the price per Common Share on the TSX on 30 June 2019.
- (4) Mr. Pickering was appointed as a director on 17 December 2018.
- (5) Calculated based on the closing price of the Common Shares at 31 December 2018 multiplied by the number of notional Common Shares underlying such Awards. For Performance Awards, calculated based on the closing price of the Common Shares at 31 December 2018 multiplied by the number of notional Common Shares underlying such Awards assuming a payout multiplier of 1.0.
- (6) All Awards are paid out upon vesting and as such there are no outstanding Awards that have not settled.

17.2 Option Plan

On 7 June 2018 the Company adopted the Option Plan, replacing its prior employee share option incentive scheme.

The purpose of the Option Plan is to give to Eligible Persons, as additional long term compensation, the opportunity to participate in the success of the Company by granting to such individuals Options, exercisable over periods of up to five years as determined by the Compensation Committee of the Board, to buy Common Shares. The exercise price for each Option cannot be less than the market price as defined in TSX policies, being the volume weighted average closing price of the Company's shares on the TSX for the five days immediately prior to the grant date, less any applicable discount permitted by the TSX Policies and approved by the Compensation Committee.

The Option Plan provides for a reservation of a number of optioned shares as are equal to a maximum of 9.5% of the issued and outstanding Common Shares of the Company at the time an option is granted, less Common Shares reserved for issuance pursuant to all other equity based compensation arrangements of the Company. All options granted under the Option Plan are exercisable for a period of up to 5 years and will vest at the discretion of the Compensation Committee.

The Company has outstanding 10,767,900 Options pursuant to the Option Plan.

17.3 DSU Plan

In 2013, the Company adopted a DSU Plan for non-employee directors. Each non-employee director of the Company (i.e. all Directors other than Mr. Hallbauer) is eligible to receive a combination of stock options and DSUs for director for long-term incentive compensation. The DSUs allow the holders thereof to participate in the success of the Company. DSUs are paid out in cash only, and after the non-employee directors have retired or otherwise ceased to be directors. Pay-outs are made based on the number of DSUs held multiplied by the market price at the time of pay-out, being the volume weighed average closing price of the Company's shares on the TSX for the five days immediately prior to the pay-out date.

The Company has outstanding 2,682,371 DSUs pursuant to the DSU Plan.

17.4 PSU Plan

On 7 June 2018 the Company adopted the PSU Plan. The purpose of the PSU Plan is to give senior executive officers, as additional long term incentive compensation, the opportunity to participate in the success of the Company by granting each individual PSUs which are paid out over periods of up to three years as determined by the Compensation Committee. PSUs are paid out or settled by the Company in cash, Common Shares or a combination thereof. PSUs vest upon the expiry of a time-based vesting period determined by the Compensation Committee and the Compensation Committee may establish other terms or conditions with respect to the vesting of PSUs, including without limitation, provisions which make the vesting of PSUs conditional upon: (i) the achievement of corporate or personal objectives, including the attainment of milestones relating to financial, operational, strategic or other objectives of the Company, (ii) the market price of the Common Shares from time to time and/or the return to Shareholders, and/or (iii) any other performance criteria relating to the participant or the Company. PSUs granted to date have been subject to a vesting multiplier based on relative total shareholder return ("TSR") in reference to a peer group of companies pursuant to which up to 2.5 times the number of PSUs granted are paid out in the event of exemplary TSR and no PSUs are paid out in the event of a sub-par TSR.

Under the PSU Plan, the maximum number of Common Shares reserved and available for issuance from treasury is 3% of the issued and outstanding Common Shares (on a non-diluted basis) from time to time.

As at the Last Practicable Date, the Company has outstanding 1,675,000 PSUs pursuant to the PSU Plan.

18. Subsidiaries, investments and principal establishments

The Company has the following directly held subsidiaries:

Name	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Gibraltar Mines Ltd.	British Columbia	100%	Operates Gibraltar Mine
Taseko Holdings Ltd.	British Columbia	100%	Holding Company
Aley Corporation.	British Columbia	100%	Holding company of Aley Project
Curis Resources Ltd.	British Columbia	100%	Owns Curis Holdings (Canada) Ltd. and Florence Copper Inc.
Yellowhead Mining Inc	British Columbia	100%	Operating Company for Yellowhead Project

19. Material contracts

The following contracts are outside the course of business and either: (a) have been entered into by the Group within two years immediately preceding the date of this document; or (b) contain provisions under which the Group has an obligation or entitlement that is or may be material to the Group as at the date of this document.

Gibraltar Joint Venture

On 18 March 2010, the Company's wholly-owned subsidiary Gibraltar Mines Ltd. the Company and Cariboo Copper Corp entered into a Joint Venture Formation Agreement and a Joint Venture Operating Agreement to govern their relationship in respect of the Gibraltar Mine. Under the Joint Venture Formation Agreement, Gibraltar Mines Ltd retained 75% interest and Cariboo Copper Corp. acquired 25% interest in the Gibraltar Mine. Gibraltar Mines Ltd contributed to the joint venture substantially all assets and obligations pertaining to Gibraltar paid the Company \$187 million to obtain its 25% interest in the Gibraltar Joint Venture Agreement.

Gibraltar Joint Venture Operating Agreement

On 18 March 2010, the Company's wholly-owned subsidiary Gibraltar Mines Ltd; the Company and Cariboo Copper Corp entered into a Joint Venture Formation and a Joint Venture Operating Agreement to govern their relationship in respect of the Gibraltar Mine. Under the Joint Venture Operating Agreement, Gibraltar Mines Ltd. continues to be the operator of the Gibraltar Mine with the all liabilities, assets and expenses incurred in operating the mine being paid by Gibraltar Mines Ltd. and Cariboo Copper Corp in their proportional interests in the joint venture, being 75% and 25% respectively.

2017 Secured Note Indenture

In June 2017, the Company completed an offering of US\$250 million aggregate principal amount of senior secured notes. The 2017 Notes mature on 15 June 2022 and bear interest at an annual rate of 8.75%, payable semi-annually on 15 June and 15 December, commencing 15 December 2017. The 2017 Notes were issued at 99% of par value and the Company incurred other transaction costs of \$9.3 million resulting in net proceeds from the offering of \$317.6 million (US\$240.5 million). The net proceeds were used, along with cash on hand, to redeem the senior notes and to repay a senior secured credit facility and to settle the related copper call option.

The 2017 Notes are secured by liens on the shares of the Company's wholly-owned subsidiary, Gibraltar Mines Ltd., and the subsidiary's rights under the joint venture agreement relating to the Gibraltar mine. The 2017 Notes are guaranteed by each of the Company's existing and future restricted subsidiaries, other than certain immaterial subsidiaries. The Company is able to incur limited amounts of additional secured and unsecured debt under certain conditions as defined in the 2017 Note indenture. The Company is also subject to certain restrictions on asset sales,

issuance of preferred stock, dividends and other restricted payments. However, there are no maintenance covenants with respect to the Company's financial performance.

The Company may redeem some or all of the 2017 Notes at any time on or after 15 June 2019, at redemption prices ranging from 104.375% to 100%, plus accrued and unpaid interest to the date of redemption. Prior to 15 June 2019, all or part of the notes may be redeemed at 100%, plus a make-whole premium, plus accrued and unpaid interest to the date of redemption. In addition, until 15 June 2019, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 108.750%, plus accrued and unpaid interest to the date of redemption. On a change of control, the 2017 Notes are redeemable at the option of the holder at a price of 101%.

Osisko Sale and Purchase Agreement

On 3 March 2017, the Company entered into a silver stream purchase and sale agreement with Osisko whereby the Company received an upfront cash deposit payment of US\$33 million for the sale of an equivalent amount of its 75% share of Gibraltar Mine payable silver production until 5.9 million ounces of silver have been delivered to Osisko. After that threshold has been met, 35% of an amount equivalent to the Company's share of all future payable silver production from the Gibraltar Mine will be delivered to Osisko. In addition to the initial deposit, the Company receives cash payments of US\$2.75 per ounce for all silver deliveries made under the agreement.

The silver sale agreement has a minimum term of 50 years and automatically renews for successive 10-year periods as long as Gibraltar mining operations are active. If the initial deposit is not fully reduced through silver deliveries at current market prices at time of the deliveries, a cash payment for the remaining amount will be due to Osisko at the expiry date of the agreement. The Company's obligations under the agreement are secured by a pledge of the Company's 75% interest in the Gibraltar Joint Venture. In connection with the silver stream transaction, the Company issued share purchase warrants to Osisko to acquire 3 million Common Shares of the Company at any time until 1 April 2020 at an exercise price of \$2.74 per share.

20. Mineral Rights

The Company holds the following mineral rights:

<u>Mineral Lease/ Claim No.</u>	<u>No. of Leases/ Claims</u>	<u>Royalty</u>	<u>Comments</u>
<i>Florence Project</i>			
Arizona State Mineral Lease no. 11-26500	1	Payable to the State of Arizona.	This lease relates to 160 acres of State Trust Lands of Arizona and has a term through to 12 December 2033. The lease is renewable with Florence Copper having the preferred right to renew thereafter. The Lease requires an annual rent to be paid and includes a royalty on production from the lease lands.
Private property patent	N/A	A 3% "Net Returns" royalty applicable to the entire property is payable to Conoco Inc. A 2.5% "Net Profits Interest" royalty applicable to the private property is payable to BHP Copper Inc.	Florence Copper Inc. owns 1,182 acres of fee-simple title land including the surface rights and all mineral rights.

<u>Mineral Lease/ Claim No.</u>	<u>No.of Leases/ Claims</u>	<u>Royalty</u>	<u>Comments</u>
<i>Gibraltar Project</i>			
Mineral leases:			
207491, 207492, 207493, 207494, 207495, 207496, 207497, 207498, 207499, 207500, 207501, 207502, 207503, 207504, 207505, 207506, 207507, 207508, 207511, 207512, 207513, 207514, 207515, 207516, 207517, 207518, 207519, 207520, 306737, 352646, 1017923, 1017924	32	N/A	The 32 leases have annual rental payments due by the anniversary date. The leases are valid until at least July 2023 as long as renewal fees are paid. It is intended that all leases will be renewed prior to their renewal fees being due.
Mineral claims:			
204104, 204105, 204107, 204115, 204116, 204159, 204160, 204161, 204162, 204217, 204218, 204219, 204300, 204301, 204302, 204303, 204304, 204305, 204306, 204307, 204308, 204309, 204317, 204443, 204444, 204518, 204519, 204539, 204914, 204975, 207143, 207144, 207198, 207612, 207613, 207614, 207615, 207616, 207617, 207618, 207619, 207622, 207623, 207624, 207625, 207626, 207627, 207632, 207633, 207634, 207635, 207636, 207637, 207638, 207639, 207644, 207645, 207647, 207648, 207649, 207650, 207651, 207653, 207655, 207657, 207658, 207659, 207661, 207682, 207683, 207684, 207685, 207686, 207687, 207692, 207693, 207694, 207695, 207696, 207697, 207698, 207699, 207700, 207701, 207702, 207703, 207704, 207705, 207706, 207707, 207708, 207709, 207710, 207711, 207712, 207713, 207714, 207715, 207716, 207717, 207718, 207720, 207721, 207722, 207723, 207724, 207725, 207726, 207729, 207730, 207731, 207732, 207749, 207750, 207751, 207752, 207753, 207754, 207755, 207756, 207757, 207758, 207763, 207764, 207766, 207767, 207768, 207769, 207770,	212	N/A	Of the 212 claims, one claim is due to expire in June 2020 and the remainder are due to expire in May 2021 or later. It is intended that all claims will be renewed prior to their expiry.

<u>Mineral Lease/ Claim No.</u>	<u>No.of Leases/ Claims</u>	<u>Royalty</u>	<u>Comments</u>
207771, 207772, 207773, 207774, 207776, 207777, 207779, 207780, 207781, 207782, 207783, 207784, 207785, 207787, 207788, 207789, 207792, 207793, 207794, 207795, 207796, 207797, 207798, 207799, 207800, 207801, 207844, 207855, 207880, 207881, 207882, 207883, 207885, 372063, 374757, 374758, 374759, 374760, 374761, 375873, 375874, 375875, 375876, 376489, 376490, 376491, 406338, 507748, 516589, 516591, 516593, 516602, 516603, 516604, 516605, 516876, 516878, 516881, 516883, 516887, 516995, 516996, 516997, 517212, 517366, 533751, 560525, 604694, 739682, 739702, 739722, 739742, 739783, 831129, 831133, 850472, 850473, 850475, 850482, 946877, 1033395, 1033396, 1052538			

21. Governmental licences, permits, authorisations and other approvals

Gibraltar Permits

There are three major permits in effect at the Gibraltar Mine. These are:

- Effluent permit (PE-416)
- Mines Act permit (M-40)
- Air Emissions permit (PA-01595)

The Effluent permit (PE-416) is issued by the BC Ministry of Environment under the provisions of the Environmental Management Act. PE-416 authorises the discharge of site water to the Fraser River, discharge of tailings to the TSF, and movement of water around the site including discharge of water to pits. It was last amended on 18 March 2019.

The Mines Act permit (M-40) is issued by the BC Ministry of Energy, Mines and Petroleum Resources under the provisions of the Mines Act. M-40 authorises the mining operations and TSF deposition method. It also deals with reclamation liabilities, closure cost estimates, and bonding. It was last amended 4 February 2019.

The Air Emissions permit (PA-01595) is issued by the BC Ministry of the Environment under the provisions of the Environmental Management Act. PA-01595 authorises the discharge of particulate matter from the crushers, fine ore stockpile, the concentrate dryer, and various vents. This permit was last amended 7 February 2013.

All material regulatory authorisations and permits are in place to extract the Mineral Reserves described in this report with the exception of:

- A small extension of the M-40 lease boundary to include the full Extension pit.
- Periodic amendments of PE-416 and M-40 for pit wall pushbacks, water discharge, and waste rock and tailings storage

Other permit considerations include approvals required for route changes to the access road, hydro transmission line, natural gas line, and water discharge pipeline in order to complete development of the Extension pit, which is scheduled to start in 2032. Approvals will be sought as required.

The Competent Person is of the opinion that the PE-416 in relation to future amendments for the discharge of site water to the Fraser River is a Low risk that is Possible to occur (as such terms are defined in the CPR). If Gibraltar is unable to discharge sufficient quantities of site water over the LOM, long term production plans could be impacted, discussed in the CPRs.

The Competent Person is of the opinion, future amendments to M-40 in regard to a boundary extension to mine the full limits of the Extension zone, present a Minor risk with a Rare probability of occurrence (as such terms are defined in the CPR). The Competent Person recommends prioritising exploration work in this area to determine the full potential followed by beginning the amendment process.

Florence Permits

Florence Copper Project operations have and will require numerous federal, state, and local government environmental permits and authorisation. The ADEQ and the USEPA are considered to be the Lead (Critical Path) permitting agencies. Both agencies have well established permitting programmes for the mining industry in Arizona.

The Florence Copper Project has experienced a moderate level of opposition and there have been Appeal(s) to issued permits that have been resolved in the Florence Copper Project's favour after considerable cost and delay to final authorisations to PTF.

For current operations, the Florence Copper Project has obtained all of the permits required to authorise and operation of the PTF. The operation commenced in December 2018. Additional permits are required for the commercial operations and the list of these permits is provided in the table below:

Florence Project Permit Table

<u>Permit Name</u>	<u>Jurisdiction</u>	<u>Permit Status</u>	<u>Issue Date</u>	<u>Expiration Date</u>	<u>Reporting</u>
Underground Injection and Control Permit and Aquifer Exemption No. R9UIC-AZ3-FY11-1 (PTF Operations)	USEPA	Current	12/20/2016	Permit is valid until 14 December 2020 being two years from commencement of operations on 15 December 2018. The permit also covers an additional five year post closure period running from the end of operation.	Quarterly
Aquifer Protection Permit No. 101704 (Commercial Operations)	ADEQ	Current/Amendment Required	10/13/2017	Operational lifetime	Quarterly
Temporary Aquifer Protection Permit No. 106360 (PTF Operations)	ADEQ	Current/Amendment Required to incorporate into APP. No. 101704	12/5/2018	12/14/2020	Quarterly
Air Quality Permit No. B31219.00	PAQCD	Current	2/22/2018	12/15/2021	Annually

Permit Name	Jurisdiction	Permit Status	Issue Date	Expiration Date	Reporting
Storm Water Multi-Section General Permit Authorisation No. AZMSG-60129	ADEQ	Current/pending ADEQ reissuance	5/31/2011	Operational lifetime	Annually
Mineral Extraction and Metallurgical Processing Groundwater Withdrawal Permit No. 59 – 562120	ADWR	Current	5/8/2017	5/8/2037	Annually
Mined Land Reclamation Plan	ASMI	Current	7/30/2010	Operational Lifetime	Annually
AZ State Mineral Lease # 11– 026500	ASLD	Current	12/13/2013	12/12/2033	Monthly
Septic System Permit	ADEQ	Current	2010	N/A	N/A
Change of Water Use Permit	ADWR	Current	2/25/1997	N/A	N/A
Burial Agreement Case No. 2012 – 012	AZ State Museum	Current	6/21/2012	N/A	N/A
Programmatic Agreement	USEPA	Current/Re newal required for commercial operations	1/19/1996	30 Day Notice	N/A
EPA Hazardous Waste ID No. AZD 983 481 599	USEPA	Current	4/4/2012	No Expiration	Annually

22. Statutory auditors

- 22.1 The auditors of the Company for the financial years ended on 31 December 2018, 31 December 2017 and 31 December 2016 have been KPMG LLP, whose registered address is at 777 Dunsmuir Street, P.O. Box 10426, Vancouver, BC Canada, V7Y 1K3.
- 22.2 KPMG LLP have audited the annual consolidated financial statements for the Company, which have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

23. Working capital

The Company is of the opinion that the Company does not have sufficient working capital to meet its present requirements, that is, for at least the 12 months from the date of this document.

Standalone, the Company is operating the Gibraltar mine profitably and has sufficient working capital to meet its liabilities and to carry on business for the foreseeable future. However, to develop the Florence Copper Project, the Company will require additional funding to meet the Project Costs of US\$241 million (as described below). The development of the Florence Copper Project will only proceed when both: (i) the required permits are in place; and (ii) the Company has fully secured the funding for the Project Costs.

As at 30 September 2019, the Company has cash resources of approximately \$42 million which, together with future cashflows from the Gibraltar Mine, will be used to fund ongoing sustaining capital expenditures at the Gibraltar Mine (including capitalised stripping costs), fund ongoing operation of the production test facility at the Florence Copper Project and related activities, other project activities and for general working capital purposes.

The Company does not currently anticipate that cash flows from the Gibraltar Mine will directly fund the Project Costs, and the Company currently intends to rely entirely on external funding sources to fund these Project Costs. As of the date of this Prospectus, none of these funding sources has yet been committed.

Advancing and Financing the Florence Copper Project

The decision to commence development of the Florence Copper Project is at the Company's sole discretion following receipt of the required permits. Management will not recommend a final construction decision on the Florence Copper Project to the Board until sufficient finance for the Project Costs has been secured.

As set out in the CPR the initial capital cost estimate of the Project is US\$227 million which is planned to be spent over a two-year pre-production period as summarised below:

<u>Item</u>	<u>Capital Cost</u> (millions US\$)
Well Field	\$ 39
Process Plant	\$ 77
Owners Cost/Pre-production	\$ 36
Infrastructure	\$ 52
Subtotal before escalation	\$204
Escalation (Q4 2016 to June 2019 dollars)	\$ 23
Total Pre-Production Capital Costs	\$227

The balance of US\$14 million of Project Costs is comprised of net reclamation bond funding of US\$9 million and general working capital of US\$5 million for the pre-production period.

Sustaining capital expenditures during the production period of the Florence Copper Project are estimated to be US\$788 million. This capital will be expended over a 19-year period following the commencement of production (which will be outside of the Working Capital Period) and consists of US\$690 million for well field development and US\$98 million for a water treatment plant and construction of process water ponds. These expenditures are expected to be funded from the proceeds of copper cathode production at the Florence Copper Project.

The Directors intend that of the total Project Costs, approximately US\$100 million to US\$125 million will be raised by way of a senior secured project debt facility, with the balance of the required Project Costs being raised through either: (i) the sale of a royalty or metal stream, (ii) the sale of a joint venture interest in the Florence Copper Project, (iii) the issuance of Common Shares, or (iv) a combination of any of the foregoing.

Conditional upon receipt of permits necessary to commence construction and securing sufficient finance to meet the Project Costs, the Company would only then commence construction of the Florence Copper Project. The Company expects to have debt financing commitments in hand ahead of receipt of the final permits, with the balance of the required Project Cost financing secured during the same time period based on the success of these two events. All of which is expected to be concluded by mid-2020.

The Company estimates that up to US\$30 million of the total Project Costs could be expected to be incurred during the Working Capital Period. Construction is expected to take approximately 18 months with the commercial facility operational before the end of 2021. The balance of the estimated pre-production capital cost for the Florence Copper Project will be incurred outside of the Working Capital Period (US\$197 million) if the Project commences construction by mid-2020, and will be financed in the manner described above.

Whilst no assurance can be given, the Directors are currently of the view that finance for the Project Costs can be achieved on acceptable terms before mid-2020, based on the following factors:

Debt Finance

In Q4 2018, the Company appointed Cutfield to provide financial advisory services with respect to the debt element of the Project Finance, through a senior secured project debt facility. Cutfield is an independent mine finance adviser based out of London and Toronto, and advises on project financing and assists their clients in developing and implementing financing strategies to address complex mining finance needs.

Management, with the assistance of Cutfield, has initiated discussions starting in Q1 2019 with commercial banks and debt funds, that have expressed initial interest in financing the Florence Copper Project with a senior secured credit facility (as permitted under the 2017 Notes).

Based on the initial positive feedback from these debt providers, the Board has confidence in the Company's ability to obtain debt commitments to fund the debt element of the Project Costs, in accordance with the Company's strategy. However, there is no guarantee that this will be the case.

If a significant portion of the debt finance cannot be secured in the form of a secured credit facility or not available on commercially acceptable terms, alternative forms of financing such as mezzanine debt, bonds or equity-linked securities could be considered. However, as at the date of this document, discussions are progressing satisfactorily, and the Directors remain confident that suitable debt financing will be provided in a form acceptable to the Company at the appropriate time, and the Directors are not pursuing, nor have they formed a preference for these alternative forms of debt finance.

Royalty and Streams

Management has initiated discussions with various royalty and stream providers on financing a portion of the Project Costs either through the issuance of a copper cathode metal stream or a royalty on the Florence Copper Project.

Initial feedback from these alternative funding providers has been encouraging, and the Directors are confident that royalty or metal stream financing is a potentially viable source of financing for a portion of the Project Costs for the Florence Copper Project. However, there is no guarantee that this will be the case or that such financing will be available on commercially acceptable terms.

Project Joint Venture Equity Interest

The Company has initiated discussions with potential strategic and joint venture partners that may wish to acquire a direct equity interest in the Florence Copper Project. The Company could then use joint venture investment to fund the portion of the Project Costs that is not met through other funding arrangements. Joint venture partners could include strategic industry companies or private equity investors with a track record of investing directly into mine development projects.

Initial feedback from potential joint venture partners for the Florence Copper Project has been encouraging, and the Directors believe this could be a potentially viable source of financing for a portion of the Project Costs. However, there is no guarantee that this will be the case or on commercially acceptable terms.

Equity

Pending any funding shortfall from the above sources, the Company could look to the issuance of new Common Shares to a mixture of strategic, cornerstone and institutional investors as well as existing Shareholders at some point following Admission.

Admission is a key component of this strategy, aiming to attract significant interest from investors in the UK, Europe and the Middle East, particularly as the Company continues to positively advance the Florence Copper Project through permitting and towards a final construction decision, which may not be available to the Company if it remained solely listed on TSX and NYSE American.

Inability to raise funds

While the Directors are currently of the view that the Company will be able to raise the Project Finance required to advance the Florence Copper Project to development and production, there is no guarantee that this will be the case.

Raising the finance for the Project Costs will be affected by numerous factors outside of the Company's control, such as commodity prices and financial and stock market conditions and there can be no guarantee that the finance for the Project Costs will be raised.

If the Company is unable to secure the finance for the Project Costs, development of the Florence Copper Project would not commence as planned. Any material delay or failure to

commence development of the Florence Copper Project could have a material adverse effect on the Company's business results of operations, financial condition and the price of Common Shares.

In the event the Company is unable to raise the finance for the Project Costs and therefore unable to develop the Florence Project as planned, the Company will continue to operate the Gibraltar Mine where it is profitable and has sufficient working capital to meet its liabilities and to carry on business for the foreseeable future.

The Company is susceptible to fluctuations in the copper price and foreign exchange

The price of copper has historically been subject to wide and, at times, rapid fluctuations and is affected by numerous economic and market factors beyond the Company's control, and may decline in the future. Depending on the market price of copper, particularly in the case of a significant and prolonged reduction in the price of copper, the Company may determine that it is not economically viable to continue commercial production at the Gibraltar Mine and/or further finance and develop the Florence Copper Project which could have an adverse effect on the Company's business, results of operations and financial condition. In such circumstances, the Company may reduce or suspend some or all of its development and production activities and/or be required to draw down and/or restate its reserves. The Company does not significantly hedge its copper price exposure other than the purchase of copper put options for a portion of its share of production from the Gibraltar Mine.

As the Company's sales are denominated in USD, with the majority of operating and capital expenditure being incurred in CAD, the Company's margins and operating cash flows are highly dependent on the exchange rate. This exposes the Company to currency exchange rate fluctuations as determined by the international market. Foreign exchange volatility could significantly affect the Company's business, results of operations and financial condition.

The Company does not currently enter into foreign currency contracts to hedge against currency risk and has no immediate plans to do so.

The 2017 Notes are also issued in US dollars, and while creating a partial hedge to revenue receipts denominated in US dollar, fluctuations in the exchange rate may significantly increase the overall amount of debt in terms of Canadian dollars, including losses on settlement and interest expense realised and paid by the Company.

24. No significant change

There has been no significant change in the financial or trading position of the Group since 30 September 2019, being the end of the last financial period of the Company for which historical information is included in Part 18 (*Historical Financial Information*) of this document.

25. Litigation

Save as set out in this paragraph 25, there are no governmental, legal or arbitral proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had during the 12 months prior to the date of this document, a significant effect on the Company and/or the Group's financial position or profitability.

Opposition to the Florence Copper Project

The planned development of the Florence Copper Project has been subject to a number of unsuccessful legal challenges, two of which are ongoing:

Town of Florence v. Florence Copper, Inc.

Exercise of power of eminent domain

The Town of Florence challenged FCI's ability to operate the PTF using the power of eminent domain. Eminent domain refers to the power of the government to take private property and convert it into public use. The Fifth Amendment of the U.S. Constitution provides that the government may only exercise this power for certain purposes and, if it does so, it must provide just compensation to the property owners.

The Florence Project area consists of 1,182 acres of privately-held land and 160 acres of State Trust Land. State Trust Lands are not privately held but public lands granted to the state (Arizona) by the United States to be held or sold generally by the state for the benefit of public schools in Arizona. These State Trust Lands are not subject to the use of the government's eminent domain powers.

The PTF is located exclusively on this State Trust land and consequently the Town's use of eminent domain was dismissed and is not subject to further appeal. The Town could attempt to exercise its power of eminent domain to take the private property that is not classified as State Trust Land, meaning the Company could only undertake mining on the State Trust Land parcel where the PTF is located.

However, under Arizona's Constitution, the Town must pay Florence Copper the fair market value of the condemned property. Whilst the value of this property as a copper mine has not yet been quantified, it will significantly exceed the Town's annual budget, thus it is highly unlikely that the Town would seek to take the property through an eminent domain action.

Development agreement

At the same time, the Town sought a declaratory judgement against a 2003 development agreement between the Town and FCI's predecessor-in-interest, which authorised the property owner to undertake copper mining on its private property that is not State Trust Land. The Town asserted that the use of the private land as a mine is not in compliance with the Town's relevant zoning on the property in January 2019.

The trial court ruled in FCI's favour on the grounds that its operations were in accordance with the development agreement.

This ruling is currently the subject of appeal by the Town (the "**First Appeal**"). Whilst the Company is confident that the First Appeal will be unsuccessful, if the appellate court reverses the lower court's ruling and denies FCI's right to legally mine on its private property, mining could only occur on the State Trust Land where the PTF is located. In this scenario, Florence Copper could seek to appeal the decision to the state supreme court; however there is no certainty that the court would agree to hear the case.

As at the date of this document the Company is unable to estimate the financial impact on the Group in the event that the First Appeal is successful and FCI is denied the right to legally mine on its private property.

Town of Florence, et al. v. ADEQ, Florence Copper-Intervenor

The Town and SWVP-GTIS MR, LLC ("SWVP") unsuccessfully challenged ADEQ's grant of a Temporary Aquifer Protection Permit ("TAPP") to FCI and have now filed an appeal to the Arizona Court of Appeals (the "**Second Appeal**"). The TAPP is a key operating permit that applies to the PTF that currently makes up the Florence Copper Project. Briefing on the Second Appeal is complete and the parties await the scheduling of an oral argument. A ruling from the Court of Appeals is not expected for 12-18 months.

Under Arizona law, judicial deference is given to appeals of state agency actions. The court reviews the evidence in the light most favorable to upholding the agency's decision and will not substitute its judgement for that of the agency regarding factual questions and agency technical expertise. Under the Second Appeal, the challenge of the TAPP involves two technical issues only and no new facts or evidence has been introduced by the appellants. Consequently the Company has been advised that it is unlikely that the court will overturn ADEQ's decision to award the TAPP because to do so, the court must conclude that the agency's action is contrary to law, not supported by substantial evidence, is arbitrary and capricious, or is an abuse of discretion.

If the appellate court reverses the trial court's ruling, which upheld the TAPP, the PTF can continue to operate unless an injunction is issued by the court requiring Florence Copper to cease operations. In this scenario, in order to continue development of the Florence Copper Project, the Company would be required to submit another permit application to ADEQ that addresses the issue of concern to the appellate court.

As at the date of this document the Company is unable to estimate the financial impact on the Group in the event that the Second Appeal is successful and FCI is denied the right to legally mine on its private property.

For both the First and Second Appeals the Company has been advised that the appellate courts are unlikely to overturn the existing judgements, with rulings expected in the next 12-24 months.

However whilst the First and Second Appeal remain outstanding there can be no assurance that the Company's planned development of the Florence Copper Project will not be adversely affected. If the First and/or Second Appeal are successful the Company's planned development of the Florence Copper Project could be delayed or restricted, or may not occur, which would have a material adverse effect on the Company's business, financial condition and prospects.

However whilst the First and Second Appeal remain outstanding there can be no assurance that the Company's planned development of the Florence Copper Project will not be adversely affected. If the First and/or Second Appeal are successful the Company's planned development of the Florence Copper Project could be delayed or restricted, or may not occur, which would have a material adverse effect on the Company's business, financial condition and prospects.

26. Related party transactions

Except as outlined in the Company's Historical Financial Information, no related party transactions have taken place during the 12 month period prior to the date of this document.

27. Consents

- 27.1 Roscoe Postle Associates UK Ltd (in its capacity as an independent competent person) has given and not withdrawn its written consent to the inclusion of the Competent Person's Reports in Part 19 (*Competent Person's Reports*) of this document and for the purpose of Rule 5.3.9R of the Prospectus Regulation Rules has authorised the contents of such parts of this Prospectus that comprise the Competent Person's Reports.
- 27.2 VT Capital has given and not withdrawn its written consent to the inclusion of references to its name in this document in the form and context in which it is included.

28. Miscellaneous

- 28.1 The total costs (including fees and commissions, but exclusive of VAT) payable by the Company in connection with Admission are estimated to be £0.5 million.
- 28.2 The Company confirms that all third party information contained in this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has also been identified.

29. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any Business Day at the offices of Memery Crystal LLP for the period of 12 months following Admission:

- (a) this document;
- (b) the Articles/Notice of Articles of the Company;
- (c) the audited consolidated financial statements of the Company in respect of the financial years ended 31 December 2016, 31 December 2017 and 31 December 2018, together with the related audit reports from the independent auditor;
- (d) the unaudited consolidated financial statements of the Company in respect of the period ended 30 September 2019;
- (e) the Competent Person's Report set out in Part 19 (*Competent Person's Report*) of this document; and
- (f) the letters confirming the consents referred to in paragraph 27 of this Part 16 (*Additional Information*).

Dated 18 November 2019

PART 17 – DEFINITIONS

2017 Notes	US\$250 million 8.75% secured notes due in 2022
ADEQ	Arizona Department of Environmental Quality
ADWR	Arizona Department of Water Resources
Admission	the admission of all of the Common Shares to the standard segment of the Official List and to trading on the Main Market for listed securities
AGM	annual general meeting of the Company
Articles	the Company's articles of association, adopted on 6 June 2013, a summary of which is set out in Part 16 (<i>Additional Information</i>) of this document
ASLD	Arizona State Land Department
ASMI	Arizona State Mine Inspectors
Audit and Risk Committee	the Company's audit and risk committee further details of which are set out in paragraph 3 of Part 8 (<i>Directors, Senior Managers and Corporate Governance</i>) of this document
BCBCA	BC Business Corporations Act 2002 (as amended)
BHP	BHP Group and BHP Copper Inc.
Board	the directors of the Company from time to time
Business Day	a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business
Cariboo	Cariboo Copper Corp. a consortium of Japanese industry groups
Cutfield	Cutfield Freeman & Co.
CN	Canadian National Railway
Common Share	a common share without par value in the capital of the Company
Company or Taseko	Taseko Mines Limited, a public limited company incorporated in British Columbia with business number BC0069082 and having its registered office at Suite 1500, 1055 West Georgia Street, Vancouver British Columbia, Canada, V6E 4N7
Competent Person or RPA	Roscoe Postle Associates UK Ltd., a private company registered and incorporated in England & Wales and having its registered office in 7 Menmarsh Road, Worminghall, Aylesbury, England, HP18 9PH.
Competent Person's Report	or the Competent Person's Report set out in Part 19 (<i>Competent Person's Report</i>) of this document, constituting the 2019 Technical Report for
CPR	the Gibraltar Mine and the 2019 Technical Report for the Florence Copper Project

Conoco	ConocoPhillips, multinational energy corporation created through the merger of American oil companies Conoco Inc. and Phillips Petroleum Co. on August 30, 2002
Compensation Committee	the Company's compensation committee further details of which are set out in Part 8 (<i>Directors, Senior Managers and Corporate Governance</i>) of this document
Corporations Act	the British Columbia Business Corporations Act
CREST	the relevant system in respect of which Euroclear UK & Ireland is the operator (as defined in the CREST Regulations)
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 (and as amended since)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
Curis	Curis Resources Ltd.
Custodian	Computershare Investor Services Inc. or a subsidiary or third party appointed by Computershare Investor Services Inc. to provide the custody services
Deed Poll	the deed poll executed by the Depositary in favour of the holders of the Depositary Interests from time to time
Depositary	Computershare Investor Services Plc, The Pavillions, Bridgewater Road, Bristol, BS13 8AE
Depositary Agreement	the agreement entered into between the Company and the Depositary appointing the Depositary further details of which are set out in Part 13 (<i>CREST and Depositary Interests</i>) of this document
Depositary Interests	the dematerialised depositary interests issued by the Depositary in respect of the underlying Common Shares
Directors	the directors of the Company as at the date of this document whose names are set out on page 59 of this Prospectus
DSU	Deferred Share Unit
DSU Plan	Deferred Share Unit Plan dated effective 15 February 2013
DTR	the Disclosure Guidance and Transparency Rules
EAB	the Environmental Appeals Board
Eligible Persons	Employees, Management Corporation Employees and Consultants of the Company, each as defined in the TSX Policies
Environmental, Health and Safety Committee	the Company's environmental, health and safety committee further details of which are set out in Part 8 (<i>Directors, Senior Managers and Corporate Governance</i>)

EPA	United States Environmental Protection Agency
FCA	the Financial Conduct Authority
First Nations	the Aboriginal peoples of Canada official recognised by the federal government of Canada as an administrative unit
FCI	Florence Copper Inc, the Company's wholly owned subsidiary and owner and operator of the Florence Copper Project
Florence Copper Project	The Florence Project located in Florence Arizona
FSMA	the Financial Services and Markets Act 2000
Gibraltar Joint Venture	The Gibraltar Mine Joint Venture which operates the Gibraltar Mine pursuant to the Joint Venture Operating agreement between the Company, Gibraltar Mines Ltd. and Cariboo, further details of which are set out at paragraph 19 part 16.
Group	the Company and the Subsidiaries
Historical Financial Information	the financial statements of the Group and the accompanying notes contained in the Appendix to this document
Historical Financial Information Period	the period covered by the Historical Financial Information
HMRC	Her Majesty's Revenue and Customs
Gibraltar or Gibraltar Mine	the Gibraltar Mine located in British Columbia
IFRS	International Financial Reporting Standards
Initial Work Plan	
Insiders	(a) a director or senior officer of the Company; or (b) a director or senior officer of a company that is an insider or Subsidiary of the company; or (c) a person that beneficially owns or controls, directly or indirectly, Common Shares carrying more than 10 per cent. of the voting rights; or (d) the Company if it holds any of its own securities
IP	Induced Polarisation
ISCR	in-situ copper recovery
Key Management Personnel	persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise)
Last Practicable Date	11 November 2019
Last Reported Date	30 September 2019
Listing Rules	the rules and regulations made by the FCA under Part VI of FSMA
LNCU	legal non-conforming use
London Stock Exchange or LSE	London Stock Exchange plc
Main Market	the Main Market of the LSE

Magma	Magma Copper Company
MAR	the European Union Market Abuse Regulation (596/2014)
Member States	the member states of the European Union
Nominating and Governance Committee	the Company's nominating and governance committee further details of which are set out in Part 8 (<i>Directors, Senior Managers and Corporate Governance</i>) of this document
NYSE American	NYSE American stock exchange
Official List	the Official List of the FCA
Option	an option to acquire a Common Share pursuant to the Option Plan
Option Plan	The Company's Share Option Plan dated effective April 26, 2018
Optionholders	the persons who hold Options from time to time
Osisko	Osisko Gold Royalties Ltd.
PCAQCD	Pinal County Air Quality Control District
PDMR	person discharging managerial responsibilities, as defined in Article 3(1)(25) MAR
PLS	pregnant leach solutions
Premium Listing	a listing on the premium segment of the Official List
Project Costs	the US\$241 million required to fund the development of the Florence Copper Project, comprising of approximately US\$227 million, net reclamation bond funding of US\$9 million and working capital of US\$5 million
Prospectus	this document
Prospectus Directive	Directive 2003/71/EC of the European Parliament and Council of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU);
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and Council of 14 June 2017
Prospectus Rules	the Prospectus Rules published by the FCA under section 73A of FSMA
PSU	Performance Share Unit
PSU Plan	Performance Share Unit Plan dated effective 26 April 2018
PTF	Production test facility
Senior Managers	Russell Hallbauer, ⁹ John McManus, Stuart McDonald, Bryce Hamming, Brian Battison and Scott Jones

⁹ Russell Hallbauer is a senior manager of the Company but also sits on the Board of Directors. Mr Hallbauer is therefore referred to as a Director and a Senior Manager in the Prospectus.

Shareholders	the Company's shareholders from time to time
Standard Listing	a listing on the standard segment of the Official List
Subsidiaries	the subsidiaries (both direct and indirect) of the Company from time to time
SX/EW	solvent extraction and electrowinning
SWVP	Southwest Value Partners
Takeover Panel	the Panel on Takeovers and Mergers
TAPP	Temporary Aquifer Protection Permit
TOF	Town of Florence
TSX	Toronto Stock Exchange
TSX Policies	the policies included in the TSX Company Manual
UIC	Underground Injection Control
UK Takeover Code	The City Code on Takeovers and Mergers issued by the Takeover Panel
UKLA	the United Kingdom Listing Authority
USEPA	US Environment Protection Agency
VAT	value added tax
VT Capital	Velocity Trade Capital Limited, a limited company incorporated in Ontario, Canada and having its registered office at 100 Yonge Street, Suite 1800, Toronto, Ontario, Canada, M5C 2W1
Warrant Shares	the Common Shares issued pursuant to the exercise of the Warrants
Warrants	the existing warrants to subscribe for in aggregate 3,000,000 Common Shares further details of which are set out in paragraph 19 of Part 16 (<i>Additional Information</i>) of this document
WQAB	Water Quality Appeals Board
Working Capital Period	the 12 month period from the date of publication of this Prospectus
Yellowhead	Yellowhead Mining Inc.

PART 18 – GLOSSARY OF TECHNICAL TERMS

Ai	abrasion index
AISC	all in sustaining cash cost
Au	gold
BWi	bond ball mill work index
CIP	carbon-in-pulp
CWi	Crushing work index
EPCM	engineering, procurement and construction management
G&A	general and administrative expense
g/t	grams per tonne
ha	hectares
Indicated Mineral Resource	as defined in the NI 43-101, is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed
Inferred Mineral Resource	as defined in the NI 43-101, is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
IRR	internal rate of return
km	kilometre
km ²	square kilometre
Koz	thousand ounces
kWh/t	kilowatt hour per tonne
LOM	life of mine
m	metre
Measured Mineral Resource	as defined in the NI 43-101, is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be

	estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity
Mineral Reserve or Reserve	as defined in the NI 43-101, is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined
Mineral Resource or Resource	as defined in the NI 43-101, a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling
mm	millimetre
Moz	million ounces
Mst	million short tonnes
Mstpa	million short tonnes per annum
NPV	net present value
NSR	net smelter return royalty
oz	ounce
pH	measure of acidity or alkalinity of water soluble substances
ppm	parts per million
Probable Mineral Reserve	as defined in the NI 43-101, is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified
SMC	SAG mill comminution
TMF	tailings management facility
tonne or t	thousand kilograms
tpd	tonne per day
troy oz	troy ounce
µm	micrometre

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PART 19 – COMPETENT PERSON’S REPORT



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TASEKO MINES LIMITED

COMPETENT PERSON'S REPORT ON THE GIBRALTAR MINE, BRITISH COLUMBIA, CANADA

Competent Person's Report

Competent Persons:

Glen Ehasoo, P.Eng.

David W. Rennie, P.Eng.

David Ross, M.Sc., P.Geo.

November 6, 2019

Report Control Form**Document Title**

Competent Person's Report on the Gibraltar Mine, British Columbia, Canada

Client Name & Address

Taseko Mines Limited 15 th Floor, 1040 West Georgia Street Vancouver, BC, Canada V6E 4H1

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November 6, 2019

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(Signed)

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Graham G. Clow Chester M. Moore

(Signed)

(Signed)

Project Manager Approval

Glen Ehasoo

(Signed)

Project Director Approval

Deborah A. McCombe

(Signed)

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mining@rpacan.com

November 6, 2019

The Directors

FINANCIAL ADVISOR

Dear Sirs:

Re: Competent Person's Report on the Gibraltar Mine

Roscoe Postle Associates Inc. (RPA) was retained by Taseko Mines Limited (Taseko) to prepare an independent Competent Person's Report (CPR) on the Gibraltar Mine (Gibraltar or the Mine), located in British Columbia, Canada. This Report is intended for use by Taseko in connection with a prospectus filing for a listing on the London Stock Exchange under the requirements of the United Kingdom Listing Authority (UKLA).

This Report conforms to the requirements for a CPR as established by the European Securities and Markets Authority (ESMA) Recommendations on consistent implementation of Commission Regulation (EC) No 809/2004, implementing the Prospectus Directive (the ESMA Recommendations, as revised in March 2013). A summary of the ESMA requirements is shown in Appendix 1. Mineral Resources and Mineral Reserves in this Report conform to the standards published and maintained by the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) – specifically the CIM Definition Standards as adopted May 10, 2014 (CIM (2014) definitions).

Capability and Experience

RPA is based in Toronto and London. RPA advises major mining companies, mid-caps, junior mining and exploration companies, financial institutions, governments, law firms, and individual investors with cost-effective strategic advice and solutions to challenges, through access to people experienced in all aspects of the development and operation of mining projects.

RPA has extensive experience carrying out due diligence of mining and exploration companies for the purposes of stock exchange listings, financings, and business combinations.

Project Approach and Management

This CPR has been prepared by a team of Competent Persons who have extensive experience in the mining industry, including geologists, mining engineers, metallurgists, and financial specialists. The members of the team are listed below. Qualifications of the individuals are shown in Appendix 2.

Project Director

Deborah A. McCombe, P.Geo.

Project Manager

Glen Ehasoo, P.Eng.

Project Team

David W. Rennie, P.Eng.

David Ross, M.Sc., P.Geo.

Peer Review

Graham G. Clow, P.Eng.

Chester M. Moore, P.Eng.

RPA prepared this CPR based on observations and data collection on a site visit to the Mine, data provided by Taseko, including interviews with key personnel involved in the operation and management of the assets.

The general methodology for the review comprised:

- Review of current (2018 Year-End) Mineral Resource and Mineral Reserve estimates, including sample databases, cut-off grades, and estimation parameters.
- Review of recent and current mining and processing operations including dilution, production reconciliation, and metallurgical recovery.
- Observation of mine and plant conditions, housekeeping, health and safety awareness.
- Review of environmental status including permits, compliance, and closure costs.
- Review of social and community issues.
- Review of manpower status and labour issues, including turnover and management capability.
- Review of recent and current operating costs.
- Review of capital expenditure forecasts for either expansion or sustaining.
- Review of Life-of-Mine (LOM) plans in the context of recent and current experience, including physical assumptions – head grade, production rate, metallurgy, and operating and capital cost assumptions.
- Analysis of risk areas and overall sensitivity of the LOM plans to external and internal risks.

The work was carried out from March 2019 to July 2019. The site visit was carried out from June 4 to June 5, 2019.

Limitations and Reliance on Information

This report has been prepared by RPA at the request of Taseko. RPA is responsible for this CPR and declares that, to the best of its knowledge, the information contained in the CPR is in accordance with the facts and that the CPR contains no omission likely to affect its import.

RPA's opinion as expressed in this CPR is effective at the date of this report. Parameters used in assessing the assets are shown in the report. Some of these parameters can vary significantly and changes could alter RPA's opinion subsequent to the date of this CPR.

The information, conclusions, opinions, and estimates contained herein are based on:

- a) information available to RPA at the time of preparation of this report.
- b) assumptions, conditions, and qualifications as set forth in this report.
- c) data, reports and opinions supplied by Taseko and other third party sources.

Save as set out herein, RPA does not guarantee the validity or accuracy of conclusions or recommendations based on information supplied by third parties.

RPA accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report.

The report is intended to be read as a whole, including the Executive Summary and sections should not be read or relied upon out of context.

Independence

RPA has received fees for the preparation of this CPR in accordance with normal professional consulting practice. The fees are not contingent on the success of the Prospectus. Neither RPA nor any of its directors, staff, or sub-consultants who contributed to this report have any material interest in Taseko or the assets reviewed.

RPA has previously carried out independent audits of the Mineral Resources and Mineral Reserves of Gibraltar in 2004, 2006, 2011, 2014, and 2015.

Drafts of this report were provided to Taseko, for the purpose of confirming both the accuracy of factual material and the reasonableness of assumptions.

Sincerely

(Signed & Sealed) *Deborah A. McCombe*

Deborah A. McCombe, P. Geo

Project Director

Roscoe Postle Associates Inc.

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1.SUMMARY

1.1. EXECUTIVE SUMMARY

The Gibraltar Mine (Gibraltar or the Mine) is an open pit copper-molybdenum mine and processing operation which is 75% owned and operated by Gibraltar Mines Ltd. (Gibraltar Mines), a wholly owned subsidiary of Taseko Mines Limited (Taseko), with the remaining 25% owned by Cariboo Copper Corporation (Cariboo). The Mine is the second largest open pit copper mine in Canada.

Taseko acquired the mine in 1999 when it had been scheduled for demolition by the previous owner. Taseko restarted the mine in 2004 and commenced a modernisation program in 2007. By 2008, the mine was processing at a rate of 46,000 short tons per day (stpd). A second phase of modernisation commenced in 2009, with plant modifications and new mining equipment, increasing the design capacity to 55,000 stpd. This project was completed in mid-2011. A third phase included a new 30,000 stpd standalone concentrator and an update to the mining fleet. This project was completed in December 2012, increasing the overall processing capacity to 85,000 stpd.

Based on the currently installed design processing capacity, sufficient Mineral Reserves exist to support an approximate 19 year production plan. Mineral Resource potential exists to extend the production plan.

Imperial units and Canadian dollars (C\$ or \$) are used throughout this report unless otherwise noted. In addition, all quantities and production rates are on a 100% basis, unless otherwise noted.

1.1.1. CONCLUSIONS

Based upon its work RPA offers the following conclusions:

General

- Gibraltar is a mature and well run open pit mining and processing operation.
- All mining leases and all mineral claims are currently in good standing.
- The geological data, in addition to the mining, processing, cost, and marketing assumptions used, are appropriate for purposes of defining and demonstrating Mineral Resources and Mineral Reserves as defined by the Canadian Institute of

Geology and Mineral Resources

- The regional and local geology and the property mineralisation are well understood.
- The drilling, sampling, sample preparation and analysis procedures are appropriate for the style of mineralisation.
- The Mineral Resources, effective December 31, 2018, are:
 - o Measured: 806 million short tons (Mst), grading 0.25% Copper (Cu) and 0.008% Molybdenum (Mo).
 - o Indicated: 303 Mst, grading 0.23% Cu and 0.007% Mo.
 - o Inferred: 59 Mst, grading 0.21% Cu and 0.004% Mo.
- The current database validation protocols employed by Taseko are consistent with common industry standards and appropriate for the Mine.
- Taseko has taken reasonable and appropriate steps to validate the historic data collected prior to 1999.
- A review of reconciliation studies shows that the block model tonnage and grade estimates agree reasonably well with the actual production reported by the mill.
- The inputs into the estimation process, including both the database and Mineral Resource parameters, are reasonable and unbiased and, in some respects, conservative.

Mining and Mineral Reserves

- The Mineral Reserves, effective December 31, 2018, are:
 - o Proven and Probable for sulphide ore: 594 Mst grading 0.25% Cu and 0.008% Mo.
 - o Proven and Probable for oxide ore: 17 Mst grading 0.15% Cu.
- The Mineral Reserves are contained within the Measured and Indicated Mineral Resource of 1,109 Mst grading 0.25% Cu and 0.007% Mo.
- The Mineral Reserve estimate supports approximately 19 years of mining and processing operations at an average mining strip ratio of 1.9 tons of waste per ton of ore.

Mineral Processing

- Gibraltar has been processing ores to produce copper concentrates since the commencement of operations in 1971, along with intermittent production of molybdenum concentrates and copper cathodes, except during a care and maintenance period from 1999 to 2004 due to low copper prices.
- Two ore types are identified for processing, oxide and sulphide. Only copper is recovered from the oxide ore, while copper, molybdenum, and silver are recovered in saleable quantities from the sulphide ore. Over 97% of remaining Mineral Reserves by tonnage are identified as sulphide ore.

- Sulphide ore processing is planned at 85,000 stpd (31 million short tons per annum (Mstpa)).
- Life-of-Mine (LOM) sulphide copper and molybdenum recoveries are forecast to average 86% and 50% respectively, with an average annual production rate of approximately 134 million pounds (Mlb) of copper in copper concentrate and 2.5 Mlb of molybdenum in molybdenum concentrate.
- The LOM ore processing schedule is reasonable based on past performance along with minor planned improvements to the infrastructure.

Project Infrastructure

- Gibraltar has an established infrastructure consistent with a mine that has been in place for more than 40 years.

Environmental, Permitting, and Social Impact

- There are three major permits in effect at Gibraltar. These are:
 - o Effluent permit (PE-416).
 - o Mines Act permit (M-40).
 - o Air Emissions permit (PA-01595).
- All material regulatory authorisations and permits are in place to extract the Mineral Reserves described in this report with the exception of:
 - o A small extension of the M-40 lease boundary to include the full Extension pit.
 - o Periodic amendments of PE-416 and M-40 for pit wall pushbacks, water discharge, and waste rock and tailings storage.
- The operation, function, and monitoring of the Tailings Storage Facility (TSF) are compliant with Ministry of Environment and Ministry of Mines Permits, along with the requirements of the Health, Safety, and Reclamation Code for Mines in British Columbia and consistent with guidelines from the Canadian Dam Association.
- The Mine's reclamation and closure plan includes site decommissioning, water management, and revegetation to meet end land use objectives. In 2017, a decommissioning plan provided an assessment of the costs of closure based on a five year mine plan. Closure costs were estimated to be \$41 million. The funds are currently in place to cover this requirement.

Capital and Operating Costs

- The majority of the Mine's facilities are currently in place and operating. The remaining site capital requirements over the next approximate 19 years are for sustaining purposes and total \$285 million.
- The total site operating costs for mining, processing, and General and Administration (G&A), are based on Gibraltar's past cost performance and years of experience, along with first principles estimation to meet the forecast production schedule.
- LOM estimated total operating costs are \$6,287 million resulting in a unit operating cost of \$10.59/st milled.

- Offsite costs are based on current and anticipated contract terms for transportation, treatment and refining costs of copper concentrate, molybdenum conversion charge, and copper cathode transportation. The average offsite costs over the operating period is \$0.47/lb of copper produced. Over the LOM, offsite costs total approximately \$1,229 million.
- The estimated LOM unit operating costs are a reasonable reflection of historic actual operating costs at Gibraltar.

Valuation of Mineral Reserves

- A discounted Net Present Value (NPV) cashflow model is used for the valuation basis with an effective date of December 31, 2018 (YE2018).
- Over the LOM, forecast copper in concentrate production is approximately 2,600 Mlb, molybdenum in concentrate production is approximately 48 Mlb, and copper in cathode production is approximately 25 Mlb.
- Metal prices for copper and molybdenum are based on the long term consensus pricing of major financial institutions and are comparable with other large scale global operators.
- A copper price of US\$3.00/lb is used in the cashflow for 2019 and 2020, followed by US\$3.10/lb for the remainder of the LOM. A molybdenum price of US\$12.00/lb is used for the LOM.
- Profit at Gibraltar is subject to BC Mineral taxes, in addition to provincial and federal corporate income taxes.
- On a 100% basis, pre-tax cashflow totals \$3,165 million and pre-tax NPV at an 8% discount rate totals \$1,430 million.
- On the basis of Taseko's 75% ownership of Gibraltar Mines, pre-tax cashflow totals \$2,274 million and pre-tax NPV at an 8% discount rate totals \$1,027 million. After-tax cashflow totals \$1,571 million and the after-tax NPV at an 8% discount rate totals \$745 million.

1.1.2. RECOMMENDATIONS

RPA recommends the following:

- Prioritise continuing definition drilling in the mine production plan areas to potentially upgrade Inferred Mineral Resources to Indicated or higher, infill gaps in drilling at depth, and increase drilling at depth. As the current mine plan calls for backfilling of some of the exhausted pit areas with waste material, it is critical that these are fully explored prior to negatively impacting their future expansion profitability.
- Continue to apply for increased site water discharge rates to maximise site discharge and minimise excess water volumes stored onsite.

1.2. TECHNICAL SUMMARY

1.2.1. PROPERTY DESCRIPTION

1.2.1.1. LOCATION

Gibraltar is located 65 km north of the City of Williams Lake, British Columbia, Canada, at an elevation of approximately 1,130 MASL. Williams Lake is approximately 590 km north of Vancouver, British Columbia, via paved major highways.

1.2.1.2. LAND TENURE

Gibraltar consists of 212 mineral claims comprising 19,815 ha, 32 mining leases comprising 2,275 ha, and four parcels of fee simple land. All mining leases and all mineral claims are currently in good standing. Gibraltar holds sufficient title for mining and concentrator operations including tailings and waste disposal areas, with the exception of a mining lease boundary expansion required to mine the full Extension pit, which is the last of five pit areas to be mined in the production plan.

Gibraltar is not subject to any external royalties.

1.2.1.3. HISTORY

Preliminary development of the Mine began in October 1970, with the concentrator commencing production on March 8, 1972. In March 1998, Boliden Limited, the owner at the time, announced that it would cease mining operations at Gibraltar at the end of 1998.

The total production history to the end of 1998 amounted to 1,860 Mlb of copper in concentrate, 20 Mlb of molybdenum in concentrate, and 85 Mlb of cathode copper from 336 Mst milled.

Taseko acquired 100% interest in the assets of Gibraltar in a transaction in July 1999. After a period of care and maintenance, mining operations recommenced in May 2004. Milling production began in October of that year, while copper cathode production resumed in January 2006.

On March 31, 2010, Taseko established a joint venture with Cariboo, whereby Cariboo acquired a 25% interest in the Mine.

In 2011, Taseko increased the existing concentrator's capacity to 55,000 stpd. Taseko then increased overall processing capacity to 85,000 stpd in 2013, through the installation

of a new concentrator, independent from the existing concentrator, with a nameplate capacity of 30,000 stpd.

Along with the second concentrator, a stand-alone molybdenum separation plant was installed. The molybdenum separation plant processes the bulk copper-molybdenum concentrate produced in the two concentrators and produces separate molybdenum and copper concentrates.

Total production between operation recommencement in 2004 and YE2018, was 280 Mst processed, producing 1,350 Mlb of copper in concentrate, 18 Mlb of molybdenum in concentrate, and 18 Mlb of cathode copper.

1.2.2. GEOLOGY AND MINERAL RESOURCES

1.2.2.1. GEOLOGY

Gibraltar is a Late Jurassic age calcalkalic porphyry copper-molybdenum deposit, hosted within the upper Triassic Granite Mountain Batholith. The Batholith is a composite of three major phases consisting of diorite, tonalite, and trondhjemite with a minor late leucocratic phase of trondhemitic composition.

There are currently five defined mineralised zones on the Mine property: the Granite, Pollyanna, Connector, Gibraltar, and Extension zones. The zones occur within the Batholith in a broad area of shearing and alteration. Pyrite and chalcopyrite are the principal primary sulphide minerals of the Gibraltar deposits. Molybdenite, however, is a minor, but economically important mineral associated with chalcopyrite in the Granite, Pollyanna, Connector, and Gibraltar zones.

1.2.2.2. MINERAL RESOURCES

The Mineral Resource estimate for Gibraltar was prepared by Taseko personnel and is current to YE2018. The estimate was generated using a block model constrained by three-dimensional (3D) wireframe volumes and surfaces constructed in Minesight software. The Mineral Resource estimate was based exclusively on drilling results collected by Taseko and previous owners dating back to 1965. The majority of the samples were collected by diamond drilling.

Mineral Resources inclusive of Mineral Reserves are summarised in Table 1-1. The Mineral Resources are classified according to the CIM (2014) definitions.

In RPA's opinion, the Mineral Resource estimate was generated using reasonable assumptions and parameters. RPA is of the opinion that the current database validation protocols employed by Taseko are consistent with common industry standards and appropriate for the Mine. In addition, Taseko has taken reasonable and appropriate steps to validate the historic data, collected prior to acquiring the Mine in 1999.

TABLE 1-1 SUMMARY OF MINERAL RESOURCES – DECEMBER 31, 2018
Taseko Mines Limited – Gibraltar Mine

Category	Tonnage (Mst)	Cu Grade (%)	Mo Grade (%)
Measured	806	0.25	0.008
Indicated	303	0.23	0.007
Total Measured + Indicated	1,109	0.25	0.007
Inferred	59	0.21	0.004

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are presented on a 100% basis.
3. Sulphide Mineral Resources are estimated at a cut-off grade of 0.15% Cu.
4. Oxide Mineral Resources are estimated at a cut-off grade of 0.10% ASCu.
5. Mineral Resources are estimated using a long-term copper price of US\$3.25/lb, a molybdenum price of US\$12.00/lb, and an exchange rate of US\$1.00: C\$1.25.
6. Tonnage factors are 12 ft³/st for in situ material and 15 ft³/st for fill.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
9. Numbers may not add due to rounding.

1.2.3. MINING AND MINERAL RESERVES

A total of approximately 1,767 Mst of material is planned to be mined continuously over the next approximate 19 years from five pit areas. The mining operations are designed and scheduled to supply the processing facilities with an average of approximately 85,000 stpd (31 Mstpa), of sulphide ore plus intermittent oxide ore quantities, at a 1.9 to one waste to ore strip ratio.

Ore for the concentrators is defined by a cut-off grade of 0.15% Cu and capped by a 50% ASCu constraint. A 0.10% ASCu cut-off is used to define oxide ore for copper recovery via dump leaching and Solvent Extraction and Electrowinning (SX/EW) processing. RPA is of the opinion that the current cut-off grades are reasonable for Mineral Reserve estimation based on forecasted long range metal prices, capital and operating costs, and metal recoveries.

Proven and Probable Mineral Reserves are reported as the Measured and Indicated Mineral Resource within the final pit designs and above the stated cut-off grade for sulphide and oxide ores. Table 1-2 summarises the Proven and Probable Mineral Reserves for sulphide and oxide ores at Gibraltar as of YE2018. The Mineral Reserves are contained within the Mineral Resources.

TABLE 1-2 SUMMARY OF MINERAL RESERVES – DECEMBER 31, 2018
Taseko Mines Limited – Gibraltar Mine

Ore Type	Category	Tonnage (Mst)	Cu Grade (%)	Mo Grade (%)
Sulphide: 0.15% Cu Cut-off Grade				
	Proven	469	0.26	0.008
	Probable	121	0.23	0.008
	Ore Stockpiles	3	0.19	0.008
	Total	594	0.25	0.008
Oxide: 0.10% ASCu Cut-off Grade				
	Proven	1	0.16	
	Probable	16	0.15	
	Total	17	0.15	

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are presented on a 100% basis.
3. Mineral Reserves are estimated using a copper price of US\$2.75/lb, a molybdenum price of US\$8.00/lb, and an exchange rate of US\$1.00: C\$1.25.
4. Mineral Reserves for sulphide ore are estimated at a cut-off grade of 0.15% Cu with a maximum 50% ASCu content constraint. Mineral Reserves for oxide ore are estimated at a cut-off grade of 0.10% ASCu.
5. Mineral Reserves are estimated as mined and delivered to the processing facilities.
6. Numbers may not add due to rounding.

RPA is of the opinion that the classification of Proven and Probable Mineral Reserves meets the definitions of Proven and Probable Mineral Reserves as stated by NI 43-101 and defined by the CIM (2014) definitions.

All material infrastructure is in place or accounted for to support the current Mineral Reserve.

All material regulatory authorisations and permits are in place to extract the Mineral Reserves as described in this report with the exception of:

- A small extension of lease boundary to include the full area of the Extension pit.
- Periodic amendments of operating permits for pit wall pushbacks, water discharge, and waste rock and tailings storage.

Other permit considerations include approvals required for route changes to the access road, hydro transmission line, natural gas line, and water discharge pipeline. No impediments to obtaining amendments, modifications, or extensions to any of the required permits over the operating period of the Mineral Reserves are anticipated.

RPA is not aware of any other mining, metallurgical, infrastructure, permitting, or other relevant factors that could materially affect the Mineral Reserve estimate.

1.2.4. MINERAL PROCESSING

Two ore types are identified for processing, sulphide ore and oxide ore. Over 97% of remaining Mineral Reserves by tonnage are identified as sulphide ore.

Sulphide ore is processed at a design rate of 85,000 stpd (31 Mstpa) through two concentrators to produce a bulk concentrate that contains copper, silver, and molybdenum values. The bulk concentrate from both concentrators is combined and processed through a single molybdenum separation plant, which results in a copper concentrate with silver credits and a molybdenum concentrate.

Copper recovery to concentrate is primarily grade and ore type dependent. Historically, actual copper recovery has been close to the budgeted recovery, although typically lagging by a small amount (approximately -1% variance). In general, this lag has been attributed to slightly higher acid soluble copper (ASCu) content in the feed ore than estimated. Copper recovery over the LOM production schedule is estimated to average approximately 86%.

Copper concentrate produced at Gibraltar is trucked in bulk along paved surfaces to the Macalister rail siding on the Canadian National (CN) rail line, 25 km south west of Gibraltar. Gibraltar owns the buildings and a portion of the land upon which the siding is located and has an agreement in place for the use of CN owned siding infrastructure

Molybdenum concentrate is currently bagged on-site and loaded onto trucks with the buyer taking custody at the mine gate.

Oxide ore is dispatched to the oxide ore dumps or heap leach pad. A SX/EW plant processes leachate from the oxide ore dumps and heap leach pad to produce a copper cathode product.

In RPA's opinion, the LOM ore processing schedule is reasonable based on past performance along with minor planned improvements to the infrastructure.

1.2.5. PROJECT INFRASTRUCTURE

Gibraltar has a complete established infrastructure consistent with a mine that has been in place for more than 40 years.

Electricity is supplied by the British Columbia Hydro and Power Authority with sufficient capacity to maintain operations at greater than the design capacity throughput of 85,000 stpd.

Diesel is transported to the site by truck.

Process water is sourced from the TSF. Sufficient water supply is available from the maintenance of regular operations that no additional source is required to support site operations.

Tailings from the two concentrators are pumped to the TSF approximately 3.5 km north of the plant site. The TSF is located within a broad valley, bounded on the north and south sides by natural valley walls, with two dam structures on the east and west sides of the facility.

The majority of tailings are deposited against the main dam on the west side of the facility. Coarse tailings are stacked via the centreline method, which ensures that large beach areas are maintained while minimising both the footprint of the storage facility and the ultimate height of the retaining dams. The east side of the facility is contained via a conventional water retaining dam constructed from compacted glacial till.

The operation, function, and monitoring of the TSF are compliant with Ministry of Environment and Ministry of Mines Permits, along with the requirements of the Health, Safety, and Reclamation Code for Mines in British Columbia and consistent with guidelines from the Canadian Dam Association. The permits also detail the requirements for post closure activities. Monitoring activities include:

- Site personnel monitor the TSF on an ongoing basis to ensure consistency between depositional practices and operational intent, that water seepage and flows are controlled and characterised, and that the geotechnical state of the facility is within design intent.

- Annual dam safety inspections are conducted by Klohn Crippen Berger Ltd. (KCB), the Engineer of Record (EOR), with their most recent report completed for YE2018 operations (KCB March 2019). No Priority 1 (i.e., highest risk) recommendations were identified, while the greatest concern was the volume of water stored in the TSF.
- Dam safety reviews are conducted by an independent third-party geotechnical engineer every five years, last performed by Tetra Tech EBA Inc. (TTEBA) in 2016. No highest priority recommendations were identified (TTEBA December 21, 2016).
- An Independent Technical Review Board (ITRB) meets annually to review the facility performance and status. The last ITRB was held in 2018, with the primary concern being the volume of water stored in the TSF. In addition, the ITRB noted satisfactory progress had been achieved in response to the 2016 TTEBA dam safety review (ITRB August 24, 2018).
- Monthly visits are performed by the EOR, typically ten or more months per year, as part of a site wide status review.

The current TSF design and footprint has storage capacity for approximately 500 Mst of additional tailings, which would service the current LOM production schedule through 2033. Remaining tailings in the LOM plan from 2034 into 2038, approximately 130 Mst, are deposited into the exhausted Granite pit.

1.2.6. ENVIRONMENTAL, PERMITTING, AND SOCIAL IMPACTS

Taseko is a member of the Mining Association of BC and works in accordance with the Mining Association of Canada guidelines of the Towards Sustainable Mining (TSM) initiative. Items under TSM protocols include:

- Crisis management plans.
- Health and Safety.
- Tailings management.
- Aboriginal and Community outreach.
- Energy use.
- Biological diversity management.

1.2.6.1. ENVIRONMENTAL

Gibraltar has an established environmental policy and environmental management system, which is periodically reviewed by external auditors. The most recent environmental compliance audit was completed in 2015 by Environmental Resources Management (ERM) (ERM August 5, 2015). No significant risk items of non-compliance were identified.

The most critical aspect of the site is site water management. All water that cannot be diverted away from the Mine operations is collected for storage onsite in the TSF or inactive pit areas. In recent years, Gibraltar has received amendments to its Effluent permit (PE-416), which has allowed it to increase discharge of site water. As a result, Gibraltar is currently operating at a net neutral water balance.

1.2.6.2. PERMITTING

There are three major permits in effect at Gibraltar. These are:

- Effluent permit (PE-416).
- Mines Act permit (M-40).
- Air Emissions permit (PA-01595).

All material regulatory authorisations and permits are in place to extract the Mineral Reserves described in this report with the exception of:

- A small extension of the M-40 lease boundary to include the full Extension pit.
- Periodic amendments of PE-416 and M-40 for pit wall pushbacks, water discharge, and waste rock and tailings storage.

Other permit considerations include approvals required for route changes to the access road, hydro transmission line, natural gas line, and water discharge pipeline in order to complete development of the Extension pit, which is scheduled to start in 2032. Approvals will be sought as required.

1.2.6.3. SOCIAL AND COMMUNITY CONSIDERATIONS

Mine employees predominantly live in nearby communities surrounding the Mine. Taseko currently has contracts with a number of local contractors for work.

In 2002, Gibraltar and the Cariboo Regional District collaborated on the development of a regional district landfill site on waste dumps in an area that would not be required for future mine operations. Operation of the landfill began in October 2003 and are on-going.

Taseko has a policy regarding its dealings with Aboriginal Peoples and their communities affected by its endeavours. The policy includes:

- Respect for rights.
- Acknowledgment and respect for cultural interests.
- Timely and appropriate engagement.

- Consideration of traditional knowledge.
- Development of participation agreements.

There are multiple First Nations (FN) groups with reserves or interest in the Mine and Mine discharge area:

- The Xat'sull FN (also known as the Soda Creek band).
- The Williams Lake Indian band (also known as the T'exelc or Sugar Cane).
 - The Xat'sull and Williams Lake Indian Band's belong to the Northern Shuswap Tribal Council, also known as the Northern Secwepemc te Qelmucw (NStQ).
- The ?Esdilagh FN (also known as the Alexandria band).
- The Lhtakot'en (also known as the Red Bluff Indian Band).

Since 2009, Gibraltar Mines has worked to improve communications with local FN groups. Site tours have been conducted as well as meetings with the FN. There is an open invitation for FN groups to accompany sampling teams on environmental sampling. Additionally, there is a Technical Advisory Committee to review monitoring programs and data collected from those programs, and participation and cooperation agreements created.

1.2.6.4. MINE CLOSURE AND RECLAMATION

The Mine's reclamation and closure plan includes site decommissioning, water management, and revegetation to meet end land use objectives. The most significant aspect of this is water management. Post-closure plans call for surface drainage collection and water treatment for mine area contact water, followed by discharge to the environment. Post-closure plans for tailings supernatant water call for untreated discharge to the environment.

In 2017, a decommissioning plan provided an assessment of the costs of closure based on a five year mine plan (Closure Plan March 31, 2017). Closure costs were estimated to be \$41 million. Gibraltar has \$38 million held in a Qualified Environmental Trust fund with the BNS Trust Company and \$10 million letter of credit with CIBC, totalling \$48 million serving as a reclamation and closure bond.

1.2.7. CAPITAL AND OPERATING COSTS

There are no adjustments to capital or operating costs for escalation or exchange rate fluctuations. Costs are current as of the first half of 2019, and are primarily C\$ or US\$

based. In the case of US\$ costs, they have been converted to C\$ by the supplier at the going exchange rate or have been converted afterwards at a US\$1.00: C\$1.30 exchange rate.

The majority of the mine's facilities are currently in place and operating. The remaining site capital requirements over the next approximate 19 years are for sustaining purposes and total approximately \$285 million.

LOM estimated unit operating costs are summarised in Table 1-3. Gibraltar has the advantage of being connected to the provincial hydro grid, providing a stable, relatively low cost source of electricity for the Mine. LOM operating costs total approximately \$6,287 million and include all waste stripping.

TABLE 1-3 LOM UNIT OPERATING COST SUMMARY
Taseko Mines Limited – Gibraltar Mine

Department	Units	Unit Operating Cost
Mining	\$/st mined	1.84
Mining	\$/st milled	5.49
Processing	\$/st milled	4.20
G&A	\$/st milled	0.90
Total	\$/st milled	10.59

Note: Numbers may not add due to rounding.

Offsite costs consist of product transportation costs, treatment and refining costs of copper concentrate, and molybdenum conversion charges. The average offsite cost over the LOM is approximately \$0.47/lb of copper produced, or \$1,229 million.

In RPA's opinion, the estimated LOM capital and operating costs are a reasonable reflection of historic actual operating costs at Gibraltar.

1.2.8. VALUATION OF MINERAL RESERVES

A discounted NPV cashflow model is used for the valuation basis. The discounted cashflow is calculated on an annual basis using the mid-year point, which is representative of Gibraltar as an operating mine with relatively uniform cashflow and limited capital expenditures.

Results of the valuation are presented on a 100% basis pre-tax and on the basis of Taseko's 75% ownership of Gibraltar Mines pre-tax and after-tax, with an effective date of YE2018. RPA has relied upon Taseko for guidance on applicable mining and income taxes to revenue or income from Gibraltar.

Three products are produced and sold over the LOM:

- Copper concentrate, which includes silver credits.
- Molybdenum concentrate.
- Copper cathode.

Over the LOM, forecast copper in concentrate production is approximately 2,600 Mlb, molybdenum in concentrate production is approximately 48 Mlb, and copper in cathode production is approximately 25 Mlb.

Metal prices for copper and molybdenum are based on the long term consensus pricing of major financial institutions and are comparable with other large scale global operators. US\$ metal prices are converted to C\$ at a US\$1.00: C\$1.30 exchange rate.

A copper price of US\$3.00/lb is used in the cashflow for 2019 and 2020, followed by US\$3.10/lb for the remainder of the LOM. A molybdenum price of US\$12.00/lb is used for the LOM. Taseko's 75% of the silver payable in the copper concentrate is sold under a silver streaming agreement made in 2017, which effectively covers Taseko's portion of the LOM silver production. The silver streaming agreement included an upfront deposit paid to Taseko followed by future payments of US\$2.75/oz payable silver produced.

Profit at Gibraltar is subject to BC Mineral taxes, in addition to provincial and federal corporate income taxes. For the Taseko valuation, Taseko works with its 75% share of Gibraltar Mines income after consideration of the silver stream and Gibraltar Mines' associated tax loss pools and depreciation accounts to determine taxes payable. Debt financing is ignored and available tax pools in Taseko and its other Canadian subsidiaries are also not factored into calculating Gibraltar Mines' estimated taxes.

Table 1-4 summarises the results of the valuation.

TABLE 1-4 VALUATION SUMMARY – DECEMBER 31, 2018
Taseko Mines Limited – Gibraltar Mine

Item	Value (\$ millions)
100% Basis (Gibraltar Mines):	
Gross Revenue	10,966
Net Revenue	9,737
Total Operating Cost	6,287
Total Capital Cost	285
Pre-tax Cashflow	3,165
Pre-tax NPV at 8% Discount Rate	1,430
75% Basis (Taseko's Portion of Gibraltar Mines):	
Pre-tax Cashflow (includes Ag stream)	2,274
Pre-tax NPV at 8% Discount Rate	1,027
Total Tax	704
After-tax Cashflow	1,571
After-tax NPV at 8% Discount Rate	745

Copper sales represent over 90% of the Mine's gross revenue with silver credits contributing to less than 1% of the gross. Over 99% of the copper gross is from concentrate sales, with the remainder from copper cathode sales. Molybdenum represents approximately 7% of the gross revenue.

1.2.9. SENSITIVITIES

Project risks can be identified in both economic and non-economic terms. Key economic risks were examined by running cash flow sensitivities to:

- Head grade.
- Metal recoveries.
- Metal prices.
- Exchange Rate.
- Operating costs.
- LOM sustaining capital costs.

The pre-tax NPV sensitivities, on a 100% basis, are shown in Figure 1-1 and Table 1-5. The Mine is most sensitive to copper price, exchange rate, head grade, and recovery, followed by operating costs. It is least sensitive to LOM sustaining capital costs. RPA considers these results as typical for an established large scale open pit operating mine with relatively low head grades.

FIGURE 1-1 PRE-TAX 100% BASIS NPV SENSITIVITY ANALYSIS

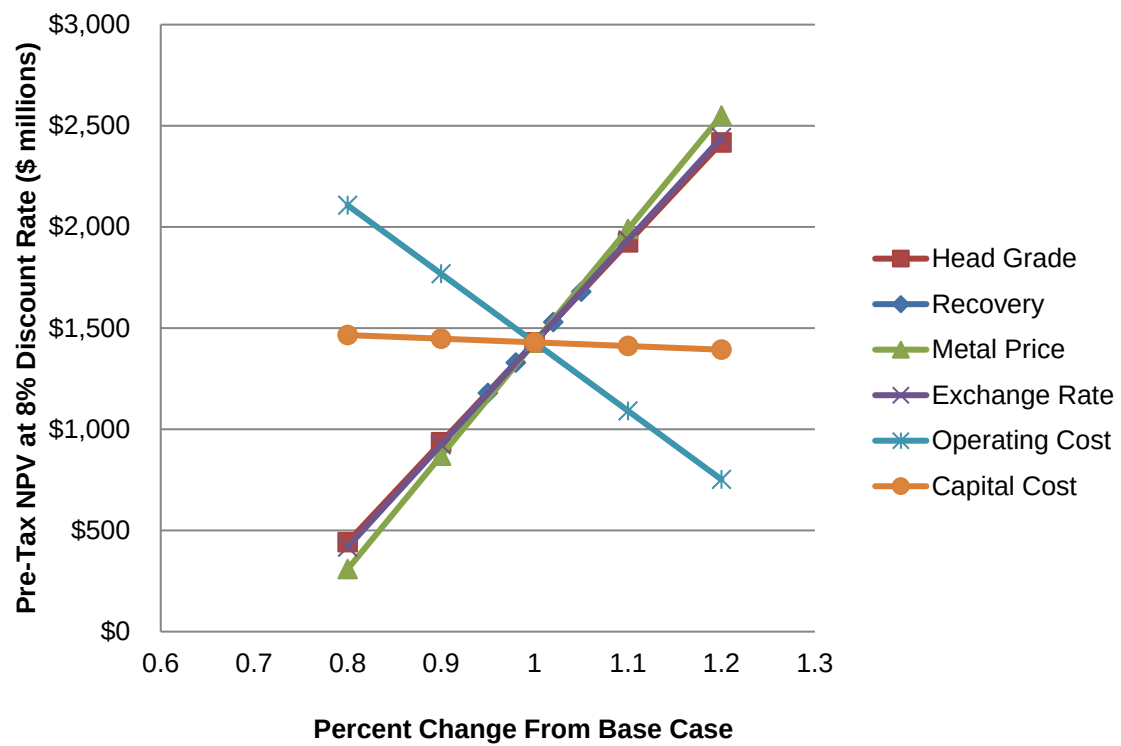


TABLE 1-5 PRE-TAX 100% BASIS NPV SENSITIVITY
Taseko Mines Limited – Gibraltar Mine

Percent Change from Base Case	Cu Head Grade (%)	NPV at 8% (\$ millions)
0.80	0.20	442
0.90	0.23	936
1.00	0.25	1,430
1.10	0.28	1,923
1.20	0.30	2,417
	Cu Recovery (%)	NPV at 8% (\$ millions)
0.95	81.8	1,179
0.98	84.4	1,329
1.00	86.1	1,430
1.02	87.8	1,530
1.05	90.4	1,680
	Cu Metal Price (US\$/lb)	NPV at 8% (\$ millions)
0.80	2.47	309
0.90	2.78	869
1.00	3.09	1,430
1.10	3.40	1,999
1.20	3.71	2,550
	Exchange Rate (US\$1.00: C\$)	NPV at 8% (\$ millions)
0.80	1.04	417
0.90	1.17	923
1.00	1.30	1,430
1.10	1.43	1,936
1.20	1.56	2,442
	Operating Costs (\$/st Milled)	NPV at 8% (\$ millions)
0.80	8.47	2,107
0.90	9.53	1,768
1.00	10.59	1,430
1.10	11.65	1,091
1.20	12.71	752
	Sustaining Capital Costs (\$ millions)	NPV at 8% (\$ millions)
0.80	228	1,466
0.90	256	1,448
1.00	285	1,430
1.10	313	1,412
1.20	342	1,393

1.3. RISKS AND OPPORTUNITIES

1.3.1. RISKS

RPA has assessed critical areas of Gibraltar and identified risks associated with the technical and cost assumptions used. The level of risk refers to our subjective assessment as to how the identified risk could affect the achievement of Gibraltar's objectives.

1.3.2. RISK ANALYSIS DEFINITIONS

The following definitions have been employed by RPA in assigning risk consequence factors to the various aspects and components of the Mine:

1. **Low** – Risks that are considered to be average or typical for a deposit of this nature and could have a relatively insignificant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
2. **Minor** – Risks that have a measurable impact on the quality of the estimate but not sufficient to have a significant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
3. **Moderate** – Risks that are considered to be average or typical for a deposit of this nature but could have a more significant impact on the economics. These risks are generally recognisable and, through good planning and technical practices, can be minimised so that the impact on the deposit or its economics is manageable.
4. **Major** – Risks that have a definite, significant, and measurable impact on the economics. This may include basic errors or substandard quality in the basis of estimate studies or project definition. These risks can be mitigated through further study and expenditure that may be significant. Included in this category may be environmental/social non-compliance, particularly in regard to Equator Principles and IFC Performance Standards.
5. **High** – Risks that are largely uncontrollable, unpredictable, unusual, or are considered not to be typical for a deposit of a particular type. Good technical practices and quality planning are no guarantee of successful exploitation. These risks can have a major impact on the economics of the deposit including significant disruption of schedule, significant cost increases, and degradation of physical performance. These risks cannot likely be mitigated through further study or expenditure.

The following definitions have been employed by RPA in assigning risk probability factors to the various aspects and components of the Mine:

1. **Rare** – The risk is very unlikely to occur during the Mine life.
2. **Unlikely** – The risk is more likely not to occur than occur during the Mine life.
3. **Possible** – There is an increased probability that the risk will occur during the Mine life.
4. **Likely** – The risk is likely to occur during the Mine life.

5. **Almost Certain** – The risk is expected to occur during the Mine life.

1.3.3. RISKS SUMMARY TABLE

A summary of the Mine related risks identified by RPA in its review is shown in Table 1-6.

TABLE 1-6 RISK SUMMARY TABLE
Taseko Mines Limited – Gibraltar Mine

LIKELIHOOD	Almost Certain					
	Likely					
	Possible	5A	2B,3C	3B		
	Unlikely	6A	3A	2A,7A		
	Rare		1A, 5B	4A		
		Low	Minor	Moderate	Major	High
CONSEQUENCE						

- 1 – Geology and Mineral Resources
- 2 – Mine Design and Mineral Reserves
- 3 – Processing
- 4 – Project Infrastructure
- 5 – Environment, Social, and Permitting
- 6 – Capital Cost
- 7 – Operating Cost
- 8 – Other

1.3.4. RISKS TABLE

The Mine related risks identified by RPA in its review are shown in Table 1-7.

TABLE 1-7 RISK ANALYSIS SUMMARY
Taseko Mines Limited – Gibraltar Mine

Project Element	Issue	Risk Consequence	Risk Probability	Mitigation
Geology and Mineral Resources:				
1A	A significant proportion of the deeper Mineral Resources are delineated with older drill holes for which the data validation cannot be fully completed. The data for these holes could be biased, which might impact on block grades in the resource model.	Minor	Rare	Definition drilling should be conducted to validate the older drilling. This drilling could potentially upgrade current Inferred Mineral Resources as well.
Mine Design and Mineral Reserves:				
2A	Pit wall instability due to insufficient dewatering rates to meet depressurisation targets.	Moderate	Unlikely	Ensure infrastructure budget is available to install and operate the required wells, drain holes, and dewatering equipment to depressurise the pit walls and handle the collected water.
2B	Mining equipment capacity to meet peak ROM production rates from 2019 to 2025.	Minor	Possible	Purchase or contract additional primary mining equipment if required or adjust short to medium term planning.
Processing:				
3A	Copper recovery forecasts for Connector and Extension pit ores; there has been no historic operations experience in these areas.	Minor	Unlikely	Monitor reconciliations once ore production starts from these areas and adjust forecasts as required based on the actual results. Mineralogy is understood and bench scale metallurgical testwork has been completed.
3B	Minor shortfall in copper recovery estimate likely attributable to acid soluble copper content estimate of sulphide ore not as reliable as the total copper estimate.	Moderate	Possible	Perform further investigation into the acid soluble copper content for any new exploration work to incorporate into the Mineral Resource model.
3C	Infrastructure relocation takes longer than estimated; specifically, primary crusher #1 and electrical substation moves.	Minor	Possible	Ensure productivity estimates for construction activity are reasonable. Plan additional maintenance activity for the downstream concentrator components in the event of a longer relocation schedule. Investigate alternate methods to feed crushed ore to Concentrator #1 SAG mill.

Project Element	Issue	Risk Consequence	Risk Probability	Mitigation
Project Infrastructure:				
4A	Potential for tailings dam failure.	Moderate	Rare	Continue TSF operations at or above regulatory requirements along with continuous improvement programs and water storage reduction.
Environment, Social, and Permitting:				
5A	Excess water stored on site. Temporary approval to discharge increased rates of water is in place, however, potential impact longer term if further amendments are not obtained or more restrictive amendments are approved.	Low	Possible	Ensure site is discharging maximum allowed quantities of water at all times. Continue amicable relations with stakeholders.
5B	Portion of Extension pit Mineral Reserve is beyond current mine lease boundary.	Minor	Rare	Prioritise exploration at Extension pit to determine full potential of area and begin permit amendment process.
Capital Cost:				
6A	Major equipment failure or unplanned replacements.	Low	Unlikely	The Mine is relatively insensitive to sustaining capital costs, that said, Taseko's history of expansion projects at Gibraltar have been completed with reasonable success.
Operating Cost:				
7A	Potential for a sustained increase in operating consumable costs and or labour costs without an offsetting increase in metal prices.	Moderate	Unlikely	Maintain cost controls and flexibility in mine plan to deal with periods in time when metal price increases lag inflation.

1.3.5. OPPORTUNITIES

A summary of the Project related opportunities identified by RPA in its review is shown in Table 1-8.

TABLE 1-8 OPPORTUNITIES
Taseko Mines Limited – Gibraltar Mine

Project Element	Opportunity	Action Required
Geology and Mineral Resources:	Significant volumes of Inferred Mineral Resources exist, which potentially could be upgraded to Measured and Indicated Mineral Resources.	Definition drilling to upgrade Inferred to Measured and Indicated.
Mine Design and Mineral Reserves:	Potential mine life extension with conversion of upgraded Inferred Mineral Resources to Mineral Reserves.	Complete pit optimisation studies to prioritise Inferred Mineral Resource targets for definition drilling.
Processing:	Increase sulphide ore processing throughput. The design capacity of the concentrators is 85,000 stpd; on a short term basis processing rates of over 100,000 stpd have been achieved.	Identify and rank potential bottlenecks to long term higher processing rates.
	Improve molybdenum recoveries.	Investigate negative variance of actual to forecast molybdenum recoveries to determine if improvements can be made to reach forecast values.

2.INTRODUCTION

Roscoe Postle Associates Inc. (RPA) was retained by Taseko Mines Limited (Taseko) to prepare an independent Competent Person's Report (CPR) on the Gibraltar Mine (Gibraltar or the Mine), located in south-central British Columbia, Canada. The purpose of this report is to support the disclosure of Mineral Resource and Mineral Reserve estimates and to document the current Life-of-Mine (LOM) plan and valuation. This CPR conforms to Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves dated May 10, 2014 (CIM (2014) definitions).

Taseko is a Vancouver, British Columbia based company incorporated in 1966, and is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The common shares of Taseko trade on the Toronto Stock Exchange (TSX) and New York Stock Exchange (NYSE) under the ticker symbol TKO. In Canada, the company is under the jurisdiction of the British Columbia Securities Commission.

Gibraltar is an open pit mining operation targeting copper and molybdenum bearing ores for processing. Recovery of copper and molybdenum to concentrates is by conventional milling and flotation processing of sulphide ores. Minor amounts of oxide ores have been identified on the property, which are leached and processed through a dedicated facility.

Gibraltar is 75% owned and operated by Gibraltar Mines Ltd. (Gibraltar Mines), a wholly owned subsidiary of Taseko. The remaining 25% of Gibraltar is owned by Cariboo Copper Corporation (Cariboo). Gibraltar is the second largest open pit copper mine in Canada and the largest employer in the region. Apart from Gibraltar, Taseko also has a vested interest in the Florence Copper Project, an advanced stage in-situ copper recovery project, located in Arizona State, USA. Taseko has recently started copper production at the Florence Copper Project using a production test facility. In addition, Taseko has an interest in several other projects at various stages of development in British Columbia.

2.1. SOURCES OF INFORMATION

A site visit to Gibraltar was carried out on June 4 and 5, 2019, by the following RPA personnel:

- Glen Ehasoo, P.Eng., Technical Director of Mine Engineering, Principal Mining Engineer
- David Ross, M.Sc., P.Geo., Director of Geology Services, Principal Geologist

Discussions were held primarily with the following personnel from Taseko and the Mine:

- Richard Weymark, P.Eng., Chief Engineer, Taseko.
- Jeremy Guichon, P.Eng., Senior Mine Engineer, Taseko.
- Ben Pierce, P.Eng., Assistant General Manager, Gibraltar.
- Scott Smith, P.Geol., Chief Geologist, Gibraltar.
- Matt Graham, P.Eng., Mine Engineering Superintendent, Gibraltar.
- Chris Krystia, P.Eng., Chief Metallurgist, Gibraltar.

The CPR preparation and section responsibility are presented in Table 2-1.

TABLE 2-1 CPR PREPARATION AND RESPONSIBILITY
Taseko Mines Limited – Gibraltar Mine

Section	Prepared By	Responsibility
1. Summary	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
2. Introduction	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
3. Property Description and Location	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
4. Geology and Mineral Resources	David Rennie, David Ross	David Ross
5. Mining and Mineral Reserves	Glen Ehasoo	Glen Ehasoo
6. Mineral Processing	Glen Ehasoo, Lance Engelbrecht	Glen Ehasoo
7. Project Infrastructure	Glen Ehasoo	Glen Ehasoo
8. Environment, Permitting, and Social Impact	Glen Ehasoo	Glen Ehasoo
9. Capital and Operating Costs	Glen Ehasoo	Glen Ehasoo
10. Valuation of Mineral Reserves	Glen Ehasoo	Glen Ehasoo
11. Risks and Opportunities	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
12. Conclusions and Recommendations	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
13. Date and Signature Page	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
14. Appendix 1	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
15. Appendix 2	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
16. Appendix 3	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
17. Appendix 4	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross
18. Appendix 5	Glen Ehasoo, David Rennie, David Ross	Glen Ehasoo, David Ross

The documentation reviewed, and other sources of information, are listed in Appendix 4, References, to this report.

3.PROPERTY DESCRIPTION AND LOCATION

3.1. LOCATION

Gibraltar is located 65 km north of the city of Williams Lake, British Columbia, in the Cariboo Mining Division, as seen in Figure 3-1. It is centred at a latitude of 52° 30'N, longitude of 122° 16'W and elevation of approximately 1,130 MASL.

3.2. HISTORY

In 1964, Gibraltar Mines acquired a group of claims in the McLeese Lake area from Malabar Mining Co. Ltd. Canadian Exploration Limited (Canex), at that time a wholly-owned subsidiary of Placer Development Limited (Placer), and Duval Corporation (Duval) had also been exploring on claims known as the Pollyanna Group, which they had acquired adjacent to the Gibraltar Mines claims.

In 1969, Gibraltar Mines, Canex, and Duval entered into an agreement providing for the commingling of the Gibraltar Mines claims with the Pollyanna Group. In 1971, Gibraltar Mines acquired Duval's remaining interest in the property.

Preliminary development of the Mine began in October 1970, with the concentrator commencing production on March 8, 1972.

In October 1996, Westmin Resources Limited (Westmin) acquired full control of Gibraltar; Westmin was subsequently acquired by Boliden Limited (Boliden) in December 1997. In March 1998, Boliden announced that it would cease mining operations at Gibraltar at the end of 1998.

The total production history to the end of 1998 amounted to 1,860 million pounds (Mlb) of copper in concentrate, 20 Mlb of molybdenum in concentrate, and 85 Mlb of cathode copper from 336 million short tons (Mst) milled.

Taseko acquired 100% interest in the assets of Gibraltar Mines in a transaction with Boliden in July 1999. After a period of care and maintenance, mining operations recommenced in May 2004. Milling production began in October of that year, while copper cathode production resumed in January 2006.

On March 31, 2010, Taseko, through Gibraltar Mines, established a joint venture with Cariboo, whereby Cariboo acquired a 25% interest in the Mine and Gibraltar Mines retained a 75% interest.

In 2011, Taseko increased the existing concentrator's capacity to 55,000 short tons per day (stpd), through the installation of new equipment, and conversion or replacement of existing equipment.

Taseko increased overall processing capacity to 85,000 stpd in 2013, through the installation of a new concentrator, independent from the existing concentrator, with a nameplate capacity of 30,000 stpd.

Along with the second concentrator, a stand-alone molybdenum separation plant was installed. The molybdenum separation plant processes the bulk copper-molybdenum concentrate produced in both of the site's concentrators and produces separate molybdenum and copper concentrates.

Total production between operation recommencement in 2004 and December 31, 2018 (YE2018), was 280 Mst processed, producing 1,350 Mlb of copper in concentrate, 18 Mlb of molybdenum in concentrate, and 18 Mlb cathode copper.

3.3. ACCESS

Williams Lake is approximately 590 km north of Vancouver, British Columbia, via paved major highways. A location map is provided in Figure 3-1. The Mine is accessible via paved roads approximately 17 km from McLeese Lake, which is 43 km north of Williams Lake and 77 km south of Quesnel, all along Highway 97.

3.4. INFRASTRUCTURE

Williams Lake is a major service centre in the region, with a 2016 census population of approximately 10,500 persons, while the city and surrounding market area includes approximately 25,000 persons.

Accommodation for employees is available in the nearby communities of Williams Lake, McLeese Lake, and Quesnel. Williams Lake is serviced by multiple daily flights from Vancouver, British Columbia.

Approximately 12 km southwest of the Mine and six kilometres north of McLeese Lake, is the community of Macalister alongside Highway 97. There is a rail siding located at Macalister for the shipment of concentrates. The siding is serviced by the Canadian National Railway Company (CN). Gibraltar owns the buildings and a portion of the land upon which the siding is located and has an agreement in place for the use of CN owned siding infrastructure.

3.5. CLIMATE

Climatic conditions are typical of central British Columbia with a temperature range of +30°C to -40°C. Annual precipitation is 50 cm with approximately 35% falling as snow.

3.6. PHYSIOGRAPHY

The Mine property is characterised by moderate topography with a relief of 200 m. Elevation at the concentrator site is approximately 1,130 MASL.

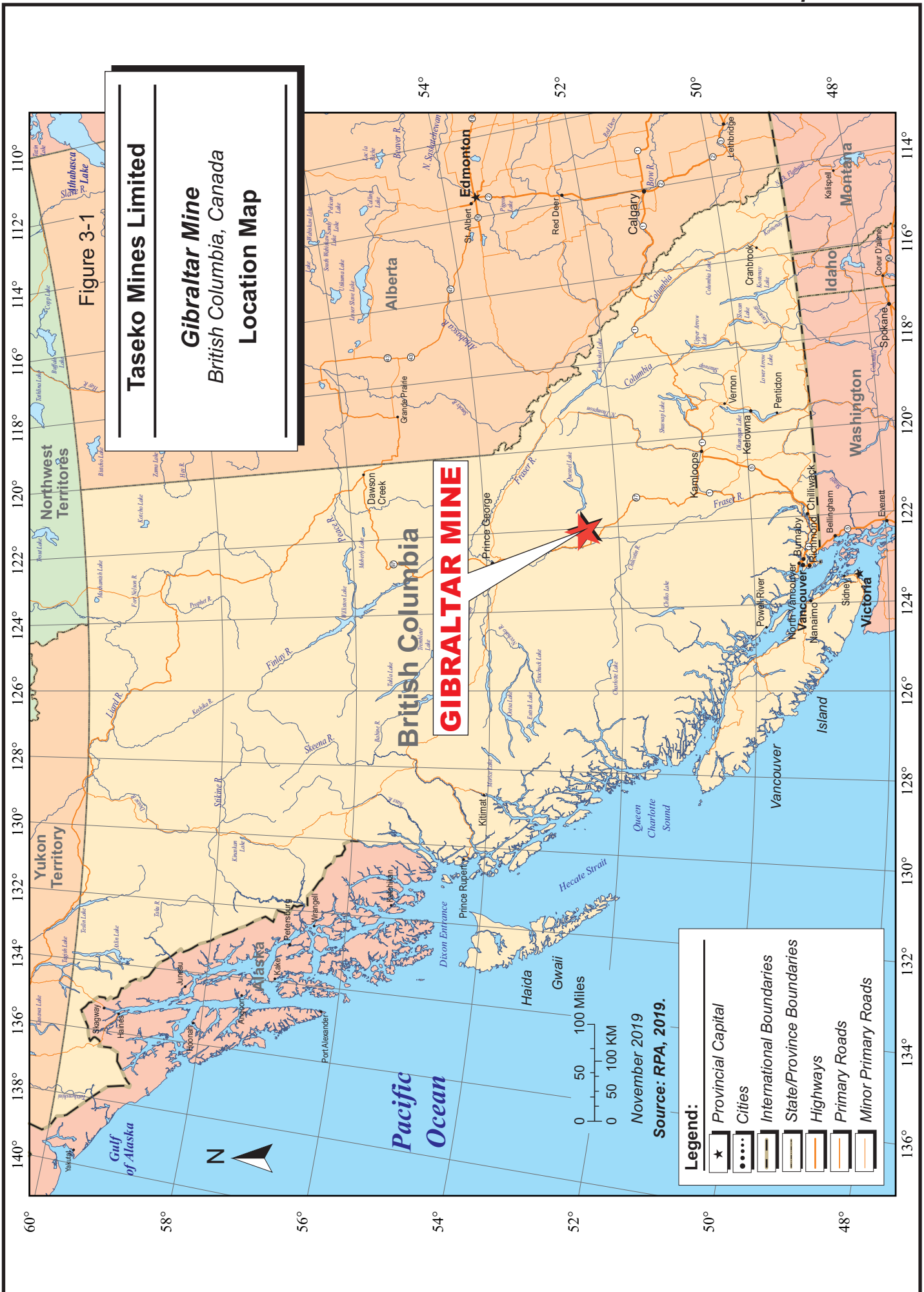
3.7. PROJECT OWNERSHIP AND LAND TENURE

Gibraltar is held in an unincorporated joint venture between Gibraltar Mines (75%) and Cariboo (25%). Gibraltar Mines (FMC 141999) holds registered title to the mineral claims as trustee for Cariboo. Gibraltar Mines is a wholly owned subsidiary of Taseko.

Gibraltar consists of 212 mineral claims comprising 19,815 ha, 32 mining leases comprising 2,275 ha, and four parcels of fee simple land as presented in Figure 3-2. The mining leases were extended for 30 years in 1992, and rent is paid annually. All mining leases and all mineral claims are currently in good standing as presented in Appendix 5. No term extensions for existing leases will be required until 2023. Term extensions typically take three months to process.

The mine is planned to consist of five open pits, namely: Granite, Pollyanna, Connector, Gibraltar, and Extension. Gibraltar holds sufficient title for mining and concentrator operations including tailings and waste disposal areas, with the exception of a lease boundary expansion required to mine the full Extension pit.

Gibraltar is not subject to any external royalties.



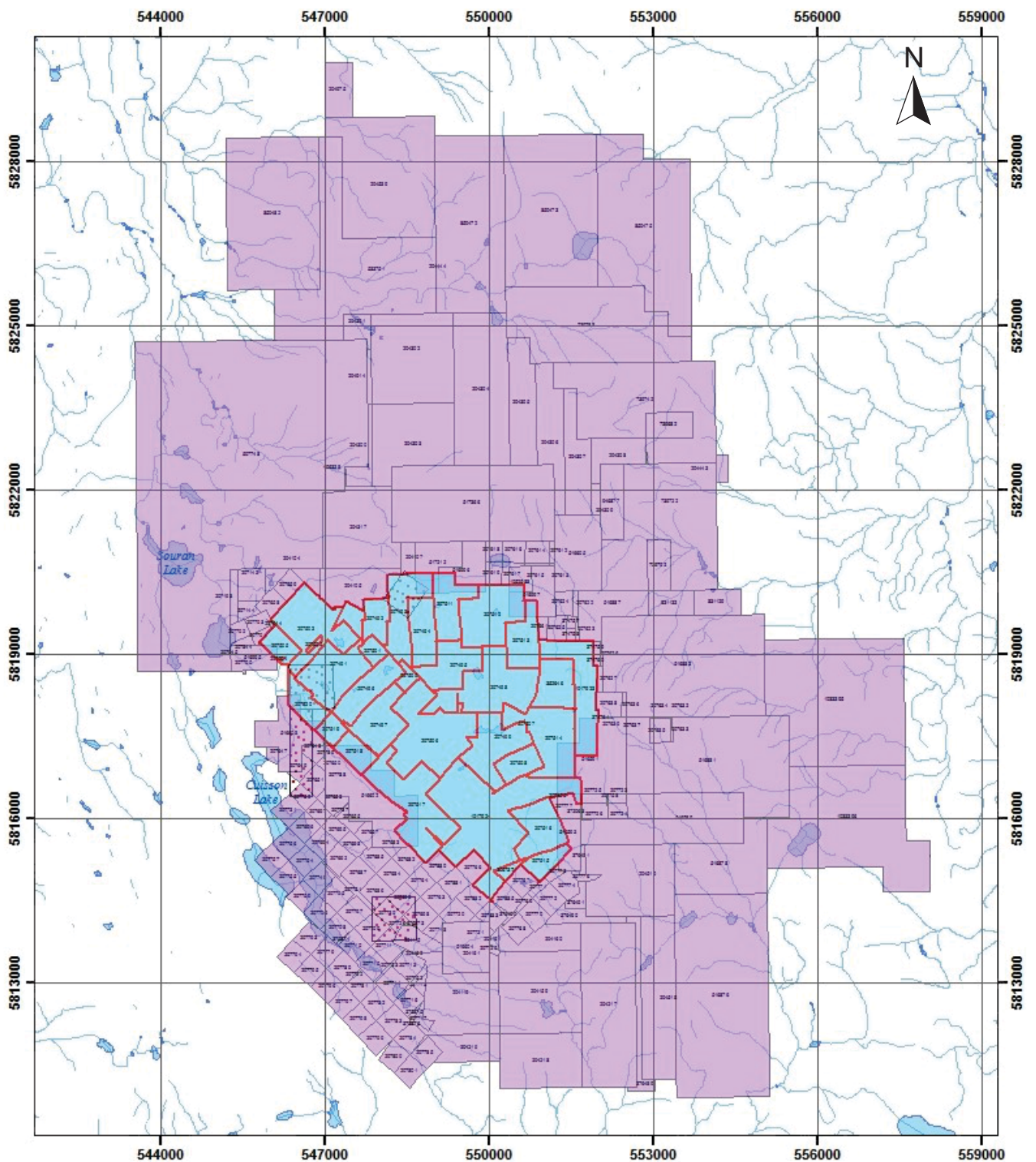
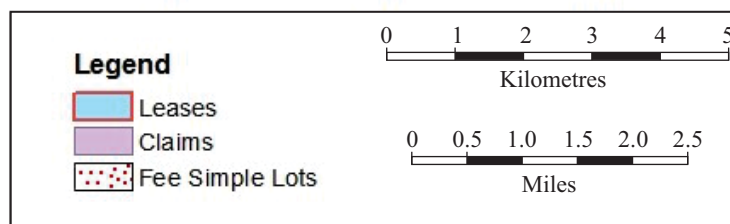


Figure 3-2



Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Tenure Map

November 2019

Source: Taseko Mines Limited, 2019.

4.GEOLOGY AND MINERAL RESOURCES

4.1. GEOLOGY

The following was taken from the Taseko technical report for Gibraltar (Weymark, R., 2019).

4.1.1. REGIONAL GEOLOGY

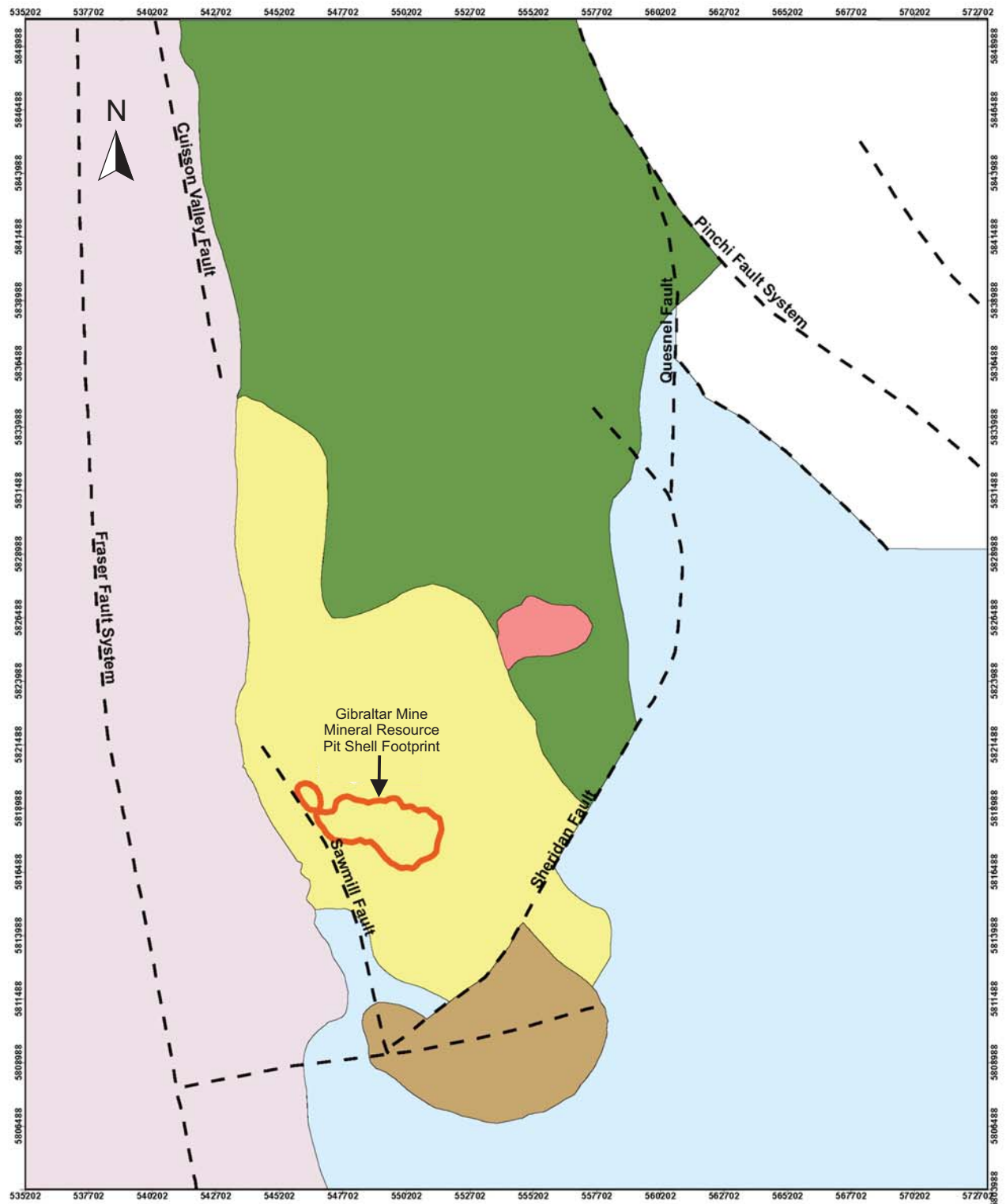
The Granite Mountain Batholith (the Batholith), which is the host for the Gibraltar deposits is located within a wedge of Mesozoic and Palaeozoic rocks bounded on the west by the Fraser Fault system and on the east by the Pinchi Fault system (Figure 4-1). The Pinchi Fault system, which marks the boundary between the Cache Creek and the Quesnel terrane to the east, lies approximately 10 mi to 15 mi east of Granite Mountain where it is represented by an unknown number of fault splays, including the Quesnel Fault.

The oldest rocks in the area are mainly andesitic to basaltic flows and associated volcanoclastic materials of the Permian Cache Creek Group. These rocks have been regionally metamorphosed into a complex suite of greenschist facies rocks that have been intruded by the late Triassic to Early Jurassic Granite Mountain Batholith and the Cretaceous Sheridan Stock. The Batholith is a zoned, peraluminous, subalkaline body with a hybrid border, a tonalite central phase, and a trondhjemite northern phase. The Sheridan Stock is composed of tonalite and dioritic to granodioritic rocks.

Regional deformation was accompanied by localised metasomatic alteration and associated sulphide deposition, which led to the concentration of copper mineralisation in specific areas of the Batholith.

Regional foliation exhibits a trend of 310° with subordinate strikes of 270° to 290°. Dips are southerly at 30° to 50°. Bedded rocks of the Cache Creek Group and the major phases of the Batholith have a similar strike and dip.

The area has been intensely glaciated and most of the bedrock is covered by lodgement till, accompanied in places by ablation moraine and glaciofluvial deposits.



- Legend**
- Gibraltar Mineral Resource / Pit Shell Footprint
 - Gibraltar Regional Geology**
 - Cenozoic (Mainly Plateau Basalt)
 - Cretaceous (Burgess Stock)
 - Cretaceous (Sheridan Stock)
 - Late Jurassic (Mainly Volcanic)
 - Permian (Cache Creek Group)
 - U.Triassic - L.Jurassic (Quesnel Trough)
 - U.Triassic (Granite Mountain Batholith)

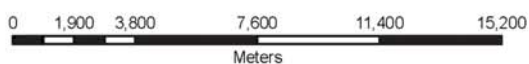


Figure 4-1

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Regional Geology

November 2019

Source: Taseko Mines Limited, 2019.

4.1.2. LOCAL AND PROPERTY GEOLOGY

The Gibraltar deposits are hosted by the upper Triassic Granite Mountain Batholith (Figure 4-2). The Batholith is a composite body consisting of three major phases, Border Phase diorite, Mine Phase tonalite, and Granite Mountain trondhjemite. These phases, in addition to a minor late leucocratic phase of trondhjemitic composition, all occur on the Mine property. Contacts between major phases are gradational over widths, ranging from five feet to approximately 1,000 ft. Leucocratic phase contacts are either sharp or gradational over widths of less than five feet.

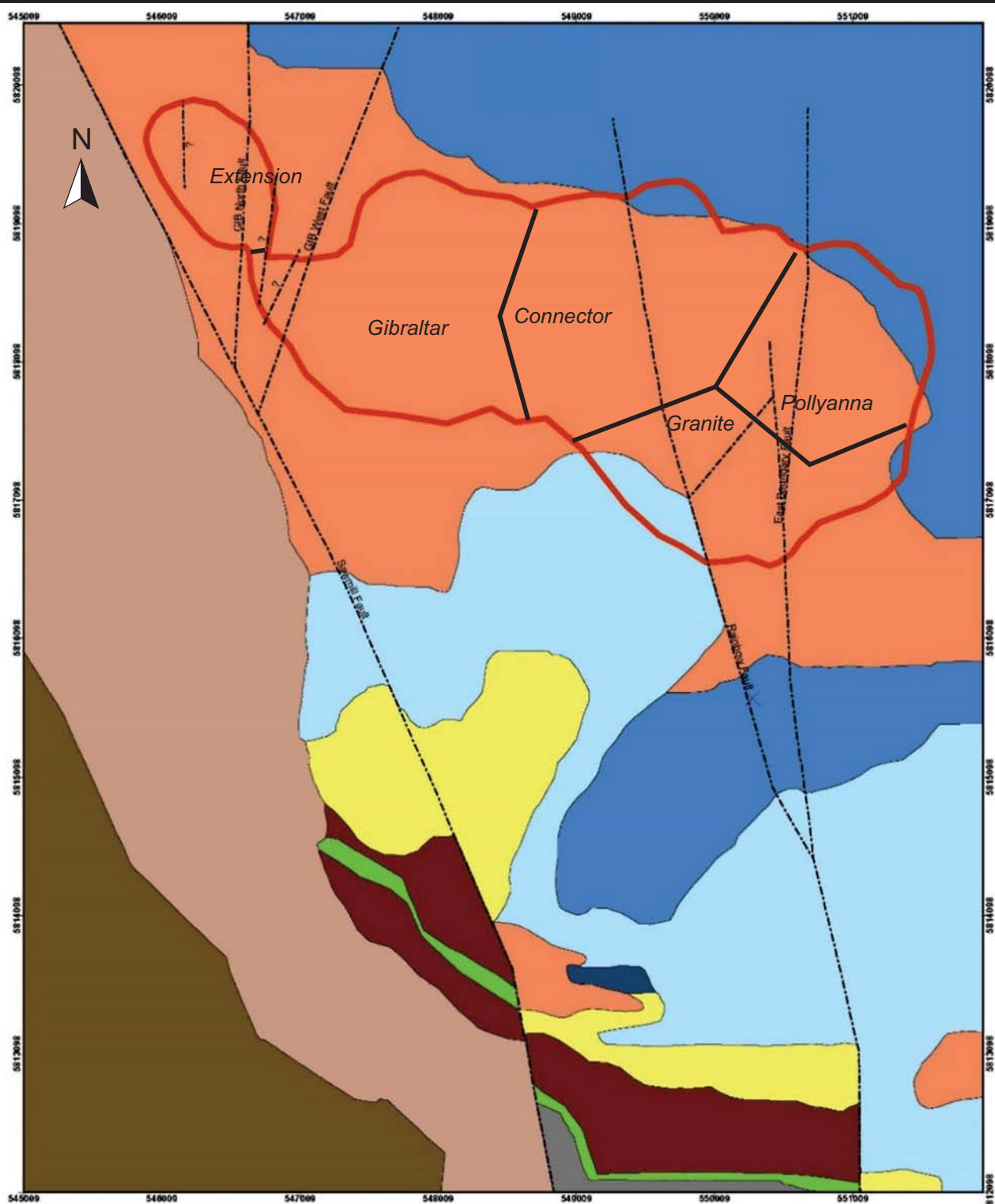
The Batholith and adjacent Cache Creek Group rocks exhibit penetrative foliation and are regionally metamorphosed to the upper greenschist facies. Mineralisation occurred during a later stage of regional deformation and metamorphism. Regional deformation was accompanied by localised metasomatic alteration and associated sulphide deposition, which led to the concentration of copper mineralisation in specific areas of the Batholith.

There are currently five defined mineralised zones on the Mine property. They are the Granite, Pollyanna, Connector, Gibraltar, and Extension zones (Figure 4-2). The zones occur within the Batholith in a broad area of shearing and alteration. Pyrite and chalcopyrite are the principal primary sulphide minerals of the Gibraltar deposits. Molybdenite, however, is a minor, but economically important mineral associated with chalcopyrite in the Granite, Pollyanna, Connector, and Gibraltar zones.

Within the presently known Gibraltar deposits, four major structural hosts for copper mineralisation have been identified:

- Discrete lamellae of chlorite and/or sericite occurring as penetrative foliation structures.
- Complex sets of sheeted shear veins, collectively referred to as oriented stockworks.
- Shear zones, consisting almost entirely of alteration minerals.
- Gangue dilation veins composed mainly of quartz gangue.

Two major ore structure orientations have been recognised, the Sunset and Granite Creek systems. Ore host structures of the Sunset system are predominantly shear zones, with minor development of stockworks and associated foliation lamellae. The Granite Creek system comprises oriented stockworks with associated pervasive foliation lamellae.



Legend

- Gibraltar Mine per Figure 4-1
- Cretaceous (Sheridan Stock: granodiorite to tonalite)
- Permian (Contact Phase: meta-andesite, diorite, skarn)
- Permian (Graphitic Phyllite)
- Permian (Greenschists, andesitic breccia, marble)
- Quaternary (Glacial till, ablation morain and outwash)
- Tertiary (Miocene Plateau Basalts)
- Triassic (Border Phase: diorite to quartz diorite)
- Triassic (Granite Mountain Phase: trondjhermite)
- Triassic (Leucocratic Phase: quartz porphyry, quartz feldspar)
- Triassic (Mine Phase: tonalite)

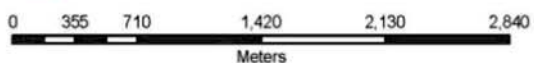


Figure 4-2

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Property Geology

The Gibraltar deposits have been classified as porphyry ores and shear zone ores according to their structural system. These bodies have the characteristic large diffuse nature of porphyry-type mineralisation while retaining the Granite Creek structural orientation along outside boundaries. The Gibraltar and Extension zones are contained within the Reverse Sunset, a large complex shear zone. These deposits are long and narrow, with sharp ore-waste boundaries and intricate internal folding. The Gibraltar deposit is fundamentally a system of interconnected Sunset zones which create a large body of fairly uniform grade, while maintaining a strong degree of internal planar control. The Gibraltar zone is considered to be a transition between porphyry and shear zone ore. The Connector zone is a combination of Gibraltar (Sunset type ore) and Pollyanna (porphyry type ore) mineralisation connecting the northern part of the Gibraltar and Pollyanna systems.

4.1.3. MINERALISATION AND DEPOSIT TYPES

Gibraltar is a Late Jurassic age calcalkalic porphyry copper-molybdenum deposit, which shares characteristics with other deposits in British Columbia currently or previously exploited such as Brenda, Highland Valley, and Mount Polley. It is unique in that the economic mineralisation is localised within ductile shear zones in the host plutonic complex (van Straaten, B., et al., 2013).

Pyrite and chalcopyrite are the principal primary sulphide minerals of the Gibraltar deposits. Fine-grained chalcopyrite, generally barely visible without magnification, accounts for approximately 60% of the copper content, constituting the single most important form of copper mineralisation. Most of this fine fraction is dispersed within the phyllosilicate foliation lamellae and is recognised as a causative factor for the uniformly distributed grades of the Gibraltar porphyry-type ores. Coarser grained chalcopyrite has been identified as occurring predominately in quartz veins and shear zones. Pyrite mineralisation generally exhibits some degree of segregation from chalcopyrite and, in the Pollyanna and Granite zones, forms a halo or blanket of waste material above and away from the orebody. Large-scale pyrite zoning is also evident in the Gibraltar zone but without the formation of a separate halo. The Connector zone displays mineralisation features similar to both the Gibraltar and Pollyanna zones. In the Gibraltar and Extension zones, pyrite is closely associated with the ore, often as massive zones 10 ft to 25 ft thick.

Small concentrations of other sulphides are present in the Gibraltar ores. Bornite, associated with magnetite and chalcopyrite, occurs along the low-sulphur extremities of the Pollyanna zone. Molybdenite, as stated above, is a minor but economically important associate of chalcopyrite in the Granite, Pollyanna, and Connector zones. Small zones of

molybdenum mineralisation, in the form of molybdenite, also occur in the Gibraltar zone, but are virtually absent in the Extension zone. Sphalerite is present in the Gibraltar zone and particularly abundant in parts of the Extension zone. Both of these deposits also have elevated silver concentrations associated with copper mineralisation. The above relationships suggest a metal zonation from Pollyanna to the Extension zone that involves a westerly decrease of molybdenum and a corresponding increase of zinc and silver.

There is a close spatial relationship between sulphide mineralisation and alteration in the Gibraltar deposits. The principal alteration minerals are chlorite, sericite, epidote, carbonate, and quartz. Ore grade mineralisation is associated predominately with sericite and chlorite. Epidote and the carbonate minerals are not commonly associated with strong sulphide mineralisation. Quartz is common throughout the alteration sequence as both a relict host rock mineral and an introduced mineral.

The majority of the tertiary weathering surface has been removed during the periods of Pleistocene glaciation. The present zone of oxidation and leaching for most of the deposits is primarily confined to within 10 ft of the bedrock surface. There are local structures that have allowed groundwater to create limited zones of oxidation at depths of up to 330 ft. Exceptions are the Gibraltar and Connector zones which are capped by an extensive blanket of oxidised minerals and supergene enrichment, interpreted to be a remnant of a pre-glacial, or interglacial, period of weathering. In both deposits, the extent of supergene enrichment has been determined largely by the pyrite concentration in the zone of oxidation. Supergene enrichment occurs directly beneath the leach cap, forming a blanket-like zone approximately 50 ft to 100 ft thick containing the supergene copper minerals chalcocite, digenite, and covellite.

4.2. MINERAL RESOURCE ESTIMATE

4.2.1. SUMMARY

The Mineral Resource estimate for Gibraltar was prepared by Taseko personnel and is current to YE2018. The estimate was generated using a block model constrained by three-dimensional (3D) wireframe volumes and surfaces. The model comprises an array of blocks measuring 50 ft x 50 ft x 50 ft, with grades for total copper (Cu), acid soluble copper (ASCu), and molybdenum (Mo) interpolated by Ordinary Kriging (OK), Inverse Distance Cubed (ID³), and Inverse Distance to the Fifth Power (ID⁵). Nearest Neighbour (NN) interpolations were also carried out for validation purposes. The model was created using MineSight software.

The model is divided by means of 3D wireframes into ten individual estimation domains. These domains represent zones of distinct lithological and structural characteristics. Separate estimation parameters and interpolation strategies have been derived for each domain. The rock mass is further divided into overburden, leach cap, oxide, supergene, and hypogene layers for ore characterisation and Mineral Resource reporting.

The open pit Mineral Resource is constrained by an open pit shell with reasonable prospects for eventual economic extraction. The Lerchs-Grossmann algorithm was used to create the open pit shell. The input parameters used are the same as those utilised for the Mineral Reserve, however, the copper and molybdenum prices are higher at US\$3.25/lb and US\$12.00/lb respectively with an exchange rate of US\$1.00: C\$1.25.

The topography as of YE2018, was used to constrain the model to report only in situ material.

The Gibraltar Mineral Resources as of YE2018, are summarised in Table 4-1. The cut-off grades used were 0.15% Cu with an upper limit of 50% ASCu for sulphide resources and 0.10% ASCu for oxide resources. These cut-off grades are consistent with current mine practices and the Mineral Reserves outlined in Section 5. There are no known significant environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other factors that could materially affect the Mineral Resource estimate.

The Mineral Resources are classified according to the CIM (2014) definitions.

TABLE 4-1 SUMMARY OF MINERAL RESOURCES – DECEMBER 31, 2018
Taseko Mines Limited – Gibraltar Mine

Category	Tonnage (Mst)	Cu Grade (%)	Mo Grade (%)
Measured	806	0.25	0.008
Indicated	303	0.23	0.007
Total Measured + Indicated	1,109	0.25	0.007
Inferred	59	0.21	0.004

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are presented on a 100% basis.
3. Sulphide Mineral Resources are estimated at a cut-off grade of 0.15% Cu.
4. Oxide Mineral Resources are estimated at a cut-off grade of 0.10% ASCu.
5. Mineral Resources are estimated using a long-term copper price of US\$3.25/lb, a molybdenum price of US\$12.00/lb, and an exchange rate of US\$1.00: C\$1.25.
6. Tonnage factors are 12 ft³/st for in situ material and 15 ft³/st for fill.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
9. Numbers may not add due to rounding.

4.2.2. MINERAL RESOURCE DATABASE

The Mineral Resource estimate was based exclusively on drilling results collected over the life of the Project, dating back to 1965. The majority of the samples were collected by diamond drilling, generally NQ (1.875 in.) or HQ (2.500 in.). Approximately 4% of the samples were collected using rotary air blast (RAB) holes. These samples comprise cuttings blown by air up to surface where they are collected and processed through a cyclone. Table 4-2 summarises the drill holes used for the current Mineral Resource estimate.

While there are several additional holes that have been drilled in and around the Gibraltar property these have been excluded on the basis of either distance from the main deposits, or unsuitability to resource estimation. The database supplied to RPA for review contained records for 2,215 drill holes, with a total of 153,868 sampled intervals. RPA inspected this database and considers the drill data acceptable for use in Mineral Resource estimation.

TABLE 4-2 DRILLING SUMMARY BY PERIOD FOR HOLES USED IN THE MINERAL RESOURCE ESTIMATE
Taseko Mines Limited – Gibraltar Mine

[illegible]

4.2.3. SAMPLE PREPARATION, ANALYSES, SECURITY, AND QA/QC

As stated above, the database used for the estimate comprised 149,605 samples, collected over a period from 1965 to the present. Sample preparation and analytical protocols have varied over this period to reflect the development of new technologies, evolving industry practices, operational constraints, and specific site requirements. RPA has reviewed the sample preparation and analytical protocols applied by Taseko over the years and considers them to be generally consistent with common industry practices of the day. This is particularly true for samples collected since the implementation of NI 43-101.

The majority of the exploration samples were analysed at accredited commercial laboratories, using conventional analytical techniques. It is noted that a comparatively small proportion of the samples were analysed at the Gibraltar laboratory. RPA has inspected the laboratory and notes that it is old, but reasonably well equipped and managed, and employs appropriate analytical techniques. Except for the quality control samples submitted by the drill geologists, there are currently no internal quality assurance and quality control (QA/QC) protocols in place at this facility, thus, the performance of the laboratory could not be fully evaluated. Independent statistical checks of assays from this facility have been carried out by RPA and other consultants, no evidence of bias has been observed. Consequently, RPA considers there to be a negligible risk of bias in the Mineral Resource estimate from data derived from the mine laboratory.

RPA notes that the mine site is gated and monitored 24 hours per day by security personnel. Drill core, samples, and electronic data can only be accessed by Taseko personnel or their designates. The database is managed and stored in an off-site location, with updates provided to mine personnel on a daily basis.

4.2.3.1. QA/QC PROGRAMS

Taseko and Gibraltar Mines have maintained QA/QC programs consistent with industry best practices since 2003. These programs have consisted of the placement of standards, blanks, and duplicates into the sample stream at regular intervals, along with the submission of duplicates to secondary laboratories. The QA/QC program has been subject to independent review from 2005 through 2018.

RPA notes that prior to 2003, no independent assay QA/QC protocols were applied, except for a limited portion of outside check assaying. As such, there is a small risk that the assays from this early period could be biased, however, at this time there is no evidence that any such bias exists.

4.2.3.2. DENSITY DATA

Tonnage factors applied at Gibraltar are 12 ft³/st for in situ rock and 15 ft³/st for fill. These values are based on a total of 511 bulk density (specific gravity) measurements taken at the Gibraltar core logging facility in 2008 and 2011 using a water immersion method on dry whole core samples. RPA has reviewed the bulk density results and considers the tonnage factors to be reasonable.

4.2.4. DATABASE VALIDATION

The current protocol at Gibraltar is for the drill data to be collected by mine personnel and sent on to independent consultants where it is validated prior to entry into the database. The validation procedures encompass the surveys, hole orientations, logging, sample intervals, assaying, and assay QA/QC. This standard has been maintained throughout Taseko's involvement with the Mine, which began in 1999. For data collected prior to 1999, validation and verification has been difficult and often impossible due to the lack of data collection protocols during this period.

In 2013, Taseko engaged Hunter Dickinson Services Inc. (HDSI) to conduct a validation exercise on the exploration and blasthole data collected by previous operators from 1965 to 1998. The review encompassed 1,340 diamond drill holes and involved the verification of the contents of the current electronic database against paper records of survey, logging, and analytical data stored at site. This validation work was successful in partially or wholly verifying results for 1,251 diamond drill holes.

RPA is of the opinion that the current database validation protocols employed by Taseko are consistent with common industry standards and appropriate for the Mine. In addition, Taseko has taken reasonable and appropriate steps to validate the historic data, collected prior to 1999.

RPA's review of reconciliation studies conducted by Taseko shows that the block model tonnage and grade estimates agree reasonably well with the actual production in the mill (refer to Section 5.2.2 Reconciliation). This indicates that the inputs into the estimation process, including both the database and the parameters discussed below, are reasonable and unbiased.

4.2.5. MINERAL RESOURCE PARAMETERS

RPA has reviewed the assumptions and parameters used in compiling the Gibraltar Mineral Resource estimate. This review included the regeneration of composites, statistical analyses, and volumetric reports. A re-estimate of the block grades for one of the deposit

domains was carried out using an alternative method as a check. The overall review encompassed the following items:

- Geological interpretation and models.
- Sample statistics.
- Compositing strategy.
- Composite statistics and treatment of outlier values.
- Geostatistical analyses and variogram models.
- Interpolation methodologies.
- Search parameters and interpolation plans.
- Block model validation methods and results.
- Bulk density (tonnage factor) estimates.
- Mineral Resource classification.
- Cut-off grade(s).
- Definition of reasonable prospects for economic extraction.
- Tonnage and grade reporting.
- Reconciliation with production.

RPA is of the opinion that the assumptions and parameters used by Taseko are reasonable and, in some respects, conservative. RPA has noted some specific characteristics of the modelling that may appear unconventional. These are:

- Three different interpolation methods, ID³, ID⁵, and OK, are used depending on the element (Cu, ASCu, or Mo) and geological domain. The use of various interpolation methods is a result of the current model being a combination of earlier models. These models were generated separately by independent parties using disparate methodologies and assumptions. When the models were combined, the historical estimation practices were retained for various sectors of the overall model. RPA notes that the production history has demonstrated that these various approaches appear to work effectively and have thus remained unchanged.
- The current composite length of 12.5 ft. In RPA's opinion, this composite length is not optimal relative to the most common sample length of ten feet. RPA recommends that the composite length be an even multiple of the sample length to avoid sample breakage in the compositing process. While the current practice is unconventional, it should not have a significant impact on the Mineral Resource estimate.
- The pit shell used to constrain the block model for Mineral Resource reporting purposes is generated with only Measured and Indicated Mineral Resources. RPA considers the exclusion of Inferred Mineral Resources during pit shell generation a conservative approach.
- Much of the block model, particularly some of the deeper Inferred Mineral Resources, are informed by older drill holes from prior to 2003. This drill data lacks the validation work and QA/QC assaying that is typically done in drill programmes today. As such, there is a potential risk that the early data may be biased or in some way unrepresentative of the deposit at large. RPA is of the opinion that the

conservative nature of the Mineral Resource estimate pit shell should more than compensate for any potential bias that may be present. RPA does recommend, however, that as the Mine advances, that definition drilling be conducted to confirm and upgrade the Inferred Mineral Resources.

RPA is of the opinion that none of the items listed above pose a significant risk to the Mineral Resources or Mineral Reserves, however, they represent potential opportunities for improvement.

5. MINING AND MINERAL RESERVES

Gibraltar has been developed using open pit mining methods since the commencement of mining in 1971. Five pit areas are currently identified in the LOM plan, as outlined in Figure 5-1. The Gibraltar, Pollyanna, and Granite pits have previously been mined in several phases, while the Connector and Extension pit areas have yet to be developed. Over the past few years, mine operations have been focused on the Granite pit. Table 5-1 summarises the open pit mine production for the past five years of operations.

TABLE 5-1 PAST FIVE YEARS MINE PRODUCTION SUMMARY
Taseko Mines Limited – Gibraltar Mine

Year	Ore Mined (Mst)	Cu Grade (%)	Contained Cu (Mlb)	Waste Mined (Mst)	Total Mined (Mst)	Strip Ratio (Waste:Ore)
2014	29	0.27	151	85	114	3.0
2015	28	0.27	150	66	94	2.4
2016	35	0.26	185	53	88	1.5
2017	21	0.28	118	72	93	3.4
2018	30	0.25	151	81	112	2.7

Note: numbers may not add due to rounding.

RPA notes that for years 2015 and 2016, open pit mining operations, specifically waste mining, was purposefully slowed down due to depressed copper market conditions. In 2017, both ore and waste mining operations were negatively impacted by forest fires in the region, which required mining operations to be halted along with the evacuations of local communities where the majority of the workforce resides. RPA is of the opinion that the years 2014 and 2018 are representative of the capacity of the existing mining operations at Gibraltar.

The current and planned mining areas are located on sloped terrain, with pit rim elevations ranging from a high of approximately 4,500 ft in the east for the Granite and Pollyanna pits, to a low of 2,900 ft to the west for the Extension pit. The pits and associated waste rock dumps ultimately lie over an area of approximately 18,000 ft in an east–west direction and 10,000 ft in the north–south direction. Waste rock dumps include the expansion of current surface dumps along with the backfilling of exhausted pits. Backfilling of the active Granite pit has already begun from the west side, while final pit limits are currently being developed to the east.

A total of approximately 1,767 Mst of material is planned to be mined continuously over the next approximate 19 years, with open pit mining and processing operations ending in 2038. Over the next six years (i.e., 2019 through 2024), total material mined is between 118 million short tons per annum (Mstpa) and 127 Mstpa. From 2025 through 2036, total material mined generally declines from a high of approximately 96 Mstpa to 68 Mstpa, followed by 45 Mstpa mined in the last full year of operations.

During the RPA site visit, activity was limited to the Granite pit, with multiple active phases on the east side of the pit in the lower and upper benches. RPA also observed overburden stripping had begun along the eastern side of the Pollyanna pit area in preparation for the restart of Pollyanna pit mining in 2019.

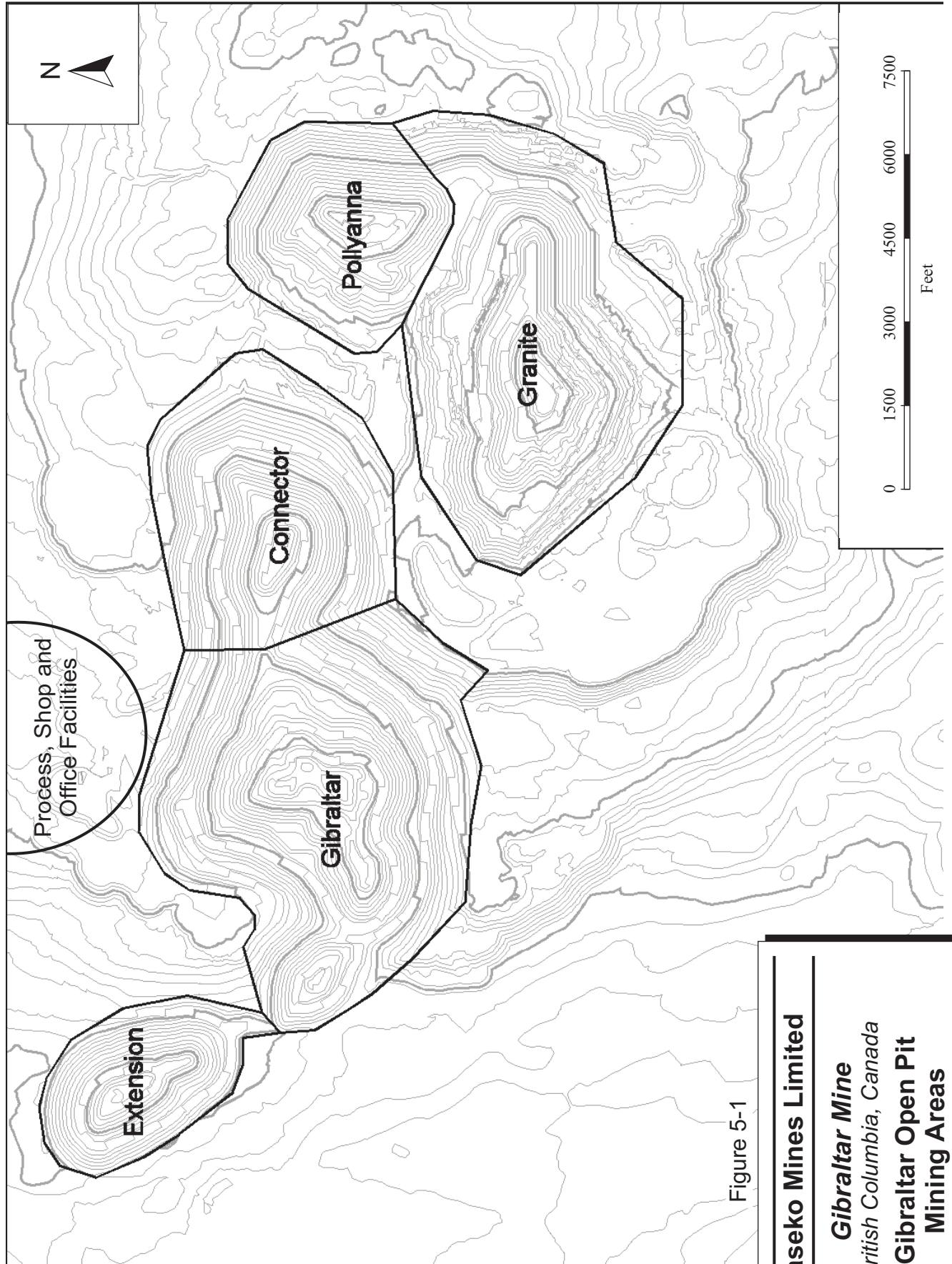


Figure 5-1

Taseko Mines Limited

Gibraltar Mine

British Columbia, Canada

**Gibraltar Open Pit
Mining Areas**

November 2019

Source: Taseko Mines Limited, 2019.

5.1. MINING METHOD AND MINE DESIGN

Gibraltar is a conventional truck and shovel open pit mine designed to supply the processing facilities with an average of approximately 85,000 stpd (31 Mstpa) of ore. Gibraltar's open pits are designed to optimise ore extraction and the LOM while following geotechnical recommendations for pit wall design and site controls. Gibraltar's primary mine fleet consists of electric drills for blasthole drilling, electric rope shovels and diesel front end loaders for excavation, and 320 st payload diesel electric haul trucks for transporting ore and waste material.

5.1.1. MATERIAL TYPES

Multiple material type considerations exist for the mining operations and ore production. New mining areas may require clearing and grubbing followed by overburden stripping, which is generally free digging material. Overburden materials suitable for reclamation are stockpiled for future use.

Once the overburden is stripped, drilling and blasting of the underlying rock is required prior to excavation. Based on results from grade control sampling of the blast holes, dig limits for ore will be identified with remaining material dispatched as waste rock. Ore is designated as either oxide or sulphide ore; sulphide ore is further delineated into various grade bins (as discussed below in Section 5.1.6 Cut-off Grades).

5.1.2. GEOTECHNICAL CONSIDERATIONS

Pit wall angles are based on historical operating experience, the evaluation of structural trends in relation to wall orientations and recommended inter-ramp wall angles provided by an independent consultant.

Quarterly and annual reviews of pit slope and waste dump geotechnical performance are performed in active areas; these reviews have been completed by BGC Engineering Inc. (BGC) over the past five years. In their most recent annual review of pit slopes (BGC March 15, 2019), BGC opined that the Granite pit slopes were generally performing to expectation with no high priority issues requiring immediate attention. In the most recent annual waste dump review (BGC March 11, 2019), one high priority issue was identified, where access to a lower area of an active dump was identified. This was resolved in November 2018, by stopping access to the lower dump area.

Catch Berm Widths (CBW) are designed to a minimum of 27 ft and the Bench Face Angle (BFA) between benches is designed at 65° or 70° depending on the design sector. Walls

are generally single benched with a constant bench height of 50 ft with the exception of the pit bottoms in Granite and Pollyanna, which will be double benched to 100 ft in order to maximise ore recovered from these pits. An extra 60 ft wide Geotechnical Safety Berm (GSB) has been included in several pit designs at various elevations based upon the recommendations of the independent consultant.

The Inter-Ramp Angle (IRA) and Overall Slope Angle (OSA) are adjusted by increasing the CBWs. Each pit is assessed separately, and its slope angles are evaluated in relation to the full-wall, inter-ramp, and inter-berm wall zones. Table 5-2 details the IRAs used for the final design of the pits.

TABLE 5-2 PIT DESIGN INTER-RAMP WALL ANGLES
Taseko Mines Limited – Gibraltar Mine

Pit	Zone	Azimuth Range (degrees)	IRA (degrees)
Granite	Unconsolidated	0 to 360	26
	Rock	0 to 360	37
Pollyanna	Unconsolidated	0 to 360	26
	Rock	0 to 360	37
Connector	Unconsolidated	0 to 360	28
	Rock	0 to 135	39
	Rock	135 to 190	40
	Rock	190 to 285	38
	Rock	285 to 360	40
Gibraltar	Unconsolidated	0 to 360	28
	Rock	0 to 50	39
	Rock	50 to 115	34
	Rock	115 to 360	39
Extension	Unconsolidated	0 to 360	28
	Rock	0 to 360	39

Ground water conditions play a significant role in the pit slope stability at Gibraltar. Ground water is controlled by perimeter wells and in-pit dewatering wells (vertical and horizontal) for geotechnical pit wall stability as well as for improving operating conditions in the pit. Pumping infrastructure is currently in place at the operating Granite pit and will be advanced as mining areas expand over the mine life.

In RPA's opinion, pit slope stability represents an ongoing Moderate risk consequence, which is Unlikely to occur as it is mitigated by industry standard methods, which has been proven by historic operating results.

Additionally, a sophisticated wall monitoring system, consisting primarily of automated data collection equipment, has been installed in the currently active Granite pit. This system includes a network of prisms with a robotic total station and a radar unit, which transmits readings to the mine engineering department and dispatch for processing and interpretation.

5.1.3. DILUTION AND EXTRACTION

The Gibraltar deposits are porphyry style, with gradational copper grades exhibited. Block size resolution in the Mineral Resource model, which is used for reporting both Mineral Resources and Mineral Reserves, is 50 ft by 50 ft by 50 ft. For mine planning, specifically for identifying dig limits, the blasthole model is used. This model is based on sample spacing typically in the range of 20 ft to 25 ft with a single sample per 50 ft high bench. Dig polygons are created with a practical minimum mining selectivity of approximately 50 ft, while greater distances are the norm.

Based on the relatively coarse block size and the manner in which grades are estimated into the blocks (as described in Section 4), the Mineral Resource model is considered inclusive of mining dilution and extraction factors. Thus, no further factors have been applied in the Mineral Reserve reporting. This methodology is supported by historical reconciliations between Mineral Reserves, blast hole models, and the concentrator head grades.

5.1.4. OPEN PIT OPTIMISATION

Open pit optimisation has utilised the Mineral Resource model, in addition to having applied modifying factors for material types and geotechnical considerations. The input parameters used to derive the Mineral Reserve basis pit shell are summarised in Table 5-3. Optimisations were performed in MineSight software using the Lerchs-Grossmann algorithm.

TABLE 5-3 OPEN PIT OPTIMISATION PARAMETERS
Taseko Mines Limited – Gibraltar Mine

Input Parameter	Units	Value
Revenue Factors:		
Cu Price	US\$/lb	2.75
Mo Price	US\$/lb	8.00
Payable Cu	%	96.50
Payable Mo	%	98.50
Exchange Rate	US\$1.00: C\$	1.25
Selling Costs:		
Offsite Costs - Cu Concentrate	\$/lb Cu	0.47
Offsite Costs - Mo Concentrate	\$/lb Mo	Sold at Minegate
Royalties	%	0.0
Pit Slopes:		
Overall Slope Angle - Variable by Pit	degrees	26 to 40
Mining Parameters:		
Mining Reference Cost	\$/st mined	1.52
Depth Incremental (per 50 ft)	\$/st mined	0.033
Sustaining Capital (Overall)	\$/st mined	0.15
Mining Dilution	%	0
Mining Extraction	%	100
Processing Parameters:		
Cu Sulphide Recovery	%	85.5
Mo Sulphide Recovery	%	40.0
Cu Oxide Recovery	% ASCu	50.0
Sulphide Ore Costs (Process and G&A)	\$/st ore	5.05
Oxide Ore Cost	\$/st oxide ore	1.50
Operating Assumptions:		
Cu Cut-off Grade	%	0.15

The open pit optimisation was run at the base case Mineral Reserve metal prices as presented in Table 5-3. Mineral Resource blocks classified as Measured or Indicated were considered for revenue generation, while blocks classified as Inferred were treated as waste material. A range of metal prices were reviewed to test the sensitivity of the pit limits to metal price variations.

Overall pit slope angles were used in the open pit optimisations. The overall pit slope angle accounts for all pit design features, which allows for infrastructure items such as haulage ramps and pit dewatering. The OSAs are the same or less than the IRAs presented in Table 5-2.

Selling costs, operating costs, and metal recoveries have been based on recent operating results along with first principle estimation for the forecasted LOM plan. Sustaining capital cost for all operations, including the Tailings Storage Facility (TSF), have been applied to the mining cost on a per ton mined basis.

A preferred final pit shell was selected for each pit area with consideration given to the cash optimum pit and its associated approximate cash flow, stripping ratio, equipment requirements, metal production, and operating years. The final pit shell selection is the basis for the final pit designs.

5.1.5. PIT DESIGNS

Final pit shells were reviewed and evaluated with respect to minimum mining widths and development access. Slope sector specific bench designs were incorporated as described in Section 5.1.2, along with the inclusion of haulage ramps. Intermediate pit phases follow the same general design guidelines.

RPA is of the opinion that the final pit designs are a reasonable representation of the final pit shells. The pit phase development allows for minimum mining width for large scale operations, in addition to access to each mining area and the final pit limit according to the LOM plan. Figures 5-2 through 5-7 present the final pit development sequence and typical cross section through each of the pit areas.

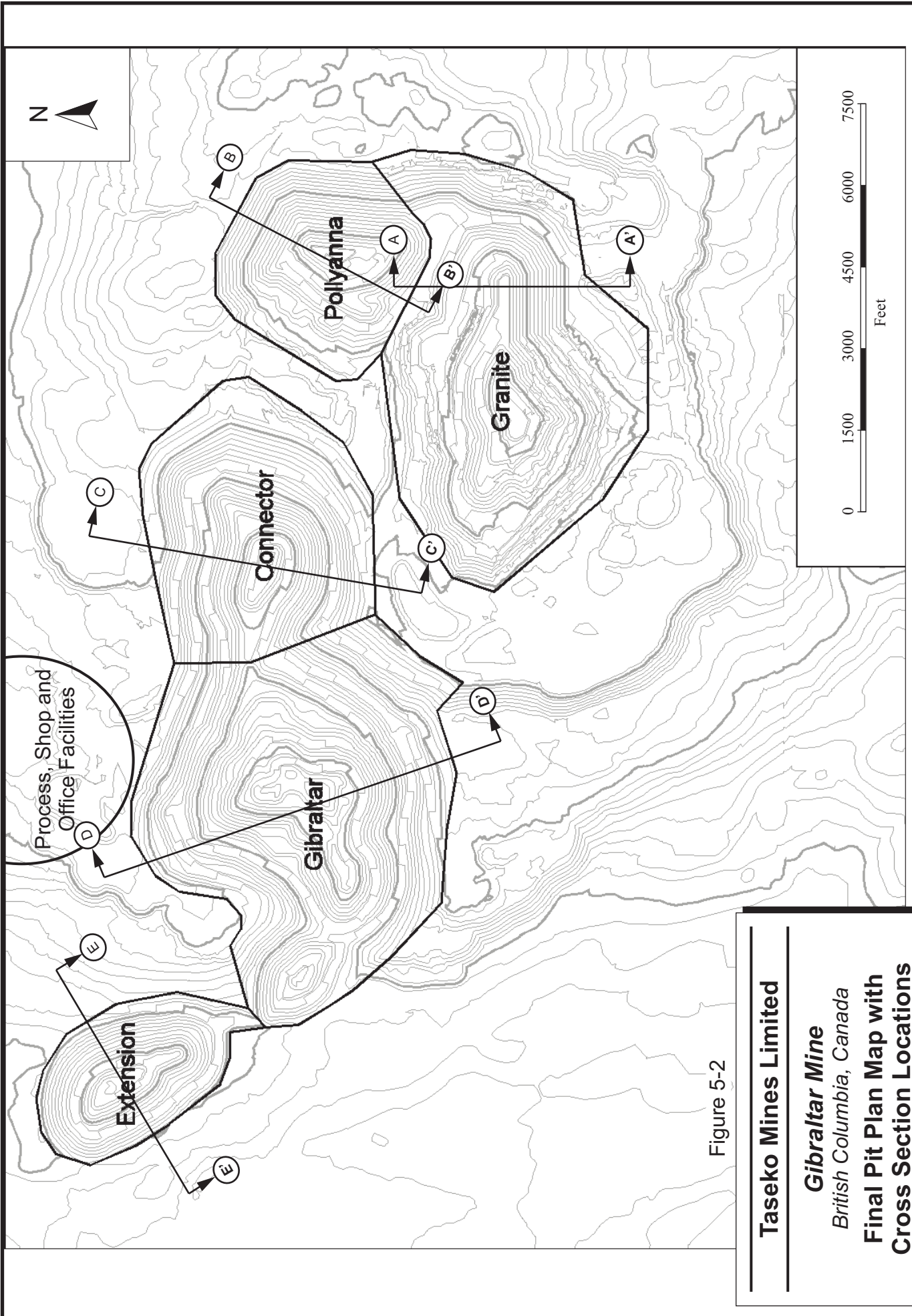


Figure 5-2

SECTION A - A' Looking East

YE2018 3850 Ft.

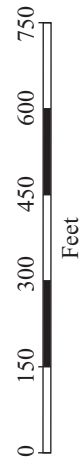
YE2018 3450 Ft.

Pit Bottom 3200 Ft.

Figure 5-3

Legend:

	End of 2018 Topography
	Reserve Pit Design
	Overburden
	Fill
	Waste
	Oxide Ore
	Sulphide Ore >0.15% Cu
	Sulphide Ore >0.20% Cu
	Sulphide Ore >0.28% Cu
	Sulphide Ore >0.50% Cu



Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Granite Pit Cross Section

SECTION B - B' Looking Southeast

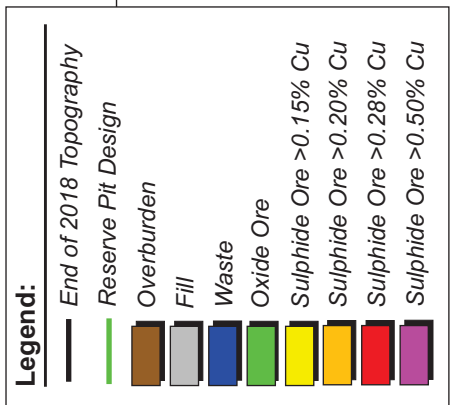
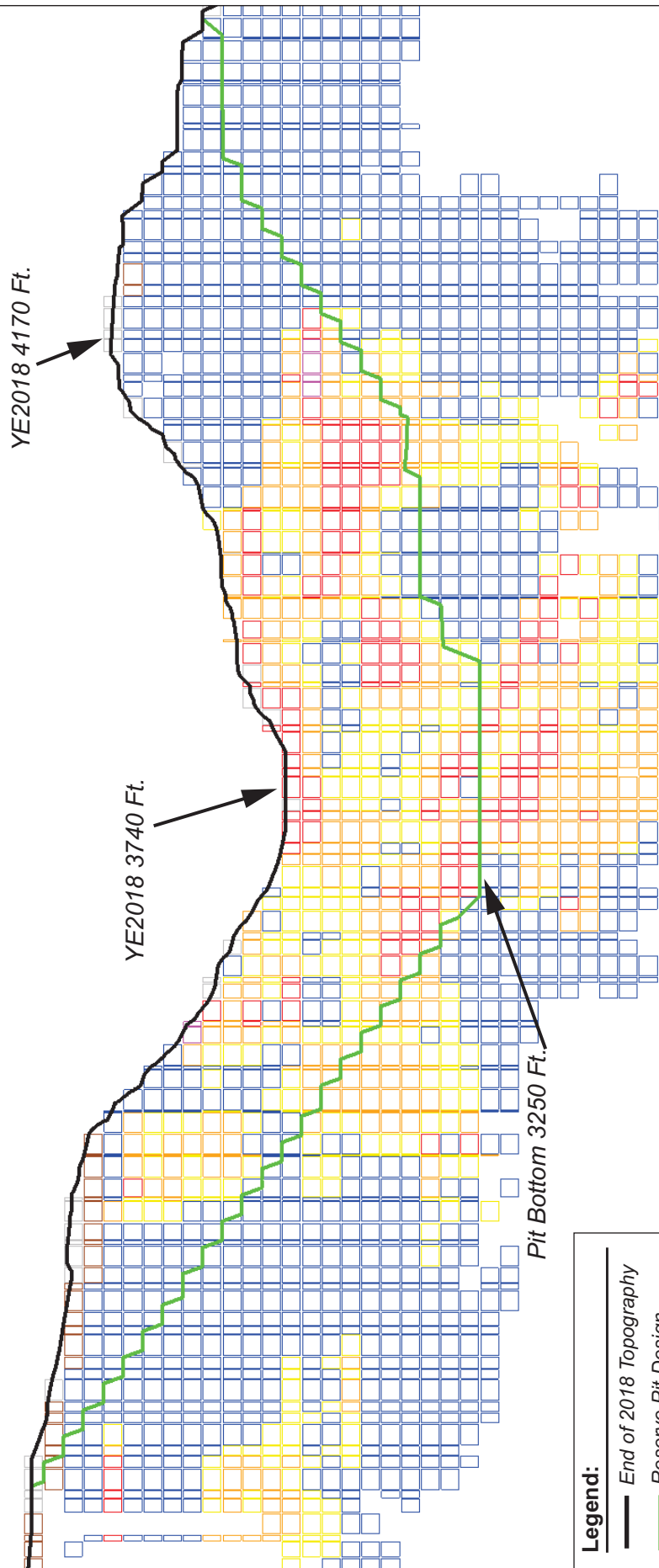


Figure 5-4

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Pollyanna Pit Cross Section

Source: RPA, 2019.

November 2019

SECTION C - C' Looking East

YE2018 3870 Ft.

Pit Bottom 2750 Ft.

Legend:

- End of 2018 Topography
- Reserve Pit Design
- Overburden
- Fill
- Waste
- Oxide Ore
- Sulphide Ore >0.15% Cu
- Sulphide Ore >0.20% Cu
- Sulphide Ore >0.28% Cu
- Sulphide Ore >0.50% Cu

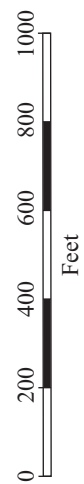


Figure 5-5

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada

Connector Pit Cross Section

SECTION D - D' Looking Northeast

YE2018 3670 Ft.

YE2018 2600 Ft.

Pit Bottom 2250 Ft.

Legend:

	End of 2018 Topography
	Reserve Pit Design
	Overburden
	Fill
	Waste
	Oxide Ore
	Sulphide Ore >0.15% Cu
	Sulphide Ore >0.20% Cu
	Sulphide Ore >0.28% Cu
	Sulphide Ore >0.50% Cu



Figure 5-6

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Gibraltar Pit Cross Section

SECTION E - E'
Looking Southeast
YE2018 3100 Ft.

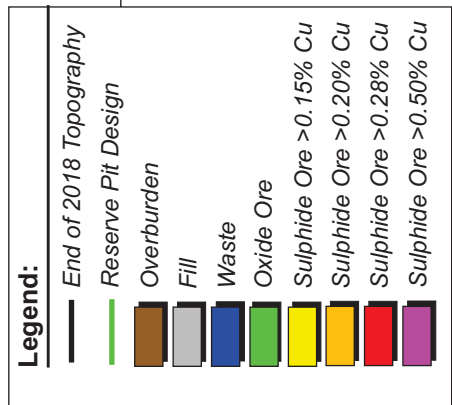
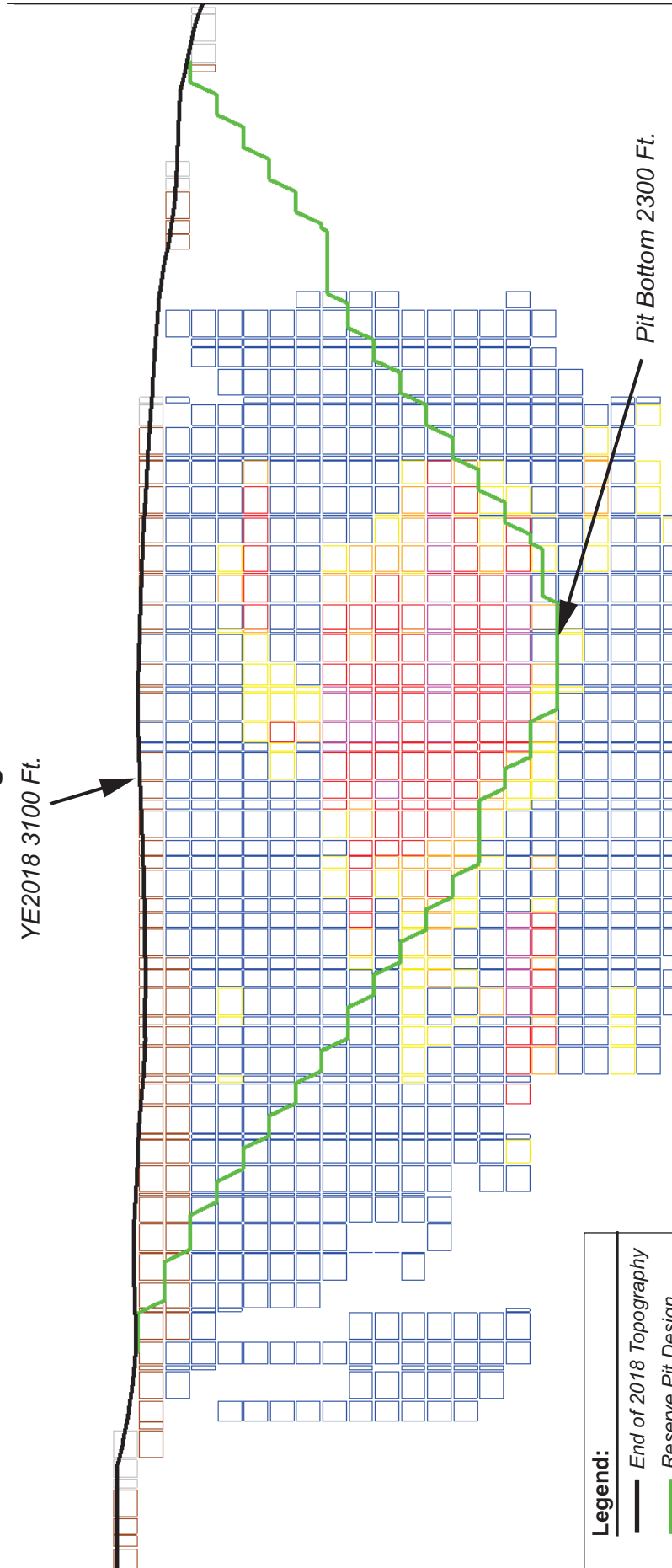


Figure 5-7

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Extension Pit Cross Section

5.1.6. CUT-OFF GRADES

Ore for the concentrators is defined by a cut-off grade of 0.15% Cu and capped by a 50% ASCu constraint. Only copper grade is considered when determining the cut-off grade for concentrator ore feed. Based on the Mineral Reserve assumptions, all sulphide ore production in the LOM schedule results in both copper concentrate and molybdenum concentrate production. RPA notes that historically when the molybdenum concentrate has not been produced the molybdenum remains in the copper concentrate and does not impact the selling of the copper concentrate as the concentration levels have been below penalty limits.

A 0.10% ASCu cut-off is used to define oxide ore for copper recovery via dump leaching and SX/EW processing.

RPA is of the opinion that the current cut-off grades are reasonable for Mineral Reserve estimation based on forecasted long range metal prices, capital and operating costs, and recoveries.

For sulphide ore, three grade bins are currently in use based on the copper grade:

- Mid grade ore – 0.15% Cu to 0.20% Cu.
- High grade ore – 0.20% Cu to 0.28% Cu.
- Super high grade ore – greater than or equal to 0.28% Cu.

The grade bins are utilised to maintain a relatively consistent head grade of ore to the concentrators, this being within the high grade ore bin range.

5.2. MINERAL RESERVE ESTIMATE

5.2.1. SUMMARY

Proven and Probable Mineral Reserves are reported as the Measured and Indicated Mineral Resource within the final pit designs and above the stated cut-off grade for sulphide and oxide ores. Sulphide Mineral Reserves total 594 Mst grading 0.25% Cu and 0.008% Mo. Oxide Mineral Reserves total 17 Mst grading 0.15% ASCu. Tables 5-4 and 5-5 detail the Proven and Probable Mineral Reserves for sulphide and oxide ores at Gibraltar as of YE2018. The Mineral Reserves are contained within the Mineral Resources stated in Section 5 of this report and are presented on a 100% basis.

TABLE 5-4 SULPHIDE MINERAL RESERVES – DECEMBER 31, 2018
Taseko Mines Limited – Gibraltar Mine

Pit	Category	Tonnage (Mst)	Cu Grade (%)	Mo Grade (%)
Granite	Proven	42	0.27	0.008
	Probable	1	0.21	0.004
	Subtotal	44	0.27	0.008
Pollyanna	Proven	75	0.24	0.007
	Probable	1	0.23	0.007
	Subtotal	75	0.24	0.007
Connector	Proven	156	0.25	0.010
	Probable	7	0.22	0.007
	Subtotal	163	0.25	0.010
Gibraltar	Proven	146	0.25	0.008
	Probable	112	0.23	0.008
	Subtotal	258	0.24	0.008
Extension	Proven	50	0.33	0.002
	Probable	1	0.26	0.001
	Subtotal	51	0.33	0.002
Ore Stockpiles		3	0.19	0.008
Total	Proven	469	0.26	0.008
	Probable	121	0.23	0.008
	Subtotal	590	0.25	0.008
	Ore Stockpiles	3	0.19	0.008
	Total	594	0.25	0.008

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are presented on a 100% basis.
3. Mineral Reserves are estimated using a copper price of US\$2.75/lb, a molybdenum price of US\$8.00/lb, and an exchange rate of US\$1.00: C\$1.25.
4. Mineral Reserves for sulphide ore are estimated at a cut-off grade of 0.15% Cu with a maximum 50% ASCu content constraint.
5. Mineral Reserves are estimated as mined and delivered to the processing facilities.
6. Numbers may not add due to rounding.

TABLE 5-5 OXIDE MINERAL RESERVES – DECEMBER 31, 2018
Taseko Mines Limited – Gibraltar Mine

Pit	Category	Tonnage (Mst)	ASCu Grade (%)
Granite	Proven	0	0.00
	Probable	0	0.11
	Subtotal	0	0.11
Pollyanna	Proven	0	0.12
	Probable	1	0.12
	Subtotal	1	0.12

Pit	Category	Tonnage (Mst)	ASCu Grade (%)
Connector	Proven	1	0.16
	Probable	14	0.15
	Subtotal	15	0.15
Gibraltar	Proven	0	0.17
	Probable	1	0.19
	Subtotal	1	0.19
Total	Proven	1	0.16
	Probable	16	0.15
	Total	17	0.15

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are presented on a 100% basis.
3. Mineral Reserves are estimated using a copper price of US\$2.75/lb and an exchange rate of US\$1.00: C\$1.25.
4. Mineral Reserves for oxide ore are estimated at a cut-off grade of 0.10% ASCu.
5. Mineral Reserves are estimated as mined and delivered to the processing facilities.
6. Numbers may not add due to rounding.

RPA has verified that the Mineral Reserves have positive economics at the stated Mineral Reserve metal prices and is of the opinion that the classification of Proven and Probable Mineral Reserves as estimated in Tables 5-4 and 5-5 meets the definitions of Proven and Probable Mineral Reserves as stated by NI 43-101 and defined by the CIM (2014) definitions.

All material infrastructure is in place or accounted for to support the current Mineral Reserve.

All material regulatory authorisations and permits are in place to extract the Mineral Reserves as described in this report with the exception of:

- A small extension of lease boundary to include the full area of the Extension pit.
- Periodic amendments of operating permits for pit wall pushbacks, water discharge, and waste rock and tailings storage.

Other permit considerations include approvals required for route changes to the access road, hydro transmission line, natural gas line, and water discharge pipeline. No impediments to obtaining amendments, modifications, or extensions to any of the required permits over the operating period of the Mineral Reserves are anticipated.

RPA is not aware of any other mining, metallurgical, infrastructure, permitting, or other relevant factors that could materially affect the Mineral Reserve estimate.

5.2.2. RECONCILIATION

A lengthy record of performance data with respect to productivity, costs, geotechnical performance, metallurgy, and Mineral Resource and Mineral Reserve reconciliation exists for the Mine.

Between 1971 and YE1998, Gibraltar processed 322 Mst grading 0.37% Cu, versus mining of 324 Mst grading 0.36% Cu. RPA notes that only copper products were reconciled during this time frame. This constitutes a variance of -0.5% and 3.3% for tons and copper grade respectively.

Since restart of milling operations in October of 2004 to YE2018, a total of 284 Mst grading 0.29% Cu and 0.011% Mo was processed, while the Mineral Reserve model forecasted 270 Mst of ore grading 0.29% Cu and 0.009% Mo from the mined volume. This constitutes a variance from the Mineral Reserve of 4.9% for tons, and a variance of -0.8% and 16.7% for copper and molybdenum grades respectively. RPA notes that the variances in tonnage and copper grade were primarily due to a decision during 2014 and 2015 to operate the mine at a lower cut-off grade. The variance in molybdenum grade is currently being investigated and may result in an opportunity to increase the modelled molybdenum grades (albeit with minimal impact as molybdenum accounts for less than 10% of gross revenue).

During regular operations, a portion of the run-of-mine (ROM) ore is typically dispatched to short and medium term stockpiles (approximately 30% in recent years), primarily for blending purposes or when crusher capacity is not available. This can lead to greater variance in short term production reconciliation, while the impact to medium term reconciliations is less, but can still influence results. In addition, there are long term stockpiles, which can be called on for concentrator feed; such was the case in 2017, as ROM mining operations were significantly impacted by the noted forest fires.

Tables 5-6 and 5-7 present annual (medium term) reconciliation results over the past few years comparing the Mineral Resource (MR) model to the Blasthole (BH) model to the Concentrator Received (CR) reporting. The medium term summaries are based on compiled monthly (short term) results for short tons and copper grades. RPA has focused on copper production as this represents over 90% of the Mine's gross revenue.

TABLE 5-6 RECONCILIATION OF TONS
Taseko Mines Limited – Gibraltar Mine

Year	Mineral Resource Model (MR Value)	Tonnage (Mst)		Variance (Mst)			Variance (Percentage Difference)		
		Blasthole Model (BH Value)	Concentrator Received (CR Value)	MR to BH	BH to CR	MR to CR	MR to BH	BH to CR	MR to CR
2015	28.8	27.7	30.5	1.1	-2.9	-1.7	4%	-9%	-6%
2016	32.1	35.0	29.5	-2.9	5.5	2.6	-8%	19%	9%
2017	25.2	20.3	29.8	4.9	-9.5	-4.6	24%	-32%	-15%
2018	27.6	25.7	30.1	1.8	-4.4	-2.5	7%	-15%	-8%
Total	113.7	108.7	120.0	5.0	-11.3	-6.3	5%	-9%	-5%

TABLE 5-7 RECONCILIATION OF COPPER GRADE
Taseko Mines Limited – Gibraltar Mine

Year	Mineral Resource Model (MR Value)	Grade (% Cu)		Variance (% Cu)			Variance (Percentage Difference)		
		Blasthole Model (BH Value)	Concentrator Received (CR Value)	MR to BH	BH to CR	MR to CR	MR to BH	BH to CR	MR to CR
2015	0.26	0.31	0.27	-0.05	0.04	-0.01	-17%	15%	-5%
2016	0.27	0.29	0.26	-0.02	0.02	0.00	-7%	9%	1%
2017	0.28	0.32	0.28	-0.05	0.04	0.00	-14%	15%	-2%
2018	0.26	0.28	0.25	-0.01	0.02	0.01	-4%	10%	5%
Total	0.27	0.30	0.27	-0.03	0.03	0.00	-10%	11%	0%

In RPA's opinion, the reconciliation of MR tons and copper grade to the CR values is reasonable and supports using the Mineral Resource model as the basis for the Mineral Reserve estimate.

RPA notes that the BH model is biased towards consistently reporting higher copper grades than the MR and CR models. RPA would expect the BH model grades to be a more reliable estimate for the given volume than the MR model, as the sample size and density is much greater. Considering the BH model tons reconcile lower than the MR model, ROM operations may be over mining the ore polygons resulting in additional tonnes at marginally lower grades, supporting the assumption that the Mineral Resource modelling method incorporates mining dilution.

5.3. LIFE-OF-MINE PLAN

The Gibraltar LOM plan is scheduled to run from 2019 into 2038, with 2038 as a partial year, for approximately 19 years of ROM operations. Sulphide ore is mined at an average rate of 85,000 stpd (31 Mstpa) grading 0.25% Cu and 0.008% Mo. Oxide ore is mined periodically with approximately 90% of the total 17 Mst coming from the Connector pit. Oxide ore mining is scheduled to be completed in 2026.

The LOM strip ratio averages 1.9 tons of waste per ton of ore. While the annual stripping ratio generally decreases with time, it will vary and be managed based on mid-range mine planning processes to optimise the economic performance of the operation.

A number of constraints and objectives are used to develop the mine production schedule. These include:

- Constraining pit advances in accordance with reasonable mining rates.
- Bulk pit dewatering.
- Prioritising certain pits and phases to advance or delay development waste mining.
- Prioritising the use of certain waste dumps to control the number of trucks required.
- Backfilling of pits only after they are mined out.
- Targeting mining areas to control head grades.
- Restricting mining rates in certain areas based upon pit dewatering and conflicting phase advances.

A summary of the ROM production schedule is presented in Table 5-8. Only Mineral Resources with the classification of Measured or Indicated are converted to Proven or Probable Mineral Reserves for production scheduling as ore.

TABLE 5-8 ROM PRODUCTION SCHEDULE SUMMARY
Taseko Mines Limited – Gibraltar Mine

Year	Sulphide Ore Mined (Mst)	Cu Grade (%)	Mo Grade (%)	Oxide Ore Mined (Mst)	ASCu Grade (%)	Total Ore Mined (Mst)	Waste Mined (Mst)	Total Mined (Mst)	Strip Ratio (Waste:Ore)
2019-2023	153	0.24	0.008	11	0.15	164	444	607	2.7
2024-2028	157	0.25	0.010	6	0.15	164	327	490	2.0
2029-2033	154	0.24	0.007	0	0.00	154	249	403	1.6
2034-2038	126	0.28	0.008	0	0.00	126	140	267	1.1
Total	590	0.25	0.008	17	0.15	608	1,159	1,767	1.9

Note: numbers may not add due to rounding.

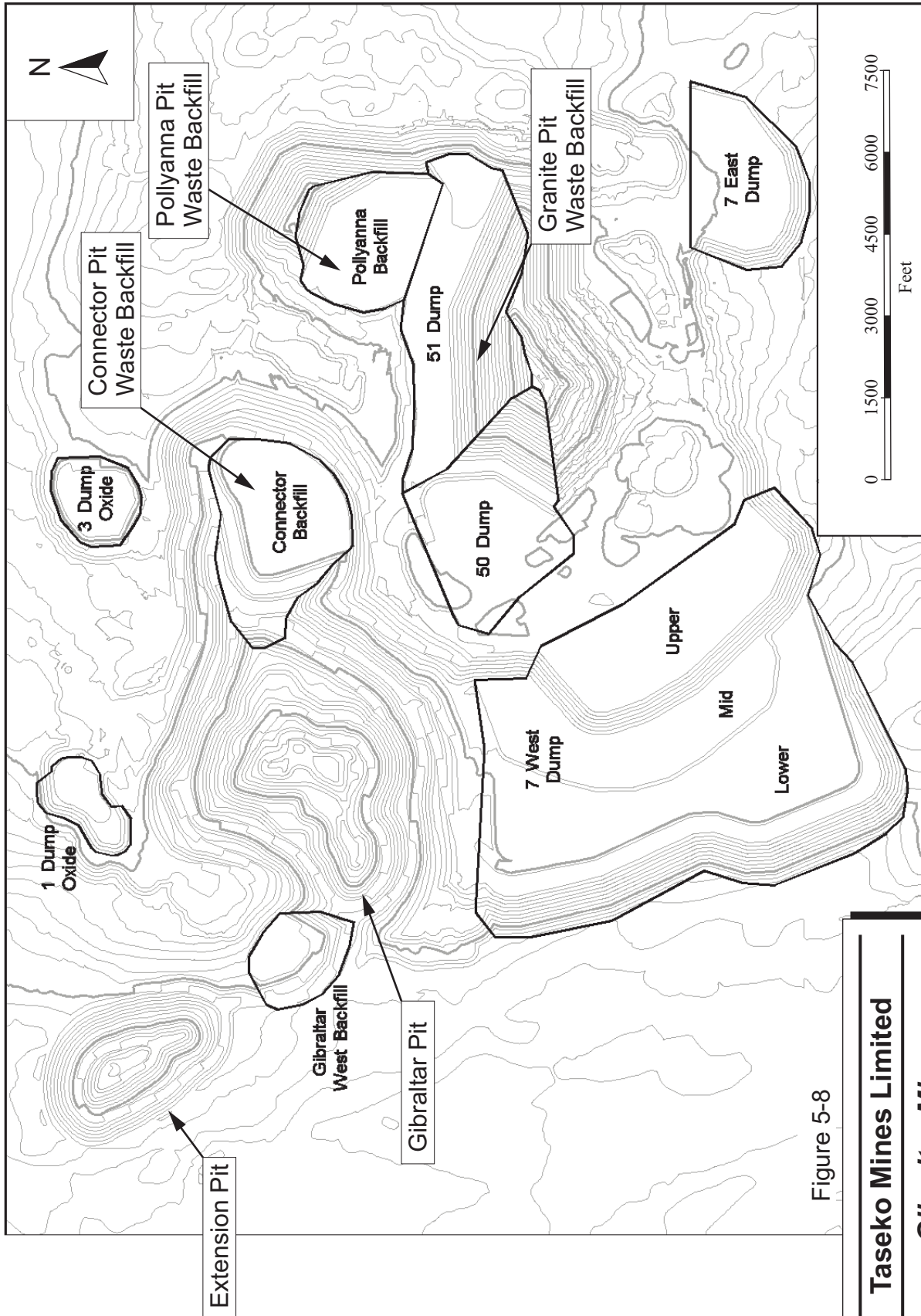
From 2019 through 2024, peak mining rates occur, with an average of 121 Mstpa (332,000 stpd) forecast over this period. From 2025 through to the end of mining operations in 2038, total tons mined per annum are in general decline, from an annualised rate of 96 Mstpa to 45 Mstpa. RPA has reviewed the production schedule forecast relative to past production performance and the mine equipment fleet and is of the opinion that the ROM production schedule is reasonable. RPA notes, however, that the annual production forecasts most at risk are in the near-term period through 2024, which is further discussed below in Section 5.4 Mine Equipment.

The ROM production schedule mines the remaining Granite pit phases until 2020, with mining operations concluding in 2038 in the Extension pit. Waste stripping begins up to two years in advance of ore production from the pit areas. Table 5-9 summarises operating periods and total ROM production from each of the pit areas.

TABLE 5-9 ROM PIT PRODUCTION SUMMARY
Taseko Mines Limited – Gibraltar Mine

Pit Area	Start of ROM Operations (Year)	End of ROM Operations (Year)	Total ROM (Mst)
Granite	Ongoing	2020	127
Pollyanna	2019	2023	242
Connector	2020	2028	512
Gibraltar	2024	2036	678
Extension	2032	2038	209
Total	2019	2038	1,767

ROM waste material storage includes the backfilling of some pit phases when available, which is the current process in the Granite pit, along with the use of surface dumps. Surface dumps are utilised when the haulage distance is shorter than backfilling, or if no backfill dumps are available. Surface layout of the mined and backfilled pits and the surface waste dumps at the end of mining operations is shown in Figure 5-8.



Taseko Mines Limited

Gibraltar Mine

British Columbia, Canada

**Pits and Waste Dumps
at End of Mine Life**

Surface and in-pit dumps have been designed based on the volume of waste rock contained in the ROM production schedule and have sufficient capacity to contain all of the waste material generated.

Two major infrastructure relocations are required by 2023 to complete the ROM production schedule. The first is the relocation of the Concentrator #1 primary crusher and second is the electrical substation located on the north rim of Granite pit. These are discussed further in Section 7 Project Infrastructure. In addition, a portion of the mine access road and utility lines affected by the Extension pit will need to be relocated in 2031.

In order to achieve the ROM production schedule, significant amounts of stored water require pumping. Water in the Pollyanna pit will be pumped to the Granite pit starting in 2020 through 2023. Water currently stored in the Gibraltar pit will be pumped to the Granite pit beginning in 2024 and will continue until 2027. This will enable the lowering of water levels well ahead of active mining levels in the Gibraltar pit. Beginning in 2029, and through to the end of the operational life, water that has been stored in the Granite pit will be pumped to the mill as process water, where it will eventually arrive in the TSF in order to maintain water levels in that facility.

5.4. MINE EQUIPMENT

Current mining operations are carried out utilising conventional open pit mining equipment. Waste and ore are mined utilising five electric blast hole drills, four electric rope shovels, two diesel front end loaders, and 30 haul trucks.

In July 2019, a new diesel front end loader entered service, increasing the front end loader count to two active units. Additionally, in July one of the electric rope shovels was retired, decreasing the rope shovel count to four active units. The retired rope shovel had been dedicated to ore stockpile reclaim operations. The new front end loader will take over the retired rope shovel duties, in addition to adding loading capacity to the in pit operations.

The haul truck fleet is comprised of 24 diesel electric 320 st payload haul trucks and six 240 st payload haul trucks. Haul truck requirements vary between 24 and 30 trucks with the 240 st units parked when not required.

The primary mining fleet is supported by a fleet of ancillary equipment including track dozers, wheel loaders, motor graders, and sand and water trucks.

The mine plan does not require the purchase of any additional major mine production equipment. Replacement units are required and included in the sustaining capital cost.

During the period from 2019 through 2024, the highest annual total tons mined are forecast, averaging 121 Mstpa. RPA has reviewed the ROM production schedule forecast relative to past production performance and the mine equipment fleet. In RPA's opinion, the ROM production schedule is reasonable, however, RPA notes that annual production forecasts most at risk are in the near-term period to 2024. Specific timing and risk by major equipment is as follows:

- Drill risk is highest in 2019, 2020, and 2021, when the total mined per annum peaks and all five drills are at or near maximum utilisation levels. This risk is readily mitigated with the mobilisation of an additional drill.
- Loading risk is highest in 2019, 2020, and 2021, when the total mined per annum peaks, and remains high through 2024 as the fleet is scheduled at near maximum utilisation levels. The risk has been partially mitigated with the new front end loader, while the option is available to mobilise an additional loading unit.
- Haul truck risk is highest in 2022 and 2023, when the full fleet of trucks is utilised. Prior to 2022, three of the 240 st trucks are not utilised, and from 2024 to the end of operations, all six of the 240 st trucks are not utilised, except in 2035 and 2036 when three are scheduled for use. Haul truck risk can be mitigated by adjusting haulage profiles, refining the mine plan, and or mobilisation of an additional truck.

Overall, the equipment risk to the ROM production schedule is considered to be of Minor consequence with a Possible probability of occurrence and is readily mitigated with equipment addition. Within the equipment risk rating, RPA ranks drill risk the highest, followed by loading, then haul trucks.

6.MINERAL PROCESSING

Gibraltar has been processing ores to produce copper concentrates since the commencement of operations in 1971, along with intermittent production of molybdenum concentrates and copper cathodes. To YE2018, total historic production at Gibraltar amounts to 3,200 Mlb of copper in copper concentrate, 37 Mlb of molybdenum in molybdenum concentrate, and 102 Mlb of copper cathode, from processing of 616 Mst of ore and stockpiles. Table 6-1 summarises sulphide ore processing for the past five years of operations. In addition, approximately 3 Mlb of copper cathode was produced in 2014 and 2015.

TABLE 6-1 PAST FIVE YEARS PROCESSING SUMMARY
Taseko Mines Limited – Gibraltar Mine

Year	Processed (Mst)	Cu Grade (%)	Mo Grade (%)	Cu Recovery (%)	Mo Recovery (%)	Recovered Cu (Mlb)	Recovered Mo (Mlb)
2014	30.2	0.27	0.010	83.6	40.0	134	2.3
2015	30.5	0.27	0.009	85.1	18.0	141	1.0
2016	29.5	0.26	0.009	85.5	17.5	133	0.9
2017	29.8	0.28	0.011	84.1	40.8	141	2.6
2018	30.1	0.25	0.010	82.7	38.4	125	2.4

Notes:

1. Copper recovery is to copper concentrate.
2. Molybdenum recovery is to molybdenum concentrate.
3. Numbers may not add due to rounding.

Annual processed tons have remained consistent over the past five years, averaging 30 Mstpa (approximately 82,000 stpd). All ROM ore during this period was from the Granite pit, with remaining ore tons coming from stockpile. In both 2015 and 2016, molybdenum concentrate production was curtailed due to depressed molybdenum market conditions, hence the significantly lower recovered molybdenum pounds in these years.

Two ore types are identified for processing, oxide and sulphide. Only copper is recovered from the oxide ore, while copper, molybdenum, and silver are recovered in saleable quantities from the sulphide ore. Over 97% of remaining Mineral Reserves by tonnage are identified as sulphide ore. Table 6-2 presents the sulphide ore processing schedule for the LOM. Ore for processing may be direct from ROM feed or reclaimed from stockpiles.

TABLE 6-2 LOM SULPHIDE ORE PROCESSING SUMMARY
Taseko Mines Limited – Gibraltar Mine

Year	Sulphide Ore Milled (Mst)	Cu Grade (%)	Mo Grade (%)	Cu Recovery (%)	Mo Recovery (%)	Cu Production (Mlb)	Mo Production (Mlb)
2019-2023	155	0.24	0.008	85.2	49.9	642	12
2024-2028	155	0.25	0.010	85.8	50.0	660	15
2029-2033	155	0.24	0.007	86.0	50.0	640	10
2034-2038	128	0.28	0.008	87.6	49.9	629	11
Total	594	0.25	0.008	86.1	50.0	2,571	48

Notes:

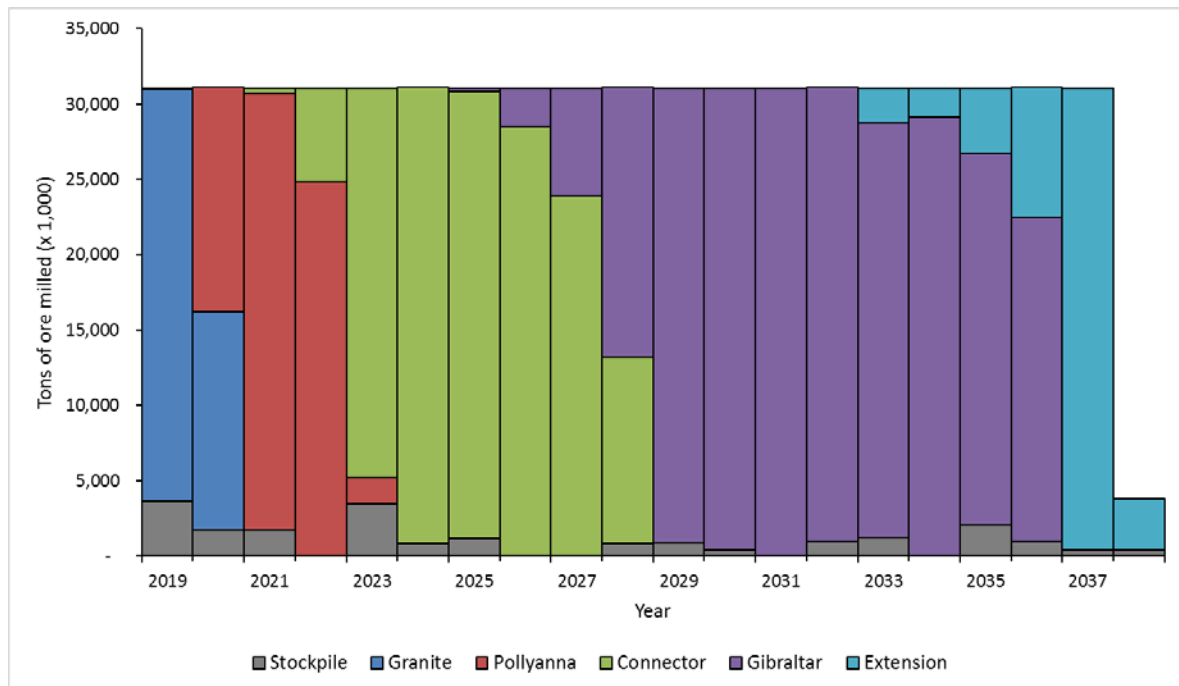
1. Copper recovery is to copper concentrate.
2. Molybdenum recovery is to molybdenum concentrate.
3. Numbers may not add due to rounding.

LOM ore processing is scheduled at 85,000 stpd (31 Mstpa), which is the rated design capacity of the processing facilities for Gibraltar ore. That said, on a short-term basis, the processing of over 100,000 stpd has been achieved with negligible impact to budgeted copper recovery.

Figure 6-1 graphically presents the LOM ore processing schedule by source (pit or stockpile). RPA notes that over the past five years, over 90% of processed ore has been sourced from the Granite pit ROM operations, with the remainder coming from stockpiles. Going forward, production will be transitioning from Granite pit ore and stockpiles to historically mined pit areas (Pollyanna and Gibraltar) and new pit areas (Connector and Extension). Based on historic operations and test work, the Granite pit ore is known to be harder with an above average work index compared to the Gibraltar ores on a whole. This presents a potential opportunity to increase concentrator throughput rates in the future due to softer ores.

In RPA's opinion, the LOM ore processing schedule is reasonable based on past performance along with minor planned improvements to the infrastructure.

FIGURE 6-1 LOM ORE PROCESSING SCHEDULE BY SOURCE



6.1. FLOWSHEET

Sulphide ore is processed through two concentrators (Concentrator #1 and Concentrator #2) with a total design throughput capacity of 85,000 stpd to produce a bulk concentrate that contains copper, silver, and molybdenum values. The processing throughput rate is primarily a function of the ore work index and resultant grinding time required to meet the grind specification for rougher flotation.

The bulk concentrate from both concentrators is combined and processed through a single molybdenum separation plant, which results in a copper concentrate with silver credits and a molybdenum concentrate.

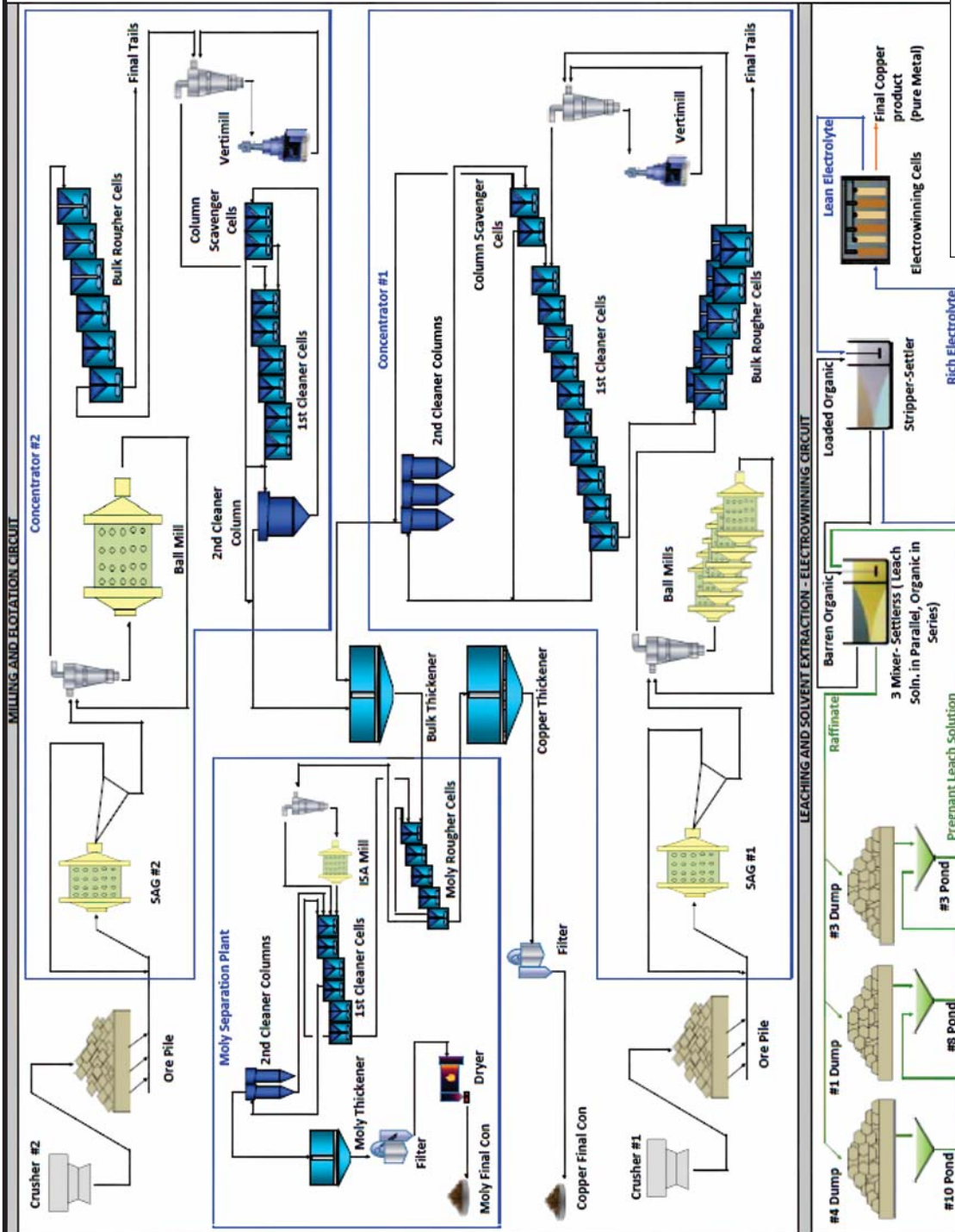
Oxide ore is dispatched to the oxide ore dumps or heap leach pad. A Solvent Extraction and Electrowinning (SX/EW) plant processes leachate from the oxide ore dumps and heap leach pad to produce a copper cathode product. This system is currently on care and maintenance until sufficient quantities of oxide ore are available per the LOM schedule.

Figure 6-2 presents a summary of the Gibraltar processing flowsheet. All processes and equipment used at Gibraltar are industry standard for the mineralisation. The historical performance of the Gibraltar facilities is consistent with the amenability of this mineralisation to these processes.

Figure 6-2

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Gibraltar Process Flowsheet



6.1.1. CONCENTRATOR #1

Sulphide ore dispatched to Concentrator #1 is processed through a single stage of crushing using a gyratory crusher. Crushed ore is fed to a 34 ft diameter, 13,000 hp semi-autogenous grinding (SAG) mill. SAG mill discharge is screened, with the oversize returning to the feed of the SAG mill. Undersize material is pumped to a distributor where six 13.5 ft diameter, 2,500 hp ball mills are operated in closed circuit with hydrocyclones to produce a minus 350 μm product to feed the flotation circuit. Design throughput of Concentrator #1's milling circuit is 55,000 stpd.

Flotation feed is pumped to two parallel rougher flotation circuits, each consisting of five 160 m³ flotation vessels. Rougher flotation tailings are pumped to the TSF. Rougher concentrate is classified through hydrocyclones, with the coarse fraction reporting to a Vertimill for regrind, and the fines to the cleaner flotation circuit. The fines reporting to the cleaner flotation circuit have an 80% passing size of 44 μm .

The cleaner flotation circuit consists of two stages of cleaning, as well as a cleaner scavenger stage. Concentrate from the second cleaner flotation stage is pumped to the common bulk concentrate thickener.

6.1.2. CONCENTRATOR #2

Sulphide ore dispatched to Concentrator #2 is processed through a single stage of crushing using a gyratory crusher. Crushed ore is fed to a 34 ft diameter, 13,000 hp SAG mill. SAG mill discharge is screened, with the oversize returning to the feed of the SAG mill. Undersize material is pumped to a distributor where a single 20 ft diameter, 8,500 Hp ball mill is operated in closed circuit with hydrocyclones to produce a minus 350 μm product to feed the flotation circuit. Design throughput of Concentrator #2's milling circuit is 30,000 stpd.

Flotation feed is pumped to a single rougher flotation line, consisting of six 160 m³ flotation vessels. Rougher flotation tailings are pumped to the TSF. Rougher concentrate is classified through hydrocyclones, with the coarse fraction reporting to a Vertimill for regrind, and the fines to the cleaner flotation stage. The fines reporting to the cleaner flotation stage have an 80% passing size of 44 μm .

The cleaner flotation circuit consists of two stages of cleaning, as well as a cleaner scavenger stage. Concentrate from the second cleaner flotation stage is pumped to the common bulk concentrate thickener.

6.1.3. MOLYBDENUM SEPARATION PLANT

Concentrate from both Concentrator #1 and #2 is combined in the common bulk concentrate thickener where it is partially dewatered. Thickened concentrate is pumped to the molybdenum separation plant. Molybdenum rougher flotation is conducted in five 10 m³ flotation cells where copper minerals are depressed (i.e., the copper concentrate) and molybdenum is selectively separated into a molybdenum rougher flotation concentrate.

The molybdenum rougher flotation concentrate is classified in a hydrocyclone with the coarse fraction reporting to a M100 ISA mill for regrind, and the fines to the cleaner flotation circuit. The fines reporting to the cleaner flotation circuit have an 80% passing size of 35 µm.

There is a two-stage cleaner flotation circuit, where the first stage has the optionality to be run in a cleaner scavenger configuration or just a cleaner service. The second cleaning stage consists of two parallel flotation columns where only one of the columns is in service at a time, with the other acting as a spare.

The second cleaner concentrate is dewatered by thickening followed by filtering. Dewatered molybdenum concentrate is then fed to a thermal dryer and stored in a concentrate silo. Dry molybdenum concentrate is packaged in two-tonne bags and shipped via truck to market.

6.1.4. COPPER CONCENTRATE DEWATERING AND SHIPMENT

Copper concentrate from the molybdenum separation plant is pumped to a dedicated copper concentrate thickener. Thickened copper concentrate is then pumped to a stock tank and filtered using two vertical plate air blow pressure filters. The resultant moisture content of the dewatered copper concentrate is approximately 7.5%.

The filtered copper concentrate is stockpiled in a covered shed at the mine site for bulk shipment via truck to a storage shed on the Macalister rail siding. The rail siding is approximately 25 km south west from the mine site along paved surfaces. The concentrate is then loaded into railcars for shipment to market, predominantly via seaborne shipping through Vancouver, British Columbia.

6.1.5. CONCENTRATOR TAILINGS STORAGE

Tailings from the two concentrators are pumped independently to the TSF approximately 3.5 km north of the plant site. The TSF is discussed in detail in Section 7 Project Infrastructure.

6.1.6. ENERGY, WATER, AND PROCESS MATERIAL

Energy requirements are serviced by existing grid power infrastructure. Process water at site is provided through a reclaim water system that pumps tailings supernatant water to site facilities. Process materials are readily available and currently supplied via contract to site.

6.2. SULPHIDE ORE RECOVERIES AND CONCENTRATE GRADES

6.2.1. COPPER RECOVERY

Copper recovery to concentrate is primarily grade and ore type dependent. Ore type factors influencing recovery include level of oxidation, mineralisation types, and secondary minerals (i.e., percentage of acid soluble copper).

Gibraltar has developed a copper recovery relationship for forecasting recoveries, which is based upon the acid soluble and total copper content of the ore, where copper recovery is the minimum of:

- $0.9 - (0.7 \times \text{ASCu} / \text{Cu})$, or
- $1 - (0.03 / \text{Cu})$

The first equation accounts for the acid soluble copper, which will not be recovered in the flotation circuit, whereas the second equation recognises a lower limit of 0.03% Cu for the tailings grade. Gibraltar has used this relationship for the estimation of copper recovery in its planning since 2015.

There has been limited need for external metallurgical test work in recent years, as Gibraltar has been in operation for a number of years with consistent and expected metallurgical results for copper concentrate production. Table 6-3 summarises the past five years of sulphide ore copper recovery performance. The majority of the ore processed during this time was from the Granite pit, with the remainder being sourced from stockpile.

TABLE 6-3 PAST FIVE YEARS COPPER RECOVERY PERFORMANCE
Taseko Mines Limited – Gibraltar Mine

Year	Actual Cu Recovery (%)	Budgeted Cu Recovery (%)	Variance (%)
2014	83.6	89.0	-6.1
2015	85.1	85.2	-0.1
2016	85.5	86.8	-1.5
2017	84.1	85.9	-2.1
2018	82.7	82.6	0.1

Since 2015, actual copper recovery has been close to the budgeted recovery, although typically lagging by a small amount (approximately -1% variance). In general, this lag has been assumed to be related to slightly higher acid soluble copper content in the feed ore than estimated. The larger negative variance in 2014 predates the currently used copper recovery relationship and was due to lower copper head grades than budgeted. The lower head grades were a result of increased use of lower grade stockpile ore because of a change in the mine plan, which delayed higher grade ROM ore delivery to the concentrators.

RPA is of the opinion that the LOM forecast copper recoveries presented previously in Table 6-2 are reasonable, having been supported by historic and recent operating results and metallurgical test work.

As there is no historic operating history for Connector pit and Extension pit ores, ore from these pits inherently has an increased copper recovery risk. RPA considers this risk to be of Minor consequence and Unlikely to occur though, as there has been significant study of the mineralisation in these nearby zones.

Of greater significance is the estimate of acid soluble copper within each block of ore and its impact on flotation recovery, because the acid soluble content over the range of typical values has a greater influence on the total copper recovery than the total copper grade does. This risk exists for all LOM sulphide ore production. While the Mineral Reserve estimate is relatively insensitive to a one percentage point change in copper recovery, the economics are sensitive, thus, in RPA's opinion the role of acid soluble copper in copper recovery is a risk of Moderate consequence with a Possible probability of occurrence. This risk can be mitigated with further investigation into acid soluble copper content estimates in the Mineral Resource model and the supporting data.

6.2.2. MOLYBDENUM RECOVERY

Molybdenum recovery to concentrate is targeted at approximately 50% for the LOM. While metallurgical test work supports this value, recent historical production results have averaged 40% recovery to concentrate. Molybdenum concentrate sales represent less than 10% of gross revenue for Gibraltar.

RPA considers the molybdenum recovery shortfall a potential opportunity to improve operations, otherwise estimation methods should be reviewed so that forecasts better reflect actual values. In RPA's opinion, this is a risk of Low consequence, as the impact on economics is minimal and there is no impact on the Mineral Reserve estimate.

6.2.3. COPPER CONCENTRATE

Gibraltar's copper concentrate has a nominal 28.5% copper grade in addition to minor silver credits and no significant deleterious elements; as such, it has proven desirable to smelters globally. This has been exhibited in recent years as Gibraltar offtake sales agreements have commanded premium prices.

Gibraltar's copper concentrate is currently sold under arrangements with MRI Trading AG of Switzerland and Cariboo. Gibraltar also has the ability to sell their concentrate on the spot market.

6.2.4. MOLYBDENUM CONCENTRATE

Gibraltar's molybdenum concentrate has a nominal grade of 48% molybdenum. Production is currently sold under arrangements with Langeloth Metallurgical Company, LLC (subsidiary of Thompson Creek Metals Company Inc.) and to Cariboo.

6.3. OXIDE ORE PROCESSING AND SALES

Oxide ore from the Mine is delivered to oxide leach dumps and the heap leach pad. Copper is extracted from the oxide ores by leaching with an acidic solution (raffinate). As the raffinate flows through the ore, it extracts the copper into the solution, which becomes the pregnant leach solution (PLS). The PLS is collected and delivered to the SX/EW plant.

The SX/EW plant process extracts the copper ions from the PLS in three extraction mixer-settlers. The copper is extracted via a liquid ion-exchange reagent carried in kerosene. A chemical reaction selectively causes the copper to transfer to the organic phase. The loaded organic phase is separated and flows to a strip mixer-settler where the copper is

transferred from the organic phase to the electrolyte. The electrolyte is filtered and heated before being passed through the EW cells where the copper is plated out on stainless steel cathodes. Cathodes are periodically removed from the cells, washed, and the copper sheets mechanically harvested. The resultant cathode copper is bundled and sold.

The barren (raffinate) solution leaving the plant is pumped back to the leach dumps and heap leach pad to leach additional copper from the ore.

Oxide ore ROM operations are forecasted to be complete in 2026. Oxide ore is stockpiled or loaded onto the leach areas intermittently as it is encountered in the day-to-day mining operations. In 2023, the SX/EW plant is scheduled to recommence operations, operating continuously through 2027.

Approximately 17 Mst of oxide ore is scheduled to be leached, containing 52 Mlb of copper. The SX/EW plant is forecast to produce 5 Mlb of copper cathode annually for five years, for a total of 25 Mlb of copper cathode. Oxide ore copper recovery to cathode averages approximately 50%.

Gibraltar copper cathode is nominally 99.9%+ pure copper. There are no current offtake agreements for copper cathode. Based on past production experience, the forecast production is expected to result in a readily marketable product.

7.PROJECT INFRASTRUCTURE

7.1. SITE PLAN

Gibraltar has a complete established infrastructure consistent with a mine that has been in place for more than 40 years. The site layout at the end of operations and prior to closure is presented in Figure 7-1.

Two major infrastructure relocations are required to complete the LOM production schedule. The first is the relocation of the Concentrator #1 primary crusher from the Granite pit rim to the ramp exit on the west side of the Gibraltar pit. The second is the relocation of the electrical substation currently located on the north rim of Granite pit. The majority of construction work is planned to be completed in advance in 2021 and 2022. During this time, the crusher will continue to operate in its current location, until the relocation of the main crusher components themselves, final connections, and commissioning. Downtime for Concentrator #1 primary crushing is budgeted at less than one month. In RPA's opinion, it is Possible that the crusher relocation will take longer than estimated, however, the incremental time will have a Minor consequence, as it doesn't impact Concentrator #2 production and it represents a delay in production versus loss of production. The risk can be mitigated by having additional maintenance activities planned if a longer than budgeted shutdown was to occur, or an additional source of crushed ore can be fed direct to the SAG mill.

In addition to the crusher and substation relocation, a portion of the mine access road and the utility lines affected by the Extension pit will need to be relocated in 2031.

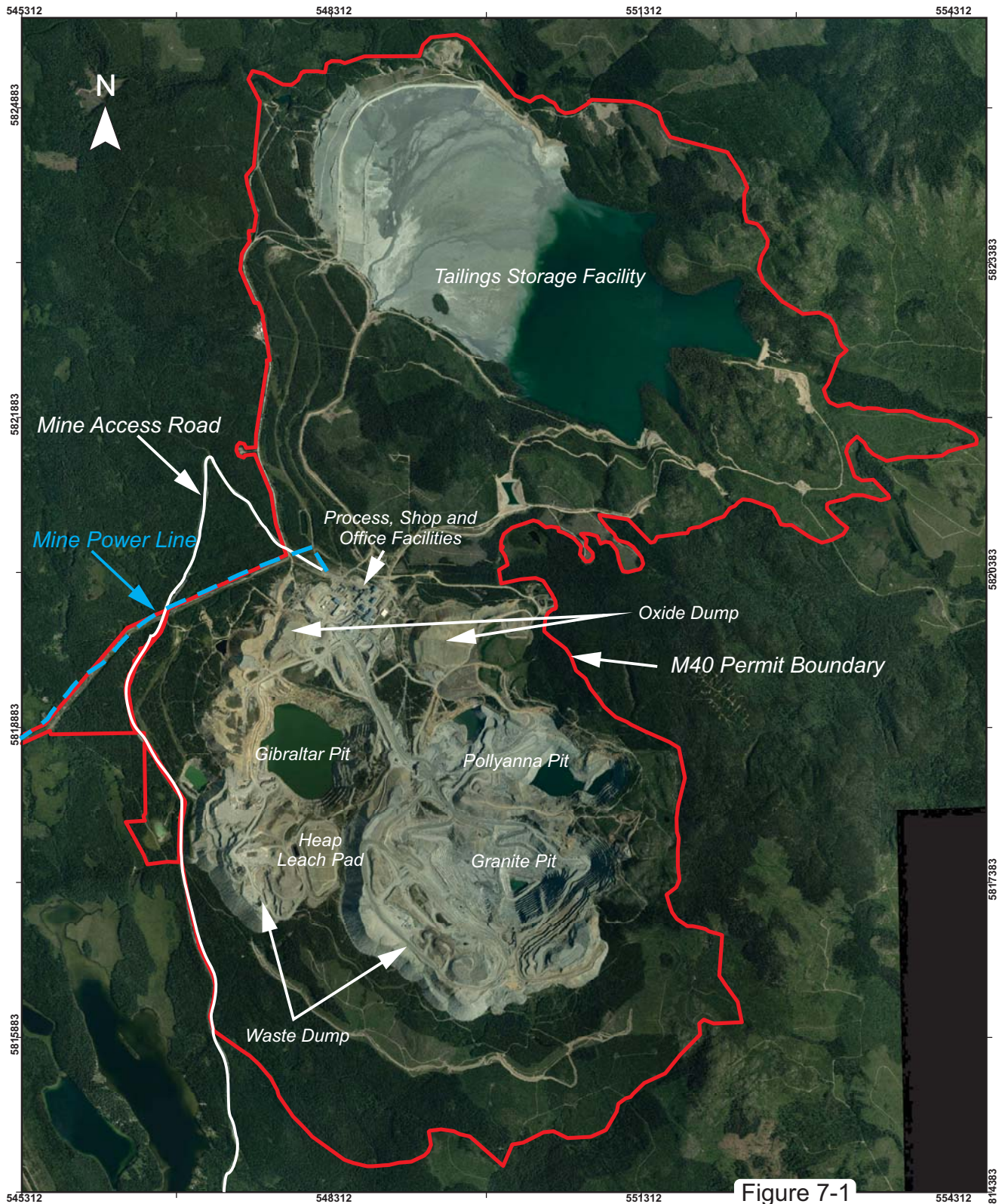


Figure 7-1

0 600 1200 1800 2400 3000
Metres

Projection: UTM Zone 10, NAD 83xt

Taseko Mines Limited

Gibraltar Mine
British Columbia, Canada
Gibraltar Site Plan

7.2. POWER SUPPLY

Electricity is supplied by the British Columbia Hydro and Power Authority. The processing facilities consume the majority of site electricity, followed by the open pit mine's primary excavation equipment, drills, and mine dewatering activities. Sufficient electricity is available to maintain operations at greater than the design capacity throughput of 85,000 stpd.

Natural gas is available at the site provided by Fortis BC.

Diesel is transported to the site by truck.

7.3. SERVICES

The mine gate, dry, offices, training rooms, and shops are all located in the Concentrator #1 area.

Copper concentrate produced at Gibraltar is trucked to the Macalister rail siding on the CN rail line, 25 km south west of Gibraltar along paved surfaces. The Macalister rail siding is immediately adjacent to Highway 97, which connects Macalister to Williams Lake.

Gibraltar owns the buildings and a portion of the land upon which the siding is located and has an agreement in place for the use of CN owned siding infrastructure.

From Macalister the concentrate is transported by rail 600 km to Vancouver Wharves Terminal, which is owned and operated by Kinder Morgan in North Vancouver. From there it is loaded onto ships for transport to various smelters world-wide.

Molybdenum concentrate is currently bagged on-site and loaded onto trucks with the buyer taking custody at the mine gate.

7.4. WATER SUPPLY

Process water is sourced from the TSF via a reclaim water system. Sufficient water supply is available from the maintenance of regular operations that no additional source is required to support site operations. Water supply comes from multiple sources. Water from active pit dewatering, both surface collection and from dewatering wells, currently reports to the Pollyanna pit for storage. Water stored in the Pollyanna pit will be pumped to the completed

Granite pit beginning in 2020. Water currently stored in the Gibraltar pit will be transferred to the Granite pit beginning in 2024. Beginning in 2029, excess water stored in the Granite pit will be directed to the TSF via the concentrators and discharged.

7.5. TAILINGS STORAGE FACILITY

Tailings from the two concentrators are pumped independently to the TSF approximately 3.5 km north of the plant site. The TSF is located within a broad valley, bounded on the north and south sides by natural valley walls, with two dam structures on the east and west sides of the facility.

The majority of tailings are deposited against the main dam on the west side of the facility. Tailings deposition utilises cyclones to stack dewatered coarse tailings between the main dam and the supernatant pond to the east. Coarse tailings are stacked via the centreline method, which ensures that large beach areas are maintained while minimising both the footprint of the storage facility and the ultimate height of the retaining dams. The east side of the facility is contained via a conventional water retaining dam constructed from compacted glacial till.

The supernatant water pond is located at the east end of the facility. As of YE2018, there was approximately 41 million cubic metres (Mm³) of water stored covering an area of approximately 395 ha.

Surface water runoff is diverted around the TSF where practical, while contact and seepage water is collected and returned to the supernatant pond. Supernatant pond water is discharged under permit to the Fraser River.

The operation, function, and monitoring of the TSF are compliant with Ministry of Environment and Ministry of Mines Permits, along with the requirements of the Health, Safety, and Reclamation Code for Mines in British Columbia and consistent with guidelines from the Canadian Dam Association. The permits also detail the requirements for post closure activities. Monitoring activities include:

- Site personnel monitor the TSF on an ongoing basis to ensure consistency between depositional practices and operational intent, that water seepage and flows are controlled and characterised, and that the geotechnical state of the facility is within design intent.
- Annual dam safety inspections are conducted by Klohn Crippen Berger Ltd. (KCB), the Engineer of Record (EOR), with their most recent report completed for YE2018 operations (KCB March 2019). No Priority 1 (i.e., highest risk) recommendations

were identified, while the greatest concern was the volume of water stored in the TSF (see site water balance discussion below in Section 8.2).

- Dam safety reviews are conducted by an independent third-party geotechnical engineer every five years; last performed by Tetra Tech EBA Inc. (TTEBA) in 2016. No highest priority recommendations were identified (TTEBA December 21, 2016).
- An Independent Technical Review Board (ITRB) meets annually to review the facility performance and status. The last ITRB was held in 2018, with the primary concern being the volume of water stored in the TSF (ITRB August 24, 2018). In addition, it was noted that satisfactory progress had been achieved in response to the 2016 TTEBA dam safety review.
- Monthly visits are performed by the EOR, typically ten or more months per year, as part of a site wide status review.

The current TSF design and footprint has storage capacity for approximately 500 Mst of additional tailings, which would service the current LOM production schedule through 2033. RPA notes there are various potential options to increase the current storage capacity of the TSF, while the current LOM plan envisions approximately 130 Mst of tailings deposition from 2034 and on being deposited into the exhausted Granite pit.

A floating pump-house is used to reclaim process water from the TSF for re-use in the site facilities; make-up fresh water for the mine site is obtained from surface water collection and pit dewatering efforts. Approximately 10 Mm³ of water is required in the impoundment to provide process water; site water balance is discussed further in Section 8.2.

The TSF's supernatant pond has been stocked with rainbow trout for demonstration and testing purposes. Tissue analysis has indicated metal levels are within natural ranges of fish in BC lakes.

It is RPA's opinion that Gibraltar's operation of the TSF meets regulatory requirements. There have been no extreme or critical risks or recommendations identified by numerous independent specialist reviews. The ongoing operations of the TSF as planned present a Moderate risk to the Mine with a Rare probability of occurrence. RPA recommends Gibraltar continues its proactive performance on improving the TSF operations and working with recommendations from the independent reviews.

8.ENVIRONMENT, PERMITTING, AND SOCIAL IMPACT

Taseko is a member of the Mining Association of BC and works in accordance with the Mining Association of Canada guidelines of the Towards Sustainable Mining (TSM) initiative. Items under TSM protocols include:

- Crisis management plans.
- Health and Safety.
- Tailings management.
- Aboriginal and Community outreach.
- Energy use.
- Biological diversity management.

8.1. PERMITTING

There are three major permits in effect at Gibraltar. These are:

- Effluent permit (PE-416).
- Mines Act permit (M-40).
- Air Emissions permit (PA-01595).

The Effluent permit (PE-416) is issued by the BC Ministry of Environment under the provisions of the Environmental Management Act. PE-416 authorises the discharge of site water to the Fraser River, discharge of tailings to the TSF, and movement of water around the site including discharge of water to pits. It was last amended on March 18, 2019.

The Mines Act permit (M-40) is issued by the BC Ministry of Energy, Mines and Petroleum Resources under the provisions of the Mines Act. M-40 authorises the mining operations and TSF deposition method. It also deals with reclamation liabilities, closure cost estimates, and bonding. It was last amended February 4, 2019.

The Air Emissions permit (PA-01595) is issued by the BC Ministry of the Environment under the provisions of the Environmental Management Act. PA-01595 authorises the discharge of particulate matter from the crushers, fine ore stockpile, the concentrate dryer, and various vents. This permit was last amended February 7, 2013.

All material regulatory authorisations and permits are in place to extract the Mineral Reserves described in this report with the exception of:

- A small extension of the M-40 lease boundary to include the full Extension pit.
- Periodic amendments of PE-416 and M-40 for pit wall pushbacks, water discharge, and waste rock and tailings storage.

Other permit considerations include approvals required for route changes to the access road, hydro transmission line, natural gas line, and water discharge pipeline in order to complete development of the Extension pit, which is scheduled to start in 2032. Approvals will be sought as required.

In RPA's opinion, PE-416 in relation to future amendments for the discharge of site water to the Fraser River is a Low risk that is Possible to occur. If Gibraltar is unable to discharge sufficient quantities of site water over the LOM, long term production plans could be impacted, discussed further in Section 8.2 Environment, below.

In RPA's opinion, future amendments to M-40 in regard to a boundary extension to mine the full limits of the Extension zone, present a Minor risk with a Rare probability of occurrence. RPA recommends prioritising exploration work in this area to determine the full potential followed by beginning the amendment process.

8.2. ENVIRONMENT

Gibraltar has an established environmental policy and environmental management system, which is periodically reviewed by external auditors. The purpose of the audit is to evaluate all the site operations levels of compliance with applicable environmental legal requirements. The most recent environmental compliance audit was completed in 2015 by Environmental Resources Management (ERM) (ERM August 5, 2015). No significant risk items of non-compliance were identified, while results were an improvement from the previous audit in 2012.

The most critical aspect of the site is site water management. All water that cannot be diverted away from the Mine operations is collected for storage onsite in the TSF or inactive pit areas. This amounts to accumulations of approximately six million cubic metres per year. Until recently, Gibraltar had operated with a positive site water balance. As a result, a significant quantity of stored water has been accumulated on site, as summarised in Table 8-1.

TABLE 8-1 ON SITE WATER STORAGE – DECEMBER 31, 2018
RK Mine Finance Master Fund I Limited – Gibraltar Mine

Area	Water Volume (Mm³)
Tailings Storage Facility	41
Gibraltar Pit	41
Pollyanna Pit	16
Other	1
Total	99

In recent years, Gibraltar has received amendments to its Effluent permit (PE-416), which has allowed it to increase discharge of site water from the TSF to the Fraser River. Gibraltar is currently permitted to discharge a maximum of approximately 5.3 Mm³ of water each year in an operating period from April 10 to November 11. Gibraltar has been able to reduce water volumes stored in the TSF over the past couple of years, with YE2018 volume of approximately 41 Mm³ being lower than the 2017 forecast of 46 Mm³.

To meet the LOM plan, the processing of ore uses 25 Mm³ to 30 Mm³ of water per annum, however, over 90% of this is recycled. Thus, only approximately 10 Mm³ of stored water is required in the TSF for the processing facilities on an annual basis.

In addition, water stored in the Gibraltar and Pollyanna pits requires pumping ahead of mining operations returning to those pits, which could potentially delay schedule, as discussed in Section 5.3 LOM Plan.

Under the current PE-416 amendment, the site is considered to be operating at a net neutral water balance. To reduce the excess water currently stored at site, Gibraltar has been working with authorities to allow for increased water discharge. In addition, there are plans to build a water treatment facility in 2021, which would facilitate release of water from the TSF and support further increases to the water discharge rate.

RPA considers the water balance and the reduction of stored water at site to be an important issue that may impact the long term operation of the mine. Shortfalls in annual site discharge quantities or additional accumulations of site water could lead to greater site water management requirements and potentially delay or require rescheduling of the ROM production schedule. It represents a Low risk to the Mine with a Possible chance of occurrence.

8.3. SOCIAL AND COMMUNITY

Mine employees predominantly live in nearby communities surrounding the Mine. Taseko currently has contracts with a number of local contractors for work such as concentrate haulage from the Mine to the rail siding.

In 2002, Gibraltar and the Cariboo Regional District collaborated on the development of a regional district landfill site on waste dumps in an area that would not be required for future mine operations. Operation of the landfill began in October 2003 and are on-going. The landfill provides reclamation credits to the land it occupies and revenues to support its ongoing site management costs.

8.3.1. FIRST NATIONS

Taseko has a policy regarding its dealings with Aboriginal Peoples and their communities affected by its endeavours. The policy includes:

- Respect for rights.
- Acknowledgment and respect for cultural interests.
- Timely and appropriate engagement.
- Consideration of traditional knowledge.
- Development of participation agreements.

There are multiple First Nations (FN) groups with reserves or interest in the Mine and Mine discharge area:

- The Xat'sull FN (also known as the Soda Creek band).
- The Williams Lake Indian band (also known as the T'exelc or Sugar Cane).
 - The Xat'sull and Williams Lake Indian Bands belong to the Northern Shuswap Tribal Council Society, also known as the Northern Secwepemc te Qelmucw (NStQ).
- The ?Esdilagh FN (also known as the Alexandria band).
- The Lhtakot'en (also known as the Red Bluff Indian Band).

Since 2009, Gibraltar Mines has worked to improve communications with local FN groups. Site tours have been conducted as well as meetings with the FN. There is an open invitation for FN groups to accompany sampling teams on environmental sampling. Additionally, there is a Technical Advisory Committee to review monitoring programs and data collected from those programs, and participation and cooperation agreements created.

8.4. MINE CLOSURE

The Mine's reclamation and closure plan includes site decommissioning, water management, and revegetation to meet end land use objectives. The most significant aspect of this is water management. Post-closure plans call for surface drainage collection and water treatment for mine area contact water, followed by discharge to the environment. Post-closure plans for tailings supernatant water call for untreated discharge to the environment.

In 2017, a decommissioning plan provided an assessment of the costs of closure based on a five year mine plan (Closure Plan March 31, 2017). Closure costs were estimated to be \$41 million. Gibraltar has \$38 million held in a Qualified Environmental Trust fund with the BNS Trust Company and \$10 million letter of credit with CIBC, totalling \$48 million serving as a reclamation and closure bond.

9. CAPITAL AND OPERATING COSTS

All costs are in Canadian dollars (C\$ or \$) unless otherwise stated. There are no adjustments to capital or operating costs for escalation or exchange rate fluctuations. Costs are current as of the first half of 2019 and are primarily Canadian or United States of America dollar (US\$) based. In the case of US\$ costs, they have been converted to C\$ by the supplier at the going exchange rate or have been converted afterwards at a US\$1.00: C\$1.30 exchange rate.

9.1. CAPITAL COST

The majority of the Mine's facilities are currently in place and operating. The remaining site capital requirements over the next approximate 19 years are for sustaining purposes and are summarised in Table 9-1.

TABLE 9-1 LOM CAPITAL COST SUMMARY
Taseko Mines Limited – Gibraltar Mine

Area	Total Capital (\$ millions)
Process Improvements	2
Bulk Pit Dewatering	24
Tailings and Water Treatment	34
Crusher and Substation Relocation	43
Road and Utility Realignment	6
General Sustaining	176
Total	285

Process improvements account for restarting the SX/EW plant in 2023.

Bulk pit dewatering considers for:

- Dewatering of the Pollyanna pit by pumping to the Gibraltar pit.
- Dewatering the Gibraltar pit by pumping to the mined out Granite pit.
- Dewatering the Granite pit to allow for tailings deposition.

Both the capital cost of infrastructure, such as pumps, pipeline, and wiring, along with the operating cost for the dewatering activities are included. Excluded from bulk pit dewatering

are the daily operational pit dewatering costs in active mining areas, as these are included in the mining operating costs.

The tailings and water treatment capital costs include required upgrades to the seepage return pumping system, general engineering and design activities, and spillway construction. The main dam structure at Gibraltar is constructed from cycloned sand and, as a result, the majority of the costs associated with this embankment are included in operating costs. A water treatment facility will be added in 2021, in order to treat and discharge excess water currently stored on site. The tailings pumping systems will be reconfigured in 2033, to allow deposition of tailings in the Granite pit.

The relocation of Concentrator #1's primary crusher and associated overland conveyor, along with the pit electrical substation, are scheduled to take place in 2021 and 2022.

The relocation of the portion of the mine access road and the utility services that runs through the Extension pit will take place in 2031.

General sustaining capital for the mine and mill is estimated at \$0.15/st mined, based on historic operating experience and expected equipment replacement schedules required to meet the LOM production schedule. Sustaining capital decreases steadily from \$0.15/st mined to zero over the last 10 years of the production schedule.

In addition to the capital sustaining costs estimated to achieve the LOM production schedule, mine closure costs have been estimated at \$41 million. Gibraltar currently has instruments in place totalling \$48 million serving as a reclamation and closure bond.

9.2. OPERATING COST

The total site operating costs for mining, processing, and General and Administration (G&A), are based on Gibraltar's past cost performance and years of experience, along with first principles estimation to meet the forecast production schedule. Table 9-2 presents operating cost performance for the past five years of operations.

TABLE 9-2 PAST FIVE YEARS OPERATING COST SUMMARY
Taseko Mines Limited – Gibraltar Mine

Year	Mining (\$/st mined)	Processing (\$/st milled)	G&A (\$/st milled)	Offsite Costs (\$/lb Cu)	Capital (\$/st mined)
2014	1.95	4.13	0.99	0.45	0.15
2015	1.73	3.90	0.84	0.48	0.03
2016	1.62	3.97	0.82	0.44	0.04
2017	1.67	4.20	0.95	0.50	0.30
2018	1.78	4.20	0.91	0.47	0.19

Note: Mining cost includes all waste mining costs in the year incurred.

Gibraltar has the advantage of being connected to the provincial hydro grid, providing a stable relatively low cost source of electricity for the processing facilities and major drills and shovels in the mine. Gibraltar's exposure to fluctuating oil prices is primarily in the mine in the form of diesel fuel for the haul trucks, followed by transportation costs for consumables to site and product transportation offsite. The next major cost centre is manpower, which generally increases with inflation. LOM estimated unit operating costs are summarised in Table 9-3.

TABLE 9-3 LOM UNIT OPERATING COST SUMMARY
Taseko Mines Limited – Gibraltar Mine

Department	Units	Unit Operating Cost
Mining	\$/st mined	1.84
Mining	\$/st milled	5.49
Processing	\$/st milled	4.20
G&A	\$/st milled	0.90
Total	\$/st milled	10.59

Note: Numbers may not add due to rounding.

RPA notes the historic and estimated mining operating costs include all waste stripping costs in the year incurred.

In RPA's opinion, the estimated LOM unit operating costs are a reasonable reflection of historic actual operating costs at Gibraltar. In addition, the LOM unit operating costs are reasonable in comparison to the open pit optimisation parameters presented in Table 5-3. Total LOM operating costs are summarised in Table 9-4.

TABLE 9-4 LOM OPERATING COST SUMMARY
Taseko Mines Limited – Gibraltar Mine

Department	Total Cost (\$ millions)
Mining	3,258
Processing	2,495
G&A	534
Total	6,287

Note: Numbers may not add due to rounding.

In RPA's opinion, the operating cost risk is Moderate, with a long term Unlikely probability to occur. The risk is attributable to a sustained increase in operating consumable costs and or labour costs without an offsetting increase in metal prices.

9.2.1. OFFSITE OPERATING COSTS

Offsite costs are based on current and anticipated contract terms for transportation, treatment and refining costs of copper concentrate, molybdenum conversion charge, and copper cathode transportation. The average offsite costs over the operating period is \$0.47/lb of copper produced, which in RPA's opinion is a reasonable reflection of past performance. Over the LOM, offsite costs total approximately \$1,229 million.

9.2.2. MANPOWER

The manpower budget for 2019 calls for a total of 705 personnel. Effective May 1, 2019, the actual personnel count was within 2% of the budget, which is a reasonable comparison. Over the LOM plan, manpower requirements will remain similar to current levels. A notable decrease in manpower does not occur until the last few years of production when waste stripping ratios decrease.

10. VALUATION OF MINERAL RESERVES

10.1. VALUATION METHODOLOGY

A discounted Net Present Value (NPV) cashflow model is used for the valuation basis. Results of the valuation are presented on a 100% basis pre-tax and on the basis of Taseko's 75% ownership of Gibraltar Mines pre-tax and after-tax, with an effective date of YE2018.

10.2. VALUATION PARAMETERS AND CRITERIA

10.2.1. PRODUCTION PLAN

The LOM schedules for ROM production and processing are presented and discussed in Sections 6 and 7 respectively. In summary, approximately 1,767 Mst of material will be mined over the next approximate 19 years, with 594 Mst of sulphide ore being processed through the concentrators and 17 Mst of oxide ore being leached.

Three products are produced and sold:

- Copper concentrate, which includes silver credits.
- Molybdenum concentrate.
- Copper cathode.

Over the LOM, forecasted copper in concentrate production is approximately 2,600 Mlb, molybdenum in concentrate production is approximately 48 Mlb, and copper in cathode production is approximately 25 Mlb.

Annual copper production is relatively consistent over the LOM, typically falling within a range of 115 Mlb to 145 Mlb per annum, except in the final full year of operations, where copper production increases significantly due to mining from a single pit bottom where the ore grade is significantly above average.

10.2.2. EXCHANGE RATE

Values are primarily C\$ or US\$ based. In the case of US\$ costs, they have been converted to C\$ by the supplier at the going exchange rate or have been converted afterwards at a US\$1.00: C\$1.30 exchange rate. This compares to the three month and three year trailing average (to July 1, 2019) exchange rates of US\$1.00: C\$1.34 and US\$1.00: C\$1.31 respectively.

In RPA's opinion, the exchange rate is reasonable in comparison to the metal prices used for Mineral Reserve estimation and the cashflow model, and consensus views of major banking institutions on long term rates.

10.2.3. COMMODITY PRICES

Metal prices for copper and molybdenum are based on the long term consensus pricing of major financial institutions and are comparable with other large scale global operators.

A copper price of US\$3.00/lb is used in the cashflow for 2019 and 2020, followed by US\$3.10/lb (\$4.03/lb) for the remainder of the LOM. A molybdenum price of US\$12.00/lb (\$15.60/lb) is used for the LOM. Taseko's 75% of the silver is sold under a silver streaming agreement made in 2017, which effectively covers Taseko's portion of the LOM silver production. The silver streaming agreement included an upfront payment followed by future payments of US\$2.75/oz (\$3.58/oz) produced.

RPA notes the Mineral Reserve final pit design is based on a copper price of US\$2.75/lb (\$3.44/lb), which is a significant discount to the cashflow model price. In comparison, the three month and three year trailing average (to July 1, 2019) price of copper is US\$2.77/lb and US\$2.76/lb respectively. Relative to the recent and longer term trailing average prices for copper, along with the long term forecasts for metal prices and exchange rates, the Mineral Reserve basis is considered reasonable.

10.2.4. COSTS

LOM costs are summarised in Table 10-1.

TABLE 10-1 LOM COST SUMMARY
Taseko Mines Limited – Gibraltar Mine

Item	Total Cost (\$ millions)
Operating Costs	6,287
Capital Costs	285
Offsite Costs	1,229
Total Costs	7,801

In addition to the costs in Table 10-1, mine closure costs have been estimated at \$41 million. These have been excluded, as Gibraltar currently has instruments in place totalling \$48 million serving as a reclamation and closure bond.

10.2.5. TAXATION

Profit at Gibraltar is subject to BC Mineral taxes, in addition to provincial and federal corporate income taxes. For the after-tax model, Taseko works with its 75% share of Gibraltar Mines and associated tax loss pools and depreciation accounts to determine taxes payable. RPA has relied upon Taseko for guidance on applicable taxes to revenue or income from Gibraltar.

10.2.5.1. MINERAL TAX

BC Mineral taxes are assessed under a two part system, made up of a Net Current Proceeds Tax (NCPT) and Net Revenue Tax (NRT). The NCPT applies at a rate of 2% to operating cash flow from production. The NCPT acts like a minimum tax and is applicable until the producer has recovered all capital investment and a reasonable rate of return, at which time the NRT will be applied at a rate of 13%. The total tax collected under both NRT and NCPT will not exceed 13%. BC Mineral taxes are deductible against corporate income taxes. For the LOM cashflow, Gibraltar effectively falls under the full NRT at 13%.

10.2.5.2. INCOME TAXES

Gibraltar is currently subject to provincial and federal corporate tax rates of 12% and 15% respectively for a combined rate of 27%. Historically (since 2011), the combined tax rate has varied between 27.5% and 25%. RPA is of the opinion that it is reasonable to expect variability within this range in the future.

10.2.6. DISCOUNT RATE

A discount rate of 8% has been utilised for determining the Mine's NPV. RPA is of the opinion that the discount rate is reasonable based on the current market conditions and given that the Mine is an operating entity with a proven performance track record, requires relatively minimal capital expenditures to meet the LOM production schedule, and lies in a relatively low risk jurisdiction.

10.3. VALUATION

Table 10-2 summarises the results of the valuation.

TABLE 10-2 VALUATION SUMMARY – DECEMBER 31, 2018
Taseko Mines Limited – Gibraltar Mine

<u>Item</u>	<u>Value (\$ millions)</u>
100% Basis (Gibraltar Mines):	
Gross Revenue	10,966
Net Revenue	9,737
Total Operating Cost	6,287
Total Capital Cost	285
Pre-tax Cashflow	3,165
Pre-tax NPV at 8% Discount Rate	1,430
75% Basis (Taseko's Portion of Gibraltar Mines):	
Pre-tax Cashflow (includes Ag stream)	2,274
Pre-tax NPV at 8% Discount Rate	1,027
Total Tax	704
After-tax Cashflow	1,571
After-tax NPV at 8% Discount Rate	745

Copper sales represent over 90% of the Mine's gross revenue with silver credits contributing to less than 1% of the gross. Over 99% of the copper gross is from concentrate sales, with the remainder from copper cathode sales. Molybdenum represents approximately 7% of the gross revenue.

10.4. SENSITIVITIES

Project risks can be identified in both economic and non-economic terms. Key economic risks were examined by running cash flow sensitivities to:

- Head grade.
- Metal recoveries.
- Metal prices.
- Exchange Rate.
- Operating costs.
- LOM sustaining capital costs.

Pre-tax NPV sensitivity over the 100% case has been calculated for -20% to +20% variations with the exception of metal recoveries, which are calculated for -5% to +5% variation. In RPA's opinion, these represent reasonable sensitivity ranges for the Mine based on historic operating performance. The NPV sensitivities, on a 100% basis, are shown in Figure 10-1 and Table 10-3.

The Mine is most sensitive to copper price, US\$: C\$ exchange rate, head grade, and recovery, followed by operating costs. It is least sensitive to LOM sustaining capital costs. RPA considers these results as typical for an established large scale open pit operating mine with relatively low head grades.

FIGURE 10-1 PRE-TAX 100% BASIS NPV SENSITIVITY ANALYSIS

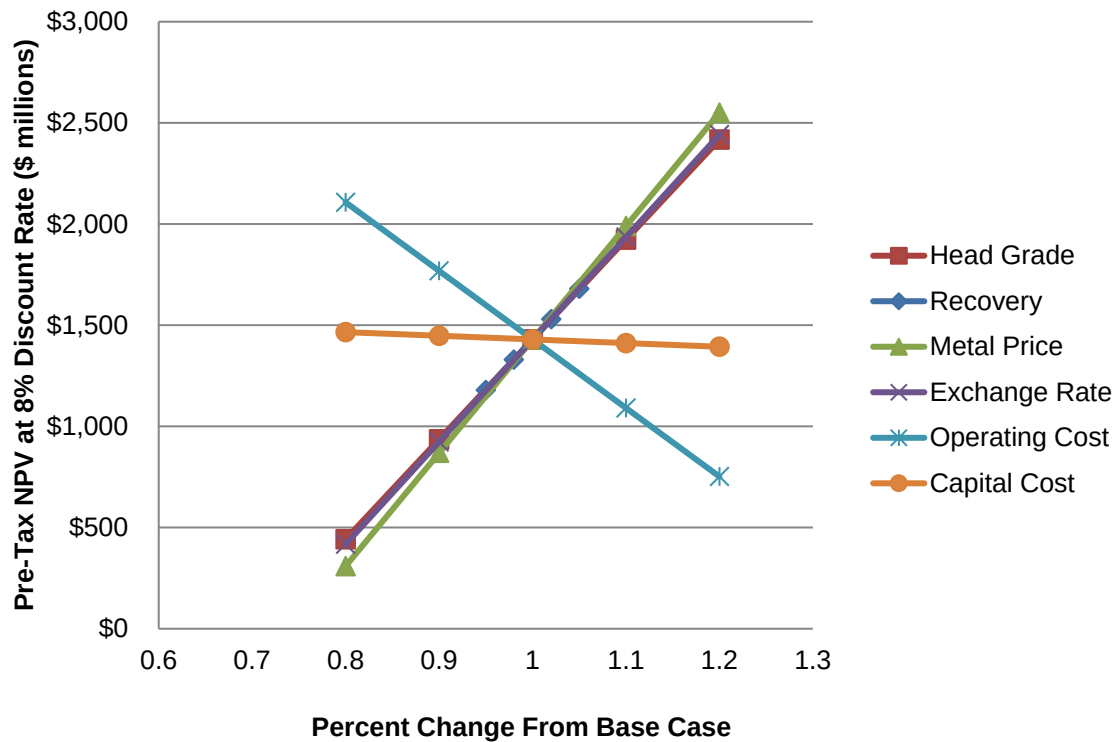


TABLE 10-3 PRE-TAX 100% BASIS NPV SENSITIVITY
Taseko Mines Limited – Gibraltar Mine

Percent Change from Base Case	Cu Head Grade (%)	NPV at 8% (\$ millions)
0.80	0.20	442
0.90	0.23	936
1.00	0.25	1,430
1.10	0.28	1,923
1.20	0.30	2,417
	Cu Recovery (%)	NPV at 8% (\$ millions)
0.95	81.8	1,179
0.98	84.4	1,329
1.00	86.1	1,430
1.02	87.8	1,530
1.05	90.4	1,680
	Cu Metal Price (US\$/lb)	NPV at 8% (\$ millions)
0.80	2.47	309
0.90	2.78	869
1.00	3.09	1,430
1.10	3.40	1,999
1.20	3.71	2,550
	Exchange Rate (US\$1.00: C\$)	NPV at 8% (\$ millions)
0.80	1.04	417
0.90	1.17	923
1.00	1.30	1,430
1.10	1.43	1,936
1.20	1.56	2,442
	Operating Costs (\$/st Milled)	NPV at 8% (\$ millions)
0.80	8.47	2,107
0.90	9.53	1,768
1.00	10.59	1,430
1.10	11.65	1,091
1.20	12.71	752
	Sustaining Capital Costs (\$ millions)	NPV at 8% (\$ millions)
0.80	228	1,466
0.90	256	1,448
1.00	285	1,430
1.10	313	1,412
1.20	342	1,393

10.5. COMPARABLES

As of the date of this report there were four operating open pit mines in British Columbia, Canada, producing copper concentrate. The four mines from south to north are Copper Mountain, Highland Valley Copper, Mount Milligan, and Red Chris. All four are considered mature operations utilizing similar conventional open pit mining and processing methods.

10.5.1. COPPER MOUNTAIN MINE

The Copper Mountain mine is owned by Copper Mountain Mining Corporation (CMMC). It is located approximately 230 mi south-southeast of Gibraltar, near the town of Princeton, British Columbia. The mine currently processes ore with a design capacity of approximately 44,000 stpd. As of January 1, 2019, CMMC reported Proven and Probable Mineral Reserves of approximately 467 Mst grading 0.24% Cu and 0.003 oz/st Au; Mineral Reserves were reported at a 0.10% Cu cut-off grade, US\$2.75/lb copper price, and a US\$1.00: C\$1.25 exchange rate (CMMC February 25, 2019).

10.5.2. HIGHLAND VALLEY COPPER MINE

The Highland Valley Copper mine is owned by Teck Resources Limited (Teck). It is located approximately 152 mi south-southeast of Gibraltar, near the town of Logan Lake, British Columbia. The mine currently processes ore with a design capacity of approximately 160,000 stpd. As of December 31, 2018, Teck reported Proven and Probable Mineral Reserves of approximately 590 Mst grading 0.30% Cu and 0.007% Mo; Mineral Reserves were reported at a 0.11% Cu equivalent cut-off grade, US\$3.00/lb copper price, and a US\$1.00: C\$1.20 exchange rate (Teck February 25, 2019).

10.5.3. MOUNT MILLIGAN MINE

The Mount Milligan mine is owned by Centerra Gold Incorporated (Centerra). It is located approximately 193 mi north-northwest of Gibraltar, near the town of Mackenzie, British Columbia. The mine currently processes ore with a design capacity of approximately 66,000 stpd. As of December 31, 2018, Centerra reported Proven and Probable Mineral Reserves of approximately 493 Mst grading 0.19% Cu and 0.010 oz/st Au; Mineral Reserves were reported at a US\$3.00/lb copper price and a US\$1.00: C\$1.25 exchange rate (Centerra March 21, 2019).

10.5.4. RED CHRIS MINE

The Red Chris mine is a joint venture owned 70% by Newcrest Mining Limited (Newcrest) and 30% by Imperial Metals Corporation (Imperial). It is located approximately 465 mi

northwest of Gibraltar, near the community of Iskut, British Columbia. The mine currently processes ore with a design capacity of approximately 33,000 stpd. As reported by Imperial in April 2019, the current reported Proven and Probable Mineral Reserves for Red Chris are dated 2012, prior to the commencement of commercial production in 2015, thus they have not been updated or depleted for production to date. The 2012 Proven and Probable Mineral Reserves were approximately 332 Mst grading 0.36% Cu and 0.008 oz/st Au (Imperial February 14, 2012).

11. RISKS AND OPPORTUNITIES

11.1. RISKS

RPA has assessed critical areas of Gibraltar and identified risks associated with the technical and cost assumptions used. The level of risk refers to our subjective assessment as to how the identified risk could affect the achievement of Gibraltar's objectives.

11.1.1. RISK ANALYSIS DEFINITIONS

The following definitions have been employed by RPA in assigning risk consequence factors to the various aspects and components of the Mine:

1. **Low** – Risks that are considered to be average or typical for a deposit of this nature and could have a relatively insignificant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
2. **Minor** – Risks that have a measurable impact on the quality of the estimate but not sufficient to have a significant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
3. **Moderate** – Risks that are considered to be average or typical for a deposit of this nature but could have a more significant impact on the economics. These risks are generally recognisable and, through good planning and technical practices, can be minimised so that the impact on the deposit or its economics is manageable.
4. **Major** – Risks that have a definite, significant, and measurable impact on the economics. This may include basic errors or substandard quality in the basis of estimate studies or project definition. These risks can be mitigated through further study and expenditure that may be significant. Included in this category may be environmental/social non-compliance, particularly in regard to Equator Principles and IFC Performance Standards.
5. **High** – Risks that are largely uncontrollable, unpredictable, unusual, or are considered not to be typical for a deposit of a particular type. Good technical practices and quality planning are no guarantee of successful exploitation. These risks can have a major impact on the economics of the deposit including significant disruption of schedule, significant cost increases, and degradation of physical performance. These risks cannot likely be mitigated through further study or expenditure.

The following definitions have been employed by RPA in assigning risk probability factors to the various aspects and components of the Mine:

1. **Rare** – The risk is very unlikely to occur during the Mine life.
2. **Unlikely** – The risk is more likely not to occur than occur during the Mine life.

3. **Possible** – There is an increased probability that the risk will occur during the Mine life.
4. **Likely** – The risk is likely to occur during the Mine life.
5. **Almost Certain** – The risk is expected to occur during the Mine life.

11.1.2. RISKS SUMMARY TABLE

A summary of the Mine related risks identified by RPA in its review is shown in Table 11-1.

TABLE 11-1 RISK SUMMARY TABLE
Taseko Mines Limited – Gibraltar Mine

LIKELIHOOD	Almost Certain					
	Likely					
	Possible	5A	2B,3C	3B		
	Unlikely	6A	3A	2A,7A		
	Rare		1A,5B	4A		
		Low	Minor	Moderate	Major	High
CONSEQUENCE						

- 1 – Geology and Mineral Resources
- 2 – Mine Design and Mineral Reserves
- 3 – Processing
- 4 – Project Infrastructure
- 5 – Environment, Social, and Permitting
- 6 – Capital Cost
- 7 – Operating Cost
- 8 – Other

11.1.3. RISKS TABLE

The Mine related risks identified by RPA in its review are shown in Table 11-2.

TABLE 11-2 RISK ANALYSIS SUMMARY
Taseko Mines Limited – Gibraltar Mine

Project Element	Issue	Risk Consequence	Risk Probability	Mitigation
Geology and Mineral Resources:				
1A	A significant proportion of the deeper Mineral Resources are delineated with older drill holes for which the data validation cannot be fully completed. The data for these holes could be biased, which might impact on block grades in the resource model.	Minor	Rare	Definition drilling should be conducted to validate the older drilling. This drilling could potentially upgrade current Inferred Mineral Resources as well.
Mine Design and Mineral Reserves:				
2A	Pit wall instability due to insufficient dewatering rates to meet depressurisation targets.	Moderate	Unlikely	Ensure infrastructure budget is available to install and operate the required wells, drain holes, and dewatering equipment to depressurise the pit walls and handle the collected water.
2B	Mining equipment capacity to meet peak ROM production rates from 2019 to 2025.	Minor	Possible	Purchase or contract additional primary mining equipment if required or adjust short to medium term planning.
Processing:				
3A	Copper recovery forecasts for Connector and Extension pit ores; there has been no historic operations experience in these areas.	Minor	Unlikely	Monitor reconciliations once ore production starts from these areas and adjust forecasts as required based on the actual results. Mineralogy is understood and bench scale metallurgical testwork has been completed.
3B	Minor shortfall in copper recovery estimate likely attributable to acid soluble copper content estimate of sulphide ore not as reliable as the total copper estimate.	Moderate	Possible	Perform further investigation into the acid soluble copper content for any new exploration work to incorporate into the Mineral Resource model.
3C	Infrastructure relocation takes longer than estimated; specifically, primary crusher #1 and electrical substation moves.	Minor	Possible	Ensure productivity estimates for construction activity are reasonable. Plan additional maintenance activity for the downstream concentrator components in the event of a longer relocation schedule. Investigate alternate methods to feed crushed ore to Concentrator #1 SAG mill.

Project Element	Issue	Risk Consequence	Risk Probability	Mitigation
Project Infrastructure:				
4A	Potential for tailings dam failure.	Moderate	Rare	Continue TSF operations at or above regulatory requirements along with continuous improvement programs and water storage reduction.
Environment, Social, and Permitting:				
5A	Excess water stored on site. Temporary approval to discharge increased rates of water is in place, however, potential impact longer term if further amendments are not obtained or more restrictive amendments are approved.	Low	Possible	Ensure site is discharging maximum allowed quantities of water at all times. Continue amicable relations with stakeholders.
5B	Portion of Extension pit Mineral Reserve is beyond current mine lease boundary.	Minor	Rare	Prioritise exploration at Extension pit to determine full potential of area and begin permit amendment process.
Capital Cost:				
6A	Major equipment failure or unplanned replacements.	Low	Unlikely	The Mine is relatively insensitive to sustaining capital costs, that said, Taseko's history of expansion projects at Gibraltar have been completed with reasonable success.
Operating Cost:				
7A	Potential for a sustained increase in operating consumable costs and or labour costs without an offsetting increase in metal prices.	Moderate	Unlikely	Maintain cost controls and flexibility in mine plan to deal with periods in time when metal price increases lag inflation.

11.2. OPPORTUNITIES

A summary of the Project related opportunities identified by RPA in its review is shown in Table 11-3.

TABLE 11-3 OPPORTUNITIES
Taseko Mines Limited – Gibraltar Mine

Project Element	Opportunity	Action Required
Geology and Mineral Resources:	Significant volumes of Inferred Mineral Resources exist, which potentially could be upgraded to Measured and Indicated Mineral Resources.	Definition drilling to upgrade Inferred to Measured and Indicated.
Mine Design and Mineral Reserves:	Potential mine life extension with conversion of upgraded Inferred Mineral Resources to Mineral Reserves.	Complete pit optimisation studies to prioritise Inferred Mineral Resource targets for definition drilling.
Processing:	Increase sulphide ore processing throughput. The design capacity of the concentrators is 85,000 stpd; on a short term basis processing rates of over 100,000 stpd have been achieved.	Identify and rank potential bottlenecks to long term higher processing rates.
	Improve molybdenum recoveries.	Investigate negative variance of actual to forecast molybdenum recoveries to determine if improvements can be made to reach forecast values.

12. CONCLUSIONS AND RECOMMENDATIONS

12.1. CONCLUSIONS

Based upon its work RPA offers the following conclusions:

General

- Gibraltar is a mature and well run open pit mining and processing operation.
- All mining leases and all mineral claims are currently in good standing.
- The geological data, in addition to the mining, processing, cost, and marketing assumptions used, are appropriate for purposes of defining and demonstrating Mineral Resources and Mineral Reserves as defined by the CIM (2014) definitions.

Geology and Mineral Resources

- The regional and local geology and the property mineralisation are well understood.
- The drilling, sampling, sample preparation and analysis procedures are appropriate for the style of mineralisation.
- The Mineral Resources, effective December 31, 2018, are:
 - o Measured: 806 Mst, grading 0.25% Cu and 0.008% Mo.
 - o Indicated: 303 Mst, grading 0.23% Cu and 0.007% Mo.
 - o Inferred: 59 Mst, grading 0.21% Cu and 0.004% Mo.
- The current database validation protocols employed by Taseko are consistent with common industry standards and appropriate for the Mine.
- Taseko has taken reasonable and appropriate steps to validate the historic data collected prior to 1999.
- A review of reconciliation studies shows that the block model tonnage and grade estimates agree reasonably well with the actual production reported by the mill.
- The inputs into the estimation process, including both the database and Mineral Resource parameters, are reasonable and unbiased and, in some respects, conservative.

Mining and Mineral Reserves

- The Mineral Reserves, effective December 31, 2018, are:
 - o Proven and Probable for sulphide ore: 594 Mst grading 0.25% Cu and 0.008% Mo.
 - o Proven and Probable for oxide ore: 17 Mst grading 0.15% Cu.
- The Mineral Reserves are contained within the Measured and Indicated Mineral Resource of 1,109 Mst grading 0.25% Cu and 0.007% Mo.

- The Mineral Reserve estimate supports approximately 19 years of mining and processing operations at an average mining strip ratio of 1.9 tons of waste per ton of ore. Sulphide ore processing is planned at 85,000 stpd (31 Mstpa).

Mineral Processing

- Gibraltar has been processing ores to produce copper concentrates since the commencement of operations in 1971, along with intermittent production of molybdenum concentrates and copper cathodes, except during a care and maintenance period from 1999 to 2004 due to low copper prices.
- Two ore types are identified for processing, oxide and sulphide. Only copper is recovered from the oxide ore, while copper, molybdenum, and silver are recovered in saleable quantities from the sulphide ore. Over 97% of remaining Mineral Reserves by tonnage are identified as sulphide ore.
- LOM sulphide copper and molybdenum recoveries are forecast to average 86% and 50% respectively, with an average annual production rate of approximately 134 Mlb of copper in copper concentrate and 2.5 Mlb of molybdenum in molybdenum concentrate.
- The LOM ore processing schedule is reasonable based on past performance along with minor planned improvements to the infrastructure.

Project Infrastructure

- Gibraltar has a complete established infrastructure consistent with a mine that has been in place for more than 40 years.

Environmental, Permitting, and Social Impact

- There are three major permits in effect at Gibraltar. These are:
 - o Effluent permit (PE-416).
 - o Mines Act permit (M-40).
 - o Air Emissions permit (PA-01595).
- All material regulatory authorisations and permits are in place to extract the Mineral Reserves described in this report with the exception of:
 - o A small extension of the M-40 lease boundary to include the full Extension pit.
 - o Periodic amendments of PE-416 and M-40 for pit wall pushbacks, water discharge, and waste rock and tailings storage.
- The operation, function, and monitoring of the TSF are compliant with Ministry of Environment and Ministry of Mines Permits, along with the requirements of the Health, Safety, and Reclamation Code for Mines in British Columbia and consistent with guidelines from the Canadian Dam Association.
- The Mine's reclamation and closure plan includes site decommissioning, water management, and revegetation to meet end land use objectives. In 2017, a decommissioning plan provided an assessment of the costs of closure based on a five year mine plan. Closure costs were estimated to be \$41 million. The funds are currently in place to cover this requirement.

Capital and Operating Costs

- The majority of the Mine's facilities are currently in place and operating. The remaining site capital requirements over the next approximate 19 years are for sustaining purposes and total \$285 million.
- The total site operating costs for mining, processing, and G&A, are based on Gibraltar's past cost performance and years of experience, along with first principles estimation to meet the forecast production schedule.
- LOM estimated total operating costs are \$6,287 million resulting in a unit operating cost of \$10.59/st milled.
- Offsite costs are based on current and anticipated contract terms for transportation, treatment and refining costs of copper concentrate, molybdenum conversion charge, and copper cathode transportation. The average offsite costs over the operating period is \$0.47/lb of copper produced. Over the LOM, offsite costs total approximately \$1,229 million.
- The estimated LOM unit operating costs are a reasonable reflection of historic actual operating costs at Gibraltar.

Valuation of Mineral Reserves

- A discounted NPV cashflow model is used for the valuation basis with an effective date of YE2018.
- Over the LOM, forecast copper in concentrate production is approximately 2,600 Mlb, molybdenum in concentrate production is approximately 48 Mlb, and copper in cathode production is approximately 25 Mlb.
- Metal prices for copper and molybdenum are based on the long term consensus pricing of major financial institutions and are comparable with other large scale global operators.
- A copper price of US\$3.00/lb is used in the cashflow for 2019 and 2020, followed by US\$3.10/lb for the remainder of the LOM. A molybdenum price of US\$12.00/lb is used for the LOM.
- Profit at Gibraltar is subject to BC Mineral taxes, in addition to provincial and federal corporate income taxes.
- On a 100% basis, pre-tax cashflow totals \$3,165 million and pre-tax NPV at an 8% discount rate totals \$1,430 million.
- On the basis of Taseko's 75% ownership of Gibraltar Mines, pre-tax cashflow totals \$2,274 million and pre-tax NPV at an 8% discount rate totals \$1,027 million. After-tax cashflow totals \$1,571 million and the after-tax NPV at an 8% discount rate totals \$745 million.

12.2. RECOMMENDATIONS

RPA recommends the following:

- Prioritise continuing definition drilling in the mine production plan areas to potentially upgrade Inferred Mineral Resources to Indicated or higher, infill gaps in drilling at depth, and increase drilling at depth. As the current mine plan calls for backfilling of some of the exhausted pit areas with waste material, it is critical that these are fully explored prior to negatively impacting their future expansion profitability.
- Continue to apply for increased site water discharge rates to maximise site discharge and minimise excess water volumes stored onsite.

13. DATE AND SIGNATURE PAGE

This report titled “Competent Person’s Report on the Gibraltar Mine, British Columbia, Canada” and dated November 6, 2019 was prepared and signed by the following authors:

(Signed & Sealed) *Glen Ehasoo*

Dated at Toronto, ON
November 6, 2019

Glen Ehasoo, P.Eng.
Technical Director of Mine Engineering,
Principal Mining Engineer

(Signed & Sealed) *David W. Rennie*

Dated at Toronto, ON
November 6, 2019

David W. Rennie, P.Eng.
Associate Principal Geologist

(Signed & Sealed) *David Ross*

Dated at Toronto, ON
November 6, 2019

David Ross, M.Sc., P.Geo.
Director of Geology Services, Principal
Geologist

14. APPENDIX 1 – SUMMARY OF ESMA REQUIREMENTS FOR A COMPETENT PERSONS REPORT

14.1. MINING COMPETENT PERSON'S REPORT – RECOMMENDED CONTENT

The European Securities and Markets Authority (ESMA) recommends that competent persons should provide competent person's reports structured in accordance with either the model content recommended under the code, statute or regulation the company is reporting under or, where no such model content is set out in the code, ESMA recommends the competent person should address the information set out in this appendix. The competent person may, with the agreement of the relevant member state's competent authority, adapt these contents where appropriate for the circumstances of the issuer.

i) Legal and Geological Overview – a description of:

- (1) the nature and extent of the company's rights of exploration and extraction and a description of the properties to which the rights attach, with details of the duration and other principal terms and conditions of these rights including environmental obligations, and any necessary licences and consents including planning permission;
- (2) any other material terms and conditions of exploration and extraction including host government rights and arrangements with partner companies;

ii) Geological Overview – a description of the geological characteristics of the properties, the type of deposit, its physical characteristics, style of mineralisation, including a discussion of any material geotechnical, hydrogeological/hydrological and geotechnical engineering issues;

iii) Resources and Reserves

- (1) a table providing data on (to the extent applicable): exploration results inclusive of commentary on the quantity and quality of this, inferred, indicated/measured resources, and proved/probable reserves and a statement regarding the internationally recognised reporting standard used;
- (2) a description of the process followed by the competent person in arriving at the published statements and a statement indicating whether the competent person has audited and reproduced the statements, what additional modifications have been included, or whether the authors have reverted to a fundamental re-calculation;
- (3) a statement as to whether mineral resources are reported inclusive or exclusive of reserves;

- (4) supporting assumptions used in ensuring that mineral resource statements are deemed to be 'potentially economically mineable';
- (5) supporting assumptions including commodity prices, operating cost assumptions and other modifying factors used to derive reserve statements;
- (6) reconciliations between the proposed and last historic statement;
- (7) a statement of when and for how long a competent person last visited the properties (or a statement that no visit has been made if that is the case);
- (8) for proved and probable reserves (if any) a discussion of the assumed:
 - (a) mining method, metallurgical processes and production forecast;
 - (b) markets for the company's production and commodity price forecasts;
 - (c) mine life;
 - (d) capital and operating cost estimates;
- iv) Valuation of Reserves – taking consideration of internationally recognised valuation codes as set out in Appendix I a valuation of reserves comprising:
 - (1) an estimate of net present value (or a valuation arrived at on an alternative basis, with an explanation of the basis and of the reasons for adopting it) of reserves;
 - (2) the principal assumptions on which the valuation of proved and probable reserves is based including those relating to discount factors, commodity prices, exchange rates, realised prices, local fiscal terms and other key economic parameters;
 - (3) information to demonstrate the sensitivity to changes in the principal assumptions; (or a statement that the valuation of reserves is omitted).
- v) Environmental, Social and Facilities – an assessment of
 - (1) environmental closure liabilities inclusive of biophysical and social aspects, including (if appropriate) specific assumptions regarding sale of equipment and/or recovery of commodities on closure, separately identified;
 - (2) environmental permits and their status including where areas of material non-compliance occur;
 - (3) commentary on facilities which are of material significance;
- vi) Historic Production/Expenditures – an appropriate selection of historic production statistics and operating expenditures over a minimum of a three year period;
- vii) Infrastructure – a discussion of location and accessibility of the properties, availability of power, water, tailings storage facilities, human resources, occupational health and safety;
- viii) Maps etc. – maps, plans and diagrams showing material details featured in the text; and
- ix) Special factors – if applicable a statement setting out any additional information required for a proper appraisal of any special factors affecting the exploration or extraction

businesses of the company (for example in the polar regions where seasonality is a special factor).

15. APPENDIX 2 – QUALIFICATIONS OF COMPETENT PERSONS

15.1. GLEN EHASOO

I, Glen Ehasoo, P.Eng., as an author of this report entitled 'Competent Person's Report on the Gibraltar Mine, British Columbia, Canada' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am Principal Mining Engineer and Technical Director of Mining Engineering, with Roscoe Postle Associates Inc. of Suite 501, 55 University Ave., Toronto, ON M5J 2H7.
2. I am a graduate of the University of British Columbia, Vancouver, British Columbia, in 1998 with a Bachelor of Applied Science in Mining & Mineral Processing Engineering.
3. I am registered as a Professional Engineer in the Province of British Columbia (Reg. #34935) and in the Province of Ontario (Reg. #100229435). I have worked as a mining engineer for a total of 20 years since my graduation. My relevant experience for the purpose of this Competent Person's Report is:
 - Open pit operational experience in Canada and abroad
 - Review and report as a consultant on open pit mining projects and operations in Canada and around the world for studies, audits, due diligence, and regulatory requirements
 - Open pit mine planning and cost estimation
 - Project cash flow modelling and economic analysis
4. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
5. I visited the Gibraltar Mine on June 4 and 5, 2019.
6. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
7. I have been involved in previous due diligence reviews on the property that is the subject of the Competent Person's Report.
8. I have read CIM (2014) definitions and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) *Glen Ehasoo*

Glen Ehasoo, P.Eng.

15.2. DAVID W. RENNIE

I, David W. Rennie, P.Eng., as an author of this report entitled 'Competent Person's Report on the Gibraltar Mine, British Columbia, Canada' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am an Associate Principal Geologist with Roscoe Postle Associates Inc. of Suite 501, 55 University Ave., Toronto, ON M5J 2H7.
2. I am a graduate of the University of British Columbia in 1979 with a Bachelor of Applied Science degree in Geological Engineering.
3. I am registered as a Professional Engineer in the Province of British Columbia (Reg. #13572). I have worked as a geological engineer for a total of 39 years since my graduation. My relevant experience for the purpose of the Technical Report is:
 - Review and report as a consultant on numerous exploration and mining projects around the world for due diligence and regulatory requirements.
 - Consultant Geologist to a number of major international mining companies providing expertise in conventional and geostatistical resource estimation for properties in North and South Americas, and Africa.
 - Chief Geologist and Chief Engineer at a gold-silver mine in southern B.C.
 - Exploration geologist in charge of exploration work and claim staking with two mining companies in British Columbia.
4. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
5. I did not visit the Gibraltar Mine.
6. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
7. I have been involved in previous due diligence reviews on the property that is the subject of the Competent Person's Report.
8. I have read CIM (2014) definitions and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) David W. Rennie

David W. Rennie, P.Eng.

15.3. DAVID ROSS

I, David Ross, P.Geo., as an author of this report entitled 'Competent Person's Report on the Gibraltar Mine, British Columbia, Canada' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am Principal Geologist and Director, Resource Estimation, with Roscoe Postle Associates Inc. of Suite 501, 55 University Ave., Toronto, ON M5J 2H7.
2. I am a graduate of Carleton University, Ottawa, Canada, in 1993 with a Bachelor of Science degree in Geology and Queen's University, Kingston, Ontario, Canada, in 1999 with a Master of Science degree in Mineral Exploration.
3. I am registered as a Professional Geologist in the Province of Ontario (Reg. #1192). I have worked as a geologist for over 25 years since my graduation. My relevant experience for the purpose of the Technical Report is:
 - Review and report as a consultant on numerous mining and exploration projects around the world for due diligence and regulatory requirements.
 - Twelve years' experience estimating Mineral Resources for precious and base metals, uranium, and iron ore. This experience included more than 100 deposits ranging from greenfield projects to operating mines.
 - Exploration geologist on a variety of gold and base metal projects in Canada, Indonesia, Chile, and Mongolia.
4. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
5. I visited the Gibraltar Mine on June 4 and 5, 2019.
6. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
7. I have had no prior involvement with the property that is the subject of the Competent Person's Report.
8. I have read CIM (2014) definitions and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) David Ross

David Ross, P.Geo.

16. APPENDIX 3 – GLOSSARY AND ABBREVIATIONS

16.1. GLOSSARY

Alteration - Any physical or chemical change in a rock or mineral subsequent to its formation. Milder and more localised than metamorphism.

Assay - A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.

Ball Mill - A steel cylinder filled with steel balls into which crushed ore is fed. The ball mill is rotated, causing the balls to cascade and grind the ore.

Block Model - a three-dimensional mathematical representation of a volume of mineralisation used to estimate tonnage and grade of a deposit.

Concentrate - A fine, powdery product of the milling process containing a high percentage of valuable metal.

Contact - A geological term used to describe the line or plane along which two different rock formations meet.

Core - The long cylindrical piece of rock, about an inch in diameter, brought to surface by diamond drilling.

Diamond Drill - A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two cm or more in diameter.

Dilution (mining) - Rock that is, by necessity, removed along with the ore in the mining process, subsequently lowering the grade of the ore.

Dip - The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

Exploration - Prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore.

Exploration Target – An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

Flotation - A milling process in which valuable mineral particles are induced to become attached to bubbles and float as others sink.

Gangue - The worthless minerals in an ore deposit.

Head Grade - The average grade of ore fed into a mill.

Host Rock - The rock surrounding an ore deposit.

Indicated Mineral Resource (CIM (2014) Definition) – An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Inferred Mineral Resource (CIM (2014) Definition) –An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Leaching - A chemical process for the extraction of valuable minerals from ore; also, a natural process by which ground waters dissolve minerals, thus leaving the rock with a smaller proportion of some of the minerals than it contained originally.

Metallurgy - The study of extracting metals from their ores.

Mill - A plant in which ore is treated and metals are recovered or prepared for smelting; also, a revolving drum used for the grinding of ores in preparation for treatment.

Milling ore - Ore that contains sufficient valuable mineral to be treated by milling process.

Mineral - A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favourable conditions, a definite crystal form.

Mineral Reserves – A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

Mineral Resource (CIM (2014) Definition) – A Mineral Resource is a concentration or occurrence of a solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

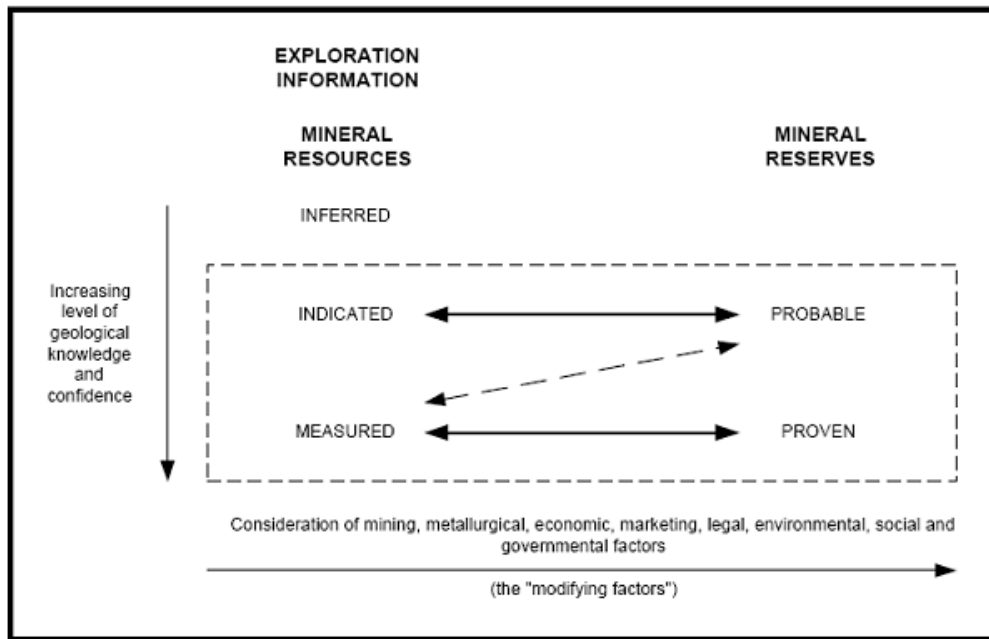
An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Measured Mineral Resource (CIM (2014) Definition) – A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or under certain circumstances to a Probable Mineral Reserve.

Mineral Resource / Reserve Relationship (CIM (2014) Definition)



Open Pit - A mine that is entirely on surface. Also referred to as open-cut or open-cast mine.

Ore - A mixture of ore minerals and gangue from which at least one of the metals can be extracted at a profit.

Orebody - A natural concentration of valuable material that can be extracted and sold at a profit.

Oxidation - A chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral.

Probable Mineral Reserve (CIM (2014) Definition) –A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proved Mineral Reserve.

Proven Mineral Reserve (CIM (2014) Definition) – A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

Plant - A building or group of buildings in which a process or function is carried out; at a mine site it will include warehouses, hoisting equipment, compressors, maintenance shops, offices and the mill or concentrator.

Porphyry - Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.

Reclamation - The restoration of a site after mining or exploration activity is completed.

Recovery - The percentage of valuable metal in the ore that is recovered by metallurgical treatment.

Sample - A small portion of rock or a mineral deposit taken so that the metal content can be determined by assaying.

Sampling - Selecting a fractional but representative part of a mineral deposit for analysis.

Semi-Autogenous Grinding (SAG) - A method of grinding rock into fine powder whereby the grinding media consist of larger chunks of rocks and steel balls.

Shear or Shearing - The deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.

Shear Zone - A zone in which shearing has occurred on a large scale.

Short ton - 2,000 lbs. avoirdupois.

Solvent Extraction Electrowinning (SX/EW) - A metallurgical technique, so far applied only to copper ores, in which metal is dissolved from the rock by organic solvents and recovered from solution by electrolysis.

Stockpile - Broken ore heaped on surface, pending treatment or shipment.

Strike - The direction, or bearing from true north, of a vein or rock formation measure on a horizontal surface.

Strip - To remove the overburden or waste rock overlying an orebody in preparation for mining by open pit methods.

Sulphide - A compound of sulphur and some other element.

Tailings - Material rejected from a mill after most of the recoverable valuable minerals have been extracted.

Tailings Pond - A low-lying depression used to confine tailings, the prime function of which is to allow enough time for heavy metals to settle out or for cyanide to be destroyed before water is discharged into the local watershed.

Thickener - A large, round tank used in milling operations to separate solids from liquids; clear fluid overflows from the tank and rock particles sink to the bottom.

Trench - A long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure.

Trend - The direction, in the horizontal plane, of a linear geological feature, such as an ore zone, measured from true north.

Vein - A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source.

Waste - Unmineralised, or sometimes mineralised, rock that is not minable at a profit.

16.2. LIST OF ABBREVIATIONS

Units of measurement used in this report conform to the imperial system. All currency in this report is Canadian dollars (C\$ or \$) unless otherwise noted.

a	annum	LOM	Life-of-Mine
A	ampere	L/s	litres per second
ASCu	acid soluble copper	m	metre
bbl	barrels	M	mega (million); molar
BFA	Bench Face Angle	m ²	square metre
btu	British thermal units	m ³	cubic metre
°C	degree Celsius	μ	micron
C\$	Canadian dollar	MASL	metres above sea level
cal	calorie	μg	microgram
CBW	Catch Berm Width	m ³ /h	cubic metres per hour
cfm	cubic feet per minute	mi	mile
cm	centimetre	min	minute
		MLb	million pounds
cm ²	square centimetre	μm	micrometre
CN	Canadian National Railway	mm	millimetre
		Mm ³	million cubic metres
d	day	mph	miles per hour
dia	diameter	Mst	million short tons
dmt	dry metric tonne	Mstpa	million short tons per annum
dwt	dead-weight ton	MVA	megavolt-amperes
°F	degree Fahrenheit	MW	megawatt
ft	foot	MWh	megawatt-hour
ft ²	square foot	NCPT	Net Current Proceeds Tax
FN	First Nations	NN	Nearest Neighbour
ft ³	cubic foot	NPV	Net Present Value
ft/s	foot per second	NRT	Net Revenue Tax
g	gram	OK	Ordinary Kriging
G	giga (billion)	OSA	Overall Slope Angle
Gal	Imperial gallon	oz	Troy ounce (31.1035g)
		oz/ton, opt	ounce per short ton
g/L	gram per litre	PLS	pregnant leach solution
Gpm	Imperial gallons per minute	ppb	part per billion
g/t	gram per tonne	ppm	part per million
gr/ft ³	grain per cubic foot	psia	pound per square inch absolute
G&A	General and Administration	psig	pound per square inch gauge
GSB	Geotechnical Safety Berm	QA/QC	quality assurance/quality control
gr/m ³	grain per cubic metre	RAB	rotary air blast
ha	hectare	RL	relative elevation
hp	horsepower	ROM	run-of-mine
hr	hour	s	second
Hz	hertz	SAG	semi-autogenous grinding
ID ³	Inverse Distance Cubed	st	short ton
ID ⁵	Inverse Distance to the Fifth Power	stpa	short ton per year
in.	inch		
in ²	square inch	stpd	short ton per day
		SX/EW	Solvent Extraction and Electrowinning
IRA	Inter-Ramp Angle	t	metric tonne
J	joule	tpa	metric tonne per year
k	kilo (thousand)	tpd	metric tonne per day
kcal	kilocalorie	TSF	Tailings Storage Facility
kg	kilogram	TSM	Towards Sustainable Mining
km	kilometre	US\$	United States dollar
km ²	square kilometre	USg	United States gallon

km/h	kilometre per hour	USgpm	US gallon per minute
kPa	kilopascal	V	volt
kVA	kilovolt-amperes	W	watt
kW	kilowatt	wmt	wet metric tonne
kWh	kilowatt-hour	wt%	weight percent
L	litre	yd ³	cubic yard
lb	pound	yr	year

17. APPENDIX 4 - REFERENCES

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18. APPENDIX 5 – LAND TENURE

TABLE 18-1 GIBRALTAR MINERAL LEASES
Taseko Mines Limited – Gibraltar Mine

TITLE #	TYPE	ISSUE DATE	GOOD TO DATE	AREA (HA)
207491	Lease	1972/JUL/26	2019/JUL/26	116.03
207492	Lease	1972/JUL/26	2019/JUL/26	35.12
207493	Lease	1972/JUL/26	2019/JUL/26	82.26
207494	Lease	1972/JUL/26	2019/JUL/26	57.53
207495	Lease	1972/JUL/26	2019/JUL/26	69.07
207496	Lease	1972/JUL/26	2019/JUL/26	66.56
207497	Lease	1972/JUL/26	2019/JUL/26	73.56
207498	Lease	1972/JUL/26	2019/JUL/26	143.87
207499	Lease	1972/JUL/26	2019/JUL/26	95.11
207500	Lease	1972/JUL/26	2019/JUL/26	12.37
207501	Lease	1972/JUL/26	2019/JUL/26	16.85
207502	Lease	1972/JUL/26	2019/JUL/26	3.12
207503	Lease	1972/JUL/26	2019/JUL/26	119.47
207504	Lease	1972/JUL/26	2019/JUL/26	0.51
207505	Lease	1972/JUL/26	2019/JUL/26	28.72
207506	Lease	1972/JUL/26	2019/JUL/26	172.61
207507	Lease	1972/JUL/26	2019/JUL/26	0.06
207508	Lease	1972/JUL/26	2019/JUL/26	36.62
207515	Lease	1973/OCT/11	2019/OCT/11	28.34
207516	Lease	1973/OCT/11	2019/OCT/11	72.71
207517	Lease	1973/OCT/11	2019/OCT/11	152.04
207518	Lease	1973/OCT/11	2019/OCT/11	33.71
207519	Lease	1973/OCT/11	2019/OCT/11	20.46
207520	Lease	1973/OCT/11	2019/OCT/11	37.75
306737	Lease	1973/OCT/11	2019/OCT/11	8.81
207511	Lease	1972/OCT/23	2019/OCT/23	64.98
207513	Lease	1972/OCT/23	2019/OCT/23	58.56
207514	Lease	1972/OCT/23	2019/OCT/23	113.14
1017923	Lease	2013/MAR/19	2020/MAR/19	104
1017924	Lease	2013/MAR/19	2020/MAR/19	281
207512	Lease	1973/JUN/11	2020/JUN/11	109
352646	Lease	1997/JUN/25	2020/JUN/25	60.74

TABLE 18-2 GIBRALTAR MINERAL CLAIMS
Taseko Mines Limited – Gibraltar Mine

Title #	Name	Type	Issue Date	Good to Date	Area (ha)
1052538	-	Claim	2017/JUN/14	2020/JUN/14	19.669
560525	GL-1A	Claim	2007/JUN/12	2021/JUN/12	315.0755
604694	GL2	Claim	2009/MAY/19	2021/MAY/19	177.2734
204104	HY 1	Claim	1978/MAY/01	2023/NOV/28	100
204105	HY 4	Claim	1978/MAY/01	2023/NOV/28	150
204107	HY 7	Claim	1978/MAY/01	2023/NOV/28	75
204115	TIM 1	Claim	1978/AUG/28	2023/NOV/28	50
204116	COLE 1	Claim	1978/AUG/28	2023/NOV/28	225
204159	GEOFF 1	Claim	1979/MAY/29	2023/NOV/28	225
204160	DOUG I	Claim	1979/JUN/26	2023/NOV/28	75
204161	RYAN I	Claim	1979/JUN/26	2023/NOV/28	25
204162	AARON I	Claim	1979/JUN/26	2023/NOV/28	25
204217	BARB I	Claim	1979/NOV/14	2023/NOV/28	300
204218	BRENT I	Claim	1979/NOV/14	2023/NOV/28	150
204219	JANIS I	Claim	1979/NOV/14	2023/NOV/28	75
204309	HY 17	Claim	1980/JUN/10	2023/NOV/28	50
204317	HY 3	Claim	1980/JUN/12	2023/NOV/28	225
204518	BRUCE I	Claim	1981/JUN/29	2023/NOV/28	300
204519	PAUL I	Claim	1981/JUN/29	2023/NOV/28	300
207143	TK 1	Claim	1990/AUG/23	2023/NOV/28	50
207144	TK 2	Claim	1990/AUG/24	2023/NOV/28	50
207198	TK 3	Claim	1990/SEP/12	2023/NOV/28	100
207612	GM 31	Claim	1964/MAR/02	2023/NOV/28	25
207613	GM 32	Claim	1964/MAR/02	2023/NOV/28	25
207614	GM 33	Claim	1964/MAR/02	2023/NOV/28	25
207615	GM 34	Claim	1964/MAR/02	2023/NOV/28	25
207616	GM 35	Claim	1964/MAR/02	2023/NOV/28	25
207617	GM 36	Claim	1964/MAR/02	2023/NOV/28	25
207618	GM 37	Claim	1964/MAR/02	2023/NOV/28	25
207619	GM 38	Claim	1964/MAR/02	2023/NOV/28	25
207622	GM 49	Claim	1964/MAR/02	2023/NOV/28	25
207623	GM 50	Claim	1964/MAR/02	2023/NOV/28	25
207624	GM 51	Claim	1964/MAR/02	2023/NOV/28	25
207625	GM 52	Claim	1964/MAR/02	2023/NOV/28	25
207626	GM 59	Claim	1964/MAR/02	2023/NOV/28	25
207627	GM 60	Claim	1964/MAR/02	2023/NOV/28	25
207632	GM 65	Claim	1964/MAR/02	2023/NOV/28	25
207633	GM 66	Claim	1964/MAR/02	2023/NOV/28	25
207634	GM 67	Claim	1964/MAR/02	2023/NOV/28	25
207635	GM 68	Claim	1964/MAR/02	2023/NOV/28	25
207636	GM 69	Claim	1964/MAR/02	2023/NOV/28	25
207637	GM 70	Claim	1964/MAR/02	2023/NOV/28	25
207638	GM 71	Claim	1964/MAR/02	2023/NOV/28	25

Title #	Name	Type	Issue Date	Good to Date	Area (ha)
207639	GM 72	Claim	1964/MAR/02	2023/NOV/28	25
207644	JAN NO. 5	Claim	1964/APR/10	2023/NOV/28	25
207645	JAN NO. 6	Claim	1964/APR/10	2023/NOV/28	25
207647	AL #2	Claim	1964/JUL/02	2023/NOV/28	25
207648	AL #3	Claim	1964/JUL/02	2023/NOV/28	25
207649	AL #4	Claim	1964/JUL/02	2023/NOV/28	25
207650	AL #5	Claim	1964/JUL/02	2023/NOV/28	25
207651	AL #6	Claim	1964/JUL/02	2023/NOV/28	25
207653	AL #8	Claim	1964/JUL/02	2023/NOV/28	25
207655	AL #10	Claim	1964/JUL/02	2023/NOV/28	25
207657	AL #12	Claim	1964/JUL/02	2023/NOV/28	25
207658	SUMMIT NO.7	Claim	1964/JUL/20	2023/NOV/28	25
207659	SUMMIT NO.8	Claim	1964/JUL/20	2023/NOV/28	25
207661	GM 104	Claim	1964/AUG/21	2023/NOV/28	25
207682	EV #9	Claim	1965/OCT/19	2023/NOV/28	25
207683	EV #10	Claim	1965/OCT/19	2023/NOV/28	25
207684	EV #11	Claim	1965/OCT/19	2023/NOV/28	25
207685	EV #12	Claim	1965/OCT/19	2023/NOV/28	25
207686	EV #13	Claim	1965/OCT/19	2023/NOV/28	25
207687	EV #14	Claim	1965/OCT/19	2023/NOV/28	25
207692	EV #15	Claim	1966/JAN/17	2023/NOV/28	25
207693	EV #16	Claim	1966/JAN/17	2023/NOV/28	25
207694	EV #17	Claim	1966/JAN/17	2023/NOV/28	25
207695	EV #18	Claim	1966/JAN/17	2023/NOV/28	25
207696	EV #19	Claim	1966/JAN/17	2023/NOV/28	25
207697	EV #20	Claim	1966/JAN/17	2023/NOV/28	25
207698	BUD #5	Claim	1966/JAN/17	2023/NOV/28	25
207699	BUD #6	Claim	1966/JAN/17	2023/NOV/28	25
207700	IT NO. 1	Claim	1966/FEB/14	2023/NOV/28	25
207701	IT NO. 4	Claim	1966/FEB/14	2023/NOV/28	25
207702	IT NO. 5	Claim	1966/FEB/14	2023/NOV/28	25
207703	IT NO. 6	Claim	1966/FEB/14	2023/NOV/28	25
207704	IT NO. 8	Claim	1966/FEB/14	2023/NOV/28	25
207705	VAL NO.1	Claim	1966/MAR/19	2023/NOV/28	25
207706	VAL NO.2	Claim	1966/MAR/18	2023/NOV/28	25
207707	VAL NO.3	Claim	1966/MAR/18	2023/NOV/28	25
207708	VAL NO.4	Claim	1966/MAR/18	2023/NOV/28	25
207709	VAL NO.5	Claim	1966/MAR/18	2023/NOV/28	25
207710	VAL NO.6	Claim	1966/MAR/18	2023/NOV/28	25
207711	VAL NO.7	Claim	1966/MAR/18	2023/NOV/28	25
207712	VAL NO.8	Claim	1966/MAR/18	2023/NOV/28	25
207713	VAL NO.9	Claim	1966/MAR/18	2023/NOV/28	25
207714	VAL NO.10	Claim	1966/MAR/18	2023/NOV/28	25
207715	VAL NO.11	Claim	1966/MAR/18	2023/NOV/28	25
207716	VAL NO.12	Claim	1966/MAR/18	2023/NOV/28	25
207717	VAL NO.14	Claim	1966/MAR/18	2023/NOV/28	25
207718	VAL NO.19	Claim	1966/MAR/18	2023/NOV/28	25
207720	VAL NO.21	Claim	1966/MAR/18	2023/NOV/28	25

Title #	Name	Type	Issue Date	Good to Date	Area (ha)
207721	VAL NO.22	Claim	1966/MAR/18	2023/NOV/28	25
207722	VAL NO.27	Claim	1966/MAR/18	2023/NOV/28	25
207723	FFE #13	Claim	1966/MAY/16	2023/NOV/28	25
207724	FFE #14	Claim	1966/MAY/16	2023/NOV/28	25
207725	FFE #15	Claim	1966/MAY/16	2023/NOV/28	25
207726	FFE #16	Claim	1966/MAY/16	2023/NOV/28	25
207729	BUD 7	Claim	1966/JUN/14	2023/NOV/28	25
207730	BUD 8	Claim	1966/JUN/14	2023/NOV/28	25
207731	EV 21	Claim	1966/JUN/14	2023/NOV/28	25
207732	EV 22	Claim	1966/JUN/14	2023/NOV/28	25
207749	PINE TREE #1	Claim	1967/JUL/04	2023/NOV/28	25
207750	PINE TREE #2	Claim	1967/JUL/04	2023/NOV/28	25
207751	FLO #2 FR.	Claim	1967/AUG/03	2023/NOV/28	25
207752	FLO #3 FR.	Claim	1967/AUG/29	2023/NOV/28	25
207753	FLO #4 FR.	Claim	1967/AUG/29	2023/NOV/28	25
207754	PINE TREE #3	Claim	1967/SEP/06	2023/NOV/28	25
207755	PINE TREE #4	Claim	1967/SEP/06	2023/NOV/28	25
207756	PINE TREE #5	Claim	1967/SEP/06	2023/NOV/28	25
207757	PINE TREE #6	Claim	1967/SEP/06	2023/NOV/28	25
207758	CAROL #4 FR	Claim	1968/JUL/12	2023/NOV/28	25
207763	H.A. #1	Claim	1968/OCT/16	2023/NOV/28	25
207764	H.A. #2	Claim	1968/OCT/16	2023/NOV/28	25
207766	H.A. #4	Claim	1968/OCT/16	2023/NOV/28	25
207767	HAS 2	Claim	1968/OCT/16	2023/NOV/28	25
207768	HAS 12	Claim	1968/OCT/16	2023/NOV/28	25
207769	HAS 13	Claim	1968/OCT/16	2023/NOV/28	25
207770	HAS 14	Claim	1968/OCT/16	2023/NOV/28	25
207771	HAS 15	Claim	1968/OCT/16	2023/NOV/28	25
207772	HAS 16	Claim	1968/OCT/16	2023/NOV/28	25
207773	HAS 17	Claim	1968/OCT/16	2023/NOV/28	25
207774	HAS 18	Claim	1968/OCT/16	2023/NOV/28	25
207776	HAS 20	Claim	1968/OCT/16	2023/NOV/28	25
207777	VE 21	Claim	1969/APR/28	2023/NOV/28	25
207779	VAL #37	Claim	1969/JUL/18	2023/NOV/28	25
207780	VAL #39	Claim	1969/JUL/18	2023/NOV/28	25
207781	VAL #41	Claim	1969/JUL/18	2023/NOV/28	25
207782	VAL #43	Claim	1969/JUL/18	2023/NOV/28	25
207783	VAL #45	Claim	1969/JUL/18	2023/NOV/28	25
207784	VAL #47	Claim	1969/JUL/18	2023/NOV/28	25
207785	VAL #49	Claim	1969/JUL/18	2023/NOV/28	25
207787	STU #2 FR.	Claim	1969/JUL/18	2023/NOV/28	25
207788	STU #3 FR.	Claim	1969/JUL/18	2023/NOV/28	25
207789	STU #4 FR.	Claim	1969/JUL/18	2023/NOV/28	25
207792	STU #6 FR.	Claim	1969/AUG/12	2023/NOV/28	25
207793	VAL #35	Claim	1969/AUG/12	2023/NOV/28	25
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207795	VAL #38	Claim	1969/AUG/12	2023/NOV/28	25
207796	VAL #40	Claim	1969/AUG/12	2023/NOV/28	25

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207798	VAL #44	Claim	1969/AUG/12	2023/NOV/28	25
207799	VAL #46	Claim	1969/AUG/12	2023/NOV/28	25
207800	VAL #48	Claim	1969/AUG/12	2023/NOV/28	25
207801	VAL #50	Claim	1969/AUG/12	2023/NOV/28	25
207844	IT 3	Claim	1971/APR/06	2023/NOV/28	25
207855	SAP #5 FR.	Claim	1972/JUN/21	2023/NOV/28	25
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207885	VAL #26	Claim	1974/MAY/23	2023/NOV/28	25
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374759	HD3	Claim	2000/MAR/08	2023/NOV/28	25
374760	HD4	Claim	2000/MAR/08	2023/NOV/28	25
374761	HD5	Claim	2000/MAR/10	2023/NOV/28	25
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375875	HD 14	Claim	2000/APR/18	2023/NOV/28	25
375876	HD 15	Claim	2000/APR/18	2023/NOV/28	25
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376491	HD 9	Claim	2000/MAY/01	2023/NOV/28	75
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516881	-	Claim	2005/JUL/11	2023/NOV/28	433.009
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204443	HY 19	Claim	1981/MAR/24	2024/JAN/01	50
204444	HY 20	Claim	1981/MAR/24	2024/JAN/01	50
204539	ZE 3	Claim	1981/AUG/17	2024/JAN/01	500
204914	HY 22	Claim	1985/JAN/02	2024/JAN/01	50
204975	ZE 7	Claim	1985/AUG/16	2024/JAN/01	50
406338	TK5	Claim	2003/OCT/19	2024/JAN/01	500
507748	-	Claim	2005/FEB/23	2024/JAN/01	1946.553
517366	-	Claim	2005/JUL/12	2024/JAN/01	412.925
533751	CU ACE NORTH 3	Claim	2006/MAY/08	2024/JAN/01	471.479
739682	CHRIS	Claim	2010/APR/03	2024/JAN/01	39.3135
739742	CHRIS 2	Claim	2010/APR/03	2024/JAN/01	393.1019
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739783	CHRIS 3	Claim	2010/APR/03	2024/JAN/18	392.9831
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850472	-	Claim	2011/APR/01	2024/JAN/19	412.4648
850475	-	Claim	2011/APR/01	2024/JAN/19	491.0131



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TASEKO MINES LIMITED

COMPETENT PERSON'S REPORT ON THE FLORENCE PROJECT, ARIZONA, USA

Competent Person's Report

Competent Persons:

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Wayne W. Valliant, P.Geo.

Clare Kelly, MSci, CGeol, FGS

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November 6, 2019

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November 6, 2019

The Directors

FINANCIAL ADVISOR

Dear Sirs:

Re: Competent Person's Report on the Florence Project, Arizona, USA

Roscoe Postle Associates Inc. (RPA) was retained by Taseko Mines Ltd (Taseko or the Company) to prepare an independent Competent Person's Report (CPR) on the Florence Project (the Project) located in Florence, Arizona, USA. This CPR is intended for use by Taseko in connection with a prospectus filing for a listing on the London Stock Exchange under the requirements of the United Kingdom Listing Authority (UKLA).

This report conforms to the requirements for a CPR as established by the European Securities and Markets Authority (ESMA) Recommendations on consistent implementation of Commission Regulation (EC) No 809/2004, implementing the Prospectus Directive (the ESMA Recommendations, as revised in March 2013). A summary of the ESMA requirements is shown in Appendix 1. Mineral Resources and Mineral Reserves in this Report conform to the standards published and maintained by the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) – specifically the CIM Definition Standards as adopted on May 10, 2014 (CIM 2014).

Capability and Experience

RPA is based in Toronto, Denver, and London. RPA advises major mining companies, mid-caps, junior mining and exploration companies, financial institutions, governments, law firms, and individual investors with cost-effective strategic advice and solutions to challenges, through access to people experienced in all aspects of the development and operation of mining projects.

RPA has extensive experience carrying out due diligence of mining and exploration companies for the purposes of stock exchange listings, financings, and business combinations.

Project Approach and Management

This CPR has been prepared by a team of Competent Persons who have extensive experience in the mining industry, including geologists, mining engineers, metallurgists, geotechnical specialists, and financial specialists. The members of the team are listed below. Qualifications of the individuals are shown in Appendix 2.

Project Director

Deborah A. McCombe, P.Geo.

Project Manager

Grant A. Malensek, P.Eng./P.Geo.

Project Team

Wayne W. Valliant, P.Geo.

Clare Kelly, MSci, CGeol, FGS

Houmao Liu, Ph.D., P.E

R. Dennis Bergen, P.Eng.

Jeffrey L. Woods, SME, MMSA, QP
Lee "Pat" Gochmour, QP, MMSA
Peer Review
Graham Clow, P.Eng.
David Ross, P.Geo.
Lance Engelbrecht

RPA prepared this CPR based on observations and data collection on site visits to the Florence Copper site, data provided by Taseko, including interviews with key personnel involved in the operation and management of the assets.

The general methodology for the review comprised:

- Review of current (January 16, 2017) mineral resource and reserve estimates, including sample databases, cut-off grades, and estimation parameters.
- Observation of project conditions, housekeeping, health, and safety awareness.
- Review of environmental status including permits, compliance, and closure costs.
- Review of hydrogeologic conditions and their effects on ISR operations.
- Review of social and community issues.
- Review of manpower status and labour issues, including turnover and management capability.
- Review of operating cost estimates.
- Review of initial and sustaining capital expenditure forecasts.
- Review of Life-of-Mine plans in the context of physical assumptions – head grade, production rate, metallurgy, and operating and capital cost assumptions.
- Analysis of risk areas and overall sensitivity of the Life-of-Mine plans to external and internal risks.

The work was carried out from March 2019 to August 2019. The site visit was carried out on April 16, 2019.

Limitations and Reliance on Information

This report has been prepared by RPA at the request of Taseko. RPA is responsible for this CPR and declares that, to the best of its knowledge, the information contained in the CPR is in accordance with the facts and that the CPR contains no omission likely to affect its import.

RPA's opinion as expressed in this CPR is effective at the date of this report. Parameters used in assessing the assets are shown in the report. Some of these parameters can vary significantly and changes could alter RPA's opinion subsequent to the date of this CPR.

The information, conclusions, opinions, and estimates contained herein are based on:

- a. information available to RPA at the time of preparation of this report.
- b. assumptions, conditions, and qualifications as set forth in this report.

c. data, reports, and opinions supplied by the Company and other third-party sources.

Save as set out herein, RPA does not guarantee the validity or accuracy of conclusions or recommendations based on information supplied by third parties.

RPA accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report.

The report is intended to be read as a whole, including the Executive Summary and sections should not be read or relied upon out of context.

Independence

RPA has received fees for the preparation of this CPR in accordance with normal professional consulting practice. The fees are not contingent on the success of the Prospectus. Neither RPA nor any of its directors, staff, or sub-consultants who contributed to this report have any material interest in the assets reviewed.

RPA has not previously carried out independent audits of the mineral resources and reserves of the mining assets included in this CPR.

Drafts of this report were provided to the Company, for the purpose of confirming both the accuracy of factual material and the reasonableness of assumptions.

Sincerely

(Signed & Sealed) Deborah A. McCombe

Deborah A. McCombe, P. Geo.
Project Director
Roscoe Postle Associates Inc.

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1. SUMMARY

1.1. EXECUTIVE SUMMARY

The Florence Project (the Project) is an advanced stage copper project, located in Arizona, USA. The Project is owned and operated by Florence Copper, Inc. (FCI), a wholly owned subsidiary of Taseko Mines Limited (Taseko or the Company). Taseko acquired FCI through its acquisition of Curis Resources Limited (Curis) on November 20, 2014.

The Project envisages copper extraction by the in situ recovery (ISR) mining method. Development of the Project is planned to occur in two construction and operation phases: a Production Test Facility (PTF) and commercial operation. The PTF, which includes 24 injection, recovery, and monitoring wells and a Solvent Extraction/Electrowinning (SX/EW) plant, was completed in the third quarter of 2018 and commenced operations in December 2018. Taseko plans to operate the PTF until the wells are incorporated into the commercial wellfield and commenced the permit amendment process for commercial production in mid-2019.

The current Project Life-of-Mine (LOM) plan forecasts copper production over 21 years, with 19 years of full-scale production at an average annual rate of approximately 85 million pounds (Mlb) of total copper cathode.

A Prefeasibility Study (PFS) of the Project was completed in 2013 by M3 Engineering & Technology Corporation (M3) based on Mineral Resources estimated by SRK Consulting (U.S.) Inc. (SRK) in 2010. Subsequently, Taseko updated the Project costs and economics in a National Instrument 43-101 (NI 43-101) Technical Report dated December 2017.

RPA reviewed the 2010 resource model and 2017 NI 43-101 report and amended the Mineral Resource classifications. The 2010 Mineral Resource estimate with amended Mineral Resource classifications was used as the basis for this CPR.

RPA reviewed the 2017 Mineral Reserves and re-assessed cut-off grade for the purpose of this report. RPA is of the opinion, based on the mining block grades, that a higher cut-off grade of 0.08% TCu at \$2.75/lb Cu is warranted; however, the Florence deposit is not sensitive to cut-off grade and this increase in cut-off grade has no impact on the total Mineral Reserve estimate, which remains unchanged.

In RPA's analysis, the Project's overall copper extraction of 69.7% was lowered to 65% based on 1) more conservative interpretation of the metallurgical test work results to date, and 2) the PTF operating results being too preliminary to further inform recovery expectations for this report. To adjust for this change, the production schedule has been modified in this report with accelerated wellfield development to keep the Project at its 85 Mlb capacity design.

Operating and capital costs have been escalated in this report from a Q4 2016 US dollar basis to a June 2019 US dollar basis using a combination of cost indexes and actuals from the current PTF operation.

The valuation includes changes to the US Federal income tax law under the Tax Cuts and Jobs Act passed in late 2017. RPA notes that the positive effect of this tax legislation is significant on Project economics.

Imperial units are used throughout this report and all currency is in United States dollars (US\$).

1.1.1. CONCLUSIONS

RPA offers the following conclusions:

Geology and Mineral Resources

Geology

- The regional and local geology and the property mineralisation are well understood.
- The drilling, sampling, sample preparation, and analysis procedures, except for density measurements, are appropriate for the style of mineralisation.
- The quality assurance/quality control (QA/QC) protocols were standard industry practice at the time of the data collection and, although different from current practices, provided adequate QA/QC for the database.

Hydrogeology

- The hydraulic testing is adequate for the Project.
- The oxide zone is intermediately permeable and suitable for the ISR mining.
- It is reasonable to assume that the geologic setting of the oxide formation will behave as porous media.

Mineral Resources

- Mineral Resources at the Project as of July 1, 2019 are:
 - Indicated: 429 million short tons (Mst), grading 0.33% total copper (TCu), containing 2,839 Mlb of copper
 - Inferred: 63 Mst, grading 0.24% TCu, containing 295 Mlb of copper
- In RPA's opinion, the quantity of density data is not sufficient for reporting Measured Mineral Resources. The densities used for previous Mineral Resource estimates are reasonable for unaltered quartz monzonite or granodiorite porphyry, however, they may not be appropriate for fractured and altered rocks.
- No material errors were encountered when validating the Mineral Resource database.
- The geological interpretation and three dimensional (3D) modelling of the basin fill, oxide, transition, and sulphide zones is an adequate reflection of the data.
- Capping has been used to limit the influence of high grade assays. The approach to managing high grade samples is reasonable.
- Overall, with the exception of density measurements, the parameters, assumptions, and methodology used for previous Mineral Resources estimates are appropriate for the style of mineralisation.

Mining and Mineral Reserves

- The Mineral Reserve estimates in this report are based on the SRK 2010 Mineral Resource model.
- The Probable Mineral Reserve estimate as of July 1, 2019 totals 345 Mst grading 0.36% TCu and containing 2,472 Mlb of copper.
- The Mineral Reserves have been estimated at a cut-off grade of 0.08% TCu.
- Mineral Reserves were estimated using the block model results and in a manner appropriate for the proposed ISR extraction.
- A comparison of the mining block tons and grade from the SRK 2010 resource model used by RPA to the stated Mineral Reserves indicates that, while there are material differences in the tonnages and copper content from mine block to mine block in a small number of blocks, the overall reserve estimate is materially the same as the stated estimate.
- The deposit is amenable to ISR mining.
- Mining will occur over a 21-year period, with 19 years of full-scale operations and average copper production of 85 Mlb per year.
- The mine production will be based on 72 mining blocks with a wide range of ore thickness, ore grade, and planned copper production.
- Additional wells may be required in mining zones which are thick or have a high copper content in order to achieve and maintain production.

- Survey control of the well drilling and well survey specifications with respect to depth and end location are in place and are planned to be used for the production wellfields.
- It is planned to separate the well design into three sections along the depth to manage the extraction and injection flow pattern and to address the variation in copper content. In RPA's opinion, it is a good operational practice, although it is noted previously that additional sections may be required in thick and/or high grade intersections to facilitate leaching.
- The planned injection and extraction rates are achievable for the hydrogeologic conditions of the bedrock oxide.
- The planned perimeter hydraulic control is judged to be feasible based on the existing hydraulic data.

Mineral Processing

- Metallurgical test work procedures used to simulate ISR, namely box tests, pressure rinse tests (PRT), and series leach tests (SLT), although not industry standard testing methods, are reasonable for estimating copper recovery and acid consumption.
- FCI's projected copper recoveries range from 65% to 73% (70% average) of the TCu grade. However, RPA takes a more conservative view of estimating recovery from the test work which results in a projected overall recovery of 65% TCu.
- Spatial variability testing should be conducted using samples from different areas of the deposit to verify metallurgical response. Relying on only 41 samples (box, PRT, and SLT) assumes that there are relatively large homogeneous zones within the orebody and therefore presents a risk in characterising the overall copper recovery in individual mining zones. This risk can be minimised by increasing the number of samples tested.
- The estimated SX/EW plant efficiency of 95% is reasonable and comparable to similar heap leach facilities.
- Projected gangue rock acid consumptions of five lb/lb Cu (four lb/lb in the wellfield and one lb/lb in the SX) are reasonable, but not yet optimised for a commercial operation with 'mature' or buffered leach solution.
- Gypsum scale formation, driven by reactions between sulphate in the acid solutions and calcium in calcite gangue, is typical in copper leaching operations where calcite is present and is most prevalent early in leach cycles. Scale formation may negatively impact copper production if not managed correctly by restricting flow rates not only in the well screens, pumps, and process piping but also in fractures within the deposit itself. Solution chemistry monitoring and good operating practices are conventionally used to mitigate this risk.
- The design of the surface processing SX/EW facilities is industry standard and suitable for the Project.

Project Infrastructure

- The Project is located in an area with ready access to power, natural gas, services, and labour.

Environmental, Permitting, and Social Impact

- From an environmental, permitting, and social perspective, no fatal flaws were identified. The Project has a competent and experienced staff and is using industry experts to support design and permitting efforts.
- Environmental baselines are well established and documented, and the 2013 PFS adequately addresses permitting requirements and environmental controls.
- Permitting schedules presented are reasonable assuming no delays or permitting/regulatory appeals.
- Reclamation and closure plans are summarised in the 2013 PFS and 2017 Technical Report and presented in permitting documents in the data room. These costs have been refined for the recent (June 2019) permitting updates and amendment. Cost estimates are reasonable and address regulatory requirements at this point of time. While agencies may impose additional mitigation, monitoring, and closure requirements that were not contemplated in the design, these actions are not expected to have material impact(s) on the Project.
- FCI has done a good job of educating the local community(s) about the Project and has been successful in prevailing over organised opposition at this stage of permitting. This could change as draft and final permits are issued and made available to the public for review. Based on experience at this and other projects, RPA expects some level of appeal/opposition, however, it is noted that FCI has prevailed through previous appeal(s) at Florence with some delay and added expense.

Capital and Operating Costs

- The capital and operating costs are based on Q4 2016 updates to the 2013 PFS capital cost estimate. For this report, these costs are escalated to a June 2019 US dollar basis using a combination of changes in cost indexes and updates based on actual costs incurred during the PTF operations in 2019.
- The initial capital costs are estimated to be US\$204 million stated in Q4 2016 dollars and include a 25% contingency. A total of US\$23 million in escalation has been added to bring the initial capital estimate on a June 2019 US dollar basis to US\$227 million in this report.
- The sustaining capital costs total US\$713 million over the Project life in Q4 2016 dollars. The key elements are ongoing wellfield development and the installation of a water treatment facility. A total of US\$74 million in escalation has been added to bring the estimate on a June 2019 basis to US\$788 million in this report.
- The operating costs are estimated from first principles and based on Q4 2016 updates to the 2013 PFS estimate and total US\$1,312 million over the LOM, which is equal to US\$0.76/lb of copper extracted. A net decrease totalling US\$55 million combining escalation, current reagent prices, and lower copper production has been added to bring the operating cost estimate to a June 2019 US dollar basis in this report to US\$1,258 million or \$0.78/lb of copper extracted.

- The cash flow model does not include a cathode copper premium as a provision for the sales and marketing costs for copper cathode. Copper cathode freight costs have been included in the valuation.

Valuation of Mineral Reserves

- Based on a 65% overall copper recovery, Q4 2016 operating and capital costs escalated to a June 2019 US dollar basis, a US\$3.10 copper price, and an 8% discount rate, the discounted cash flow (DCF) valuation for the Project gives an after-tax Net Present Value (NPV) of US\$667 million based on an average run-of-mine (ROM) production rate of 85 Mlb of copper cathode per year at a production cost of US\$1.13/lb Cu, which generates approximately US\$100 million of after-tax free cash flow annually for the first 19 years of commercial operation.
- The Project has an after-tax Internal Rate of Return (IRR) of 40.2% and undiscounted payback period of 2.3 years from start of commercial operations.

1.1.2. RECOMMENDATIONS

RPA recommends that Taseko continue the PTF operation and incorporate the PTF results into the next stage of Project planning and engineering. Based on its review, RPA offers the following recommendations:

Geology and Mineral Resources

Hydrogeology

- Continue to validate sweep efficiency factors using the operational data from the PTF.
- Consider mitigation measures to minimise the potential effect of geologic heterogeneity. The current operation plan includes:
 - o separating wells into multiple sections,
 - o targeting extraction and injection at different segments along the depth,
 - o variation of residence time for extraction and injection,
 - o local alternation of the extraction and injection wells.
 - o Assess additional measures to minimise the potential effect of geologic heterogeneity such as installing additional wells to target multiple horizons of the deposit.

Mineral Resources

- Additional density data should be collected from production wells to support the estimation of Mineral Resources and Mineral Reserves tonnage.
- Production data from the current test production program should be reconciled with the resource model. Ongoing reconciliation should also be undertaken when full production is underway.
- Minor discrepancies in various generations of downhole orientation survey data should be investigated and resolved.

Mining and Mineral Reserves

- Review the Mineral Reserve estimate cut-off grade in the next phase of Project planning and engineering based on appropriate long term copper price and current operating costs.
- Review the planned production plans, extraction, and reagent consumption considering the results of the PTF.
- Review the planned mining blocks and consider methods such as those described in the hydrogeologic recommendations to decrease the variation in planned copper production per mining block and to reduce reliance on a small number of high production wells.
- Optimise the current wellfield labour and equipment requirements in the next phase of Project planning and engineering considering the increased number of wells in operation over time and the corresponding sustaining capital cost.

Mineral Processing

- Complete additional SLT work at lower acid dosage to minimise gangue mineral dissolution. The current acid dosage set point of 10 g/L is based on optimisation test work in the laboratory. As the acid consumption is directly proportional to the dosage, lower dosage would likely result in less gangue rock solubilisation and associated scaling. The acid set point should be evaluated to optimise the system.
- Drill and sample the PTF area after the test run is complete in order to calibrate the results of the PTF to the SLT test method.
- SLT testing should also be run on core samples on a rock-type basis as the wellfield expands, the intent being to provide data for ongoing modelling and production forecasting along with PTF results.
- Laboratory testing should include the measurement of calcium, magnesium, and dissolved oxygen.
- The possibility of developing a predictive relationship for acid consumption should be investigated based on assays related to acid-consuming species.
- PTF solution analyses should include water hardness chemistry.
- Scale coupons, used to track scaling in pipeline systems, should be installed in the PTF piping network.

Project Infrastructure

- No recommendations with respect to Project infrastructure.

Environmental, Permitting, and Social Impact

- Keep track of permit negotiations and milestones and review permit conditions and stipulations carefully to see if there are significant impacts on operations, closure, and costs.

- The State of Arizona could take over the Federal UIC Permit/Management process which may simplify future permitting process. Lobby and track agency development for this possibility.

Capital and Operating Costs

- Review key capital cost elements to update the capital estimate to the current date with new quotes and estimates in the next phase of study.
- Review and update key operating cost elements and manpower requirements in the next phase of study.
- Reach Memorandum of Understanding (MOU) or Expression of Interest (EOI) with potential customers for copper cathode offtake sales during the next phase of study.

1.2. TECHNICAL SUMMARY

1.2.1. PROPERTY DESCRIPTION

1.2.1.1. LOCATION

The Project is located within the town limits of the town of Florence, Pinal County, Arizona, USA, approximately equidistant (65 mi) from the cities of Tucson and Phoenix, which are connected by Interstate 10 (I-10). The Project is 2.5 mi northwest of the town centre and the site entrance is 14 mi via paved highway from I-10 or US Route 60.

1.2.1.2. LAND TENURE

The Project is owned and operated by FCI, a wholly owned subsidiary of Taseko. Taseko acquired FCI through its acquisition of Curis on November 20, 2014. The Project, including surface and subsurface rights, is approximately 1,342 acres and consists of two contiguous parcels of land. The land parcels include 1,182 acres held in fee simple ownership and 160 acres held under Arizona State Mineral Lease 11-26500 on Arizona State Trust Lands.

1.2.1.3. HISTORY

In the 1960s, ASARCO geologists noted the presence of abundant iron oxides replacing pyrite (i.e., leached cap) on the property but failed to encounter significant mineralisation. Conoco acquired the property in 1969 and identified a major copper deposit at Florence by mid-1970. During this period, Conoco conducted a major diamond drilling campaign, hydrogeologic investigations, and underground mine development for metallurgical bulk samples of oxide and sulphide material in a pilot plant constructed on site. In 1975, however, development of the Project ceased due to economic factors related to the depth of overburden, low grade, and unfavourable dewatering and rock conditions for conventional mine development.

After remaining idle for nearly two decades, the Project was acquired by Magma Copper Company (Magma) from Conoco in 1992. Magma concluded that the application of ISR and SX/EW to produce cathode copper was the preferred method to develop the oxide portion of the Florence deposit.

In 1996, Broken Hill Proprietary Company Limited (BHP) acquired Magma and conducted an ISR wellfield pilot test. Based on the results of this work, the Arizona Department of Environmental Quality (ADEQ) issued an Area-Wide Aquifer Protection Permit (APP) (No. 101704) to BHP on June 9, 1997 that was subsequently amended to a permit for full commercial operation. However, BHP deferred construction of the commercial operations due to economic considerations and elected to sell the Project in 2001 to FCI, then a subsidiary of Merrill Ranch Investments LLC (Merrill Ranch), and the Area-Wide APP was transferred to FCI as part of the transaction.

The current Project land package was consolidated in Curis Resources (Arizona) Inc (Curis) in 2009 and 2010. The ADEQ modified the Area-Wide APP (No. 101704) in August 2011 so that the original BHP permit was transferred to FCI. Curis also updated the hydrogeological framework for the Project, updated the original BHP mineral resource estimates in compliance with National Instrument Standards of Disclosure for Mineral Projects (NI 43-101) and completed a PFS in 2013. Because of an attempted zoning change on FCI's private land (subsequently resolved), the decision was made to proceed with the PTF to demonstrate ISR capability at the site under a separate Temporary APP. A Temporary APP (106360) was issued to FCI in July 2013 which only allowed for the construction and operation of the PTF.

Taseko acquired the Project through its acquisition of Curis on November 20, 2014 and currently operates the Project through its wholly owned subsidiary FCI. Taseko updated the 2013 PFS in 2017 and received a re-issue of the Temporary APP (106360) from ADEQ on August 3, 2016, however, the permit approval faced a further two years of appeals which were eventually denied and resulted in Taseko receiving a final permit on December 5, 2018. This permit is current and in good standing and construction of the Phase 1 PTF was completed in the third quarter of 2018. Taseko intends to operate the PTF until the wells are incorporated into the commercial wellfield and submitted the Area-Wide APP amendment application to the ADEQ on June 12, 2019 for approval to proceed to commercial production.

Concurrent with the Arizona State permitting process, the US federal government's Environmental Protection Agency (USEPA) had a parallel Underground Injection Control (UIC) permit process. USEPA issued an Aquifer Exemption and UIC Permit (UIC No. AZ396000001) to BHP on May 1, 1997. The permit and aquifer exemption were transferred to FCI in 2001 and, after several rounds of legal challenges, the UIC permit for the PTF was issued on October 13, 2017. This permit is current and in good standing. Taseko submitted a permit amendment application for the UIC Permit to the USEPA on August 2, 2019 in order to proceed to commercial production.

1.2.2. GEOLOGY AND MINERAL RESOURCES

1.2.2.1. GEOLOGY

The Pinal Schist forms the basement rock in the region surrounding the Project area. A quartz monzonite porphyry, the main host for the mineralisation at the Project, intruded the Pinal Schist and both units were subsequently intruded by diabase sills and dikes. As a result of regional stresses that occurred through the late Precambrian and early Paleozoic time, east-northeast trending structural lineaments formed. The Laramide Orogeny occurred during the Late Cretaceous through Early Tertiary period and involved regional scale thrust faulting and folding and reactivation of normal faults, and the emplacement of scattered plutons and hydrothermal mineralisation resulting in the formation of porphyry copper deposits, including the Florence deposit.

The weathering of the deposit resulted in copper sulphide minerals being oxidised and converted to chrysocolla, tenorite, chalcocite, and minor native copper and cuprite. The majority of the copper oxide mineralisation is located along fracture surfaces. The mineralisation is typical of most Arizona porphyry copper deposits. The thickness of the oxide zone ranges from 100 ft to 1,000 ft, with an average thickness of 400 ft.

The oxide zone and the underlying sulphide zones are separated from one another by a transition zone ranging, on average, from zero to 55 ft in thickness. The depth, grade, impermeability, and mineralisation of the sulphide zone renders it currently uneconomic to mine utilising conventional or ISR mining methods.

1.2.2.2. HYDROGEOLOGY

The saturated geologic formations underlying the Project site have been divided into three distinct water-bearing hydrostratigraphic units referred to as the Upper Basin Fill Unit (UBFU), the Lower Basin Fill Unit (LBFU), and the Bedrock Oxide Unit (BOU). The BOU is the hydrologic designation of the porphyry copper oxide mineralised body. The UBFU and LBFU are separated in the area of the Project by the Middle Fine-Grained Unit (MFGU).

The BOU is underlain by the Sulfide Unit. Each of these units generally corresponds to regionally extensive hydrostratigraphic units.

The permeability of each unit can be summarised as follows:

- UBFU: This unit is considered to be an intermediate to highly permeable water-bearing zone.
- MFGU: This unit is considered to be an aquitard with very low permeability.
- LBFU: This unit is an intermediately permeable water-bearing zone.
- BOU: This unit has low to intermediate permeability.
- Sulfide Unit: This unit can be categorised as low-permeability rock.

1.2.2.3. MINERAL RESOURCES

Table 1-1 summarises the Mineral Resources effective July 1, 2019.

TABLE 1-1 SUMMARY OF MINERAL RESOURCES – JULY 1, 2019
Taseko Mines Limited – Florence Project

Category	Tonnage (Mst)	Grade (% TCu)	Contained Metal (Mlb Cu)
Indicated	429	0.33	2,839
Inferred	63	0.24	295

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.05% TCu.
3. Mineral Resources are estimated using an average long-term copper price of US\$3.25 per pound.
4. Includes the entire copper oxide zone including 40 ft bedrock exclusion zone.
5. A tonnage factor of 12.5 ft³/st was used.
6. Mineral Resources are inclusive of Mineral Reserves.
7. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
8. Numbers may not add due to rounding.

The Mineral Resource is limited vertically by geological boundaries; the top of the oxide zone and the top of the sulphide zone. It is limited laterally by the grade interpolation and classification strategy. Resources are reported only for classified blocks in the oxide zone which includes the 'bedrock exclusion zone' (BEZ). The BEZ is 40 ft of bedrock where only partial extraction is expected due to the anticipated fluid flow from the injection and recovery wells.

RPA was able to replicate the Taseko estimate of the tonnage, grade, and contained metal for the Measured plus Indicated and Inferred Mineral Resources. RPA's opinion is that all of the Measured and Indicated Mineral Resources, previously reported by Taseko, are classified as Indicated Mineral Resources due to limited available density data.

The Mineral Resource database contained 502 holes and a total of 61,531 TCu samples, 22,827 of which were in the BOU. Geological models were created to represent the top of bedrock, the bottom of BOU, and the top of the sulphide zone. The assay data was additionally categorised into metallurgical (METZO) and simplified metallurgical zones (SMZ) for geological modelling, statistical analysis, and grade interpolation.

Capping was used to limit the influence of high grade samples and the capped assays were composited into 25 ft intervals.

Grade estimation was guided by Indicator Kriging (IK) of the SMZ into the block model and TCu interpolation was then completed using Ordinary Kriging (OK). In addition, unrestricted OK and Nearest Neighbour (NN) estimates were completed for validation purposes.

Mineral Resources were classified based on average or closest distances to samples. Indicated Mineral Resources were classified where the average distance to sample was less than 260 ft, and all remaining blocks were classified as Inferred.

RPA notes that the interpolation strategy occasionally results in small isolated units of Inferred Mineral Resources within the Indicated Mineral Resources. There are also blocks of unclassified material, 43 Mst, within the Indicated blocks. In RPA's opinion, these represent a possible upside as the inferred and unclassified blocks are not included in the Mineral Reserves but likely contain recoverable copper.

A bulk density of 12.5 ft³/st was used for tonnage estimation, which in RPA's opinion may be too low for oxidised and fractured quartz monzonite and granodiorite.

1.2.3. MINING AND MINERAL RESERVES

The Florence copper deposit is a large oxide and sulphide copper deposit extending from approximately 450 ft below surface to 1,700 ft below surface and covering an area of approximately 5,200 ft by 5,600 ft in plan. The oxide portion of the deposit is planned to be mined using the ISR method. The Mineral Reserves are all classified as Probable Mineral Reserves reflecting the planned extraction method. The Mineral Reserve estimate for the Florence deposit as at July 1, 2019 is summarised in Table 1-2.

TABLE 1-2 SUMMARY OF MINERAL RESERVES – JULY 1, 2019**Taseko Mines Ltd. - Florence Project**

Category	Tonnage (Mst)	Grade (% TCu)	Contained Metal (Mlb Cu)
Proven	-	-	-
Probable	345	0.36	2,472
Total	345	0.36	2,472

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are estimated at a cut-off grade of 0.08% TCu.
3. Mineral Reserves are estimated using an average long-term copper price of US\$2.75 per pound.
4. A minimum mining area of 100 ft by 100 ft width was used together with a minimum vertical thickness of 100 ft.
5. Bulk density is 12.5 ft³/st.
6. Numbers may not add due to rounding.

FCI has reported Mineral Reserves and Mineral Resources at a copper cut-off grade of 0.05% TCu in 2017 Technical Report. RPA estimated cut-off grades for the Mineral Reserves and Mineral Resources based upon the operating costs and leaching parameters outlined in this report. The calculations support the historical Mineral Resource cut-off grade. For this report, a cut-off grade of 0.08% TCu is used for mineral reserves. RPA notes that this cut-off grade estimate does not include rinsing or sustaining capital for the ongoing wellfield development.

1.2.3.1. MINING METHOD

The mine design is based on the use of five-spot well patterns, with each pattern consisting of four extraction wells in a 100 ft grid plus a central injection well. The flow is balanced so that the extraction exceeds the injection rate and thus the hydraulic surface slopes towards the ISR wells and solutions are maintained in the leaching area.

The wells are large diameter holes drilled through to the sulphide portion of the deposit. The wells are lined to isolate ore zones for extraction and are sealed and tested for mechanical integrity. Well drilling will continue through the Project life and will be done by contractors.

The key mine design parameters are:

- Four-year leach cycle
- Two-year rinse cycle
- Nominal 0.1 gallons per minute (gpm) per foot of leach screen
- Five-spot pattern with perimeter holes 100 ft apart
- Minimum production area of 100 ft by 100 ft

- Minimum production thickness of 100 ft (equal to two resource block heights)
- Leaching commences beneath the 40 ft BEZ at the top of the oxide ore

The active injection and recovery wellfield will be surrounded by a network of perimeter wells and observation wells. Withdrawal of an additional volume of groundwater from the perimeter wells will create a cone of depression around the active ISR wellfield, thereby ensuring inward groundwater flow. The anticipated hydraulic control pumping rate is in the range of 3% to 10% of the recovery pumping in the range of 330 gpm to 1,100 gpm. The subregional groundwater flow model has demonstrated that sufficient groundwater resources exist to support a net groundwater extraction rate of 1,100 gpm for the duration of the proposed ISR operations.

Sweep efficiency is a term used to define the percentage of the mineralised material body contacted by injected solutions within a given injection and recovery well spacing and pattern under purely advective flow conditions. The estimated sweep efficiency is based on numerical modelling using site hydrological parameters and the wellfield spacing of 100 ft from injection well to injection well and approximately 70 ft between injection and recovery wells. The sweep efficiency estimated for the Project is shown in Table 1-3.

TABLE 1-3 ESTIMATED SWEEP EFFICIENCY
Taseko Mines Ltd. - Florence Project

Years Since Mining	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+
Sweep Efficiency	54%	75%	84%	88%	89%	90%

FCI will refine the estimated sweep efficiency based on operational data obtained from the operation of the PTF.

1.2.3.2. PRODUCTION SCHEDULE

The deposit has been divided into 72 mining zones which will be developed over the LOM plan. The mining zones vary significantly in terms of surface area, tonnage, ore depth, and contained copper. The planned well spacing is consistent from zone to zone and therefore there is a wide range in the copper production per hole over the leach cycle. In the Project well design, there will be three segments of screens with a blind casing between each two screen segments. Such a design would allow the placement of the packer on the blind casing as needed to control the solution contact or residence time for certain segment of the well. This arrangement will provide various horizons down the hole so that an operator does not try to leach a 400 ft interval in one to three intervals but rather in multiple intervals.

RPA recommends that the production planning be reviewed and optimised at the next stage of study to mitigate the differing production through the installation of additional well sectors or through additional wells to target specific horizons.

Multiple zones will be in operation each year with zones being leached for nominally four years. The number of zones in operation is a function of copper production plan requirements and the reserves to be recovered in a given area. The plan includes a total of 1,074 injection wells and 1,144 recovery wells over the Project life. The number of wells added in any year varies over a wide range but is as high as 105 injection wells and 131 recovery wells in the course of a year.

The copper extraction estimate for the LOM plan is taken from the metallurgical testing and is summarised in Table 1-4. Production planning is based on a four-year leach cycle for an estimated copper recovery of 65% TCu in the oxide ore.

TABLE 1-4 ANNUAL PRODUCTION SCHEDULE
Taseko Mines Limited - Florence Project

Year	Total Copper Extracted (million lb)	Acid Consumed (millions lb)	Flow to SX/EW Plant (gpm)	Calculated PLS Cu Grade (g/L)
-1	-	92		
1	52.3	419	2,900	4.1
2	80.4	402	6,239	2.9
3	85.9	430	9,647	2.0
4	86.5	432	10,831	1.8
5	85.7	429	11,052	1.8
6	85.4	427	10,394	1.9
7	85.9	429	10,130	1.9
8	85.5	427	10,043	1.9
9	84.8	424	9,702	2.0
10	85.6	428	9,427	2.1
11	85.5	427	9,635	2.0
12	85.3	426	9,906	2.0
13	85.5	427	10,046	1.9
14	85.5	427	10,691	1.8
15	85.3	427	11,272	1.7
16	85.6	428	11,684	1.7
17	85.7	429	11,731	1.7
18	85.4	427	11,622	1.7
19	77.5	388	12,422	1.4
20	24.1	121	8,533	0.6
21	3.5	18	2,475	0.3
LOM Total	1,606.9	8,283		

1.2.4. MINERAL PROCESSING

Several metallurgical test work programs have been completed on the Project ore types. Historically, these have focused on conventional mineral processing technologies using flotation or heap leaching technology for the recovery of copper. Recently, testing has focused on laboratory test work intended to simulate in-situ leaching conditions as closely as possible.

Based on the SLTs, projected leachable copper range between 65% and 73% of the TCu grade is a reasonable estimate until additional data is available. RPA takes a conservative view of estimating recovery from the test work which results in a projected recovery of 65% based on TCu. The results of the PTF should be used to refine these estimates. Sulphuric acid consumption is estimated to be four lb/lb Cu for wellfield operations and five lb/lb Cu overall.

The Project consists of a wellfield for dissolution of copper in place (ISR), and copper recovery via SX/EW. A PTF was constructed at site to evaluate and demonstrate the ISR process. Initial wellfield operations began in December 2018 with commissioning of the SX/EW copper recovery circuits beginning in March 2019. PTF operations continue to ramp up and are planned to continue to operate until the wells are incorporated into the commercial wellfield.

The proposed commercial SX/EW plant will be designed to handle 11,000 gpm at a nominal copper grade of 2.0 g/L. The technology and unit operations incorporated into the design are typical for a copper SX/EW installation.

1.2.5. PROJECT INFRASTRUCTURE

The Project is located in an area with ready access to highway and railway transport. Electrical power is available through a short connection to the grid and natural gas is available from pipelines. There are local communities, services, and contractors around the area.

1.2.6. ENVIRONMENTAL, PERMITTING, AND SOCIAL IMPACT

1.2.6.1. ENVIRONMENTAL

FCI reports that it is in compliance with established technical (regulatory and best practices) requirements. The environmental and social (E&S) impacts of the Project, such as noise level, alteration of the morphology, assessment of air quality, surface and groundwater

quality, and surface disturbance (minimal), among others, have been assessed and appropriate mitigation measures have been or will be put in place.

1.2.6.2. PERMITTING

The Project has all relevant permits in place for current operations and is actively seeking renewals where appropriate and full-scale operational permits where needed.

1.2.6.3. SOCIAL AND COMMUNITY CONSIDERATIONS

There are no specifically identified social or community requirements at the Project, however, FCI is a prominent local business and applies industry best practice social and community engagement standards at its operation.

1.2.6.4. MINE CLOSURE AND RECLAMATION

A reclamation/closure plan for all existing and proposed facilities has been developed to industry best practice and regulatory standards. An updated final reclamation and closure estimate of US\$29.3 million for all existing and proposed facilities was completed in June 2019. Financial assurance is in place for existing facilities (approximately US\$4.9 million) and additional amounts will be required for full-scale operation. FCI has indicated that the financial assurance(s) will be in the form of cash and surety.

1.2.7. CAPITAL AND OPERATING COSTS

The capital and operating cost estimates were based on the 2013 PFS and updated for the 2017 Technical Report in Q4 2016 US dollars. For this report, all costs have been escalated to a June 2019 US dollar basis using a combination of cost indexes and 2019 PTF cost actuals.

The Project initial capital cost estimate is US\$227 million which is planned to be spent over a two-year pre-production period as summarised in Table 1-5. The costs are in June 2019 US dollars and show an 11% overall increase from escalation since the 2017 Technical Report.

TABLE 1-5 INITIAL CAPITAL COST ESTIMATE
Taseko Mines Ltd. - Florence Project

Description	Total (US\$000)	Yr -2 (US\$000)	-1 (US\$000)	1 (US\$000)
Wellfield	39,428	1,971	35,486	1,971
Process Plant	77,350	3,868	69,615	3,868
Owners Cost/Pre-production	35,551	1,735	32,840	975
Infrastructure	51,943	2,597	46,749	2,597
Subtotal Before Escalation	204,273	10,171	184,690	9,411
Escalation	23,155	1,282	20,815	1,059
Total Initial Capital Costs	227,428	11,453	205,505	10,470

The Project sustaining capital totals US\$788 million on a June 2019 US dollar basis. Wellfield work accounts for US\$690 million spent over 19 years plus US\$98 million commencing in year four to construct the water treatment plant and ponds. These costs reflect a 10% overall increase since the 2017 Technical Report due to accelerated wellfield development to compensate for RPA's more conservative view of recovery as well as escalation.

The operating cost estimate for the Project is US\$1,258 million over the LOM. The operating costs by work area are summarised in Table 1-6 in June 2019 US dollars. The table shows that net escalation applied to the various cost inputs results in a 4% reduction in the total operating cost compared to the 2017 Technical Report. This decrease is the result of the projected lower copper recovery and a combination of current reagent pricing, escalated labour, and escalated power unit rates. In terms of US\$/lb Cu, the unit cost of production increased 2.6% from \$0.76/lb to \$0.78/lb.

TABLE 1-6 OPERATING COST ESTIMATE
Taseko Mines Ltd. - Florence Project

Description	US\$ (millions)	US\$/lb
General and Administration	198.0	0.11
Wellfield	571.0	0.33
SX/EW	417.6	0.24
Water Treatment Plant	126.0	0.07
2017 TR Subtotal	1,312.6	0.76
Net Escalation	(55.0)	(0.04)
Change in Copper Production L/(H)	-	0.06
Total Operating Cost	1,257.6	0.78

The operating costs are broken down as 42% reagents, 26% labour, 12% power, and the balance for maintenance and supplies.

The operating manpower is forecast to average 170 persons through the bulk of the mine life, with extra headcount required to meet the accelerated wellfield development rates compared to the 2017 Technical Report.

1.2.8. VALUATION OF MINERAL RESERVES

A discounted after-tax NPV cash flow model is used for the valuation basis.

The discounted cash flow is calculated on an annual basis using the mid-year point and the results of the valuation are presented on a 100% equity, after-tax basis.

RPA has relied upon Taseko for guidance on applicable mining and income taxes to revenue or income, in particular on changes to US Federal income tax law under the Tax Cuts and Jobs Act passed in late 2017. RPA notes that the positive effect of this tax legislation is significant on Project economics.

Other inputs include:

- Total copper recovery rate of 65%.
- All costs have been escalated to a June 2019 US dollar basis using a combination of cost indexes and project actuals from the original Q4 2016 US dollar basis in the 2017 Technical Report.
- A constant LOM copper price of US\$3.10/lb.
- Discount rate of 8%.

Table 1-7 summarises the results of the valuation for the Project. With a mine life of 21 years, the DCF valuation for the Project gives an after-tax NPV of US\$667 million based on an average ROM production rate of 85 Mlb of copper cathode per year at a production cost of US\$1.13/lb Cu, which generates approximately US\$100 million of after-tax free cash flow annually for the full 19 years of commercial operation. The Project has an after-tax IRR of 40.2% and undiscounted payback period of 2.3 years from start of commercial operations.

TABLE 1-7 VALUATION SUMMARY
Taseko Mines Limited – Florence Project

Item	Value (\$000)
Recovered Copper (klb)	1,606,931
Copper Price (US\$/lb)	3.10
Gross Revenue	4,981,487
Operating Cash Costs	(1,257,636)
Other Cash Costs*	(555,532)
Total Production Costs (\$1.13/lb)	(1,813,168)
Operating Margin	3,168,319
Income Taxes	(405,488)
Operating Cash Flow	2,762,831
Initial Capital	(227,428)
Sustaining Capital	(787,725)
Free Cash Flow	1,747,678
Pre-tax NPV @ 8%	825,324
Pre-tax IRR	44.1%
Pre-tax Payback Period	2.2
After-tax NPV @ 8%	666,794
After-tax IRR	40.2%
After-tax Payback Period	2.3

Note. *Cathode Freight, Production Taxes, Royalties and Concurrent Closure/Reclamation costs

1.2.9. SENSITIVITIES

The sensitivities are shown in Table 1-8 and Figures 1-1 and 1-2 with ranges of +/-10% for overall copper recovery, +/-20% for copper price, and +15%/-5% for operating and capital costs. The Project return is most sensitive to the product of changes in copper price and recovery followed by changes in the operating costs and capital costs. Note that the recovery sensitivity is a simple variation on percent TCu recovery and does not consider changes to the wellfield development schedule.

TABLE 1-8 CASH FLOW SENSITIVITY
Taseko Mines Ltd. - Florence Project

Factor	Recovery (%)	NPV at 8% (\$M)	IRR
0.90	58.5%	\$506	33.1%
0.95	61.8%	\$586	36.7%
1.00	65.0%	\$667	40.2%
1.05	68.3%	\$747	43.7%
1.10	71.5%	\$826	47.0%
Copper Price (US\$/lb)		NPV at 8% (\$M)	IRR
0.80	\$2.48	\$356	26.4%
0.90	\$2.79	\$512	33.5%
1.00	\$3.10	\$667	40.2%
1.10	\$3.41	\$822	46.7%
1.20	\$3.72	\$976	52.8%
Operating Costs (\$M)		NPV at 8% (\$M)	IRR
0.95	\$1,195	\$687	41.1%
0.975	\$1,226	\$677	40.7%
1.00	\$1,258	\$667	40.2%
1.075	\$1,352	\$637	39.0%
1.15	\$1,446	\$608	37.8%
Capital Costs (\$M)		NPV at 8% (\$M)	IRR
0.95	\$964	\$694	42.9%
0.975	\$990	\$681	41.5%
1.00	\$1,015	\$667	40.2%
1.075	\$1,091	\$626	36.7%
1.15	\$1,167	\$584	33.5%

FIGURE 1-1 NPV AT 8% SENSITIVITY ANALYSIS

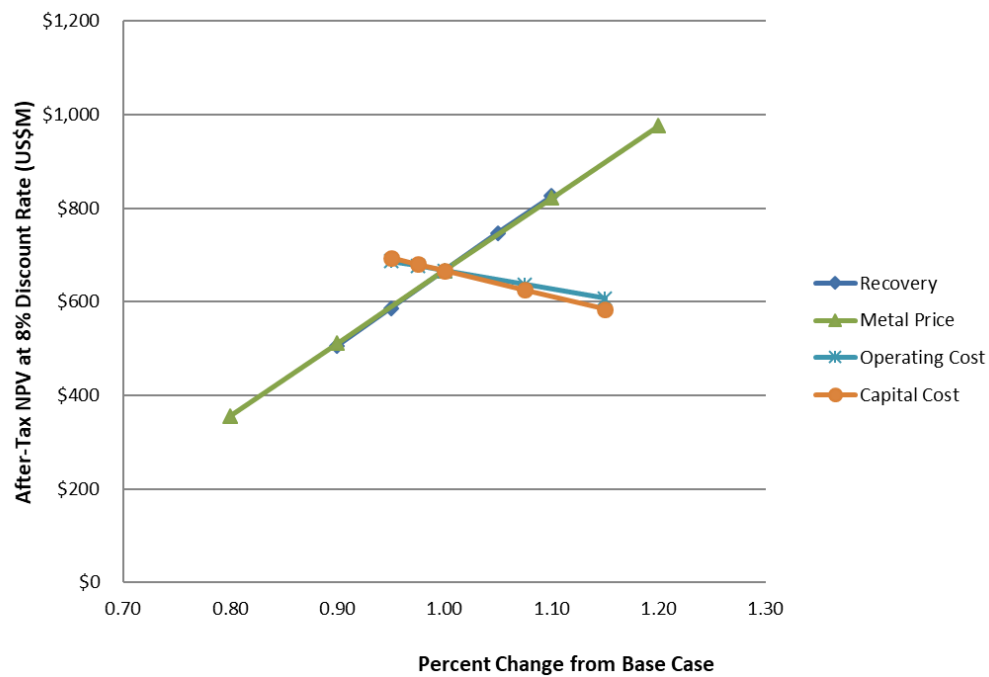
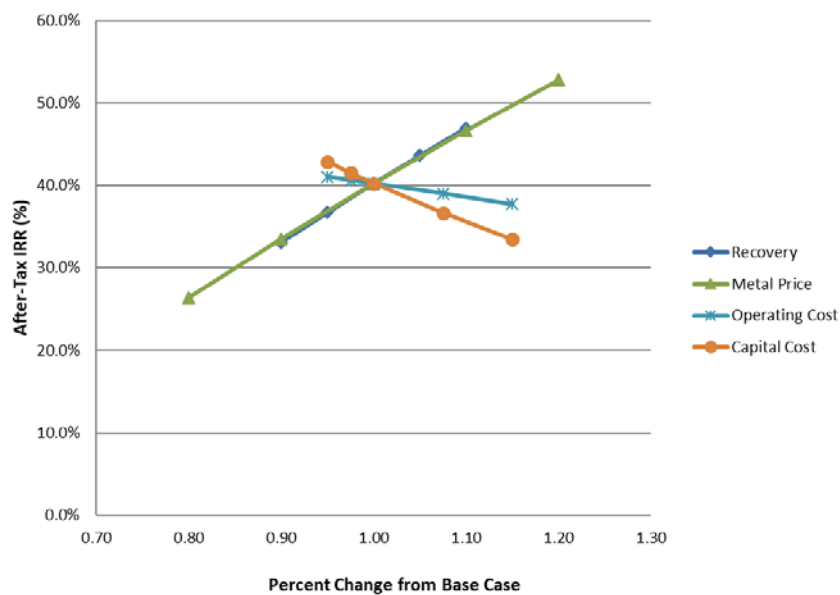


FIGURE 1-2 % IRR SENSITIVITY ANALYSIS



1.3. RISKS AND OPPORTUNITIES

1.3.1. RISKS

RPA has assessed critical areas of the Project and identified risks associated with the technical and cost assumptions used. The level of risk refers to RPA's subjective assessment as to how the identified risk could affect the achievement of the Project objectives.

Risk Analysis Definitions

The following definitions have been employed by RPA in assigning risk consequence factors to the various aspects and components of the Project:

1. **Low** – Risks that are considered to be average or typical for a deposit of this nature and could have a relatively insignificant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
2. **Minor** – Risks that have a measurable impact on the quality of the estimate but not sufficient to have a significant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
3. **Moderate** – Risks that are considered to be average or typical for a deposit of this nature but could have a more significant impact on the economics. These risks are generally recognizable and, through good planning and technical practices, can be minimised so that the impact on the deposit or its economics is manageable.
4. **Major** – Risks that have a definite, significant, and measurable impact on the economics. This may include basic errors or substandard quality in the basis of estimate studies or project definition. These risks can be mitigated through further study and expenditure that may be significant. Included in this category may be environmental/social non-compliance, particularly in regard to Equator Principles and IFC Performance Standards.
5. **High** – Risks that are largely uncontrollable, unpredictable, unusual, or are considered not to be typical for a deposit of a particular type. Good technical practices and quality planning are no guarantee of successful exploitation. These risks can have a major impact on the economics of the deposit including significant disruption of schedule, significant cost increases, and degradation of physical performance. These risks cannot likely be mitigated through further study or expenditure.

The following definitions have been employed by RPA in assigning risk probability factors to the various aspects and components of the Project:

1. **Rare** – The risk is very unlikely to occur during the Project life.
2. **Unlikely** – The risk is more likely not to occur than occur during the Project life.
3. **Possible** – There is an increased probability that the risk will occur during the Project life.
4. **Likely** – The risk is likely to occur during the Project life.
5. **Almost Certain** – The risk is expected to occur during the Project life.

Risks Summary Table

A summary of the Project related risks identified by RPA in its review is shown in Table 1-9.

TABLE 1-9 RISK SUMMARY TABLE
Taseko Mines Ltd. - Florence Project

LIKELIHOOD	Almost Certain			5E		
	Likely	8C,9B		2B,4A		
	Possible	4B,7D,7G,7H	8A, 9A	2A,3,7B,7C, 7E,8B,9C	5A-D	
	Unlikely	7A,7F,				
	Rare	1, 6				
		Low	Minor	Moderate	Major	High
		CONSEQUENCE				

- 1 – Geology
- 2 – Hydrogeology
- 3 – Mineral Resources
- 4 – Mining and Mineral Reserves
- 5 – Processing
- 6 – Infrastructure
- 7 – Environment, Social and Permitting
- 8 – Capital Cost
- 9 – Operating Cost
- 10 – Other

Risks Table

The Project related risks identified by RPA in its review are shown in Table 1-10.

TABLE 1-10 RISK ANALYSIS SUMMARY
Taseko Mines Ltd. - Florence Project

Project Element	Issue	Risk Impact	Risk Probability	Mitigation
Geology				
1	Incorrect interpretation of lithology and mineralisation could affect Mineral Resource estimate.	Low	Rare	Confirm geological contact by logging production wells.
Hydrogeology				
2A	Lower sweep efficiency would lead to lower exposure of the ore to the solution and thus to lower copper extraction and recovery.	Moderate	Possible	Wellfield operational control measures such as injection and recovery from isolated zones, alteration of injection and recovery wells, and variation of residence time.
2B	Heterogeneity of geologic setting could lead to the preferential flow path of solution and reduce the extraction of copper outside of the flow path zone.	Moderate	Likely	Wellfield operational control measures such as injection and recovery from isolated zones, alteration of injection and recovery wells, and variation of residence time.
Mineral Resources				
3	Insufficient density data to convert estimated resource volume to Measured Resource tonnage.	Moderate	Possible	Collect additional density data to confirm tonnage factor.
Mining and Mineral Reserves				
4A	Wide range of properties (depth, thickness, copper content) between planned mining blocks.	Moderate	Likely	Revise mine development plans to reduce the reliance on drill holes with high production requirements. Generate plans for multilevel extraction using screens or additional drill holes.

Project Element	Issue	Risk Impact	Risk Probability	Mitigation
4B	Effect of old Conoco underground workings on hydrogeological model and production schedule.	Low	Possible	Mine plan has accounted for these voids.
Mineral Processing				
5A	Copper recovery may be lower than expected as the data population used to forecast/estimate recovery is limited.	Major	Possible	Additional test work is required to minimise this risk and better understand the variability of metallurgical performance.
5B	Acid consumption may be higher than expected in high calcite zones without increase in copper production.	Major	Possible	Metallurgical characterisation should improve through continuing test work.
5C	Nominal leach solution grades may be lower than expected due to difficulty directing solutions to specific areas in the wellfield or encountering high flow rates in highly fractured zones resulting in lower contact time.	Major	Possible	Proper wellfield and solution management such as solution stacking and/or lower flow rates.
5D	In-situ copper precipitation due to changes in solution chemistry during leaching which, depending on conditions, may not be reversible.	Major	Possible	Monitor solution chemistry closely including Redox, pH, etc.
5E	Gypsum scale may be an issue resulting in operational difficulties in the wellfield and plant.	Moderate	Almost Certain	Lower acid dosage to mitigate gangue solubilisation and add anti-scaling reagents with backflushing. It is expected that this risk will be reduced as the solution chemistry becomes buffered over time.
Infrastructure				
6	No risk items	Low	Rare	Excellent location in well-established mining region.

Project Element Environment/Permitting/Social Impact	Issue	Risk Impact	Risk Probability	Mitigation
7A	Historical Mine Facility Environmental Liability.	Low	Unlikely	FCI has incorporated the closure of historical mine development and exploration and monitoring wells into the reclamation and closure plan. Financial assurance will ensure these facilities are closed.
7B	Permitting Delays – based on current PFS stipulations/ conditions.	Moderate	Possible	Continue to utilise staff, counsel, and industry technical experts to answer questions that come from the agency(s). Utilise local, state, and national political support if necessary.
7C	Additional Permitting Conditions – Separate from 7B, there is a risk that the agency(s) will impose permit stipulations/ conditions that were not contemplated in the PFS.	Moderate	Possible	Continue to utilise staff, counsel, and industry technical experts to answer questions that come from the agency(s).
7D	Cultural Mitigation - Related to 7B and 7C, time and cost estimates to develop and implement cultural mitigation through Programmatic Agreement (PA) may take longer and be more costly than what is contemplated in the PFS.	Low	Possible	Develop and implement PA in advance of permitting and implement agreed upon mitigation to develop relationship with stakeholders.
7E	Permit(s) may be appealed/litigated.	Moderate	Possible	Continue to track public comment(s) during the permitting process.
7F	Rinsing of aquifer to meet closure standards takes longer than testing and projections.	Low	Unlikely	Track injection leaching and confirm solution recovery. Utilise monitoring to confirm projections.
7G	Reclamation and closure costs may be more than what is estimated in the PFS.	Low	Unlikely to Possible	Perform interim/concurrent reclamation. Track costs and look for opportunity(s) to save money while meeting regulatory requirements.
7H	New regulations may be developed that could impact operations.	Low	Possible	Track legislative developments and participate in Industry/Mining Association Government Affairs to respond and attempt educate decision maker(s) on the merit(s) of proposed legislation.

Project Element	Issue	Risk Impact	Risk Probability	Mitigation
Capital Cost Estimate				
8A	2017 Technical Report cost basis is Q4 2016.	Minor	Possible	Escalated in this report to June 2019 using indexes and certain site-specific cost updates. Add 1% contingency to account for uncertainty with indexed escalation factors. RPA recommends reviewing/updating capital cost estimate in the next study phase.
8B	Additional wells due to survey inaccuracy and/or additional well requirements to leach thick zones.	Moderate	Possible	Incorporate specifications in drilling contracts and include a re-drill contingency in cost estimates.
8C	Wellfield mobile equipment requirements may be understated.	Low	Likely	Review provisions for wellfield maintenance and support equipment.
Operating Cost Estimate				
9A	The 2017 Technical Report cost basis is Q4 2016.	Minor	Possible	Escalated in this report to June 2019 using indexes and certain site-specific cost updates. RPA recommends reviewing/updating operating cost estimate in the next study phase.
9B	No provision for sales and marketing of copper.	Low	Likely	The Project cash flow has not added the cathode premium for deliveries in the USA. This was done to be conservative and offset any marketing costs. Management to coordinate sales, marketing, and monitoring going forward.
9C	Sulphuric acid costs may increase resulting in reduced operating margins.	Moderate	Possible	Monitor market trends and consider adding sulphur burner plant.

1.3.2. OPPORTUNITIES

A summary of the Project related opportunities identified by RPA in its review is shown in Table 1-11.

TABLE 1-11 OPPORTUNITIES
Taseko Mines Ltd. - Florence Project

Project Element	Opportunity	Action Required
Hydrogeology	Well drilling strategy	Complete trade off studies to determine in-house vs. contractor drillers, drilling methods.
Mineral Resources	The grade may be underestimated	Monitor reconciliation results and update resource model and LOM if appropriate.
Mining and Mineral Reserves	Conversion of Inferred Mineral Resources	Evaluate well drilling analytical results and based on the data convert Inferred Mineral Resources to Mineral Reserves based upon the close spaced drilling.
Mineral Processing	Optimise acid dosage	Lowering acid dosage will reduce acid consumption, gypsum scale production while possibly maintaining copper production.
	Proper solution management	Optimise copper concentration in the PLS resulting in higher acid production in the SX/EW lowering the net acid requirements.
	Secondary Cu recovery	Potential recovery of supergene minerals such as chalcocite, etc. Evaluate solution chemistry in more detail.
	Calcium chelating agents anti-scalants	Evaluation of calcium chelating agents anti-scalants should be undertaken with the aim of minimising scaling in the process plant area. Testing should be conducted to determine if this may be a benefit in the wellfield.
Capital Cost Estimate	Optimise wellfield drilling/design	Carry out trade-off studies using production actuals.
Operating Cost Estimate	Optimise reagent consumption rates	Carry out trade-off studies using production actuals.

2. INTRODUCTION

Roscoe Postle Associates Inc. (RPA) was retained by Taseko Mines Limited (Taseko or the Company) to complete a Competent Person's Report (CPR) on Taseko's Florence Project (the Project), located in Florence, Arizona, USA. The purpose of the CPR is to support a listing on the London Stock Exchange (LSE). The CPR conforms to European Securities and Markets Authority (ESMA) standards.

Taseko is a Vancouver, British Columbia based company incorporated in 1966, and is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The common shares of Taseko trade on the Toronto Stock Exchange (TSX) and New York Stock Exchange (NYSE) under the ticker symbol TKO. In Canada, the company is under the jurisdiction of the British Columbia Securities Commission.

The Project consists of a wellfield for in situ copper recovery (ISR) and copper recovery via a Solvent Extraction/Electrowinning (SX/EW) facility. Taseko has recently started copper production at the Florence Copper site using a Production Test Facility (PTF).

The Project is owned and operated by Florence Copper, Inc. (FCI), a wholly owned subsidiary of Taseko. Taseko acquired FCI through its acquisition of Curis Resources (Arizona) Inc. (Curis) on November 20, 2014. Apart from Florence, Taseko has a 75% interest in the Gibraltar Mine, an open pit copper and molybdenum mine and concentrator operation in south-central British Columbia, Canada. In addition, Taseko has an interest in several other projects at various stages of development in British Columbia.

Imperial units are used throughout this report and all currency is in United States dollars (US\$).

2.1. SOURCES OF INFORMATION

A one-day site visit was carried out on April 16, 2019 by the following RPA personnel:

- Grant A. Malensek, P.Eng./P.Geo., Principal Engineer – Valuations and General Manager - Denver
- Wayne W. Valliant, P.Geo., Lead Principal Geologist
- Jeffrey L. Woods, SME, MMSA, QP, Associate Principal Metallurgist
- Houmao Liu, Ph.D., P.E., Principal Hydrogeologist, Itasca Denver, Inc.

- Lee “Pat” Gochnour, QP, MMSA, Associate Principal Environmental Specialist

Discussions were held with personnel from Taseko and Florence Copper Inc.

- Dan Johnson, Vice President & General Manager, Florence
- Glenn Hoffmeyer, Technical Services Manager, Florence
- Rob Rotzinger, Vice President, Capital Projects, Taseko

The CPR preparation and section responsibility are presented in Table 2-1.

TABLE 2-1 CPR PREPARATION AND RESPONSIBIITY
Taseko Mines Limited – Florence Project

Section	Prepared By	Responsibility
1. Summary	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour	Grant Malensek
2. Introduction	Grant Malensek	Grant Malensek
3. Property Description and Location	Grant Malensek	Grant Malensek
4. Geology and Mineral Resources	Wayne Valliant, Clare Kelly	Wayne Valliant
Hydrogeology	Houmao Liu	Houmao Liu
5. Mining and Mineral Reserves	Dennis Bergen	Dennis Bergen
6. Mineral Processing	Jeffrey Woods	Jeffrey Woods
7. Project Infrastructure	Dennis Bergen	Dennis Bergen
8. Environment, Permitting, and Social Impact	Pat Gochnour	Pat Gochnour
9. Capital and Operating Costs	Dennis Bergen, Grant Malensek	Grant Malensek
10. Valuation of Mineral Reserves	Grant Malensek	Grant Malensek
11. Risks and Opportunities	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour
12. Conclusions and Recommendations	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour
13. Date and Signature Page	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour
14. Appendix 1	Grant Malensek	Grant Malensek
15. Appendix 2	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour
16. Appendix 3	Grant Malensek	Grant Malensek
17. Appendix 4	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour	Grant Malensek, Wayne Valliant, Houmao Liu, Dennis Bergen, Jeffrey Woods, Pat Gochnour

The documentation reviewed, and other sources of information, are listed in Appendix 4
References to this report.

3.PROPERTY DESCRIPTION

Much of the information in this section is quoted from Taseko (2017).

3.1. LOCATION

The Project is located within the town limits of the town of Florence, Pinal County, Arizona approximately equidistant from the cities of Tucson and Phoenix. The property is 2.5 mi northwest of the town centre. The site's address is 1575 West Hunt Highway, Florence, Arizona 85132. The latitude and longitude of the planned ISR area are 33° 02'49" north and 111° 25' 48" west.

3.2. HISTORY

3.2.1. ASARCO

Interest in the mineral potential of areas near the town of Florence began during the early 1960s, when geologists working for ASARCO noted the presence of abundant iron oxides replacing pyrite (i.e., leached cap) in the Precambrian granite located at the base of Poston Butte along the Hunt Highway north-northwest of Florence. They acquired a land position and drilled three holes in the area around Poston Butte. After this short-lived exploration effort failed to encounter significant mineralisation, ASARCO lost interest in the area and dropped most of its holdings.

3.2.2. CONOCO

Conoco was attracted to the area in late 1969 and its initial exploration work identified a major copper deposit at Florence by mid-1970. During this period, Conoco completed diamond drilling and underground mining of approximately 50,000 tons of mineralised material for the purpose of metallurgical testing of oxide and sulphide material in a pilot plant constructed on site (Conoco, 1975). Simultaneously, Conoco began hydrogeologic characterisation of the Florence site in 1971 to assess the dewatering requirements for a planned underground mine. Hydrogeologic testing included several large pumping tests, one of which included pumping at an aggregate rate in excess of 7,500 gpm. In 1975, however, development of the Project ceased due to economic factors related to the depth of overburden, low grade, and potential groundwater impacts on neighbouring lands.

3.2.3. MAGMA/BHP

After remaining idle for nearly two decades, the Project was acquired by Magma Copper Company (Magma) from Conoco in 1992. Magma completed a Prefeasibility Study (PFS) in January 1995 and conducted a series of 49 pumping tests at 17 well locations distributed across the Florence site with 46 monitoring wells completed in various geologic units. The PFS concluded that the application of ISR and SX/EW to produce cathode copper was the preferred method to develop the oxide portion of the Florence deposit.

In 1996 Magma was acquired by Broken Hill Proprietary Company Limited (BHP). BHP installed an ISR wellfield consisting of four injection wells and one recovery well for the purpose of conducting a commercial-scale pilot test. A total of 20 wells were installed for the pilot test. Results of the field pilot test were documented in a Feasibility Study (FS) for the Project that was completed in 1998 (BHP Copper Inc., 1999).

Arizona Department of Environmental Quality (ADEQ) issued an Area-Wide Aquifer Protection Permit (APP) (No. 101704) to BHP on June 9, 1997 with stipulations that a 90-day hydraulic control test be performed and hydraulic control confirmed prior to initiating commercial production. The hydraulic control test was initiated in 1997 and completed in early 1998. BHP provided ADEQ a report, dated April 6, 1998, confirming the hydraulic control and ADEQ removed the hydraulic control test stipulation from the APP and effectively issued a permit for full commercial operation.

Due to economic considerations, BHP deferred construction of the commercial operations and elected to sell the Project in 2001. The property was sold to FCI, then a subsidiary of Merrill Ranch Investments LLC (Merrill Ranch), and the APP was transferred to FCI after being placed in temporary cessation.

3.2.4. CURIS

The current Project land package was consolidated in Curis Resources (Arizona) Inc (Curis) in 2009 and 2010. Curis revised and updated a sub-regional groundwater flow model representing the Florence site and an area of approximately 125 mi² around the site. Curis also updated its mineral resource estimates in compliance with NI 43-101 standards and completed a PFS in 2013 (M3, 2013).

The Area-Wide APP (No. 101704) was issued to FCI in August 2011. It transferred the original BHP permit to FCI but required a Significant Amendment to be submitted to the

ADEQ to allow commercial operations at the site once sufficient data is obtained from PTF operations.

Because of an attempted zoning change on FCI's private land (subsequently resolved), the decision was made to proceed with the PTF to demonstrate ISR at the site under a separate Temporary APP. That Temporary APP (106360) was issued to FCI in July 2013.

3.2.5. TASEKO

Taseko acquired the Project through its acquisition of Curis on November 20, 2014 and currently operates the Project through FCI, its wholly owned subsidiary. Taseko updated the 2013 PFS and prepared a Technical Report filed on SEDAR in December 2017 (Taseko, 2017).

Following a detailed review of the application by the ADEQ, a public comment process was carried out and a Temporary APP (106360) was re-issued to FCI on August 3, 2016. Appeals of the amended permit were filed with the Water Quality Appeals Board (WQAB) and subsequently in Arizona Superior Court. On March 22, 2018, Taseko submitted the 'Notification of Intent and Scope of Planned Formation Testing for the PTF Area' (the Plan). FCI subsequently conducted formation testing described in the approved Plan, including pumping tests at each of the outermost recovery wells and in the Upper Basin Fill (UBF) and Lower Basin Fill (LBF) wells, spinner logging, and a dye tracer test. Both the WQAB and the Superior Court upheld the permit, and the Temporary Individual APP which allows the construction and operation of the PTF was issued to FCI on December 5, 2018. This permit is current and in good standing.

Construction of the PTF was completed in the third quarter of 2018. The facility includes 24 injection, recovery, and monitoring wells and an SX/EW plant. In December 2018, wellfield operations were commenced, and injection and recovery systems fully ramped up with first copper cathode production occurring in April 2019. Taseko intends on operating the PTF until the wells are incorporated into the commercial wellfield and has submitted the APP amendment application for full-scale production to the ADEQ on June 12, 2019.

Concurrent with the Arizona State permitting process, the US federal government's Environmental Protection Agency (USEPA) had a parallel Underground Injection Control (UIC) permit process. The UIC Programme is administered by the USEPA under the Safe Drinking Water Act and Aquifer Exemptions in Arizona. USEPA issued an Aquifer Exemption and UIC Permit (UIC No. AZ396000001) on May 1, 1997 to BHP. The permit and aquifer exemption were transferred to FCI in 2001. On August 5, 2010, USEPA notified

Curis that it was initiating a “revocation and reissuance” of the UIC Permit due to the substantial time elapsed since the permit was issued in 1997. USEPA issued UIC Permit No. R9UIC-AZ3-FY11-1 to FCI on December 20, 2016, which incorporated the aquifer exemption issued in 1997 and allowed operation of only the PTF. The permit was appealed to the USEPA Environmental Appeals Board and the appeal was denied. A Petition for Review (Appeal) was then filed with the Ninth Circuit Courts of Appeal which was subsequently dismissed. It is important to note that the aquifer exemption, originally issued in 1997, incorporated into the UIC Permit covered the entire Project orebody. Taseko has submitted a permit amendment application for the UIC Permit to the USEPA on August 2, 2019.

3.3. ACCESS

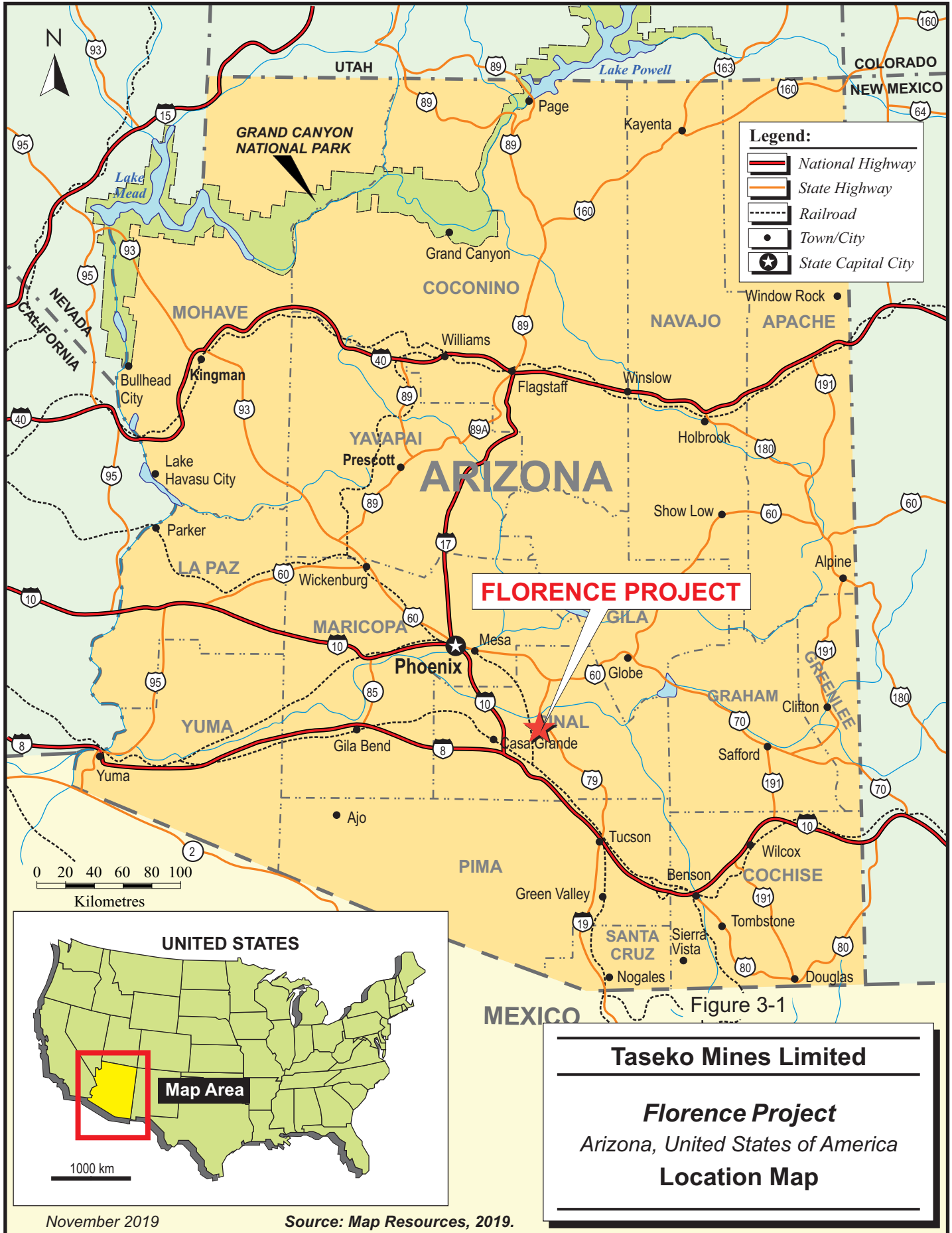
The Project is approximately equidistant (~ 65 mi) from Tucson and Phoenix, which are connected by Interstate 10 (I-10). The site entrance is 14 mi via paved highway from I-10 or US Route 60 and can be accessed from the centre of the town of Florence via four miles of paved highway (AZ Route 79 and Hunt Highway). Figure 3-1 shows the roads available to travel to the Project site.

3.4. INFRASTRUCTURE

Local infrastructure and vendor resources to support exploration, development, and mining are excellent. Exploration and mining services companies for the metals/non-metals, coal, and oil and gas industries are located in the major metropolitan areas of Phoenix and Tucson, in addition to nearby major cities in the US Southwest. Locally available resources and infrastructure include power, water, communications, sewage, and waste.

3.5. CLIMATE

The climate in the region is characteristic of a semi-arid desert, with low precipitation, high summer temperatures, and low humidity. Rainfall is seasonal with peaks during the winter and summer months. Summer precipitation often occurs as heavy thunderstorms, locally referred to as monsoons. The annual precipitation at Florence from 1909 through 2016 ranged from a minimum 2.4 in. in 1911 to a maximum 20 in. in 1978. The average annual precipitation is 10 in., compared with an annual evaporation rate of 92 in. Temperatures during the summer regularly exceed 100°F, while winter temperatures typically range from 50°F to 80°F. The climatic regime is supportive of year-round mining operations.



3.6. PHYSIOGRAPHY

The Project is located in south-central Arizona, in the Sonoran Desert of the Basin and Range Lowlands physiographic province. The region is characterised by generally northwest-trending mountain ranges separated by relatively flat valleys filled with sediments shed from the adjacent mountains. Elevations range from 1,000 ft to 3,000 ft above mean sea level (AMSL). Tertiary age volcanic activity in the region is responsible for occasional peaks in the intermountain valleys, such as Poston Butte north of the Project area.

The principal surface water feature in the area is the Gila River, with a drainage area of approximately 58,000 mi². The river is located about one-half mile south of the Project. The river is dry much of the year and flows northeast to southwest in response to regional precipitation events. Coolidge Dam, which is approximately 55 mi northeast of Florence, regulates 75% of the upstream watershed runoff. All upstream flow is diverted into the Florence-Casa Grande canal south of the Project area, and the North canal which transects the Project area.

The Florence deposit consists of a large porphyry copper sulphide system overlain by a thick and intensely fractured oxidised layer. The oxidised zone is saturated with ground water that is separated from the upper drinking, agriculture, and industrial use aquifer by a thick layer of dense low permeability clay, and from the deep groundwater by the relatively impervious sulphide system.

3.7. PROJECT OWNERSHIP AND LAND TENURE

The Project is owned and operated by FCI, a wholly owned subsidiary of Taseko. Taseko acquired FCI through its acquisition of Curis on November 20, 2014. The Project, including surface and subsurface rights, is approximately 1,342 acres and consists of two contiguous parcels of land. The land parcels include 1,182 acres held in fee simple ownership and 160 acres held under Arizona State Mineral Lease 11-26500 on Arizona State Trust Lands. Figure 3-2 shows the claim map.

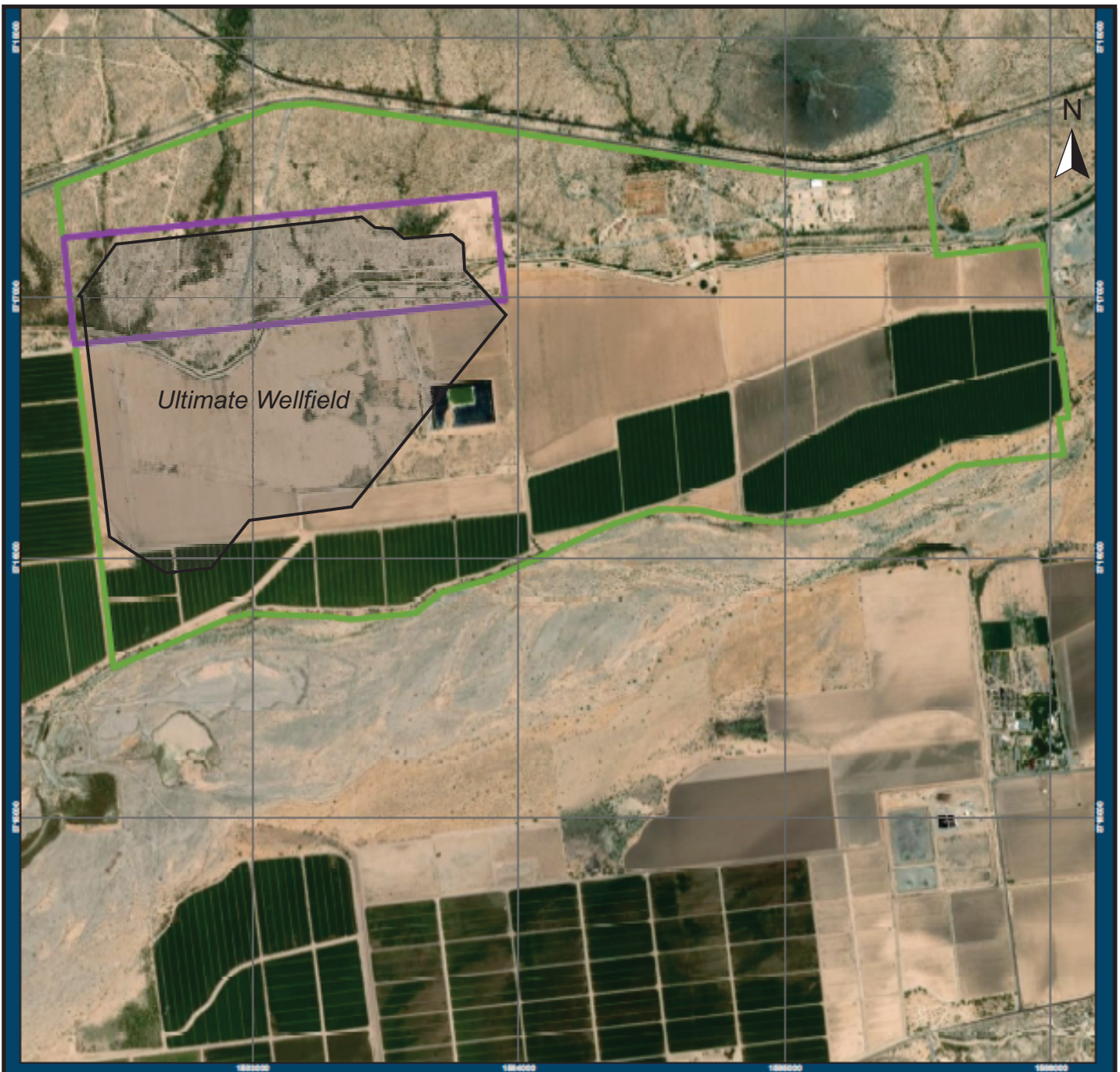


Figure 3-2

0 200 400 600 800 1000
Feet

Legend:

- State Mineral Lease
- Private Property Boundary

November 2019

Source: Arizona Geological Survey, 2000.

Taseko Mines Limited

Florence Project
Arizona, United States of America
Claim Map

4. GEOLOGY AND MINERAL RESOURCES

4.1. GEOLOGY

The description of geology is taken largely from the 2017 Technical Report (Taseko, 2017).

4.1.1. REGIONAL GEOLOGY

The Mazatzal Orogeny, a compressional deformation event that occurred about 1.7 billion years ago in central to southeast Arizona, accreted three tectonic assemblages to the North American craton forming the early Precambrian crust. One of the tectonic assemblages was the Pinal Schist, which forms the basement rock in the region surrounding the Project area.

Following the Mazatzal Orogeny, the Oracle Granite batholith intruded the Pinal Schist and is locally represented by quartz monzonite porphyry, the main host for mineralisation at the Project. Subsequently the Grand Canyon Disturbance resulted in uplifting and tilting of the crust, with extensive intrusion of diabase sills and dikes in the Oracle Granite and Pinal Schist.

As a result of regional stresses that occurred through the late Precambrian and early Paleozoic time, east-northeast trending structural lineaments formed in the western continental crust including the Ray Lineament, which trends north 70° east and extends approximately 50 mi from the Sacaton Mountains to the Pinal Mountains. The Ray Lineament trends through the Project area and is parallel to the Pinal Schist-Oracle Granite contact. Following the initial formation of the Ray Lineament and related discontinuities, a long period of erosion produced a peneplain landscape.

Significant orogenic activity did not reoccur in Arizona until the latter part of the Cretaceous Period. The Laramide Orogeny occurred during the Late Cretaceous through Early Tertiary period and involved regional scale thrust faulting and folding in southern Arizona. Reactivation of normal faults produced large northeast-trending vertical block uplifts associated with the emplacement of scattered plutons in western and southern Arizona. Intrusions, principally of granodiorite porphyry and quartz monzonite porphyry, occurred along the Ray Lineament and hydrothermal mineralisation associated with these intrusions resulted in the formation of porphyry copper deposits. The Florence copper deposit was formed in this fashion as the Precambrian Oracle Granite was intruded and mineralised in association with the emplacement of Tertiary granodiorite porphyry. Following the

formation of the Florence deposit, unmineralised dikes consisting of latite, dacite, andesite, quartz latite, and basalt intruded the Oracle Granite and the granodiorite.

Continued Laramide activity produced faulting and uplift, resulting in the erosion of Paleozoic and Mesozoic sedimentary sequences and exposure of the Precambrian and Tertiary intrusive bodies. Oxidation and further erosion occurred on these surfaces, followed by the accumulation of coarse clastic sediments derived from the surrounding bedrock terrain. This depositional sequence ultimately produced a landscape of low relative relief with exposure of some Precambrian and Tertiary outcrops. Most copper mineralisation in the area occurs within the quartz monzonite porphyry and granodiorite porphyry.

As the uplifted surface began to erode, a sedimentary sequence was deposited over the Precambrian units during the Oligocene through Early Miocene time. These deposits are composed of deeply weathered bedrock or grus-type deposits, as well as coarse, angular breccias or gravels. Sediments became finer grained as the topography matured. The basal breccia/conglomerate is commonly overlain by finer-grained silts and sands, and locally interbedded with lava flows or volcanic ash. Alluvial, fluvial, and lacustrine (both lake bed and playa) sediments accumulated during this time in southeast Arizona.

The last major orogenic event to affect the area was the Basin and Range Orogeny, an extensional event occurring from the early Miocene to the Pleistocene time. Basin and Range faulting and tilting in the Project area resulted in north-northwest trending horst and graben structures bounded by normal faults with large displacements to the west.

The regional geology is illustrated in Figure 4-1.

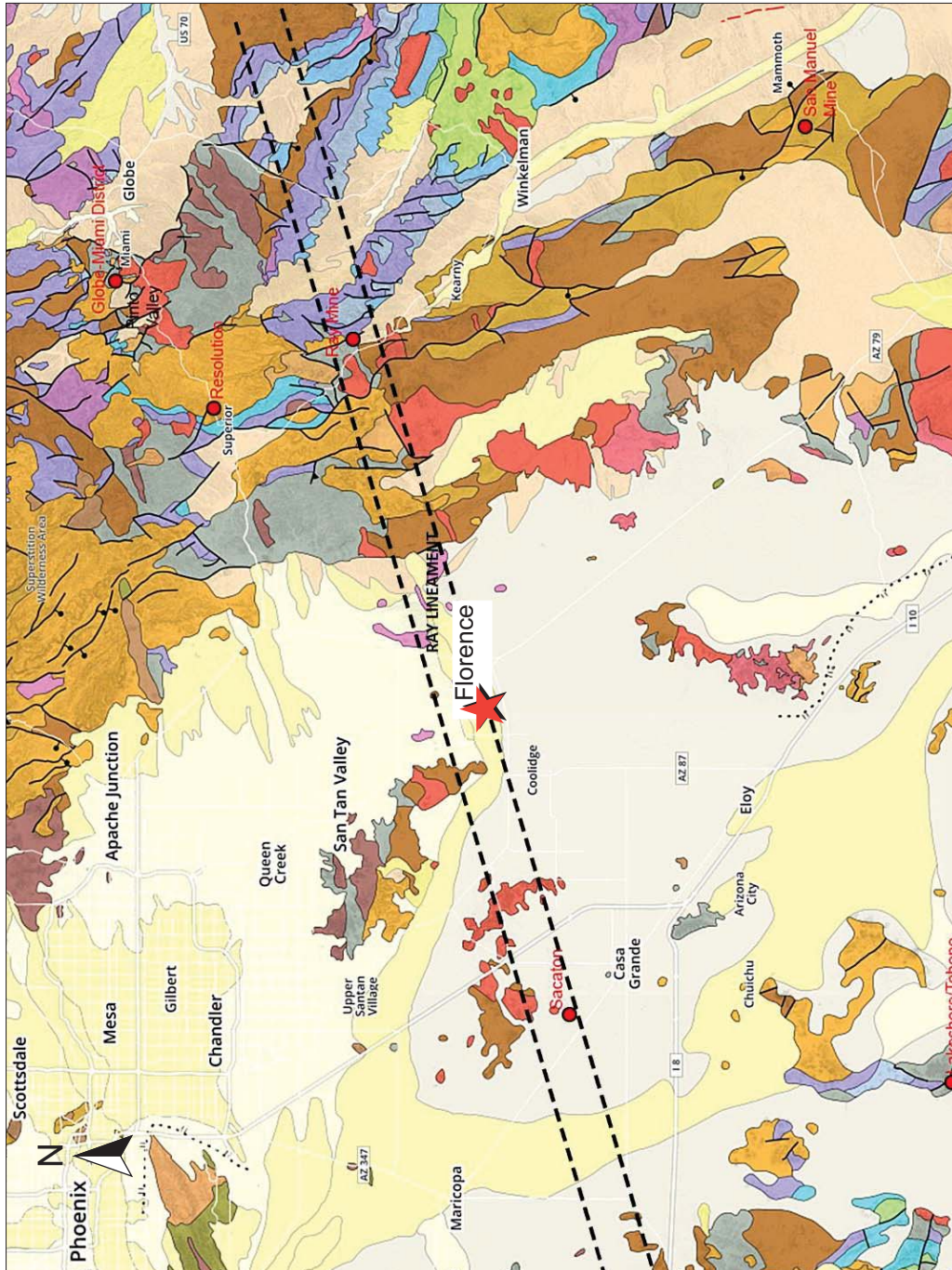


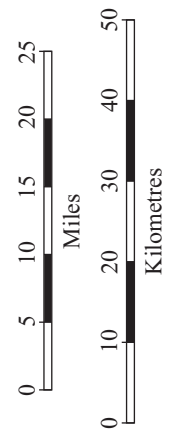
Figure 4-1

Taseko Mines Limited

Florence Project

Arizona, United States of America

Regional Geology



The legend is on Fig4-1 A.

Q	QUATERNARY SURFICIAL DEPOSITS, UNDIVIDED (0-2 Ma). Unconsolidated to strongly consolidated alluvial and eolian deposits. This unit includes: coarse, poorly sorted alluvial-fan and terrace deposits on middle and upper piedmonts and along large drainages; sand, silt, and clay on alluvial plains and playays; and wind-blown sand deposits.	Kmv	SEDIMENTARY ROCKS OF THE UPPER CRETACEOUS MESAVERDE GROUP (84-88 Ma). Gray to buff sandstone with interbedded shale and coal. These rocks, which are similar to slightly younger rocks that form Mesa Verde in southwestern Colorado, were deposited on the margin of a shallow sea. Rocks of this map unit host the only large coal deposits in Arizona.
Qtb	HOLOCENE TO MIDDLE PLEISTOCENE BASALTIC ROCKS (0-4 Ma). Mostly dark-colored basaltic lava and cinders young enough that some original volcanic landforms are still apparent. Includes a small amount of andesite, dacite, and rhyolite. Rocks of this map unit are restricted largely to six areas widely distributed in Arizona: San Francisco and Uinkaret volcanic fields in northern Arizona (0-4 Ma); Springville (0-4 Ma) and San Carlos (0-2 Ma) volcanic fields in east-central Arizona; and San Bernardino (0-1 Ma) and Sentinel (1-4 Ma) volcanic fields in southern Arizona. Rocks of this unit are also present in the extreme south-western part of Arizona along the northern edge of the Pinacate volcanic field (0-2 Ma) in northwestern Sonora.	Ka	CRETACEOUS SEDIMENTARY ROCKS (about 88-97 Ma). Tan sandstone (Dakota Sandstone) overlain by gray shale (Manos Shale); deposited in beach, river-delta, and shallow-sea settings. The Manos Shale is overlain by the Mesaverde Group (map unit Kmv). This unit includes related sandstone and shale exposed near Show Low, Mescal (Pinal Formation), and around Deer Creek south of Globe.
Qtv	HOLOCENE TO MIDDLE PLEISTOCENE VOLCANIC ROCKS (0-4 Ma). Rhyolite to andesite deposited as a sequence of lava flows and associated rocks; generally light to medium gray, tan, or reddish brown. These rocks are part of the San Francisco volcanic field.	Jm	MORRISON FORMATION (Late Jurassic, about 145-160 Ma). Commonly cliff-forming, cross-bedded sandstone lenses alternating with slope-forming siltstone, mudstone and shale. Colors are highly variable, and include greenish gray, reddish brown, pink, white, and purple. Sands were deposited by braided streams with finer sediment representing overbank or lacustrine deposits.
Or	HOLOCENE RIVER ALLUVIUM (0-10 ka). Unconsolidated to weakly consolidated sand and gravel in river channels and sand, silt, and clay on floodplains. Also includes young terrace deposits fringing floodplains.	Jsv	JURASSIC SEDIMENTARY AND VOLCANIC ROCKS (150-170 Ma). Sandstone and conglomerate derived from volcanic rocks with associated intermediate-composition lava flows, breccias, and tuffs. In southern Arizona this unit includes rocks of the Antea sequence, Pinal Formation, Mulberry Wash Volcanics, Red Hills, Recreation Red Beds, and Gardner Canyon Formation. In western Arizona it includes the Laguna Formation, rocks of Shungopit, and related(?) unnamed units in the Kofa and Middle Mountains. This unit is characterized by mafic, brown, and purplish gray volcanic-lake sandstone and siltstone, with subordinate to abundant conglomerate, quartz-rich sandstone and sparse limestone.
Oy	HOLOCENE SURFICIAL DEPOSITS (0-10 ka). Unconsolidated deposits associated with modern fluvial systems. This unit consists primarily of fine-grained, well-sorted sediment on alluvial plains, but also includes gravelly channel, terrace, and alluvial-fan deposits on middle and upper piedmonts.	Jg	JURASSIC GRANITIC ROCKS (150-180 Ma). Granite to diorite, locally foliated and locally alkalic; includes Triassic(?) granitoids in the Tigo Mountains. This unit includes two dominant assemblages of igneous rocks. The Kitt Peak-Trigo Peaks super-unit includes, from oldest to youngest: dark, foliated or gneissic diorite, medium-grained equigranular to porphyritic granodiorite, and small, irregular intrusions of light-colored, fine-grained granite. The Ko Ya Ya super-unit, limited to south-central Arizona, includes texturally heterogeneous K-feldspar-rich granitic rocks.
Om	LATE AND MIDDLE PLEISTOCENE SURFICIAL DEPOSITS (10-750 ka). Unconsolidated to weakly consolidated alluvial-fan, terrace, and basin-floor deposits with moderate to strong soil development. Fan and terrace deposits are primarily poorly sorted, moderately bedded gravel and sand, and basin-floor deposits are primarily sand, silt, and clay.	Jv	JURASSIC VOLCANIC ROCKS (160-200 Ma). Massive quartz-feldspar porphyry, generally interpreted as thick, welded rhyolite tuffs, with locally abundant lava, and sandstone and conglomerate derived from volcanic rocks. Rare eolian quartzite units are interbedded in southern Arizona. Includes Ali Molina Formation, Mount Wrightson Formation, part of the Canelo Hills Volcanics, Coble Ridge tuff, Black Rock volcanics, Pinal Volcanics, and equivalent rocks.
Oo	EARLY PLEISTOCENE TO LATEST PLEISTOCENE SURFICIAL DEPOSITS (0.75-3 Ma). Coarse relict alluvial-fan deposits that are modest ridges or that are modest surfaces or that are deeply incised by streams. These deposits are generally topographically high and have undergone substantial erosion. Deposits are moderately to strongly consolidated, and commonly contain coarser grained sediment than younger deposits in the same area.	Jb	JURASSIC AND TRIASSIC SEDIMENTARY AND VOLCANIC ROCKS (160-240 Ma). Undivided massive quartz-feldspar porphyry of the Jurassic Pinal Volcanics, quartz-rich metasediments of the Jurassic Vantage Formation, and quartzite, phyllite, and fine-grained, variably calcareous metasilicite of the Triassic Buckskin Formation; exposed primarily in the Buckskin and Rawhide Mountains of western Arizona. This unit also includes sandstone and conglomerate beneath Jurassic volcanic rocks in the central Dome Rock Mountains.
Qts	EARLY PLEISTOCENE TO LATE MIOCENE BASIN DEPOSITS (0.75-10 Ma). Poorly sorted, variably consolidated gravel and sand that range widely in age. These sediments are generally light gray or tan. This unit generally is mapped in areas of deep late Cenozoic stream incision and landscape degradation where thin Quaternary deposits (map units Qy, Qv, Qo) discontinuously blanket older deposits (map units Tvy or Tm) and the two cannot be differentiated at the scale of this map.	JLb	JURASSIC TO CAMBRIAN METAMORPHOSED SEDIMENTARY ROCKS (160-540 Ma). Highly faulted and folded rocks of units Jv, Jb, and Pz, deformed and metamorphosed in Jurassic, Cretaceous, and Tertiary time. This unit is restricted to west-central Arizona.
Tvy	PLIOCENE TO MIDDLE MIOCENE VOLCANIC ROCKS (2-12 Ma). Rhyolite to andesite deposited as lava flows and related rocks associated with basaltic rocks of map units Tvy and Tb.	Jb	SAN RAFAEL GROUP (Late to Middle Jurassic, about 160-180 Ma). Commonly cross-bedded, ledge-forming sandstone and slope-forming siltstone. Rock typically has a red-and-white striped aspect. The Carmel Formation and Enrada Sandstone are prominent members of this group.
Tay	PLIOCENE TO MIDDLE MIOCENE DEPOSITS (2-16 Ma). Moderately to strongly consolidated conglomerate and sandstone deposited in basins during and after late Tertiary faulting. Includes lesser amounts of mudstone, siltstone, limestone, and gypsum. These deposits are generally light gray or tan. They commonly form high rounded hills and ridges in modern basins, and locally form prominent bluffs. Deposits of this unit are exposed widely in the dissected basins of southeastern and central Arizona.	Jgc	GLEN CANYON GROUP (Early Jurassic, about 180-210 Ma). Conspicuous red, cross-bedded Wingate Sandstone and the conspicuously cross-bedded, collared, red to buff Navajo Sandstone form prominent cliffs in northern Arizona. These two sandstone units are separated by variably colored siltstone, silty sandstone, and sandstone of the Kayenta and Moenave Formations.
Tby	PLIOCENE TO LATE MIOCENE BASALTIC ROCKS (4-8 Ma). Mostly dark, mesa-forming basalt deposited as lava flows. Rocks of this unit are widely exposed south of Camp Verde (Hickey Formation basalt), in the Mohon Mountains north of Bagdad, "The Mesa" east of Parker, and at other scattered locations in western Arizona. Rocks of this unit were not tilted by middle Tertiary normal faulting, except in a narrow belt from north of Phoenix to the northwestern corner of the state.	Tc	CHINLE FORMATION (Late Triassic, 210-230 Ma). Colorful mudstone, such as in the Painted Desert, and less abundant lenses of sandstone and conglomerate, deposited by a large river system. This unit typically is eroded into badlands topography and contains clays that are prone to shrinking and swelling. Some of the Coconino and Navajo sandstone and pebbly sandstone of the Chinle Formation is relatively resistant to erosion and forms extensive benches in some parts of the Colorado Plateau.
Tb	LATE TO MIDDLE MIOCENE BASALTIC ROCKS (8-16 Ma). Mostly dark, mesa-forming basalt deposited as lava flows. Rocks of this unit are widely exposed south of Camp Verde (Hickey Formation basalt), in the Mohon Mountains north of Bagdad, "The Mesa" east of Parker, and at other scattered locations in western Arizona. Rocks of this unit were not tilted by middle Tertiary normal faulting, except in a narrow belt from north of Phoenix to the northwestern corner of the state.	Tm	MOENKOPI FORMATION (Middle(?) and Early Triassic, 230-245 Ma). Dark-red sandstone and mudstone; includes gypsum beds in northwestern Arizona; deposited on a low-relief coastal plain.
Tsv	MIDDLE MIOCENE TO OLILOCENE VOLCANIC AND SEDIMENTARY ROCKS, UNDIVIDED (11-32 Ma). Sequences of diverse volcanic rocks with abundant interbedded sedimentary rocks.	Pz	PALEOZOIC SEDIMENTARY ROCKS (240-544 Ma). Undivided Paleozoic limestone, dolomite, quartzite, shale, and related sedimentary rocks.
Tam	MIDDLE MIOCENE TO OLILOCENE SEDIMENTARY ROCKS (11-32 Ma). Conglomerate, sandstone, mudstone, limestone, and rock-avalanche breccia (sheet-like deposits of crushed rock) deposited and tilted during widespread normal faulting and basin development. Sediments, mostly conglomerate and sandstone, are commonly medium to dark brown, reddish brown, or brownish gray; younger strata are generally lighter colors. Most deposits are 20 to 30 Ma in southeastern Arizona and 15 to 25 Ma in central and western Arizona.	P	PERMIAN SEDIMENTARY ROCKS (270-280 Ma). Gray to tan, cherty limestone of Kaibab and Tropicum Formations, and underlying white to tan, fine-grained Coconino Sandstone. Limestone was deposited in a shallow sea, and sandstone was deposited in near-shore dunes and beach settings.
Tv	MIDDLE MIOCENE TO OLILOCENE VOLCANIC ROCKS (11-38 Ma). Lava, tuff, fine-grained intrusive rock, and diverse pyroclastic rocks. These compositionally variable volcanic rocks include basalt, andesite, dacite, and rhyolite. Thick felsic volcanic sequences from prominent cliffs and range fronts in the Black (Mohave County), Superstition, Kofa, Flagstaff, Gila, and Chinle Mountains. This unit includes regionally extensive ash-flow tuffs, such as the Peach Springs tuff of northwestern Arizona and the Apache Cap tuff east of Phoenix. Most volcanic rocks are 20-30 Ma in southeastern Arizona and 15 to 25 Ma in central and western Arizona, but this unit includes some late Eocene rocks near the New Mexico border in east-central Arizona.	PP	PERMIAN TO PENNSYLVANIAN SEDIMENTARY ROCKS (280-310 Ma). Interbedded sandstone, shale, and limestone usually characterized by ledgy outcrops. Orange to reddish sandstone forms cliffs near Sedona. This unit includes the Supai Group and Hermit Shale in northern Arizona and Navajo Group in southern Arizona. It was deposited in continental to shallow-marine settings during time of variable and changing sea level. Rocks of this map unit in southern Arizona may be in part equivalent to Permian rocks of map unit P in central and northern Arizona.
Tp	MIDDLE MIOCENE TO OLILOCENE GRANITIC ROCKS (14-26 Ma). Granite to diorite representing solidified magma chambers that were the likely source of overlying and nearby volcanic rocks of map unit Tv. The granitic rocks are typically equigranular and fine to medium grained.	MC	MISSISSIPPIAN, DEVONIAN, AND CAMBRIAN SEDIMENTARY ROCKS (130-540 Ma). Brown to dark gray sandstone grades upward into green and gray shale, overlain by light to medium-gray or tan limestone and dolomite. This unit includes the Tapeats Sandstone, Bright Angel Shale, Muav Limestone, Temple Butte Formation and Redwall Limestone in northern Arizona, and the Hoba Quartzite, Abrijo Formation, Martin Formation, and Escaleros Limestone in southern Arizona. These rocks record incipient sea-level rise and inundation in early Paleozoic time.
Ti	MIDDLE MIOCENE TO OLILOCENE SHALLOW INTRUSIONS (14-35 Ma). Generally very fine-grained, porphyritic rhyolite to diorite in small, irregular-shaped bodies formed as subvolcanic intrusions in volcanic fields of southern and western Arizona, or in concentrated zones of dikes in the Mohave and Black Mountains of northwestern Arizona. The unit consists of mafic tuff, breccia and shallow intrusions at Bull Flat in northwestern Arizona.	Yb	MIDDLE PROTEROZOIC SEDIMENTARY ROCKS (700-1300). Red-brown shale and sandstone, buff to orange quartzite, limestone, basalt, black shale, and sparse conglomerate. This unit includes the Grand Canyon Supergroup, Apache Group, and Troy Quartzite. These rocks were deposited in shallow-marine, coastal-normal, and fluvial settings.
TKgm	TERTIARY TO EARLY PROTEROZOIC GNEISSIC ROCKS (15-1800 Ma). Gneissic rocks with complex histories, typically with well-developed, light-colored, irregular-shaped bodies formed as subvolcanic intrusions in volcanic fields of Tertiary to Proterozoic age. This unit includes variably mylonitic gneisses in metamorphic core complexes that have been exhumed from middle crustal levels by large-displacement middle Tertiary normal faults, and gneiss complexes at scattered locations near the Colorado River in southwestern Arizona. These rocks are interpreted to record Proterozoic, Mesozoic, and Tertiary metamorphism and deformation.	Yd	MIDDLE PROTEROZOIC DIABASE (1050-1150 Ma). Dark gray to black sills (narrowly mostly parallel to bedding) in strata of the Apache Group and irregular to sheet-like intrusions in other rocks. Present in east-central and southeastern Arizona. Some sills are more than 100 m thick. Exposures are extensive north of Globe.
Tao	OLIGOCENE TO PALEOCENE(?) SEDIMENTARY ROCKS (30-65 Ma). Light-colored, weakly to moderately consolidated conglomerate and sandstone deposited largely or entirely before middle Tertiary volcanism and extensional faulting. Most sediment was deposited by early Cenozoic streams that flowed northeastward onto the Colorado Plateau from areas to the southwest that are now lower in elevation than the Plateau. Sediments of this map unit, other than the Chuska Sandstone in northwestern Arizona, are commonly referred to as "true gravels" because they now rest on or near the Mogollon Rim, which is the southwestern edge of the Colorado Plateau.	YXg	PROTEROZOIC GRANITIC ROCKS (1400-1800 Ma). Undivided Early and Middle Proterozoic granitic rocks (units Xg and Yg).
TKgm	EARLY TERTIARY TO LATE CRETACEOUS MUSCOVITE-BEARING GRANITIC ROCKS (50-80 Ma). Light-colored peraluminous muscovite-bearing granite with or without garnet; commonly forms sills and is associated with abundant pegmatite dikes and sills. This unit includes granites in the Hanceville and Hargreaves Mountains of western Arizona and in the Santa Catalina, Rincon, Tonto, Pinal, and Coyote Mountains of south-central Arizona. These granites typically represent the youngest phase of voluminous magmatism during the Laramide orogeny in Arizona. This unit also includes several muscovite-bearing granites in southern Arizona that are associated with calc-alkaline granites of unit TKg, and a batholith in the Cabeza Prieta area of northwestern Arizona.	Yg	MIDDLE PROTEROZOIC GRANITIC ROCKS (1400-1450 Ma). Mostly porphyritic biotite granite with large microcline phenocrysts, with local fine-grained border phases and aplite. Associated pegmatite and quartz veins are rare. This unit forms large plateaus, including the Oracle Granite, Rain Granite, granite in the Pinnacle Peak - Carefree area northeast of Phoenix, and several bodies west of Prescott.
TKg	EARLY TERTIARY TO LATE CRETACEOUS GRANITIC ROCKS (50-82 Ma). Porphyritic to equigranular granite to diorite emplaced during the Laramide orogeny. Larger plutons are characteristically medium-grained, biotite ± hornblende granodiorite to granite. Smaller, shallow-level intrusions are typically porphyritic. Most of the large copper deposits in Arizona are associated with porphyritic granitic rocks of this unit, and are thus named "porphyry copper deposits".	Xg	EARLY PROTEROZOIC GRANITIC ROCKS (1600-1800 Ma). Wide variety of granitic rocks, including granitic, granodiorite, tonalite, quartz diorite, diorite, and gabbro. These rocks commonly are characterized by steep, northeast-striking foliation.
Kv	EARLY TERTIARY TO LATE CRETACEOUS VOLCANIC ROCKS (50-82 Ma). Rhyolite to andesite and closely associated sedimentary and near-surface intrusive rocks; commonly dark gray to dark greenish gray or greenish brown. In the ranges west of Tucson, this unit includes thick welded ash-flow tuffs. Volcanic rocks of this unit are inferred to be derived from vents and volcanoes above magma chambers that solidified to form the granitic rocks of map unit TKg. These rocks are restricted to southeastern Arizona except for a small outcrop near Flagstad.	Xms	EARLY PROTEROZOIC METASEDIMENTARY ROCKS (1600-1800 Ma). Metasedimentary rocks, mostly derived from sandstone and shale, with minor conglomerate and carbonate rock. Includes quartz-rich, mostly non-volcanic Pinal Schist in southeastern Arizona and variably volcanic-litic sedimentary rocks in the Yavapai and Tonto Basin supergroups in central Arizona.
Kjs	OROCOPIA SCHIST (Cretaceous - Jurassic, 65-165 Ma). Mostly gray, fine-grained quartz-feldspar-mica schist, with sparse weakly metamorphosed basalt. The unit is exposed in tectonic windows in the south-eastern corner of Arizona. It is interpreted as metamorphosed marine sandstone that was tectonically emplaced beneath south-western Arizona during early Tertiary subduction of Pacific Ocean sea floor.	Xq	EARLY PROTEROZOIC QUARTZITE (1650-1700 Ma). Brown to maroon, resistant quartzite and minor conglomerate of the Mazatzal Group, exposed primarily in the Payson area.
Kjs	CRETACEOUS TO UPPER JURASSIC SEDIMENTARY ROCKS WITH MINOR VOLCANIC ROCKS (80-160 Ma). Sandstone and conglomerate, rarely forms prominent outcrops; massive conglomerate is typical near base of unit and locally in upper part. These deposits are nonmarine except in southeastern Arizona, where prominent gray marine limestone (Mural Limestone) forms the middle of the Diabole Group. Sandstones are typically medium-bedded, dark-brown, lithic-feldspathic arenites. Includes Huhoe Group (largely Early Cretaceous) and related rocks, Tempe, Bullhead, and Sand Wells formations, rocks of the Achi, McCoy Mountains Formation, and Upper Cretaceous Fort Crittenden Formation and equivalent rocks.	Xmv	EARLY PROTEROZOIC METAVOLCANIC ROCKS (1650 to 1800 Ma). Weakly to strongly metamorphosed volcanic rocks. Protons include basalt, andesite, dacite, and rhyolite deposited as lava or tuff, relict sedimentary rock, and shallow intrusive rock. These rocks, widely exposed in several belts in central Arizona, include metavolcanic rocks in the Yavapai and Tonto Basin supergroups.
		Xm	EARLY PROTEROZOIC METAMORPHIC ROCKS (1600-1800 Ma). Undivided metametasedimentary, metavolcanic, and gneissic rocks.

Figure 4-1 A

Taseko Mines Limited

Florence Project Arizona, United States of America Regional Geology Legend

4.1.2. LOCAL GEOLOGY

The Florence deposit occurs on a horst block that is bounded on the east and west by grabens. The Party Line fault, a major normal fault on the east side of the deposit, strikes north 35° west and dips 45° to 55° southwest. This fault has a vertical displacement of over 1,000 ft and near-parallel normal faults that strike north to northwest and lie to the west of the Party Line fault.

The Sidewinder fault occurs near the west side of the Project area and has a displacement in excess of 1,200 ft. This fault represents a continuation of a complex of north-south trending normal faults to the east. The north-south fault system has downthrown the south end of the horst approximately 1,500 ft. Additional parallel, north to northwest trending normal faults east of the Sidewinder fault produce a graben east of the Project area. The graben strikes north to northwest and extends approximately five miles or more.

Post-Basin and Range basin-fill sediments were deposited over the bedrock surface. The sediments consist of unconsolidated to moderately well consolidated interbedded clay, silt, sand, and gravel in variable proportions and thicknesses. Basalt flows are interbedded on the west and northwest portions of the deposit area. The total thickness of basin-fill materials near the Project area ranges from 300 ft to over 900 ft and exceeds 2,000 ft at 1.5 mi southwest of the deposit area.

4.1.3. PROPERTY GEOLOGY

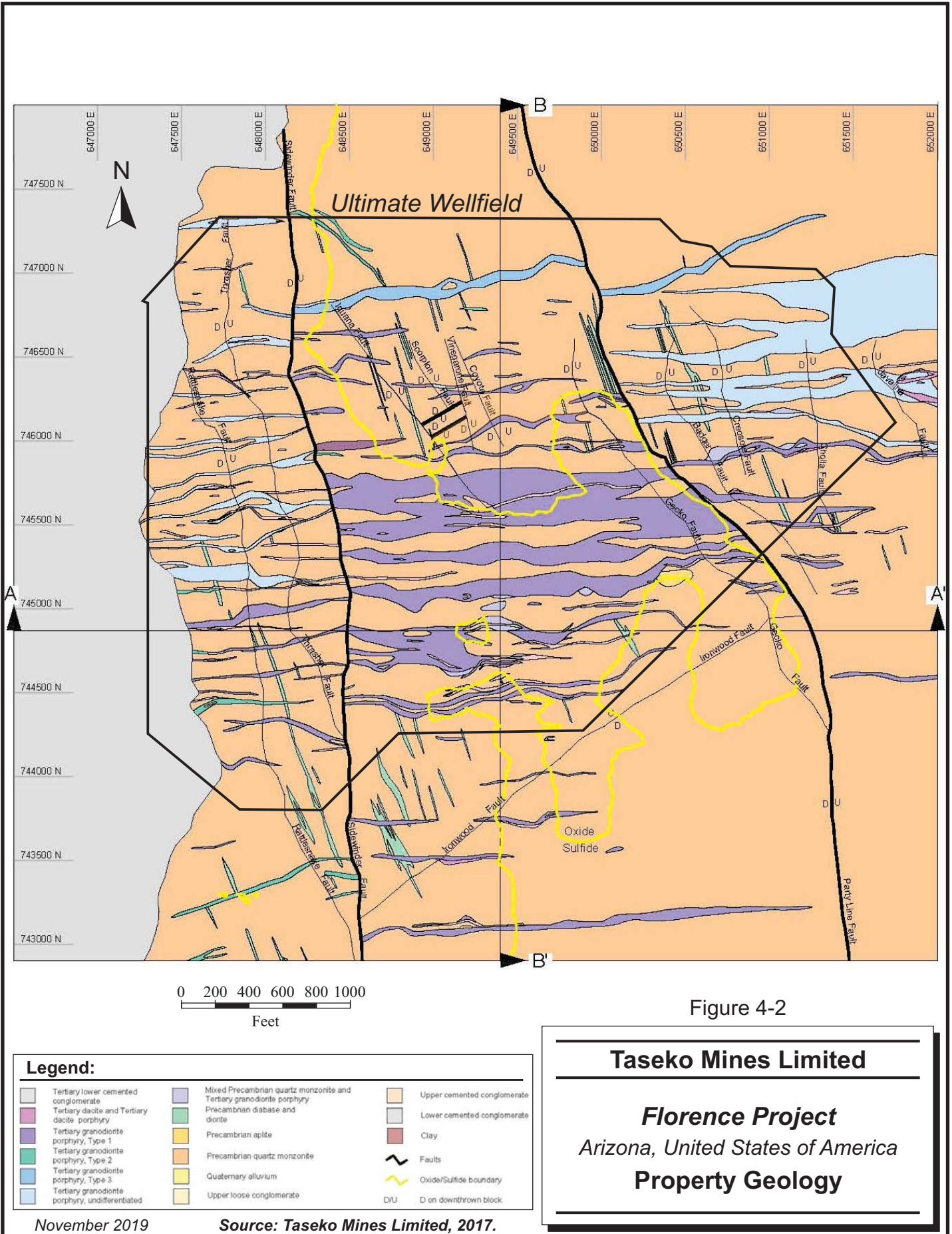
The Florence porphyry copper deposit formed when numerous Laramide-age dike swarms of granodiorite porphyry intruded Precambrian quartz monzonite near Poston Butte. The dike swarms were fed by a larger intrusive mass at depth. Hydrothermal solutions associated with the intrusive dikes altered the host rock and deposited copper and iron sulphide minerals in disseminations and thin veinlets. Hydrothermal alteration and copper mineralisation were most intense along the edges and flanks of the dike swarms and intrusive mass.

The region was later faulted and much of the Florence deposit was isolated as a horst block. This horst block, as well as the downthrown fault blocks to the west, were exposed to weathering and erosion. The centre of the deposit was eventually eroded to a gently undulating topographic surface while a deep basin formed to the west.

The weathering of the deposit resulted in copper sulphide minerals being oxidised and converted to chrysocolla, tenorite, chalcocite, and minor native copper and cuprite. The

majority of the copper oxide mineralisation is located along fracture surfaces, however, chrysocolla and copper-bearing clay minerals also replaced feldspar minerals internally in the granodiorite porphyry and quartz monzonite. A barren or very low-grade zone, dominated by iron and manganese oxides/silicates and clay minerals, caps some portions of the bedrock. The mineralisation is typical of most Arizona porphyry copper deposits. The thickness of the oxide zone ranges from 100 ft to 1,000 ft, with an average thickness of 400 ft.

A plan view of the property geology is illustrated in Figure 4-2. Vertical cross sections A-A' looking north and B-B' looking east are illustrated in Figures 4-3 and 4-4 respectively.



Looking North

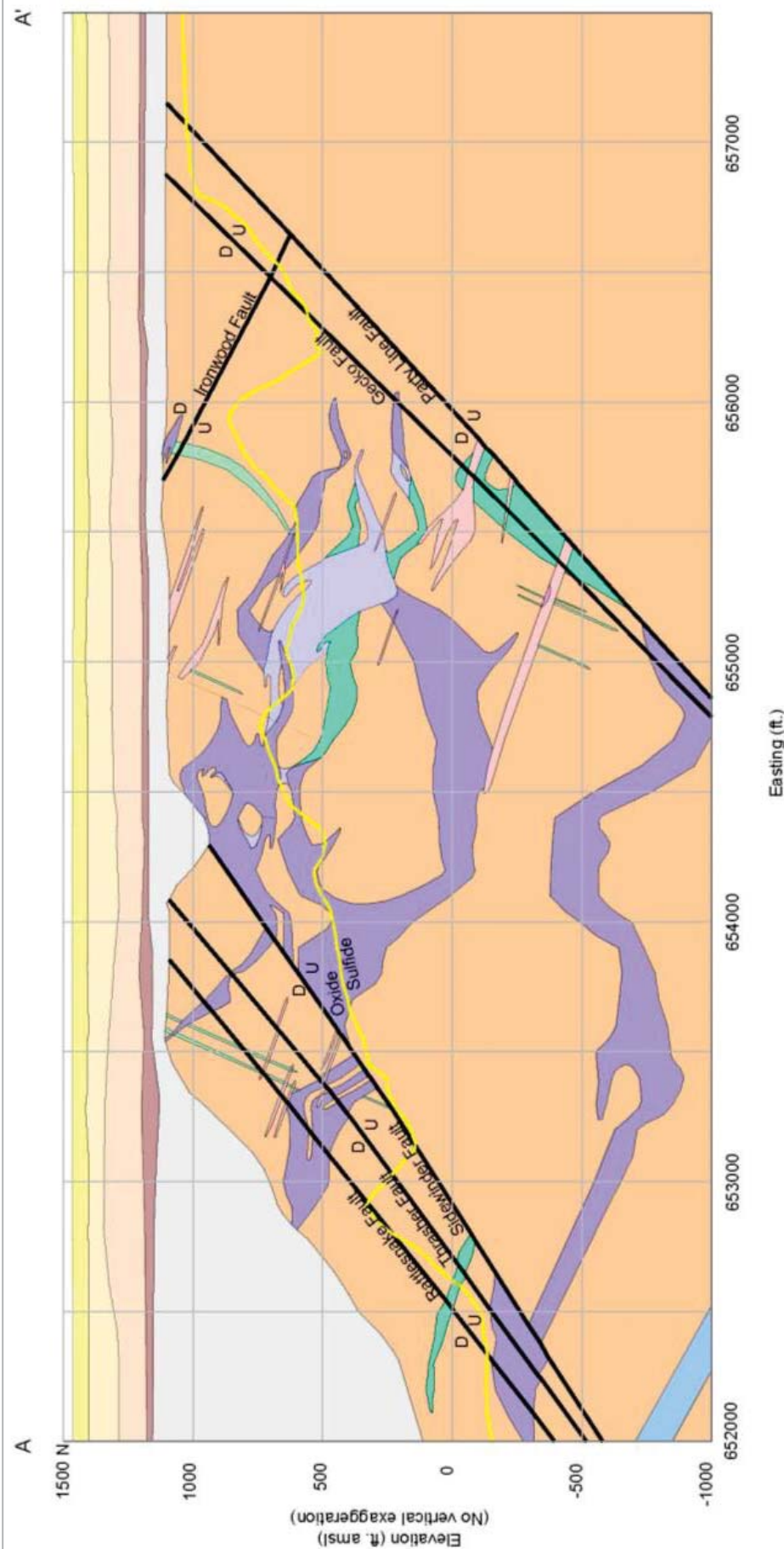
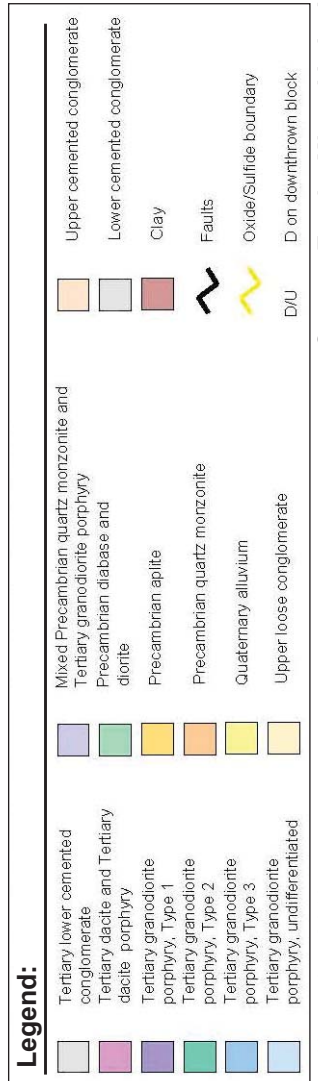


Figure 4-3

Taseko Mines Limited

Florence Project
Arizona, United States of America
Property Geology Section A-A'



November 2019

Source: Taseko Mines Limited, 2017.

Looking East

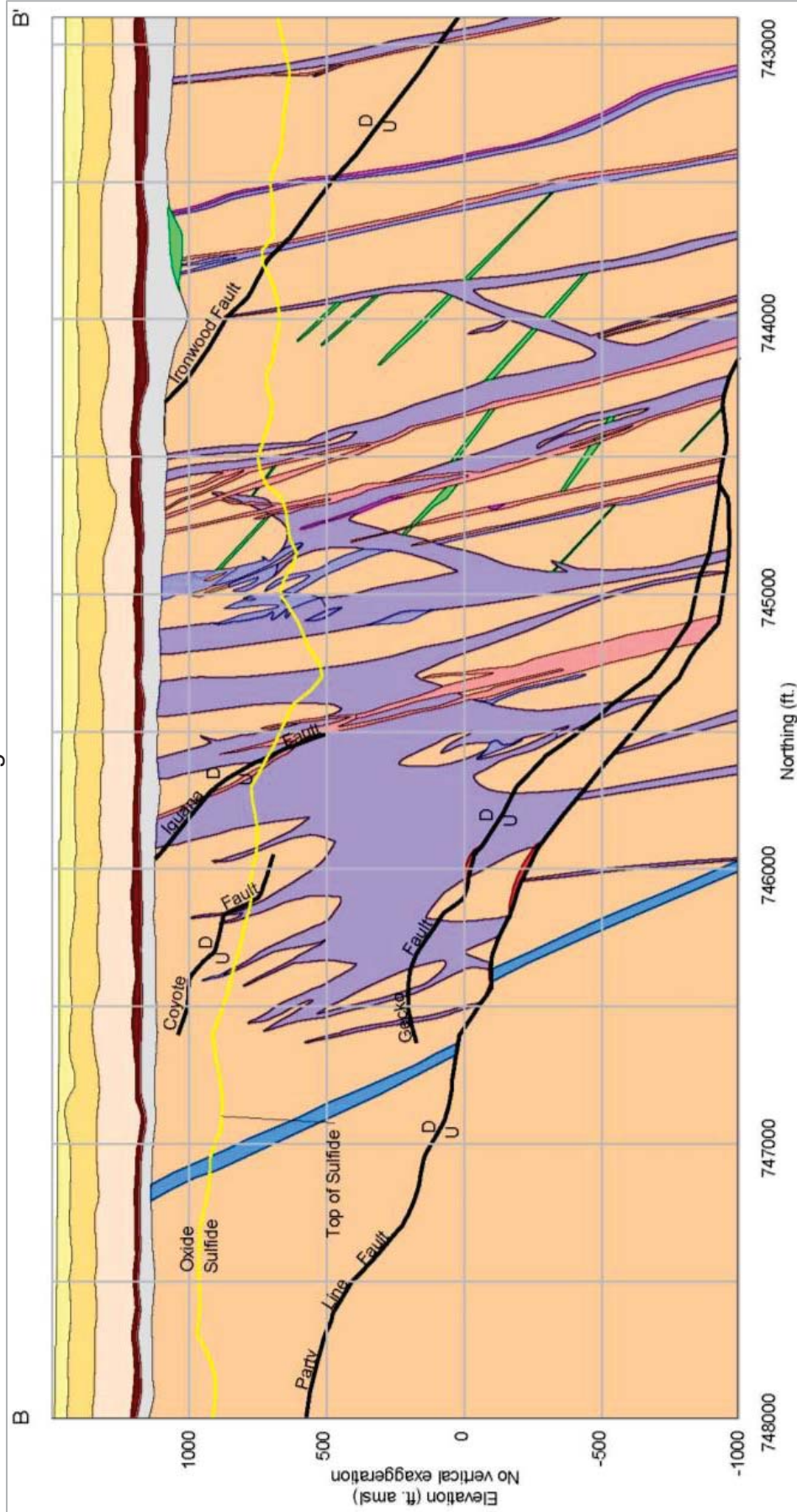


Figure 4-4

Taseko Mines Limited

Florence Project

Arizona, United States of America

Property Geology Section B-B'

Legend:

 Tertiary lower cemented conglomerate Tertiary dactile and Tertiary dactile porphyry Tertiary granodiorite porphyry, Type 1 Tertiary granodiorite porphyry, Type 2 Tertiary granodiorite porphyry, Type 3 Tertiary granodiorite porphyry, undifferentiated	 Mixed Precambrian quartz monzonite and Tertiary granodiorite porphyry Precambrian diabase and diorite Precambrian aplite Precambrian quartz monzonite Quaternary alluvium Upper loose conglomerate	 Upper cemented conglomerate Lower cemented conglomerate Clay Faults Oxide/Sulfide boundary D/U D on downthrown block

Source: Taseko Mines Limited, 2017.

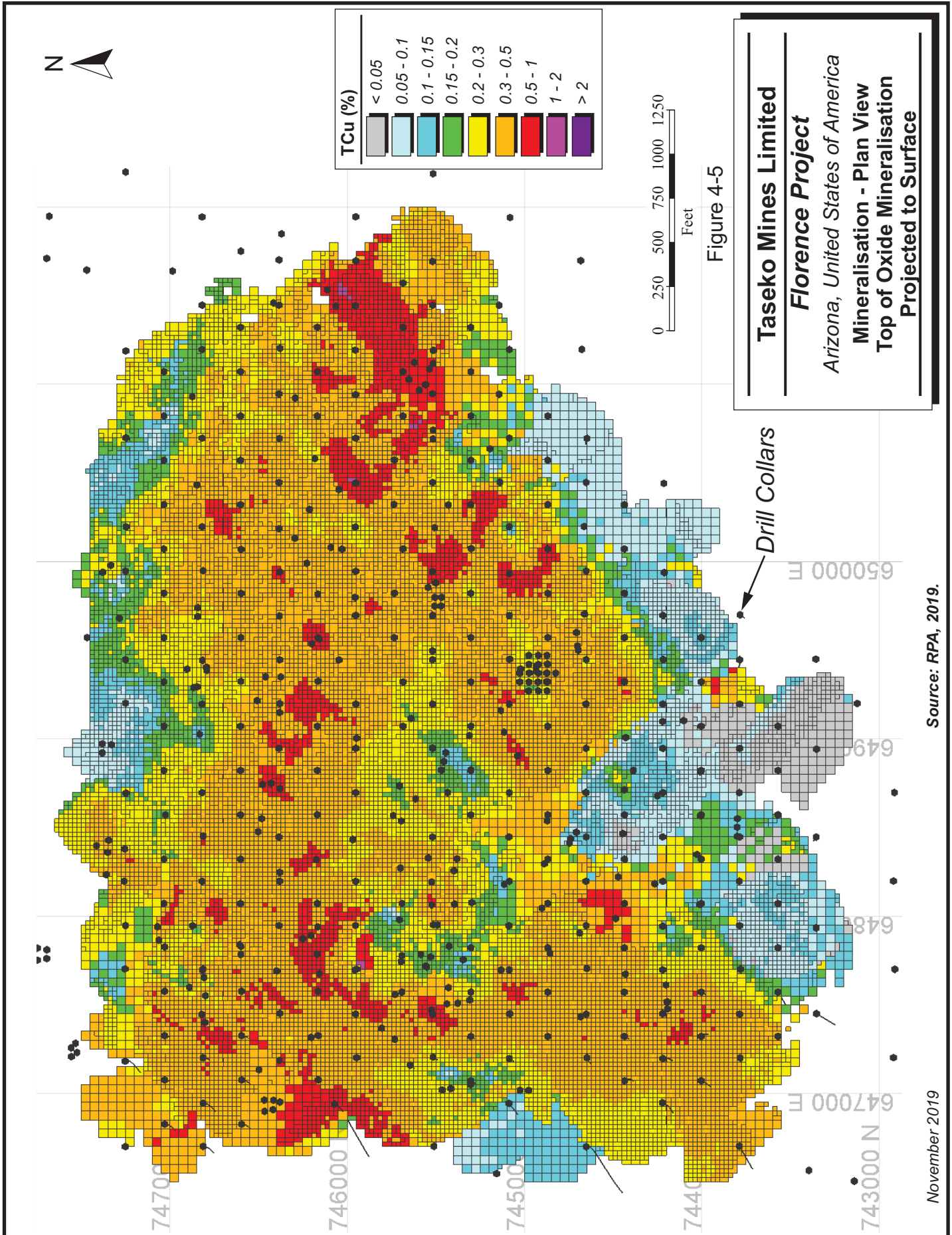
November 2019

4.1.4. MINERALISATION AND DEPOSIT TYPES

4.1.4.1. MINERALISATION

The mineralised zones consist of an iron-enriched leached cap, an oxide zone, and an underlying sulphide zone. In most instances, the transition from the copper silicates and oxides to the sulphide zone is quite abrupt. The majority of the copper oxide mineralisation is located along fracture surfaces, however, chrysocolla and copper-bearing clay minerals also replaced feldspar minerals in the granodiorite porphyry and quartz monzonite. A barren or very low-grade zone, dominated by iron oxide and clay minerals, caps some portions of the top of bedrock, especially in the western area. The mineralisation on the eastern periphery of the deposit is typical of most Arizona porphyry copper deposits. The thickness of the oxide zone ranges from 40 ft to 1,000 ft, with an average thickness of 400 ft. The top of the oxide zone begins below 400 ft to 425 ft of alluvial and basin-fill material. The lateral extent of mineralisation in plan view is approximately 3,500 ft across in an east-west direction and 1,500 ft to over 3,000 ft across in a north-south direction.

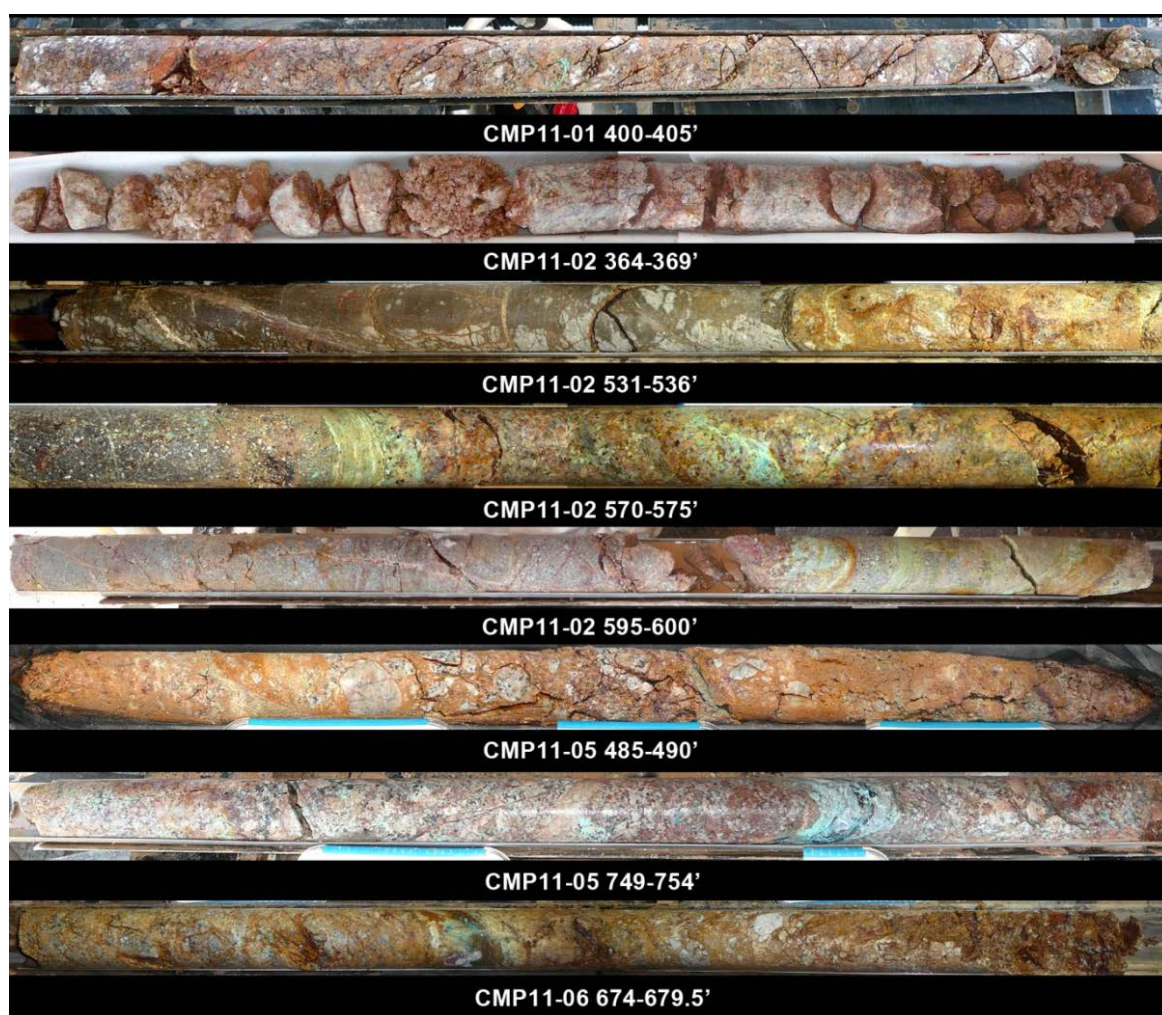
Figure 4-5 illustrates the extent of the oxide mineralisation (including the BEZ) with the top of the mineralisation projected to surface.



Oxide mineralisation with underlying sulphide separated by a transition oxidation zone is the predominate mineralisation present. The underlying sulphide zone, because of its depth, low permeability, and relatively non-soluble mineralogy, is not favourable for in situ copper recovery.

Mineralisation in the oxide zone consists of chrysocolla, 'copper wad', tenorite, cuprite, native copper, trace azurite, and brochantite as illustrated in Figure 4-6. The majority of the copper occurs as chrysocolla in veins and fracture fillings, while the remainder occurs as copper-bearing clays in fracture fillings and former plagioclase sites. The fracture-controlled mineralogy within the Florence deposit indicates that copper is not adsorbed onto the clay surfaces, but rather resides in the octahedral sites of the clays. The 'copper wad' appears to be an amorphous mix of manganese, iron, and copper oxides that occurs as dendrites, spots, and irregular coatings on fracture surfaces. Cuprite occurs locally, smeared out along goethite/hematite-coated fracture surfaces. The chalcotrichite variety of cuprite is also present on fractures or vugs, sometimes intergrown with native copper crystals.

FIGURE 4-6 OXIDE ZONE MINERALISATION



The main hypogene sulphide minerals are chalcopyrite, pyrite, and molybdenite with minor chalcocite and covellite. Supergene chalcocite coats pyrite and chalcocite, dusting fracture surfaces. The supergene chalcocite blanket is very thin and irregular (zero to 50 ft).

In general, the grade of oxide mineralisation is slightly higher than the primary sulphide mineralisation. The overall grade of the oxide and sulphide mineralisation is approximately 0.36% total copper (TCu) and 0.27% TCu, respectively.

Hydrothermal alteration accompanied the intrusion and cooling of the Tertiary granodiorite porphyry stocks and dikes into the Precambrian quartz monzonite. Alteration in the granodiorite porphyry is primarily veinlet-controlled, whereas alteration in the quartz monzonite encompasses all three styles; pervasive, selectively pervasive, and veinlet-controlled. Potassic alteration (quartz-orthoclase-biotite-sericite) is the dominant alteration assemblage. Salmon-coloured secondary orthoclase replaces primary orthoclase phenocrysts, rims quartz $\pm$ biotite veins, and occurs as pervasive orthoclase flooding.

Secondary brown biotite replaces plagioclase and matrix feldspars and occurs in biotite-sulphide veinlets.

A sericitic (quartz-sericite-pyrite) alteration zone surrounds the potassic zone, which is exhibited particularly in the deep portions of the sulphide mineralisation. Fine-grained sericite selectively replaces plagioclase, orthoclase, and biotite, while forming thin alteration selvages along quartz $\pm$ sulphide veins. Propylitic (calcite-chlorite-epidote) alteration is visible in mafic dike rocks and is reported in exploration holes fringing the deposit.

The most noticeable feature in the oxide mineralised material zone is a late-stage argillic alteration assemblage consisting of montmorillonite - kaolinite $\pm$ illite $\pm$ halloysite. The conversion of sericite to clay minerals in plagioclase phenocrysts and along fracture surfaces is selectively pervasive. X-ray diffraction analyses indicated the clay is primarily a mixture of calcium-montmorillonite and kaolinite. These clay-altered plagioclase sites were favourable loci for remobilised copper generated from natural in situ leaching.

4.1.4.2. DEPOSIT TYPE

The deposit is an extensive Laramide porphyry copper deposit consisting of a large core of copper sulphide mineralisation underlying a zone of copper oxide mineralisation. The central portion of the deposit is overlain by approximately 400 ft of flat-lying conglomerate and alluvial material containing a fine-grained silt and clay interbed. The oxide and sulphide zones are separated from one another by a transition zone ranging, on average, from zero feet to 55 ft in thickness. The depth, grade, impermeability, and mineralisation of the sulphide zone renders it currently uneconomic to mine utilising conventional or in situ copper recovery mining methods.

Approximately 71% of the oxide mineralisation is hosted by a Precambrian quartz monzonite and 26% by Tertiary granodiorite porphyry. The remaining igneous rocks associated with the deposit are Precambrian diabase and Tertiary andesite, latite, dacite, basalt, and aplite. The deposit occurs in a structural horst block, which is bounded on the east and west by grabens and is controlled by normal faults trending north to northwest.

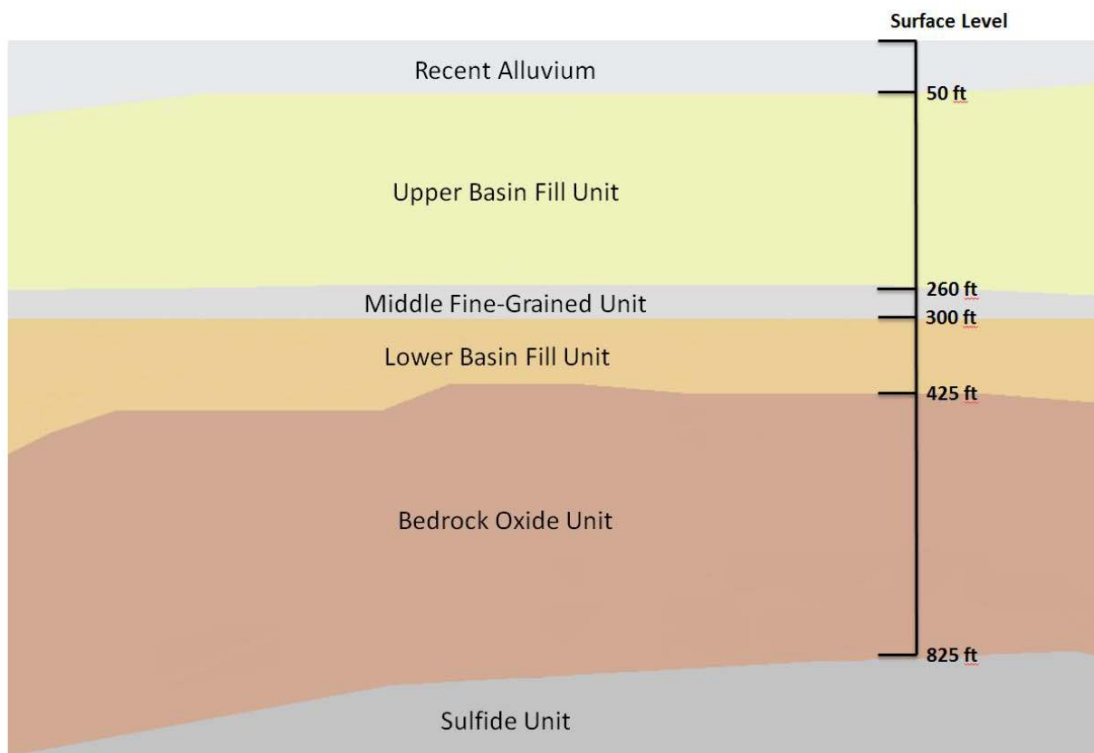
The deposit is a typical southwestern US porphyry copper deposit. The United States Geological Survey classification of the porphyry copper mineralisation at the Florence deposit is model 21a (porphyry Cu-Mo). This model type is described as stockwork veinlets of quartz, chalcopyrite, and molybdenite in or near a porphyritic intrusion with rock types of

porphyritic tonalite to monzogranite stocks and breccia pipes intrusive into batholithic, volcanic, or sedimentary rocks. The typical mineralogy consists of chalcopyrite, pyrite, and molybdenite, with peripheral vein or replacement deposits with chalcopyrite, sphalerite, galena, and gold. The outermost zone of veins comprises Cu-Ag-Sb-sulphides, barite, and gold. Typical alteration consists of quartz, K-feldspar, biotite, chlorite, and anhydrite (potassic alteration) grading outward to propylitic alteration. Late white mica and clay (phyllic) alteration may form capping of outer zones or the entire deposit.

4.2. HYDROGEOLOGY

The saturated geologic formations underlying the Project site have been divided into three distinct water-bearing hydrostratigraphic units referred to as the Upper Basin Fill Unit (UBFU), Lower Basin Fill Unit (LBFU), and the Bedrock Oxide Unit (BOU), as shown in Figure 4-7. The BOU is the hydrologic designation of the porphyry copper oxide mineralised body. The UBFU and LBFU are separated in the area of the Project site by the Middle Fine-Grained Unit (MFGU). The BOU is underlain by the Sulfide Unit.

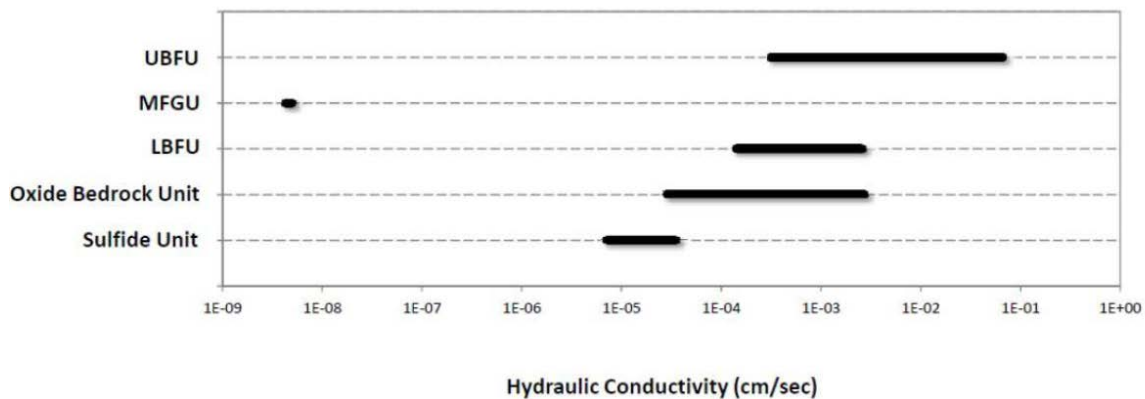
FIGURE 4-7 FLORENCE COPPER PROJECT WATER BEARING UNITS



The hydraulic conductivity values of each geologic unit are shown in Figure 4-8. The permeability of each unit can be summarised as follows:

- UBFU: This unit is considered to be an intermediate to highly permeable water-bearing zone.
- MFGU: This unit is considered to be an aquitard with very low permeability.
- LBFU: This unit is an intermediately permeable water-bearing zone.
- BOU: This unit has low to intermediate permeability.
- Sulfide Unit: This unit can be categorised as low-permeability rock.

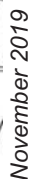
FIGURE 4-8 HYDRAULIC CONDUCTIVITY VALUE OF EACH GEOLOGIC UNIT



Conoco began hydrogeologic characterisation of the Florence site in 1971 to assess the dewatering requirements for a planned underground mine. Hydrogeologic testing included several large pumping tests, one of which included pumping at an aggregate rate in excess of 7,500 gpm. The investigation suggested that the BOU is permeable and the inflow to the underground mine is too large for a feasible underground mine operation.

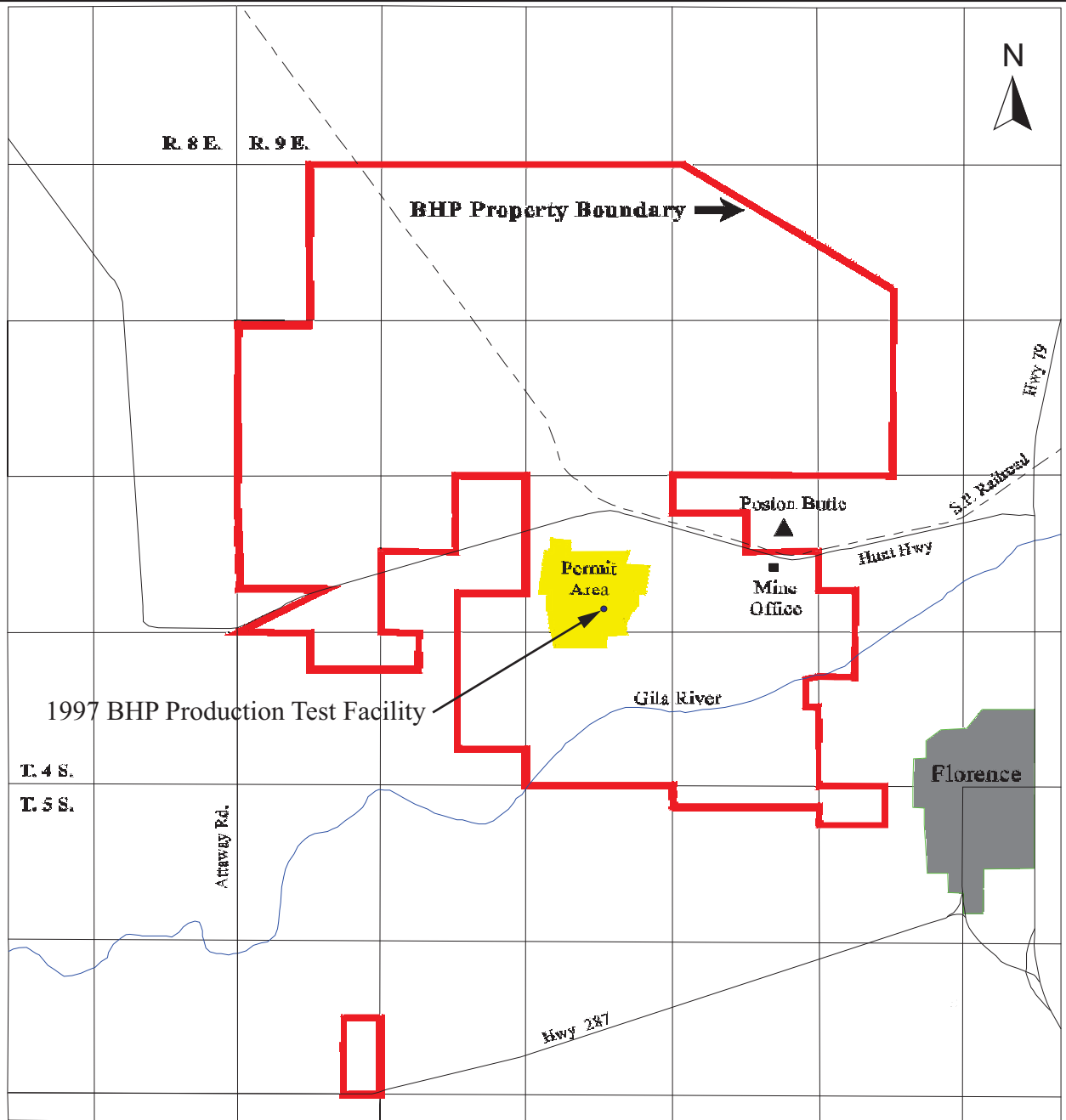
Magma conducted a series of 49 pumping tests at 17 well locations distributed across the Project site with 46 monitoring wells completed in various geologic units. The locations of the testing are shown in Figure 4-9. The testing results show that:

- Sufficient groundwater can be pumped from the BOU to sustain an extraction rate of at least 0.1 gpm per foot during the testing period.
- The LBFU and BOU are in hydraulic communication.
- The Sulfide Unit has low permeability.



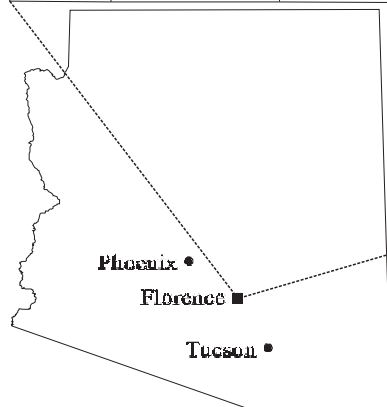
After it acquired the property from Magma in 1996, BHP conducted a field pilot test at the permit area shown in Figure 4-10. During the pilot test, BHP installed an ISR wellfield consisting of four injection wells and nine recovery wells (similar to the current PTF design). A total of 20 wells were installed for the pilot test, as shown in Figure 4-11. The testing results demonstrate the following:

- The BOU has sufficient hydraulic conductivity to support well-to-well fluid flow.
- Injected solution could be recovered during the test.
- Hydraulic control could be maintained during the test.



0 0.5 1.0 1.5 2.0 2.5
Miles

Figure 4-10



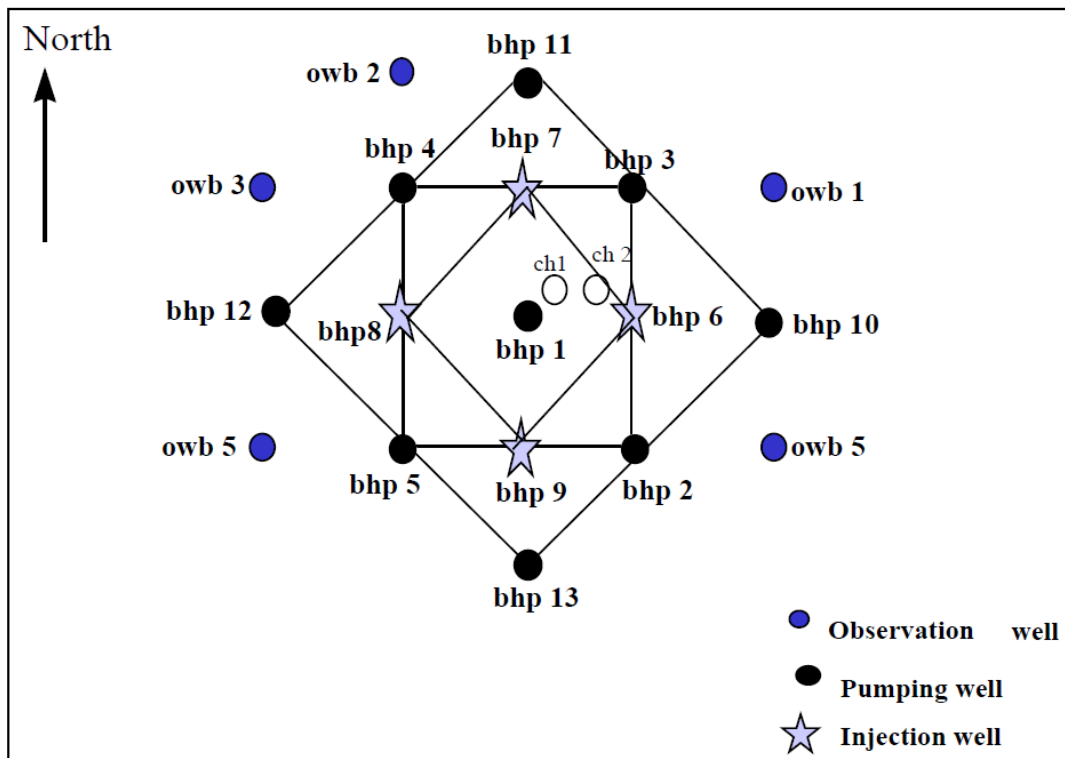
Note: Property Boundary in this Figure Differs from Current FCI Boundary

November 2019

Source: BHP, 1999.

Taseko Mines Limited
Florence Project
Arizona, United States of America
**Location of BHP Property Line
and Permit Area for Pilot Testing**

FIGURE 4-11 LAYOUT OF TESTING WELLS

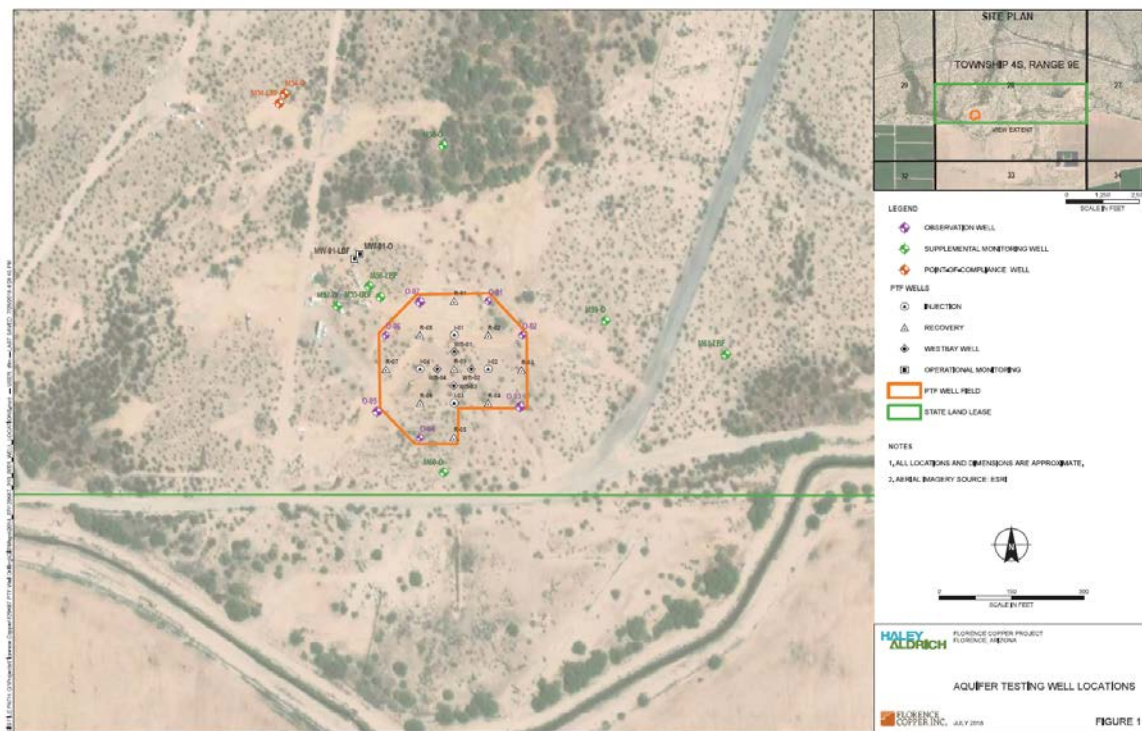


Source: BHP, 1999

Curis revised and updated a sub-regional groundwater flow model representing the Florence site and an area of approximately 125 mi² around the site. The groundwater flow model was prepared in support of the application to amend the operational permit initially issued to BHP by the ADEQ and the USEPA.

FCI submitted the 'Notification of Intent and Scope of Planned Formation Testing for the PTF Area' on March 22, 2018 (the Plan). FCI subsequently conducted formation testing described in the approved Plan, including pumping tests at each of the outermost recovery wells and in the UBF and LBF wells, spinner logging, and a dye tracer test. The location of the testing is shown in Figure 4-12.

FIGURE 4-12 LOCATION OF PTF PUMPING TEST

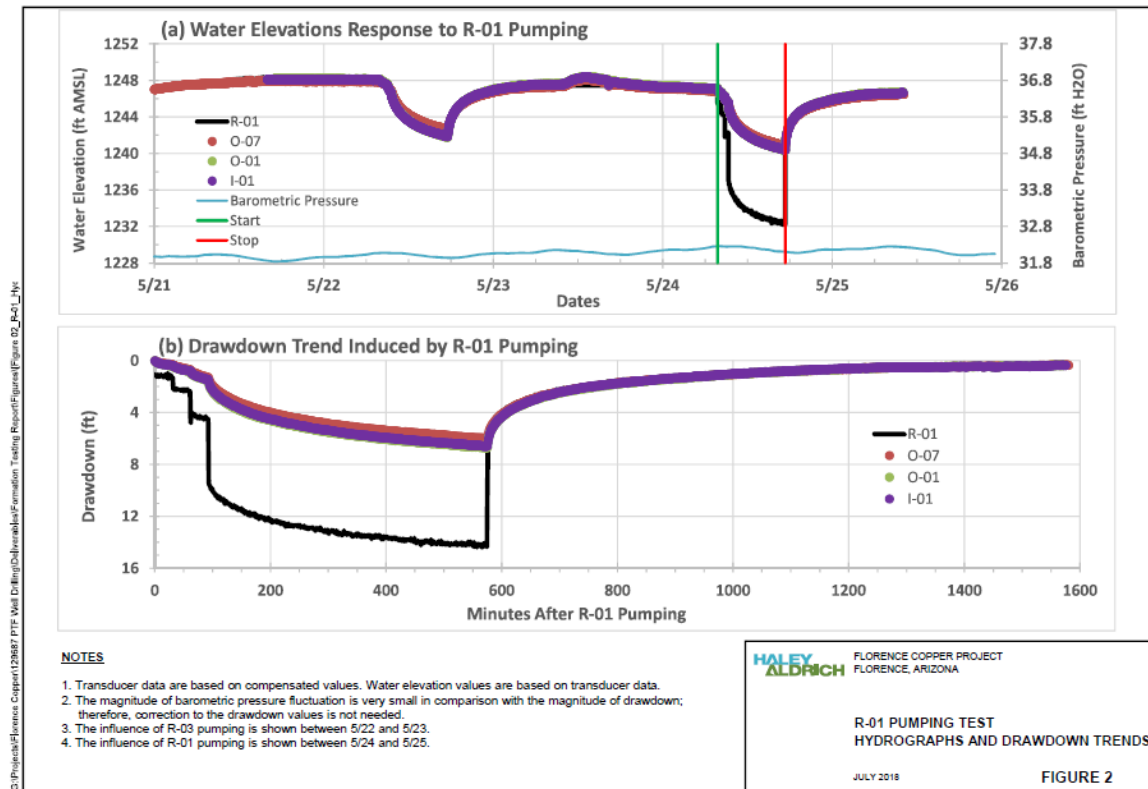


Source: Haley & Aldrich, Inc., 2018

The test results demonstrated the following:

- The hydraulic properties used in the groundwater flow model were confirmed.
- No strong horizontal anisotropy exists within the PTF wellfield, as illustrated by the similar drawdown observed during the pumping test (Figure 4-13).
- There is sufficient hydraulic connection between the PTF recovery wells, observation wells, supplemental monitoring wells, and point of compliance wells to demonstrate that a cone of depression has been created by the planned pumping.
- The cone of depression created by the planned PTF pumping is sufficient to establish and maintain hydraulic control.

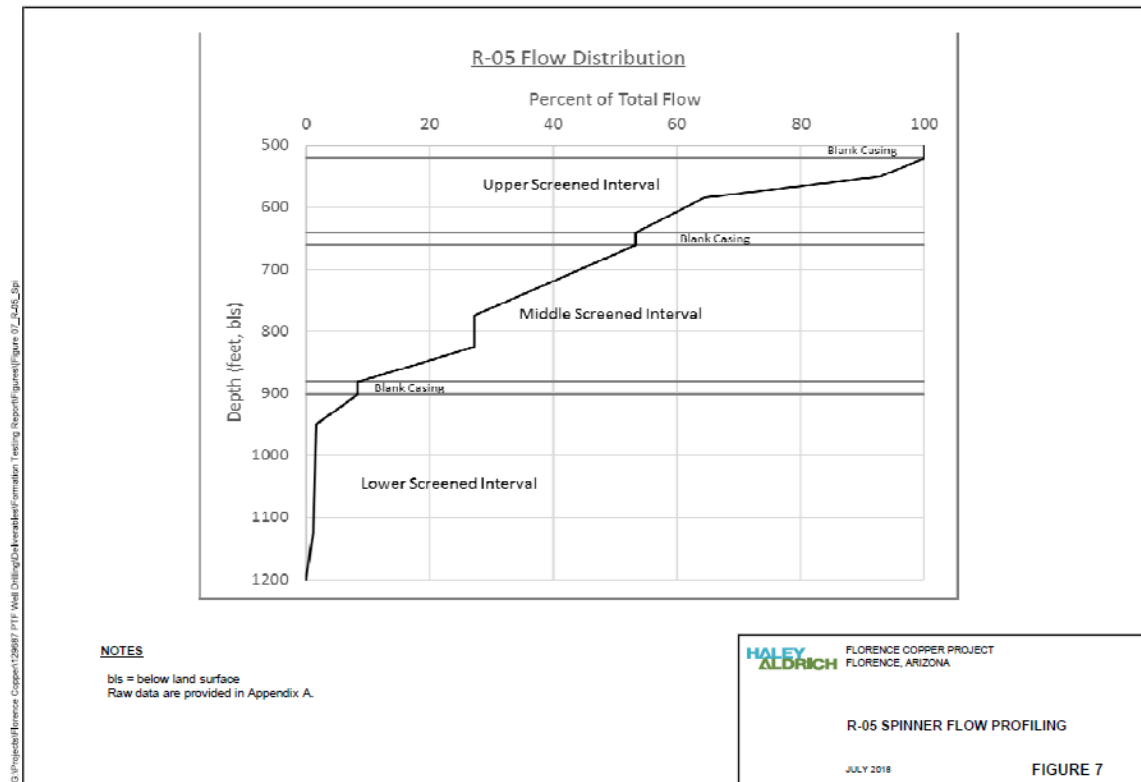
FIGURE 4-13 OBSERVED DRAWDOWN DURING PUMPING TEST



Source: Haley & Aldrich, Inc., 2018

The spinner logging test shows that the permeability of the BOU decreases along the depth, as shown in Figure 4-14. To account for the different permeability and thus the flow rate along the depth, FCI designed wells that are separated by two blank casings (as labelled in Figure 4-14) to more effectively control the flow and residence time in different segments of the well.

FIGURE 4-14 TYPICAL FLOW PROFILE FROM SPINNER LOGGING



Source: Haley & Aldrich, Inc., 2018

4.3. MINERAL RESOURCE ESTIMATE

4.3.1. SUMMARY

Mineral Resources were estimated by SRK Consulting (U.S.) Inc. (SRK) in 2010 (SRK, 2010). M3 Engineering & Technology Corporation (M3) prepared a Technical Report for Curis in 2013 (M3, 2013) and adopted the SRK 2010 estimate except for a marginal decrease in the Inferred category. Taseko prepared a Technical Report, effective January 2017 and adopted the M3 2013 estimate. There have been no additional relevant exploration results within the resource area no changes to the block model since that time.

RPA visited the site and reviewed the available data and resource model. RPA's opinion is that all the Measured and Indicated Mineral Resources, as reported by Taseko, are in the Indicated category due to limited data available to support the estimated density. The RPA Mineral Resource estimate, effective July 1, 2019, is summarised in Table 4-1.

TABLE 4-1 SUMMARY OF MINERAL RESOURCES – JULY 1, 2019
Taseko Mines Limited – Florence Project

Category	Tonnage (Mst)	Grade (% TCu)	Contained Metal (Mlb Cu)
Indicated	429	0.33	2,839
Inferred	63	0.24	295

Notes:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.05% TCu.
3. Mineral Resources are estimated using an average long-term copper price of US\$3.25 per pound.
4. Includes the entire copper oxide zone including 40 ft bedrock exclusion zone.
5. A tonnage factor of 12.5 ft³/st was used.
6. Mineral Resources are inclusive of Mineral Reserves.
7. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability
8. Numbers may not add due to rounding.

The Mineral Resource is limited vertically by geological boundaries; the top of the oxide zone and top of the sulphide zone. It is limited laterally by the grade interpolation and classification strategy. Mineral Resources are reported only for classified blocks in the oxide zone which includes the 'bedrock exclusion zone' (BEZ). The BEZ is 40 ft of bedrock where only partial extraction is expected due to the anticipated fluid flow from the injection and recovery wells. The sulphide proportion of each block is excluded from the Mineral Resources.

RPA was able to replicate the Taseko estimate of the tonnage, grade, and contained metal for the Measured plus Indicated Mineral Resources to a reasonable degree. Bulk density is discussed in Section 4.3.5.2.

4.3.2. RESOURCE DATABASE

The Mineral Resource estimate is based exclusively on drilling. The total drilling on the Project was 795,479.7 ft of which Conoco drilled 78% and Magma drilled 18% as summarised in Table 4-2. Conoco developed a detailed geologic core logging protocol. With slight modifications, Magma and BHP geologists continued to use this method to maintain compatibility with the geologic data produced by Conoco.

TABLE 4-2 DRILLING SUMMARY
Taseko Mines Limited - Florence Project

Company	Year	No. of Holes	Total Length (ft)
Curis	2011	6	7,752.0
BHP	1997	21	16,637.5
Magma	1994-1996	173	146,891.0
Conoco	1970-1977	612	620,483.2
Other		5	3,716.0
Total		817	795,479.7

RPA used Micromine to import the provided resource database and perform validation checks. The database provided agrees closely with the database documented in the 2017 Technical Report (Table 4-3).

TABLE 4-3 MINERAL RESOURCE DATABASE
Taseko Mines Limited – Florence Project

	2017 Technical Report	Database Provided
Drill holes in model area	502	502
Drill holes with TCu analyses	380	380
Samples analyzed for TCu	61,531	61,531
<i>TCu analyses in Basin</i>	2,886	2,927
<i>TCu analyses in Oxide</i>	22,765	22,827
<i>TCu analyses in Sulphide</i>	36,880	35,777

The database was validated using the drill hole validation tools in Micromine software. These tools check for common database errors including overlapping intervals, missing or incorrect depths, and intervals beyond the hole depth.

4.3.3. SAMPLE PREPARATION, ANALYSES, SECURITY, AND QA/QC

4.3.3.1. HISTORICAL SAMPLES

Sampling protocols were developed by Conoco, Magma, and BHP to ensure consistency and mitigate analytical bias. Conventional rotary and/or reverse circulation (RC) drill cuttings were generally collected every ten feet by Conoco, Magma, and BHP. A representative fraction of each sample was placed in a sieve, and observations were made on the chips before and after rinsing. Conoco samples were placed in a waxed, cylindrical cardboard container. BHP samples were stored in plastic chip trays. Samples drilled by RC methods were sent for assays. Rotary cuttings were assayed by Conoco but were used by BHP only for geological control. TCu analyses from conventional rotary drilling

are considered unreliable and the assay results from samples collected by previous operators have not been used for this report.

Conoco Samples

Core samples provide the most detailed information. The core was first wiped free of drilling mud and then photographed to preserve a record of the intact core. The core sample was next split according to the intervals listed on the sample sheets prepared by a geologist. The following method was used to saw and sample the core:

- The core within each row of core box was divided visually into left and right halves running the length of the box.
- A dividing line was used as a guide to saw the core into halves. In the first row, the left half was put into an olefin sample bag for assaying and the right half was returned to the box. In the next row, the right half was selected for assaying and the left was returned to the box. The use of alternating left and right halves for the assay sample was intended to reduce one aspect of sampling error.
- Intensely broken material was taken from the core box row using a narrow, flat-edged scoop that was half the width of the core box row.
- Every 200 ft, both halves of the sample interval were collected for assaying. The duplicate samples were labelled 'A' and 'B' and were weighed prior to shipment. The difference in weight between samples 'A' and 'B' was typically no greater than 200 g.
- Every 15 samples, a control sample was inserted into the set of samples shipped to Skyline Assayers & Laboratories of Tucson (Skyline). The control samples were prepared as pulp samples and weighed prior to shipment.

The coarse rejects were stored in 55 Gal drums adjacent to the core storage building while the core boxes were stored on shelves in the core storage building. The core storage building was locked and regularly inspected. The core from the drilling continues to be stored in good condition, however, coarse rejects are no longer in usable condition.

Sample preparation protocols used by Curis for the 2011 metallurgical and confirmation drilling programme were similar to those used by previous operators but differed in that the core was treated differently depending on the core diameter and purpose. PQ (85 mm) core was collected for metallurgical tests and was not assayed. The companion HQ (63.5 mm) core was collected for analyses. The core was logged, photographed, and sampled by SRK geologists and technicians.

Conoco logged the geology in the exploration drill holes (1,000 ft and 500 ft drill spacing) in 2.5 ft intervals and collected assay samples at five-foot intervals. The later in-fill development drill holes (250 ft spacing) were logged in five-foot intervals and assayed in

ten-foot intervals. The core from the 500 ft spaced holes was photographed and sample pulps were prepared on site. The five-foot and ten-foot sample pulps were sent to outside assay laboratories for TCu analysis. The laboratory and method of analysis are not in the documentation. TCu content in percentages was listed to two decimal places and the method detection limit was 0.01% TCu. The primary outside laboratory was American Analytical and Research Laboratories, Tucson, Arizona. Other outside laboratories included Southwestern Assayers & Chemists, Jacobs Assay, and Hawley & Hawley Assayers & Chemists all of Tucson, Arizona. The remaining material in the pulp sample was composited into 50 ft samples and assayed for %TCu, % acid soluble copper (ASCu), molybdenum (ppm), silver (ppm), and sometimes gold (ppm) on early samples. Check assaying for %TCu was done by another outside assay laboratory. Reject samples of two size fractions were retained on the property for future reference and for metallurgical bench testing. Conoco pulps and rejects are stored in a dry condition in the core storage building on site.

When development drilling began, core samples were completely crushed for analysis on ten-foot intervals and were not retained for reference. Every tenth core interval was sampled twice with the second sample assayed by another laboratory to compare accuracy between the two laboratories. Conoco analysed the core drilled in 1975 in its on-site laboratory at the pilot plant facility.

The quality assurance and quality control (QA/QC) protocols which were standard industry practice for the time comprised sending 10% of the original pulps for re-assay to an outside assay laboratory.

Physical records documenting the sample preparation and analytical protocols used by Conoco or its contract laboratories are not available.

Magma and BHP Samples

Magma's and BHP's sample handling protocols used during core handling were similar to that used by Conoco.

Magma logged and sampled in five foot increments for the PFS. The pre-feasibility core was split on site and sent to the Magma San Manuel Metallurgical Laboratory for preparation and assaying. For the FS, Magma and BHP sampled core in ten foot intervals but honoured lithologic contacts as well as 50 ft bench elevations. Analysis of new core samples, verification assays, and other analyses were primarily performed by Skyline.

Magma created TCu control pulp standards at several grade ranges for the Florence deposit to identify and minimise analytical bias and errors. Randomly selected control samples were added to each batch of drill core or RC chip samples that was shipped to Skyline. Every 15th assay sample was an assay control pulp sample that was used to check for analytical bias or variance. The assays from the pulp control samples were required to be within two standard deviations of the overall mean or the entire batch was re-assayed.

BHP subsequently followed the same analysis procedures using the site-specific standards prepared by Magma personnel.

No field or pulp blanks were created or used by Magma or BHP.

Magma/BHP used both its in-house laboratory at the nearby Magma/BHP San Manuel Operations and outside contracted laboratories to perform analyses of core and RC samples. The primary outside laboratory was Skyline in Tucson, Arizona. Other outside laboratories used included Bondar-Clegg & Company of Vancouver, British Columbia, Chemex Labs of Sparks, Nevada, and Rocky Mountain Geochemical Corporation of Salt Lake City, Utah. The San Manuel Metallurgical Laboratory and sample preparation facilities were designed to provide daily support to the mine, SX/EW plant, concentrator, smelter, electro-refinery, and rod plant operations including daily underground and open pit blasthole samples, process solution samples (raffinate, pregnant leach solution), and quality control analysis of copper and molybdenum sulphide concentrates, copper anodes, copper cathodes, and rod. The analyses were performed under the supervision of professional metallurgists and laboratory managers. The San Manuel Metallurgical Laboratory used standard, industry accepted methods for the preparation of sample rejects, pulps, and the analysis of TCu content by atomic absorption (AA) methods.

Many variations exist on the method used to analyse ASCu content at the copper operations in Arizona. The methods vary slightly from operation to operation even under the same company ownership. The key is to maintain internal consistency at each operation for relative comparison of the extent of oxidation in each material type within the same deposit. The various ASCu determination methods provide a relative indication of the percentage of copper that is released with short-duration exposure to dilute sulphuric acid under specified time, temperature, and acid-concentration conditions. The time (five minutes to two hours), temperature, and concentrations vary by operation. When outside laboratories are used, the operation typically provides a copy of its method to the outside laboratory to ensure consistency of the method used.

The TCu analysis method used by Skyline is a standard industry method identical to that used by the San Manuel Metallurgical Laboratory. The “San Manuel Method” for the analysis of ASCu content was consistently used by Magma, BHP, and the outside laboratories contracted by Magma/BHP in the Florence drill and metallurgical test samples. The Total Copper Method and “San Manuel Method” for ASCu analyses are shown below.

- Total Copper Analysis in Rock Samples – Skyline
 - o Accurately weigh 0.4000 g to 0.4300 g of the sample into a 200 mL flask. Weigh samples in batches of 20 samples plus two checks (duplicates) and two standards per rack. At end of job, weigh the tenth sample out of each rack plus four standards.
 - o Add 10.0 mL hydrogen chloride (HCl), three millilitres nitric acid (HNO₃), and 1.5 mL perchloric acid (HClO₄) to each flask. Place on a medium hot plate (approximately 250°C).
 - o Digest until the only remaining acid present is HClO₄. (Note: The volume of the liquid in the flask should be less than one millilitre.)
 - o Remove from the hot plate and cool almost to room temperature. Add approximately 25 mL deionised (DI) water and ten millilitre HCl. Boil gently for approximately 10 minutes to 20 minutes.
 - o Cool the flask and contents to room temperature, dilute to the mark (200 mL) with DI water, stopper, and shake well to mix.
 - o Read the solutions for Copper by AA using standards made up in 5% HCl.
 - o Read the solutions for molybdenum, lead, zinc, and/or iron on the inductively coupled plasma (ICP) using standards made up in 5% HCl.
- Acid Soluble Copper Assay Method – San Manuel Metallurgical Laboratory
 - o Weigh 0.500 g of pulverised sample into a 50 mL Erlenmeyer flask.
 - o Add ten millilitres of 15% (V/V) sulphuric acid (H₂SO₄).
 - o Place in a water bath held at 73°C for five minutes.
 - o Remove the flask from the water bath and immediately filter through a 15 cm VWR No. 413 filter paper into a 100 mL volumetric flask. Wash three or four times with demineralised water.
 - o Cool, dilute the contents of the flask to 100 mL. Stopper the flask and shake well to mix the contents. Place in the Instrument Room and allow the flasks to equilibrate to room temperature.
 - o Read by AA using 10.0 µg/mL and 30.0 µg/mL copper calibration standards in 1.5% H₂SO₄.
 - o Calculate the percent acid soluble copper by the formula:
 - % ASCu = 0.02 * Cu (µg/mL).

The analyses used by Skyline for drill samples, metallurgical test materials, and process solutions were performed under the supervision of Arizona-registered assayers Bill Lehmbeck and Jim Martin.

Analysis of groundwater quality from monitor wells and surface water samples collected by Magma/BHP or its environmental consultants was performed by outside laboratories including BC Analytical of Glendale, California, NEL Laboratories of Phoenix, Arizona, and its successor company Del Mar Analytical of Phoenix, Arizona.

Analysis of metallurgical column test samples (column test heads/tails, feed solution, and effluent/pregnant leach solution) was performed primarily by outside laboratories. The records associated with the analyses performed by outside laboratories are filed in drill log files, attachments to various reports prepared by Magma or BHP. The amount of documentation varies by laboratory but generally provides the standard metallurgical test methods/protocols, information on sample preparation (weights, size fractions), sample analysis method, method detection limits, analysis units, internal laboratory QA/QC methods, laboratory qualifier comments, and chain-of-custody records.

Curis Samples

PQ core was taken in the five-foot split tube core barrels from the drill rig to a nearby logging table where it was wiped free of drill mud and photographed. Owing to thick mud coating the cores, it was later necessary to wrap the core in a flexible, fine-mesh non-metallic screen to allow more rigorous cleaning to free the entire core cylinder of mud residue. The handling procedures minimised mechanical breakage of the core thereby preserving samples with representative fracture densities for metallurgical testing. After geological and geotechnical logging, the PQ core was secured (remaining in the wrapped mesh) and placed within a four-inch drainage pipe that had been cut longitudinally. The pipe was secured with end caps, taped shut, and labelled with the footage intervals. The sample tubes were then stored in a secure, locked warehouse prior to being shipped to metallurgical test facilities in Tucson, Arizona.

HQ core was boxed at the drill rig and taken to a secure, locked logging facility where the core was cleaned and photographed. After geological and geotechnical logging was completed, the geologist marked out the five-foot sample intervals with aluminum sample tags and created a sample cut sheet for the sampling technician. The interval lengths were adjusted to match rock contacts as appropriate. Sampling was performed by the SRK technician in a locked warehouse building adjacent to the logging facility. Intact pieces of core were sawn along a centre dividing line and one half of the core material was placed

in the sample bag. Intensely broken material was sampled with the same flat-edged scoop technique used to sample broken core by Magma and BHP. The sample bags were marked with a sequential identification number, and sample tags with the same numbers were placed into the bags. QA/QC samples including pulp standards and field blanks were inserted every 20th sample into the sample stream. Following logging and sampling, the core was moved to final storage in a locked warehouse building adjacent to the Administration Building on site.

SRK performed verification sampling for Curis on 32 samples to confirm the presence of copper mineralisation. Continuous five and ten foot samples representative of the major rock types, oxidation zones, and copper grades were selected from five drill holes within the main deposit area. The samples were selected by SRK from one Conoco drill hole (105MF) and three Magma drill holes (MCC-367, MCC-561, and MCC-562). In addition, SRK personnel prepared fresh control pulp samples from pulverised and well-labelled bulk standard materials stored in the Administration Building and sent seven control samples at various grade ranges for verification analysis.

A comparison of the results of the TCu assays on the original core interval and residual materials for the same sample interval indicates that the average difference between the assays was statistically insignificant at less than 0.01% for TCu and 0.05% for ASCu assays.

RPA Opinion

In RPA's opinion, the logging, sampling, sample preparation, and analyses are appropriate for Mineral Resource estimation. The QA/QC protocols were standard industry practice at the time of the data collection and, although different from current practices, provided adequate QA/QC for the database.

4.3.4. GEOLOGICAL INTERPRETATION

The following description of the geological interpretation is taken from SRK (2010).

The assay data was categorised into three Simplified Metallurgical Zones (SMZ): Copper Oxide (1), High-Iron Oxide (2), and Sulphide (3) (Table 4-4). These are based on 'metallurgical zones' (METZO) which were determined from proportions of copper and iron oxides, and copper and iron sulphides. A review of the BHP's Final PFS report of 1997 (SRK, 2010) indicates that these METZO may have been designated by the geologist during geological logging. However, no detailed information was available regarding how these METZO were derived.

TABLE 4-4 METALLURGICAL AND SIMPLIFIED METALLURGICAL ZONES

Taseko Mines Limited – Florence Project

Metallurgical Zone Description	Metallurgical Zone (METZO)	Simplified Metallurgical Zone (SMZ)
Basin Fill Formations	0	0
Copper Oxide Dominant	1	1
Mixed Copper Oxides and Iron Oxides	2	1
High Iron Oxide	3	2
Transition with Copper Oxide (CuOx=1)	4	1
Transition without Copper Oxide (CuOx=0)	4	2
Sulphide	5	3

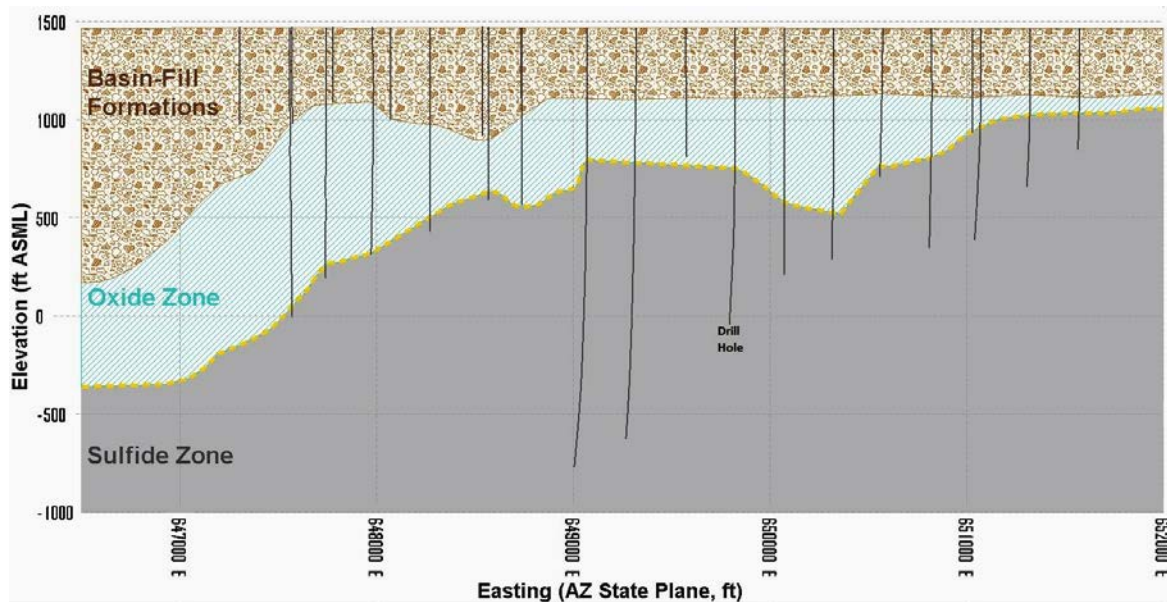
Source: M3, 2013

Geological surfaces were interpreted and digitised on 2D cross sections, which were then used to create 3D wireframe surfaces (Figure 4-15). The surfaces relevant to the Mineral Resource estimate are the top of bedrock, bottom of the oxide zone, and top of the sulphide zone. In most places, the bottom of the oxide zone and top of the sulphide zone coincide, areas where they do not coincide represent the transition zone. The geological models cover an area measuring approximately 5,000 ft by 5,000 ft and extend significantly beyond the drilling data. However, the extent of the Mineral Resource is limited by grade interpolation and classification.

RPA notes that the boundary between the oxide and sulphide mineralisation appears to be hard.

Mineral Resources are only reported for the oxide zone. For Mineral Resource estimation, the transition zone is included with the oxide zone as some copper recovery is possible from this small volume of material (Figure 4-15).

FIGURE 4-15 GEOLOGICAL SURFACES USED FOR MINERAL RESOURCE ESTIMATION (SECTION 745700N LOOKING NORTH)



Source: Taseko, 2017

4.3.5. RESOURCE PARAMETERS

4.3.5.1. EXPLORATORY DATA ANALYSIS

Statistical analysis by SRK, and reported by Taseko, was completed separately on each of the three SMZ and is summarised in Table 4-5. RPA analysed the statistics independently and agrees with the SRK analysis.

TABLE 4-5 SUMMARY STATISTICS FOR TCu GRADES
Taseko Mines Limited – Florence Project

SMZ	SMZ Description	Count	Mean (TCu %)	Variance	Max (TCu %)
All	All	58,604	0.275	0.070	8.84
1	Oxide Zone	14,128	0.404	0.104	5.05
2	High-Iron Zone	8,699	0.120	0.034	8.84
3	Sulphide Zone	35,777	0.262	0.053	5.54

4.3.5.2. BULK DENSITY

A factor of 12.5 ft³/st was used by SRK and Taseko for estimation of tonnage. The factor is derived from specific gravity and bulk density test work of quartz monzonite and granodiorite porphyry samples by Metcon Research Inc. (Metcon) in 1998. The specific gravity values range from 2.54 to 2.66 for granodiorite and 2.54 to 2.59 for quartz monzonite. These figures equate to tonnage factors of 12.6 ft³/st to 12.0 ft³/st for granodiorite and 12.6 ft³/st to 12.4 ft³/st for quartz monzonite.

RPA notes the Metcon bulk densities results range from 2.41 g/cm³ to 2.50 g/cm³ and average 2.47 g/cm³. In RPA's opinion, despite the insufficient number of samples, the bulk density may have been more appropriate for the conversion of volume to tonnage for the estimation of Mineral Resources given the fractured nature of the mineralisation.

RPA recommends collecting additional density data from production wells to further support the tonnage estimation.

In 1974, Conoco mined approximately 50,000 tons of mineralised material for the purpose of metallurgical testing of oxide and sulphide material in a pilot plant constructed on site. Conoco used a tonnage factor of 12.5 ft³/st to convert the volume mined to tonnage mined. The resultant tonnage estimate compared well to the actual tons mined, although, the report does not describe the method by which they measured the actual tons mined.

In RPA's opinion, the quantity of density data is not adequate to support reporting Measured Mineral Resources. The densities used for previous Mineral Resource estimates are reasonable for fresh quartz monzonite or granodiorite porphyry, however, they may not be appropriate for the fractured and altered rocks in the Florence deposit.

4.3.5.3. ASSAY CAPPING (CUTTING)

SRK and Taseko capped TCu grades depending on SMZ (Table 4-6). Capping values were chosen based on the break in population on the probability plots for each SMZ.

TABLE 4-6 CAPPING VALUES
Taseko Mines Limited – Florence Project

SMZ	SMZ Description	Capping Value (TCu %)	Mean (TCu %)	Capped Mean (TCu %)	Total No. Samples	No. Samples Capped
1	Oxide Zone	2.7	0.404	0.402	14,128	35
2	High-Iron Zone	1.2	0.121	0.119	8,699	19
3	Sulphide Zone	2.0	0.262	0.261	35,777	38

In RPA's opinion, the chosen strategy for management of high grade samples is reasonable.

4.3.5.4. ASSAY INTERVAL COMPOSITING

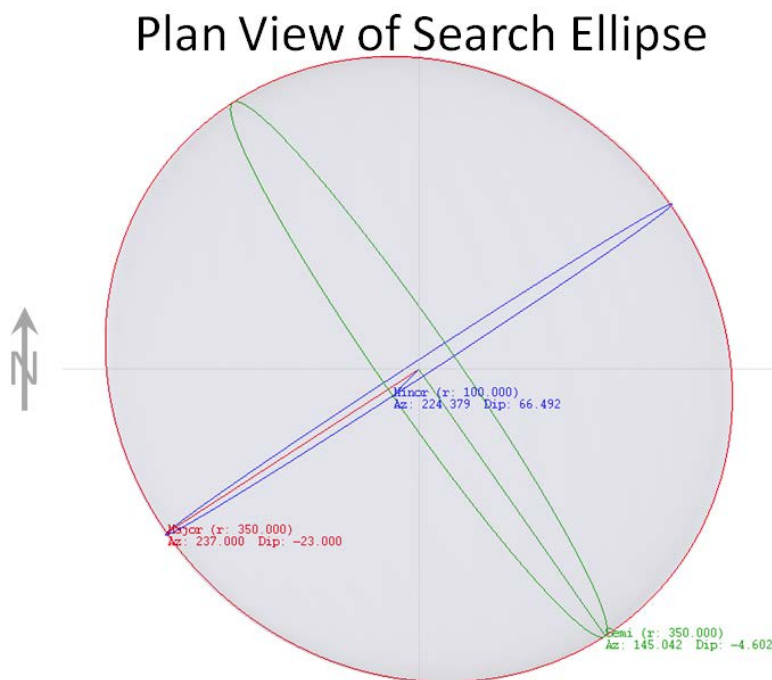
The capped assays were composited to 25 ft intervals which represent half of the 50 ft block height.

Missing assays were omitted from the compositing procedure which results in variable length composites in some places. This is not considered material, however, for future Mineral Resource estimates, the impact of compositing across the missing samples rather than omitting them should be investigated.

4.3.5.5. VARIOGRAPHY

SRK produced semivariograms for TCu using the 25 ft composite samples. Semivariograms on 25 ft composite copper values less than 2.0% TCu yielded clearly defined spherical variogram structures. The Vulcan autofit algorithm produced a reasonable fit, which was manually adjusted to fit the best variograms. The resulting parameters and primary search ellipse are shown in Figure 4-16. Variogram examples are presented in Figures 4-17 and 4-18. Variograms on met-codes indicators were not performed, as these indicators are generally consistent (with no variation) within the boundaries already defined.

FIGURE 4-16 PARAMETERS AND PRIMARY SEARCH ELLIPSOID

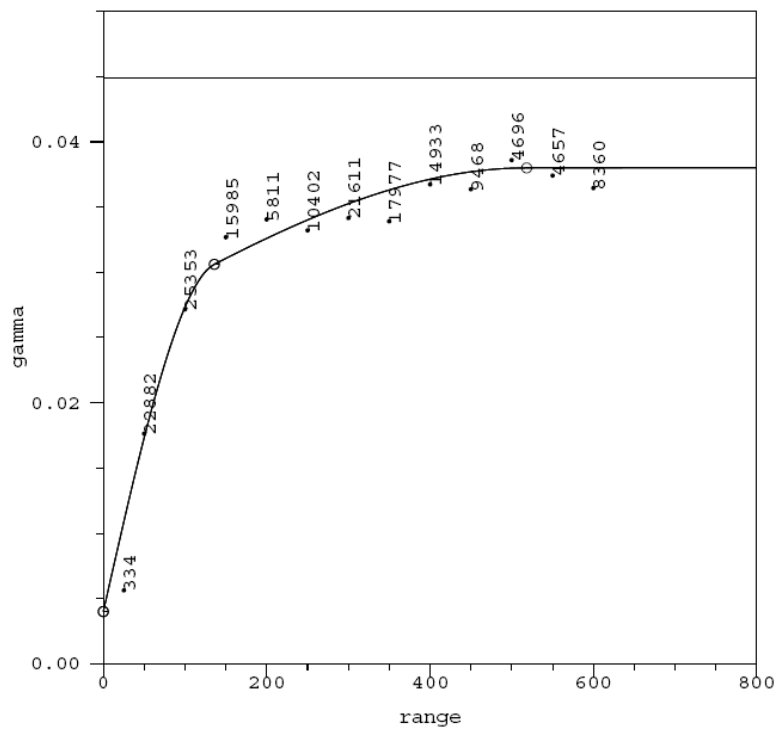


Parameter	Search	Structure 1	Structure 2
X rotation	237		
Y rotation	5		
Z rotation	-23		
Nugget/Sill Differential	0.004	0.022	0.012
Major	350	512	700
Semi	350	126	500
Minor	100	105	350

Source: M3, 2013

FIGURE 4-17 TCU VARIOGRAM – AZIMUTH 80° AND PLUNGE -45°

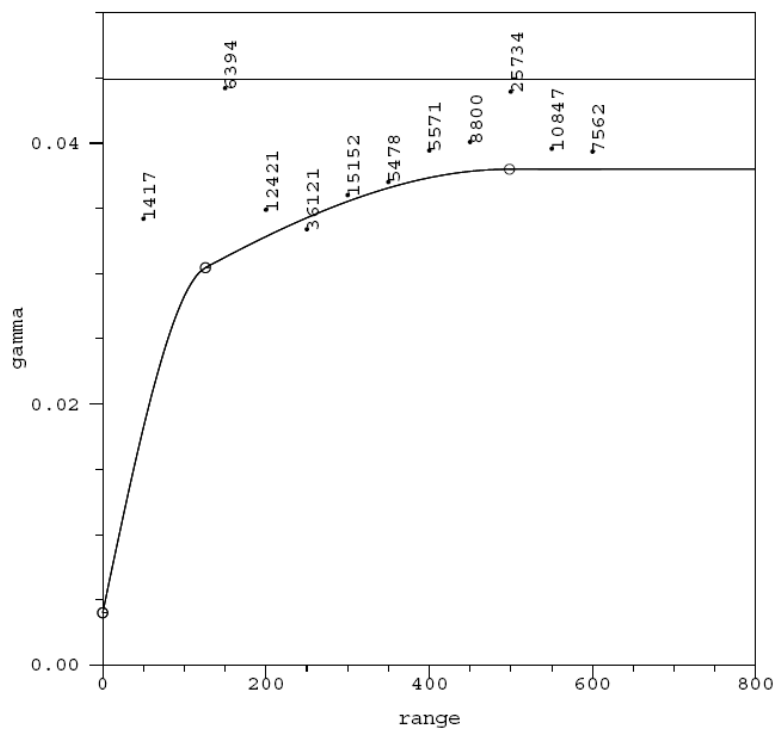
SEMI az= 80 pl= -45



Source: SRK, 2010

FIGURE 4-18 TCU VARIOGRAM – AZIMUTH 160° AND PLUNGE 0°

SEMI az= 160 pl= 0



Source: SRK, 2010

4.3.5.6. BLOCK MODEL

Table 4-7 summarises the block model parameters used for Mineral Resource estimation by SRK. The 50 ft by 50 ft by 50 ft parent blocks were sub-blocked to 25 ft by 25 ft in the east and north directions, and to variable dimensions, down to one foot, in elevation where they intersect the geological surfaces. In RPA's opinion, the block size is reasonable for the 250 ft drill spacing.

TABLE 4-7 BLOCK MODEL PARAMETERS
Taseko Mines Limited – Florence Project

	Minimum	Maximum	Parent Block Size	Sub Block Size
Easting (ft)	646525	651975	50	25
Northing (ft)	742525	747975	50	25
Elevation (ft)	-1475	1475	50	Variable

4.3.5.7. INTERPOLATION SEARCH PARAMETERS AND GRADE INTERPOLATION

SRK used indicator kriging of the SMZ for grade interpolation. The composites were indexed with a '1' or '0' depending on which SMZ they fell into. Percent indicator fields were then estimated into the block model using Ordinary Kriging (OK). The resulting block values were a factor between 0 and 1 representing the proportion of the block likely to contain that SMZ.

Three separate grades were then estimated; one for each SMZ fraction. The resulting grades were then combined using the percent-indicator fields as weighting factors. The percent indicator field with the highest value was used to determine the 'majority' SMZ for each block. Where the fractions did not sum to 1.0, they were normalised and adjusted to equal 1.0.

Both the SMZ indicators and the TCu grades were interpolated into the block model using OK with the search neighbourhoods summarised in Table 4-8. In each case, a minimum of four samples, a maximum of 12 samples, and a maximum of three samples per hole were used. In RPA's opinion, the grade interpolation method is reasonable.

TABLE 4-8 INTERPOLATION SEARCH NEIGHBOURHOOD**Taseko Mines Limited – Florence Project**

Run	Rotations			Distances		
	Z (°)	Y (°)	X (°)	Major Axis (ft)	Semi Axis (ft)	Minor Axis (ft)
1	237	-23	5	350	350	100
2	237	-23	5	450	450	130

Source: SRK, 2010

4.3.5.8. BLOCK MODEL VALIDATION

RPA validated the block model using the following steps:

- Visual comparison of the assay, composite, and block grades on cross section.
- Visual comparison of the assay, composite, and block SMZ categories.
- Comparison of statistical analyses of assay, composite, and block grades.
- Comparison of the estimated grades to unrestricted OK and Nearest Neighbour (NN) grades.

RPA is of the opinion that the estimated grades adequately reflect the input data.

4.3.5.9. CUT-OFF GRADE

Mineral Resources were reported by SRK at a cut-off grade of 0.05% TCu. Given the recovery, commodity price, and economic assumptions listed in Table 4-9, revenue from material grading 0.05% TCu would cover all operating and sustaining capital costs and yield a positive return within the wellfield boundary. In RPA's opinion, the cut-off grade is reasonable for estimation of Mineral Resources.

TABLE 4-9 CUT-OFF GRADE ASSUMPTIONS**Taseko Mines Limited – Florence Project**

Constraint	Constraining Value as of January 16, 2017
Copper Price (\$/lb)	2.50
Injection Well Fixed Cost (\$/well)	58,700
Recovery Well Fixed Cost (\$/well)	64,700
Injection and Recovery Well Variable Cost (\$/ft)	143
Copper Recovery (%)	69.7
Operating Cost (%/lb Cu)	1.00

4.3.6. CLASSIFICATION

Per the previous discussion regarding bulk density, in RPA's opinion the Mineral Resources are classified into Indicated Mineral Resources and Inferred Mineral Resources.

The classification strategy is based on the oxide mineralisation being drilled on a spacing of approximately 250 ft and the assumption that the mineralisation is consistent between holes. The criteria used to define the classification are based upon the average sample distance (Table 4-10).

TABLE 4-10 CLASSIFICATION CRITERIA
Taseko Mines Limited – Florence Project

Resource Classification	Class Code	Criteria for Classification
Indicated	2	Average distance to samples used is <260 ft.
Inferred	3	All other estimate blocks.

RPA notes that the interpolation strategy occasionally results in small isolated units of Inferred Mineral Resources within the Indicated Mineral Resources. In RPA's opinion, these represent a possible upside as the Inferred blocks are not included in the Mineral Reserves, but likely contain recoverable copper.

In RPA's opinion, the overall classification results are adequate for style of extraction.

4.3.7. COMPARISON TO PREVIOUS ESTIMATES

Table 4-11 presents a comparison of the current RPA Mineral Resource estimate with the previous Taseko 2017 estimate.

TABLE 4-11 COMPARISON WITH PREVIOUS RESOURCE ESTIMATE
Taseko Mines Limited - Florence Project

Category	Taseko 2017			RPA 2019		
	Tonnage (Mst)	Grade (% TCu)	Contained Cu (M lb)	Tonnage (Mst)	Grade (% TCu)	Contained Cu (M lb)
Measured	296	0.35	2,094			
Indicated	134	0.28	745	429	0.33	2839
Measured + Indicated	429	0.33	2,839	429	0.33	2,839
Inferred	63	0.24	295	63	0.24	295

4.3.8. RPA OPINION OF MINERAL RESOURCE ESTIMATION

In RPA's opinion, except for the density issue, the parameters, assumptions, and methodology for the estimation of Mineral Resources as prepared by SRK (2010) and reported by Taseko (2017) are appropriate for the style of mineralisation. RPA reassigned

the resources previous classified as Measured to the Indicated category based on the limited support data used to estimate density.

RPA recommends that results from the current test production program be reconciled with the resource model. Ongoing reconciliation should also be undertaken when full production is underway.

5. MINING AND MINERAL RESERVES

The Florence copper deposit is a large oxide and sulphide copper deposit extending from approximately 450 ft below surface to 1,700 ft below surface and covering an area of approximately 5,200 ft by 5,600 ft in plan. The deposit is overlain by approximately 450 ft of overburden and consists of an oxide copper zone which is 40 ft to 1,000 ft thick (average 400 ft thick) to a depth of up to 1,700 ft. The oxide is underlain by a sulphide zone. The topography is generally flat and there are a number of infrastructure rights of way in the area as well as farmland, a river, and a community.

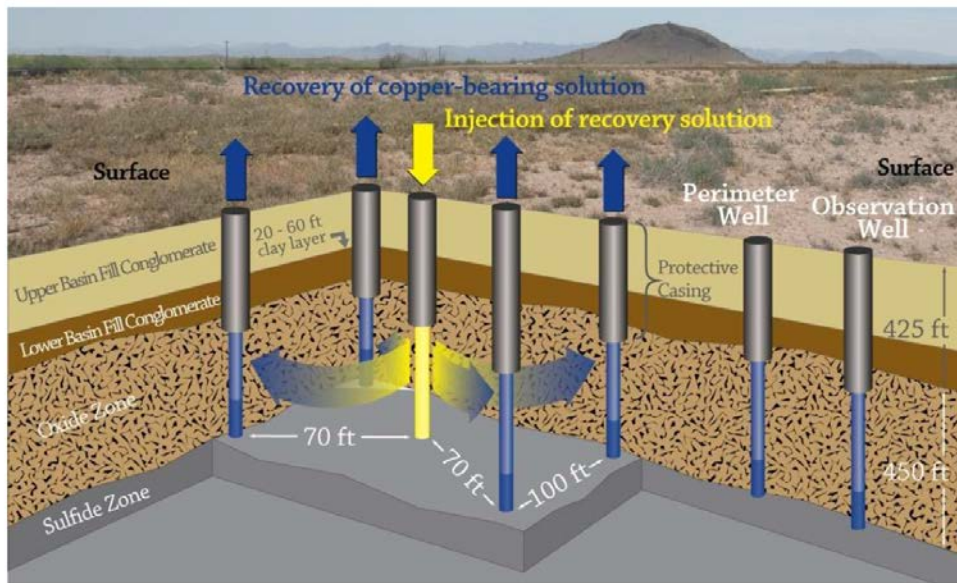
These factors, as well as the hydraulic conductivity of the deposit and the fractured nature of the rocks, have led to the selection of ISR for exploitation of the deposit. ISR mining is used in copper and uranium mining and allows development and production of deposits with limited and easily reclaimed surface disturbance.

ISR mining uses drill holes (wells) into the deposit for the delivery and recovery of leaching solutions. These solutions are then treated on surface for copper recovery and then reused for another leach cycle.

5.1. MINING METHOD AND MINE DESIGN

The mine design is based upon the use of five-spot well patterns with each pattern consisting of four extraction wells and a central injection well. The flow is balanced so that the extraction exceeds the injection rate and thus the hydraulic surface slopes to the extraction well and solutions are maintained in the leaching area. A typical five-spot well pattern is shown in Figure 5-1. Beyond the leaching areas, there are monitoring wells to confirm the containment of the leach solutions.

FIGURE 5-1 TYPICAL FIVE-SPOT WELL PATTERN



The wells are large diameter holes drilled through to the sulphide portion of the deposit. The wells are lined to isolate ore zones for extraction and are sealed and tested for mechanical integrity. A typical well cross section is shown in Figure 5-2. The injection pressure comes from the barren solution pumps with flow control on each well. The recovery wells have submersible pumps installed. These pumps are monitored and controlled to maintain the extraction rate above the injection rate.

The key mine design parameters are:

- Four-year leach cycle
- Two-year rinse cycle
- 0.1 gpm per foot of leach screen
- Five-spot pattern with perimeter holes 100 ft apart
- Minimum production area of 100 ft by 100 ft
- Minimum production thickness of 100 ft (equal to two resource block heights)
- Leaching commences beneath a 40 ft exclusion zone at the top of the oxide ore

The deposit has been divided into 72 mining zones which will be developed over the LOM plan. The mining zones vary significantly in terms of surface area, tonnage, ore depth, and contained copper. The planned well spacing is consistent from zone to zone and therefore there is a wide range in the copper production per hole over the leach cycle. In the Project well design, there will be three segments of screens with a blind casing between each two screen segments. Such a design would allow the placement of the packer on the blind casing as needed to control the solution contact or residence time for certain segment of

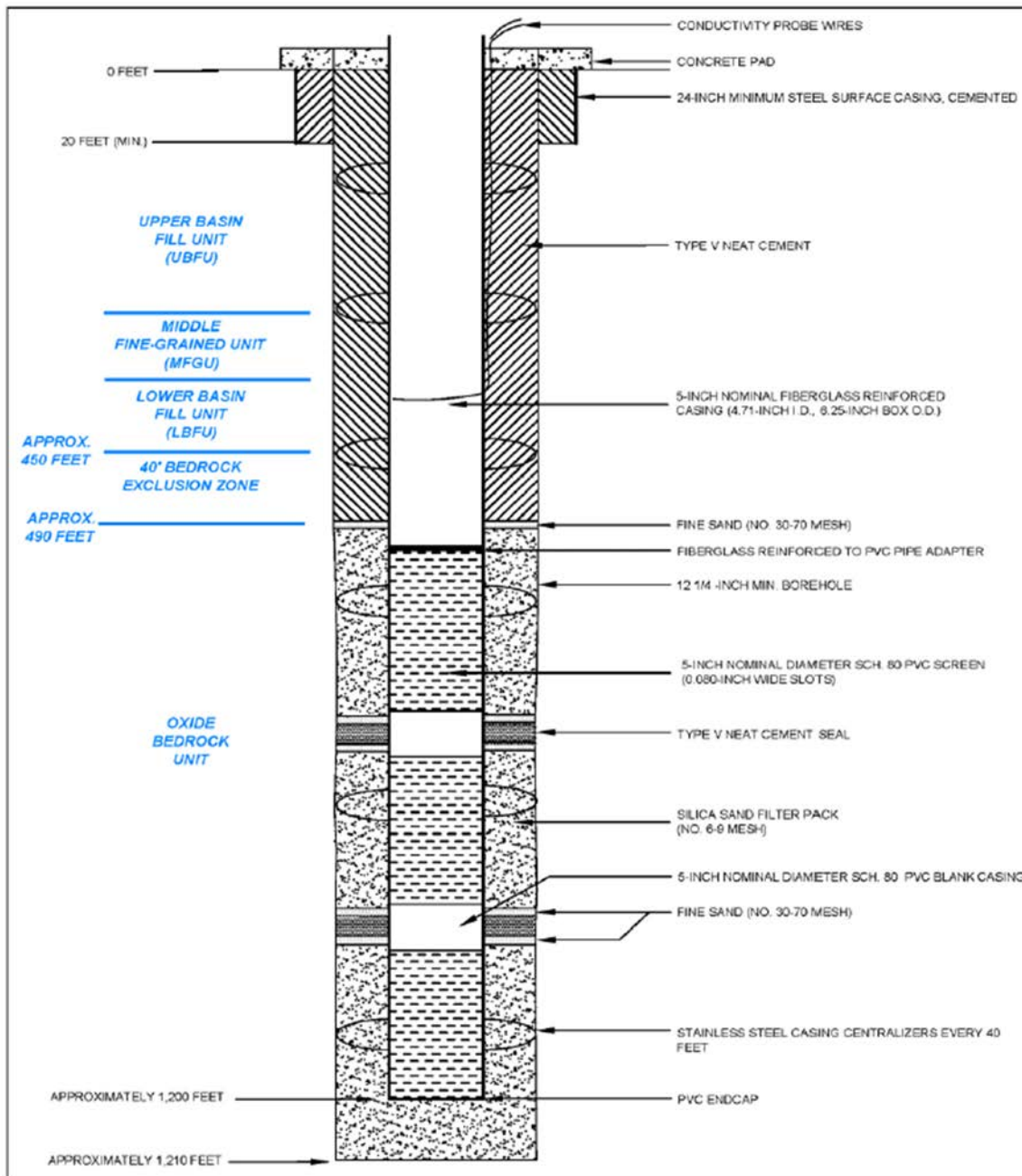
the well. This arrangement will provide various horizons down the hole so that an operator does not try to leach a 400 ft interval in one to three intervals but rather in multiple intervals. RPA recommends that the production planning be reviewed and optimised at the next stage of study to mitigate the differing production through the installation of additional well sectors or through additional wells to target specific horizons.

The average drill hole spacing is 70 ft and the average well depth is 950 ft. In Kazakh uranium ISR operations at a similar or deeper depth, there is a typical drill hole accuracy requirement of 1% of the vertical depth. In the PTF injection and recovery wells there was one injection hole with an overall deviation of 1.2%, which was accepted by FCI. RPA recommends that FCI continue to survey all wells and apply the accuracy and other hole quality requirements already in place. RPA recommends that these requirements continue to be included in its well drilling contracts.

Multiple mining zones will be in operation each year with each zone being leached for four years. The number of zones in operation is a function of the reserves to be recovered in a given area. The plan includes a total of 1,074 injection wells and 1,144 recovery wells over the Project life. The number of wells operating in any year varies over a wide range and as many as 105 injection wells and 131 recovery wells are constructed over the course of a year.

RPA recommends that the details of the leach solution injection and extraction flow control and monitoring be developed and presented in the next stage of study.

FIGURE 5-2 TYPICAL WELL CONSTRUCTION



Source. Florence Copper Project Technical Report, December 2017

5.1.1. GEOTECHNICAL CONSIDERATIONS

Drill holes have been logged and geotechnical information placed in the drill logs, however, there is no specific discussion of the geotechnical conditions at the deposit.

5.1.2. HYDROGEOLOGIC CONSIDERATIONS

The planned ISR facility consists of an array of injection and recovery wells that will be used to inject a weak acid solution (raffinate) and recover the copper-laden solution (pregnant leach solution, or PLS) in a five-spot well pattern as shown previously in Figure

5-1. PLS extraction rates will slightly exceed raffinate injection rates and will ramp up over the first three years of commercial production to reach approximately 11,000 gpm.

The rate at which raffinate will be introduced into each injection well will vary based on the length of the injection interval in that well and operational requirements. The injection interval is based on the linear footage of screen installed in a well, which is dictated by the thickness of the BOU encountered in that well. In addition, FCI proposes to install packers in selected wells to enhance solution distribution by isolating zones within the target formation that are not conducive to copper extraction but, more importantly, to ensure the recovery of all copper reserves. FCI has modelled development costs based on an injection rate of 0.15 gpm per foot of well screen in years 1 through 3 and 0.1 gpm per foot of well screen thereafter. This injection rate has been demonstrated in past field testing and ongoing PTF to be achievable and sustainable.

The active injection and recovery wellfield will be surrounded by a network of perimeter wells and observation wells to achieve hydraulic control. The anticipated hydraulic control pumping rate is in the range of 3% to 10% (6% average) of the recovery pumping with a model predicted maximum rate of 1,100 gpm. Groundwater will be extracted at the individual perimeter wells at rates ranging from 5 gpm to 30 gpm to maintain hydraulic control. The sub-regional groundwater flow model developed by FCI has demonstrated that there are sufficient groundwater resources within the BOU and the overlying LBFU to support the net groundwater extraction rate of 1,100 gpm for the duration of the proposed ISR operation.

5.1.3. DILUTION

Considering the low cut-off grade and the mining parameter requiring at least two vertical resource blocks for mining and the use of a higher extraction rate to pull solutions inwards, dilution is not a relevant parameter in the operation.

The production plan includes a provision for 95% solution efficiency reflecting the dilution and solution loss in the wellfield operation.

There is, however, resource lost in the conversion of Mineral Resources to Mineral Reserves. After allowing for easements and the PTF infrastructure, there were 84 Mst grading 0.22% Cu and containing 367 Mlb of copper that were not converted to Mineral Reserves.

5.1.4. EXTRACTION

5.1.4.1. COPPER EXTRACTION

The copper extraction estimate for the LOM plan is taken from the metallurgical testing and is summarised in Table 5-1. Production planning was previously based upon a four-year leach cycle for an estimated copper recovery of 69.7% of the total copper in the oxide ore. Recovery has been revised to 65% over the four-year leach cycle for this report.

5.1.4.2. SWEEP EFFICIENCY

The estimated sweep efficiency is based on numerical modelling using site hydrological parameters and the design of injection and extraction well geometry shown in Figure 5-1. The sweep efficiency estimated for the Project is shown in Table 5-1.

TABLE 5-1 COPPER EXTRACTION PARAMETERS
Taseko Mines Limited – Florence Project

Years Since Mining	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Sweep Efficiency	54%	75%	84%	88%	89%	90%
Recovery Curve	78%	83%	83%	83%	83%	83%
Solution Efficiency	95%	95%	95%	95%	95%	95%
TCu Recovery	40.2%	19.0%	7.4%	3.2%	0.8%	0.8%
TCu Recovery - Revised	37.5%	17.7%	6.9%	3.0%	-	-

5.1.5. CUT-OFF GRADE

Historically, FCI has reported Mineral Reserves and Mineral Resources at a copper cut-off grade of 0.05% TCu. RPA estimated cut-off grades for the Mineral Reserves and Mineral Resources as shown in Table 5-2. The cut-off grade is based upon the planned operating costs and leaching parameters. The calculations support the historical Mineral Resource cut-off grade. RPA recommends that the Mineral Reserve blocks be estimated at a cut-off grade of 0.08% TCu. RPA notes that the Mineral Resources are not sensitive to cut-off grade and that this cut-off grade estimate does not include rinsing or sustaining capital for the ongoing wellfield development.

TABLE 5-2 BREAK-EVEN CUT-OFF GRADE ESTIMATE
Taseko Mines Limited – Florence Project

Description	Units	Resource	Reserve
Copper price	\$/lb	3.25	2.75
Shipping	\$/lb	0.02	0.02
Royalties	\$/lb	0.26	0.22
Net to Owner	\$/lb	2.97	2.51
 Copper recovery	 %	 69.7%	 65%
 Solution flow rate	 gpm	 11,000	 11,000
Flow per foot of screen	gpm	0.10	0.10
 Operating cost/yr (incl EW & Rinsing)	 \$M	 50.91	 50.91
Cost per gallon injected	\$	0.010	0.010
 Tons leached per ft of screen	 ton	 800	 800
Leach period	year	4	4
 Total leach flow per foot of screen	 gal	 210,240	 210,240
Total cost per foot of screen	\$	1,778	1,793
 Copper Cut-off Grade (rounded)	 % TCu	 0.05%	 0.08%

5.2. MINERAL RESERVE ESTIMATE

5.2.1. SUMMARY

The Mineral Reserve estimate for the Florence deposit as at July 1, 2019 is summarised in Table 5-3. The Mineral Reserves are all classified as Probable Mineral Reserves reflecting the planned extraction method which would not permit separate reconciliation of Proven and Probable Mineral Reserves. The Mineral Reserves are based upon the conversion of Measured and Indicated Mineral Resources. Inferred Mineral Resources were not converted to Mineral Reserves.

TABLE 5-3 SUMMARY OF MINERAL RESERVES – JULY 1, 2019**Taseko Mines Ltd. - Florence Project**

Category	Tonnage (Mst)	Grade (% TCu)	Contained Metal (Mlb Cu)
Proven	-	-	-
Probable	345	0.36	2,472
Total	345	0.36	2,472

Notes:

1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are estimated at a cut-off grade of 0.08% TCu.
3. Mineral Reserves are estimated using an average long-term copper price of US\$2.75 per pound.
4. A minimum mining area of 100 ft by 100 ft width was used together with a minimum vertical thickness of 100 ft.
5. Bulk density is 12.5 ft³/st.
6. Numbers may not add due to rounding.

The Mineral Reserves were stated at a 0.05% TCu cut-off grade in the 2017 Technical Report. RPA recalculated the cut-off grade to 0.08% TCu in this report. Based on the mining block grades, the higher cut-off grade of 0.08% TCu at \$2.75/lb Cu has no impact on the total Mineral Reserve estimate.

A check of the individual mining zone tons and grade from the resource model used by RPA compared to the stated Mineral Reserves indicates that while there are material differences in the tonnages and copper content from mining zone to mining zone in a small number of mining blocks, the overall reserve estimate is materially the same as stated estimate. RPA considers the differences to be a low risk to the Project and recommends review and revision of the Mineral Reserve estimate in the next stage of project study.

5.2.2. RECONCILIATION

There has been no full-scale production at the Project, with the PTF in operation, and a final reconciliation cannot be completed at this time.

5.3. LIFE-OF-MINE PLAN**5.3.1. PRE-PRODUCTION SCHEDULE**

The PTF is currently in operation, with recovery underway and cathode copper being produced. Preliminary data indicates that copper can be recovered and produced from the deposit. At this time, there is insufficient data from the PTF to generate final conclusions. The PTF area is expected to continue recovery operations through the construction of the Project and then be incorporated into the mine production plan and ongoing operations.

5.3.2. PRODUCTION SCHEDULE

The production schedule is based upon leaching the 72 mining zones in a sequence starting at the PTF leach area and moving outwards to cover the deposit. The production schedule will be dependent upon the well drilling and well installation. The annual well drilling requirements are shown in Table 5-4 and annual production schedule is shown in Table 5-5.

TABLE 5-4 ANNUAL WELL DRILLING REQUIREMENTS
Taseko Mines Ltd. - Florence Project

Year	Injection Wells	Recovery Wells	Perimeter Wells	Observation Wells	Average Well Depth to BEZ	Average Well Depth in Oxide
	N	N	N	N	ft	ft
-1	37	50	11	6	505	707
1	26	32	6	3	540	826
2	34	41	7	3	459	625
3	45	51	10	5	509	393
4	49	56	12	6	601	465
5	41	43	15	8	676	526
6	72	78	19	9	488	334
7	105	131	16	8	386	183
8	92	103	13	7	385	214
9	67	63	12	6	390	423
10	63	55	7	3	394	441
11	55	51	9	5	397	461
12	54	58	11	5	416	412
13	80	77	12	6	458	419
14	47	44	11	6	523	637
15	46	47	6	3	722	666
16	40	41	5	2	543	585
17	69	71	11	6	577	449
18	52	52	7	3	836	336

TABLE 5-5 ANNUAL PRODUCTION SCHEDULE
Taseko Mines Ltd. - Florence Project

Year	Total Copper Extracted (Mlb)	Acid Consumed (Mb)	Flow to SX/EW Plant (gpm)	Calculated PLS Cu Grade (g/L)
-1	-	92		
1	52.3	419	2,900	4.1
2	80.4	402	6,239	2.9
3	85.9	430	9,647	2.0
4	86.5	432	10,831	1.8
5	85.7	429	11,052	1.8
6	85.4	427	10,394	1.9
7	85.9	429	10,130	1.9
8	85.5	427	10,043	1.9
9	84.8	424	9,702	2.0
10	85.6	428	9,427	2.1
11	85.5	427	9,635	2.0
12	85.3	426	9,906	2.0
13	85.5	427	10,046	1.9
14	85.5	427	10,691	1.8
15	85.3	427	11,272	1.7
16	85.6	428	11,684	1.7
17	85.7	429	11,731	1.7
18	85.4	427	11,622	1.7
19	77.5	388	12,422	1.4
20	24.1	121	8,533	0.6
21	3.5	18	2,475	0.3
LOM Total	1,606.9	8,283		

5.4. INFRASTRUCTURE

The infrastructure associated with the mine will consist of:

- Road network to connect the wells and the plant
- Electrical power network to provide power to the wellfield
- Pipelines for injection and extraction solutions
- Distribution manifolds and control houses for groups of wells

The details of the Project's solution distribution and collection system and its expansion over the Project life has not been provided to RPA for review. An automated control system for the injection and extraction flow is recommended to permit remote control and monitoring of the flow for individual wells.

5.5. MINE EQUIPMENT

The well drilling is planned to be done by contractors and the company equipment will be limited to light vehicles for personnel plus well maintenance equipment for pump removal and installation and portable systems to air or water flush screens as needed. This will consist of crane trucks, compressors, and flatbed trucks.

6.MINERAL PROCESSING

The Project consists of a wellfield for dissolution of copper in place (ISR) and copper recovery via SX/EW. A PTF was constructed at site to evaluate and demonstrate the ISR process. Initial wellfield operations began in December 2018, with commissioning of the SX/EW copper recovery circuits beginning in March 2019. PTF operations continue to ramp up and will continue to operate until the wells are incorporated into the commercial wellfield.

6.1. PROCESS DESCRIPTION - COMMERCIAL PLANT

The flowsheet and process description are taken largely from the 2017 Technical Report (Taseko, 2017).

The proposed copper recovery method utilises SX/EW to recover copper from pregnant leach solutions (PLS) from the ISR wellfield operations. The SX/EW plant will be built to handle to 11,000 gpm at a nominal copper grade of 1.8 g/L (2.0 g/L design). The Project area general site plan is shown in Figure 6-1. The technology and unit operations incorporated into the design are typical for a copper SX/EW installation.

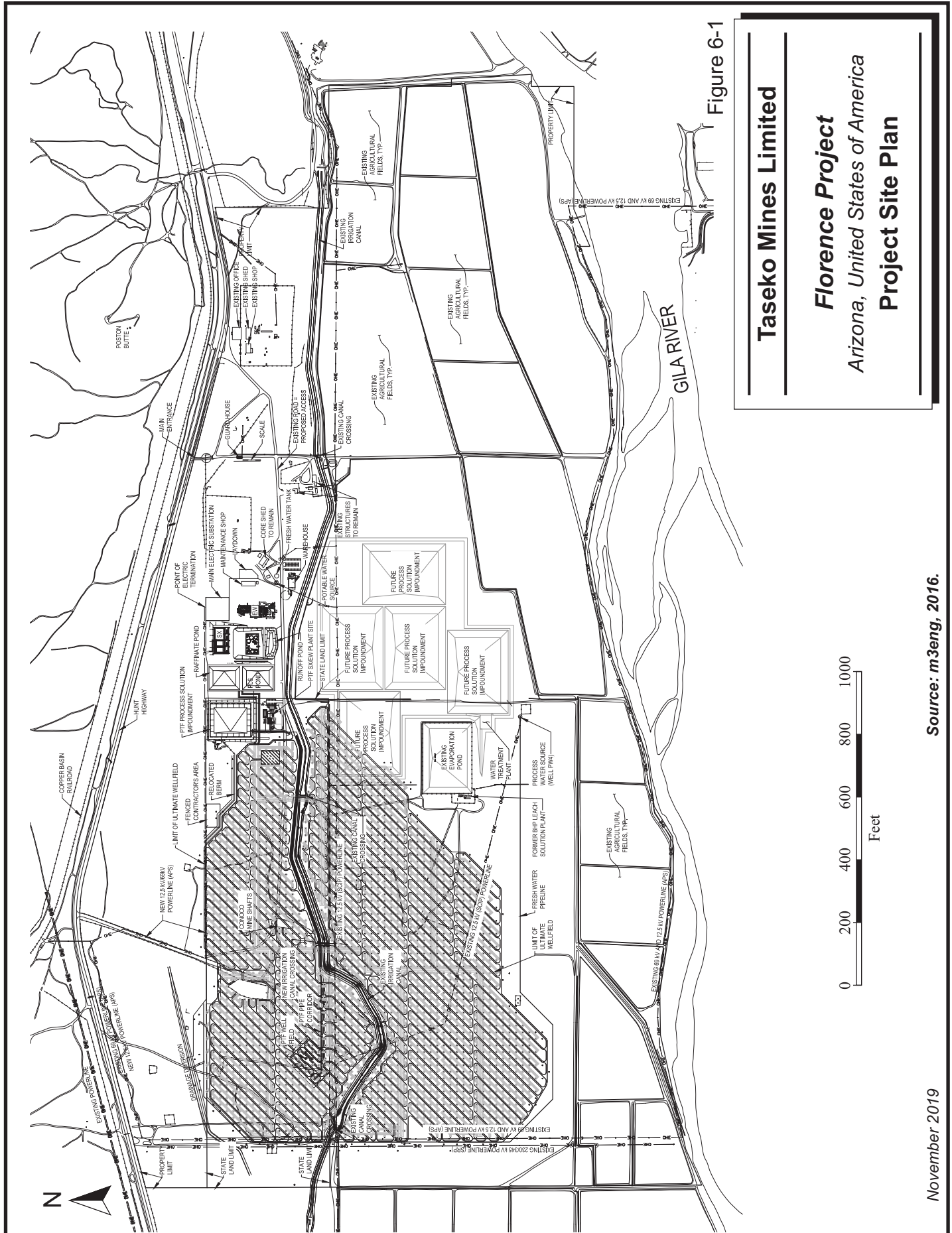


Table 6-1 contains pertinent design criteria for the SX/EW plant and Figure 6-2 shows the high level process flow diagram.

TABLE 6-1 COMMERCIAL PLANT DESIGN CRITERIA
Taseko Mines Ltd. - Florence Project

Parameter	Units	Value
PLS Flow Rate (Nominal)	gpm	11,000
Extracted Copper Concentration	g/L	1.8
Extractant	Type	M5774 or equal
SX Trains	Number	1
Extraction Organic to Aqueous	Ratio	1:1
Settler-specific Flowrate	gpm/ft ²	1.2-1.9
SX Copper Recovery (combined)	%	90
Stripping Flowrates (aqueous)	gpm	5,500
Stripping Organic to Aqueous	Ratio	1:1
Electrowinning		
Parameter	Units	
Nominal Copper Production	Mlb/yr	85
EW Cells	Number	100
Cell Construction	Type	Polymer Concrete
Current Density (nominal/design)	A/ft ²	27/30
Cathodes	Type	316L SS Blanks
Cathodes per Cell	Number	66
Anodes	Type	Rolled Pb/Ca/Sn
Anodes per cell	Number	67
Rectifiers	Number	2
Rectifier Voltage (nominal)	V	230
Rectifier Amps (nominal)	A	43,000
Cell Feed Copper Concentration	g/L	38
Cell Feed Sulphuric Acid	g/L	176
Cell Feed Flowrate	gpm/cell	70

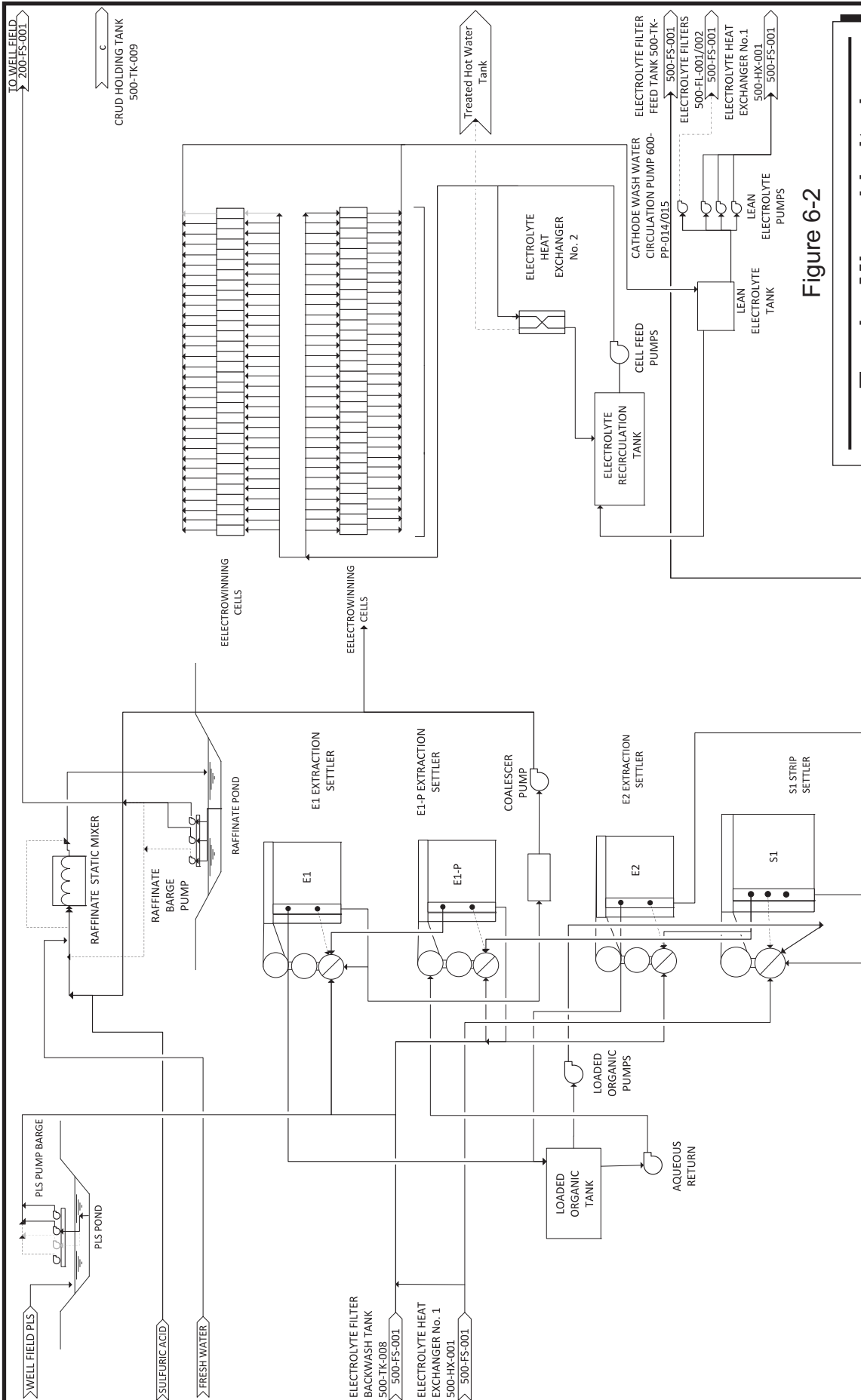


Figure 6-2

Taseko Mines Limited

Florence Project Arizona, United States of America Process Flowsheet

Source: RPA, 2019.

November 2019

6.1.1. PROCESS PONDS

The process ponds are located on the west side of the plant site adjacent to the wellfield (Figure 6-1). The raffinate pond has a primary high density polyethylene (HDPE) liner, a geonet drainage layer, and a secondary liner of HDPE. It has a design capacity of 6,480,000 gal, or approximately 9.8 hr residence time at 11,000 gpm. The raffinate pond receives acidified barren solution from the SX/EW in-line static mixers and the SX plant. The raffinate pond is equipped with three vertical turbine pumps and one spare with 360 ft of total dynamic head to deliver the 11,000 gpm flow rate to the wellfield with enough pressure to enable injection of leach solution down the wells.

The PLS pond is adjacent to the raffinate pond (south) and is constructed with the same liner design as the raffinate pond (Figure 6-1) with a design capacity of 6,480,000 gal providing 9.8 hr residence time at the design flow rate of 11,000 gpm. The pond has three vertical turbine pumps and one spare pump to deliver PLS to the SX plant.

6.1.2. SOLVENT EXTRACTION PLANT

The SX plant is located east of the raffinate pond (Figure 6-1) and consists of four reverse-flow mixer-settlers operating in a series-parallel configuration. In the extraction stages, an organic solution with a copper-specific extractant is mixed with PLS to extract copper from the solution. The organic and aqueous solutions are allowed to separate in the settlers. In the stripping stage, copper is stripped from the organic phase and transferred to the electrolyte solution. Organic solution stripped of its copper load circulates back through the extraction mixer-settlers, progressively loading it with copper as it flows through the extraction train, removing 90% of the copper load.

The extraction units consist of primary, secondary, and tertiary mix tanks that thoroughly combine the organic phase and PLS. The contact time facilitates transfer from the PLS to the extractant in the organic solution.

In series-parallel configuration, half of the PLS solution takes two passes through the organic solution (E1 and E2), with the other half of the solution taking one pass through the organic solution (E1-P). The stripped organic solution is progressively loaded passing through E-2, E1-P, and E-1 before returning to the strip settler (S-1) via the loaded organic tank.

Loaded organic is stripped of its copper by the strongly acidified lean electrolyte in the strip settler (S-1). There are two (primary and secondary) mix tanks that provide the contact between the lean electrolyte and loaded organic solution. The solutions are separated in

the settler, configured the same as the extraction settlers, with the stripped organic solution routed to the extraction mixer settler (E-2), and the rich electrolyte solution routed through the tank farm to EW filters in the tank farm.

6.1.3. TANK FARM

The tank farm is located south of the SX plant (Figure 6-1) and at lower elevation to enable solutions to flow into the tanks by gravity. The tank farm holds process solution tanks, filters, pumps, and heat exchangers associated with the SX/EW process. Solutions are pumped from the tank farm to the respective process areas to maintain the process flow. The tank farm is in a secondary containment area in accordance with ADEQ's BADCT standards.

Primary process equipment located in the tank farm includes filters and a heat exchanger. Rich electrolyte is filtered to remove solids and organics. The rich electrolyte flows by gravity from the S1 settler to the electrolyte filter feed tank where it is pumped through the electrolyte filters. Filtered electrolyte is then pumped through a heat exchanger to transfer heat from the lean electrolyte to the rich electrolyte, and then on to the electrolyte recirculating tank.

A system is installed in the tank farm to process crud from SX. Crud is the material which accumulates at the organic/aqueous interface in the SX settlers. This material is treated to recover the valuable organics. The crud is removed from the settlers via an air-operated pump and transferred to a crud decant tank. The crud is allowed to settle in the decant tank. If required, clay can be added to remove impurities in the organic. The upper organic in the decant tank is recovered and sent to the loaded organic tank. The sediment at the bottom of the tank is pumped through a filter and the filter cake is removed.

6.1.4. ELECTROWINNING PLANT

The EW cell house is located east of the tank farm and southeast of the SX plant (Figure 6-1). The EW plant will use permanent cathode technology with 100 cells, each containing 67 lead anodes and 66 stainless steel 'mother' cathodes. The cathode washing and stripping machine is located on the south end of the cell house building.

Two rectifiers supply direct current (DC) to the electrowinning cells via intracell bus bars. Current flows from the rectifiers through a bus bar to the bank of cells. DC electrical current flows from a bus bar to the anode and then through the electrolyte to the cathode plates. An intercell bus bar provides current to the next cell successively and finally returns to the rectifiers.

Heated, filtered rich electrolyte flows from the tank farm heat exchangers into the electrolyte recirculation tank where it mixes with overflow from the lean electrolyte tank. The solution from this tank is pumped to the cells where copper in solution is plated onto the cathode plates. The cathodes are carried by the cell house crane to an automatic stripping machine and placed on the receiving conveyor. From there the cathodes pass through a wash chamber and are washed with hot, high pressure water to remove the copper bearing electrolyte and any particulates.

From the wash chamber, cathodes are moved to a stripping location where the copper sheets are removed mechanically from each side of the stainless-steel blanks and the blanks are then placed on a discharge conveyor and carried back to a cell and put back into operation. When the washed cathodes are stripped, a new set of plated cathodes can be removed and replaced with stripped blanks and the process repeated. To maintain the seven-day plating cycle, twenty cells need to be stripped each day for five days leaving the weekend for maintenance and 'catch up' if needed.

After stripping, the copper sheets are weighed, sampled, bundled, loaded onto pallets, and strapped. Loaded pallets are handled via forklift. Road access should be maintained for a forklift to assist with materials handling in this area, such as loading cathode for shipment. Space has been allocated for storage of at least seven days of cathode production.

6.2. RECOVERIES

Project copper recoveries are a function of the mineralogy, host rock porosity, available acid, and sweep efficiency. FCI developed a leaching model based on laboratory test work data and modelled the process using MetSim metallurgical simulation software. It is expected that the leach model will be calibrated based on the PTF recovery results and will supersede the MetSim model.

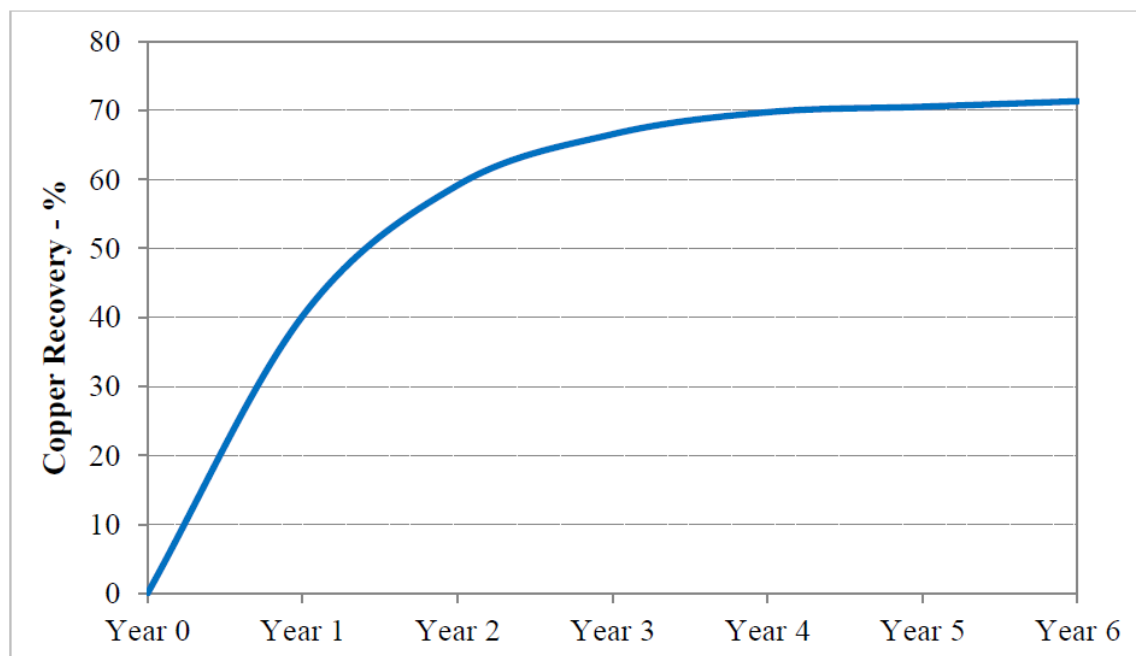
For computational purposes, projected terminal recoveries are calculated using the leaching model, estimated sweep efficiency, and process plant recovery.

6.2.1. LEACHING MODEL

In essence, the leaching model is based on the box leach, pressurised rinse tests (PRT), and series leach tests (SLT) tests operated at the proposed leach solution acid dosage of 10 g/L. The nominal recovery curve is presented in the following figure and is based on TCu. Figure 6-3 shows the provided copper recovery profile or leach curve developed from the model. Terminal copper recovery is projected to be 70% based on the TCu grade.

RPA has scaled back this estimate to a more conservative 65% based on its review of metallurgical testing results to date and lacking steady state recovery data from the initial early PTF operations.

FIGURE 6-3 PROJECTED RECOVERY CURVE



6.2.2. SWEEP EFFICIENCY

The sweep efficiency, as explained in previous sections, is the measure of the percentage of recoverable copper being contacted with the leaching solution. Sweep efficiency is estimated based on the site hydrological parameters, the wellfield design, and solution flow rates. The estimated annual sweep efficiencies used in the recovery model are given below in Table 6-2. It should be noted that the production modelling does not include years 5 or 6 owing to projected solution grades being below the economic SX/EW processing cut-off.

TABLE 6-2 ESTIMATED SWEEP EFFICIENCIES BY YEAR
Taseko Mines Ltd. - Florence Project

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Sweep Efficiency	54%	75%	84%	88%	89%	90%

6.2.3. SX/EW PLANT RECOVERY

The SX/EW plant recovery takes into consideration the efficiency of the SX/EW plant to extract copper from the available PLS leach solution and any copper losses that may occur due to surface operations. FCI considers this to include copper losses to solution control, SX/EW bleed streams, and water treatment. The overall estimate of plant recovery has

been set at 95%. RPA notes that most of the residual copper in the raffinate is expected to be recovered eventually assuming copper losses in the wellfield are minimal.

RPA considers the recovery projections to be reasonable for the level of information available at the time of writing. It is expected that the recovery projections will be updated based on results from the PTF.

6.3. TEST WORK

Several metallurgical test work programs have been completed on the Project ore types. Historically these have focused on conventional mineral processing technologies using flotation or heap leaching technology for the recovery of copper. Recent testing has focused on laboratory test work intended to simulate in-situ leaching conditions as closely as possible. The methods utilised are listed with a brief description below:

- Box Tests, 2011 through 2013: These tests were constructed using sections of intact PQ core placed horizontally in a 'box' apparatus with the void space filled with silica sand to minimise the void space and solution volume. Solution is pumped through the charge horizontally across the core, with PLS sampled and analysed to determine copper recovery and acid consumption. The leaching was conducted in closed circuit with initial box tests operated at different sulphuric acid dosages. Acid dosage was maintained in the leach solution based on the initial dosage set point.
 - o SLT: A set of four box tests were conducted in series to determine the impacts on metallurgical performance, namely solution chemistry, acid consumption, and copper recovery.
- PRT, 2013: The PRT used a test apparatus developed by FCI which allowed the core samples to be leached in conditions similar to those expected at depth. These tests utilised full core placed into a tight-fitting pipe section, minimising void space, with solution flow passing through the core. This test method is an improvement over the box test, as it better simulates actual ISL conditions.
 - o SLT: The SLT utilised seven of the PRT laboratory test apparatus connected in series. Provisions were made for inter-stage solution sampling as well as final PLS sampling. In the absence of generally accepted test methods to simulate in-situ leach, RPA considers this test method to be the best approximation available to simulate an actual ISL process as closely as possible.

6.3.1. HISTORICAL TEST WORK

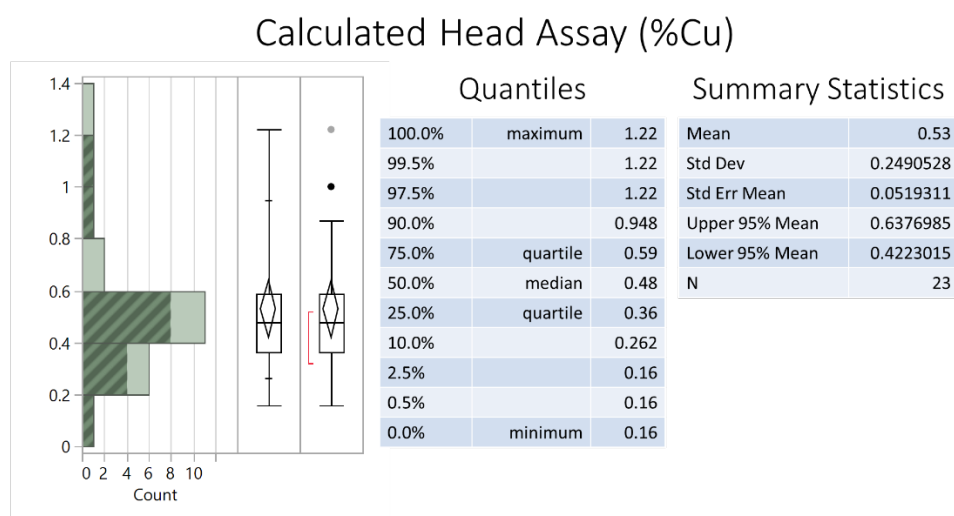
Conventional leach testing including bottle roll and column leach tests have been previously reported and summarised in several reports for the Project. For the sake of brevity, discussion of the conventional heap leach style testing is not included in this report. RPA considers the recent series of box tests, PRTs, and SLTs to better simulate the ISR process.

6.3.2. BOX TEST RESULTS

Data from 23 box tests on the Project ore types were provided and reviewed. Initial box tests were focused on optimising acid dosage and were run at dosages of 5 g/L, 10 g/L, and 20 g/L. Solution was pumped through the box at a rate of 10 L/day at a pressure of 0.3 psi. The leach cycles varied between 134 days and 288 days, averaging 165 days. After the initial series, a sulphuric acid dosage of 10 g/L was selected as optimal and was used in subsequent testing. The following figures contain data for the entire box test series; the highlighted zones correspond to tests run using the optimum 10 g/L acid dosage. Figure 6-4 contains statistics regarding the box test calculated head grades.

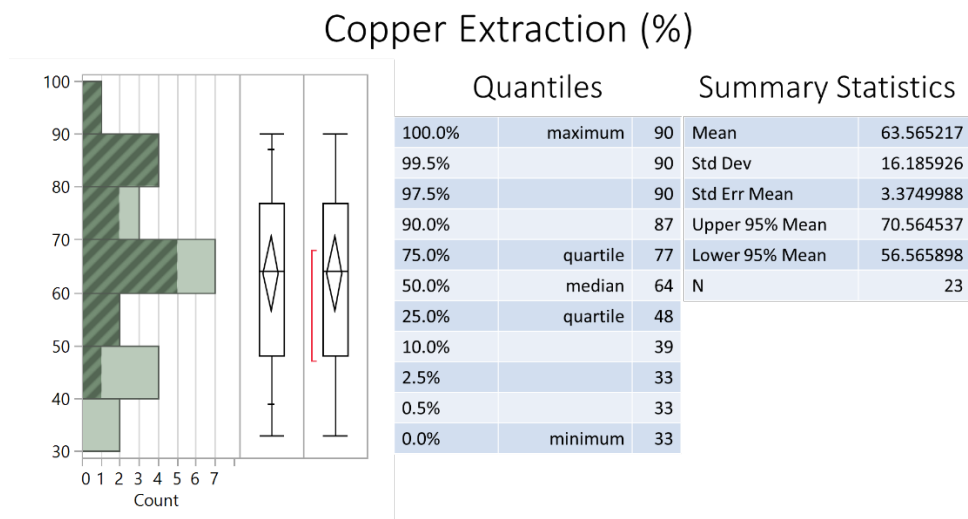
Calculated head grades for the entire box test series ranged between 0.16% TCu and 1.22% TCu with a median grade of 0.48% TCu. Excluding the data for the non-10 g/L tests, the head grades ranged between 0.16% TCu and 1.0% TCu with a median grade of 0.47 % TCu.

FIGURE 6-4 BOX TEST CALCULATED HEAD GRADE STATISTICS



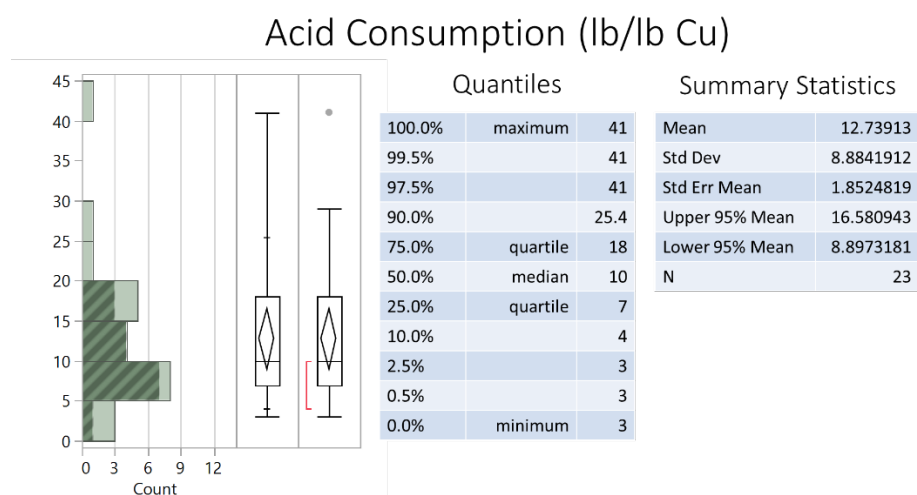
Copper extraction data for the box tests are presented in Figure 6-5. Copper extractions based on TCu calculated head grades for the box tests ranged between 33% and 90%, with a median extraction of 64%. Recoveries for tests run at the 10 g/L acid dosage ranged between 48% and 90%, with a median of 68%, matching the overall population. The median recovery is in line with the RPA's projections of overall recovery of 65% of the TCu.

FIGURE 6-5 BOX TEXT COPPER RECOVERY STATISTICS



Box test acid consumption statistics are summarised in Figure 6-6. Box test acid consumptions ranged between 3 lb/lb Cu and 41 lb/lb Cu with a median consumption of 10 lb/lb Cu. Note that the high acid consumptions correspond with the initial tests run at 20 g/L during the acid optimisation test series. Excluding the 5 g/L and 20 g/L tests from the analysis (and using the 10 g/L proposed for commercial operations), the acid consumptions ranged between 4 lb/lb Cu and 19 lb/lb Cu with a median consumption 9 lb/lb Cu. Initial leach solutions were not considered to be mature (aka buffered) and the test work consumptions were considered to be higher than would be expected in a commercial operation. RPA concurs with this observation.

FIGURE 6-6 BOX TEXT ACID CONSUMPTIONS



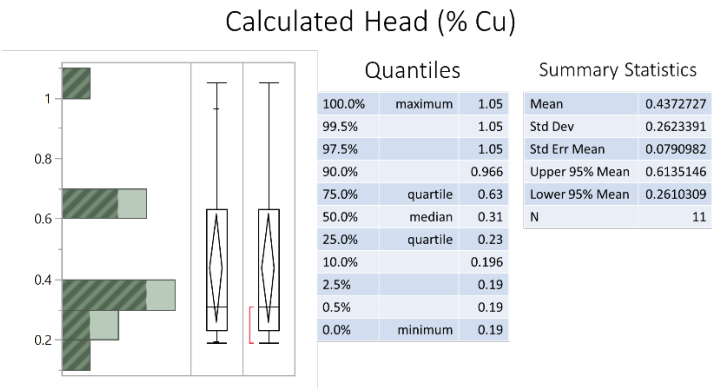
6.3.3. PRESSURISED RINSE TESTS

A total of 11 pressurised rinse tests were run on ore types from the Florence deposit. This series was primarily run using an acid dosage of 10 g/L, but some were run at 7.5 g/L.

Solution was pumped through the charge at a rate of 800 mL/day at a pressure of 120 psi. In the following figures, tests operated at 10 g/L are highlighted.

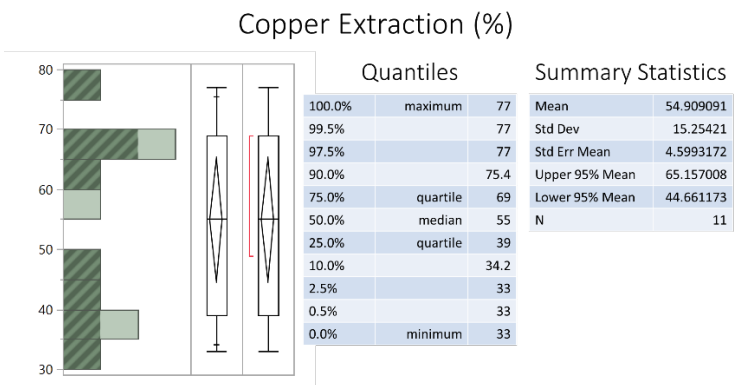
The PRT calculated copper head grades based on TCu ranged between 0.19% and 1.05%, with a median grade of 0.31% TCu. The head grade range for the 10 g/L tests was the same as the overall PRT test series population, but with a median grade of 0.33%. The PRT series calculated head grades are present in Figure 6-7.

FIGURE 6-7 PRT CALCULATED HEAD GRADES

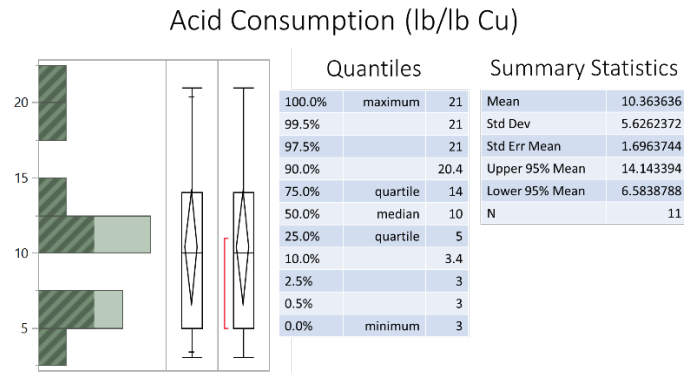


PRT copper recoveries based on calculated TCu head grades ranged between 33% and 77%, with a median recovery of 55% TCu. The recovery range for the 10 g/L tests matched the PRT series recoveries with a median recovery of 56.5% TCu. Copper extractions for the PRTs are summarised in Figure 6-8.

FIGURE 6-8 PRT COPPER RECOVERY STATISTICS



Acid consumption for the PRTs ranged from 3 lb/lb Cu to 21 lb/lb Cu with a median of 10.5 lb/lb Cu. Acid consumption statistics for the PRTs are provided in Figure 6-9. As expected, lower acid dosages resulted in lower acid consumptions.

FIGURE 6-9 PRT ACID CONSUMPTION STATISTICS**6.3.4. SERIES LEACH TEST**

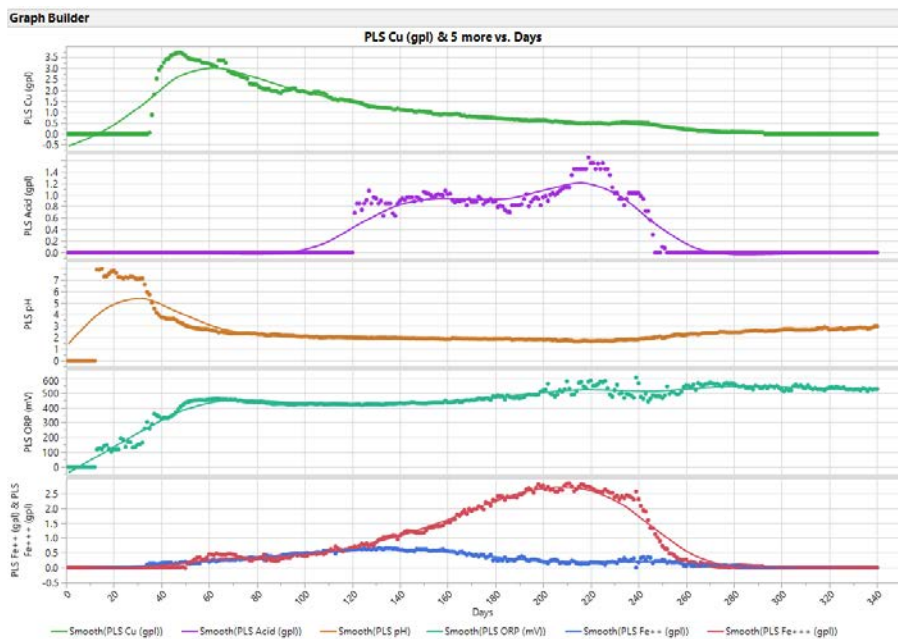
The SLT was conducted using the apparatus from the PRT and running seven test apparatus in series. The ore sample source and physical description are included in Table 6-3. The reported calculated head grades, copper extraction, and acid consumptions are also included in the table.

TABLE 6-3 SLT LEACH TEST RESULTS
Taseko Mines Ltd. - Florence Project

Cell	Hole Number	Sample Depth, ft	Clay, %	Met Zone	Fracture per ft	Rock	Calculated Head Grade (%Cu)	Copper Extraction (% Cu)	Acid Consumption (lb/lb Cu)
1	CMP11-05	645-647	1 to 2	Mix ox	>15	Yqm	0.90	73	4.4
2	CMP11-05	648-650	1 to 2	Mix ox	>15	Yqm			
3	CMP11-06	595-597	2 to 5	Mix ox	11-15	Yqm			
4	CMP11-06	598-600	2 to 5	Mix ox	11-15	Yqm	0.44	65	5.8
5	CMP11-06	758-760	1 to 2	Mix ox	>15	Yqm			
6	CMP11-02	651.5-653.5	2 to 5	Mix ox	Breccia	Yqm			
7	CMP11-02	662-664	1 to 2	Cu ox	Breccia	Yqm			
Overall							0.64	70	4.9

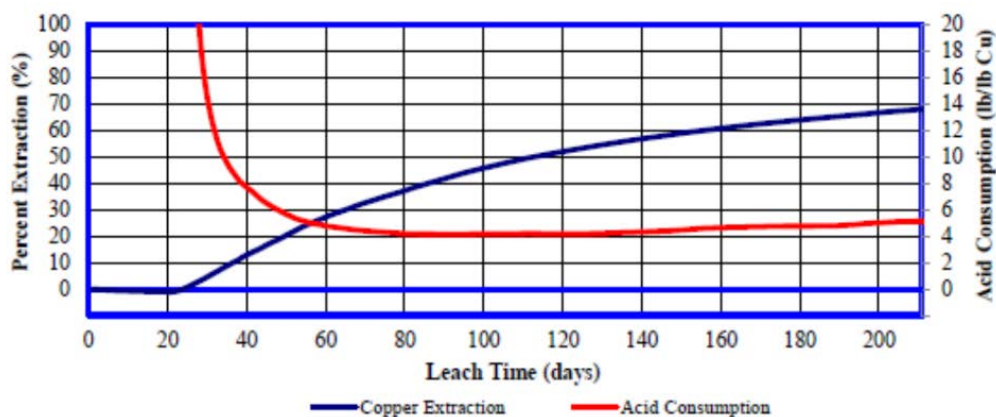
Figure 6-10 illustrates the SLT results for PLS Cu, free acid, pH, oxidation-reduction potential (ORP), and iron species over the course of the test. Of interest is the period of time required for measurable copper and acid to report to the PLS stream at a concentration above the laboratory method detection limit of 0.01 g/L. Copper breakthrough occurred on day 36, with acid breakthrough on day 120. Maximum PLS copper grade occurred on day 48 at 3.72 g/L. Coinciding with the period preceding acid breakthrough, conversion of ferrous to ferric iron is evident indicating possible bacterial activity. It is possible that the bacterial activity in the laboratory may have skewed copper recovery higher than would be expected at depth, where a lack of oxygen would limit bacterial action.

FIGURE 6-10 SLT SOLUTION CHEMISTRY PROFILE



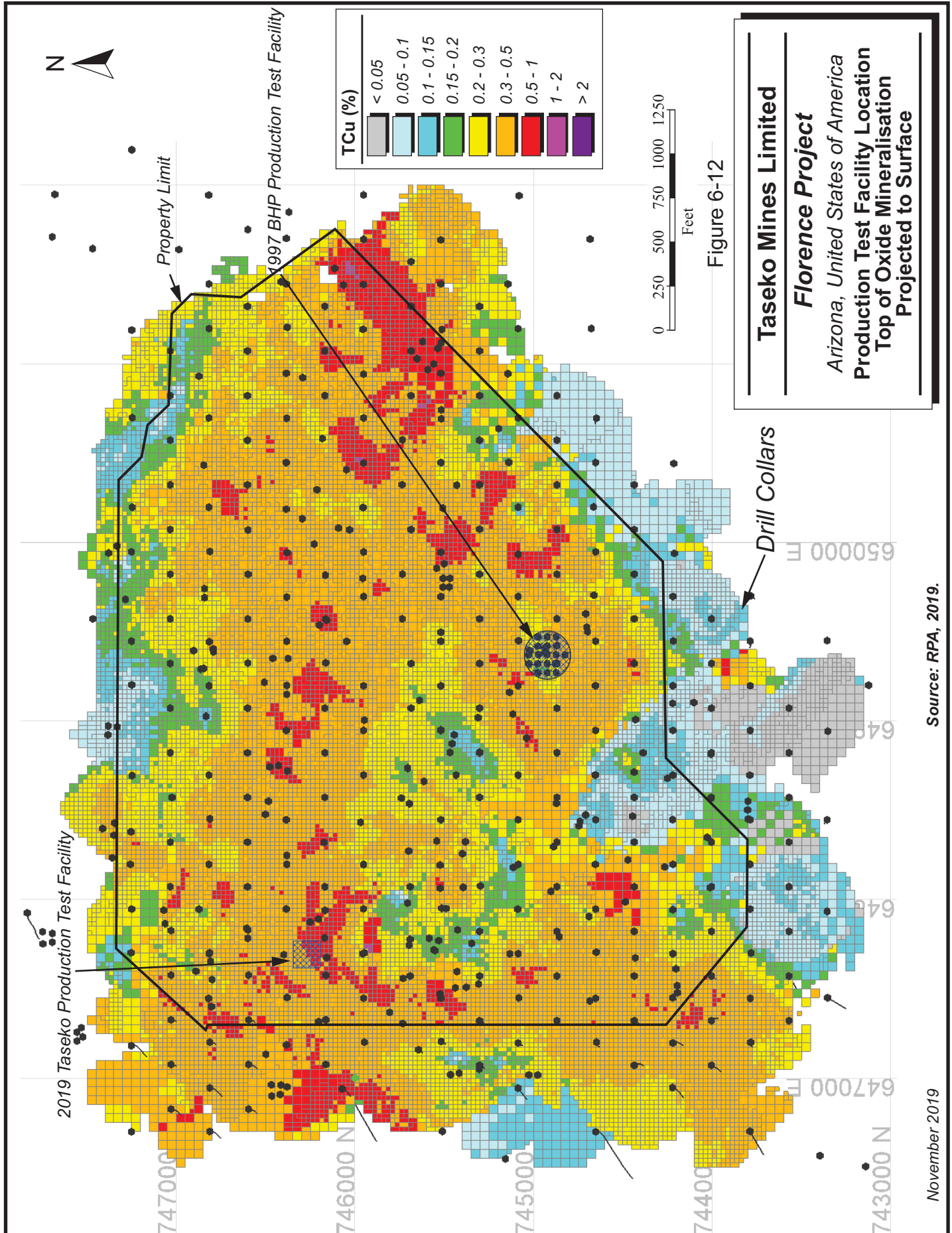
The leach rate profile as provided by FCI is shown in Figure 6-11 with the cumulative acid consumption over time. RPA notes that it does not include additional copper recovery for the wash cycle. RPA recommends that additional SLT tests be performed using core samples from the PTF wellfield site. Results of the PTF can then be used to calibrate the SLT method.

FIGURE 6-11 SLT LEACH RATE PROFILE



6.3.5. PRODUCTION TEST FACILITY

FCI completed construction of the PTF at the end of Q4 2018 and began commissioning of the PTF wellfield (Figure 6-12). The figure shows the top of the oxide mineralisation (including the BEZ) projected to surface. The solution processing portion of the PTF is a scaled version of the commercial SX/EW plant with identical unit operations. For details refer to Section 6.1 for a description of the process and process flowsheet.



6.3.5.1. ISR OPERATING DATA

Operation of the PTF wellfield began in December 2018, with commissioning of the PTF SX/EW beginning in March 2019. Operating data through the end of June 2019 was reviewed by RPA and, at the time of writing, the PTF is still in the ramp-up phase and has not reached steady state operation. As a result, the PTF results are too preliminary to further inform RPA's forecast of a final copper recovery at this time.

6.3.5.2. SX/EW

The PTF SX/EW circuit is a complete circuit in that it utilises typical unit operations used in industrial circuits. No issues other than gypsum scale are expected during the operation of the PTF SX/EW. Measurement of Ca, Mg, and dissolved O should be monitored during the operation to predict and control the amount of gypsum precipitation in the mixer-settlers in the PTF (and subsequently in the planned commercial production facility). These measurements will also assist in prediction and control of gypsum precipitation in the wellfields for both the PTF and the planned commercial production facility.

Commissioning of the SX/EW circuit began once sustainable PLS flow was available for operations in the beginning of March 2019. Operating flow rates have continued to be ramped up in concert with wellfield operations. To date there have been no operational or metallurgical issues with the SX/EW circuit.

RPA considers the PTF to be a good source of information that, once mature data is generated, will allow for better design and operating method development during commercial production. Analysis of the PTF data will be critical to successful development of the Project.

7.PROJECT INFRASTRUCTURE

7.1. SITE PLAN

A plan of the Project site is shown in Figure 6-1. In addition to the process facility the ancillary facilities include:

- Security, safety and first aid facilities,
- Warehouse and storage areas,
- Assay laboratory facilities,
- Fuel storage and dispensing,
- Maintenance and workshop areas,
- Worker change house and wash-up facilities

7.2. POWER SUPPLY

Power for the site is available from a major power transmission corridor on the west side of the property. Power for will be provided by Arizona Public Service Electric (APS), which has a 69 kV transmission line available for use at the northwest corner of the site. Approximately one-half mile of 69 kV transmission line is required to be constructed to feed the proposed site substation.

7.3. SERVICES

Potable water is available on site from an existing water supply well and potable water treatment plant.

Sanitary disposal services are provided by an existing septic system for the administration building. Additional septic systems will be installed for the warehouse, gatehouse, Electrowinning Tankhouse, and wellfield maintenance building.

Natural gas is available from Southwest Gas from their Poston Butte Loop, approximately one mile to the east of the site. A four-inch main pipeline to the property entrance and a two-inch distribution pipeline to the plant site will be installed as part of the Project construction. Natural gas for the process will be primarily used to power the process hot water heater for the Electrowinning Tankhouse.

The Project is adjacent to populated areas where contracted services are available.

7.4. EMPLOYEE HOUSING AND TRANSPORTATION

There is no plan to provide employee housing or transportation considering the proximity to residential areas.

7.5. WATER SUPPLY

Process and fire suppression water will be provided by an existing water supply well on the site.

7.6. TAILINGS STORAGE FACILITY

There is no need for a tailings storage facility for an ISR operation.

8. ENVIRONMENT, PERMITTING, AND SOCIAL IMPACT

8.1. ENVIRONMENTAL STUDIES

Key environmental baselines have been established for the Project. These have been established to document existing environmental site conditions, document historical impact(s), support permitting, and assess/document compliance of operations.

Taseko has retained competent, qualified staff and contractors to carry out data collection and to support design and permitting efforts. Baseline summaries are provided below.

8.1.1. AIR QUALITY AND METEOROLOGY

It does not appear that site specific monitoring of air quality or meteorological data gathering has been performed, however, since there is limited surface disturbance(s) proposed, agency(s) and best practice(s) allow for the use of existing (and nearby) data that can be extrapolated to Project design and permitting.

The study area is located in south-central Arizona, in the Sonoran Desert of the Basin and Range Lowlands physiographic province. Data from nearby source(s) indicates that air quality is characterised as good. Summers are hot and winters are cool. Average rainfall is 12.5 in. per year, with much of the precipitation occurring between July and September (United States Historical Climatology Network [USHCN], 2015). Average temperatures range from 28°F to 64°F (low/high) in the winter, and from 62°F to 88°F in the summer (USHCN, 2015).

8.1.2. SOILS

Soil baseline is usually collected to determine quality and quantity that exists in undisturbed planned development area(s) and what may be available for stockpiling/reclamation purposes. The mine property is dominated by the La Palma Soil series. La Palma is a moderately deep, well-drained soil. Slope is 0% to 1% and permeability of this soil is slow. Availability of water capacity is low. Potential plant rooting depth is 20 in. to 40 in. Runoff is slow and the hazard of stormwater erosion is slight. The hazard of windborne soil erosion is moderate. Permeability of this soil is moderate. Available water holding capacity is moderately high with a potential rooting depth of 60 in. or more. Runoff is slow and the hazard of stormwater erosion is slight.

8.1.3. GEOCHEMICAL (ORE AND WASTE) CHARACTERISATION

There will be no traditional mine wastes such as waste rock and tailings produced by the Project because of the ISR mining method. 'Mine wastes' produced are primarily in the form of excess solutions and chemical precipitates from the treatment of those excess solutions.

FCI engaged Schlumberger Water Services (SWS) to update the geochemical modelling for the site. SWS prepared a technical memorandum (SWS, 2012) detailing the geochemical modelling for the Project. The geochemical model combined the results of laboratory column tests, the BHP field leach test, and mineralogical evaluations to simulate the fluid/rock interactions and fluid/fluid mixing to simulate the planned ISR process. The model was designed as a predictive tool to determine solution chemistry during operation, during rinsing, and post rinsing of the ISR area. The model included simulations of rinsing to achieve post-closure water chemistry objectives which are set forth in the APP permit as required by State and Federal regulations. The results of the rinsing simulations indicate that concentrations of sulphate and other constituents may be achieved through rinsing with 8.5 to 9 pore volumes of natural formation water.

8.1.4. GROUNDWATER

FCI has characterised background groundwater quality at the site in support of permitting. It retained Brown and Caldwell (BC) to review and revise a sub-regional groundwater flow model developed in support of the APP and UIC Permit applications submitted by BHP in 1996. BC found that the substantial quantity of site-specific hydrologic data generated since 1996 warranted a thorough revision of the earlier groundwater flow model. In 2010, BC created new groundwater flow model covering the same sub-regional model domain used in the 1996 model using improved software and model construction techniques.

The groundwater flow model includes a domain covering an area of approximately 125 mi², with the 212-acre ISR area located at the centre. To provide improved resolution of groundwater flow within and around the ISR area, the model cells telescope in size from 500 ft by 500 ft at the edges of the domain, to 12.5 ft by 12.5 ft at the centre of the domain. Updates to the model include the incorporation of 14 years (1996-2010) of on-site groundwater elevation data and updated Arizona Department of Water Resources (ADWR) recharge, pumping, and water level elevation datasets for the broader model domain. The model was calibrated using publicly available groundwater data for the period of 1984 to 2010.

The current model updated by Haley & Aldrich, Inc. in 2012 drew heavily from datasets developed by BC and ADWR. BC consulted with ADWR regularly during the model development process to ensure that the final model would be compatible with other groundwater models and associated model results generated by ADWR.

Groundwater quality does not appear to be impacted by historical exploration and development at site.

8.1.5. JURISDICTIONAL WETLANDS

Westland Resources, Inc. (Westland) was retained by Curis to review the Project site for potential jurisdictional waters as defined by Section 404 of the Clean Water Act. The review is essentially an update of an earlier study prepared in the 1990s for Magma/BHP. In summary, Westland concluded that potential jurisdictional waters exist at one small, unnamed wash on the east side of the Project site. The design for the Project avoided disturbance of the potential jurisdictional waters identified by Westland. Wetland Jurisdiction Determinations have a shelf life and will require update if facilities are changed and/or are proposed that may impact suspected wetlands.

8.1.6. VEGETATION AND WILDLIFE

Flora and fauna studies were carried out over the wellfield area and plant site to determine the potential for US Fish and Wildlife Service (USFWS) endangered, threatened, proposed, and candidate species (special status species) to occur in the Project area.

Desert species are the majority of the native species found in the area and have adapted to the limited available moisture, resulting from low rainfall, relative high runoff, and salt content of the soils. Desert vegetation is widely spaced, and scrubby plants are common. Along the wash(es), and areas where the water table is relatively shallow, plants (phreatophytes) are more common. These plants, such as tamarisk (salt cedar) and mesquite, have developed relatively long taproot(s). Halophytes (salt loving) plants such as saltgrass, iodine weed, and canyon ragweed occur. Numerous succulents also exist.

FCI retained Westland to prepare a Biological Evaluation (BE) of the Project site. The BE encompassed approximately 620 acres (Project Area), which includes the 160-acre Arizona State Trust lands. The purpose of the BE was to determine the potential for the Project Area to support any special status species. The list of special status species included those species in Pinal County that are listed (threatened and endangered (T&E)) under the Endangered Species Act (ESA) by the USFWS and species recognised by the

USFWS as proposed or candidates for listing under the ESA, or with an existing conservation agreement with the USFWS.

The field reconnaissance for the BE was conducted in December 2010 and January 2011, and the BE report was issued in March 2011 (Westland, 2011).

The results of the study indicate there are no T&E species on or near the Project Area and the Project Area is not located within any designated or proposed critical habitat. There is potential for two candidate species; the Sonoran Desert Tortoise and the Tucson shovel-nosed snake, to occur at the site even though the habitat in the Project Area is not considered ideal. One species proposed for listing, the mountain plover, has the potential to occur at the Project Area during its non-breeding season. One species protected under the Migratory Bird Treaty Act but not listed in the ESA, the western burrowing owl, also has the potential to occur at the Project Area.

Although the report did not include recommendations, FCI has proposed the use of tortoise fencing in sensitive areas such as around the water impoundments and processing area.

FCI does not anticipate that the Project will result in adverse impacts to listed species or critical habitat. The species present will be used to develop the reclamation/closure land and revegetation seed mix.

8.1.7. ARCHAEOLOGICAL AND HISTORICAL RESOURCES

Western Cultural Resource Management (WCRM) prepared the original cultural resource inventory for Magma/BHP in 1994 to 1995 for the Project site. WCRM was again retained by FCI to update the cultural resource inventory for the Project site and to assist in preparing a Programmatic Agreement to support the Underground Injection Control (UIC) Permit. The Curis Arizona Area of Potential Effects (APE) has been the subject of numerous investigations for nearly a century. Past projects have documented a total of 59 sites; of these, 42 have been determined eligible for inclusion in the National Register; effects at two were mitigated in 1997; eight have been determined not eligible; and seven are of undetermined eligibility.

From the previous efforts, most sites were documented by WCRM in 1994-1995 during its intensive inventory for Magma (Brown and Van Dyke, 1995). WCRM then undertook a series of testing and data recovery projects prior to the shutdown of BHP's Florence project in 1998. The largest sites, however, were subject to intensive excavations much earlier (in

the 1970s) at the time of Conoco's original attempt to mine copper within the property. This work included excavations at Escalante Ruin and a series of other large habitation sites (compounds) on the first terrace above the floodplain (Doyel, 1975/1977; Doelle, 1974/1975/1976; Windmiller, 1972). Most recent work within the APE includes a Class I inventory and a series of site revisits in 2005-2006 in association with the proposed Vanguard Properties Merrill Ranch housing development; revisits by WCRM in 2011 exclusive to the sites located on Arizona State Trust lands; and monitoring by WCRM of limited ground disturbing activities on private and Arizona State Trust lands for the current Project activities.

8.2. PERMITTING

FCI operations have and will require numerous federal, state, and local government environmental permits and authorisation. The ADEQ and the USEPA are considered to be the Lead (Critical Path) permitting agencies. Both agencies have well established permitting programmes for the mining industry in Arizona.

FCI has experienced a moderate level of opposition and there have been Appeal(s) to issued permits that have been resolved in FCI's favour after considerable cost and delay to final authorisations to PTF.

For current operations, FCI has obtained all of the permits required to authorise and operation of the PTF. The operation commenced in December 2018. Additional permits are required for the commercial operations and the list of these permits is provided in Table 8-1.

TABLE 8-1 FLORENCE PROJECT PERMIT TABLE
Taseko Mines Limited – Florence Project

Permit Name	Jurisdiction	Permit Status	Issue Date	Expiration Date	Reporting
Underground Injection and Control Permit and Aquifer Exemption No. R9UIC-AZ3-FY11-1 (PTF Operations)	USEPA	Current	12/20/2016	2 Year Operations 5 Year Post Closure	Quarterly ¹
Aquifer Protection Permit No. 101704 (Commercial Operations)	ADEQ	Current / Amendment Required	10/13/2017	Operational Lifetime	Quarterly
Temporary Aquifer Protection Permit No. 106360 (PTF Operations)	ADEQ	Current/Amendment Required to incorporate into APP No. 101704	12/5/2018	12/14/2020	Quarterly ¹

Permit Name	Jurisdiction	Permit Status	Issue Date	Expiration Date	Reporting
Air Quality Permit No. B31219.000	PCAQCD	Current	2/22/2018	12/15/2021	Annually
Storm Water Multi-Sector General Permit Authorisation No. AZMSG-60129	ADEQ	Current / pending ADEQ reissuance	5/31/2011	Operational Lifetime	Annually
Mineral Extraction and Metallurgical Processing Groundwater Withdrawal Permit No. 59-562120	ADWR	Current	5/8/2017	5/8/2037	Annually
Mined Land Reclamation Plan	ASMI	Current	7/30/2010	Operational Lifetime	Annually
AZ State Mineral Lease #11-026500	ASLD	Current	12/13/2013	12/12/2033	Monthly
Septic System Permit	ADEQ	Current	2010 ²	N/A	N/A
Change-of Water Use Permit	ADWR	Current	2/25/1997	N/A	N/A
Burial Agreement Case No. 2012-012	AZ State Museum	Current	6/21/2012	N/A	N/A
Programmatic Agreement	USEPA	Current/Renewal Required for Commercial Operations	1/19/1996	30 Day Notice	N/A
EPA Hazardous Waste ID No. AZD983481599	USEPA	Current	4/4/2012	No Expiration	Annually

Notes:

1. Information is compiled in daily and monthly reporting format and
2. ADEQ gave Notice of Transfer (NOT) No. 74190

USEPA – US Environmental Protection Agency; ADEQ – Arizona Department of Environmental Quality; PCAQCD - Pinal County Air Quality Control District; ADWR – Arizona Department of Water Resources; ASMI – Arizona State Mine Inspector's; ASLD – Arizona State Land Department

8.3. SOCIAL OR COMMUNITY REQUIREMENTS

FCI has implemented a community outreach programme and associated activities. Public consultation, education, and ongoing dialogue within various stakeholder communities are in relative continuous progress.

A central component of the outreach programme includes informing communities, organisations and individuals that could be potentially affected by the proposed project; disclosure of relevant project information as required and/or necessary to inform stakeholders; and communication paths for residents to express concerns relating to the proposed project.

In general, the involvement of Florence residents and community stakeholders within the region is considered vital to the social responsibility and long-term success of the FCI.

From 2010 to the present, primary, secondary, and peripheral stakeholders have been consulted.

Primary stakeholders of FCI include Florence residents and seasonal residents; and those businesses within communities that are likely to be directly impacted by the Project. Secondary stakeholders are those municipalities and their residents in proximity to FCI that are likely to be impacted by FCI's operations (e.g., Coolidge, Arizona). Peripheral stakeholders include County and State agencies and elected leaders at various levels of government.

8.4. MINE CLOSURE

FCI has developed a detailed reclamation and closure plan with cost estimates to satisfy federal (UIC Permit) and state (APP and Mine Land Reclamation Permit) regulatory requirements. Key components include; rinsing, water treatment, and drill/well hole abandonment. Non-APP facilities, such as buildings and infrastructure, will be reclaimed in accordance with the Mined Land Reclamation Programme overseen by the Arizona State Mine Inspector's Office. This programme requires the development of reclamation plans that will ensure safe and stable post-mining land use. Regrading and resurfacing needs, if any, will be completed with good engineering practices minimising unwanted surface disturbances. The closure and reclamation plans must include cost estimates and financial assurance for implementing the plans. Mechanisms for providing required financial assurance for the cost of implementing the reclamation plans are listed at A.R.S. § 27-973. FCI will prepare a reclamation plan and will submit the plan to the responsible regulatory office as required by the Mined Land Reclamation Statutes.

Total project reclamation closure costs were updated in 2019 as part of the application for the commercial APP amendment and are estimated to be approximately US\$29.3 million. Regardless, FCI will have to post financial assurance to ensure that reclamation and closure will be completed by a third party if they are unable to perform their obligations.

8.4.1. SPECIFIC RECLAMATION/CLOSURE ACTIVITIES

The APP reclamation/closure requirements are summarised in the following sections.

8.4.1.1. ISR WELLS

Groundwater Restoration

Restore groundwater in the ISR area to Aquifer Water Quality Standards (AWQS) or pre-operational concentrations if those concentrations exceed AWQS. The restoration process involves rinsing the portion of the oxide zone in which injection and recovery has occurred, injecting sodium bicarbonate or other agents as needed to neutralise the groundwater, neutralising the rinse solution with quicklime or other agents, and evaporating excess water not used for other purposes. The volume of rinse water required to adequately restore the groundwater assumes 6% porosity and 8.5 pore volumes. Groundwater restoration is assumed to take approximately 24 months to complete.

FCI is conducting ongoing research to optimise both water conservation opportunities and the rapid recovery of the site to pre-development conditions. Rinsing occurs concurrently with production and continues after production for the last of the resource blocks.

Abandon ISR Wells

Abandon the approximately 462 remaining ISR wells in accordance with the provisions of the APP and the Well Abandonment Plan referenced in the APP. The Well Abandonment Plan is designed to meet ADWR and USEPA requirements. The following provides a general description of the well abandonment procedures:

- The wells will be closed by removing the downhole pumps and electrical equipment. The well will be filled from the bottom to the top of the hole with Type V Portland cement and the collar pipe will be removed to five feet below ground surface (bgs). The surface hole will then be backfilled and levelled out.
- All pipelines, electronics, pumps, and other material will be removed off site for reuse, recycling, or landfill disposal.
- A report will be submitted to the ADEQ and USEPA demonstrating that closure conditions required by the APP and UIC Permit have been met.

Piping

Remove the pipelines that were placed in the lined containment channels connecting the ISR well area to the processing and water impoundment areas. The pipelines will be flushed with groundwater and removed for off-site recycling or landfill disposal. The flushed water will be placed in the water impoundment.

Soil and Liner Beneath Piping

Perform adequate sampling and analysis to verify that soil beneath the pipeline containment channel liner has not been impacted by leaks or spills. Remove liner for off-

site landfill disposal. Backfill and level out pipeline containment channel using on-site soil. The closure cost estimate assumes no impacts to soil beneath the liner.

8.4.1.2. PLS POND

PLS Removal

Dilute PLS and rinse water will be removed from PLS pond and will be conveyed to the water impoundment for neutralisation and evaporation.

Sediment

Perform adequate sampling and analysis to verify that pond sediments are non-hazardous. Dispose of sediments in off-site landfill or water impoundment(s). The closure cost estimate assumes sediments are non-hazardous.

Liner and Earthwork

Remove and dispose of high-density polyethylene (HDPE) liner in an off-site landfill. Sample and analyse soil beneath liner for evidence of liner leakage. Backfill and level the pond with on-site berm materials and soils to match surrounding grade. The closure cost estimate assumes soil quality under the bed grade meets compliance criteria.

8.4.1.3. RAFFINATE POND

Raffinate Removal

Dilute raffinate and rinse water will be removed from the raffinate pond and will be conveyed to the water impoundment for neutralisation and evaporation.

Sediment

Perform analysis to verify that pond sediments are non-hazardous. Dispose of sediments in offsite landfill or water impoundment(s). The closure cost estimate assumes raffinate sediments are non-hazardous.

Liner and Earthwork

Remove and dispose of HDPE liner in an off-site landfill. Sample and analyse soil beneath liner for evidence of liner leakage. Backfill and level the pond with on-site berm materials and soils to match surrounding grade. The closure cost estimate assumes that soil quality under bed grade meets compliance criteria.

8.4.1.4. PLANT RUNOFF POND

Liquid Removal

Remove any remaining liquid and rinse water from the plant runoff pond and convey it to the water impoundment for evaporation.

Sediment

Perform adequate sampling and analysis to verify that pond sediments are non-hazardous. Dispose of sediments to off-site landfill or to the water impoundment(s). The closure cost estimate assumes that plant runoff pond sediments are non-hazardous.

Liner and Earthwork

Remove and dispose of HDPE liner in an off-site landfill. Backfill and level the pond with on-site berm materials and soil to match surrounding grade. The closure cost estimate assumes no impacts to soil beneath the liner.

8.4.1.5. WATER IMPOUNDMENTS

It is assumed that some water impoundment reclamation will occur during commercial operations. Some impoundments will have been closed over the course of the Project.

PTF Impoundment Removal

The PTF impoundment is located on State Land and so must be completely removed at closure. Any remaining liquid will be removed from the PTF impoundment and will be conveyed to the water impoundment for evaporation. Sediment will be conveyed to the water impoundment. Remove and dispose of HDPE liner in an off-site landfill. Pond will be backfilled and leveled with on-site berm materials and soil to match surrounding grade. The closure cost estimate assumes no impacts to soil beneath the liner.

Water Evaporation

Use on-site evaporator units or other techniques to expedite the evaporation of the liquid contents in the water impoundments.

Liner and Earthwork

Impoundments constructed on private land may be closed in place. Remove and dispose of chain link fence. Perform sampling and analysis to verify that pond sediments are non-hazardous. Fold liner edges inward over outer edge of sediments. Re-contour berm material over pond to match surrounding grade. Each pond will require two million cubic

feet of backfill to close per KP design plans (KP, 2011). The closure cost estimate assumes that the water impoundment sediments are non-hazardous.

8.4.1.6. PROCESSING FACILITIES

Tank Farms

The Tank Farms consist of several aboveground storage tanks (ASTs) located adjacent to the water impoundment and within the ISR area. The tanks will be rinsed clean and moved to a storage area for future use or sold as surplus equipment. Rinse water will flow to the water impoundment. The support materials of the tanks will be checked and disposed of in accordance with applicable state and federal regulations. The liner under the tanks will be removed to an approved off-site disposal facility.

Buildings

Demolish and remove the Administrative Building and the SX/EW plant. Remove concrete pads and foundations.

Soil Beneath Aboveground Storage Tanks and Piping

Characterise and, if necessary, dispose of soil beneath ASTs and piping.

8.4.1.7. SEPTIC TANKS

Pump out two septic tanks and bury in place. The two septic tanks serve the Administration Building and the SX/EW plant. A third, portable septic tank will be used for the PTF.

8.4.1.8. MISCELLANEOUS FACILITY/ACTIVITIES

Daily Monitoring and Observations

Monitor and inspect monitoring wells, the pond, the Tank Farms, and related facilities on a daily basis.

Quarterly Well Monitoring

Sample the 32 current Point of Compliance (POC) wells on a quarterly basis and report the results of the sample analyses. A contractor currently performs this work. The closure cost estimate assumes that this work will continue during the entire 24 months of scheduled closure activities.

Administrative and Miscellaneous Costs, General Project Support Costs

A general cost allowance is included for 24 months of contractor technical support and miscellaneous facility maintenance activities during the closure period. This cost is an

allowance for a third party to manage the closure activities on behalf of the permittee. Maintenance activities may include minor facility maintenance such as road grading or minor repairs. Also included in this category are telephone and electrical utility charges (for office facilities), and miscellaneous office and site expenses (postage, office supplies, chemicals, etc.).

Post-Closure Monitoring

A groundwater monitoring programme will be conducted at all POC wells in accordance with the APP. This monitoring will continue for 30 years during the post-closure period, as required by the UIC Permit. In accordance with the UIC Permit, data generated from each monitoring event will be promptly reviewed and the contingency plans presented in the UIC permit will be followed in the event of an exceedance of an aquifer quality limit (AQL). Monitoring for Level 1 and Level 2 parameters are scheduled to occur with the scope and frequencies specified in the UIC Permit.

During POC monitoring events, perform visual inspection of surface facilities. Areas to be monitored include signage, fences, locked gates, embankments, capped areas, and storm water control measures. Conditions noted during inspections will be documented using inspection forms. Photographs and written reports will be used to document completion of indicated repairs. Monitoring of leak collection and removal systems (LCRSs) will be conducted weekly during the first six months following closure and monthly thereafter. Repairs will be performed as indicated by the inspection monitoring programme and will be documented in quarterly reports submitted to ADEQ.

POC Wells

At the end of the 30-year post-closure monitoring period, abandon the 32 current POC wells in accordance with the provisions of the APP and the well abandonment plan referenced in the APP. The well abandonment plan is designed to meet ADWR and USEPA requirements. The following provides a general description of the well abandonment procedures:

- The wells will be closed by removing the downhole pumps and electrical equipment. The collar pipe will be removed to five feet bgs and the well filled from the bottom to the top with Type V Portland cement. The surface will then be backfilled and leveled out.
- All pipelines, electronics, pumps, and other material will be removed for reuse, recycling, or off-site landfill disposal.
- A report will be submitted to ADEQ and USEPA demonstrating that conditions established by the APP and UIC Permit have been met.

9. CAPITAL AND OPERATING COSTS

9.1. CAPITAL COST

The capital cost estimate is based on the construction of a greenfield facility using all new equipment and materials. Approximately 85% of the mechanical equipment costs included in the capital cost estimate were obtained from vendor budget quotations.

The following items are excluded from the capital cost estimates:

- Financing costs and interest during construction;
- Scope changes;
- Schedule delays, such as associated with:
 - o Permit timing,
 - o Schedule acceleration or recovery,
 - o Labour disputes,
 - o Undefined ground conditions,
 - o Unavailability or inexperienced craft labour,
 - o Other external influences.

The Project LOM capital cost in the 2017 Technical Report was estimated to be US\$918 million including US\$204 million in initial capital and US\$713 million in sustaining capital. The costs were stated in Q4 2016 US dollars. The initial capital cost estimate included a 25% contingency allowance, which RPA considers to be appropriate for the Project. For this report, RPA escalated both the capital and operating costs to a June 2019 US dollar basis using a combination of cost indexes and updated reagent, power, and labour costs.

The escalation methodology for capital costs is based on measuring cost index changes from Q4 2016 to June 2019. For initial capital, the MineCost™ index published by Infomine USA was used. Given that the Project is designed as an ISR operation and the infrastructure differs from a traditional mine and mill project (with excavators, loaders, trucks, crusher, grinding, concentrator, etc.), the cost allocations were re-balanced by capital commodity (plant equipment, construction materials, construction labour, etc.). The escalation factors used in this report for initial capital costs are as follows:

- Direct Costs: +10%
- Indirect Costs: +10%
- Owners Costs: +10%
- Pre-production Costs: +10%
- Overall increase in costs including contingency and Arizona Privilege Tax: +9.6%

Given sustaining capital costs are mostly for wellfield drilling and installation, as well as a water treatment plant expansion, the Producer Price Indexes (PPI) published by the US Bureau of Labor and Statistics (BLS) for drilling wells (based on Oil and Gas) and construction costs were used to calculate the escalation factor for each cost area of the estimate. The escalation factors used in this report for sustaining capital costs are as follows:

- Wellfield Development: +12%
- Water Treatment Plant: +10%
- Water Treatment Ponds: +10%

9.1.1. PRE-PRODUCTION CAPITAL

The Project initial capital cost estimate is US\$227 million which is planned to be spent over a two-year pre-production period as summarised in Table 9-1. The costs are based in Q4 2016 US dollars escalated 10% to a June 2019 US dollar basis.

TABLE 9-1 INITIAL CAPITAL COST ESTIMATE
Taseko Mines Ltd. - Florence Project

Description	Total	Yr -2	-1	1
Wellfield	39,428	1,971	35,486	1,971
Process Plant	77,350	3,868	69,615	3,868
Owners Cost/Pre-production	35,551	1,735	32,840	975
Infrastructure	51,943	2,597	46,749	2,597
Subtotal Before Escalation	204,273	10,171	184,690	9,411
Escalation	23,155	1,282	20,815	1,059
Total Initial Capital Costs	227,428	11,453	205,505	10,470

9.1.2. SUSTAINING CAPITAL

The Project sustaining capital totals US\$788 million. The costs are based in Q4 2016 US dollars escalated to a June 2019 US dollar basis. Wellfield work accounts for US\$699 million spent over 19 years plus US\$98 million to expand the starter water treatment plant and build additional pond capacity. The sustaining capital costs for the wells include a 20% contingency in addition to a 5% allowance for 're-work'. There is no specific allowance for difficult drilling conditions that may be encountered over the area of the deposit.

9.1.3. WORKING CAPITAL

Working capital totals US\$8.7 million from pre-production through the first two years of commercial production including both accounts receivable and payable adjustments (15 and 30 days outstanding, respectively) as well as upfront inventory cost estimate for parts

and supplies of US\$2.6 million. The working capital estimate also includes the cash collateral portion of the reclamation surety bond (\$8.8 million) that is paid upfront in year - 2. All working capital costs at the beginning of the Project are recaptured at the end of the mine life thus net to zero over LOM.

9.2. OPERATING COST

The operating cost estimate for the Project is US\$1,258 million over the LOM plan. The operating costs by work area are summarised in Table 9-2 in June 2019 US dollars. The table shows that net escalation applied to the various cost inputs results in a 4% reduction in total operating cost compared to the 2017 Technical Report. This decrease is the result of the projected lower copper recovery and a combination of current reagent pricing, escalated labour, and escalated power unit rates in terms of US\$/lb Cu, the unit rate increased 2.6% from \$0.76/lb to \$0.78/lb due to lower copper recovery offsetting the lower costs.

Other operating costs such as cathode transportation/freight, taxes and royalties, and expensed concurrent reclamation/closure are described in Section 10.

TABLE 9-2 OPERATING COST ESTIMATE
Taseko Mines Ltd. - Florence Project

Description	US\$ (millions)	US\$/lb
General and Administration	198.0	0.11
Wellfield	571.0	0.33
SX/EW	417.6	0.24
Water Treatment Plant	126.0	0.07
2017 TR Subtotal	1,312.6	0.76
Net Escalation	(55.0)	(0.04)
Change in Copper Production L/(H)	-	0.06
Total Operating Cost	1,257.6	0.78

The costs in the 2017 Technical Report were stated in Q4 2016 US dollars. For this report, RPA escalated the operating costs to a June 2019 US dollar basis using a combination of updated reagent, power, and labour costs as well as cost indexes.

- Operating cost updates provided by Taseko based on 2019 PTF costs:
 - o Labour: +7%
 - o Power: +8%
 - o Reagents: -2% (with 92% of reagents re-priced)

- Measure changes in CostMine™ or Producer Price Index (PPI) indexes from a Q4 2016 to June 2019 basis:
 - o All other operating cost inputs not included in the item above: +6%

The escalation factors used in this report for operating costs are as follows:

- Wellfield: +1%
- SX/EW plant: +4%
- Water treatment plant: 0%
- G&A: +6%

The operating costs are broken down as 42% reagents, 25% labour, 12% power, and the balance for maintenance and supplies. Reagents include sulphuric acid with consumption of four pounds per pound of copper in the wellfield plus an additional pound of sulphuric acid per pound of copper in the SX/EW plant. Sulphuric acid costs represent approximately one third of the total Project operating cost estimate. Power is forecast to cost US\$0.075/kWh. The power consumption is estimated to average approximately 98 GWh/yr.

Wellfield maintenance supplies costs are based on 5% of the well equipment capital costs. This represents approximately US\$2,000 per well per year or approximately the cost of one pump replacement per well every two years. There is no provision in the operating costs for well replacements in the event of well failure. Wellfield labour, as noted below, has been estimated to reflect the change in the rate of wellfield installations over the Project life.

MANPOWER

The operating manpower is summarised in Table 9-3. The wellfield manpower is projected to change steadily through the operating period as the number of operating wells increases significantly.

TABLE 9-3 MANPOWER
Taseko Mines Ltd. - Florence Project

Department	Year -1 Persons	Year 1 Persons	Year 2 - 20 Persons	Year 21 Persons	Year 22 Persons	Year 23 Persons
General & Administrative						
Administration	23	23	23	21	6	5
Controller	12	12	12	10	2	2
Technical Services	26	26	26	18	3	3
Wellfield Operations						
Operation	9	9	14	15	13	13
Maintenance	12	12	40	27	21	19
SX/EW / Water Treatment						
Operations		28	28	28	-	-
Maintenance		27	27	27	-	-
Total	82	137	170	146	45	42

10. VALUATION OF MINERAL RESERVES

10.1. VALUATION METHODOLOGY

As in other fields, the three main approaches to valuation of mineral properties are Income, Market, and Cost Approaches. Producing mine properties or mines nearing production are commonly valued using the Income Approach (Discounted Cash Flow Analysis) to derive a Net Present Value (NPV). However, this valuation approach often requires the prior completion of a technical-economic study, such as a Prefeasibility Study or Feasibility Study. A PFS for the Project was completed in 2013 and the Project economics were updated in the 2017 Technical Report. Therefore, for the valuation of the Project, RPA used the Income Approach.

10.2. VALUATION PARAMETERS AND CRITERIA

RPA reviewed the live Taseko after-tax technical-economic model used in the 2017 Technical Report and found it to represent the base case scenario accurately. For this report, RPA escalated the capital and operating costs to a June 2019 US dollar basis. RPA has summarised the key data in Tables 10-1 through 10-4.

10.2.1. PRODUCTION PLAN

The LOM production plan is presented in Table 10-1 showing average PLS flow to the SX/EW plant at 9,542 gpm at 1.83 g/L. As designed, the plant will produce 85 Mlb of Cu cathode per year at full production.

TABLE 10-1 LIFE-OF-MINE PRODUCTION FORECAST
Taseko Mines Ltd. - Florence Project

Description	Total/ Average	Yr-2	-1	1	2	3	4	5	6-10	11-15	16-21	Yrs 22-25 (Closure)
Avg SX Flow Rate (gpm)	9,542	-	-	2,900	6,239	9,647	10,831	11,052	9,939	10,310	9,745	-
Avg SX/EW PLS Cu Grade (g/L)	1.83	-	-	4.1	2.9	2.0	1.8	1.8	2.0	1.9	1.2	-
Total Recovered Copper (klb)	1,606,931	-	-	52,321	80,375	85,905	86,490	85,730	427,128	427,064	361,918	-
State Land Recoverable Copper (klb)	460,691	-	-	51,503	57,695	31,258	56,309	74,015	151,489	38,423	-	-
Total State Land Recoverable Copper (%)	29%	-	-	98%	72%	36%	65%	86%	35%	9%	0%	-

10.2.2. COSTS

Total operating cost forecasts are shown in Table 10-2 with total production costs averaging US\$1.13/lb Cu cathode. Operating cash costs were previously described in Section 9 and average US\$0.78/lb Cu cathode. Other cash costs include cathode transportation/freight, taxes and royalties, and closure reclamation and average US\$0.35/lb Cu cathode. Taseko has noted assumptions for these items are as follows:

- Cu Cathode Transportation/Freight: US\$0.02/lb Cu cathode
- City/County Property Taxes: Included
- Severance Tax: [(Gross Income less cost of production) x 50%] x 2.5% tax rate averaging US\$2 million per year
- Mining Tax: Gross Income x 0.10% tax rate
- AZ State Royalty: Sliding scale between 2% and 8% on gross revenue generated on state land
- Conoco Royalty: 2% on gross revenue from state land, 3% gross revenue from other less state land royalty
- BHP Royalty: 2.5% Net Operating Interest
- Reclamation/Closure: LOM costs totals US\$62.7 million and are escalated on the same basis as the Project capital costs. Concurrent well/core hole abandonment US\$45.9 million, bond premium payments US\$10.3 million, post-production closure US\$6.5 million over three years

Table 10-3 shows the Project capital cost forecast.

TABLE 10-2 OPERATING COSTS FORECAST
Taseko Mines Ltd. - Florence Project

Description	Total	Yr-2	-1	1	2	3	4	5	6-10	11-15	16-21	Yrs 22-25
Operating Cash Costs												
Wellfield	503,210	-	-	22,645	20,581	22,671	23,157	23,825	130,028	135,791	117,679	6,833
SX/EW Plant	434,454	-	-	15,733	20,409	22,285	22,773	22,781	111,882	112,181	106,410	-
Water Treatment Plant	124,374	-	-	416	747	1,066	1,176	4,493	28,180	32,536	38,968	16,792
General Administration	195,598	-	-	9,188	9,188	9,188	9,188	9,188	45,941	45,941	52,531	5,246
Total Operating Cash Costs (US\$000)	1,257,636	-	-	47,982	50,925	55,210	56,294	60,286	316,031	326,449	315,588	28,870
Wellfield	0.31	-	-	0.43	0.26	0.26	0.27	0.28	0.30	0.32	0.33	-
SX/EW Plant	0.27	-	-	0.30	0.25	0.26	0.26	0.27	0.26	0.26	0.29	-
Water Treatment Plant	0.08	-	-	0.01	0.01	0.01	0.01	0.05	0.07	0.08	0.11	-
General Administration	0.12	-	-	0.18	0.11	0.11	0.11	0.11	0.11	0.11	0.15	-
Total Operating Cash Costs (US\$/lb Cu)	0.78	-	-	0.92	0.63	0.64	0.65	0.70	0.74	0.76	0.87	-
Other Cash Costs												
Transportation Charges	32,139	-	-	1,046	1,608	1,718	1,730	1,715	8,543	8,541	7,238	-
Taxes	122,421	-	-	3,079	6,811	6,984	6,398	6,757	35,161	31,708	23,639	1,884
Royalties	338,906	-	-	16,042	19,995	17,855	21,003	25,599	124,852	64,715	48,845	-
Reclamation/Closure	62,067	-	-	733	899	700	600	758	11,332	14,001	16,411	16,632
Total Other Cash Costs (US\$000)	555,532	-	-	20,900	29,313	27,258	29,731	34,828	179,888	118,965	96,134	18,516
Transportation Charges	0.02	-	-	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	-
Taxes	0.08	-	-	0.06	0.08	0.08	0.07	0.08	0.08	0.07	0.07	-
Royalties	0.21	-	-	0.31	0.25	0.21	0.24	0.30	0.29	0.15	0.13	-
Reclamation/Closure	0.04	-	-	0.01	0.01	0.01	0.01	0.01	0.03	0.03	0.05	-
Total Other Cash Costs (US\$/lb Cu)	0.35	-	-	0.40	0.36	0.32	0.34	0.41	0.42	0.28	0.27	-
Total Production Costs												
Total Production Costs (US\$000)	1,813,168	-	-	68,883	80,238	82,468	86,025	95,114	495,919	445,414	411,722	47,386
Total Production Costs (US\$/lb Cu)	1.13	-	-	1.32	1.00	0.96	0.99	1.11	1.16	1.04	1.14	-

TABLE 10-3 CAPITAL COSTS FORECAST
Taseko Mines Ltd. - Florence Project

Description	Total	Yr -2	-1	1	2	3	4	5	6-10	11-15	16-21	Yrs 22-25 (Closure)
Initial Capital (US\$000)												
Wellfield	37,118	1,856	33,406	1,856	-	-	-	-	-	-	-	-
Process Plant	86,331	4,317	77,698	4,317	-	-	-	-	-	-	-	-
Owners Cost/Pre-production	44,439	2,304	40,814	1,321	-	-	-	-	-	-	-	-
Infrastructure	59,540	2,977	53,586	2,977	-	-	-	-	-	-	-	-
Total Initial Capital Costs	227,428	11,453	205,505	10,470	-	-	-	-	-	-	-	-
Sustaining Capital (US\$000)												
Wellfield	689,910	-	-	26,072	28,408	31,466	39,244	37,807	218,039	191,098	117,776	-
Process Plant	97,815	-	-	173	-	-	69,426	-	6,765	7,373	14,079	-
Total Sustaining Capital Costs	787,725	-	-	26,245	28,408	31,466	108,670	37,807	224,803	198,471	131,854	-
Total Capital Expenditures (US\$000)	1,015,153	11,453	205,505	36,715	28,408	31,466	108,670	37,807	224,803	198,471	131,854	-

10.2.3. TAXATION

Taseko has used appropriate US federal and AZ state corporate income tax assumptions in the cash flow analysis. Although the cash flow analysis presented in the 2017 Technical Report was done before the 'Tax Cuts and Jobs Act' (TCJA) was signed into law on December 22, 2017, Taseko presented RPA with an updated summary version of the cash flow analysis that used current TCJA assumptions which included, amongst others, reduced federal corporate income tax (CIT) rates from 35% to 21% and eliminated the alternative minimum tax (AMT) for businesses. An updated indicative cash flow summary with these revised after-tax metrics is presented in Table 10-4.

10.2.4. CASH FLOW

10.2.4.1. COMMODITY PRICES

Taseko uses a constant US\$3.10 per pound copper price for the life of the Project. RPA agrees with this assumption as a generally accepted long term price.

10.2.4.2. DISCOUNT RATE

In RPA's opinion, an 8% discount rate, which was also used in Taseko's 2019 Gibraltar mine CPR valuation, is an appropriate value for the Project considering favourable location, some uncertainty with respect to ISR mining, and copper cathode market/outlook.

10.2.4.3. EXCHANGE RATE

Since the Project is located in a US state with major mining infrastructure and suppliers, it is not relevant to model any exchange rate other than USD.

10.2.4.1. CASH FLOW ANALYSIS

Table 10-4 shows the cash flow metrics at a US\$3.10/lb Cu price and a mine life of 21 years. The DCF valuation for the Project gives an after-tax NPV of US\$667 million based on an average ROM production rate of 85 Mlb of copper cathode per year at a production cost of US\$1.13/lb Cu, which generates approximately US\$100 million of after-tax free cash flow annually for the full 19 years of commercial operation. The Project has an after-tax Internal Rate of Return (IRR) of 40.2% and undiscounted payback period of 2.3 years from start of commercial operations.

TABLE 10-4 CASH FLOW FORECAST WITH 2017 TCJA INCOME TAX ASSUMPTIONS
Taseko Mines Ltd. - Florence Project

Description (in US\$000)	Total	Yr -2	-1	1	2	3	4	5	6-10	11-15	16-21	Yrs 22-25 (Closure)
Recovered Copper(klb)	1,606,931	-	-	52,321	80,375	85,905	86,490	85,730	427,128	427,064	361,918	-
Copper Price(US\$/lb)	3.10	-	-	3.10	3.10	3.10	3.10	3.10	3.10	3.10	3.10	-
Gross Revenue	4,981,487	-	-	162,194	249,164	266,306	268,118	265,763	1,324,097	1,323,898	1,121,947	-
Operating Cash Costs	(1,257,636)	-	-	(47,982)	(50,925)	(55,210)	(56,294)	(60,286)	(316,031)	(326,449)	(315,588)	(28,870)
Other Cash Costs	(555,532)	-	-	(20,900)	(29,313)	(27,258)	(29,731)	(34,828)	(179,888)	(118,965)	(96,134)	(18,516)
Total Production Costs	(1,813,168)	-	-	(68,883)	(80,238)	(82,468)	(86,025)	(95,114)	(495,919)	(445,414)	(411,722)	(47,386)
Operating Margin	3,168,319	-	-	93,311	168,926	183,839	182,093	170,649	828,178	878,484	710,225	(47,386)
Income Taxes	(405,488)	-	-	-	(7,706)	(9,364)	(16,264)	(23,439)	(111,175)	(127,338)	(110,201)	-
Working Capital	-	(8,790)	(1,059)	(4,310)	(3,333)	(352)	14	425	412	(4)	6,969	10,028
Operating Cash Flow	2,762,831	(8,790)	(1,059)	89,001	157,887	174,122	165,843	147,634	717,415	751,143	606,994	(37,358)
Initial Capital	(227,428)	(11,453)	(205,505)	(10,470)	-	-	-	-	-	-	-	-
Sustaining Capital	(787,725)	-	-	(26,245)	(28,408)	(31,466)	(108,670)	(37,807)	(224,803)	(198,471)	(131,854)	-
Free Cash Flow	1,747,678	(20,243)	(206,564)	52,286	129,479	142,656	57,173	109,827	492,611	552,672	475,139	(37,358)
Pre-tax NPV @ 8%	825,324											
Pre-tax IRR	44.1%											
Pre-tax Payback Period	2.2											
After-tax NPV @ 8%	666,794											
After-tax IRR	40.2%											
After-tax Payback Period	2.3											

10.3. SENSITIVITIES

Key economic risks were examined through analysis of after-tax cash flow sensitivities of the updated cash flow model with TCJA assumptions:

- Copper recovery
- Copper price
- Operating costs
- Capital costs

The sensitivities are shown in Table 10-5 and Figures 10-1 and 10-2 with ranges of +/-10% for copper recovery, +/-20% for copper price, and +15%/-5% for operating and capital costs. The Project return is most sensitive to the product of changes in copper price and recovery followed by changes in the operating costs and capital costs. Note that the recovery sensitivity is a simple variation on percent TCu recovery and does not consider changes to the wellfield development schedule.

TABLE 10-5 CASH FLOW SENSITIVITY
Taseko Mines Ltd. - Florence Project

Factor	Recovery (%)	NPV at 8% (\$M)	IRR
0.90	58.5%	\$506	33.1%
0.95	61.8%	\$586	36.7%
1.00	65.0%	\$667	40.2%
1.05	68.3%	\$747	43.7%
1.10	71.5%	\$826	47.0%
Copper Price (US\$/lb)		NPV at 8% (\$M)	IRR
0.80	\$2.48	\$356	26.4%
0.90	\$2.79	\$512	33.5%
1.00	\$3.10	\$667	40.2%
1.10	\$3.41	\$822	46.7%
1.20	\$3.72	\$976	52.8%
Operating Costs (\$M)		NPV at 8% (\$M)	IRR
0.95	\$1,195	\$687	41.1%
0.975	\$1,226	\$677	40.7%
1.00	\$1,258	\$667	40.2%
1.075	\$1,352	\$637	39.0%
1.15	\$1,446	\$608	37.8%
Capital Costs (\$M)		NPV at 8% (\$M)	IRR
0.95	\$964	\$694	42.9%
0.975	\$990	\$681	41.5%
1.00	\$1,015	\$667	40.2%
1.075	\$1,091	\$626	36.7%
1.15	\$1,167	\$584	33.5%

FIGURE 10-1 NPV AT 8% SENSITIVITY ANALYSIS

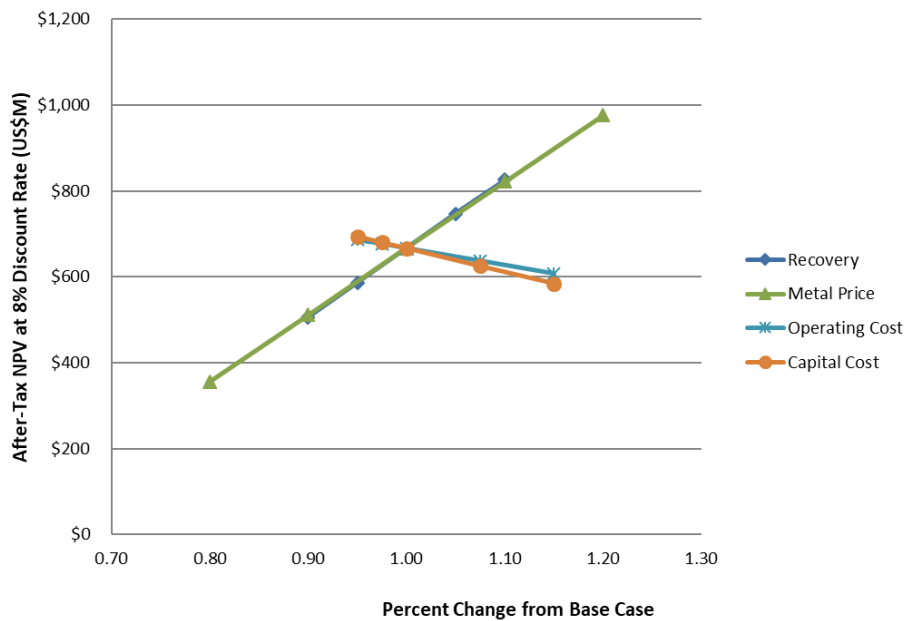
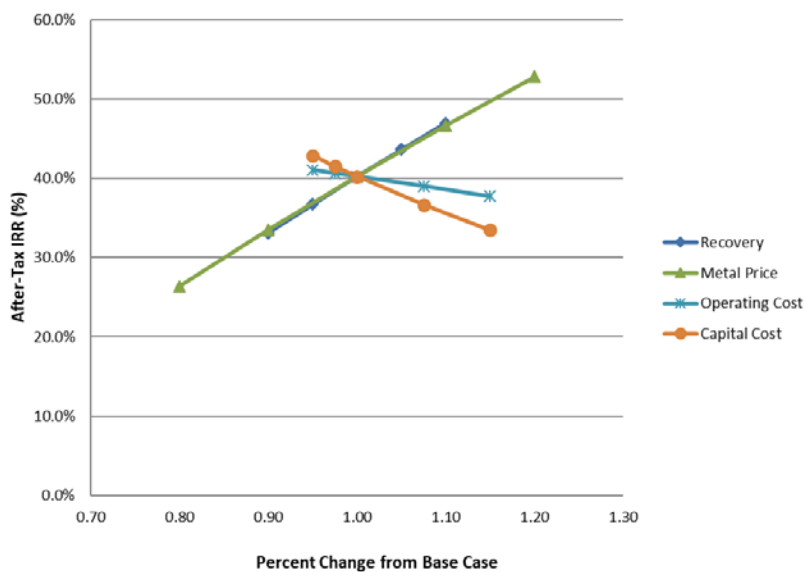


FIGURE 10-2 % IRR SENSITIVITY ANALYSIS



10.4. COMPARABLES

There are few comparable advanced stage ISR copper projects as the Project will be one of the first to use in ISR as the principal method to recover copper. RPA notes that ISR is currently or previously has been used at major copper operations in Arizona as a secondary method in conjunction with conventional open pit and underground mining. Furthermore, ISR methods have been used extensively in sedimentary-hosted uranium deposits in the western USA for decades.

10.4.1. COPPER PROJECTS/MINES

10.4.1.1. GUNNISON PROJECT

The only existing greenfields copper project comparable to the Project is Excelsior Mining Corp.'s Gunnison Copper Project (Gunnison) located in Cochise County, AZ about 62 mi east of Tucson, Arizona. Gunnison will also utilise ISR methods to leach copper from a buried copper oxide deposit and extract the copper by conventional SX/EW technology. The project is currently under construction with first copper cathode production expected in Q4 2019. The initial Stage One schedule is anticipated to produce 25 Mlb of cathode copper per year with expansion to Stage 3 production levels of approximately 125 Mlb of copper per year shortly afterwards. Total life of operation production is projected at approximately 2,165 Mlb of copper (Excelsior, 2019).

10.4.1.1. SILVER BELL

Briggs (2015) reported that in situ 'rubble leaching' is currently used at ASARCO's Silver Bell open pit mine northwest of Tucson, to extract copper from low grade surface ores which remain in the walls of the open pits that do not support the cost of further stripping. Supplementing production from conventional heap leach operation, the in-place rubble leaching project at Silver Bell is estimated to recover 20% to 25% of the contained copper.

10.4.1.2. SAN MANUEL

Most of this section is referenced from EPA (1992). Beginning in 1986, Magma Copper began a pilot in situ leach programme within the San Manuel open pit and portions of the San Manuel block caved underground unit to determine the practicality of using this method to recover copper from the oxidised mineralisation located in this area. Two types of in situ mining methods were employed at San Manuel, a 'well to well' method for open pit ore, and a 'well to underground' method for underground ore.

'Well to well' in situ mining consisted of closely spaced injection and recovery wells equipped with submersible pumps that allowed for copper recovery in the remaining widths of the mined open pit benches with the copper-bearing solutions pumped to the SX/EW plant for processing. Many of these wells were subsequently mined out as the phases of the open pit advanced.

'Well to underground' in situ mining consisted of a more limited and deeper set of injection wells drilled to target material that had been caved and broken on the eastern side of the San Manuel block cave underground operation, but not extracted by underground methods. Dilute sulphuric solutions were directed to trickle downward by gravity through the caved zone. The copper-bearing solutions were then collected from sumps and dams located on

the two lowest underground levels and pumped to the surface to be processed in the SX/EW plant. The San Manuel operations was closed in 1999.

10.4.1.3. MIAMI

Most of this section was taken from Briggs (2015). One of the most long-lived and productive in situ solution mining projects occurred at the Miami copper mine located in Gila County, Arizona, currently owned by BHP since the 1980s. Small scale operations began in an abandoned portion of this underground mine in December 1941. Full scale solution mining operations took place after conventional underground mining ceased in June 1959 and continued to recover copper until commercial leaching activities were suspended in 2013. Over its 71-year life, the estimated production at this in situ mining project was approximately 693 Mlb of copper, representing 22.4% of the total production from the Miami project from 1911 to 2013 when the operation was closed.

10.4.1.4. OTHER OPERATIONS

Briggs (2015) also reported other in situ mining projects located in Arizona, New Mexico, and Sonora (Mexico) that have previously produced copper from broken and fragmented rocks located above block caving operations include: Ray (1937-1961), Tyrone (1941-1949), Pilaes (1946-1960), Inspiration (1965-1974), and Lakeshore (1983-1994).

10.4.2. URANIUM MINES/PROJECTS

Whereas ISR mining has been utilised at specific copper operations over the last few decades as a secondary mining method, it has been a principal technique for exploiting sedimentary-hosted uranium deposits in the Western USA since the mid-20th century. Table 10-6 shows a number of uranium mines/projects using ISR as the primary mining method as of 2018 (EIA, 2019). RPA notes that only three of the projects are in commercial operation in 2018 due to the low uranium prices and regulatory hurdles.

TABLE 10-6 URANIUM IN SITU RECOVERY PLANTS IN WESTERN USA
Taseko Mines Ltd. - Florence Project

Owner	Operation Name	County and State	Annual U ₃ O ₈ Capacity (Mlb)	2018 Status
AUC LLC	Reno Creek	Campbell, WY	2.0	partially permitted and licensed
Azarga Uranium Corp	Dewey Burdock Project	Fall River/Custer, SD	1.0	partially permitted and licensed
Cameco Resources	Crow Butte Operation	Dawes, NE	1.0	operating restoration - care and maintenance
Laramide Resources	Church Rock	McKinley, NM	1.0	partially permitted and licensed
Laramide Resources	Crownpoint	McKinley, NM	1.0	partially permitted and licensed
UR Energy	Lost Creek Project	Sweetwater, WY	2.0	operating
Energy Fuels Resources	Alta Mesa Project	Brooks, TX	1.5	standby
Cameco Resources	Smith Ranch-Highland Operation	Converse, WY	5.5	operating restoration - care and maintenance
South Texas Mining Venture	Hobson ISR Plant	Karnes, TX	1.0	standby
South Texas Mining Venture	La Palangana	Duval, TX	1.0	standby
Strata Energy Inc	Ross CPP	Crook, WY	0.4	operating
URI, Inc.	Kingsville Dome	Kleberg, TX	1.0	restoration
URI, Inc.	Rosita	Duval, TX	1.0	reclamation
URI, Inc.	Vasquez	Duval, TX	0.8	restoration
Energy Fuels Resources	Nichols Ranch ISR Project	Johnson/Campbell, WY	2.0	operating
Uranium Energy Corp.	Goliad ISR Uranium Project	Goliad, TX	1.0	permitted and licensed
Uranium One Americas, Inc.	Jab and Antelope	Sweetwater, WY	2.0	developing
Uranium One Americas, Inc.	Moore Ranch	Campbell, WY	0.5	permitted and licensed
Uranium One USA, Inc.	Willow Creek Project	Johnson/Campbell, WY	1.3	standby
Total Production Capacity:			27.0	

11. RISKS AND OPPORTUNITIES

11.1. RISKS

RPA has assessed critical areas of the Project and identified risks associated with the technical and cost assumptions used. The level of risk refers to our subjective assessment as to how the identified risk could affect the achievement of the Project objectives.

11.1.1. RISK ANALYSIS DEFINITIONS

The following definitions have been employed by RPA in assigning risk consequence factors to the various aspects and components of the Project:

1. **Low** – Risks that are considered to be average or typical for a deposit of this nature and could have a relatively insignificant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
2. **Minor** – Risks that have a measurable impact on the quality of the estimate but not sufficient to have a significant impact on the economics. These generally can be mitigated by normal management processes combined with minor cost adjustments or schedule allowances.
3. **Moderate** – Risks that are considered to be average or typical for a deposit of this nature but could have a more significant impact on the economics. These risks are generally recognizable and, through good planning and technical practices, can be minimised so that the impact on the deposit or its economics is manageable.
4. **Major** – Risks that have a definite, significant, and measurable impact on the economics. This may include basic errors or substandard quality in the basis of estimate studies or project definition. These risks can be mitigated through further study and expenditure that may be significant. Included in this category may be environmental/social non-compliance, particularly in regard to Equator Principles and IFC Performance Standards.
5. **High** – Risks that are largely uncontrollable, unpredictable, unusual, or are considered not to be typical for a deposit of a particular type. Good technical practices and quality planning are no guarantee of successful exploitation. These risks can have a major impact on the economics of the deposit including significant disruption of schedule, significant cost increases, and degradation of physical performance. These risks cannot likely be mitigated through further study or expenditure.

The following definitions have been employed by RPA in assigning risk probability factors to the various aspects and components of the Project:

1. **Rare** – The risk is very unlikely to occur during the Project life.
2. **Unlikely** – The risk is more likely not to occur than occur during the Project life.

3. **Possible** – There is an increased probability that the risk will occur during the Project life.
4. **Likely** – The risk is likely to occur during the Project life.
5. **Almost Certain** – The risk is expected to occur during the Project life.

11.1.2. RISKS SUMMARY TABLE

A summary of the Project related risks identified by RPA in its review is shown in Table 11-1.

TABLE 11-1 RISK SUMMARY TABLE
Taseko Mines Ltd. - Florence Project

LIKELIHOOD	Almost Certain			5E		
	Likely	8C,9B		2B,4A		
	Possible	4B,7D,7G,7H	8A, 9A	2A,3,7B,7C, 7E,8B,9C	5A-D	
	Unlikely	7A,7F				
	Rare	1, 6				
		Low	Minor	Moderate	Major	High
		CONSEQUENCE				

- 1 – Geology
- 2 – Hydrogeology
- 3 – Mineral Resources
- 4 – Mining and Mineral Reserves
- 5 – Processing
- 6 – Infrastructure
- 7 – Environment, Social and Permitting
- 8 – Capital Cost
- 9 – Operating Cost
- 10 – Other

11.1.3. RISKS TABLE

The Project related risks identified by RPA in its review are shown in Table 11-2.

TABLE 11-2 RISK ANALYSIS SUMMARY
Taseko Mines Ltd. - Florence Project

Project Element	Issue	Risk Impact	Risk Probability	Mitigation
Geology				
1	Incorrect interpretation of lithology and mineralisation could affect Mineral Resource estimate.	Low	Rare	Confirm geological contact by logging production wells.
Hydrogeology				
2A	Lower sweep efficiency would lead to lower exposure of the ore to the solution and thus to lower copper extraction and recovery.	Moderate	Possible	Wellfield operational control measures such as injection and recovery from isolated zones, alteration of injection and recovery wells, and variation of residence time.
2B	Heterogeneity of geologic setting could lead to the preferential flow path of solution and reduce the extraction of copper outside of the flow path zone.	Moderate	Likely	Wellfield operational control measures such as injection and recovery from isolated zones, alteration of injection and recovery wells, and variation of residence time.
Mineral Resources				
3	Insufficient density data to convert estimated resource volume to Measured Resource tonnage.	Moderate	Possible	Collect additional density data to confirm tonnage factor.
Mining and Mineral Reserves				
4A	Wide range of properties (depth, thickness, copper content) between planned mining blocks.	Moderate	Likely	Revise mine development plans to reduce the reliance on drill holes with high production requirements. Generate plans for multilevel extraction using screens or additional drill holes.

Project Element	Issue	Risk Impact	Risk Probability	Mitigation
4B	Effect of old Conoco underground workings on hydrogeological model and production schedule.	Low	Possible	Mine plan has accounted for these voids.
Mineral Processing				
5A	Copper recovery may be lower than expected as the data population used to forecast/estimate recovery is limited.	Major	Possible	Additional test work is required to minimise this risk and better understand the variability of metallurgical performance.
5B	Acid consumption may be higher than expected in high calcite zones without increase in copper production.	Major	Possible	Metallurgical characterisation should improve through continuing test work.
5C	Nominal leach solution grades may be lower than expected due to difficulty directing solutions to specific areas in the wellfield or encountering high flow rates in highly fractured zones resulting in lower contact time.	Major	Possible	Proper wellfield and solution management such as solution stacking and/or lower flow rates.
5D	In-situ copper precipitation due to changes in solution chemistry during leaching which, depending on conditions, may not be reversible.	Major	Possible	Monitor solution chemistry closely including Redox, pH, etc.
5E	Gypsum scale may be an issue resulting in operational difficulties in the wellfield and plant.	Moderate	Almost Certain	Lower acid dosage to mitigate gangue solubilisation and add anti-scaling reagents with backflushing. It is expected that this risk will be reduced as the solution chemistry becomes buffered over time.
Infrastructure 6	No risk items	Low	Rare	Excellent location in well-established mining region.

Project Element	Issue	Risk Impact	Risk Probability	Mitigation
Environment/Permitting/Social Impact				
7A	Historical Mine Facility Environmental Liability.	Low	Unlikely	FCI has incorporated the closure of historical mine development and exploration and monitoring wells into the reclamation and closure plan. Financial assurance will ensure these facilities are closed.
7B	Permitting Delays – based on current PFS stipulations/ conditions.	Moderate	Possible	Continue to utilise staff, counsel, and industry technical experts to answer questions that come from the agency(s). Utilise local, state, and national political support if necessary.
7C	Additional Permitting Conditions – Separate from 7B, there is a risk that the agency(s) will impose permit stipulations/ conditions that were not contemplated in the PFS.	Moderate	Possible	Continue to utilise staff, counsel, and industry technical experts to answer questions that come from the agency(s).
7D	Cultural Mitigation - Related to 7B and 7C, time and cost estimates to develop and implement cultural mitigation through Programmatic Agreement (PA) may take longer and be more costly than what is contemplated in the PFS.	Low	Possible	Develop and implement PA in advance of permitting and implement agreed upon mitigation to develop relationship with stakeholders.
7E	Permit(s) may be appealed/litigated.	Moderate	Possible	Continue to track public comment(s) during the permitting process.
7F	Rinsing of aquifer to meet closure standards takes longer than testing and projections.	Low	Unlikely	Track injection leaching and confirm solution recovery. Utilise monitoring to confirm projections.
7G	Reclamation and closure costs may be more than what is estimated in the PFS.	Low	Unlikely to Possible	Perform interim/concurrent reclamation. Track costs and look for opportunity(s) to save money while meeting regulatory requirements.
7H	New regulations may be developed that could impact operations.	Low	Possible	Track legislative developments and participate in Industry/Mining Association Government Affairs to respond and attempt educate decision maker(s) on the merit(s) of proposed legislation.

Project Element	Issue	Risk Impact	Risk Probability	Mitigation
Capital Cost Estimate				
8A	2017 Technical Report cost basis is Q4 2016.	Minor	Possible	Escalated in this report to June 2019 using indexes and certain site-specific cost updates. Add 1% contingency to account for uncertainty with indexed escalation factors. RPA recommends reviewing/updating capital cost estimate in the next study phase.
8B	Additional wells due to survey inaccuracy and/or additional well requirements to leach thick zones.	Moderate	Possible	Incorporate specifications in drilling contracts and include a re-drill contingency in cost estimates.
8C	Wellfield mobile equipment requirements may be understated.	Low	Likely	Review provisions for wellfield maintenance and support equipment.
Operating Cost Estimate				
9A	The 2017 Technical Report cost basis is Q4 2016.	Minor	Possible	Escalated in this report to June 2019 using indexes and certain site-specific cost updates. RPA recommends reviewing/updating operating cost estimate in the next study phase.
9B	No provision for sales and marketing of copper.	Low	Likely	The Project cash flow has not added the cathode premium for deliveries in the USA. This was done to be conservative and offset any marketing costs. Management to coordinate sales, marketing, and monitoring going forward.
9C	Sulphuric acid costs may increase resulting in reduced operating margins.	Moderate	Possible	Monitor market trends and consider adding sulphur burner plant.

11.2. OPPORTUNITIES

A summary of the Project related opportunities identified by RPA in its review is shown in Table 11-3.

TABLE 11-3 OPPORTUNITIES
Taseko Mines Ltd. - Florence Project

Project Element	Opportunity	Action Required
Hydrogeology	Well drilling strategy	Complete trade off studies to determine in-house vs. contractor drillers, drilling methods.
Mineral Resources	The grade may be underestimated	Monitor reconciliation results and update resource model and LOM if appropriate.
Mining and Mineral Reserves	Conversion of Inferred Mineral Resources	Evaluate well drilling analytical results and based on the data convert Inferred Mineral Resources to Mineral Reserves based upon the close spaced drilling.
Mineral Processing	Optimise acid dosage	Lowering acid dosage will reduce acid consumption, gypsum scale production while possibly maintaining copper production.
	Proper solution management	Optimise copper concentration in the PLS resulting in higher acid production in the SX/EW lowering the net acid requirements.
	Secondary Cu recovery	Potential recovery of supergene minerals such as chalcocite, etc. Evaluate solution chemistry in more detail.
	Calcium chelating agents anti-scalants	Evaluation of calcium chelating agents anti-scalants should be undertaken with the aim of minimising scaling in the process plant area. Testing should be conducted to determine if this may be a benefit in the wellfield.
Capital Cost Estimate	Optimise wellfield drilling/design	Carry out trade-off studies using production actuals.
Operating Cost Estimate	Optimise reagent consumption rates	Carry out trade-off studies using production actuals.

12. CONCLUSIONS AND RECOMMENDATIONS

12.1. CONCLUSIONS

RPA offers the following conclusions:

Geology and Mineral Resources

Geology

- The regional and local geology and the property mineralisation are well understood.
- The drilling, sampling, sample preparation, and analysis procedures, except for density measurements, are appropriate for the style of mineralisation.
- The QA/QC protocols were standard industry practice at the time of the data collection and, although different from current practices, provided adequate QA/QC for the database.

Hydrogeology

- The hydraulic testing is adequate for the Project.
- The oxide zone is intermediately permeable and suitable for the ISR mining.
- It is reasonable to assume that the geologic setting of the oxide formation will behave as porous media.

Mineral Resources

- Mineral Resources at the Project as of July 1, 2019 are:
 - o Indicated: 429 Mst, grading 0.33% TCu, containing 2,839 Mlb of copper
 - o Inferred: 63 Mst, grading 0.24% TCu, containing 295 Mlb of copper
- In RPA's opinion, the quantity of density data is not sufficient for reporting Measured Mineral Resources. The densities used for previous Mineral Resource estimates are reasonable for unaltered quartz monzonite or granodiorite porphyry, however, they may not be appropriate for fractured and altered rocks.
- No material errors were encountered when validating the Mineral Resource database.
- The geological interpretation and 3D modelling of the basin fill, oxide, transition, and sulphide zones is an adequate reflection of the data.
- Capping has been used to limit the influence of high grade assays. The approach to managing high grade samples is reasonable.

- Overall, with the exception of density measurements, the parameters, assumptions, and methodology used for previous Mineral Resources estimates are appropriate for the style of mineralisation.

Mining and Mineral Reserves

- The Mineral Reserve estimates in this report are based on the SRK 2010 Mineral Resource model.
- The Probable Mineral Reserve estimate as of July 1, 2019 totals 345 Mst grading 0.36% TCu and containing 2,472 Mlb of copper.
- The Mineral Reserves have been estimated at a cut-off grade of 0.08% TCu.
- Mineral Reserves were estimated using the block model results and, in a manner, appropriate for the proposed ISR extraction.
- A comparison of the mining block tons and grade from the SRK 2010 resource model used by RPA to the stated Mineral Reserves indicates that, while there are material differences in the tonnages and copper content from mine block to mine block in a small number of blocks, the overall reserve estimate is materially the same as the stated estimate.
- The deposit is amenable to ISR mining.
- Mining will occur over a 21-year period, with 19 years of full-scale operations and average copper production of 85 Mlb per year.
- The mine production will be based on 72 mining blocks with a wide range of ore thickness, ore grade, and planned copper production.
- Additional wells may be required in mining zones which are thick or have a high copper content in order to achieve and maintain production.
- Survey control of the well drilling and well survey specifications with respect to depth and end location are in place and are planned to be used for the production wellfields.
- It is planned to separate the well design into three sections along the depth to manage the extraction and injection flow pattern and to address the variation in copper content. In RPA's opinion, it is a good operational practice, although it is noted previously that additional sections may be required in thick and/or high grade intersections to facilitate leaching.
- The planned injection and extraction rates are achievable for the hydrogeologic conditions of the bedrock oxide.
- The planned perimeter hydraulic control is judged to be feasible based on the existing hydraulic data.

Mineral Processing

- Metallurgical test work procedures used to simulate ISR, namely box tests, pressure rinse tests (PRT), and series leach tests (SLT), although not industry

standard testing methods, are reasonable for estimating copper recovery and acid consumption.

- FCI's projected copper recoveries range from 65% to 73% (70% average) of the TCu grade. However, RPA takes a more conservative view of estimating recovery from the test work which results in a projected overall recovery of 65% TCu.
- Spatial variability testing should be conducted using samples from different areas of the deposit to verify metallurgical response. Relying on only 41 samples (box, PRT, and SLT) assumes that there are relatively large homogeneous zones within the orebody and therefore presents a risk in characterising the overall copper recovery in individual mining zones. This risk can be minimised by increasing the number of samples tested.
- The estimated SX/EW plant efficiency of 95% is reasonable and comparable to similar heap leach facilities.
- Projected gangue rock acid consumptions of five lb/lb Cu (four lb/lb in the wellfield and one lb/lb in the SX) are reasonable, but not yet optimised for a commercial operation with 'mature' or buffered leach solution.
- Gypsum scale formation, driven by reactions between sulphate in the acid solutions and calcium in calcite gangue, is typical in copper leaching operations where calcite is present and is most prevalent early in leach cycles. Scale formation may negatively impact copper production if not managed correctly by restricting flow rates not only in the well screens, pumps, and process piping but also in fractures within the deposit itself. Solution chemistry monitoring and good operating practices are conventionally used to mitigate this risk.
- The design of the surface processing SX/EW facilities is industry standard and suitable for the Project.

Project Infrastructure

- The Project is located in an area with ready access to power, natural gas, services, and labour.

Environmental, Permitting and Social Impact

- From an environmental, permitting, and social perspective, no fatal flaws were identified. The Project has a competent and experienced staff and is using industry experts to support design and permitting efforts.
- Environmental baselines are well established and documented, and the 2013 PFS adequately addresses permitting requirements and environmental controls.
- Permitting schedules presented are reasonable assuming no delays or permitting/regulatory appeals.
- Reclamation and closure plans are summarised in the 2013 PFS and 2017 Technical Report and presented in permitting documents in the data room. These costs have been refined for the recent (June 2019) permitting updates and amendment. Cost estimates are reasonable and address regulatory requirements at this point of time. While agencies may impose additional mitigation, monitoring,

and closure requirements that were not contemplated in the design, these actions are not expected to have material impact(s) on the Project.

- FCI has done a good job of educating the local community(s) about the Project and has been successful in prevailing over organised opposition at this stage of permitting. This could change as draft and final permits are issued and made available to the public for review. Based on experience at this and other projects, RPA expects some level of appeal/opposition, however, it is noted that FCI has prevailed through previous appeal(s) at Florence with some delay and added expense.

Capital and Operating Costs

- The capital and operating costs are based on Q4 2016 updates to the 2013 PFS capital cost estimate. For this report, these costs are escalated to a June 2019 US dollar basis using a combination of changes in cost indexes and updates based on actual costs incurred during the PTF operations in 2019.
- The initial capital costs are estimated to be US\$204 million stated in Q4 2016 dollars and include a 25% contingency. A total of US\$23 million in escalation has been added to bring the initial capital estimate on a June 2019 US dollar basis to US\$227 million in this report.
- The sustaining capital costs total US\$713 million over the Project life in Q4 2016 dollars. The key elements are ongoing wellfield development and the installation of a water treatment facility. A total of US\$74 million in escalation has been added to bring the estimate on a June 2019 basis to US\$788 million in this report.
- The operating costs are estimated from first principles and based on Q4 2016 updates to the 2013 PFS estimate and total US\$1,312 million over the LOM, which is equal to US\$0.76/lb of copper extracted. A net decrease totalling US\$55 million combining escalation, current reagent prices, and lower copper production has been added to bring the operating cost estimate to a June 2019 US dollar basis in this report to US\$1,258 million or \$0.78/lb of copper extracted.
- The cash flow model does not include a cathode copper premium as a provision for the sales and marketing costs for copper cathode. Copper cathode freight costs have been included in the valuation.

Valuation of Mineral Reserves

- Based on a 65% overall copper recovery, Q4 2016 operating and capital costs escalated to a June 2019 US dollar basis, a US\$3.10 copper price, and an 8% discount rate, the DCF valuation for the Project gives an after-tax NPV of US\$667 million based on an average ROM production rate of 85 Mlb of copper cathode per year at a production cost of US\$1.13/lb Cu, which generates approximately US\$100 million of after-tax free cash flow annually for the first 19 years of commercial operation.
- The Project has an after-tax IRR of 40.2% and undiscounted payback period of 2.3 years from start of commercial operations.

12.2. RECOMMENDATIONS

RPA recommends that Taseko continue the PTF operation and incorporate the PTF results into the next stage of Project planning and engineering. Based on its review, RPA offers the following recommendations:

Geology and Mineral Resources

Hydrogeology

- Continue to validate sweep efficiency factors using the operational data from the PTF.
- Consider mitigation measures to minimise the potential effect of geologic heterogeneity. The current operation plan includes:
 - o separating wells into multiple sections,
 - o targeting extraction and injection at different segments along the depth,
 - o variation of residence time for extraction and injection,
 - o local alternation of the extraction and injection wells.
 - o Assess additional measures to minimise the potential effect of geologic heterogeneity such as installing additional wells to target multiple horizons of the deposit.

Mineral Resources

- Additional density data should be collected from production wells to support the estimation of Mineral Resources and Mineral Reserves tonnage.
- Production data from the current test production program should be reconciled with the resource model. Ongoing reconciliation should also be undertaken when full production is underway.
- Minor discrepancies in various generations of downhole orientation survey data should be investigated and resolved.

Mining and Mineral Reserves

- Review the Mineral Reserve estimate cut-off grade in the next phase of Project planning and engineering based on appropriate long term copper price and current operating costs.
- Review the planned production plans, extraction, and reagent consumption considering the results of the PTF.
- Review the planned mining blocks and consider methods such as those described in the hydrogeologic recommendations to decrease the variation in planned copper production per mining block and to reduce reliance on a small number of high production wells.
- Optimise the current wellfield labour and equipment requirements in the next phase of Project planning and engineering considering the increased number of wells in operation over time and the corresponding sustaining capital cost.

Mineral Processing

- Complete additional SLT work at lower acid dosage to minimise gangue mineral dissolution. The current acid dosage set point of 10 g/L is based on optimisation test work in the laboratory. As the acid consumption is directly proportional to the dosage, lower dosage would likely result in less gangue rock solubilisation and associated scaling. The acid set point should be evaluated to optimise the system.
- Drill and sample the PTF area after the test run is complete in order to calibrate the results of the PTF to the SLT test method.
- SLT testing should also be run on core samples on a rock-type basis as the wellfield expands, the intent being to provide data for ongoing modelling and production forecasting along with PTF results.
- Laboratory testing should include the measurement of calcium, magnesium, and dissolved oxygen.
- The possibility of developing a predictive relationship for acid consumption should be investigated based on assays related to acid-consuming species.
- PTF solution analyses should include water hardness chemistry.
- Scale coupons, used to track scaling in pipeline systems, should be installed in the PTF piping network.

Project Infrastructure

- No recommendations with respect to Project infrastructure.

Environmental, Permitting and Social Impact

- Keep track of permit negotiations and milestones and review permit conditions and stipulations carefully to see if there are significant impacts on operations, closure, and costs.
- The State of Arizona could take over the Federal UIC Permit/Management process which may simplify future permitting process. Lobby and track agency development for this possibility.

Capital and Operating Costs

- Review key capital cost elements to update the capital estimate to the current date with new quotes and estimates in the next phase of study.
- Review and update key operating cost elements and manpower requirements in the next phase of study.
- Reach MOU or EOI with potential customers for copper cathode offtake sales during the next phase of study.

13. DATE AND SIGNATURE PAGE

This report titled “Competent Person’s Report on the Florence Project, Arizona, USA” and dated November 6, 2019 was prepared and signed by the following authors:

(Signed & Sealed) *Grant A. Malensek*

Dated at Lakewood, CO
November 6, 2019

Grant A. Malensek, P.Eng./P.Geo.
Principal Engineer – Valuations and General
Manager - Denver

(Signed & Sealed) *Wayne W. Valliant*

Dated at Toronto, ON
November 6, 2019

Wayne W. Valliant, P.Geo.
Lead Principal Geologist

(Signed & Sealed) *Clare Kelly*

Dated at London, UK
November 6, 2019

Clare Kelly, MSci, CGeol, FGS
Senior Geologist

(Signed & Sealed) *R. Dennis Bergen*

Dated at Toronto, ON
November 6, 2019

R. Dennis Bergen, P.Eng.
Associate Principal Mining Engineer

(Signed & Sealed) *Houmao Liu*

Dated at Lakewood, CO
November 6, 2019

Houmao Liu, Ph.D., P.E.
Principal Hydrogeologist, Itasca Denver, Inc.

(Signed & Sealed) *Jeffrey L. Woods*

Dated at Toronto, ON
November 6, 2019

Jeffrey L. Woods, SME, MMSA, QP
Associate Principal Metallurgist

(Signed & Sealed) *Lee "Pat" Gochmour*

Dated at Toronto, ON
November 6, 2019

Lee "Pat" Gochmour, QP, MMSA
Associate Principal Environmental Specialist

14. APPENDIX 1 – SUMMARY OF ESMA REQUIREMENTS FOR A COMPETENT PERSONS REPORT

MINING COMPETENT PERSON'S REPORT – RECOMMENDED CONTENT

ESMA recommends that competent persons should provide competent person's reports structured in accordance with either the model content recommended under the code, statute or regulation the company is reporting under (see Appendix I) or, where there no such model content is set out in the code, ESMA recommends the competent person should address the information set out in this appendix. The competent person may, with the agreement of the relevant member state's competent authority, adapt these contents where appropriate for the circumstances of the issuer.

i) Legal and Geological Overview – a description of:

(1) the nature and extent of the company's rights of exploration and extraction and a description of the properties to which the rights attach, with details of the duration and other principal terms and conditions of these rights including environmental obligations, and any necessary licences and consents including planning permission;

(2) any other material terms and conditions of exploration and extraction including host government rights and arrangements with partner companies;

ii) Geological Overview – a description of the geological characteristics of the properties, the type of deposit, its physical characteristics, style of mineralisation, including a discussion of any material geotechnical, hydro-geological/hydrological and geotechnical engineering issues;

iii) Resources and reserves

(1) a table providing data on (to the extent applicable): exploration results inclusive of commentary on the quantity and quality of this, inferred, indicated/measured resources, and proved/probable reserves and a statement regarding the internationally recognised reporting standard used;

(2) a description of the process followed by the competent person in arriving at the published statements and a statement indicating whether the competent person has audited and reproduced the statements, what additional modifications have been included, or whether the authors have re-verted to a fundamental re-calculation;

(3) a statement as to whether mineral resources are reported inclusive or exclusive of reserves;

(4) supporting assumptions used in ensuring that mineral resource statements are deemed to be 'potentially economically mineable';

- (5) supporting assumptions including commodity prices, operating cost assumptions and other modifying factors used to derive reserve statements;
- (6) reconciliations between the proposed and last historic statement;
- (7) a statement of when and for how long a competent person last visited the properties (or a statement that no visit has been made if that is the case);
- (8) for proved and probable reserves (if any) a discussion of the assumed:
 - (a) mining method, metallurgical processes and production forecast;
 - (b) markets for the company's production and commodity price forecasts;
 - (c) mine life;
 - (d) capital and operating cost estimates;
- iv) Valuation of reserves – taking consideration of internationally recognised valuation codes as set out in Appendix I a valuation of reserves comprising:
 - (1) an estimate of net present value (or a valuation arrived at on an alternative basis, with an ex-planation of the basis and of the reasons for adopting it) of reserves;
 - (2) the principal assumptions on which the valuation of proved and probable reserves is based including those relating to discount factors, commodity prices, exchange rates, realised prices, local fiscal terms and other key economic parameters;
 - (3) information to demonstrate the sensitivity to changes in the principal assumptions; (or a statement that the valuation of reserves is omitted).
- v) Environmental, Social and Facilities – an assessment of
 - (1) environmental closure liabilities inclusive of biophysical and social aspects, including (if ap-propriate) specific assumptions regarding sale of equipment and/or recovery of commodities on closure, separately identified;
 - (2) environmental permits and their status including where areas of material non-compliance occur;
 - (3) commentary on facilities which are of material significance;
- vi) Historic Production/Expenditures – an appropriate selection of historic production statistics and operating expenditures over a minimum of a three-year period;
- vii) Infrastructure – a discussion of location and accessibility of the properties, availability of power, water, tailings storage facilities, human resources, occupational health and safety;
- viii) Maps etc. – maps, plans and diagrams showing material details featured in the text; and
- ix) Special factors – if applicable a statement setting out any additional information required for a proper appraisal of any special factors affecting the exploration or extraction businesses of the company (for example in the polar regions where seasonality is a special factor).

15. APPENDIX 2 – QUALIFICATIONS OF COMPETENT PERSONS

15.1. GRANT A. MALENSEK

I, Grant A. Malensek, P.Eng./P.Geo., as an author of this report entitled 'Competent Person's Report on the Florence Project, Arizona, USA' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am Principal Engineer – Valuations and General Manager - Denver with Roscoe Postle Associates Inc. of Suite 505, 143 Union Boulevard, Lakewood, CO, USA 80228.
2. I am a graduate of the University of British Columbia, Canada, in 1987 with a B.Sc. degree in Geological Sciences and Colorado School of Mines, USA in 1997 with a M.Eng. degree in Geological Engineering.
3. I am registered as a Professional Engineer/Geoscientist in the Province of British Columbia (Reg.# 23905). I have worked as a mining engineer/geologist for over 25 years since my graduation. My relevant experience for the purpose of the Technical Report is:
 - Feasibility, Prefeasibility, and scoping studies
 - Fatal flaw, due diligence, and Independent Engineer reviews for equity and project financings
 - Financial and technical-economic modelling, analysis, budgeting, and forecasting
 - Property and project valuations
 - Capital cost estimates and reviews
 - Mine strategy reviews
 - Options analysis and project evaluations in connection with mergers and acquisitions
4. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
5. I visited the Florence Project on April 16, 2019.
6. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
7. I have been involved in previous due diligence reviews on the property that is the subject of the Competent Person's Report.
8. I have read CIM (2014) definitions, and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) Grant A. Malensek

Grant A. Malensek, P.Eng./P.Geo.

15.2. WAYNE W. VALLIANT

I, Wayne W. Valliant, P.Geo., as an author of this report entitled 'Competent Person's Report on the Florence Project, Arizona, USA' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am Lead Principal Geologist with Roscoe Postle Associates Inc. of Suite 501, 55 University Ave Toronto, ON M5J 2H7.
2. I am a graduate of Carleton University, Ottawa, Ontario, Canada in 1973 with a Bachelor of Science degree in Geology.
3. I am registered as a Geologist in the Province of Ontario (Reg. #1175). I have worked as a geologist for a total of 46 years since my graduation. My relevant experience for the purpose of the Technical Report is:
 - Review and report as a consultant on more than fifty mining operations and projects around the world for due diligence and resource/reserve estimation
 - General Manager of Technical Services for corporation with operations and mine development projects in Canada and Latin America
 - Superintendent of Technical Services at three mines in Canada and Mexico
 - Chief Geologist at three Canadian mines, including two gold mines
4. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
5. I visited the Florence Project on April 16, 2019.
6. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
7. I have been involved in previous due diligence reviews on the property that is the subject of the Competent Person's Report.
8. I have read CIM (2014) definitions, and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) Wayne W. Valliant

Wayne W. Valliant, P.Geo.

15.3. CLARE KELLY

I, Clare Kelly, MSci, CGeol, FGS, as an author of this report entitled 'Competent Person's Report on the Florence Project, Arizona, USA' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am Senior Geologist with Roscoe Postle Associates UK Ltd. of 29 Throgmorton Street, Suite 2.9, Warnford Court, London, UK EC2N 2AT.
2. I am a graduate of Imperial College Imperial College, United Kingdom, in 2005 with a Master of Science (Honours) in Geological Sciences.
3. I am registered as a Chartered Geologist and Fellow (Reg # 1016470) with the Geological Society of London. I have worked as a geologist for over 12 years since my graduation. My relevant experience for the purpose of the Technical Report is:
 - Extensive experience in resource estimation and block modeling
 - Preparation of JORC and NI 43-101 Technical Reports.
 - Experienced user of geological and resource modelling software
 - Exploration geologist on a variety of gold and base metal projects in Australia
4. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
5. I did not visit the Florence Project.
6. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
7. I have not been involved in previous due diligence reviews on the property that is the subject of the Competent Person's Report.
8. I have read CIM (2014) definitions, and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) Clare Kelly

Clare Kelly, MSci, CGeol, FGS

15.4. R. DENNIS BERGEN

I, R. Dennis Bergen, P.Eng., as an author of this report entitled 'Competent Person's Report on the Florence Project, Arizona, USA' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am Associate Principal Mining Engineer with Roscoe Postle Associates Inc. of Suite 501, 55 University Ave., Toronto, ON M5J 2H7.
2. I am a graduate of the University of British Columbia, Vancouver, B.C., Canada, in 1979 with a Bachelor of Applied Science degree in Mineral Engineering. I am a graduate of the British Columbia Institute of Technology in Burnaby, B.C., Canada, in 1972 with a Diploma in Mining Technology.
3. I am registered as a Professional Engineer in the Province of British Columbia (Reg. #16064) and as a Licensee with the Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories (Licence L1660). I have worked as an engineer for over 38 years since my graduation. My relevant experience for the purpose of the Technical Report is:
 - Practice as a mining engineer, production superintendent, mine manager, Vice President Operations and a consultant in the design, operation, and review of mining operations.
 - Review and report, as an employee and as a consultant, on numerous mining operations and projects around the world for due diligence and operational review related to project acquisition and Technical Report preparation.
 - Engineering and operating superintendent at the Con gold mine, a deep underground gold mine, Yellowknife, NWT, Canada
 - General Manager of the Ketza River Mine, Yukon, Canada
 - Vice President Operations in charge of the restart of the Golden Bear Mine, BC, Canada
 - General Manager in Charge of the Reopening of the Cantung Mine, NWT, Canada
 - Mine Manager at three different mines with open pit and underground operations.
 - Consulting engineer (RPA Associate Principal Mining Engineer) for over ten years working on project reviews, engineering studies, Mineral Reserve audits, Technical Report preparation, and other studies for a wide range of worldwide projects.
4. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
5. I did not visit the Florence Project.
6. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
7. I have not been involved in previous due diligence reviews on the property that is the subject of the Competent Person's Report.

8. I have read CIM (2014) definitions, and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) *R. Dennis Bergen*

R. Dennis Bergen, P.Eng.

15.5. HOUMAO LIU

I, Houmao Liu, Ph.D., P.E., as an author of this report entitled 'Competent Person's Report on the Florence Project, Arizona, USA' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

9. I am Principal Hydrogeologist/General Manager with Itasca Denver, Inc. of 143 Union Boulevard, Ste. 525, Lakewood, CO 80228.
10. I am a graduate of the HeHai University of P.R. China in 1986 with a M.Sc. degree in Hydraulics and Fluid Mechanics and University of Colorado, Boulder, USA in 1992 with a Ph.D. degree in Civil Engineering.
11. I am a Registered Professional Engineer in the state of Colorado (Reg 30576). I have worked as a hydrogeologist for more than 25 years since my graduation. My relevant experience for the purpose of this Competent Person's Report is:
 - Extensive project experience in mining hydrogeology, geochemistry, and groundwater flow modelling
 - Hydrogeological assessments and investigations in support of bankable studies in USA and Canada
12. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
13. I visited the Florence Project on April 16, 2019.
14. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
15. I have been involved in previous due diligence reviews on the property that is the subject of the Competent Person's Report.
16. I have read NI 43-101, CIM (2014) definitions, and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) Houmao Liu

Houmao Liu, Ph.D., P.E.

15.6. JEFFREY L. WOODS

I, Jeffrey L. Woods, SME, MMSA, QP, as an author of this report entitled 'Competent Person's Report on the Florence Project, Arizona, USA' prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

1. I am Associate Principal Metallurgist with Roscoe Postle Associates Inc. of Suite 501, 55 University Ave., Toronto, ON M5J 2H7.
2. I am a graduate of the Mackay School of Mines, University of Nevada in 1988 with a B.S. degree in Metallurgical Engineering.
3. I am a member in good standing of Society for Mining, Metallurgy and Exploration (SME), membership #4018591 and a registered member of the Mining and Metallurgical Society of America (MMSA).
4. I have practiced my profession continuously for 31 years since graduation.
5. I have been directly involved in international mine operations, technical services, project development and consulting for various commodities, metals, deposits and processes.
- 6.
7. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
8. I visited the Florence Project on April 16, 2019.
9. My responsibilities for this Competent Person's Report are as per Table 2-1 of this report.
10. I have read NI 43-101, CIM (2014) definitions, and the Rules, and the Competent Person's Report has been prepared in compliance with these guidelines.

Dated this 8th day of November, 2019

(Signed & Sealed) Jeffrey L. Woods

Jeffrey L. Woods, SME, MMSA, QP

15.7. LEE “PAT” GOCHNOUR

I, Lee “Pat” Gochmour, QP, MMSA as an author of this report entitled ‘Competent Person’s Report on the Florence Project, Arizona, USA’ prepared for Taseko Mines Limited and dated November 6, 2019, do hereby certify that:

11. I am Associate Principal Environmental Specialist with Roscoe Postle Associates Inc. of Suite 501, 55 University Ave., Toronto, ON M5J 2H7.
12. I am a graduate of Eastern Washington University in 1981 with a B.S. degree in Park Administration/Land Use Planning.
13. I am registered as a Qualified Professional with Mining and Metallurgical Society of America (MMSA) (Reg.# 01166). I have worked as an environmental specialist for a total of 38 years since my graduation. My relevant experience for the purpose of the Technical Report is:
 - Permitting
 - Environmental Assessment
 - Reclamation and Closure
14. I have read the definition of Competent Person set out in the AIM Rules of the London Stock Exchange (the Rules) and certify that by reason of my education, affiliation with a professional association and past relevant work experience, I fulfill the requirements of a Competent Person for the purposes of the Rules.
15. I visited the Florence Project on April 16, 2019.
16. My responsibilities for this Competent Person’s Report are as per Table 2-1 of this report.
17. I have been involved in previous due diligence reviews with the property that is the subject of the Competent Person’s Report.
18. I have read CIM (2014) definitions and the Rules, and the Competent Person’s Report has been prepared in compliance with these guidelines.

Dated this 6th day of November, 2019

(Signed & Sealed) Lee “Pat” Gochmour

Lee “Pat” Gochmour, QP, MMSA

16. APPENDIX 3 – GLOSSARY AND ABBREVIATIONS

16.1. GLOSSARY

Alteration - Any physical or chemical change in a rock or mineral subsequent to its formation. Milder and more localised than metamorphism.

Assay - A chemical test performed on a sample of ores or minerals to determine the amount of valuable metals contained.

Basement Rocks - The underlying or older rock mass. Often refers to rocks of Precambrian age which may be covered by younger rocks.

Block Model - a three-dimensional mathematical representation of a volume of mineralisation used to estimate tonnage and grade of a deposit.

Breccia - A rock in which angular fragments are surrounded by a mass of fine-grained minerals.

Bulk Mining - Any large-scale, mechanised method of mining involving many thousands of tonnes of ore being brought to surface per day.

Bulk Sample - A large sample of mineralised rock, frequently hundreds of tonnes, selected in such a manner as to be representative of the potential orebody being sampled. Used to determine metallurgical characteristics.

Contact - A geological term used to describe the line or plane along which two different rock formations meet.

Core - The long cylindrical piece of rock, approximately an inch in diameter, brought to surface by diamond drilling.

Diamond Drill - A rotary type of rock drill that cuts a core of rock that is recovered in long cylindrical sections, two cm or more in diameter.

Dilution (mining) - Rock that is, by necessity, removed along with the ore in the mining process, subsequently lowering the grade of the ore.

Dip - The angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

Exploration - Prospecting, sampling, mapping, diamond drilling, and other work involved in searching for ore.

Exploration Target – An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

Feasibility Study (FS) – A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

Footwall - The rock on the underside of a vein or ore structure.

Gangue - The worthless minerals in an ore deposit.

Geochemistry - The study of the chemical properties of rocks.

Geophysical Survey - A scientific method of prospecting that measures the physical properties of rock formations. Common properties investigated include magnetism, specific gravity, electrical conductivity, and radioactivity.

Hanging wall - The rock on the upper side of a vein or ore deposit.

Head Grade - The average grade of ore fed into a mill.

Host Rock - The rock surrounding an ore deposit.

Hydrothermal - Relating to hot fluids circulating in the Earth's crust.

Igneous Rocks - Rocks formed by the solidification of molten material from far below the Earth's surface.

Indicated Mineral Resource (CIM Definition) – That part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from

locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource (CIM Definition) – That part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Leaching - A chemical process for the extraction of valuable minerals from ore; also, a natural process by which ground waters dissolve minerals, thus leaving the rock with a smaller proportion of some of the minerals than it contained originally.

Lens - Generally used to describe a body of ore that is thick in the middle and tapers towards the ends.

Lenticular - A deposit having roughly the form of a double convex lens.

Magnetic Susceptibility - A measure of the degree to which a rock is attracted to a magnet.

Metallurgy - The study of extracting metals from their ores.

Mill - A plant in which ore is treated and metals are recovered or prepared for smelting; also, a revolving drum used for the grinding of ores in preparation for treatment.

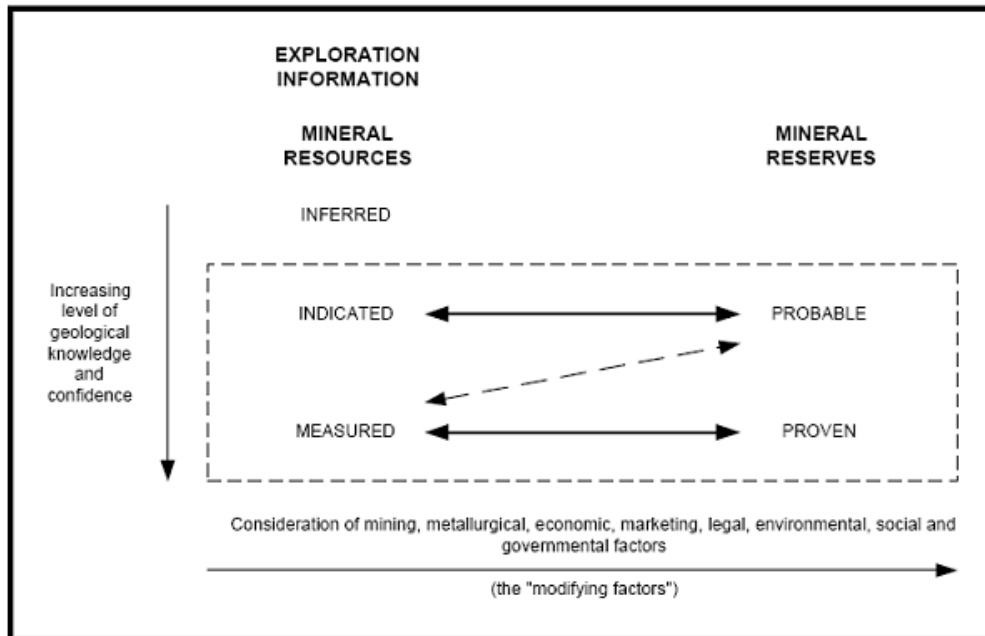
Mineral - A naturally occurring homogeneous substance having definite physical properties and chemical composition and, if formed under favourable conditions, a definite crystal form.

Mineral Resource (CIM Definition) – A concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilised organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

Measured Mineral Resource (CIM Definition) – That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through

appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineral Resource / Reserve Relationship (CIM Definition)



Ore - A mixture of ore minerals and gangue from which at least one of the metals can be extracted at a profit.

Mineral Reserves (CIM Definition) – The economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Orebody - A natural concentration of valuable material that can be extracted and sold at a profit.

Oxidation - A chemical reaction caused by exposure to oxygen that results in a change in the chemical composition of a mineral.

Preliminary Feasibility Study (Pre-Feasibility Study) – A Preliminary Feasibility Study (Pre-Feasibility Study) is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a state where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing

is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Probable Ore Reserve (CIM Definition) – The economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Ore Reserve (CIM Definition) – The economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Plant - A building or group of buildings in which a process or function is carried out; at a mine site it will include warehouses, hoisting equipment, compressors, maintenance shops, offices and the mill or concentrator.

Porphyry - Any igneous rock in which relatively large crystals, called phenocrysts, are set in a fine-grained groundmass.

Prospect - A mining property, the value of which has not been determined by exploration.

Reclamation - The restoration of a site after mining or exploration activity is completed.

Recovery - The percentage of valuable metal in the ore that is recovered by metallurgical treatment.

Rock Mechanics - The study of the mechanical properties of rocks, which includes stress conditions around mine openings and the ability of rocks and underground structures to withstand these stresses.

Sample - A small portion of rock or a mineral deposit taken so that the metal content can be determined by assaying.

Sampling - Selecting a fractional but representative part of a mineral deposit for analysis.

Shear or Shearing - The deformation of rocks by lateral movement along innumerable parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.

Shear Zone - A zone in which shearing has occurred on a large scale.

Short ton - 2,000 lbs. avoirdupois.

Solvent Extraction-Electrowinning (SX/EW) - A metallurgical technique, so far applied only to copper ores, in which metal is dissolved from the rock by organic solvents and recovered from solution by electrolysis.

Stockpile - Broken ore heaped on surface, pending treatment or shipment.

Strike - The direction, or bearing from true north, of a vein or rock formation measure on a horizontal surface.

Sulphide - A compound of sulphur and some other element.

Sustainable Development - Industrial development that does not detract from the potential of the natural environment to provide benefits to future generations.

Trench - A long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure.

Trend - The direction, in the horizontal plane, of a linear geological feature, such as an ore zone, measured from true north.

Umpire Sample or Assay - An assay made by a third party to provide a basis for settling disputes between buyers and sellers of ore.

Vein - A fissure, fault or crack in a rock filled by minerals that have travelled upwards from some deep source.

16.2. LIST OF ABBREVIATIONS

Units of measurement used in this report conform to the metric system. All currency in this report is US dollars (US\$) unless otherwise noted.

a	annum	kWh	kilowatt-hour
A	ampere	L	litre
AMSL	metres above sea level	lb	pound
°C	degree Celsius	L/s	litres per second
C\$	Canadian dollars	m	metre
cal	calorie	M	mega (million); molar
cfm	cubic feet per minute	m ²	square metre
cm	centimetre	m ³	cubic metre
cm ²	square centimetre	μ	micron
d	day	μg	microgram
dia	diameter	m ³ /h	cubic metres per hour
dmt	dry metric tonne	mi	mile
dwt	dead-weight ton	min	minute
°F	degree Fahrenheit	μm	micrometre
ft	foot	mm	millimetre
ft ²	square foot	mph	miles per hour
ft ³	cubic foot	MVA	megavolt-amperes
ft/s	foot per second	MW	megawatt
g	gram	MWh	megawatt-hour
G	giga (billion)	oz	Troy ounce (31.1035g)
Gal	Imperial gallon	oz/st, opt	ounce per short ton
g/L	gram per litre	ppb	part per billion
Gpm	Imperial gallons per minute	ppm	part per million
g/t	gram per tonne	psia	pound per square inch absolute
gr/ft ³	grain per cubic foot	psig	pound per square inch gauge
gr/m ³	grain per cubic metre	RL	relative elevation
ha	hectare	s	second
hp	horsepower	st	short ton
hr	hour	stpa	short ton per year
Hz	hertz	stpd	short ton per day
in.	inch	t	metric tonne
in ²	square inch	tpa	metric tonne per year
J	joule	tpd	metric tonne per day
k	kilo (thousand)	US\$	United States dollar
kcal	kilocalorie	USg	United States gallon
kg	kilogram	USgpm	US gallon per minute
km	kilometre	V	volt
km ²	square kilometre	W	watt
km/h	kilometre per hour	wmt	wet metric tonne
kPa	kilopascal	wt%	weight percent
kVA	kilovolt-amperes	yd ³	cubic yard
kW	kilowatt	yr	year

17. APPENDIX 4 - REFERENCES

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APPENDIX – HISTORICAL FINANCIAL INFORMATION



Condensed Consolidated Interim Financial Statements
September 30, 2019
(Unaudited)

TASEKO MINES LIMITED

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Cdn\$ in thousands, except share and per share amounts)

(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Revenues	4	82,436	74,297	239,231	232,749
Cost of sales					
Production costs	5	(70,119)	(40,555)	(192,539)	(149,196)
Depletion and amortization	5	(28,054)	(20,174)	(78,376)	(52,909)
Earnings (loss) from mining operations		(15,737)	13,568	(31,684)	30,644
General and administrative		(2,311)	(3,328)	(10,284)	(10,830)
Share-based compensation recovery (expense)		(155)	428	(2,268)	1,223
Project evaluation expenditures		(1,711)	154	(2,746)	(1,381)
Gain (loss) on derivatives	6	(1,299)	728	(2,150)	579
Other income		473	547	1,381	1,206
Income (loss) before financing costs and income taxes		(20,740)	12,097	(47,751)	21,441
Finance expenses	7	(10,425)	(9,829)	(30,215)	(28,873)
Finance income		482	296	1,089	940
Foreign exchange gain (loss)		(3,678)	5,833	8,632	(9,759)
Income (loss) before income taxes		(34,361)	8,397	(68,245)	(16,251)
Income tax (expense) recovery	8	9,853	(1,299)	24,794	197
Net income (loss)		(24,508)	7,098	(43,451)	(16,054)
Other comprehensive income (loss):					
Unrealized gain (loss) on financial assets		(29)	70	1,299	(1,335)
Foreign currency translation reserve		2,039	(2,563)	(5,010)	3,954
Total other comprehensive income (loss)		2,010	(2,493)	(3,711)	2,619
Total comprehensive income (loss)		(22,498)	4,605	(47,162)	(13,435)
Earnings (loss) per share					
Basic		(0.10)	0.03	(0.18)	(0.07)
Diluted		(0.10)	0.03	(0.18)	(0.07)
Weighted average shares outstanding (thousands)					
Basic		246,194	228,373	243,145	227,684
Diluted		246,194	229,780	243,145	227,684

The accompanying notes are an integral part of these consolidated interim financial statements.

TASEKO MINES LIMITED

Condensed Consolidated Statements of Cash Flows

(Cdn\$ in thousands)

(Unaudited)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2019	2018	2019	2018
Operating activities					
Net income (loss) for the period		(24,508)	7,098	(43,451)	(16,054)
Adjustments for:					
Depletion and amortization		28,054	20,174	78,376	52,909
Income tax (recovery) expense	8	(9,853)	1,299	(24,794)	(197)
Share-based compensation expense (recovery)	15c	183	(386)	2,414	(994)
Loss (gain) on derivatives	6	1,299	(728)	2,150	(579)
Finance expenses, net		9,943	9,533	29,126	27,933
Unrealized foreign exchange (gain) loss		3,569	(5,244)	(9,378)	10,817
Amortization of deferred revenue	14	(977)	(937)	(2,930)	(2,809)
Deferred electricity repayments		-	-	-	(4,841)
Other operating activities		(771)	(205)	(1,027)	(205)
Net change in non-cash working capital	17	8,211	(12,551)	2,928	(16,022)
Cash provided by operating activities		15,150	18,053	33,414	49,958
Investing activities					
Purchase of property, plant and equipment		(16,566)	(20,927)	(37,037)	(68,834)
Purchase of copper put options	6	(1,983)	-	(2,834)	(1,063)
Proceeds from copper put options		-	401	241	401
Investment in other financial assets		-	(253)	-	(253)
Other investing activities		198	153	400	495
Cash used for investing activities		(18,351)	(20,626)	(39,230)	(69,254)
Financing activities					
Interest paid		(989)	(502)	(16,508)	(15,444)
Proceeds from equipment financings	13c,d	7,977	-	34,013	8,943
Repayment of leases and equipment loans		(4,115)	(3,034)	(14,984)	(8,984)
Proceeds on exercise of options		-	50	176	322
Cash provided by (used for) financing activities		2,873	(3,486)	2,697	(15,163)
Effect of exchange rate changes on cash and equivalents		255	(331)	(669)	(480)
Decrease in cash and equivalents		(73)	(6,390)	(3,788)	(34,939)
Cash and equivalents, beginning of period		41,950	51,682	45,665	80,231
Cash and equivalents, end of period		41,877	45,292	41,877	45,292

Supplementary cash flow disclosures

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The accompanying notes are an integral part of these consolidated interim financial statements.

TASEKO MINES LIMITED

Condensed Consolidated Balance Sheets

(Cdn\$ in thousands)

(Unaudited)

	Note	September 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and equivalents		41,877	45,665
Accounts receivable		5,281	14,735
Inventories	11	44,524	38,986
Other financial assets	9	1,537	3,581
Prepays		2,200	1,464
		95,419	104,431
Property, plant and equipment	12	817,145	821,287
Other financial assets	9	42,666	41,380
Goodwill		5,460	5,625
		960,690	972,723
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities		43,863	41,001
Current portion of long-term debt	13	16,508	9,856
Current portion of deferred revenue	14	3,985	3,907
Interest payable on senior secured notes		8,449	1,243
Current income tax payable		1,042	1,427
		73,847	57,434
Long-term debt	13	365,914	345,625
Provision for environmental rehabilitation ("PER")		106,598	97,914
Deferred and other tax liabilities		58,586	83,793
Deferred revenue	14	39,475	39,367
Other financial liabilities		1,686	1,513
		646,106	625,646
EQUITY			
Share capital		436,318	423,438
Contributed surplus		51,063	49,274
Accumulated other comprehensive income ("AOCI")		10,353	14,064
Deficit		(183,150)	(139,699)
		314,584	347,077
		960,690	972,723

Commitments and contingencies

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The accompanying notes are an integral part of these consolidated interim financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(Cdn\$ in thousands)

(Unaudited)

	Share capital	Contributed surplus	AOCI	Deficit	Total
Balance at January 1, 2018	422,091	47,478	389	(102,878)	367,080
Adjustment on initial application of IFRS 15	-	-	-	(1,047)	(1,047)
Adjusted balance at January 1, 2018	422,091	47,478	389	(103,925)	366,033
Share-based compensation	-	2,345	-	-	2,345
Exercise of options and warrants	431	(109)	-	-	322
Settlement of performance share units	900	(900)	-	-	-
Total comprehensive income (loss) for the period	-	-	2,619	(16,054)	(13,435)
Balance at September 30, 2018	423,422	48,814	3,008	(119,979)	355,265
Balance at January 1, 2019	423,438	49,274	14,064	(139,699)	347,077
Fair value of shares issued for Yellowhead acquisition	12,629	-	-	-	12,629
Share-based compensation	-	2,241	-	-	2,241
Exercise of options	251	(75)	-	-	176
Settlement of performance share units	-	(377)	-	-	(377)
Total comprehensive loss for the period	-	-	(3,711)	(43,451)	(47,162)
Balance at September 30, 2019	436,318	51,063	10,353	(183,150)	314,584

The accompanying notes are an integral part of these consolidated interim financial statements.

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

1. REPORTING ENTITY

Taseko Mines Limited (the "Company" or "Taseko") is a corporation governed by the *British Columbia Business Corporations Act*. These unaudited condensed consolidated interim financial statements of the Company as at and for the three and nine month periods ended September 30, 2019 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture ("Gibraltar"), since its formation with Cariboo Copper Corporation ("Cariboo") on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia, Canada and the State of Arizona, USA. Seasonality does not have a significant impact on the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements, except as disclosed in Note 3. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements were authorized for issue by the Company's Audit Committee on November 5, 2019.

(b) Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2018, except for the new significant estimates, assumptions and judgments related to lessee accounting under IFRS 16 Leases, described in Note 3.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has applied the following revised or new IFRS accounting standards that were issued and effective January 1, 2019:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 *Leases*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract that contains a lease arrangement. The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective method. Accordingly, the comparative information presented for 2018 has not been restated.

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

IFRS 16 introduces significant accounting changes to the lessee by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the commencement of the lease for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the consolidated interim balance sheet, initially measured at the present value of future lease payments; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated interim statement of income (loss); and (iii) separates the total amount of cash paid into a principal and interest portion (included within financing activities) in the consolidated interim statement of cash flows. For short-term leases and leases of low value assets, the Company continues to recognize a lease expense on a straight-line basis.

In transitioning to IFRS 16, the Company reviewed its contracts to identify whether they are a lease or contain a lease arrangement and some contracts were identified as containing leases under IFRS 16. The cumulative effect of the changes made to the consolidated January 1, 2019 balance sheet for the adoption of IFRS 16 was an increase to property plant and equipment by \$6,254 and lease liabilities by \$5,962. The weighted average discount rate for lease liabilities initially recognized on adoption of IFRS 16 was 5.6%.

The following is a reconciliation of the operating lease commitments as at December 31, 2018 to the recognized lease liabilities as at January 1, 2019:

Operating lease commitments as at December 31, 2018	4,813
Leases with a lease term of 12 months or less and low value	(414)
Leases identified in existing service and supply contracts	2,144
Effect from discounting	(581)
Lease liabilities due to initial application of IFRS 16 as at January 1, 2019	5,962

New Accounting Policy for Leases Under IFRS 16

The Company assesses whether a contract is a lease or contains a lease, at the inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the exception of short-term and low value leases, which are recognized on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset and is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property, plant, and equipment, and the lease liability is included in debt in the consolidated interim balance sheet (Note 13b).

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

4. REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Copper contained in concentrate	84,424	74,904	235,737	236,732
Molybdenum concentrate	5,959	8,044	23,407	17,892
Silver (Note 14)	1,063	1,000	3,156	3,169
Price adjustments on settlement receivables	(2,265)	(3,617)	(3,670)	(7,725)
Total gross revenue	89,181	80,331	258,630	250,068
Less: Treatment and refining costs	(6,745)	(6,034)	(19,399)	(17,319)
Revenue	82,436	74,297	239,231	232,749

5. COST OF SALES

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Site operating costs	61,268	63,436	183,392	169,984
Transportation costs	4,889	5,149	12,807	12,507
Changes in inventories of finished goods	1,272	(17,439)	(6,763)	(17,593)
Changes in inventories of ore stockpiles	2,690	(6,716)	3,103	(7,827)
Insurance recovery	-	(3,875)	-	(7,875)
Production costs	70,119	40,555	192,539	149,196
Depletion and amortization	28,054	20,174	78,376	52,909
Cost of sales	98,173	60,729	270,915	202,105

Site operating costs include personnel costs, mine site supervisory costs, non-capitalized stripping costs, repair and maintenance costs, consumables, operating supplies and external services.

During the three and nine months ended September 30, 2019, the Company recorded an impairment of \$849 and \$2,717, respectively, to adjust the carrying value of ore stockpile inventories to net realizable value, of which \$315 and \$1,016, respectively, is recorded in depletion and amortization.

During the nine months ended September 30, 2018, the Company recognized an insurance recovery of \$7,875 (75% basis) related to the Cariboo region wildfires in 2017.

6. DERIVATIVE INSTRUMENTS

In February 2019, the Company purchased copper put option contracts for 15 million pounds of copper with maturity dates ranging from February to April 2019, at a strike price of US\$2.80 per pound and total cost of \$851. In August 2019, the Company purchased additional copper put option contracts for 33 million pounds of copper with maturity dates ranging from September to December 2019, at a strike price of US\$2.50 per pound, at a total cost of \$1,983.

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

The following table outlines the gains and losses associated with derivative instruments:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Realized (gain) loss on copper put options	781	(194)	1,632	2,107
Unrealized (gain) loss on copper put options	518	(534)	518	(2,686)
	1,299	(728)	2,150	(579)

7. FINANCE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Interest expense	8,867	8,221	25,679	23,920
Finance expense – deferred revenue (Note 14)	1,039	1,020	3,116	3,162
Accretion on PER	519	588	1,420	1,791
	10,425	9,829	30,215	28,873

8. INCOME TAX

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Current expense	44	280	452	770
Deferred expense (recovery)	(9,897)	1,019	(25,246)	(967)
	(9,853)	1,299	(24,794)	(197)

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

9. OTHER FINANCIAL ASSETS

	September 30, 2019	December 31, 2018
Current:		
Marketable securities (Note 10)	854	3,581
Copper put option contracts (Note 6)	683	-
	1,537	3,581
Long-term:		
Investment in subscription receipts	2,400	2,400
Reclamation deposits	32,766	31,480
Restricted cash	7,500	7,500
	42,666	41,380

Marketable securities at December 31, 2018 include an investment in Yellowhead, which was carried at a fair value of \$2,810 at December 31, 2018 (Note 10).

10. YELLOWHEAD ACQUISITION

In December 2018, the Company entered into an agreement to acquire all of the outstanding common shares of Yellowhead Mining Inc. ("Yellowhead") that it did not already own, in exchange for approximately 17.3 million Taseko common shares. The transaction was structured as a plan of arrangement pursuant to the Business Corporations Act (British Columbia) and required the approval of the Supreme Court of British Columbia and Yellowhead shareholders. The acquisition closed on February 15, 2019.

The total purchase consideration was calculated as follows:

Fair value of common shares issued (17,300,385 shares at \$0.73 per share)	12,629
Fair value of previously held investment in Yellowhead	3,365
Acquisition related costs	272
	16,266

The Company has incurred acquisition costs totaling \$272 for legal and other fees, which have been included in the purchase price consideration.

Prior to the acquisition, the Company held a 21% equity interest in Yellowhead. This investment was previously accounted for as a FVOCI financial asset and was remeasured to its fair value of \$3,365 based on the trading price of its common shares on the acquisition date, and that amount was included as part of the purchase consideration.

Yellowhead had cumulative tax pools of approximately \$57,000 comprised of non-capital losses and resource deductions at the date of acquisition. A full valuation allowance was provided against the deferred tax assets arising from these tax pools due to uncertainty over the timing of their potential utilization.

The acquisition has been accounted for as an asset acquisition and accordingly, the purchase consideration has been allocated to the assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition. The following sets forth the allocation of the purchase price:

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

Cash and cash equivalents	187
Accounts receivable and other assets	14
Reclamation deposits	85
Property, plant and equipment	16,240
Accounts payable and other liabilities	(260)
	16,266

Yellowhead is in the development stage and does not generate revenues. Yellowhead project related expenditures were \$945 for the period since acquisition and are expensed as exploration and evaluation costs.

11. INVENTORIES

	September 30, 2019	December 31, 2018
Ore stockpiles	4,970	8,532
Copper contained in concentrate	9,926	3,166
Molybdenum concentrate	552	549
Materials and supplies	29,076	26,739
	44,524	38,986

12. PROPERTY, PLANT & EQUIPMENT

The following schedule shows the continuity of property, plant and equipment net book value for the three and nine months ended September 30, 2019:

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Net book value beginning of period	816,908	821,287
Additions:		
Taseko capital expenditures	62	62
Gibraltar capital expenditures (incl. capitalized stripping costs)	18,442	35,343
Florence Copper development costs	4,402	11,323
Aley development costs	356	517
Other items:		
Right of use assets (Note 3)	116	9,562
Rehabilitation costs asset	3,408	8,025
Yellowhead acquisition (Note 10)	-	16,240
Disposals	(56)	(1,795)
Foreign exchange translation	1,867	(4,776)
Depletion and amortization	(28,360)	(78,643)
Net book value at September 30, 2019	817,145	817,145

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

During the three and nine months ended September 30, 2019, the Company capitalized stripping costs of \$9,721 and \$20,779, respectively. Additions to Gibraltar capital expenditures in the three and nine month periods also include \$1,143 and \$2,204 of non-cash depreciation on mining assets related to capitalized stripping, respectively.

Depreciation related to the right of use assets for the three and nine months periods ended September 30, 2019 was \$1,105 and \$3,036, respectively.

As at September 30, 2019, the net book value of property, plant and equipment includes \$605.6 million for the Gibraltar Mine and \$181.6 million for the Florence Copper Project. Since its acquisition in November 2014, the Company has incurred and capitalized a total of \$84.8 million in project development and other costs, including capitalized interest, for the Florence Copper Project.

13. DEBT

	September 30, 2019	December 31, 2018
Current:		
Lease liabilities (b)	8,018	6,506
Secured equipment loans (c)	6,680	3,350
Lease related obligations (d)	1,810	-
	16,508	9,856
Long-term:		
Senior secured notes (a)	323,482	331,683
Lease liabilities (b)	11,979	7,604
Secured equipment loans (c)	20,535	6,338
Lease related obligations (d)	9,918	-
	365,914	345,625
Total debt	382,422	355,481

(a) Senior Secured Notes

In June 2017, the Company completed an offering of US\$250,000 aggregate principal amount of senior secured notes ("the Notes"). The Notes mature on June 15, 2022 and bear interest at an annual rate of 8.750%, payable semi-annually on June 15 and December 15.

The Notes are secured by liens on the shares of Taseko's wholly-owned subsidiary, Gibraltar Mines Ltd., and the subsidiary's rights under the joint venture agreement relating to the Gibraltar Mine. The Notes are guaranteed by each of Taseko's existing and future restricted subsidiaries, other than Yellowhead. The Company is able to incur limited amounts of additional secured and unsecured debt under certain conditions as defined in the Note indenture. The Company is also subject to certain restrictions on asset sales, issuance of preferred stock, dividends and other restricted payments. However, there are no maintenance covenants with respect to the Company's financial performance.

The Company may redeem some or all of the Notes at any time on or after June 15, 2019, at redemption prices ranging from 104.375% to 100%, plus accrued and unpaid interest to the date of redemption. On a change of control, the Notes are redeemable at the option of the holder at a price of 101%.

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

(b) Lease Liabilities

Lease liabilities includes the Company's outstanding lease liabilities under IFRS 16.

In July 2019, Gibraltar entered into a 7 year lease for a new large wheel loader. The lease is repayable in monthly installments and secured by equipment with a carrying value of \$5,631. The lease obligation bears a fixed interest rate of 6.3% with a final maturity date of June 20, 2026.

(c) Secured Equipment Loans

In May 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being \$13,875. The loan bears interest at an annual rate of 5.2%, is secured by existing mining equipment at the Gibraltar Mine and is repayable in monthly installments with a final maturity date of May 6, 2024. A portion of the proceeds of the loan were used to repay an existing equipment loan of \$1,362 and the remaining funds are available for general working capital purposes.

In August 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being \$7,977. The loan bears interest at an annual rate of 6.4%, is secured by existing mining equipment at the Gibraltar Mine and is repayable in monthly installments with a final maturity date of August 13, 2023. The proceeds of the loan are available for general working capital purposes.

(d) Lease Related Obligations

In June 2019, Gibraltar entered into a sale leaseback transaction on some equipment, with the Company's share of proceeds being \$12,161. The lease has a term of 54 months. At the end of the lease, the Company can either re-lease the equipment, purchase the equipment at fair market value or return the equipment. The lease contains a fixed price early buy-out option exercisable at the end of 48 months. A portion of the proceeds of the financing were used to settle an equipment lease early in the amount of \$2,451 and the remaining funds are available for general working capital purposes.

(e) Debt Continuity

The following schedule shows the continuity of total debt for the first nine months of 2019:

Total debt as at December 31, 2018	355,481
Lease additions on initial application of IFRS 16 (Note 3)	5,962
Lease additions	10,263
Equipment loan net proceeds	21,852
Lease related obligations on sale leaseback transaction	12,161
Lease liabilities and equipment loans repayments	(14,984)
Unrealized foreign exchange gain	(10,114)
Amortization of deferred financing charges	1,801
Total debt as at September 30, 2019	382,422

14. DEFERRED REVENUE

On March 3, 2017, the Company entered into a silver stream purchase and sale agreement with Osisko Gold Royalties Ltd. ("Osisko"), whereby the Company received an upfront cash deposit payment of US\$33 million for the sale of an equivalent amount of its 75% share of Gibraltar payable silver production until 5.9 million ounces of silver

TASEKO MINES LIMITED

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(Cdn\$ in thousands - unaudited)

have been delivered to Osisko. After that threshold has been met, 35% of an equivalent amount of Taseko's share of all future payable silver production from Gibraltar will be delivered to Osisko. The Company receives cash payments of US\$2.75 per ounce for all silver deliveries made under the agreement.

The Company recorded the initial deposit received as deferred revenue and recognizes amounts in revenue as silver is delivered to Osisko. The amortization of deferred revenue is calculated on a per unit basis using the estimated total number of silver ounces expected to be delivered to Osisko over the life of the Gibraltar Mine. The current portion of deferred revenue is an estimate based on deliveries anticipated over the next twelve months.

The following table summarizes changes in deferred revenue:

Balance at December 31, 2018	43,274
Finance expense (Note 7)	3,116
Amortization of deferred revenue	(2,930)
Balance at September 30, 2019	43,460

15. EQUITY

(a) Share Capital

	Common shares (thousands)
Common shares outstanding at January 1, 2019	228,431
Issued to acquire Yellowhead (Note 10)	17,300
Exercise of share options	463
Common shares outstanding at September 30, 2019	246,194

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

(b) Share Purchase Warrants

At September 30, 2019, the Company had 3,000,000 share purchase warrants outstanding at an exercise price of \$2.74 per share and with an expiry date of April 1, 2020.

(c) Share-Based Compensation

	Options (thousands)	Average price
Outstanding at January 1, 2019	10,337	\$1.64
Granted	4,612	0.75
Exercised	(463)	0.38
Cancelled/forfeited	(117)	1.75
Expired	(3,552)	2.23
Outstanding at September 30, 2019	10,817	\$1.12
Exercisable at September 30, 2019	7,254	\$1.16

During the nine month period ended September 30, 2019, the Company granted 4,611,500 (2018 – 1,724,500) share options to directors, executives and employees, exercisable at an average exercise price of \$0.75 per

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

common share over a five year period. The total fair value of options granted was \$1,891 (2018 – \$2,483) based on a weighted average grant-date fair value of \$0.41 (2018 – \$1.44) per option.

The fair value of options was measured at the grant date using the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the Black-Scholes formula are as follows:

	Nine months ended September 30, 2019
Expected term (years)	5
Forfeiture rate	0%
Volatility	64%
Dividend yield	0%
Risk-free interest rate	1.8%
Weighted-average fair value per option	\$0.41

The Company has other share-based compensation plans in the form of Deferred Share Units ("DSUs") and Performance Share Units ("PSUs").

The continuity of DSUs and PSUs issued and outstanding is as follows:

	DSUs (thousands)	PSUs (thousands)
Outstanding at January 1, 2019	2,328	1,210
Granted	682	875
Settled	-	(410)
Outstanding at September 30, 2019	3,010	1,675

During the nine month period ended September 30, 2019, 682,000 DSUs were issued to directors (2018 - 385,000) and 875,000 PSUs to senior executives (2018 – 400,000). The fair value of DSUs and PSUs granted was \$1,696 (2018 - \$2,982), with a weighted average fair value at the grant date of \$0.78 per unit for the DSUs (2018 - \$2.86 per unit) and \$1.33 per unit for the PSUs (2018 - \$4.70 per unit).

Share based compensation expense (recovery) is comprised as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Share options	321	342	1,481	1,873
Performance share units	254	157	761	473
Change in fair value of deferred share units	(392)	(885)	172	(3,340)
	183	(386)	2,414	(994)

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

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16. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company is a party to certain contracts relating to service and supply agreements. Future minimum payments under these agreements as at September 30, 2019 are presented in the following table:

Remainder of 2019	312
2020	8,607
2021	5,363
2022	894
2023	-
2024 and thereafter	-
Total operating commitments	15,176

As at September 30, 2019, the Company had outstanding capital commitments of \$135 (At December 31, 2018: \$298).

(b) Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by Gibraltar, in which it holds a 75% interest. As a result, the Company has effectively guaranteed Cariboo's 25% share of this debt which amounted to \$17,592 as at September 30, 2019.

17. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Change in non-cash working capital items				
Accounts receivable	318	4,366	9,222	6,885
Inventories	2,680	(25,727)	(5,538)	(29,069)
Prepays	149	223	(1,022)	(782)
Accounts payable and accrued liabilities	5,011	2,043	1,137	1,543
Advance payments on product sales	-	8,011	-	8,011
Interest payable	53	(88)	16	(64)
Income tax payable	-	(1,379)	(887)	(2,546)
	8,211	(12,551)	2,928	(16,022)

18. RELATED PARTY TRANSACTIONS

(a) Termination of Service Agreement with HDSI

On December 31, 2018, the Company terminated the services agreement with Hunter Dickinson Services Inc. ("HDSI"), which was a related party as three directors of the Company are also principals of HDSI. In 2018 and

TASEKO MINES LIMITED

Notes to Condensed Consolidated Interim Financial Statements

(Cdn\$ in thousands - unaudited)

prior years, HDSI invoiced the Company for their executive services (director fees) and for other services provided by HDSI under a services agreement dated July 2010.

Effective from January 1, 2019 HDSI no longer provides services to the Company, and the Company had no transactions with HDSI, except for a reimbursement of warehouse rental costs in the amount of \$10 and \$30 for the three and nine month period ended September 30, 2019.

For the three month period ended September 30, 2018, the Company incurred total costs of \$286 in transactions with HDSI. Of these, \$108 related to administrative, legal, exploration and tax services, \$108 related to reimbursements of office rent costs, and \$70 related to director fees for two Taseko directors who are also principals of HDSI.

For the nine month period ended September 30, 2018, the Company incurred total costs of \$1,016 in transactions with HDSI. Of these, \$388 related to administrative, legal, exploration and tax services, \$418 related to reimbursements of office rent costs, and \$210 related to director fees for two Taseko directors who are also principals of HDSI.

(b) Gibraltar Joint Venture

Under the terms of the joint venture operating agreement, Gibraltar pays the Company a management fee for services rendered by the Company as operator of the Gibraltar Mine. In addition, the Company pays certain expenses on behalf of Gibraltar and invoices Gibraltar for these expenses.

For the three month period ended September 30, 2019, management income for \$301 (Q3 2018: \$293) and reimbursable compensation expenses and third party costs of \$16 (Q3 2018: \$81) were charged to Cariboo.

For the nine month period ended September 30, 2019, management income for \$884 (2018: \$875) and reimbursable compensation expenses and third party costs of \$55 (2018: \$127) were charged to Cariboo.

19. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the senior secured notes is \$304,572 and the carrying value is \$323,482 at September 30, 2019. The fair value of all other financial assets and liabilities approximates their carrying value.

The Company has certain financial assets and liabilities that are measured at fair value on a recurring basis and uses the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

TASEKO MINES LIMITED

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(Cdn\$ in thousands - unaudited)

	Level 1	Level 2	Level 3	Total
September 30, 2019				
<i>Financial assets designated as FVOCI</i>				
Marketable securities	854	-	-	854
Investment in subscription receipts	-	-	2,400	2,400
Reclamation deposits	32,766	-	-	32,766
	33,620	-	2,400	36,020
December 31, 2018				
<i>Financial assets designated as FVOCI</i>				
Marketable securities	3,581	-	-	3,581
Investment in subscription receipts	-	-	2,400	2,400
Reclamation deposits	31,480	-	-	31,480
	35,061	-	2,400	37,461

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value as at September 30, 2019.

The fair value of the senior secured notes, a Level 1 instrument, is determined based upon publicly available information. The fair value of the lease liabilities and secured equipment loans, Level 2 instruments, are determined through discounting future cash flows at an interest rate of 5.46% based on the relevant loans effective interest rate.

The fair values of the Level 2 instruments are based on broker quotes. Similar contracts are traded in an active market and the broker quotes reflect the actual transactions in similar instruments.

The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's settlement receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market. At 30 September, 2019, the Company had settlement receivables of \$4,054.

The subscription receipts, a Level 3 instrument, are valued based on a management estimate. As the subscription receipts are an investment in a private exploration and development company, there are no observable market data inputs. At September 30, 2019 the determination of the estimated fair value of the investment includes comparison to the market capitalization of comparable public companies.

Commodity Price Risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the metals it produces. The Company enters into copper put option contracts to reduce the risk of short-term copper price volatility. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper put option contracts are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

Provisional pricing mechanisms embedded within the Company's sales arrangements have the character of a commodity derivative and are carried at fair value as part of accounts receivable.

TASEKO MINES LIMITED

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(Cdn\$ in thousands - unaudited)

The table below summarizes the impact on revenue and receivables for changes in commodity prices on the provisionally invoiced sales volumes.

	As at September 30, 2019
Copper increase/decrease by US\$0.26/lb. ¹	4,656

¹The analysis is based on the assumption that the period end copper price increases/decreases 10% with all other variables held constant. At September 30, 2019, 13.7 million pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate at September 30, 2019 of CAD/USD 1.3243 was used in the analysis.

The sensitivities in the above table have been determined with foreign currency exchange rates held constant. The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange can impact commodity prices. The sensitivities should therefore be used with care.



Consolidated Financial Statements
December 31, 2018 and 2017



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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Taseko Mines Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Taseko Mines Limited (the Company) as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 11, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2.5 to the consolidated financial statements, the Company has changed its accounting policies for revenue and financial instruments as of January 1, 2018 due to the adoption of IFRS 15 - *Revenue from Contracts with Customers* and IFRS 9 - *Financial Instruments*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.



Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 1999.

KPMG LLP (signed)

Vancouver, Canada
February 11, 2019



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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Taseko Mines Limited:

Opinion on Internal Control Over Financial Reporting

We have audited Taseko Mines Limited's (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2018, and the related notes (collectively, the consolidated financial statements), and our report dated February 11, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's

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internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP (signed)

Vancouver, Canada
February 11, 2019

TASEKO MINES LIMITED

Consolidated Statements of Comprehensive Income (Loss)

(Cdn\$ in thousands, except share and per share amounts)

		For the years ended December 31,	
	Note	2018	2017
Revenues	4	343,870	378,299
Cost of sales			
Production costs	5	(231,867)	(200,583)
Depletion and amortization	5	(70,781)	(47,722)
Earnings from mining operations		41,222	129,994
General and administrative		(13,957)	(12,775)
Share-based compensation recovery (expense)	21c	1,544	(6,983)
Exploration and evaluation		(1,752)	(1,730)
Loss on derivatives	7	(294)	(10,082)
Other income (expense)	8	1,472	(6,341)
Income before financing costs and income taxes		28,235	92,083
Finance expenses	9	(38,564)	(46,430)
Finance income		1,254	935
Foreign exchange gain (loss)		(26,251)	16,852
Income (loss) before income taxes		(35,326)	63,440
Income tax expense	10	(448)	(29,178)
Net income (loss)		(35,774)	34,262
Other comprehensive income (loss):			
Unrealized gain (loss) on financial assets	2.5(b), 13	962	(4,248)
Foreign currency translation reserve		12,713	(7,720)
Total other comprehensive income (loss)		13,675	(11,968)
Total comprehensive income (loss)		(22,099)	22,294
Earnings (loss) per share			
Basic		(0.16)	0.15
Diluted		(0.16)	0.15
Weighted average shares outstanding (thousands)			
Basic		227,866	225,682
Diluted		227,866	232,039

The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Cdn\$ in thousands)

		For the years ended December 31,	
	Note	2018	2017
Operating activities			
Net income (loss) for the year		(35,774)	34,262
Adjustments for:			
Depletion and amortization		70,781	47,722
Income tax expense	10	448	29,178
Share-based compensation expense (recovery)	21c	(1,282)	7,100
Loss on derivatives	7	294	10,082
Finance expenses, net		37,310	45,495
Unrealized foreign exchange (gain) loss		28,704	(17,684)
Write-down of mine equipment		-	3,551
Deferred revenue deposit	18	-	44,151
Amortization of deferred revenue	18	(3,295)	(1,322)
Deferred electricity repayments		(4,841)	(6,174)
Other operating activities		(160)	1,097
Net change in non-cash working capital	23	1,893	13,621
Cash provided by operating activities		94,078	211,079
Investing activities			
Purchase of property, plant and equipment	14	(94,866)	(97,223)
Purchase of copper put options	7	(1,063)	(3,952)
Proceeds from copper put options	7	855	-
Investment in other financial assets		(253)	(1,395)
Other investing activities		933	758
Cash used for investing activities		(94,394)	(101,812)
Financing activities			
Interest paid		(30,578)	(43,995)
Proceeds from equipment loan, net	17c	8,943	-
Repayment of capital leases and equipment loans		(12,293)	(17,074)
Proceeds on exercise of options and warrants		333	2,928
Net proceeds from issuance of senior secured notes		-	317,596
Repayment of senior notes		-	(264,180)
Repayment of senior secured credit facility		-	(92,463)
Settlement of copper call option		-	(15,745)
Cash used for financing activities		(33,595)	(112,933)
Effect of exchange rate changes on cash and equivalents		(655)	(5,133)
Decrease in cash and equivalents		(34,566)	(8,799)
Cash and equivalents, beginning of year		80,231	89,030
Cash and equivalents, end of year		45,665	80,231

Supplementary cash flow disclosures

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The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Cdn\$ in thousands)

	Note	December 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and equivalents		45,665	80,231
Accounts receivable	11	14,735	21,618
Inventories	12	38,986	39,639
Other financial assets	13	3,581	2,774
Prepays		1,464	1,474
		104,431	145,736
Property, plant and equipment	14	821,287	797,265
Other financial assets	13	41,380	40,537
Goodwill	15	5,625	5,172
		972,723	988,710
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	16	41,001	47,382
Current portion of long-term debt	17	9,856	11,270
Current portion of deferred revenue	18	3,907	1,312
Interest payable on senior secured notes		1,243	1,143
Current income tax payable		1,427	302
		57,434	61,409
Long-term debt	17	345,625	317,948
Provision for environmental rehabilitation ("PER")	19	97,914	107,874
Deferred and other tax liabilities		83,793	89,045
Deferred revenue	18	39,367	39,640
Other financial liabilities	21b	1,513	5,714
		625,646	621,630
EQUITY			
Share capital	20a	423,438	422,091
Contributed surplus		49,274	47,478
Accumulated other comprehensive income ("AOCI")		14,064	389
Deficit		(139,699)	(102,878)
		347,077	367,080
		972,723	988,710

Commitments and contingencies

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The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(Cdn\$ in thousands)

	Note	Share capital	Contributed surplus	AOCI	Deficit	Total
Balance at January 1, 2017		417,975	45,747	12,357	(137,140)	338,939
Issuance of warrants	18	-	1,876	-	-	1,876
Share-based compensation		-	2,919	-	-	2,919
Exercise of options and warrants		4,116	(1,188)	-	-	2,928
Settlement of performance share units		-	(1,876)	-	-	(1,876)
Total comprehensive income (loss) for the year		-	-	(11,968)	34,262	22,294
Balance at December 31, 2017		422,091	47,478	389	(102,878)	367,080
Balance at January 1, 2018		422,091	47,478	389	(102,878)	367,080
Adjustment on initial application of IFRS 15	2.5	-	-	-	(1,047)	(1,047)
Adjusted balance at January 1, 2018		422,091	47,478	389	(103,925)	366,033
Share-based compensation		-	2,809	-	-	2,809
Exercise of options and warrants		447	(113)	-	-	334
Settlement of performance share units		900	(900)	-	-	-
Total comprehensive income (loss) for the year		-	-	13,675	(35,774)	(22,099)
Balance at December 31, 2018		423,438	49,274	14,064	(139,699)	347,077

The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

1. REPORTING ENTITY

Taseko Mines Limited (the "Company" or "Taseko") is a corporation governed by the *British Columbia Business Corporations Act*. The consolidated financial statements of the Company as at and for the year ended December 31, 2018 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia, Canada and the State of Arizona, USA. Seasonality does not have a significant impact on the Company's operations.

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors on February 11, 2019.

2.2 *Basis of measurement, judgment and estimation*

These consolidated financial statements have been prepared on a historical cost basis except those measured at fair value through profit or loss, fair value through other comprehensive income, available-for-sale and derivative financial instruments, which are measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency monetary assets and liabilities are translated into Canadian dollars at the closing exchange rate as at the balance sheet date. Foreign currency non-monetary assets and liabilities, revenues and expenses are translated into Canadian dollars at the prevailing rate of exchange on the dates of the transactions. Any gains and losses are included in profit and loss. The Company's US subsidiary measures the items in its financial statements using the US dollar as its functional currency. The assets and liabilities of the US subsidiary are translated into Canadian dollars using the period end exchange rate. The income and expenses are translated into Canadian dollars at the weighted average exchange rates to the period end reporting date. Any gains and losses on translation are included in accumulated other comprehensive income ("AOCI"). All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise noted.

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement, determining the timing of transfer of control of inventory for revenue recognition, functional currency, determination of the accounting treatment of the advance payment under the silver purchase and sale agreement reported as deferred revenue (Note 18) and recovery of other deferred tax assets.

Significant areas of estimation include reserve and resource estimation; asset valuations and the measurement of impairment charges or reversals; valuation of inventories; plant and equipment lives; tax provisions; provisions for environmental rehabilitation; valuation of financial instruments and derivatives; capitalized stripping costs and

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to these consolidated financial statements as appropriate.

The accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions made and judgment used in the engineering and geological interpretation, and may be subject to revision based on various factors. Changes in reserve and resource estimates may impact the carrying value of property, plant and equipment; the calculation of depreciation expense; the capitalization of stripping costs incurred during production; and the timing of cash flows related to the provision for environmental rehabilitation.

Changes in forecast prices of commodities, exchange rates, production costs and recovery rates may change the economic status of reserves and resources. Forecast prices of commodities, exchange rates, production costs and recovery rates, and discount rates assumptions, either individually or collectively, may impact the carrying value of derivative financial instruments, inventories, property, plant and equipment, and intangibles, as well as the measurement of impairment charges or reversals.

2.3 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and controlled entities as at December 31, 2018. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income (loss) from the date the Company gains control until the date the Company ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany transactions between members of the Company are eliminated in full on consolidation.

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount would be recognized in profit or loss immediately.

2.4 *Significant Accounting Policies*

(a) Revenue recognition

The Company has adopted *IFRS 15, Revenue Contracts with Customers* effective January 1, 2018 using the cumulative effect method. Accordingly, the comparative information presented for 2017 has not been restated

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

and is accounted for under IAS 18 *Revenue*. However, there have been no significant changes in the accounting for copper and molybdenum concentrate revenue as a result of the transition to IFRS 15.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services and the Company has satisfied its performance obligation. Determining the timing of the transfer of control, at a point in time or over time, requires judgment. Cash received in advance of meeting these conditions is recorded as advance payments or deferred revenue.

Under the terms of the Company's concentrate sales contracts, the final sales amount is based on final assay results and quoted market prices which may be in a period subsequent to the date of sale. Revenues for these sales, net of treatment and refining charges are recorded when the customer obtains control of the concentrate, based on an estimate of metal contained using initial assay results and forward market prices for the expected date that final sales prices will be fixed. The period between provisional pricing and final settlement can be up to four months. This settlement receivable is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded as an adjustment to revenue.

Prior to January 1, 2018, the Company's revenue recognition accounting policy under IAS 18 *Revenue*, was as follows: Revenue is recognized when the significant risks and rewards of ownership have been transferred and the amount of revenue is reasonably determinable. These conditions are generally satisfied when title passes to the customer. Cash received in advance of meeting these conditions is recorded as deferred revenue. Under the terms of the Company's concentrate and cathode sales contracts, the final sales amount is based on final assay results and quoted market prices which may be in a period subsequent to the date of sale. Revenues for these sales, net of treatment and refining charges are recorded at the time of shipment, which is also when the risks and rewards of ownership transfer to the customer, based on an estimate of metal contained using initial assay results and forward market prices on the expected date that final sales prices will be fixed. The period between provisional pricing and final settlement can be up to four months. This provisional pricing mechanism represents an embedded derivative, which is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded as an adjustment to revenue.

(b) Cash and equivalents

Cash and equivalents consist of cash and highly-liquid investments having terms of three months or less from the date of acquisition and that are readily convertible to known amounts of cash. Cash and equivalents exclude cash subject to restrictions.

(c) Financial instruments

Financial assets and liabilities are recognized on the balance sheet when the Company becomes party to the contractual provisions of the instrument. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

The Company adopted the new accounting standard *IFRS 9, Financial Instruments* effective January 1, 2018. The Company has not restated comparative information for prior periods with respect to the classification and measurement requirements of IFRS 9 and accordingly, the comparative information for 2017 is presented under IAS 39. The change in classification of financial assets is shown in Note 2.5(b), however, there were no changes to the carrying value of any of the Company's assets or liabilities as a result of this new accounting standard.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI); or Fair Value through Profit or Loss (FVPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

A financial asset is measured at amortized cost if: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and (iii) it is not designated as FVPL. This category of financial assets is subsequently measured at amortized cost using the effective interest method, and reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Equity investments measured at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset as FVPL if doing so significantly reduces an accounting mismatch that would otherwise arise. Financial assets classified as FVPL are subsequently measured at fair value, with net gains and losses, including any interest or dividend income, recognized in profit or loss.

Financial assets at amortized cost

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and cash equivalents and accounts receivables.

Financial assets at fair value through other comprehensive income (FVOCI)

Marketable securities, investment in subscription receipts and reclamation deposits are designated as FVOCI and recorded at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial instruments at fair value through profit or loss (FVPL)

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVPL. Financial instruments classified as FVPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include derivative financial instruments that the Company acquires to manage exposure to commodity price fluctuations. These instruments are non-hedge derivative instruments.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company has accounted for accounts payable and accrued liabilities and long-term debt under this method.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification and measurement of financial instruments prior to the adoption of IFRS 9, *Financial Instruments* on January 1, 2018 is described below:

Financial instruments at fair value through profit or loss (FVTPL)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include derivative financial instruments that the Company acquires to manage exposure to commodity price fluctuations. These instruments are non-hedge derivative instruments.

Available-for-sale financial assets

Marketable securities, subscription receipts and reclamation deposits are designated as available-for-sale and recorded at fair value. Unrealized gains and losses are recognized in other comprehensive income until the securities are disposed of or when there is evidence of impairment in value. Impairment is evident when there has been a significant or sustained decline in the fair value of the marketable securities. If an impairment in value has been determined, it is recognized in earnings for the period.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and cash equivalents and accounts receivable.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company has accounted for accounts payable and accrued liabilities and long-term debt under this method.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

(d) *Exploration and evaluation*

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. Exploration and evaluation expenditures are recognized in earnings in the period in which they are incurred.

Capitalization of development costs as mineral property, plant and equipment commences once the technical feasibility and commercial viability of the extraction of mineral reserve and resources associated with the Company's evaluation properties are established and management has made a decision to proceed with development.

(e) *Inventories*

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct labour and materials; non-capitalized stripping costs; depreciation and amortization; freight; and overhead costs. Net realizable value is determined with reference to relevant market prices, less applicable variable selling costs and estimated remaining costs of completion to bring the inventories into saleable form.

Ore stockpiles represent stockpiled ore that have not yet completed the production process, and are not yet in a saleable form. Finished goods inventories represent metals in saleable form that have not yet been sold. Materials and supplies inventories represent consumables used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

The quantity of recoverable metal in stockpiled ore and in the processing circuits is an estimate which is based on the tons of ore added and removed, expected grade and recovery. The quantity of recoverable metal in concentrate is an estimate using initial assay results.

(f) *Property, plant and equipment*

Land, buildings, plant and equipment

Land, buildings, plant and equipment are recorded at cost, including all expenditures incurred to prepare an asset for its intended use.

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Depreciation is based on the cost of the asset less residual value. Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items and depreciated separately. Depreciation commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The depreciation rates of the major asset categories are as follows:

Land	Not depreciated
Buildings	Straight-line basis over 10-25 years
Plant and equipment	Units-of-production basis
Mining equipment	Straight-line basis over 5-20 years
Light vehicles and other mobile equipment	Straight-line basis over 2-5 years
Furniture, computer and office equipment	Straight-line basis over 2-3 years

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

Mineral properties

Mineral properties consist of the cost of acquiring and developing mineral properties. Once in production, mineral properties are amortized on a units-of-production basis over the component of the ore body to which the capitalized costs relate.

Property acquisition costs arise either as an individual asset purchase or as part of a business combination, and may represent a combination of either proven and probable reserves, resources, or future exploration potential. When management has not made a determination that technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the entire amount is considered property acquisition costs and not amortized. When such property moves into development, the property acquisition cost asset is transferred to mineral properties within property, plant and equipment.

Mineral property development costs include: stripping costs incurred in order to provide initial access to the ore body; stripping costs incurred during production that generate a future economic benefit by increasing the productive capacity, extending the productive life of the mine or allowing access to a mineable reserve; capitalized project development costs; and capitalized interest.

Construction in progress

Construction in progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Construction in progress includes advances on long-lead items. Construction in progress is not depreciated. Once the asset is complete and available for use, the costs of construction are transferred to the appropriate category of property, plant and equipment, and depreciation commences.

Capitalized interest

Interest is capitalized for qualifying assets. Qualifying assets are assets that require a substantial period of time to prepare for their intended use. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

Leased assets

Leased assets in which the Company receives substantially all the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet. Assets under operating leases are not capitalized and rental payments are expensed on a straight-line basis.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed for impairment whenever circumstances suggest that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

The recoverable amount of an asset or cash generating unit (CGU) is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates

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cash inflows that are largely independent of the cash flows of other assets or CGU's. If the recoverable amount of an asset or its related CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in earnings for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not to an amount that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

The carrying amount of the CGU to which goodwill has been allocated is tested annually for impairment or when there is an indication that the goodwill may be impaired. Any goodwill impairment is recognized as an expense in the profit or loss. Should there be a recovery in the value of a CGU, any impairment of goodwill previously recorded is not subsequently reversed.

(g) Income taxes

Income tax on the earnings for the periods presented comprises current and deferred tax. Income tax is recognized in earnings except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Income tax is calculated using tax rates enacted or substantively enacted at the reporting date applicable to the period of expected realization or settlement.

Current tax expense is the expected tax payable on the taxable income for the year, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities acquired (not in a business combination) that affect neither accounting nor taxable profit on acquisition; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they are not probable to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

(h) Share-based compensation

The fair-value method is used for the Company's share-based payment transactions. Under this method, the cost of share options and equity-settled performance share units is recorded based on their estimated fair value at the grant date, including an estimate of the forfeiture rate. The fair value of the share options and performance share units is expensed on a graded amortization basis over the vesting period of the awards, with a corresponding increase in equity.

Share-based compensation expense relating to cash-settled awards, including deferred share units, is recognized based on the quoted market value of the Company's common shares on the date of grant. The related liability is re-measured to fair value each reporting period to reflect changes in the market value of the Company's common shares, with changes in fair value recorded in net profit (loss).

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(i) Provisions

Environmental rehabilitation

The Company records the present value of estimated costs of legal and constructive obligations required to retire an asset in the period in which the obligation occurs. Environmental rehabilitation activities include facility decommissioning and dismantling; removal and treatment of waste materials; site and land rehabilitation, including compliance with and monitoring of environmental regulations; and related costs required to perform this work and/or operate equipment designed to reduce or eliminate environmental effects. The provision for environmental rehabilitation ("PER") is adjusted each period for new disturbances, and changes in regulatory requirements, the estimated amount of future cash flows required to discharge the liability, the timing of such cash flows and the pre-tax discount rate specific to the liability. The unwinding of the discount is recognized in earnings as a finance cost.

When a PER is initially recognized, the corresponding cost is capitalized by increasing the carrying amount of the related asset, and is amortized to earnings on a unit-of-production basis. Costs are only capitalized to the extent that the amount meets the definition of an asset and represents future economic benefits to the operation.

Significant estimates and assumptions are made in determining the provision for environmental rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimation of the extent and cost of rehabilitation activities; timing of future cash flows that are impacted by changes in discount rates; inflation rate; and regulatory requirements.

Other provisions

Other provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Where the effect is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The accretion expense is included in finance expense.

(j) Finance income and expenses

Finance income comprises interest income on funds invested, gains on the disposal of marketable securities, and changes in the fair value of derivatives included in cash and equivalents and marketable securities. Interest income is recognized as it accrues in earnings, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, the finance component on deferred revenue, losses on the disposal of marketable securities, changes in the fair value of derivatives included in cash and cash equivalents and marketable securities, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in earnings using the effective interest method.

(k) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options granted. There is no dilution impact when the Company incurs a loss.

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(l) *Interests in joint arrangements*

IFRS defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Company recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

2.5 *Impact of adoption of new accounting standards*

The Company has applied the following revised or new IFRS that were issued and effective January 1, 2018:

(a) *IFRS 15, Revenue from Contracts with Customers*

The Company has adopted IFRS 15 effective January 1, 2018 using the cumulative effect method. Accordingly, the comparative information presented for 2017 has not been restated and is accounted for under IAS 18 *Revenue*. There have been no significant changes in the accounting for copper and molybdenum concentrate revenue as a result of the transition to IFRS 15.

Deferred revenue arose from an up-front payment received by the Company in consideration for future commitments as specified in its silver streaming arrangement (Note 18). Revenue from the streaming arrangement is recognized when the customer obtains control of the silver metal and the Company has satisfied its performance obligations.

The Company identified a significant financing component related to its streaming arrangement resulting from a difference in the timing of the up-front consideration received and the expected future deliveries of metal. Interest expense on deferred revenue is recognized as a finance expense. The interest rate is determined based on the rate implicit in the streaming agreement at the date of inception. The deferred revenue continues to be amortized and recognized in revenue on a per unit basis using the number of silver ounces expected to be delivered over the life of the Gibraltar Mine. However on transition to IFRS 15, the revenue per silver ounce has changed due to the recognition of the financing component of the streaming arrangement. The transitional adjustment for the recognition of the financing component is disclosed in Note 18.

The initial consideration received from the streaming arrangement is considered variable, subject to changes in the total silver ounces to be delivered. Changes to variable consideration will be reflected in revenue in the consolidated statement of income (loss) in the period the change is identified.

The following table summarizes the impact of transition to IFRS 15 on deficit at January 1, 2018:

Deficit, as at December 31, 2017	(102,878)
Deferred revenue adjustment, net of tax (Note 18)	(1,047)
Deficit after adoption of IFRS 15, as at January 1, 2018	(103,925)

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The following table summarizes the impact of adopting IFRS 15 on the Company's consolidated balance sheet as at December 31, 2018:

	As reported	Adjustments	Amounts without Adoption of IFRS 15
Current portion of deferred revenue	3,907	2,741	1,166
Deferred revenue	39,367	703	38,664
Deferred tax liability	83,793	(930)	84,723
Deficit	(139,699)	(2,514)	(137,185)

The following table summarizes the impact of adopting IFRS 15 on the Company's consolidated statement of comprehensive income (loss) for the year ended December 31, 2018:

	As reported	Adjustments	Amounts without Adoption of IFRS 15
Revenue	343,870	2,173	341,697
Finance expenses	(38,564)	(4,182)	(34,382)
Income tax recovery (expense)	(448)	542	(990)
Net loss	(35,774)	(1,467)	(34,307)
Total comprehensive loss	(22,099)	(1,467)	(20,632)

(b) IFRS 9, Financial Instruments

As described in Note 2.4(c), the Company adopted IFRS 9 effective January 1, 2018 without restating comparative information for prior periods. Accordingly, the comparative information for 2017 is presented under IAS 39. There were no changes to the carrying value of any of the Company's assets or liabilities as a result of this new accounting standard.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018:

	Footnote	Original Classification under IAS 39	New Classification under IFRS 9
Financial assets			
Cash and cash equivalents		Loans and receivables	Amortized cost
Accounts receivables		Loans and receivables	Amortized cost
Settlement receivables		Fair value – non-hedge derivative instrument	FVPL
Copper put option contracts		Fair value – non-hedge derivative instrument	FVPL
Marketable securities		Available-for-sale	FVOCI
Investment in subscription receipts	(1)	Available-for-sale	FVOCI
Reclamation deposits	(1)	Available-for-sale	FVOCI
Restricted cash		Loans and receivables	Amortized cost

(1) The Company has designated these equity related investments at the date of initial application as measured at FVOCI.

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(c) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 *Leases*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 *Revenue from Contracts with Customers*. Upon adoption of IFRS 16, the Company anticipates it will record a material balance of lease assets and associated lease liabilities related to leases on the Consolidated Balance Sheet at January 1, 2019. The Company plans to apply IFRS 16 at the date it becomes effective and has not yet quantified the impact of this standard on its consolidated financial statements.

3. INTEREST IN GIBRALTAR JOINT VENTURE

On March 31, 2010, the Company entered into an agreement with Cariboo Copper Corp. (Cariboo) whereby the Company contributed certain assets and liabilities of the Gibraltar mine, operating in British Columbia, into an unincorporated joint venture to acquire a 75% interest in the joint venture. Cariboo contributed \$186,800 to purchase the remaining 25% interest.

The assets and liabilities contributed by the Company to the joint venture were mineral property interests, plant and equipment, inventories, prepaid expenses, reclamation deposits, capital lease obligations, and site closure and reclamation obligations. Certain key strategic, operating, investing and financing policies of the joint venture require unanimous approval such that neither venturer is in a position to exercise unilateral control over the joint venture. The Company continues to be the operator of the Gibraltar Mine.

The Company has joint control over the joint arrangement and as such consolidates its 75% portion of all the joint venture's assets, liabilities, income and expenses.

The following is a summary of the Gibraltar joint venture financial information on a 100% basis.

	As at December 31,	
	2018	2017
Cash and equivalents	47,707	52,383
Other current assets	72,423	83,323
Current assets	120,130	135,706
Non-current assets	1,122,289	1,167,787
Accounts payable and accrued liabilities	45,301	53,312
Other current financial liabilities	14,172	15,865
Current liabilities	59,473	69,177
Long-term debt	18,589	21,151
Provision for environmental rehabilitation	128,738	142,164
Non-current liabilities	147,327	163,315

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	Years ended December 31,	
	2018	2017
Revenues	457,600	507,212
Production costs	(311,759)	(267,548)
Depletion and amortization	(109,018)	(75,428)
Other operating expense	(4,181)	(4,632)
Write-down of mine equipment	-	(4,735)
Interest expense	(5,116)	(5,927)
Interest income	1,119	343
Foreign exchange gain (loss)	1,333	(907)
Net earnings	29,978	148,378
Other comprehensive income	104	90
Comprehensive income for joint arrangement	30,082	148,468

4. REVENUE

	Years ended December 31,	
	2018	2017
Copper contained in concentrate	350,522	375,295
Molybdenum concentrate	26,589	20,782
Silver (Notes 2.5a and 18)	3,713	1,728
Price adjustments on settlement receivables	(10,679)	13,490
Total gross revenue	370,145	411,295
Less: Treatment and refining costs	(26,275)	(32,996)
Revenue	343,870	378,299

5. COST OF SALES

	Years ended December 31,	
	2018	2017
Site operating costs	219,104	167,338
Transportation costs	17,163	19,281
Insurance recovered	(7,913)	-
Changes in inventories of finished goods	2,435	(302)
Changes in inventories of ore stockpiles	1,078	14,266
Production costs	231,867	200,583
Depletion and amortization	70,781	47,722
Cost of sales	302,648	248,305

Cost of sales consists of site operating costs (which include personnel costs, mine site supervisory costs, non-capitalized stripping costs, repair and maintenance costs, consumables, operating supplies and external services), transportation costs, and depletion and amortization.

During the year ended December 31, 2018, the Company has recognized insurance recovered of \$7,913 (75% basis) related to the Cariboo region wildfires in 2017.

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6. COMPENSATION EXPENSE

	Years ended December 31,	
	2018	2017
Wages, salaries and benefits	69,633	61,998
Post-employment benefits	2,115	1,491
Share-based compensation (recovery) expense (Note 21c)	(1,282)	7,100
	70,466	70,589

Compensation expense is presented as a component of cost of sales, general and administrative expense, and exploration and evaluation expense.

7. DERIVATIVE INSTRUMENTS

During the year ended December 31, 2018, the Company purchased copper put option contracts for 30 million pounds of copper with maturity dates ranging from the third quarter of 2018 to the fourth quarter of 2018, at strike price of US\$2.80 per pound, at a total cost of \$1,063. The Company received cash proceeds of \$855 upon expiry of these put options.

During the year ended December 31, 2017, the Company purchased copper put options for 75 million pounds of copper with maturity dates ranging from the second quarter of 2017 to the second quarter of 2018, at a total cost of \$3,952. The remainder of these options expired in 2018 with no cash proceeds.

The following table outlines the (gains) losses associated with derivative instruments:

	Years ended December 31,	
	2018	2017
Realized loss on copper put options	2,264	1,807
Unrealized (gain) loss on copper put options	(1,970)	1,970
Change in fair value of copper call option	-	6,305
	294	10,082

The copper call option was repurchased as part of a debt refinancing completed in June 2017 (see Note 17a), and is no longer outstanding.

8. OTHER EXPENSES (INCOME)

	Years ended December 31,	
	2018	2017
Management fee income	(1,167)	(1,168)
Other operating expense (income), net	(305)	108
Write-down of mine equipment	-	3,551
Write-down of investment	-	3,850
	(1,472)	6,341

In the fourth quarter of 2017, the Company assessed the value of its investment in subscription receipts of a private mineral exploration and development company and recorded a write-down of the investment to its estimated fair value. A write-down of \$3,850 was recorded in the statement of income, and an unrealized loss of \$4,083 was recorded in other comprehensive income.

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9. FINANCE EXPENSES

	Years ended December 31,	
	2018	2017
Interest expense	32,077	30,965
Finance expense – deferred revenue (Notes 2.5a and 18)	4,182	-
Accretion on PER (Note 19)	2,305	2,363
Loss on settlement of long-term debt	-	13,102
	38,564	46,430

As part of a refinancing completed in June 2017, the Company redeemed senior notes and repaid a senior secured credit facility (see Note 17(a)). The settlement of long-term debt resulted in a loss of \$13,102, which includes a write-off of deferred financing costs relating to the settled debt and additional interest costs which were paid in lieu of notice to the noteholders and senior secured lender.

10. INCOME TAX

(a) Income tax expense (recovery)

	Years ended December 31,	
	2018	2017
Current income tax:		
Current period expense	1,015	1,801
Deferred income tax:		
Origination and reversal of temporary differences	(363)	24,735
Deferred tax adjustments related to prior periods	(204)	2,642
Deferred income tax expense (recovery)	(567)	27,377
Income tax expense	448	29,178

(b) Effective tax rate reconciliation

	Years ended December 31,	
	2018	2017
Income tax at Canadian statutory rate of 36.5% (2017: 35.6%)	(12,891)	22,597
Permanent differences	10,271	4,914
Tax rate differences	-	1,192
Foreign tax rate differential	131	22
Unrecognized tax benefits	3,151	(2,206)
Deferred tax adjustments related to prior periods	(204)	2,642
Other	(10)	17
Income tax expense	448	29,178

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(c) *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	As at December 31,	
	2018	2017
Property, plant and equipment	(177,664)	(175,502)
Other financial assets	3,204	2,884
Provisions	18,279	19,378
Tax loss carry forwards	72,388	64,195
Deferred tax liability	(83,793)	(89,045)

Tax loss carry forwards relate to non-capital losses in Canada of pre-tax \$206,027 (2017: \$187,318) which expire between 2031 and 2038 and net operating losses in the United States of pre-tax \$72,148 (2017: \$65,555), which expire between 2030 and 2037. In addition, net operating losses in the United States of pre-tax \$2,000 (2017: \$nil) which carryforward indefinitely with some restrictions on deductibility for tax purposes.

(d) *Unrecognized deferred tax assets and liabilities*

	As at December 31,	
	2018	2017
Deductible temporary differences:		
Debt	78,035	70,529
Other investments	34,873	34,873
Other financial assets	21,722	19,705
Deferred tax asset:		
Debt	10,535	7,385
Other investments	4,708	4,708
Other financial assets	3,139	3,073

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits. There are no unrecognized deferred tax liabilities.

11. ACCOUNTS RECEIVABLE

	As at December 31,	
	2018	2017
Trade receivables	10,582	19,341
Other receivables from joint venture partner	258	210
Goods and services tax receivable	916	1,094
Other receivables	2,979	973
	14,735	21,618

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12. INVENTORIES

	As at December 31,	
	2018	2017
Ore stockpiles	8,532	9,332
Copper contained in concentrate	3,166	5,933
Molybdenum concentrate	549	217
Materials and supplies	26,739	24,157
	38,986	39,639

At December 31, 2018, the Company recorded an impairment of \$1,703 to adjust the carrying value of ore stockpiles to net realizable value. The adjustment was included in cost of sales as a change in inventory of ore stockpiles.

13. OTHER FINANCIAL ASSETS

	As at December 31,	
	2018	2017
Current:		
Marketable securities	3,581	2,444
Copper put option contracts (Note 7)	-	330
	3,581	2,774
Long-term:		
Investment in subscription receipts	2,400	2,400
Reclamation deposits (Note 19)	31,480	30,637
Restricted cash (Note 19)	7,500	7,500
	41,380	40,537

The Company holds strategic investments in publicly traded and privately owned companies, including marketable securities and subscription receipts. Marketable securities at December 31, 2018 include a 21.0% (December 31, 2017: 18.5%) ownership interest in Yellowhead Mining Inc. ("Yellowhead"), which is carried at a fair value of \$2,810 (December 31, 2017 - \$1,221). On December 4, 2018, the Company entered into an agreement to acquire all of the outstanding common shares of Yellowhead that it did not already own, in exchange for 17.3 million Taseko common shares. The transaction was structured as a plan of arrangement pursuant to the Business Corporations Act (British Columbia) and requires the approval of the Supreme Court of British Columbia and the approval of: (i) at least two-thirds of the votes cast by Yellowhead shareholders; and (ii) a majority of the votes cast by Yellowhead shareholders excluding Taseko. At a special meeting of Yellowhead shareholders on February 8, 2019, Yellowhead shareholders voted to approve the acquisition and the transaction is expected to close in February 2019.

The subscription receipts relate to an investment in a privately held company with two directors in common with Taseko and are to be convertible into units comprised of shares, or shares and warrants.

Effective January 1, 2018, marketable securities and the investment in subscription receipts are accounted for at fair value through other comprehensive income (FVOCI) (see Note 2.5b). The fair value of these investments is based on public market information of comparable companies.

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14. PROPERTY, PLANT & EQUIPMENT

	Property Acquisition costs	Mineral properties	Plant and equipment	Construction in Progress	Total
Cost					
At January 1, 2017	98,404	238,828	656,135	1,458	994,825
Additions	-	84,641	10,696	21,030	116,367
Rehabilitation cost asset	-	8,350	-	-	8,350
Capitalized interest ¹	-	2,602	-	-	2,602
Disposals	-	-	(6,924)	-	(6,924)
Foreign exchange translation	(6,026)	(783)	(315)	-	(7,124)
Transfers between categories	-	-	19,760	(19,760)	-
At December 31, 2017	92,378	333,638	679,352	2,728	1,108,096
Additions	-	62,849	27,783	10,507	101,139
Rehabilitation cost asset	-	(12,374)	-	-	(12,374)
Disposals	-	-	(2,279)	-	(2,279)
Foreign exchange translation	7,494	1,391	1,308	-	10,193
Transfers between categories	-	-	13,047	(13,047)	-
At December 31, 2018	99,872	385,504	719,211	188	1,204,775
Accumulated depreciation					
At January 1, 2017	-	96,657	167,960	-	264,617
Depletion and amortization	-	20,033	29,472	-	49,505
Impairment	-	-	3,551	-	3,551
Disposals	-	-	(6,842)	-	(6,842)
At December 31, 2017	-	116,690	194,141	-	310,831
Depletion and amortization	-	44,159	30,671	-	74,830
Disposals	-	-	(2,173)	-	(2,173)
At December 31, 2018	-	160,849	222,639	-	383,488
Net book value					
At December 31, 2017	92,378	216,948	485,211	2,728	797,265
At December 31, 2018	99,872	224,655	496,572	188	821,287

¹ Interest related to the Florence Copper Project was capitalized until June 2017 at an annual rate of 11%.

(a) Capital expenditures

During 2018, the Company capitalized stripping costs of \$52,598 (2017: \$75,408) and incurred other capital expenditures for Gibraltar of \$10,975 (2017: \$10,728). In addition, the Company capitalized development costs of \$36,520 (2017: \$15,245) for the Florence Copper and \$2,701 (2017: \$1,713) for the Aley Niobium projects. Non-cash additions to property, plant and equipment include \$3,771 (2017: \$6,371) of depreciation on mining assets related to capitalized stripping.

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The rehabilitation cost asset decreased by \$12,374 for the year ended December 31, 2018, as a result of changes in the provision for environmental rehabilitation (Note 19).

(b) Leased assets

The Company leases mining equipment under a number of capital lease agreements. Most of these leases provide the Company with the option to purchase the equipment at a beneficial price. Certain rents are based on an annual average usage for the applicable equipment and, if at the end of the term (unless the equipment has been purchased by the Company), the actual annual average usage of such equipment has been greater than the specified usage, the Company must pay an additional amount for each excess hour of actual usage. The leased assets secure the lease obligations (Note 17). At December 31, 2018, the net carrying amount of leased assets was \$46,641 (2017: \$51,918).

(c) Property acquisition costs

Property acquisition costs are comprised of the Aley Niobium property \$5,436, Florence Copper Project \$94,434, New Prosperity gold-copper property \$1 and Harmony gold property \$1. The carrying amounts for the New Prosperity and Harmony properties are the original property acquisition costs less historical impairments.

15. GOODWILL

Goodwill was recorded on the Company's acquisition of Curis Resources Ltd. ("Curis") in 2014. Curis is a mineral exploration and development company whose principal asset is the Florence Copper Project, an in-situ copper recovery and solvent extraction/electrowinning project located in central Arizona, USA. During the year ended December 31, 2018, the carrying value of the goodwill increased to \$5,625 as a result of foreign currency translation.

The Company performed an annual goodwill impairment test and the recoverable amount of the Curis CGU was estimated utilizing a discounted cash flow with the following key assumptions: an after-tax discount rate of 10% (2017 – 12%); and copper prices of US\$3.10 to US\$3.18 per pound in the projected periods. The recoverable amount of the Curis CGU was calculated to be higher than its carrying amount and no impairment loss was recognized.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31,	
	2018	2017
Trade payables	21,861	23,926
Accrued liabilities	19,140	18,692
Amounts payable to BC Hydro	-	4,764
	41,001	47,382

During the year ended December 31, 2018, the Company repaid the remaining balance payable under BC Hydro's five-year power rate deferral program for BC mines. Under the program, effective March 1, 2016, the Gibraltar Mine was able to defer up to 75% of electricity costs. The amount of the deferral was based on a formula that incorporated the average copper price in Canadian dollars during the preceding month. The deferred amount, plus interest at the prime rate plus 5%, was repayable on a monthly schedule of up to 75% of the monthly electricity billing, when the average copper price during the preceding month exceeded a threshold amount of \$3.40 per pound. Any remaining deferred balance would have been repayable at the end of the five year term.

TASEKO MINES LIMITED

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(Cdn\$ in thousands)

17. DEBT

	As at December 31,	
	2018	2017
Current:		
Capital leases (b)	6,506	9,651
Secured equipment loans (c)	3,350	1,619
	9,856	11,270
Long-term:		
Senior secured notes (a)	331,683	302,085
Capital leases (b)	7,604	14,110
Secured equipment loans (c)	6,338	1,753
	345,625	317,948

(a) Senior secured notes

In June 2017, the Company completed an offering of US\$250,000 aggregate principal amount of senior secured notes ("the Notes"). The Notes mature on June 15, 2022 and bear interest at an annual rate of 8.750%, payable semi-annually on June 15 and December 15, commencing December 15, 2017. The Notes were issued at 99% of par value and the Company incurred other transaction costs of \$9,326 resulting in net proceeds from the offering of \$317,596 (US\$240,468). The net proceeds were used, along with cash on hand, to redeem senior notes, to repay a senior secured credit facility and to settle the related copper call option.

The Notes are secured by liens on the shares of Taseko's wholly-owned subsidiary, Gibraltar Mines Ltd., and the subsidiary's rights under the joint venture agreement relating to the Gibraltar mine. The Notes are guaranteed by each of Taseko's existing and future restricted subsidiaries, other than certain immaterial subsidiaries. The Company is able to incur limited amounts of additional secured and unsecured debt under certain conditions as defined in the Note indenture. The Company is also subject to certain restrictions on asset sales, issuance of preferred stock, dividends and other restricted payments. However, there are no maintenance covenants with respect to the Company's financial performance.

The Company may redeem some or all of the Notes at any time on or after June 15, 2019, at redemption prices ranging from 104.375% to 100%, plus accrued and unpaid interest to the date of redemption. Prior to June 15, 2019, all or part of the notes may be redeemed at 100%, plus a make-whole premium, plus accrued and unpaid interest to the date of redemption. In addition, until June 15, 2019, the Company may redeem up to 35% of the aggregate principal amount of the notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 108.750%, plus accrued and unpaid interest to the date of redemption. On a change of control, the Notes are redeemable at the option of the holder at a price of 101%.

(b) Capital leases

Capital leases are repayable in monthly installments and are secured by equipment with a carrying value \$46,641 (2017: \$51,918). The capital lease obligations bear fixed interest rates ranging from 3.5% to 5.8% and have maturity dates ranging from 2019 to 2022.

(c) Secured equipment loans

Equipment loans are secured by equipment with a carrying value of \$28,786 (2017: \$20,912). The loans are repayable in monthly installments and bear fixed interest rates at 5.5% and have maturity dates ranging from 2020 to 2022.

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In June 2018, the Company entered into a new equipment loan for \$9,000. This equipment loan is repayable over a four year term and bears interest at an annual rate of 5.5%.

18. DEFERRED REVENUE

On March 3, 2017, the Company entered into a silver stream purchase and sale agreement with Osisko Gold Royalties Ltd. ("Osisko"), whereby the Company received an upfront cash deposit payment of US\$33 million for the sale of an equivalent amount of its 75% share of Gibraltar payable silver production until 5.9 million ounces of silver have been delivered to Osisko. After that threshold has been met, 35% of an equivalent amount of Taseko's share of all future payable silver production from Gibraltar will be delivered to Osisko. In addition to the initial deposit, the Company receives cash payments of US\$2.75 per ounce for all silver deliveries made under the agreement.

The Company recorded the initial deposit as deferred revenue and recognizes amounts in revenue as silver is delivered to Osisko. The amortization of deferred revenue is calculated on a per unit basis using the estimated total number of silver ounces expected to be delivered to Osisko over the life of the Gibraltar Mine. The current portion of deferred revenue is an estimate based on deliveries anticipated over the next twelve months.

The silver sale agreement has a minimum term of 50 years and automatically renews for successive 10-year periods as long as Gibraltar mining operations are active. If the initial deposit is not fully reduced through silver deliveries at current market prices at time of the deliveries, a cash payment for the remaining amount will be due to Osisko at the expiry date of the agreement. The Company's obligations under the agreement are secured by a pledge of Taseko's 75% interest in the Gibraltar Joint Venture.

In connection with the silver stream transaction, the Company issued share purchase warrants to Osisko to acquire 3 million common shares of the Company at any time until April 1, 2020 at an exercise price of \$2.74 per share. The fair value of the warrants was estimated to be \$1,876 at the date of grant and was measured based on the Black-Scholes valuation model. The fair value was determined using the expected life of 3 years, expected volatility of the Company's common share price of 61%, an expected dividend yield of 0%, and a risk-free interest rate of 0.9% (Note 20b).

The following table summarizes changes in deferred revenue:

Upfront cash deposit	44,151
Issuance of warrants	(1,876)
Amortization of deferred revenue	(1,323)
Balance at December 31, 2017	40,952
Transitional adjustment for IFRS 15 (Note 2.5a)	1,435
Finance expense (Note 2.5a, 9)	4,182
Amortization of deferred revenue	(3,295)
Balance at December 31, 2018	43,274

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Deferred revenue is reflected in the consolidated balance sheets as follows:

	December 31, 2018	December 31, 2017
Current	3,907	1,312
Non-current	39,367	39,640
	43,274	40,952

19. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2018	2017
Beginning balance at January 1	107,874	98,454
Change in estimates	(12,374)	8,350
Accretion	2,305	2,363
Settlements	-	(1,205)
Foreign exchange differences	109	(88)
Ending balance at December 31	97,914	107,874

The provision for environmental rehabilitation ("PER") represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities. The majority of these expenditures occur after the end of the life of the related operation. For the Gibraltar Mine, it is anticipated that these costs will be incurred over a period of 100 years beyond the end of the mine life. As at December 31, 2018, the PER was calculated using a pre-tax discount rate of 2.18% (2017 – 2.26%), which is based on the long-term Canadian government bond rate and an inflation rate of 1.70% (2017 – 2.0%) in its cash flow estimates. The decrease in the PER during 2018 is primarily due to a reduction in the inflation rate.

During 2017, the Company submitted an updated decommissioning cost report for the Gibraltar Mine to the BC Ministry of Energy, Mines and Petroleum Resources as a requirement to maintain its permits in good standing. The underlying cost assumptions supporting the 2017 decommissioning report reflect management's best estimate for closure costs and were incorporated into the PER. Estimates are reviewed regularly and there have been adjustments to the amount and timing of cash flows as a result of updated information. Assumptions are based on the current economic environment, but actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation will depend on when the mine ceases production which, in turn, will depend on future metal prices, operating conditions and many other factors which are inherently uncertain.

The Company has provided deposits and other financial security for its reclamation obligations which is held in trust by the regulatory authorities. Security for reclamation obligations is returned once the site is reclaimed to a satisfactory level and there are no ongoing monitoring or maintenance requirements. The Company has provided total reclamation security of \$36,284 for its 75% share of the Gibraltar Mine, in the form of reclamation deposits and restricted cash (Note 13). The Gibraltar reclamation deposits of \$28,784 are held in a trust account and include investments in Canadian government bonds, guaranteed investment certificates and cash. The restricted cash of \$7,500 (Note 13) represents the Company's share of cash security for a letter of credit issued by the Gibraltar Joint Venture as security for reclamation obligations at the Gibraltar Mine. For the Florence Copper project, the Company has issued security for reclamation bonds totaling \$8,676, which is supported by surety bonds of an insurance company. The Company has provided cash collateral of \$2,208 to the surety provider and these amounts are classified as reclamation deposits (Note 13).

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20. EQUITY

(a) Share capital

	Common shares (thousands)
Common shares outstanding at January 1, 2017	221,867
Exercise of warrants	4,000
Exercise of share options	1,133
Common shares outstanding at December 31, 2017	227,000
Settlement of performance share units	1,024
Exercise of share options	407
Common shares outstanding at December 31, 2018	228,431

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

(b) Share purchase warrants

At December 31, 2018, the Company had 3,000,000 share purchase warrants outstanding at an exercise price of \$2.74 per share and with an expiry date of April 1, 2020. These warrants were issued in March, 2017 in connection with the silver stream purchase and sale agreement (Note 18).

(c) Contributed surplus

Contributed surplus represents employee entitlements to equity settled share-based awards that have been charged to the statement of comprehensive income and loss in the periods during which the entitlements were accrued and have not yet been exercised.

(d) Accumulated other comprehensive income ("AOCI")

AOCI is comprised of the cumulative net change in the fair value of FVOCI financial assets and cumulative translation adjustments arising from the translation of foreign subsidiaries.

21. SHARE-BASED COMPENSATION

(a) Share Options

The Company has an equity settled share option plan approved by the shareholders that allows it to grant options to directors, officers, employees and other service providers. Under the plan, a maximum of 9.5% of the Company's outstanding common shares may be granted. The maximum allowable number of outstanding options to independent directors as a group at any time is 1% of the Company's outstanding common shares. The exercise price of an option is set at the time of grant using the five-day volume weighted average price of the common shares. Options are exercisable for a maximum of five years from the effective date of grant under the plan. Vesting conditions of options are at the discretion of the Board of Directors at the time the options are granted.

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	Options (thousands)	Average price
Outstanding at January 1, 2017	11,941	1.74
Granted	1,911	1.25
Exercised	(1,133)	0.78
Forfeited	(39)	0.96
Expired	(3,399)	2.71
Outstanding at January 1, 2018	9,281	1.40
Granted	1,724	2.84
Exercised	(407)	0.82
Cancelled/forfeited	(161)	2.25
Expired	(100)	2.02
Outstanding at December 31, 2018	10,337	1.64
Exercisable at December 31, 2018	8,740	1.52

During the year ended December 31, 2018, the Company granted 1,724,500 (2017 – 1,910,500) share options to directors, executives and employees, exercisable at an average exercise price of \$2.84 per common share (2017 - \$1.25 per common share) over a three to five year period. The total fair value of options granted was \$2,483 (2017 – \$1,165) based on a weighted average grant-date fair value of \$1.44 (2017 – \$0.61) per option.

Range of exercise price	Options (thousands)	Average life (years)
\$0.38 to \$0.68	1,798	1.71
\$0.69 to \$1.02	1,788	1.34
\$1.03 to \$1.64	1,721	2.64
\$1.65 to \$2.40	3,435	0.05
\$2.41 to \$2.86	1,595	3.50
	10,337	1.53

The fair value of options was measured at the grant date using the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the Black-Scholes formula are as follows:

	2018	2017
Expected term (years)	4.4	4.5
Forfeiture rate	0%	0%
Volatility	64%	61%
Dividend yield	0%	0%
Risk-free interest rate	1.8%	1.0%
Weighted-average fair value per option	\$1.44	\$0.61

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(b) *Deferred Share Units and Performance Share Units*

The Company has adopted a Deferred Share Unit ("DSU") Plan (the "DSU Plan") that provides for an annual grant of DSUs to each non-employee director of the Company, or an equivalent cash payment in lieu thereof, which participants have agreed would in the first instance be used to assist in complying with the Company's share ownership guidelines. DSUs vest immediately upon grant and are paid out in cash when a participant ceases to be a director of the Company. A long-term financial liability of \$1,513 has been recorded at December 31, 2018 (2017 - \$5,714), representing the fair value of the liability, which is based on the Company's stock price at the reporting period date.

The Company has established a Performance Share Unit ("PSU") Plan (the "PSU Plan") whereby PSUs are issued to executives as long-term incentive compensation. PSUs issued under the Plan entitle the holder to a cash or equity payment (as determined by the Board of Directors), at the end of a three-year performance period equal to the number of PSU's granted, adjusted for a performance factor and multiplied by the quoted market value of a Taseko common share on the completion of the performance period. The performance factor can range from 0% to 250% and is determined by comparing the Company's total shareholder return to those achieved by a peer group of companies.

	DSUs (thousands)	PSUs (thousands)
Outstanding at January 1, 2017	1,323	1,707
Granted	620	400
Settled	-	(888)
Outstanding at January 1, 2018	1,943	1,219
Granted	385	400
Settled	-	(409)
Outstanding at December 31, 2018	2,328	1,210

During the year ended December 31, 2018, 385,000 DSUs were issued to directors (2017 - 620,000) and 400,000 PSUs to senior executives (2017 - 400,000). The fair value of DSUs and PSUs granted was \$2,982 (2017 - \$1,301), with a weighted average fair value at the grant date of \$2.86 per unit for the DSUs (2017 - \$1.27 per unit) and \$4.70 per unit for the PSUs (2017 - \$2.33 per unit).

(c) *Share-based compensation expenses*

Share based compensation expense (recovery) is comprised as follows:

	Years ended December 31,	
	2018	2017
Share options – amortization	2,182	1,072
Performance share units – amortization	736	1,849
Change in fair value of deferred share units	(4,200)	4,179
	(1,282)	7,100

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22. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company is a party to certain contracts relating to operating leases and service and supply agreements. Future minimum payments under these agreements as at December 31, 2018 are presented in the following table:

2019	11,079
2020	7,944
2021	6,045
2022	1,175
2023	-
2024 and thereafter	-
Total commitments	26,243

As at December 31, 2018, the Company had outstanding capital commitments of \$298, of which the Gibraltar joint venture (Note 3) is committed to incur expenditures of \$108 (2017: \$933), with the Company's share being \$81 (2017: \$700).

(b) Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by the Gibraltar joint venture in which it holds a 75% interest. As a result, the Company has guaranteed the joint venture partner's 25% share of this debt which amounted to \$7,933 as at December 31, 2018.

23. SUPPLEMENTARY CASH FLOW INFORMATION

	For the year ended December 31,	
	2018	2017
Change in non-cash working capital items		
Accounts receivable	7,018	(9,199)
Inventories	653	16,324
Prepays	7	(203)
Accounts payable and accrued liabilities	(1,778)	8,995
Interest payable	40	(21)
Income tax payable	(4,139)	(2,275)
Income tax received	92	-
	1,893	13,621
Non-cash investing and financing activities		
Share purchase warrants issued (Note 18)	-	1,876
Assets acquired under capital lease	-	13,059
Share purchase warrants exercised	-	(830)

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24. FINANCIAL RISK MANAGEMENT

(a) Overview

In the normal course of business, the Company is inherently exposed to market, liquidity and credit risk through its use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Board approves and monitors risk management processes, including treasury policies, counterparty limits, controlling and reporting structures.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk; interest rate risk; and currency risk. Financial instruments affected by market risk include: cash and equivalents; accounts receivable; marketable securities; subscription receipts; reclamation deposits; accounts payable and accrued liabilities; debt and derivatives.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company buys copper put options in order to reduce commodity price risk. The derivative instruments employed by the Company are considered to be economic hedges but are not designated as hedges for accounting purposes.

Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the metals it produces. The Company enters into copper put option contracts to reduce the risk of short-term copper price volatility. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper put option contracts are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

Provisional pricing mechanisms embedded within the Company's sales arrangements have the character of a commodity derivative and are carried at fair value as part of accounts receivable. The table below summarizes the impact on revenue and receivables for changes in commodity prices on the provisionally invoiced sales volumes.

	As at December 31,	
	2018	2017
Copper increase/decrease by US\$0.27/lb. (2017: US\$0.33/lb.) ¹	7,485	6,645

¹The analysis is based on the assumption that the year-end copper price increases 10 percent with all other variables held constant. At December 31, 2018, 20 million (2017: 16 million) pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate for the year ended December 31, 2018 of CAD/USD 1.36 (2017: 1.25) was used in the analysis.

The sensitivities in the above tables have been determined with foreign currency exchange rates held constant. The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange can impact commodity prices. The sensitivities should therefore be used with care.

Interest rate risk

The Company is exposed to interest rate risk on its outstanding debt and investments, including cash and cash equivalents, from the possibility that changes in market interest rates will affect future cash flows or the fair value of fixed-rate interest-bearing financial instruments.

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The table below summarizes the impact on earnings after tax and equity for a change of 100 basis points in interest rates at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This assumes that the change in interest rates is effective from the beginning of the financial year and balances are constant over the year. However, interest rates and balances of the Company may not remain constant in the coming financial year and therefore such sensitivity analysis should be used with care.

	Years ended December 31,	
	2018	2017
Fair value sensitivity for fixed-rate instruments		
Senior secured notes	(2,365)	(1,340)
Capital leases	(175)	(176)
Secured equipment loans	(56)	(96)
	(2,596)	(1,612)
Cash flow sensitivity for variable-rate instruments		
Cash and equivalents	382	645
Reclamation deposits	211	209
	593	854

Currency risk

The Canadian dollar is the functional currency of the Company and, as a result, currency exposure arises from transactions and balances in currencies other than the Canadian dollar, primarily the US dollar. The Company's potential currency exposures comprise translational exposure in respect of non-functional currency monetary items, and transactional exposure in respect of non-functional currency revenues and expenditures.

The following table demonstrates the sensitivity to a 10% strengthening in the CAD against the USD. With all other variables held constant, the Company's shareholders equity and earnings after tax would both increase/(decrease) due to changes in the carrying value of monetary assets and liabilities. A weakening in the CAD against the USD would have had the equal but opposite effect to the amounts shown below.

	Year ended December 31,	
	2018	2017
Cash and equivalents	(1,928)	(4,966)
Accounts receivable	(812)	(1,435)
Copper put option contracts	-	(24)
Accounts payable and accrued liabilities	562	344
Senior secured notes	24,987	23,293
Equipment loans	-	27

The Company's financial asset and liability profile may not remain constant and, therefore, these sensitivities should be used with care.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by holding sufficient cash and equivalents and scheduling long-term obligations based on estimated cash inflows. There were no defaults on loans payable during the year.

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(d) Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its receivables, marketable securities and investments, and derivatives. In general, the Company manages its credit exposure by transacting only with reputable counterparties. The Company monitors the financial condition of its customers and counterparties to contracts. The Company deals with a limited number of counterparties for its metal sales. The Company had two significant customers in 2018 that represented 86% of gross copper concentrate revenues (2017: two customers accounted for 81% of gross copper concentrate revenues). The trade receivable balance at December 31, 2018 is comprised of two customers (2017: three customers). There are no impairments recognized on the trade receivables.

(e) Fair values of financial instruments

The fair values of the senior secured notes is \$314,547 and the carrying value is \$331,683 at December 31, 2018. The fair value of all other financial assets and liabilities approximates their carrying value.

The Company uses the fair value hierarchy described in Note 2.4(c) for determining the fair value of instruments that are measured at fair value.

	Level 1	Level 2	Level 3	Total
December 31, 2018				
<i>Financial assets designated as FVOCI</i>				
Marketable securities	3,581	-	-	3,581
Investment in subscription receipts (Note 13)	-	-	2,400	2,400
Reclamation deposits	31,480	-	-	31,480
	35,061	-	2,400	37,461
December 31, 2017				
<i>Financial assets designated as FVTPL</i>				
Copper put option contracts	-	330	-	330
<i>Available-for-sale financial assets</i>				
Marketable securities	2,444	-	-	2,444
Investment in subscription receipts (Note 13)	-	-	2,400	2,400
Reclamation deposits	30,637	-	-	30,637
	33,081	330	2,400	35,811

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value as at December 31, 2018.

The fair value of the senior secured notes, a Level 1 instrument, is determined based upon publicly available information. The fair value of the capital leases and secured equipment loans, Level 2 instruments, are determined through discounting future cash flows at an interest rate of 5.5% based on the relevant loans effective interest rate.

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The fair values of the Level 2 instruments are based on broker quotes. Similar contracts are traded in an active market and the broker quotes reflect the actual transactions in similar instruments.

The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's accounts receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market.

The subscription receipts, a Level 3 instrument, are valued based on a management estimate. As the subscription receipts are an investment in a private exploration and development company, there are no observable market data inputs. At December 31, 2018 the determination of the estimated fair value of the investment includes comparison to the market capitalization of comparable public companies.

(f) Capital management

The Company's primary objective when managing capital is to ensure that the Company is able to continue its operations and that it has sufficient ability to satisfy its capital obligations and ongoing operational expenses, as well as to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents, credit facilities and debt as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue or buy back equity, issue, buy back or repay debt, sell assets, or return capital to shareholders.

	December 31, 2018	December 31, 2017
Cash	(45,665)	(80,231)
Current portion of long-term debt	9,856	11,270
Long-term debt	345,625	317,948
Net debt	309,816	248,987
Shareholders' equity	347,077	367,080

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board of Directors. Management also actively monitors the covenants on its long-term debt to ensure compliance. The Company's investment policy is to invest cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash. There were no changes to the Company's approach to capital management during the year ended December 31, 2018.

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25. RELATED PARTIES

(a) Subsidiaries

	Ownership interest as at	
	December 31, 2018	December 31, 2017
Gibraltar Mines Ltd.	100%	100%
Curis Resources Ltd.	100%	100%
Curis Holdings (Canada) Ltd.	100%	100%
Florence Copper Inc.	100%	100%
Aley Corporation	100%	100%
672520 BC Ltd.	100%	100%

(b) Key management personnel compensation

Key management personnel include the members of the Board of Directors and executive officers of the Company.

The Company contributes to a post-employment defined contribution pension plan on behalf of certain key management personnel. This retirement compensation arrangement ("RCA" Trust) was established to provide benefits to certain executive officers on or after retirement in recognition of their long service. Upon retirement, the participant is entitled to the distribution of the accumulated value of the contributions under the RCA Trust. Obligations for contributions to the defined contribution pension plan are recognized as compensation expense in profit or loss in the periods during which services are rendered by the executive officers.

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-month to 12-months' salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among other things, an amount ranging from 24-month to 32-months' salary and accrued bonus, and all stock options held by these individuals will fully vest.

Executive officers and directors also participate in the Company's share option program (Note 21).

Compensation for key management personnel (includes all members of the Board of Directors and executive officers) is as follows:

	Year ended December 31,	
	2018	2017
Salaries and benefits	6,467	5,015
Post-employment benefits	2,061	1,491
Share-based compensation (recovery) expense	(1,914)	6,849
	6,614	13,355

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(d) Related party transactions

Three directors of the Company are also principals of Hunter Dickinson Services Inc. ("HDSI"), a private company. HDSI invoices the Company for their executive services (director fees) and for other services provided by HDSI under a services agreement dated July 2010.

For the year ended December 31, 2018, the Company incurred total costs of \$1,344 (2017: \$1,399) in transactions with HDSI. Of these, \$537 (2017: \$593) related to administrative, legal, exploration and tax services, \$527 related to reimbursements of office rent costs (2017: \$526), and \$280 (2017: \$280) related to director fees for two Taseko directors who are also principals of HDSI.

On December 31, 2018, the Company terminated the HDSI services agreement. HDSI will no longer provide any services to the Company effective as of December 31, 2018.

Under the terms of the joint venture operating agreement, the Gibraltar Joint Venture pays the Company a management fee for services rendered by the Company as operator of the Gibraltar Mine. Management Fee income in 2018 was \$1,167 (2017: \$1,168). In addition, the Company pays certain expenses on behalf of the Gibraltar Joint Venture and invoices the Joint Venture for these expenses. In 2018, reimbursable compensation expenses and third party costs of \$141 (2017: \$34) were charged to the joint venture partner.



Consolidated Financial Statements
December 31, 2017 and 2016



KPMG LLP
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Taseko Mines Limited

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Taseko Mines Limited (the "Company"), which comprise the consolidated balance sheets as at December 31, 2017 and December 31, 2016, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2017 and December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on Internal Control Over Financial Reporting

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 20, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

A - Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

B - Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to the Company in accordance with the ethical requirements that are relevant to our audit of the



consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

KPMG LLP (signed)

We have served as the Company's auditor since 1999.

Vancouver, Canada
February 20, 2018



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Taseko Mines Limited

Opinion on Internal Control Over Financial Reporting

We have audited Taseko Mines Limited (the "Company") internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Report on the Consolidated Financial Statements

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company, which comprise the consolidated balance sheets as at December 31, 2017 and December 31, 2016, the consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements"), and our report dated February 20, 2018 expressed an unmodified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB and in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included



performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP (signed)

Chartered Professional Accountants

Vancouver, Canada
February 20, 2018

TASEKO MINES LIMITED

Consolidated Statements of Comprehensive Income (Loss)

(Cdn\$ in thousands, except share and per share amounts)

		For the years ended December 31,	
	Note	2017	2016
Revenues	4	378,299	263,865
Cost of sales	5		
Production costs		(200,583)	(209,150)
Depletion and amortization		(47,722)	(52,939)
Earnings from mining operations		129,994	1,776
General and administrative		(12,775)	(11,299)
Share-based compensation	22	(6,983)	(3,619)
Exploration and evaluation		(1,730)	(2,087)
Loss on derivatives	7	(10,082)	(6,360)
Other income (expenses)	8	(6,341)	(4,072)
Income (loss) before financing costs and income taxes		92,083	(25,661)
Finance expenses	9	(46,430)	(30,007)
Finance income		935	1,084
Foreign exchange gains		16,852	8,475
Income (loss) before income taxes		63,440	(46,109)
Income tax (expense) recovery	10	(29,178)	14,713
Net income (loss)		34,262	(31,396)
Other comprehensive income (loss):			
Unrealized loss on available-for-sale financial assets, before tax		(4,248)	(32)
Tax recovery		-	516
Foreign currency translation reserve		(7,720)	(3,709)
Total other comprehensive loss		(11,968)	(3,225)
Total comprehensive income (loss)		22,294	(34,621)
Earnings (loss) per share			
Basic		0.15	(0.14)
Diluted		0.15	(0.14)
Weighted average shares outstanding (thousands)			
Basic		225,682	221,828
Diluted		232,039	221,828

The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Cdn\$ in thousands)

		For the years ended December 31,	
	Note	2017	2016
Operating activities			
Net income (loss) for the year		34,262	(31,396)
Adjustments for:			
Depletion and amortization		47,722	53,024
Income tax expense (recovery)	10	29,178	(14,713)
Share-based compensation expense	22	7,100	3,682
Loss on derivatives	7	10,082	6,360
Finance expenses, net		45,495	28,923
Unrealized foreign exchange gains		(17,684)	(7,785)
Write-down of mine equipment		3,551	-
Deferred revenue deposit		44,151	-
Amortization of deferred revenue	18	(1,322)	-
Deferred electricity payments (repayments)	16, 19	(6,174)	10,938
Other operating activities		1,097	(469)
Net change in non-cash working capital	24	13,621	(14,711)
Cash provided by operating activities		211,079	33,853
Investing activities			
Purchase of property, plant and equipment	14	(97,223)	(18,843)
Purchase of copper put options	7	(3,952)	(3,777)
Proceeds from copper put options	7	-	3,371
Investment in other financial assets		(1,395)	-
Other investing activities		758	158
Cash used for investing activities		(101,812)	(19,091)
Financing activities			
Net proceeds from issuance of senior secured notes	17a	317,596	-
Repayment of senior notes	17b	(264,180)	-
Repayment of senior secured credit facility	17c	(92,463)	-
Settlement of copper call option	17c	(15,745)	-
Interest paid		(43,995)	(22,668)
Repayment of capital leases and equipment loans		(17,074)	(16,586)
Proceeds on exercise of options and warrants		2,928	22
Proceeds from senior secured credit facility	17b	-	93,605
Financing costs for senior secured credit facility	17c	-	(4,346)
Repayment of Curis secured loan	17c	-	(43,767)
Cash provided by (used for) financing activities		(112,933)	6,260
Effect of exchange rate changes on cash and equivalents		(5,133)	(513)
Increase (decrease) in cash and equivalents		(8,799)	20,509
Cash and equivalents, beginning of year		89,030	68,521
Cash and equivalents, end of year		80,231	89,030

Supplementary cash flow disclosures

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The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Cdn\$ in thousands)

	Note	December 31, 2017	December 31, 2016
ASSETS			
Current assets			
Cash and equivalents		80,231	89,030
Accounts receivable	11	21,618	12,905
Other financial assets	12	2,774	1,574
Inventories	13	39,639	60,550
Prepays		1,474	1,268
		145,736	165,327
Property, plant and equipment	14	797,265	730,208
Other financial assets	12	40,537	48,368
Goodwill	15	5,172	5,536
		988,710	949,439
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	16	47,382	33,416
Current income tax payable	10	302	889
Current portion of long-term debt	17	11,270	16,157
Current portion of deferred revenue	18	1,312	–
Interest payable on senior notes		1,143	4,336
		61,409	54,798
Long-term debt	17	317,948	373,133
Provision for environmental rehabilitation ("PER")	20	107,874	98,454
Deferred and other tax liabilities	10	89,045	62,202
Deferred revenue	18	39,640	–
Other financial liabilities	19	5,714	21,913
		621,630	610,500
EQUITY			
Share capital	21(a)	422,091	417,975
Contributed surplus	21(c), 22	47,478	45,747
Accumulated other comprehensive income ("AOCI")	21d	389	12,357
Deficit		(102,878)	(137,140)
		367,080	338,939
		988,710	949,439

Commitments and contingencies

20, 23

The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(Cdn\$ in thousands)

	Share capital	Contributed surplus	AOCI	Deficit	Total
Balance at January 1, 2016	417,944	42,558	15,582	(105,744)	370,340
Issuance of warrants	-	830	-	-	830
Share-based compensation	-	2,368	-	-	2,368
Exercise of options	31	(9)			22
Total comprehensive loss for the year	-	-	(3,225)	(31,396)	(34,621)
Balance at December 31, 2016	417,975	45,747	12,357	(137,140)	338,939
Balance at January 1, 2017	417,975	45,747	12,357	(137,140)	338,939
Issuance of warrants	-	1,876	-	-	1,876
Share-based compensation	-	2,919	-	-	2,919
Exercise of options and warrants	4,116	(1,188)	-	-	2,928
Settlement of performance share units	-	(1,876)	-	-	(1,876)
Total comprehensive income (loss) for the year	-	-	(11,968)	34,262	22,294
Balance at December 31, 2017	422,091	47,478	389	(102,878)	367,080

The accompanying notes are an integral part of these consolidated financial statements.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

1. REPORTING ENTITY

Taseko Mines Limited (the “Company” or “Taseko”) is a corporation governed by the *British Columbia Business Corporations Act*. The consolidated financial statements of the Company as at and for the year ended December 31, 2017 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia, Canada and the State of Arizona, USA. Seasonality does not have a significant impact on the Company's operations.

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors on February 20, 2018.

2.2 *Basis of measurement, judgment and estimation*

These consolidated financial statements have been prepared on a historical cost basis except for fair-value-through-profit-or-loss, available-for-sale and derivative financial instruments, which are measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency monetary assets and liabilities are translated into Canadian dollars at the closing exchange rate as at the balance sheet date. Foreign currency non-monetary assets and liabilities, revenues and expenses are translated into Canadian dollars at the prevailing rate of exchange on the dates of the transactions. Any gains and losses are included in profit and loss. The Company's US subsidiary measures the items in its financial statements using the US dollar as its functional currency. The assets and liabilities of the US subsidiary are translated into Canadian dollars using the period end exchange rate. The income and expenses are translated into Canadian dollars at the weighted average exchange rates to the period end reporting date. Any gains and losses on translation are included in accumulated other comprehensive income (“AOCI”). All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise noted.

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement and recovery of other deferred tax assets.

Significant areas of estimation include reserve and resource estimation; asset valuations and the measurement of impairment charges or reversals; finished and in-process inventory quantities; plant and equipment lives; tax provisions; provisions for environmental rehabilitation; valuation of financial instruments and derivatives; deferred stripping costs and share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to these consolidated financial statements as appropriate.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

The accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions made and judgment used in the engineering and geological interpretation, and may be subject to revision based on various factors. Changes in reserve and resource estimates may impact the carrying value of property, plant and equipment; the calculation of depreciation expense; the capitalization of stripping costs incurred during production; and the timing of cash flows related to the provision for environmental rehabilitation.

Changes in forecast prices of commodities, exchange rates, production costs and recovery rates may change the economic status of reserves and resources. Forecast prices of commodities, exchange rates, production costs and recovery rates, and discount rates assumptions, either individually or collectively, may impact the carrying value of derivative financial instruments, inventories, property, plant and equipment, and intangibles, as well as the measurement of impairment charges or reversals.

2.3 *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and controlled entities as at December 31, 2017. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income (loss) from the date the Company gains control until the date the Company ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount would be recognized in profit or loss immediately.

2.4 *Significant Accounting Policies*

(a) *Revenue recognition*

Revenue is recognized when the significant risks and rewards of ownership have been transferred and the amount of revenue is reasonably determinable. These conditions are generally satisfied when title passes to the customer. Cash received in advance of meeting these conditions is recorded as deferred revenue.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

Under the terms of the Company's concentrate and cathode sales contracts, the final sales amount is based on final assay results and quoted market prices which may be in a period subsequent to the date of sale. Revenues for these sales, net of treatment and refining charges are recorded at the time of shipment, which is also when the risks and rewards of ownership transfer to the customer, based on an estimate of metal contained using initial assay results and forward market prices on the expected date that final sales prices will be fixed. The period between provisional pricing and final settlement can be up to four months. This provisional pricing mechanism represents an embedded derivative. The embedded derivative is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded as an adjustment to revenue.

(b) Cash and equivalents

Cash and equivalents consist of cash and highly-liquid investments having terms of three months or less from the date of acquisition and that are readily convertible to known amounts of cash. Cash and equivalents exclude cash subject to restrictions.

(c) Financial instruments

Financial assets and liabilities are recognized on the balance sheet when the Company becomes party to the contractual provisions of the instrument. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

Financial instruments at fair value through profit or loss (FVTPL)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include derivative financial instruments that the Company acquires to manage exposure to commodity price fluctuations. These instruments are non-hedge derivative instruments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and equivalents and accounts receivable.

Available-for-sale financial assets

Marketable securities, subscription receipts and reclamation deposits are designated as available-for-sale and recorded at fair value. Unrealized gains and losses are recognized in other comprehensive income until the securities are disposed of or when there is evidence of impairment in value. Impairment is evident when there has been a significant or sustained decline in the fair value of the marketable securities. If an impairment in value has been determined, it is recognized in earnings for the period.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company has accounted for accounts payable and accrued liabilities and long-term debt under this method.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Exploration and evaluation

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. Exploration and evaluation expenditures are recognized in earnings in the period in which they are incurred.

Capitalization of development costs as mineral property, plant and equipment commences once the technical feasibility and commercial viability of the extraction of mineral reserve and resources associated with the Company's evaluation properties are established and management has made a decision to proceed with development.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct labour and materials; non-capitalized stripping costs; depreciation and amortization; freight; and overhead costs. Net realizable value is determined with reference to relevant market prices, less applicable variable selling costs and estimated remaining costs of completion to bring the inventories into saleable form.

Ore stockpiles represent stockpiled ore and metals in the processing circuits that have not yet completed the production process, and are not yet in a saleable form. Finished goods inventories represent metals in saleable form that have not yet been sold. Materials and supplies inventories represent consumables used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

The quantity of recoverable metal in stockpiled ore and in the processing circuits is an estimate which is based on the tons of ore added and removed, expected grade and recovery. The quantity of recoverable metal in concentrate is an estimate using initial assay results.

(f) Property, plant and equipment

Land, buildings, plant and equipment

Land, buildings, plant and equipment are recorded at cost, including all expenditures incurred to prepare an asset for its intended use.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Depreciation is based on the cost of the asset less residual value. Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items and depreciated separately. Depreciation commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The depreciation rates of the major asset categories are as follows:

Land	Not depreciated
Buildings	Straight-line basis over 10-25 years
Plant and equipment	Units-of-production basis
Mining equipment	Straight-line basis over 5-20 years
Light vehicles and other mobile equipment	Straight-line basis over 2-5 years
Furniture, computer and office equipment	Straight-line basis over 2-3 years

Mineral properties

Mineral properties consist of the cost of acquiring and developing mineral properties. Once in production, mineral properties are amortized on a units-of-production basis over the component of the ore body to which the capitalized costs relate.

Property acquisition costs arise either as an individual asset purchase or as part of a business combination, and may represent a combination of either proven and probable reserves, resources, or future exploration potential. When management has not made a determination that technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the entire amount is considered property acquisition costs and not amortized. When such property moves into development, the property acquisition cost asset is transferred to mineral properties within property, plant and equipment.

Mineral property development costs include: stripping costs incurred in order to provide initial access to the ore body; stripping costs incurred during production that generate a future economic benefit by increasing the productive capacity, extending the productive life of the mine or allowing access to a mineable reserve; capitalized project development costs; and capitalized interest.

Construction in progress

Construction in progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Construction in progress includes advances on long-lead items. Construction in progress is not depreciated. Once the asset is complete and available for use, the costs of construction are transferred to the appropriate category of property, plant and equipment, and depreciation commences.

Capitalized interest

Interest is capitalized for qualifying assets. Qualifying assets are assets that require a substantial period of time to prepare for their intended use. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

Leased assets

Leased assets in which the Company receives substantially all the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet. Assets under operating leases are not capitalized and rental payments are expensed on a straight-line basis.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed for impairment whenever circumstances suggest that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

The recoverable amount of an asset or cash generating unit (CGU) is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or CGU's. If the recoverable amount of an asset or its related CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in earnings for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not to an amount that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

(g) Income taxes

Income tax on the earnings for the periods presented comprises current and deferred tax. Income tax is recognized in earnings except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Income tax is calculated using tax rates enacted or substantively enacted at the reporting date applicable to the period of expected realization or settlement.

Current tax expense is the expected tax payable on the taxable income for the year, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities acquired (not in a business combination) that affect neither accounting nor taxable profit on acquisition; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they are not probable to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

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(Cdn\$ in thousands)

(h) *Share-based compensation*

The fair-value method is used for the Company's share-based payment transactions. Under this method, the cost of share options and equity-settled performance share units is recorded based on their estimated fair value at the grant date, including an estimate of the forfeiture rate. The fair value of the share options and performance share units is expensed on a graded amortization basis over the vesting period of the awards, with a corresponding increase in equity.

Share-based compensation expense relating to cash-settled awards, including deferred share units, is recognized based on the quoted market value of the Company's common shares on the date of grant. The related liability is re-measured to fair value each reporting period to reflect changes in the market value of the Company's common shares, with changes in fair value recorded in net profit (loss).

(i) *Provisions*

Environmental rehabilitation

The Company records the present value of estimated costs of legal and constructive obligations required to retire an asset in the period in which the obligation occurs. Environmental rehabilitation activities include facility decommissioning and dismantling; removal and treatment of waste materials; site and land rehabilitation, including compliance with and monitoring of environmental regulations; and related costs required to perform this work and/or operate equipment designed to reduce or eliminate environmental effects. The provision for environmental rehabilitation ("PER") is adjusted each period for new disturbances, and changes in regulatory requirements, the estimated amount of future cash flows required to discharge the liability, the timing of such cash flows and the pre-tax discount rate specific to the liability. The unwinding of the discount is recognized in earnings as a finance cost.

When a PER is initially recognized, the corresponding cost is capitalized by increasing the carrying amount of the related asset, and is amortized to earnings on a unit-of-production basis. Costs are only capitalized to the extent that the amount meets the definition of an asset and represents future economic benefits to the operation.

Significant estimates and assumptions are made in determining the provision for environmental rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimation of the extent and cost of rehabilitation activities; timing of future cash flows that are impacted by changes in discount rates; inflation rate; and regulatory requirements.

Other provisions

Other provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Where the effect is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The accretion expense is included in finance expense.

(j) *Finance income and expenses*

Finance income comprises interest income on funds invested, gains on the disposal of marketable securities, and changes in the fair value of derivatives included in cash and equivalents and marketable securities. Interest income is recognized as it accrues in earnings, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, losses on the disposal of marketable securities, changes in the fair value of derivatives included in cash and equivalents and marketable securities, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the

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acquisition, construction or production of a qualifying asset are recognized in earnings using the effective interest method.

(k) *Earnings (loss) per share*

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options granted. There is no dilution impact when the Company incurs a loss.

(l) *Interests in joint arrangements*

IFRS defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Company recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

2.6 *New accounting standards*

The Company has not applied the following revised or new IFRS that have been issued but were not yet effective at December 31, 2017:

- In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes requirements for recognition and measurement of financial instruments, a forward-looking “expected credit loss” impairment model and significant changes to general hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has completed its preliminary assessment and believes that the adoption of IFRS 9 will result in changes to the classification of certain financial assets but will not change the classification of any financial liabilities. The Company plans to adopt IFRS 9 in its financial statements for the annual period beginning January 1, 2018 and continues to evaluate its measurement and disclosure requirements related to the new standard.
- In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The standard contains a single five-step model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time, when control of the goods or services is transferred to the customer; or over time, in a manner that best reflects the entity’s performance. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company is currently evaluating the potential impact of applying IFRS 15, primarily analyzing its concentrate sales agreements with customers and its silver stream purchase and sale agreement. The Company plans to adopt IFRS 15 in its financial statements for the annual period

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beginning on January 1, 2018 and continues to evaluate its measurement and disclosure requirements related to the new standard.

- In January 2016, the IASB issued IFRS 16 *Leases*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 *Revenue from Contracts with Customers*. Upon adoption of IFRS 16, the Company anticipates it will record a material balance of lease assets and associated lease liabilities related to leases on the Consolidated Balance Sheet at January 1, 2019. The Company plans to apply IFRS 16 at the date it becomes effective and has not yet quantified the impact of this standard on its consolidated financial statements.

3. INTEREST IN GIBRALTAR JOINT VENTURE

On March 31, 2010, the Company entered into an agreement with Cariboo Copper Corp. (Cariboo) whereby the Company contributed certain assets and liabilities of the Gibraltar mine, operating in British Columbia, into an unincorporated joint venture to acquire a 75% interest in the joint venture. Cariboo contributed \$186,800 to purchase the remaining 25% interest.

The assets and liabilities contributed by the Company to the joint venture were mineral property interests, plant and equipment, inventories, prepaid expenses, reclamation deposits, capital lease obligations, and site closure and reclamation obligations. Certain key strategic, operating, investing and financing policies of the joint venture require unanimous approval such that neither venturer is in a position to exercise unilateral control over the joint venture. The Company continues to be the operator of the Gibraltar Mine.

The Company has joint control over the joint arrangement and as such consolidates its 75% portion of all the joint venture's assets, liabilities, income and expenses.

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(Cdn\$ in thousands)

The following is a summary of the Gibraltar joint venture financial information on a 100% basis.

	As at December 31,	
	2017	2016
Cash and equivalents	52,383	79,638
Other current assets	83,323	98,233
Current assets	135,706	177,871
Non-current assets	1,167,787	1,106,866
Accounts payable and accrued liabilities	53,312	38,747
Other current financial liabilities	15,865	23,743
Current liabilities	69,177	62,490
Long-term debt	21,151	20,287
Provision for environmental rehabilitation	142,164	129,487
Other financial liability	-	14,584
Non-current liabilities	163,315	164,358

	Years ended December 31,	
	2017	2016
Revenues	507,212	351,820
Production costs	(267,548)	(278,440)
Depletion and amortization	(75,428)	(81,715)
Other operating expense	(4,632)	(3,725)
Write-down of mine equipment	(4,735)	-
Interest expense	(5,927)	(6,459)
Interest income	343	1,158
Foreign exchange gain (loss)	(907)	22
Net earnings (loss)	148,378	(17,339)
Other comprehensive income (loss)	90	(693)
Comprehensive income (loss) for joint arrangement	148,468	(18,032)

4. REVENUE

	Years ended December 31,	
	2017	2016
Copper contained in concentrate	387,356	283,401
Molybdenum concentrate	21,807	5,900
Silver	2,132	3,988
Total gross revenue	411,295	293,289
Less: Treatment and refining costs	(32,996)	(29,424)
Revenue	378,299	263,865

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Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

5. COST OF SALES

	Years ended December 31,	
	2017	2016
Site operating costs	167,338	209,381
Transportation costs	19,281	16,507
Changes in inventories of finished goods and ore stockpiles	13,964	(16,738)
Production costs	200,583	209,150
Depletion and amortization	47,722	52,939
Cost of sales	248,305	262,089

Cost of sales consists of site operating costs (which include personnel costs, mine site supervisory costs, non-capitalized stripping costs, repair and maintenance costs, consumables, operating supplies and external services), transportation costs, and depletion and amortization.

6. COMPENSATION EXPENSE

	Years ended December 31,	
	2017	2016
Wages, salaries and benefits	61,998	57,987
Post-employment benefits	1,491	1,309
Share-based compensation	7,100	3,682
	70,589	62,978

Compensation expense is presented as a component of cost of sales, general and administrative expense, and exploration and evaluation expense.

7. DERIVATIVE INSTRUMENTS

During the year ended December 31, 2017, the Company purchased copper put option contracts for 75 million pounds of copper with maturity dates ranging from the second quarter of 2017 to the second quarter of 2018, at strike prices ranging between US\$2.40 and US\$2.80 per pound, at a total cost of \$3,952. Details of the options outstanding at December 31, 2017 and 2016 are summarized in the following table:

	Notional amount	Strike price	Maturity Date	Fair value asset
At December 31, 2017				
<i>Commodity contracts</i>				
Copper put option contracts	15 million lbs	US\$2.70/lb	Q1 2018	13
Copper put option contracts	15 million lbs	US\$2.80/lb	Q2 2018	317
At December 31, 2016				
<i>Commodity contracts</i>				
Copper put option contracts	20 million lbs	US\$2.10/lb and US\$2.20/lb	Q1 2017	155

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

The following table outlines the losses associated with derivative instruments:

	Years ended December 31,	
	2017	2016
Realized loss on copper put options	1,807	1,956
Unrealized loss on copper put options	1,970	1,044
Change in fair value of copper call option (Note 17e)	6,305	3,360
	10,082	6,360

In June 2017, the Company settled the copper call option obligation with a payment of \$15,745 to the senior secured credit facility lender (see Note 17e).

8. OTHER EXPENSES (INCOME)

	Years ended December 31,	
	2017	2016
Write-down of mine equipment	3,551	-
Write-down of investment (Note 12)	3,850	-
Management fee income	(1,168)	(1,043)
Special shareholder meeting costs	-	4,894
Other financing costs	-	616
Other operating expense (income), net	108	(395)
	6,341	4,072

9. FINANCE EXPENSES

	Years ended December 31,	
	2017	2016
Interest expense	30,965	27,649
Accretion on PER (Note 20)	2,363	2,358
Loss on settlement of long-term debt	13,102	-
	46,430	30,007

As part of a refinancing completed in June 2017, the Company redeemed its US\$200 million senior notes and repaid its US\$70 million senior secured credit facility (see Note 17). The settlement of long-term debt resulted in a loss of \$13,102, which includes a write-off of \$9,203 of deferred financing costs relating to the settled debt and additional interest costs of \$3,899 which were paid in lieu of notice to the noteholders and senior secured lender.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

10. INCOME TAX

(a) Income tax expense (recovery)

	Years ended December 31,	
	2017	2016
Current income tax:		
Current period expense	1,801	836
Deferred income tax:		
Origination and reversal of temporary differences	24,735	(15,307)
Deferred tax adjustments related to prior periods	2,642	(242)
	27,377	(15,549)
Income tax expense (recovery)	29,178	(14,713)

(b) Effective tax rate reconciliation

	Years ended December 31,	
	2017	2016
Income tax at Canadian statutory rate of 35.62% (2016: 35.62%)	22,597	(16,424)
Permanent differences	4,914	1,979
Tax rate differences	1,192	1,118
Foreign tax rate differential	22	(103)
Unrecognized tax benefits	(2,206)	(1,072)
Deferred tax adjustments related to prior periods	2,642	(242)
Other	17	31
Income tax expense (recovery)	29,178	(14,713)

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	As at December 31,	
	2017	2016
Property, plant and equipment	(175,502)	(151,230)
Other financial assets	2,884	316
Provisions	19,378	17,926
Tax loss carry forwards	64,195	71,051
Deferred tax liability	(89,045)	(61,937)

Tax loss carry forwards relate to non-capital losses in Canada of pre-tax \$187,318 (2016: \$194,929) which expire between 2027 and 2037 and net operating losses in the United States of pre-tax \$65,555 (2016: \$56,273), which expire between 2027 and 2037.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

(d) Unrecognized deferred tax assets and liabilities

	As at December 31,	
	2017	2016
Deductible temporary differences:		
Debt	70,529	76,031
Other investments	34,873	34,840
Other financial assets	19,705	11,620
Deferred tax asset:		
Debt	7,385	9,880
Other investments	4,708	4,529
Other financial assets	3,073	1,900

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits. There are no unrecognized tax liabilities.

11. ACCOUNTS RECEIVABLE

	As at December 31,	
	2017	2016
Trade receivables	19,341	9,463
Other receivables due from joint venture partner	210	162
Goods and services tax receivable	1,094	988
Other receivables	973	2,292
	21,618	12,905

12. OTHER FINANCIAL ASSETS

	As at December 31,	
	2017	2016
Current:		
Marketable securities	2,444	1,419
Copper put option contracts (Note 7)	330	155
	2,774	1,574
Long-term:		
Investment in subscription receipts	2,400	10,333
Reclamation deposits (Note 20)	30,637	30,535
Restricted cash (Note 20)	7,500	7,500
	40,537	48,368

The Company holds strategic investments in publicly traded and privately owned companies, which are classified as available for sale investments. As at December 31, 2017 these investments included marketable securities as well as subscription receipts. The subscription receipts relate to an investment in a privately held company with two directors in common, and are to be convertible into units comprised of shares, or shares and warrants (Note 26c).

TASEKO MINES LIMITED

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(Cdn\$ in thousands)

The fair value of the marketable securities is based upon public market information and the Company reviews the value of its investments for evidence of impairment based on both quantitative and qualitative criteria. For the years ended December 31, 2017 and 2016, unrealized gains and losses from the mark-to-market of marketable securities and reclamation deposits have been recorded in other comprehensive income (loss).

In the fourth quarter of 2017, the Company assessed the value of its investment in subscription receipts of a private mineral exploration and development company and recorded a write-down of the investment to its estimated fair value. A write-down of \$3,850 was recorded in the statement of income, and an unrealized loss of \$4,083 was recorded in other comprehensive income.

13. INVENTORIES

	As at December 31,	
	2017	2016
Ore stockpiles	9,332	28,186
Copper contained in concentrate	5,933	5,741
Molybdenum concentrate	217	106
Materials and supplies	24,157	26,517
	39,639	60,550

During the year ended December 31, 2017, the Company recorded a net reversal of previous impairments of \$4,639 (2016: net impairment of \$17,202), to adjust the carrying value of ore stockpiles to net realizable value. These adjustments were included in cost of sales as a change in inventory of ore stockpile.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements (Cdn\$ in thousands)

14. PROPERTY, PLANT & EQUIPMENT

	Property Acquisition costs	Mineral properties	Plant and equipment	Construction in Progress	Total
Cost					
At January 1, 2016	101,226	244,289	655,440	747	1,001,702
Additions	-	17,404	-	2,394	19,798
Rehabilitation cost asset	-	(27,870)	-	-	(27,870)
Capitalized interest ¹	-	5,219	-	-	5,219
Disposals	-	-	(838)	-	(838)
Foreign exchange translation	(2,822)	(214)	(150)	-	(3,186)
Transfers between categories	-	-	1,683	(1,683)	-
At December 31, 2016	98,404	238,828	656,135	1,458	994,825
Additions	-	84,641	10,696	21,030	116,367
Rehabilitation cost asset	-	8,350	-	-	8,350
Capitalized interest ¹	-	2,602	-	-	2,602
Disposals	-	-	(6,924)	-	(6,924)
Foreign exchange translation	(6,026)	(783)	(315)	-	(7,124)
Transfers between categories	-	-	19,760	(19,760)	-
At December 31, 2017	92,378	333,638	679,352	2,728	1,108,096
Accumulated depreciation					
At January 1, 2016	-	67,581	139,363	-	206,944
Depreciation ²	-	29,076	28,743	-	57,819
Disposals	-	-	(146)	-	(146)
At December 31, 2016	-	96,657	167,960	-	264,617
Depreciation ²	-	20,033	29,472	-	49,505
Impairment	-	-	3,551	-	3,551
Disposals	-	-	(6,842)	-	(6,842)
At December 31, 2017	-	116,690	194,141	-	310,831
Net book value					
At December 31, 2016	98,404	142,171	488,175	1,458	730,208
At December 31, 2017	92,378	216,948	485,211	2,728	797,265

¹ Interest related to the Florence Copper Project was capitalized until June 2017 at an annual rate of 11% (2016: 11%).

² Depreciation included in cost of sales for 2017 and 2016 of \$47,722 and \$52,939 respectively.

(a) Capital expenditures

During 2017, the Company capitalized stripping costs of \$75,408 (2016: \$10,065) and incurred other capital expenditures for Gibraltar of \$10,728 (2016: \$3,932). In addition, the Company capitalized development costs of \$15,245 (2016: \$4,961) for the Florence Copper and \$1,713 (2016: \$840) for the Aley Niobium projects. Non-cash additions to property, plant and equipment include \$13,059 for the acquisition of mining equipment under capital leases and \$6,371 of depreciation on mining assets related to capitalized stripping.

The rehabilitation cost asset increased by \$8,350 for the year ended December 31, 2017, as a result of changes in estimates during the period including an increase in estimated costs and changes in the discount rate.

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Notes to Consolidated Financial Statements

(Cdn\$ in thousands)

(b) Leased assets

The Company leases mining equipment under a number of capital lease agreements. Most of these leases provide the Company with the option to purchase the equipment at a beneficial price. Certain rents are based on an annual average usage for the applicable equipment and, if at the end of the term (unless the equipment has been purchased by the Company), the actual annual average usage of such equipment has been greater than the specified usage, the Company must pay an additional amount for each excess hour of actual usage. The leased assets secure the lease obligations (Note 17). At December 31, 2017, the net carrying amount of leased assets was \$51,918 (2016: \$53,476).

(c) Property acquisition costs

Property acquisition costs are comprised of the Aley Niobium property \$5,436, Florence Copper Project \$86,940, New Prosperity gold-copper property \$1 and Harmony gold property \$1. The carrying amounts for the New Prosperity and Harmony properties are the original property acquisition costs less historical impairments.

15. GOODWILL

Goodwill was recorded on the Company's acquisition of Curis Resources Ltd. ("Curis") in 2014. Curis is a mineral exploration and development company whose principal asset is the Florence Copper Project, an in-situ copper recovery and solvent extraction/electrowinning project located in central Arizona, USA. As at December 31, 2017, the carrying value of the goodwill decreased to \$5,172 as a result of foreign currency translation.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31,	
	2017	2016
Trade payables	23,879	28,180
Accrued liabilities	18,692	4,012
Amounts payable to BC Hydro	4,764	-
Advance payments	-	1,163
Payables to related parties (Note 26c)	47	61
	47,382	33,416

The amounts payable to BC Hydro represent the remaining balance owing under BC Hydro's five-year power rate deferral program for BC mines. During the year ended December 31, 2017, the Company made net repayments of \$6,174 to BC Hydro and based on recent copper prices the remaining balance is expected to be repaid in 2018. Under the program, effective March 1, 2016, the Gibraltar Mine was able to defer up to 75% of electricity costs. The amount of the deferral was based on a formula that incorporates the average copper price in Canadian dollars during the preceding month. The deferred amount, plus interest at the prime rate plus 5%, is repayable on a monthly schedule of up to 75% of the monthly electricity billing, when the average copper price during the preceding month exceeds a threshold amount of \$3.40 per pound. Any remaining deferred balance would be repayable at the end of the five year term.

TASEKO MINES LIMITED

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(Cdn\$ in thousands)

17. DEBT

	As at December 31,	
	2017	2016
Current:		
Capital leases (b)	9,651	8,059
Secured equipment loans (c)	1,619	8,098
	11,270	16,157
Long-term:		
Senior secured notes (a)	302,085	-
Capital leases (b)	14,110	11,917
Secured equipment loans (c)	1,753	3,298
Senior notes (d)	-	266,435
Senior secured credit facility (e)	-	91,483
	317,948	373,133

(a) Senior secured notes

In June 2017, the Company completed an offering of US\$250,000 aggregate principal amount of senior secured notes ("the Notes"). The Notes mature on June 15, 2022 and bear interest at an annual rate of 8.750%, payable semi-annually on June 15 and December 15, commencing December 15, 2017. The Notes were issued at 99% of par value and the Company incurred other transaction costs of \$9,326 resulting in net proceeds from the offering of \$317,596 (US\$240,468). The net proceeds were used, along with cash on hand, to redeem the senior notes (Note 17d) and to repay the senior secured credit facility and to settle the related copper call option (Note 17e).

The Notes are secured by liens on the shares of Taseko's wholly-owned subsidiary, Gibraltar Mines Ltd., and the subsidiary's rights under the joint venture agreement relating to the Gibraltar mine. The Notes are guaranteed by each of Taseko's existing and future restricted subsidiaries, other than certain immaterial subsidiaries. The Company is able to incur limited amounts of additional secured and unsecured debt under certain conditions as defined in the Note indenture. The Company is also subject to certain restrictions on asset sales, issuance of preferred stock, dividends and other restricted payments. However, there are no maintenance covenants with respect to the Company's financial performance.

The Company may redeem some or all of the Notes at any time on or after June 15, 2019, at redemption prices ranging from 104.375% to 100%, plus accrued and unpaid interest to the date of redemption. Prior to June 15, 2019, all or part of the notes may be redeemed at 100%, plus a make-whole premium, plus accrued and unpaid interest to the date of redemption. In addition, until June 15, 2019, the Company may redeem up to 35% of the aggregate principal amount of the notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 108.750%, plus accrued and unpaid interest to the date of redemption. On a change of control, the Notes are redeemable at the option of the holder at a price of 101%.

(b) Capital leases

Capital leases are repayable in monthly installments and are secured by equipment with a carrying value \$51,918 (2016: \$53,476). The capital lease obligations bear fixed interest rates ranging from 3.5% to 5.8% and have maturity dates ranging from 2018 to 2022.

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(Cdn\$ in thousands)

(c) Secured equipment loans

Equipment loans are secured by equipment with a carrying value of \$20,912 (2016: \$50,752). The loans are repayable in monthly installments and bear fixed interest rates at 5.6% and have maturity dates ranging from 2018 to 2020.

(d) Senior notes

In April 2011, the Company completed a public offering of US\$200,000 in senior unsecured notes. On June 14, 2017, the senior unsecured notes were redeemed at 100% of par value plus accrued interest to the redemption date for a total cost of \$269,185 (US\$203.8 million).

The unsecured notes were scheduled to mature on April 15, 2019 and were bearing interest at a fixed annual rate of 7.75%, payable semi-annually. The notes were unsecured obligations guaranteed by the Company's subsidiaries and the subsidiary guarantees were, in turn, guaranteed by the Company. The notes were redeemable by the Company at par value after April 2017.

(e) Senior secured credit facility

On January 29, 2016, the Company entered into a US\$70 million senior secured credit facility (the "Facility") with EXP T1 Ltd., an affiliate of Red Kite. Amounts drawn under the Facility accrued interest on a monthly basis at a rate of three-month LIBOR plus 7.5% per annum, subject to a minimum LIBOR of 1% per annum. The loan principal and all accrued interest was payable upon maturity of the Facility on March 29, 2019. The Facility was repayable at any time without penalty and did not impose any off-take obligations on the Company.

The Facility was secured by a first priority charge over substantially all assets of the Company, including the Company's 75% joint venture interest in the Gibraltar Mine, shares in all material subsidiaries and the Florence Copper project assets. The availability of the Facility was subject to conditions and covenants, including maintenance of a minimum working capital balance (as defined in the Facility) of US\$20 million.

The first tranche of the Facility was drawn on January 29, 2016 and the proceeds of \$46,444 (US\$33.2 million) were used to repay an existing secured loan and to pay the arrangement fee and other transaction costs. The remainder of the Facility in the amount of \$47,161 (US\$36.8 million) was drawn during the second quarter of 2016. On June 14, 2017, the Facility plus all accrued interest was fully repaid for \$104,901 (US\$79.4 million).

Upon entering into the Facility in January 2016, the Company issued a call option to the lender for 7,500 tonnes of copper with a strike price of US\$2.04/lb. The call option was to mature in March 2019 with an amount then payable to the lender based on the average copper price during the month of March 2019, subject to a maximum amount of US\$15 million. On June 14, 2017 the Company settled the copper call option obligation with a payment to the lender of \$15,745 (US\$11.9 million), based on the cancellation pay-out amount defined in the Facility agreement.

In connection with the Facility, the Company also issued share purchase warrants to acquire 4 million common shares of the Company at any time until May 9, 2019 at an exercise price of \$0.51 per share. These warrants were exercised by the lender in February and March 2017 (Note 21a,b).

The Company had incurred total deferred debt financing costs of \$11,257, which included the initial fair value of the copper call option, warrants and other transaction costs. These costs were initially deferred and were being amortized over the life of the loan using the effective interest rate method. The remaining deferred costs were expensed on repayment in June 2017 (Note 9).

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18. DEFERRED REVENUE

On March 3, 2017, the Company entered into a silver stream purchase and sale agreement with Osisko Gold Royalties Ltd. ("Osisko"), whereby the Company received an upfront cash deposit payment of US\$33 million for the sale of silver equivalent to its 75% share of Gibraltar payable silver production until 5.9 million ounces of silver have been delivered to Osisko. After that threshold has been met, 35% of an amount equivalent to Taseko's share of all future payable silver production from Gibraltar will be delivered to Osisko. In addition to the initial deposit, the Company receives cash payments of US\$2.75 per ounce for all silver deliveries made under the agreement.

The Company recorded the initial deposit as deferred revenue and recognizes amounts in revenue as silver is delivered to Osisko. The amortization of deferred revenue is calculated on a per unit basis using the estimated total number of silver ounces expected to be delivered to Osisko over the life of the Gibraltar Mine. The current portion of deferred revenue is an estimate based on deliveries anticipated over the next twelve months.

The silver sale agreement has a minimum term of 50 years and automatically renews for successive 10-year periods as long as Gibraltar mining operations are active. If the initial deposit is not fully reduced through silver deliveries at current market prices at time of the deliveries, a cash payment for the remaining amount will be due to Osisko at the expiry date of the agreement. The Company's obligations under the agreement are secured by a pledge of Taseko's 75% interest in the Gibraltar Joint Venture.

In connection with the silver stream transaction, the Company issued share purchase warrants to Osisko to acquire 3 million common shares of the Company at any time until April 1, 2020 at an exercise price of \$2.74 per share. The fair value of the warrants was estimated to be \$1,876 at the date of grant and was measured based on the Black-Scholes valuation model. The fair value was determined using the expected life of 3 years, expected volatility of the Company's common share price of 61%, an expected dividend yield of 0%, and a risk-free interest rate of 0.9% (Note 21b).

The following table summarizes changes in deferred revenue:

Upfront cash deposit	44,151
Issuance of warrants	(1,876)
Amortization of deferred revenue	(1,323)
Balance at December 31, 2017	40,952

Deferred revenue is reflected in the consolidated balance sheets as follows:

	December 31, 2017
Current	1,312
Non-current	39,640
	40,952

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19. OTHER FINANCIAL LIABILITIES

	As at December 31,	
	2017	2016
Long-term:		
Deferred share units (Note 22b)	5,714	1,535
Derivative liability - copper call option (Note 17e)	-	9,440
Amounts payable to BC Hydro (Note 16)	-	10,938
	5,714	21,913

In June 2017 the Company settled the copper call option obligation with a payment of \$15,745 to the senior secured credit facility lender.

20. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2017	2016
Beginning balance at January 1	98,454	124,445
Change in estimates	8,350	(27,870)
Accretion	2,363	2,358
Settlements	(1,205)	(438)
Foreign exchange differences	(88)	(41)
Ending balance at December 31	107,874	98,454

The provision for environmental rehabilitation ("PER") represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities. The majority of these expenditures occur after the end of the life of the related operation. For the Gibraltar Mine, it is anticipated that these costs will be incurred over a period of 100 years beyond the end of the mine life. As at December 31, 2017, the PER was calculated using a pre-tax discount rate of 2.26% (2016 – 2.31%), which is based on the long-term Canadian government bond rate and an inflation rate of 2.0% (2016 – 2.0%) in its cash flow estimates. The increase in the PER during 2017 is primarily due to an increase in estimated costs and a reduction in the discount rates.

During 2017, the Company submitted an updated decommissioning cost report for the Gibraltar Mine to the BC Ministry of Energy, Mines and Petroleum Resources as a requirement to maintain its permits in good standing. The underlying cost assumptions supporting the 2017 decommissioning report reflect management's best estimate for closure costs and were incorporated into the PER. Estimates are reviewed regularly and there have been adjustments to the amount and timing of cash flows as a result of updated information. Assumptions are based on the current economic environment, but actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation will depend on when the mine ceases production which, in turn, will depend on future metal prices, operating conditions and many other factors which are inherently uncertain.

The Company has provided deposits and other financial security for its reclamation obligations which is held in trust by the regulatory authorities. Reclamation deposits (Note 12) are returned once the site is reclaimed to a satisfactory level and there are no ongoing monitoring or maintenance requirements. The restricted cash of \$7,500 (Note 12) represents the Company's share of cash security for a letter of credit issued by the Gibraltar Joint Venture as security for reclamation obligations at the Gibraltar Mine. For the Florence Copper project, the Company has issued security for reclamation bonds totaling \$6,515, which is supported by surety bonds of an

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insurance company. The Company has provided cash collateral of \$2,002 to the surety provider and these amounts are classified as reclamation deposits (Note 12).

21. EQUITY

(a) Share capital

	Common shares (thousands)
Common shares outstanding at January 1, 2016	221,809
Exercise of share options	58
Common shares outstanding at December 31, 2016	221,867
Exercise of warrants (Note 17e)	4,000
Exercise of share options	1,133
Common shares outstanding at December 31, 2017	227,000

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

(b) Share Purchase Warrants

	Warrants (thousands)	Exercise price
Outstanding at January 1, 2017	4,000	0.51
Issued (Note 18)	3,000	2.74
Exercised	(4,000)	0.51
Outstanding at December 31, 2017	3,000	2.74

(c) Contributed surplus

Contributed surplus represents employee entitlements to equity settled share-based awards that have been charged to the statement of comprehensive income and loss in the periods during which the entitlements were accrued and have not yet been exercised.

(d) Accumulated other comprehensive income ("AOI")

AOI is comprised of the cumulative net change in the fair value of available-for-sale financial assets, net of taxes, until the investments are sold or impaired and cumulative translation adjustments arising from the translation of foreign subsidiaries.

22. SHARE-BASED COMPENSATION

(a) Share Options

The Company has an equity settled share option plan approved by the shareholders that allows it to grant options to directors, officers, employees and other service providers. Under the plan, a maximum of 9.5% of the Company's outstanding common shares may be granted. The maximum allowable number of outstanding options to independent directors as a group at any time is 1% of the Company's outstanding common shares. The exercise price of an option is set at the time of grant using the five-day volume weighted average price of the common shares. Options are exercisable for a maximum of five years from the effective date of grant under the plan. Vesting conditions of options are at the discretion of the Board of Directors at the time the options are granted.

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	Options (thousands)	Average price
Outstanding at January 1, 2016	11,557	2.55
Granted	2,601	0.38
Exercised	(58)	0.38
Forfeited	(313)	1.40
Expired	(1,846)	5.04
Outstanding at January 1, 2017	11,941	1.74
Granted	1,911	1.25
Exercised	(1,133)	0.78
Forfeited	(39)	0.96
Expired	(3,399)	2.71
Outstanding at December 31, 2017	9,281	1.40
Exercisable at December 31, 2017	7,322	1.52

During the year ended December 31, 2017, the Company granted 1,910,500 (2016 – 2,601,000) share options to directors, executives and employees. The total fair value of options granted was \$1,165 (2016 – \$442) based on a weighted average grant-date fair value of \$0.61 (2016 – \$0.17) per option. During the year ended December 31, 2017, 1,132,600 options were exercised. The weighted-average share price at the date of exercise was \$0.78 per share.

Range of exercise price	Options (thousands)	Average life (years)
\$0.38 to \$0.68	1,939	2.5
\$0.69 to \$1.02	1,958	2.0
\$1.03 to \$1.64	1,849	3.3
\$1.65 to \$2.40	3,535	1.0
	9,281	1.8

The fair value at grant date of the share option plan was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

	2017	2016
Expected term (years)	4.45	4.49
Forfeiture rate	0%	0%
Volatility	60.6%	52.5%
Dividend yield	0%	0%
Risk-free interest rate	1.04%	0.57%
Weighted-average fair value per option	\$0.61	\$0.17

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(b) Deferred Share Units and Performance Share Units

The Company has adopted a Deferred Share Unit ("DSU") Plan (the "DSU Plan") that provides for an annual grant of DSUs to each non-employee director of the Company, or an equivalent cash payment in lieu thereof, which participants have agreed would in the first instance be used to assist in complying with the Company's share ownership guidelines. DSUs vest immediately upon grant and are paid out in cash when a participant ceases to be a director of the Company.

The Company has established a Performance Share Unit ("PSU") Plan (the "PSU Plan") whereby PSUs are issued to executives as long-term incentive compensation. PSUs issued under the Plan entitle the holder to a cash or equity payment (as determined by the Board of Directors), at the end of a three-year performance period equal to the number of PSU's granted, adjusted for a performance factor and multiplied by the quoted market value of a Taseko common share on the completion of the performance period. The performance factor can range from 0% to 250% and is determined by comparing the Company's total shareholder return to those achieved by a peer group of companies.

The continuity of DSUs and PSUs issued and outstanding is as follows:

	DSUs (thousands)	PSUs (thousands)
Outstanding at January 1, 2016	915	462
Granted	714	1,349
Settled	(306)	(59)
Forfeited	-	(45)
Outstanding at January 1, 2017	1,323	1,707
Granted	620	400
Settled	-	(888)
Outstanding at December 31, 2017	1,943	1,219

During the year ended December 31, 2017, 887,792 of the PSUs issued to executives during 2016, in lieu of annual incentive plan payments for 2015, were settled on a cash basis. The PSUs were settled at prices ranging between \$1.75 and \$2.25 per unit. The settlement amounts were based on the 5-day volume weighted average share price prior to the vesting date.

During the year ended December 31, 2017, 620,000 DSUs were issued to directors (2016 - 714,000) and 400,000 PSUs to senior executives (2016 - 1,349,292). The fair value of DSUs and PSUs granted was \$791 (2016 - \$1,080), with a weighted average fair value at the grant date of \$1.28 per unit for the DSUs (2016 - \$0.38) per unit) and \$2.33 per unit for the PSUs (2016 - \$0.66 per unit).

For the year ended December 31, 2017, the Company recognized total share-based compensation expense of \$7,100 (2016: \$3,682).

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23. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company is a party to certain contracts relating to capital expenditures, operating leases and service and supply agreements. Future minimum payments under these agreements as at December 31, 2017 are presented in the following table:

2018	13,198
2019	2,363
2020	1,451
2021	408
2022	234
2023 and thereafter	-
Total commitments	17,654

The Gibraltar joint venture (Note 3) is committed to incur capital expenditures of \$933 (2016: \$251), of which the Company's share is \$700 (2016: \$189).

(b) Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by the Gibraltar joint venture in which it holds a 75% interest. As a result, the Company has guaranteed the joint venture partner's 25% share of this debt which amounted to \$9,044 as at December 31, 2017.

24. SUPPLEMENTARY CASH FLOW INFORMATION

	For the year ended December 31,	
	2017	2016
Change in non-cash working capital items		
Accounts receivable	(9,199)	(1,783)
Inventories	16,324	(16,023)
Prepays	(203)	349
Accounts payable and accrued liabilities	8,995	4,010
Interest payable	(21)	(543)
Income tax paid	(2,275)	(750)
Income tax received	-	29
	13,621	(14,711)
Non-cash investing and financing activities		
Share purchase warrants issued (Note 18)	1,876	-
Assets acquired under capital lease	13,059	-
Derivative liabilities (Note 17e)	-	7,334
Share purchase warrants exercised (Note 17e)	(830)	830

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25. FINANCIAL RISK MANAGEMENT

(a) Overview

In the normal course of business, the Company is inherently exposed to market, liquidity and credit risk through its use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Board approves and monitors risk management processes, including treasury policies, counterparty limits, controlling and reporting structures.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk; interest rate risk; and currency risk. Financial instruments affected by market risk include: cash and equivalents; accounts receivable; marketable securities; subscription receipts; reclamation deposits; accounts payable and accrued liabilities; debt and derivatives.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company buys and sells copper put options in order to reduce commodity price risk. The derivative instruments employed by the Company are considered to be economic hedges but are not designated as hedges for accounting purposes.

Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the metals it produces. To manage the Company's operating margins effectively in volatile metals markets, the Company enters into copper option contracts. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper option contracts are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

Provisional pricing mechanisms embedded within the Company's sales arrangements have the character of a commodity derivative and are carried at fair value as part of accounts receivable. The table below summarizes the impact on pre-tax earnings and equity for changes in commodity prices on the fair value of derivatives and the provisionally invoiced sales volumes.

	As at December 31,	
	2017	2016
Copper increase/decrease by US\$0.33/lb (2016: US\$0.25/lb) ^{1, 2}	6,645	4,778

¹The analysis is based on the assumption that the year-end copper price increases 10 percent with all other variables held constant. The relationship between the year-end copper price and the strike price of copper options has significant influence over the fair value of the derivatives. As such, a 10% decrease in the year-end copper price will not result in an equal but opposite impact on earnings after tax and equity. The closing exchange rate for the year ended December 31, 2017 of CAD/USD 1.25 (2016: 1.34) was used in the analysis.

²At December 31, 2017, 16 million (2016: 14 million) pounds of copper in concentrate were exposed to copper price movements.

The sensitivities in the above tables have been determined with foreign currency exchange rates held constant. The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange can impact commodity prices. The sensitivities should therefore be used with care.

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Interest rate risk

The Company is exposed to interest rate risk on its outstanding debt and investments, including cash and cash equivalents, from the possibility that changes in market interest rates will affect future cash flows or the fair value of fixed-rate interest-bearing financial instruments.

The table below summarizes the impact on earnings after tax and equity for a change of 100 basis points in interest rates at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This assumes that the change in interest rates is effective from the beginning of the financial year and balances are constant over the year. However, interest rates and balances of the Company may not remain constant in the coming financial year and therefore such sensitivity analysis should be used with care.

	Years ended December 31,	
	2017	2016
Fair value sensitivity for fixed-rate instruments		
Senior secured notes	(1,340)	-
Capital leases	(176)	(200)
Secured equipment loans	(96)	(160)
Senior notes	-	(1,960)
Senior secured credit facility	-	(246)
	(1,612)	(2,566)
Cash flow sensitivity for variable-rate instruments		
Cash and equivalents	645	171
Reclamation deposits	209	192
	854	363

Currency risk

The Canadian dollar is the functional currency of the Company and, as a result, currency exposure arises from transactions and balances in currencies other than the Canadian dollar, primarily the US dollar. The Company's potential currency exposures comprise translational exposure in respect of non-functional currency monetary items, and transactional exposure in respect of non-functional currency revenues and expenditures.

The following table demonstrates the sensitivity to a 10% strengthening in the CAD against the USD. With all other variables held constant, the Company's shareholders equity and earnings after tax would both increase/(decrease) due to changes in the carrying value of monetary assets and liabilities. A weakening in the CAD against the USD would have had the equal but opposite effect to the amounts shown below.

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	Year ended December 31,	
	2017	2016
Cash and equivalents	(4,966)	(5,429)
Accounts receivable	(1,435)	(699)
Copper put option contracts	(24)	(12)
Accounts payable and accrued liabilities	344	283
Senior secured notes	23,293	-
Senior notes	-	20,193
Senior secured credit facility	-	7,435
Equipment loans	27	547

The Company's financial asset and liability profile may not remain constant and, therefore, these sensitivities should be used with care.

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by holding sufficient cash and equivalents and scheduling long-term obligations based on estimated cash inflows. There were no defaults on loans payable during the year.

(d) *Credit risk*

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its receivables, marketable securities and investments, and derivatives. In general, the Company manages its credit exposure by transacting only with reputable counterparties. The Company monitors the financial condition of its customers and counterparties to contracts. The Company deals with a limited number of counterparties for its metal sales. The Company had two significant customers in 2017 that represented 81% of gross copper concentrate revenues (2016: two customers accounted for 95% of gross copper concentrate revenues). The trade receivable balance at December 31, 2017 and 2016, is comprised of three customers. There are no impairments recognized on the trade receivables.

(e) *Fair values of financial instruments*

The fair values of the senior secured notes is \$322,306 and the carrying value is \$302,085 at December 31, 2017. The fair value of all other financial assets and liabilities approximates their carrying value.

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The Company uses the fair value hierarchy described in Note 2.4(c) for determining the fair value of instruments that are measured at fair value.

	Level 1	Level 2	Level 3	Total
December 31, 2017				
<i>Financial assets designated at FVTPL</i>				
Copper put option contracts	-	331	-	331
<i>Available-for-sale financial assets</i>				
Marketable Securities	2,444	-	-	2,444
Investment in subscription receipts (Note 12)	-	-	2,400	2,400
Reclamation deposits	30,638	-	-	30,638
	33,082	331	2,400	35,813
December 31, 2016				
<i>Financial assets designated at FVTPL</i>				
Copper put option contracts	-	155	-	155
<i>Available-for-sale financial assets</i>				
Marketable Securities	1,419	-	-	1,419
Investment in subscription receipts (Note 12)	-	-	10,333	10,333
Reclamation deposits	30,535	-	-	30,535
	31,954	155	10,333	42,442

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value as at December 31, 2017.

The fair value of the senior secured notes, a Level 1 instrument, is determined based upon publicly available information. The fair value of the capital leases and secured equipment loans, Level 2 instruments, are determined through discounting future cash flows at an interest rate of 4.1% based on the relevant loans effective interest rate.

The fair values of the Level 2 instruments are based on broker quotes. Similar contracts are traded in an active market and the broker quotes reflect the actual transactions in similar instruments.

The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's accounts receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market.

The subscription receipts, a Level 3 instrument, are valued based on a management estimate. As the subscription receipts are an investment in a private exploration and development company, there are no observable market data inputs. At December 31, 2017 the estimated fair value of the investment has been based on the market capitalization of comparable public companies.

(f) Capital management

The Company's primary objective when managing capital is to ensure that the Company is able to continue its operations and that it has sufficient ability to satisfy its capital obligations and ongoing operational expenses, as well as to have sufficient liquidity available to fund suitable business opportunities as they arise.

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The Company considers the components of shareholders' equity, as well as its cash and equivalents, credit facilities and debt as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue or buy back equity, issue, buy back or repay debt, sell assets, or return capital to shareholders.

	December 31, 2017	December 31, 2016
Cash	(80,231)	(89,030)
Current portion of long-term debt	11,270	16,157
Long-term debt	317,948	373,133
Net debt	248,987	300,260
Shareholders' equity	367,080	338,939

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board of Directors. Management also actively monitors its financial covenants to ensure compliance. The Company's investment policy is to invest its cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash. There were no changes to the Company's approach to capital management during the year ended December 31, 2017.

26. RELATED PARTIES

(a) Subsidiaries

	Ownership interest as at	
	December 31, 2017	December 31, 2016
Gibraltar Mines Ltd.	100%	100%
Curis Resources Ltd.	100%	100%
Curis Holdings (Canada) Ltd.	100%	100%
Florence Copper Inc.	100%	100%
Aley Corporation	100%	100%
672520 BC Ltd.	100%	100%

(b) Key management personnel compensation

Key management personnel include the members of the Board of Directors and executive officers of the Company.

The Company contributes to a post-employment defined contribution pension plan on the behalf of certain key management personnel. This retirement compensation arrangement ("RCA" Trust) was established to provide benefits to certain executive officers on or after retirement in recognition of their long service. Upon retirement, the participant is entitled to the distribution of the accumulated value of the contributions under the RCA Trust. Obligations for contributions to the defined contribution pension plan are recognized as compensation expense in profit or loss in the periods during which services are rendered by the executive officers.

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-month to 12-months' salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among

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other things, an amount ranging from 24-month to 32-months' salary and accrued bonus, and all stock options held by these individuals will fully vest.

Executive officers and directors also participate in the Company's share option program (Note 22).

Compensation for key management personnel (includes all members of the Board of Directors and executive officers) is as follows:

	Year ended December 31,	
	2017	2016
Salaries and benefits	5,015	5,050
Post-employment benefits	1,491	1,309
Share-based compensation	6,849	3,602
	13,355	9,961

(c) Related party transactions

	Transaction value for the year end December 31,		Due (to) from related parties as at December 31,	
	2017	2016	2017	2016
Hunter Dickinson Services Inc.:				
General and administrative expenses	1,301	1,400		
Exploration and evaluation expenses	98	40		
	1,399	1,440	(47)	(61)
Gibraltar Joint Venture:				
Management fee income	1,168	1,043		
Reimbursable compensation expenses and third party costs	34	105		
	1,202	1,148	210	162

Three directors of the Company are also principals of Hunter Dickinson Services Inc. ("HDSI"), a private company. HDSI invoices the Company for their executive services (director fees) and for other services provided by HDSI. For the year ended December 31, 2017, the Company incurred total costs of \$1,399 (2016: \$1,440) in transactions with HDSI. Of these, \$593 (2016: \$643) related to administrative, legal, exploration and tax services, \$526 related to reimbursements of office rent costs (2016: \$517), and \$280 (2016: \$280) related to director fees for two Taseko directors who are also principals of HDSI.

Under the terms of the joint venture operating agreement, the Gibraltar Joint Venture pays the Company a management fee for services rendered by the Company as operator of the Gibraltar Mine. In addition, the Company pays certain expenses on behalf of the Gibraltar Joint Venture and invoices the Joint Venture for these expenses.

