Taseko Mines Limited
15th Floor, 1040 West Georgia St.
Vancouver, BC V6E 4H1
T +1-778-373-4533
F + 1-778-373-4534
tasekomines.com

TASEKO REPORTS FIRST QUARTER 2019 FINANCIAL & OPERATING RESULTS

This release should be read with the Company's Financial Statements and Management Discussion & Analysis ("MD&A"), available at **www.tasekomines.com** and filed on **www.sedar.com**. Except where otherwise noted, all currency amounts are stated in Canadian dollars. Taseko's 75% owned Gibraltar Mine is located north of the City of Williams Lake in south-central British Columbia. Production volumes stated in this release are on a 100% basis unless otherwise indicated.

May 8, 2019, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE American: TGB) ("Taseko" or the "Company") reports the results for the three months ended March 31, 2019.

First quarter EBITDA* was $16.7 million and adjusted EBITDA of $10.2 million. The Company reported Earnings from mining operations before depletion and amortization of $15.7 million and a net loss of $7.9 million, or $0.03 per share.

Russell Hallbauer, President and CEO of Taseko, commented, "With a grade profile similar to 2018, copper and molybdenum production are expected to increase through 2019 and our previously stated guidance remains unchanged at 130 million lbs +/-5%."

"Copper production in the first quarter was 25 million pounds, similar to the first quarter 2018. Gibraltar mine sequencing on a quarterly basis creates some grade variability, but year-over-year production will be much more consistent. Site operating costs* of US$1.91/lb and site operating cost per ton milled* of $10.88 remain within our expectations and should decline as production increases," continued Mr. Hallbauer.

Mr. Hallbauer added, "Metal recoveries for both copper and molybdenum were excellent considering the lower copper head grade. Molybdenum production was up nearly 70% from the first quarter 2018, to 738,000 pounds. With moly prices stable at approximately US$12 per pound, we recorded a by-product credit of US$0.32 per pound, the highest in a number of years.

As was experienced throughout Western Canada in the quarter, severe winter weather affected all aspects of our Gibraltar operation, from shovel availabilities through to waste stripping and ore release. This, in combination with harder ore in the current Granite Pit pushback, reduced average mill throughput to 76,000 tons per day, which affected both copper and molybdenum production. Those issues are now behind us and we are back to normal throughput, with increasing head grade."

"We made great progress at our Florence Copper project. Wellfield operations commenced late last year and after approximately three months of initial leaching, the copper leach solution was introduced to the SX/EW plant. By the middle of April, the plant was producing high quality copper cathode which was assayed at +99.9% copper. While we have always been confident with the process, it is fair to say that our expectations were surpassed in producing such high quality copper so quickly after wellfield start-up," added Mr. Hallbauer.

*Non-GAAP performance measure. See end of news release.

Going forward the Company will be focusing on three key areas:

1. The amendment to the operating permits for commercial operation;
2. Optimization of the leach process; and
3. Completion of a financing package for the commercial facility build out.

"A number of years ago, the decision was made to include a test phase to the project development plan. The permits that are currently in place only need to be amended for commercial scale-up. The advantage of operating the test facility is to have real operational data to provide to the state and federal regulators. This data is proof of performance and reliability, as opposed to theoretical predictions, and is constantly shared with regulators. This data will support a seamless and expedited amendment process which will be commencing in the coming weeks.

The success we are having with both the quantity and quality of cathode being produced is a major step in de-risking the project and creating many different financing opportunities for Taseko. The interest to participate in the future of one of the lowest cost copper producers in the world cannot be understated. The economics of the project are very compelling for all types of finance providers and we believe we can successfully arrange an attractive financing package," concluded Mr. Hallbauer.

First Quarter Review

- First quarter earnings from mining operations before depletion and amortization* were $15.7 million, and Adjusted EBITDA was $10.2 million;
- Net loss was $7.9 million ($0.03 per share) and includes an unrealized foreign exchange gain of $6.7 million. Adjusted net loss* was $14.4 million ($0.06 per share);
- Cash flow from operations was $7.2 million;
- Copper production in the first quarter was 24.9 million pounds and copper sales were 23.3 million pounds (100% basis);
- Molybdenum production was 738 thousand pounds, a 67% increase over the first quarter of 2018, due to strong operating performance in the molybdenum plant.
- Site operating costs, net of by-product credits* were US$1.91 per pound produced and Total operating costs (C1)* were US$2.21 per pound produced;
- In April 2019, the Company announced first copper production from the test facility at the Florence Copper project. The first harvest resulted in 3,700 pounds of copper cathode, which was assayed at higher than 99.9% copper;

*Non-GAAP performance measure. See end of news release.

- The Company closed its acquisition of Yellowhead Mining Inc. ("Yellowhead") on February 15, 2019. The environmental review process for the Yellowhead Project has been restarted, and Taseko's technical team is working on a number of engineering initiatives to improve the project economics with the objective of issuing a new 43-101 technical report by the end of 2019; and
- The Company's cash balance at March 31, 2019 was $34.5 million. Subsequent to the first quarter, the Company entered into an equipment loan, secured on existing mine equipment, and received net proceeds of $12.5 million.

HIGHLIGHTS

Financial Data	**Three months ended March 31,**		
(Cdn$ in thousands, except for per share amounts)	**2019**	**2018**	**Change**
Revenues	70,274	64,179	6,095
Earnings from mining operations before depletion and amortization*	15,729	13,544	2,185
Loss from mining operations	(4,455)	(1,236)	(3,219)
Net loss	(7,931)	(18,481)	10,550
Per share - basic ("EPS")	(0.03)	(0.08)	0.05
Adjusted net loss*	(14,419)	(10,999)	(3,420)
Per share - basic ("adjusted EPS")*	(0.06)	(0.05)	(0.01)
EBITDA*	16,658	370	16,288
Adjusted EBITDA*	10,245	7,537	2,708
Cash flows provided by operations	7,191	11,556	(4,365)

Operating Data (Gibraltar - 100% basis)	**Three months ended March 31,**		
	2019	**2018**	**Change**
Tons mined (millions)	23.3	26.7	(3.4)
Tons milled (millions)	6.8	7.5	(0.7)
Production (million pounds Cu)	24.9	22.9	2.0
Sales (million pounds Cu)	23.3	22.8	0.5

*Non-GAAP performance measure. See end of news release.

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Tons mined (millions)	23.3	28.4	29.0	27.4	26.7
Tons milled (millions)	6.8	7.1	8.0	7.5	7.5
Strip ratio	3.2	5.1	1.7	1.9	4.1
Site operating cost per ton milled (CAD$)*	$10.88	$9.16	$10.60	$10.31	$8.68
Copper concentrate					
Head grade (%)	0.216	0.222	0.314	0.263	0.201
Copper recovery (%)	84.6	81.3	85.9	85.3	75.7
Production (million pounds Cu)	24.9	25.8	43.0	33.5	22.9
Sales (million pounds Cu)	23.3	42.7	28.8	32.2	22.8
Inventory (million pounds Cu)	3.1	1.6	18.5	4.2	2.9
Molybdenum concentrate					
Production (thousand pounds Mo)	738	727	690	506	443
Sales (thousand pounds Mo)	770	738	709	424	433
Per unit data (US$ per pound produced)*					
Site operating costs*	$2.23	$1.92	$1.50	$1.78	$2.25
By-product credits*	(0.32)	(0.30)	(0.16)	(0.12)	(0.23)
Site operating costs, net of by-product credits*	$1.91	$1.62	$1.34	$1.66	$2.02
Off-property costs	0.30	0.49	0.24	0.32	0.31
Total operating costs (C1)*	$2.21	$2.11	$1.58	$1.98	$2.33

OPERATIONS ANALYSIS

First Quarter Operating Results

Copper production in the first quarter was 24.9 million pounds. Copper grade for the quarter averaged 0.216%, which was in line with management expectations and the mine plan, and approximately 15% below the life of mine average grade. Production was also affected by lower than planned mill throughput as a result of harder ore.

A total of 23.3 million tons were mined during the period, which was below plan due an extended period of extremely cold weather and unplanned mechanical issues which impacted shovel availability. The strip ratio for the first quarter was 3.2 to 1, and mill feed was supplemented with 1.2 million tons of ore drawn from the stockpile.

*Non-GAAP performance measure. See end of news release.

OPERATIONS ANALYSIS - CONTINUED

Site operating cost per ton milled* was $10.88 in the first quarter of 2019. In addition, capitalized stripping costs totaled $8.0 million (75% basis), or $1.57 per ton milled.

Total site spending (including capitalized stripping costs) was 7% lower than the previous quarter. However, site operating costs per pound produced* increased to US$2.23 from US$1.92 in the previous quarter, as a smaller portion of costs were allocated to capitalized stripping in the current period.

Molybdenum production was 738 thousand pounds in the first quarter, a result of continued strong molybdenum plant operating performance. By-product credits per pound of copper produced* increased to US$0.32 in the first quarter from US$0.30 in the previous quarter.

Off-property costs per pound produced* were US$0.30 for the first quarter of 2019. Off-property costs consist of concentrate treatment, refining and transportation costs, and these costs are in line with recent quarters.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2019, comparable to the production level achieved in 2018. While there will be quarterly fluctuations in both copper and molybdenum production, the Company does not anticipate those fluctuations to be as significant as 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.

REVIEW OF PROJECTS

Taseko's strategy has been to grow the Company by leveraging cash flow from the Gibraltar Mine to assemble and develop a pipeline of projects. We continue to believe this will generate long-term returns for shareholders. Our development projects are located in British Columbia and Arizona and represent a diverse range of metals, including gold, copper, molybdenum and niobium. Our current focus is on the development of the Florence Copper Project.

Florence Copper

Wellfield operations at the Production Test Facility ("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 April 12th the Company announced that the SX/EW plant was producing first copper.

The initial leaching period has taken approximately three months which was in line with expectations. The proportion of ore contacted underground with leach solution (known as "Sweep Efficiency") has been encouraging to-date. The Company's modelling predicted a 55% Sweep Efficiency after the first year of leaching and that level was achieved after the first three months.

*Non-GAAP performance measure. See end of news release.

REVIEW OF PROJECTS - CONTINUED

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, and provide valuable data to validate the Company's leach model as well as optimize 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, which is expected to produce 85 million pounds of copper cathode annually for 20 years. The permit amendment process has started and it is anticipated that construction of the commercial scale operation could be commenced in the first half of 2020.

The estimated capital cost of the commercial scale operation is US$204 million and the Company has begun initial discussions to advance project financing options from a variety of sources including debt providers, royalty companies, and potential joint venture partners. Management is encouraged by the expressions of interest from all potential sources to date, and is targeting to have committed funding in place before the end of the year.

Total expenditures at the Florence Project in the first quarter of 2019 were $3.3 million which includes PTF operation and other project development costs.

Yellowhead Copper

On December 4, 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 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. All approvals were received and the transaction closed on February 15, 2019.

Yellowhead holds a 100% interest in a copper-gold-silver development project located in south-central British Columbia. The project feasibility study dated July 31, 2014, proposed a 70,000 tonne per day concentrator with total pre-production capital costs of approximately $1 billion and an average operating cost of US$1.46 per pound of copper. Using US$3.00 per pound of copper, a Canadian/US dollar exchange rate of 0.80, an 8% discount rate and other assumptions from the 2014 feasibility study results in a pre-tax net present value of $1.1 billion.

Since the closing of the acquisition, Taseko has restarted the environmental review process for the Yellowhead Copper Project, and the Company's technical team has commenced work on a number of engineering initiatives to improve the project economics with the objective of issuing a new 43-101 technical report by the end of 2019.

Aley Niobium

Environmental monitoring on the project continues and product marketing initiatives are underway. A drill program was completed in the third quarter of 2018 to collect samples for further metallurgical testing. Aley project expenditures were $0.1 million in the first quarter of 2019.

The Company will host a telephone conference call and live webcast on Thursday, May 9, 2019 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. After opening remarks by management, there will be a question and answer session open to analysts and investors. The conference call may be accessed by dialing (888) 390-0546 in Canada and the United States, or (416) 764-8688 internationally. The conference call will be archived for later playback until May 16, 2019 and can be accessed by dialing (888) 390-0541 in Canada and the United States, or (416) 764-8677 internationally and using the passcode 676442.

For further information on Taseko, please see the Company's website at www.tasekomines.com or contact:

Brian Bergot, Vice President, Investor Relations – 778-373-4554, toll free 1-800-667-2114

Russell Hallbauer
President and CEO

NON-GAAP PERFORMANCE MEASURES

This document includes certain non-GAAP performance measures that do not have a standardized 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 amortization, 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.

	Three months ended March 31,	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2019**	**2018**
Cost of sales	74,729	65,415
Less:		
Depletion and amortization	(20,184)	(14,780)
Net change in inventories of finished goods	4,046	967
Net change in inventories of ore stockpiles	127	(3,896)
Transportation costs	(3,288)	(2,829)
Insurance recovery	-	4,000
Site operating costs	55,430	48,877
Less by-product credits:		
Molybdenum, net of treatment costs	(7,819)	(5,009)
Silver, excluding amortization of deferred revenue	(186)	(92)
Site operating costs, net of by-product credits	47,425	43,776
Total copper produced (thousand pounds)	18,641	17,145
Total costs per pound produced	2.54	2.55
Average exchange rate for the period (CAD/USD)	1.33	1.26
Site operating costs, net of by-product credits (US$ per pound)	**1.91**	**2.02**
Site operating costs, net of by-product credits	47,425	43,776
Add off-property costs:		
Treatment and refining costs	4,266	3,954
Transportation costs	3,288	2,829
Total operating costs	54,979	50,559
Total operating costs (C1) (US$ per pound)	**2.21**	**2.33**

NON-GAAP PERFORMANCE MEASURES - CONTINUED

Adjusted net income (loss)

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

- Unrealized foreign currency gains/losses; and
- Unrealized gain/loss on copper put options.

Management believes these transactions do not reflect the underlying operating performance of our core mining business and are not necessarily indicative of future operating results. Furthermore, unrealized gains/losses on derivative instruments, changes in the fair value of financial instruments, and unrealized foreign currency gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended March 31,	
($ in thousands, except per share amounts)	**2019**	**2018**
Net loss	**(7,931)**	**(18,481)**
Unrealized foreign exchange (gain) loss	(6,689)	8,332
Unrealized (gain) loss on copper put options	276	(1,165)
Estimated tax effect of adjustments	(75)	315
Adjusted net loss	**(14,419)**	**(10,999)**
Adjusted EPS	**(0.06)**	**(0.05)**

EBITDA and Adjusted EBITDA

EBITDA represents net income before interest, income taxes, and depreciation. EBITDA is presented because it is an important supplemental measure of our performance and is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present EBITDA when reporting their results. Issuers of "high yield" securities also present EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations. The Company believes EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation is a non-cash charge.

Adjusted EBITDA is presented as a further supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is prepared by adjusting EBITDA to eliminate the impact of a number of items that are not considered indicative of ongoing operating performance.

Adjusted EBITDA is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that are not likely to recur or are not indicative of the Company's future operating performance consisting of:

- Unrealized foreign exchange gains/losses;
- Unrealized gain/loss on copper put options.

While some of the adjustments are recurring, other non-recurring expenses do not reflect the underlying performance of the Company's core mining business and are not necessarily indicative of future results. Furthermore, unrealized gains/losses on derivative instruments, and unrealized foreign currency translation gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

NON-GAAP PERFORMANCE MEASURES - CONTINUED

	Three months ended March 31,	
($ in thousands)	**2019**	**2018**
Net loss	**(7,931)**	**(18,481)**
Add:		
Depletion and amortization	20,184	14,780
Amortization of share-based compensation expense (recovery)	1,787	(839)
Finance expense	9,742	9,311
Finance income	(308)	(323)
Income tax recovery	(6,816)	(4,078)
EBITDA	**16,658**	**370**
Adjustments:		
Unrealized foreign exchange (gain) loss	(6,689)	8,332
Unrealized loss (gain) on copper put options	276	(1,165)
Adjusted EBITDA	**10,245**	**7,537**

Earnings from mining operations before depletion and amortization

Earnings from mining operations before depletion and amortization is earnings from mining operations with depletion and amortization added back. The Company discloses this measure, which has been derived from our financial statements and applied on a consistent basis, to provide assistance in understanding the results of the Company's operations and financial position and it is meant to provide further information about the financial results to investors.

	Three months ended March 31,	
(Cdn$ in thousands)	**2019**	**2018**
Loss from mining operations	**(4,455)**	**(1,236)**
Add:		
Depletion and amortization	20,184	14,780
Earnings from mining operations before depletion and amortization	**15,729**	**13,544**

Site operating costs per ton milled

	Three months ended March 31,	
(Cdn$ in thousands, except per ton milled amounts)	**2019**	**2018**
Site operating costs (included in cost of sales)	**55,430**	**48,877**
Tons milled (thousands) (75% basis)	5,096	5,633
Site operating costs per ton milled	**$10.88**	**$8.68**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document contains “forward-looking statements” that were based on Taseko’s expectations, estimates and projections as of the dates as of which those statements were made. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “outlook”, “anticipate”, “project”, “target”, “believe”, “estimate”, “expect”, “intend”, “should” and similar expressions.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These included but are not limited to:

- uncertainties and costs related to the Company’s exploration and development activities, such as those associated with continuity of mineralization or determining whether mineral resources or reserves exist on a property;
- uncertainties related to the accuracy of our estimates of mineral reserves, mineral resources, production rates and timing of production, future production and future cash and total costs of production and milling;
- uncertainties related to feasibility studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project;
- uncertainties related to our ability to complete the mill upgrade on time estimated and at the scheduled cost;
- uncertainties related to the ability to obtain necessary licenses permits for development projects and project delays due to third party opposition;
- uncertainties related to unexpected judicial or regulatory proceedings;
- changes in, and the effects of, the laws, regulations and government policies affecting our exploration and development activities and mining operations, particularly laws, regulations and policies;
- changes in general economic conditions, the financial markets and in the demand and market price for copper, gold and other minerals and commodities, such as diesel fuel, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates, particularly with respect to the value of the U.S. dollar and Canadian dollar, and the continued availability of capital and financing;
- the effects of forward selling instruments to protect against fluctuations in copper prices and exchange rate movements and the risks of counterparty defaults, and mark to market risk;
- the risk of inadequate insurance or inability to obtain insurance to cover mining risks;
- the risk of loss of key employees; the risk of changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates;
- environmental issues and liabilities associated with mining including processing and stock piling ore; and
- labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate mines, or environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in our mines.

For further information on Taseko, investors should review the Company’s annual Form 40-F filing with the United States Securities and Exchange Commission www.sec.gov and home jurisdiction filings that are available at www.sedar.com.

Cautionary Statement on Forward-Looking Information

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities, and events or developments that the Company expects are forward-looking statements. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements. We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and our business may be found in our most recent Form 40-F/Annual Information Form on file with the SEC and Canadian provincial securities regulatory authorities.

TASEKO MINES LIMITED

Management's Discussion and Analysis

This management discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto, prepared in accordance with IAS 34 of International Financial Reporting Standards ("IFRS") for the three months ended March 31, 2019 (the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this MD&A and the Company's other public filings, which are available on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the United States Securities and Exchange Commission's ("SEC") website at www.sec.gov.

This MD&A is prepared as of May 7, 2019. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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OVERVIEW

Taseko Mines Limited ("Taseko" or "Company") 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 the Florence Copper Project, which is advancing towards production, as well as the Aley niobium, Harmony gold, Yellowhead copper, and New Prosperity gold-copper projects.

HIGHLIGHTS

Financial Data	**Three months ended March 31,**		
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Revenues	70,274	64,179	6,095
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Per share - basic ("adjusted EPS")*	(0.06)	(0.05)	(0.01)
EBITDA*	16,658	370	16,288
Adjusted EBITDA*	10,245	7,537	2,708
Cash flows provided by operations	7,191	11,556	(4,365)

Operating Data (Gibraltar - 100% basis)	**Three months ended March 31,**		
	2019	**2018**	**Change**
Tons mined (millions)	23.3	26.7	(3.4)
Tons milled (millions)	6.8	7.5	(0.7)
Production (million pounds Cu)	24.9	22.9	2.0
Sales (million pounds Cu)	23.3	22.8	0.5

*Non-GAAP performance measure. See page 18 of this MD&A.

HIGHLIGHTS - CONTINUED

First Quarter Review

- First quarter earnings from mining operations before depletion and amortization* were $15.7 million, and Adjusted EBITDA was $10.2 million;
- Net loss was $7.9 million ($0.03 per share) and includes an unrealized foreign exchange gain of $6.7 million. Adjusted net loss* was $14.4 million ($0.06 per share);
- Cash flow from operations was $7.2 million;
- Copper production in the first quarter was 24.9 million pounds and copper sales were 23.3 million pounds (100% basis);
- Molybdenum production was 738 thousand pounds, a 67% increase over the first quarter of 2018, due to strong operating performance in the molybdenum plant.
- Site operating costs, net of by-product credits* were US$1.91 per pound produced and Total operating costs (C1)* were US$2.21 per pound produced;
- In April 2019, the Company announced first copper production from the test facility at the Florence Copper project. The first harvest resulted in 3,700 pounds of copper cathode, which was assayed at higher than 99.9% copper;
- The Company closed its acquisition of Yellowhead Mining Inc. ("Yellowhead") on February 15, 2019. The environmental review process for the Yellowhead Project has been restarted, and Taseko's technical team is working on a number of engineering initiatives to improve the project economics with the objective of issuing a new 43-101 technical report by the end of 2019; and
- The Company's cash balance at March 31, 2019 was $34.5 million. Subsequent to the first quarter, the Company entered into an equipment loan, secured on existing mine equipment, and received net proceeds of $12.5 million.

*Non-GAAP performance measure. See page 18 of this MD&A

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	**Q1 2019**	**Q4 2018**	**Q3 2018**	**Q2 2018**	**Q1 2018**
Tons mined (millions)	23.3	28.4	29.0	27.4	26.7
Tons milled (millions)	6.8	7.1	8.0	7.5	7.5
Strip ratio	3.2	5.1	1.7	1.9	4.1
Site operating cost per ton milled (CAD$)*	$10.88	$9.16	$10.60	$10.31	$8.68
Copper concentrate					
Head grade (%)	0.216	0.222	0.314	0.263	0.201
Copper recovery (%)	84.6	81.3	85.9	85.3	75.7
Production (million pounds Cu)	24.9	25.8	43.0	33.5	22.9
Sales (million pounds Cu)	23.3	42.7	28.8	32.2	22.8
Inventory (million pounds Cu)	3.1	1.6	18.5	4.2	2.9
Molybdenum concentrate					
Production (thousand pounds Mo)	738	727	690	506	443
Sales (thousand pounds Mo)	770	738	709	424	433
Per unit data (US$ per pound produced)*					
Site operating costs*	$2.23	$1.92	$1.50	$1.78	$2.25
By-product credits*	(0.32)	(0.30)	(0.16)	(0.12)	(0.23)
Site operating costs, net of by-product credits*	$1.91	$1.62	$1.34	$1.66	$2.02
Off-property costs	0.30	0.49	0.24	0.32	0.31
Total operating costs (C1)*	$2.21	$2.11	$1.58	$1.98	$2.33

*Non-GAAP performance measure. See page 18 of this MD&A.

OPERATIONS ANALYSIS

First Quarter Operating Results

Copper production in the first quarter was 24.9 million pounds. Copper grade for the quarter averaged 0.216%, which was in line with management expectations and the mine plan, and approximately 15% below the life of mine average grade. Production was also affected by lower than planned mill throughput as a result of harder ore.

A total of 23.3 million tons were mined during the period, which was below plan due an extended period of extremely cold weather and unplanned mechanical issues which impacted shovel availability. The strip ratio for the first quarter was 3.2 to 1, and mill feed was supplemented with 1.2 million tons of ore drawn from the stockpile.

Site operating cost per ton milled* was $10.88 in the first quarter of 2019. In addition, capitalized stripping costs totaled $8.0 million (75% basis), or $1.57 per ton milled.

Total site spending (including capitalized stripping costs) was 7% lower than the previous quarter. However, site operating costs per pound produced* increased to US$2.23 from US$1.92 in the previous quarter, as a smaller portion of costs were allocated to capitalized stripping in the current period.

Molybdenum production was 738 thousand pounds in the first quarter, a result of continued strong molybdenum plant operating performance. By-product credits per pound of copper produced* increased to US$0.32 in the first quarter from US$0.30 in the previous quarter.

Off-property costs per pound produced* were US$0.30 for the first quarter of 2019. Off-property costs consist of concentrate treatment, refining and transportation costs, and these costs are in line with recent quarters.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2019, comparable to the production level achieved in 2018. While there will be quarterly fluctuations in both copper and molybdenum production, the Company does not anticipate those fluctuations to be as significant as 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.

REVIEW OF PROJECTS

Taseko's strategy has been to grow the Company by leveraging cash flow from the Gibraltar Mine to assemble and develop a pipeline of projects. We continue to believe this will generate long-term returns for shareholders. Our development projects are located in British Columbia and Arizona and represent a diverse range of metals, including gold, copper, molybdenum and niobium. Our current focus is on the development of the Florence Copper Project.

*Non-GAAP performance measure. See page 18 of this MD&A

Florence Copper

Wellfield operations at the Production Test Facility ("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 April 12th the Company announced that the SX/EW plant was producing first copper.

The initial leaching period has taken approximately three months which was in line with expectations. The proportion of ore contacted underground with leach solution (known as "Sweep Efficiency") has been encouraging to-date. The Company's modelling predicted a 55% Sweep Efficiency after the first year of leaching and that level was achieved after the first three months.

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, and provide valuable data to validate the Company's leach model as well as optimize 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, which is expected to produce 85 million pounds of copper cathode annually for 20 years. The permit amendment process has started and it is anticipated that construction of the commercial scale operation could be commenced in the first half of 2020.

The estimated capital cost of the commercial scale operation is US$204 million and the Company has begun initial discussions to advance project financing options from a variety of sources including debt providers, royalty companies, and potential joint venture partners. Management is encouraged by the expressions of interest from all potential sources to date, and is targeting to have committed funding in place before the end of the year.

Total expenditures at the Florence Project in the first quarter of 2019 were $3.3 million which includes PTF operation and other project development costs.

Yellowhead Copper

On December 4, 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 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. All approvals were received and the transaction closed on February 15, 2019.

Yellowhead holds a 100% interest in a copper-gold-silver development project located in south-central British Columbia. The project feasibility study dated July 31, 2014, proposed a 70,000 tonne per day concentrator with total pre-production capital costs of approximately $1 billion and an average operating cost of US$1.46 per pound of copper. Using US$3.00 per pound of copper, a Canadian/US dollar exchange rate of 0.80, an 8% discount rate and other assumptions from the 2014 feasibility study results in a pre-tax net present value of $1.1 billion.

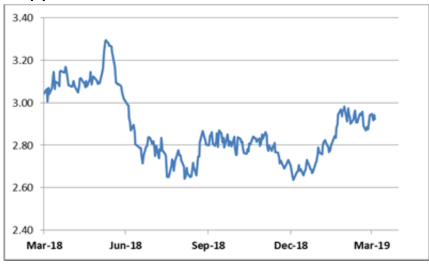
Since the closing of the acquisition, Taseko has restarted the environmental review process for the Yellowhead Copper Project, and the Company's technical team has commenced work on a number of engineering initiatives to improve the project economics with the objective of issuing a new 43-101 technical report by the end of 2019.

Aley Niobium

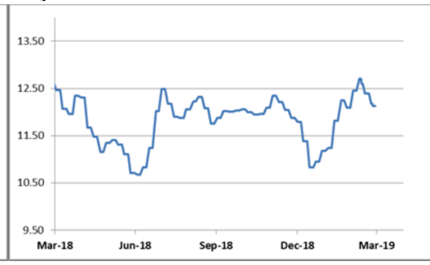
Environmental monitoring on the project continues and product marketing initiatives are underway. A drill program was completed in the third quarter of 2018 to collect samples for further metallurgical testing. Aley project expenditures were $0.1 million in the first quarter of 2019.

MARKET REVIEW

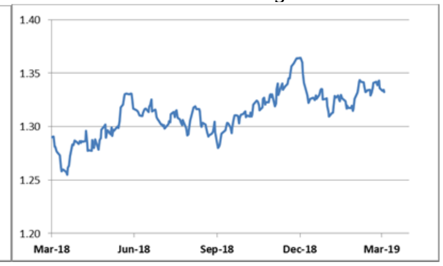
Copper



Molybdenum



Canadian/US Dollar Exchange



Prices (USD per pound for Commodities)
(Source Data: Bank of Canada, Platts Metals, and London Metals Exchange)

Copper prices have been on an upward trend during the first quarter of 2019, with prices increasing by approximately 9%. The average price of London Metals Exchange ("LME") copper was US$2.82 per pound in the first quarter of 2019, which was slightly higher than the fourth quarter of 2018 and is approximately 11% lower than the first quarter of 2018. Changes in Chinese economic demand, copper supply disruptions, global trade policies, interest rate expectations and speculative investment activity have all contributed to the recent price volatility. Despite the short-term volatility, management continues to believe that the copper market will benefit from tight mine supply going forward.

The average molybdenum price was US$11.78 per pound in the first quarter of 2019, which was 2% lower than the fourth quarter of 2018. The Company's sales agreements specify molybdenum pricing based on the published Platts Metals reports.

Approximately 80% of the Gibraltar Mine's costs are Canadian dollar denominated and therefore, fluctuations in the Canadian/US dollar exchange rate can have a significant effect on the Company's operating results and unit production costs, which are reported in US dollars. The Canadian dollar strengthened by approximately 2% during the first quarter of 2019.

FINANCIAL PERFORMANCE

Earnings

The Company's net loss was $7.9 million ($0.03 per share) for the three months ended March 31, 2019, compared to a net loss of $18.5 million ($0.08 per share) for the same period in 2018. The lower loss in the current period was primarily due to $6.7 million unrealized foreign exchange gain as compared to an $8.3 million loss for the same period in 2018, partially offset by higher depletion and amortization expense.

Earnings from mining operations before depletion and amortization* was $15.7 million for the three months ended March 31, 2019, compared to $13.5 million for the same period in 2018. The increase in the current period was a result of higher molybdenum sales and positive price adjustments on settlement receivables.

*Non-GAAP performance measure. See page 18 of this MD&A

Included in net loss are a number of items that management believes require adjustment in order to better measure the underlying performance of the business. The following items have been adjusted as management believes they are not indicative of a realized economic gain/loss or the underlying performance of the business in the period:

	Three months ended March 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Net loss	(7,931)	(18,481)	10,550
Unrealized foreign exchange (gain) loss	(6,689)	8,332	(15,021)
Unrealized loss (gain) on copper put options	276	(1,165)	1,441
Estimated tax effect of adjustments	(75)	315	(390)
Adjusted net loss *	(14,419)	(10,999)	(3,420)

*Non-GAAP performance measure. See page 18 of this MD&A

In the three months ended March 31, 2019, the Canadian dollar strengthened resulting in an unrealized foreign exchange gain of $6.7 million. The unrealized foreign exchange gain was primarily driven by the translation of the Company's US dollar denominated debt.

Revenues

	Three months ended March 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Copper in concentrate	64,646	66,143	(1,497)
Molybdenum concentrate	8,937	5,014	3,923
Silver	1,012	940	72
Price adjustments on settlement receivables	1,207	(3,305)	4,512
Total gross revenue	75,802	68,792	7,010
Less: treatment and refining costs	(5,528)	(4,613)	(915)
Revenue	70,274	64,179	6,095

(thousands of pounds, unless otherwise noted)			
Copper in concentrate*	16,850	16,484	366
Average realized copper price (US$ per pound)	2.91	2.98	(0.07)
Average LME copper price (US$ per pound)	2.82	3.16	(0.34)
Average exchange rate (US$/CAD)	1.33	1.26	0.07

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

Copper revenues for the three months ended March 31, 2019 decreased by $1.5 million, compared to the same period in 2018, primarily due to lower realized copper prices, partially offset by a slight increase in copper sales volumes.

During the three months ended March 31, 2019, positive price adjustments of $0.9 million were recorded for provisionally priced copper concentrate. These adjustments resulted in a US$0.04 per pound increase to the average realized copper price for the three months period.

Molybdenum revenues for the three months ended March 31, 2019 increased by $3.9 million, compared to the same period in 2018. The increase was due to higher molybdenum sales volumes in the current period. Molybdenum sales volumes were 578 thousand pounds (75% basis) in the first quarter, a result of continued strong molybdenum plant operating performance. During the three months ended March 31, 2019, a price adjustment of positive $0.3 million was recorded for provisionally priced molybdenum concentrate.

Cost of sales

	Three months ended March 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Site operating costs	55,430	48,877	6,553
Transportation costs	3,288	2,829	459
Changes in inventories of finished goods	(4,046)	(967)	(3,079)
Changes in inventories of ore stockpiles	(127)	3,896	(4,023)
Insurance recovery	-	(4,000)	4,000
Production costs	54,545	50,635	3,910
Depletion and amortization	20,184	14,780	5,404
Cost of sales	74,729	65,415	9,314
Site operating costs per ton milled*	$10.88	$8.68	$2.20

*Non-GAAP performance measure. See page 18 of this MD&A

Site operating costs for the three months ended March 31, 2019 increased by $6.6 million.

Site operating costs exclude costs that are allocated to capitalized stripping as a result of waste stripping in the Granite pit, in accordance with the mine plan. Total site spending at Gibraltar (including capitalized stripping costs) was in line with the first quarter of 2018, however site operating costs increased because a smaller portion of mining costs were allocated to capitalized stripping. For the three months ended March 31, 2019, capitalized stripping costs were $8.0 million, compared to $14.7 million for the same period in 2018.

Cost of sales is also impacted by changes in copper inventories and ore stockpiles. Inventory of copper in concentrate increased by 1.5 million pounds in the period, resulting in an increase in finished goods inventories (decrease in cost of sales) of $4.0 million.

The stockpiled ore tonnage decreased by 1.3 million tons during the period. During the same period, the Company recorded an impairment reversal of $1.6 million to adjust the carrying value of ore stockpile inventories to net realizable value.

Depletion and amortization for three months ended March 31, 2019 increased by $5.4 million over the same period in 2018. These differences are primarily due to increased amortization of capitalized stripping costs which has increased in the current year as ore tons are now being mined from the new section of the Granite pit and amortization on the right of use assets recognized under a new accounting policy in the first quarter of 2019.

For the three months ended March 31, 2018, the Company had recognized an insurance recovery of $4.0 million (75% basis) related to the Cariboo region wildfires in 2017.

Other operating (income) expenses

	Three months ended March 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
General and administrative	4,473	4,751	(278)
Share-based compensation expense (recovery)	1,714	(995)	2,709
Exploration and evaluation	469	845	(376)
Realized loss on copper put options	567	1,308	(741)
Unrealized loss (gain) on derivative instruments	276	(1,165)	1,441
Other income, net	(565)	(331)	(234)
	6,934	4,413	2,521

Share-based compensation expense increased for the three months ended March 31, 2019, primarily due to the revaluation of the liability for deferred share units resulting from an increase in the Company's share price. Share-based compensation expense is comprised of amortization of share options and performance share units and the expense on the deferred share units. More information is set out in Note 15 of the March 31, 2019 condensed consolidated interim financial statements.

Exploration and evaluation costs for the three months ended March 31, 2019, represent costs associated with the New Prosperity project.

During the three months ended March 31, 2019, the Company incurred a realized loss of $0.6 million from copper put options that settled during the period. The unrealized loss of $0.3 million relates to the fair value adjustment of outstanding copper put options.

Finance expenses

	Three months ended March 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Interest expense	8,253	7,810	443
Finance expense – deferred revenue	1,039	901	138
Accretion of PER	450	600	(150)
	9,742	9,311	431

Interest expense increased for the three months ended March 31, 2019, primarily due to $0.4 million in foreign exchange impact on US denominated interest payments and $0.1 million of interest related to lease liabilities recognized upon the transition to the new lease accounting standard. More information is set out in Note 3 of the March 31, 2019 condensed consolidated interim financial statements

Finance expense - deferred revenue represents the financing component of the upfront deposit from the silver streaming arrangement.

Income tax

(Cdn$ in thousands)	Three months ended March 31, 2019	2018	Change
Current income tax expense	110	-	110
Deferred income tax recovery	(6,926)	(4,078)	(2,848)
Income tax recovery	(6,816)	(4,078)	(2,738)
Effective tax rate	46.2%	18.1%	28.1%
Canadian statutory rate	27.0%	27.0%	-
B.C. Mineral tax rate	9.6%	9.6%	-

The income tax recovery for the first quarter of 2019 increased from the same period in 2018 due to an increase in deferred taxes recognized for higher current operating tax losses at Gibraltar compared to the first quarter of 2018. The current income tax expense represents an estimate of B.C. mineral taxes payable for the quarter. The difference in the effective tax rate is due to the opposite impact from the comparative period relative to foreign exchange revaluations on the senior secured notes. In the first quarter of 2018, the Company incurred an unrealized foreign exchange loss, while in the current quarter, the Company incurred an unrealized foreign exchange gain. Foreign exchange revaluations on the senior secured notes are not recognized for tax purposes and thus result in a permanent rate difference.

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	As at March 31, 2019	As at December 31, 2018	Change
Cash and cash equivalents	34,529	45,665	(11,136)
Other current assets	54,201	58,766	(4,565)
Property, plant and equipment	834,887	821,287	13,600
Other assets	47,634	47,005	629
Total assets	**971,251**	**972,723**	**(1,472)**
Current liabilities	52,561	47,578	4,983
Debt:			
Senior secured notes	325,286	331,683	(6,397)
Leases and secured equipment loans	28,133	23,798	4,335
Deferred revenue	39,403	39,367	36
Other liabilities	175,784	183,220	(7,436)
Total liabilities	**621,167**	**625,646**	**(4,479)**
Equity	**350,084**	**347,077**	**3,007**
Net debt (debt minus cash and equivalents)	318,890	309,816	9,074
Total common shares outstanding (millions)	246.0	228.4	17.6

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.

Total long-term debt decreased by $2.1 million for the three months ended March 31, 2019, due to unrealized foreign exchange gains on the Company's US dollar denominated debt and principal payments for capital leases and equipment loans. These factors were partially offset by the recognition of $6.3 million of new lease liabilities as of January 1, 2019 due to adoption of the new IFRS lease accounting standard. Net debt has increased by $9.1 million in the first quarter of 2019 due to the decrease in the cash balance, which reflects capital expenditures at Florence and Gibraltar and an increase in lease liabilities from the adoption of IFRS 16 Leases.

Deferred revenue relates to the advance payment received in March 2017 from Osisko Gold Royalties Ltd. ("Osisko") for the sale of future silver production from the Gibraltar Mine.

Other liabilities decreased by $7.4 million mainly due to the decrease in deferred tax liabilities. Other liabilities includes the provision for environmental rehabilitation ("PER") of $96.5 million.

As at May 7, 2019, there were 246,062,219 common shares outstanding. In addition, there were 9,869,900 stock options and 3,000,000 warrants outstanding at May 7, 2019. More information on these instruments and the terms of their exercise is set out in Note 15 of the March 31, 2019 unaudited condensed consolidated interim financial statements.

Liquidity, cash flow and capital resources

Cash flow provided by operations during the three months ended March 31, 2019 was $7.2 million compared to $11.6 million for the same period in 2018. Cash used for investing activities during the three months ended March 31, 2019 was $13.9 million compared to $24.5 million for the same period in 2018.

Investing cash flows in the first quarter of 2019 includes $2.1 million of expenditures at the Florence Project, $8.0 million for capitalized stripping costs and $3.4 million for other capital expenditures at Gibraltar.

Cash used for financing activities in the first quarter of 2019 includes principal payments for leases and equipment loans of $3.8 million.

At March 31, 2019, the Company had cash and equivalents of $34.5 million (December 31, 2018 - $45.7 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. An interest payment of US$10.9 million is due on June 15, 2019 on the same senior secured notes.

In May 2019, the Company entered into an equipment loan for proceeds of $13.9 million. 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. The proceeds of the loan were used to repay an existing equipment loan of $1.4 million and the remaining funds are available for general working capital purposes.

Liquidity outlook

The Company has a pipeline of development stage projects, including the Florence Copper Project, and additional funding will be required to advance these projects to production. The Florence Copper Project has an estimated capital cost of approximately US$204 million (plus reclamation bonding) and the Company expects to fund a portion of these costs with debt financing. The senior secured notes (due in June 2022) allow for up to US$100 million of first lien secured debt to be issued as well as up to US$50 million of debt for equipment financing, all subject to the terms of the note indenture. To address project funding requirements for Florence or other projects, the Company may also raise capital through equity financings or asset sales, including royalties, sales of project interests, or joint ventures. The Company may also redeem or repurchase senior secured notes on the market. The Company evaluates these alternatives based on a number of factors including, the prevailing market prices of its common shares and senior secured notes, metal prices, liquidity requirements, covenant restrictions and other factors, in order to determine the optimal mix of capital resources to address capital requirements, minimize the Company's cost of capital, and maximize shareholder value.

Future changes in copper and molybdenum market prices could also 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 (see section below "Hedging Strategy").

Hedging strategy

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 of 2019. There were no commodity contracts outstanding as at the date of this MD&A.

Commitments and contingencies

Commitments

	Payments due						
($ in thousands)	**Remainder of 2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Debt [1]:							
Repayment of principal	2,491	2,776	2,372	335,309	-	-	342,948
Interest	29,551	29,503	29,370	14,636	-	-	103,060
Lease liabilities:							
Repayment of principal	7,266	6,623	3,299	2,072	-	-	19,260
Interest	774	543	219	46	-	-	1,582
PER [2]	-	-	-	-	-	96,541	96,541
Capital expenditures [3]	5,045	-	-	-	-	-	5,045
Other expenditures [4]	6,271	5,713	5,412	902	-	-	18,298

[1] As at March 31, 2019, debt is comprised of senior secured notes and secured equipment loans.

[2] The provision for environmental rehabilitation amounts presented in the table represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities, primarily for the Gibraltar Mine. The Company has provided total reclamation security of $37.0 million for its 75% share of the Gibraltar Mine, in the form of reclamation deposits and restricted cash.

[3] Capital expenditure commitments include only those items where the Company has entered into binding commitments.

[4] Other expenditure commitments include the purchase of goods and services and exploration activities.

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 $6.9 million as at March 31, 2019.

SUMMARY OF QUARTERLY RESULTS

	2019	2018				2017		
(Cdn$ in thousands, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	70,274	111,121	74,297	94,273	64,179	95,408	78,508	99,994
Net income (loss)	(7,931)	(19,720)	7,098	(4,671)	(18,481)	(7,600)	20,136	5,247
Basic EPS	(0.03)	(0.09)	0.03	(0.02)	(0.08)	(0.03)	0.09	0.02
Adjusted net income (loss) *	(14,419)	(1,310)	1,464	2,337	(10,999)	(1,544)	13,405	14,305
Adjusted basic EPS *	(0.06)	(0.01)	0.01	0.01	(0.05)	(0.01)	0.06	0.06
EBITDA *	16,658	7,886	37,718	25,509	370	22,350	48,457	43,805
Adjusted EBITDA *	10,245	26,489	31,940	32,251	7,537	28,639	42,356	42,820

(US$ per pound, except where indicated)								
Realized copper price *	2.91	2.72	2.63	3.13	2.98	3.30	3.00	2.61
Total operating costs *	2.21	2.11	1.58	1.98	2.33	2.11	1.18	1.31
Copper sales (million pounds)	17.5	32.0	21.6	24.2	17.1	24.0	22.6	30.5

*Non-GAAP performance measure. See page 18 of this MD&A

Financial results for the last eight quarters reflect: volatile copper and molybdenum prices and foreign exchange rates that impact realized sale prices; and variability in the quarterly sales volumes due to copper grades and timing of shipments which impacts revenue recognition.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in Note 2.4 of the 2018 annual consolidated financial statements and Note 2 of the March 31, 2019 unaudited condensed consolidated interim financial statements. 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 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, 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 share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to the 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.

Change in Accounting Policies

The Company adopted the new accounting standard IFRS 16, Leases, effective January 1, 2019 using the modified retrospective method. Accordingly, the comparative information presented for 2018 has not been restated and is accounted for under IAS 17 Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. More information on the transition to IFRS 16 is described in Note 3(a) of the March 31, 2019 unaudited condensed consolidated interim financial statements.

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures.

The Company's internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements. 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 IFRS, 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.

The Company's internal control system over disclosure controls and procedures is designed to provide reasonable assurance that material information relating to the Company is made known to management and disclosed to others and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial reporting and disclosure.

There have been no changes in our internal controls over financial reporting and disclosure controls and procedures during the period ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RELATED PARTY TRANSACTIONS

Key management personnel

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 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-months' to 18-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-months' 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-based option program (refer to Note 15 of the unaudited condensed consolidated interim financial statements).

Compensation for key management personnel (including all members of the Board of Directors and executive officers) is as follows:

	Three months ended March 31,	
(Cdn$ in thousands)	**2019**	**2018**
Salaries and benefits	1,681	2,987
Post-employment benefits	389	373
Share-based compensation expense (recovery)	1,611	(1,157)
	3,681	2,203

Other related parties

(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 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 in the amount of $13,392 for the three month period ended March 31, 2019.

For the three month period ended March 31, 2018, the Company incurred total costs of $0.4 million in transactions with HDSI. Of these, $0.1 million related to administrative, legal, exploration and tax services, $0.2 million related to reimbursements of office rent costs, and $0.1 million 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, 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. For the three month period ended March 31, 2019, Management income for $0.3 million (Q1 2018: $0.3 million) and reimbursable compensation expenses and third party costs of $0.1 million (Q1 2018: $0.1 million) were charged to the joint venture partner.

NON-GAAP PERFORMANCE MEASURES

This document includes certain non-GAAP performance measures that do not have a standardized 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 amortization, 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.

	Three months ended March 31,	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2019**	**2018**
Cost of sales	74,729	65,415
Less:		
Depletion and amortization	(20,184)	(14,780)

Net change in inventories of finished goods	4,046	967
Net change in inventories of ore stockpiles	127	(3,896)
Transportation costs	(3,288)	(2,829)
Insurance recovery	-	4,000
Site operating costs	55,430	48,877
Less by-product credits:		
Molybdenum, net of treatment costs	(7,819)	(5,009)
Silver, excluding amortization of deferred revenue	(186)	(92)
Site operating costs, net of by-product credits	47,425	43,776
Total copper produced (thousand pounds)	18,641	17,145
Total costs per pound produced	2.54	2.55
Average exchange rate for the period (CAD/USD)	1.33	1.26
Site operating costs, net of by-product credits (US$ per pound)	**1.91**	**2.02**
Site operating costs, net of by-product credits	47,425	43,776
Add off-property costs:		
Treatment and refining costs	4,266	3,954
Transportation costs	3,288	2,829
Total operating costs	54,979	50,559
Total operating costs (C1) (US$ per pound)	**2.21**	**2.33**

Adjusted net income (loss)

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

- Unrealized foreign currency gains/losses; and
- Unrealized gain/loss on copper put options.

Management believes these transactions do not reflect the underlying operating performance of our core mining business and are not necessarily indicative of future operating results. Furthermore, unrealized gains/losses on derivative instruments, changes in the fair value of financial instruments, and unrealized foreign currency gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended March 31,	
($ in thousands, except per share amounts)	**2019**	**2018**
Net loss	**(7,931)**	**(18,481)**
Unrealized foreign exchange (gain) loss	(6,689)	8,332
Unrealized (gain) loss on copper put options	276	(1,165)
Estimated tax effect of adjustments	(75)	315
Adjusted net loss	**(14,419)**	**(10,999)**
Adjusted EPS	**(0.06)**	**(0.05)**

EBITDA and Adjusted EBITDA

EBITDA represents net income before interest, income taxes, and depreciation. EBITDA is presented because it is an important supplemental measure of our performance and is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present EBITDA when reporting their results. Issuers of "high yield" securities also present EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations. The Company believes EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation is a non-cash charge.

Adjusted EBITDA is presented as a further supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is prepared by adjusting EBITDA to eliminate the impact of a number of items that are not considered indicative of ongoing operating performance.

Adjusted EBITDA is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that are not likely to recur or are not indicative of the Company's future operating performance consisting of:

- Unrealized foreign exchange gains/losses;
- Unrealized gain/loss on copper put options.

While some of the adjustments are recurring, other non-recurring expenses do not reflect the underlying performance of the Company's core mining business and are not necessarily indicative of future results. Furthermore, unrealized gains/losses on derivative instruments, and unrealized foreign currency translation gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended March 31,	
($ in thousands)	**2019**	**2018**
Net loss	**(7,931)**	**(18,481)**
Add:		
Depletion and amortization	20,184	14,780
Amortization of share-based compensation expense (recovery)	1,787	(839)
Finance expense	9,742	9,311
Finance income	(308)	(323)
Income tax recovery	(6,816)	(4,078)
EBITDA	**16,658**	**370**
Adjustments:		
Unrealized foreign exchange (gain) loss	(6,689)	8,332
Unrealized loss (gain) on copper put options	276	(1,165)
Adjusted EBITDA	**10,245**	**7,537**

Earnings from mining operations before depletion and amortization

Earnings from mining operations before depletion and amortization is earnings from mining operations with depletion and amortization added back. The Company discloses this measure, which has been derived from our financial statements and applied on a consistent basis, to provide assistance in understanding the results of the Company's operations and financial position and it is meant to provide further information about the financial results to investors.

	Three months ended March 31,	
(Cdn$ in thousands)	**2019**	**2018**
Loss from mining operations	**(4,455)**	**(1,236)**
Add:		
Depletion and amortization	20,184	14,780
Earnings from mining operations before depletion and amortization	**15,729**	**13,544**

Site operating costs per ton milled

	Three months ended March 31,	
(Cdn$ in thousands, except per ton milled amounts)	**2019**	**2018**
Site operating costs (included in cost of sales)	**55,430**	**48,877**
Tons milled (thousands) (75% basis)	5,096	5,633
Site operating costs per ton milled	**$10.88**	**$8.68**

Condensed Consolidated Interim Financial Statements
March 31, 2019
(Unaudited)

TASEKO MINES LIMITED

Consolidated Statements of Comprehensive Income (Loss)

(Cdn$ in thousands, except share and per share amounts)

(Unaudited)

	Note	Three months ended March 31, 2019	2018
Revenues	4	70,274	64,179
Cost of sales			
Production costs	5	(54,545)	(50,635)
Depletion and amortization	5	(20,184)	(14,780)
Loss from mining operations		(4,455)	(1,236)
General and administrative		(4,473)	(4,751)
Share-based compensation recovery (expense)	15c	(1,714)	995
Exploration and evaluation		(469)	(845)
Loss on derivatives	6	(843)	(143)
Other income		565	331
Loss before financing costs and income taxes		(11,389)	(5,649)
Finance expenses	7	(9,742)	(9,311)
Finance income		308	323
Foreign exchange gain (loss)		6,076	(7,922)
Loss before income taxes		(14,747)	(22,559)
Income tax recovery	8	6,816	4,078
Net loss		**(7,931)**	**(18,481)**
Other comprehensive income (loss):			
Unrealized gain (loss) on financial assets	9	1,114	(702)
Foreign currency translation reserve		(3,467)	3,435
Total other comprehensive income (loss)		**(2,353)**	**2,733**
Total comprehensive loss		**(10,284)**	**(15,748)**
Earnings (loss) per share			
Basic		(0.03)	(0.08)
Diluted		(0.03)	(0.08)
Weighted average shares outstanding (thousands)			
Basic		237,046	227,079
Diluted		237,046	227,079

The accompanying notes are an integral part of these consolidated interim financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Cdn$ in thousands)

(Unaudited)

	Note	Three months ended March 31, 2019	2018
Operating activities			
Net loss for the period		(7,931)	(18,481)
Adjustments for:			
Depletion and amortization		20,184	14,780
Income tax recovery	8	(6,816)	(4,078)
Share-based compensation expense (recovery)	15c	1,787	(839)
Loss on derivatives	6	843	143
Finance expenses, net		9,434	8,988
Unrealized foreign exchange (gain) loss		(6,689)	8,332
Amortization of deferred revenue	14	(977)	(848)
Deferred electricity repayments		-	(3,828)
Other operating activities		(377)	-
Net change in non-cash working capital	17	(2,267)	7,387
Cash provided by operating activities		7,191	11,556
Investing activities			
Purchase of property, plant and equipment	12	(13,378)	(24,677)
Purchase of copper put options	6	(851)	-
Proceeds from copper put options		241	-
Other investing activities		68	214
Cash used for investing activities		(13,920)	(24,463)
Financing activities			
Interest paid		(381)	(394)
Repayment of lease liabilities and equipment loans		(3,806)	(3,227)
Proceeds on exercise of options		86	130
Cash used for financing activities		(4,101)	(3,491)
Effect of exchange rate changes on cash and equivalents		(306)	399
Decrease in cash and equivalents		(11,136)	(15,999)
Cash and equivalents, beginning of year		45,665	80,231
Cash and equivalents, end of period		34,529	64,232

Supplementary cash flow disclosures	17
Subsequent event	20

The accompanying notes are an integral part of these consolidated interim financial statements.

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Cdn$ in thousands)

(Unaudited)

	Note	March 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and equivalents		34,529	45,665
Accounts receivable		7,663	14,735
Inventories	11	44,589	38,986
Other financial assets	9	789	3,581
Prepaids		1,160	1,464
		88,730	104,431
Property, plant and equipment	12	834,887	821,287
Other financial assets	9	42,124	41,380
Goodwill		5,510	5,625
		971,251	**972,723**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities		38,565	41,001
Current portion of long-term debt	13	13,222	9,856
Current portion of deferred revenue	14	3,933	3,907
Interest payable on senior secured notes		8,526	1,243
Current income tax payable		1,537	1,427
		65,783	57,434
Long-term debt	13	340,197	345,625
Provision for environmental rehabilitation ("PER")		96,541	97,914
Deferred and other tax liabilities		76,895	83,793
Deferred revenue	14	39,403	39,367
Other financial liabilities		2,348	1,513
		621,167	625,646
EQUITY			
Share capital	15	436,187	423,438
Contributed surplus		49,816	49,274
Accumulated other comprehensive income ("AOCI")		11,711	14,064
Deficit		(147,630)	(139,699)
		350,084	347,077
		971,251	**972,723**
Commitments and contingencies	16		
Subsequent event	20		

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	-	1,336	-	-	1,336
Exercise of options and warrants	177	(47)	-	-	130
Total comprehensive income (loss) for the year	-	-	2,733	(18,481)	(15,748)
Balance at March 31, 2018	**422,268**	**48,767**	**3,122**	**(122,406)**	**351,751**
Balance at January 1, 2019	423,438	49,274	14,064	(139,699)	347,077
Fair value of shares issued for Yellowhead acquisition (Note 10)	12,629	-	-	-	12,629
Share-based compensation	-	953	-	-	953
Exercise of options and warrants	120	(34)	-	-	86
Settlement of performance share units	-	(377)	-	-	(377)
Total comprehensive loss for the year	-	-	(2,353)	(7,931)	(10,284)
Balance at March 31, 2019	**436,187**	**49,816**	**11,711**	**(147,630)**	**350,084**

The accompanying notes are an integral part of these consolidated interim financial statements.

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 month period ended March 31, 2019 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture ("Gibraltar"), 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. 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 Board of Directors on May 7, 2019.

(b) Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, 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 as at the year ended December 31, 2018.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has applied the following revised or new IFRS that were issued and effective January 1, 2019:

(a) 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. 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.

(Cdn$ in thousands - unaudited)

The impact of IFRS 16 on the classification and measurement of financial assets is set out below.

IFRS 16 introduces significant changes to the lessee accounting 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 lease commencement 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 portion and interest (included within financing activities) in the consolidated interim statement of cash flows. For short-term leases and leases of low value assets, the Company has opted 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 or contain a lease arrangement. The review identified contracts containing leases that have an equivalent increase to both the Company's ROU assets and lease liabilities. 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 both property plant and equipment and lease liabilities by $6,254. 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 obligations 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
Current leases with a lease term of 12 months or less and low value	(414)
Leases identified in existing service and supply contracts	2,436
Effect from discounting	(581)
Lease liabilities due to initial application of IFRS 16 as at January 1, 2019	6,254

New Accounting Policy for Leases Under IFRS 16

The Company assesses whether a contract is 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 in the consolidated interim statement of income (loss) 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.

(Cdn$ in thousands - unaudited)

ROU assets are included in property, plant, and equipment, and the lease liability is included in long-term debt in the consolidated interim balance sheet (Note 13b).

4. REVENUE

	Three months ended March 31, 2019	2018
Copper contained in concentrate	64,646	66,143
Molybdenum concentrate	8,937	5,014
Silver (Note 14)	1,012	940
Price adjustments on settlement receivables	1,207	(3,305)
Total gross revenue	75,802	68,792
Less: Treatment and refining costs	(5,528)	(4,613)
Revenue	70,274	64,179

5. COST OF SALES

	Three months ended March 31, 2019	2018
Site operating costs	55,430	48,877
Transportation costs	3,288	2,829
Changes in inventories of finished goods	(4,046)	(967)
Changes in inventories of ore stockpiles	(127)	3,896
Insurance recovery	-	(4,000)
Production costs	54,545	50,635
Depletion and amortization	20,184	14,780
Cost of sales	74,729	65,415

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 months ended March 31, 2019, the Company recorded an impairment reversal of $1,553 to adjust the carrying value of ore stockpile inventories to net realizable value.

During the three months ended March 31, 2018, the Company recognized an insurance recovery of $4,000 (75% basis) related to the Cariboo region wildfires in 2017.

6. DERIVATIVE INSTRUMENTS

During the three months ended March 31, 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, at a total cost of $851.

(Cdn$ in thousands - unaudited)

At March 31, 2019 the Company had options outstanding for 5 million pounds of copper with maturity in April 2019 with a strike price of US$2.80 per pound. The fair value of the outstanding options at March 31, 2019 is $8.

The following table outlines the gains and losses associated with derivative instruments:

	Three months ended March 31, 2019	2018
Realized loss on copper put options	567	1,308
Unrealized loss (gain) on copper put options	276	(1,165)
	843	143

7. FINANCE EXPENSES

	Three months ended March 31, 2019	2018
Interest expense	8,253	7,810
Finance expense – deferred revenue (Note 14)	1,039	901
Accretion on PER	450	600
	9,742	9,311

8. INCOME TAX

	Three months ended March 31, 2019	2018
Current tax expense	110	-
Deferred tax recovery	(6,926)	(4,078)
	(6,816)	(4,078)

(Cdn$ in thousands - unaudited)

9. OTHER FINANCIAL ASSETS

	March 31, 2019	**December 31, 2018**
Current:		
Marketable securities (Note 10)	781	3,581
Copper put option contracts (Note 6)	8	-
	789	3,581
Long-term:		
Investment in subscription receipts	2,400	2,400
Reclamation deposits	32,224	31,480
Restricted cash	7,500	7,500
	42,124	41,380

Marketable securities at December 31, 2018 include an investment in Yellowhead Mining Inc., 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)	12,630
Fair value of previously held investment in Yellowhead	3,365
Acquisition related costs	271
	16,266

The Company has incurred acquisition costs totaling $271 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 at 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:

(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 $60 for the period since acquisition.

11. INVENTORIES

	March 31, 2019	December 31, 2018
Ore stockpiles	8,419	8,532
Copper contained in concentrate	7,395	3,166
Molybdenum concentrate	366	549
Materials and supplies	28,409	26,739
	44,589	38,986

12. PROPERTY, PLANT & EQUIPMENT

During the three month period ended March 31, 2019, the Company capitalized stripping costs of $8,768 and incurred other capital expenditures for Gibraltar of $3,084. In addition, the Company capitalized development costs of $3,234 for the Florence Copper project and $103 for the Aley Niobium project. Additions to property, plant and equipment in the three month period also include $784 of non-cash depreciation on mining assets related to capitalized stripping and $8,190 related to right of use assets (Note 3a). Depreciation related to the right of use assets for the three month period ended March 31, 2019 was $762.

13. DEBT

	March 31, 2019	December 31, 2018
Current:		
Lease liabilities (b)	9,826	6,506
Secured equipment loans	3,396	3,350
	13,222	9,856
Long-term:		
Senior secured notes (a)	325,286	331,683
Lease liabilities (b)	9,434	7,604
Secured equipment loans	5,477	6,338
	340,197	345,625
Total debt	353,419	355,481

(Cdn$ in thousands - unaudited)

(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 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) Lease Liabilities

On January 1, 2019, the Company recorded additional lease liabilities of $6,254 due to the intial application of IFRS 16, the new accounting standard for leases (see Note 3a).

(c) Debt Continuity

The following schedule shows the continuity of total debt in the first three months of 2019:

Total debt as at December 31, 2018	355,481
Lease additions on initial application of IFRS 16 (Note 13b)	6,254
Lease additions during the period	1,901
Repayment of lease liabilities and equipment loans	(3,806)
Unrealized foreign exchange gain	(6,996)
Amortization of deferred financing charges	585
Total debt as at March 31, 2019	353,419

(Cdn$ in thousands - unaudited)

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 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 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)	1,039
Amortization of deferred revenue	(977)
Balance at March 31, 2019	43,336

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	226
Common shares outstanding at March 31, 2019	245,957

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

(b) Share Purchase Warrants

At March 31, 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.

(Cdn$ in thousands - unaudited)

(c) Share-Based Compensation

	Options (thousands)	Average price
Outstanding at January 1, 2019	10,337	1.64
Granted	3,227	0.78
Exercised	(226)	0.38
Cancelled/forfeited	(38)	1.89
Expired	(3,297)	2.26
Outstanding at March 31, 2019	10,003	1.19
Exercisable at March 31, 2019	7,325	1.19

During the three month period ended March 31, 2019, the Company granted 3,226,500 (2018 – 1,694,500) share options to directors, executives and employees, exercisable at an average exercise price of $0.78 per common share over a three to five year period. The total fair value of options granted was $1,387 (2018 – $2,474) based on a weighted average grant-date fair value of $0.43 (2018 – $1.46) 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:

	Three months ended March 31, 2019
Expected term (years)	5
Forfeiture rate	0%
Volatility	64%
Dividend yield	0%
Risk-free interest rate	1.9%
Weighted-average fair value per option	$0.43

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 March 31, 2019	3,010	1,675

During the three month period ended March 31, 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).

(Cdn$ in thousands - unaudited)

Share based compensation expense (recovery) is comprised as follows:

	Three months ended March 31,	
	2019	**2018**
Share options – amortization	698	1,178
Performance share units – amortization	254	157
Change in fair value of deferred share units	835	(2,174)
	1,787	(839)

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 March 31, 2019 are presented in the following table:

Remainder of 2019	6,271
2020	5,713
2021	5,412
2022	902
2023	-
2024 and thereafter	-
Total operating commitments	18,298

As at March 31, 2019, the Company had outstanding capital commitments of $6,727 (2018: $5,500), of which the Gibraltar joint venture is committed to incur expenditures of $6,727 (2018: $2,189) with the Company's share being $5,045 (2018: $1,642).

(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 $6,939 as at March 31, 2019.

(Cdn$ in thousands - unaudited)

17. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31, 2019	2018
Change in non-cash working capital items		
Accounts receivable	6,840	6,359
Inventories	(5,641)	1,506
Prepaids	305	581
Accounts payable and accrued liabilities	(3,785)	(875)
Interest payable	14	166
Income tax paid	-	(350)
	(2,267)	7,387
Non-cash investing and financing activities		
Equipment acquired by way of lease additions	1,901	-

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 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 $13 for the three month period ended March 31, 2019.

For the three month period ended March 31, 2018, the Company incurred total costs of $351 in transactions with HDSI. Of these, $126 related to administrative, legal, exploration and tax services, $155 related to reimbursements of office rent costs, and $70 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, 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. For the three month period ended March 31, 2019, management income for $290 (Q1 2018: $292) and reimbursable compensation expenses and third party costs of $23 (Q1 2018: $34) were charged to the joint venture partner.

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.

(Cdn$ in thousands - unaudited)

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 $310,062 and the carrying value is $325,286 at March 31, 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.

	Level 1	**Level 2**	**Level 3**	**Total**
March 31, 2019				
Financial assets designated as FVOCI				
Marketable securities	781	-	-	781
Investment in subscription receipts	-	-	2,400	2,400
Reclamation deposits	32,224	-	-	32,224
	33,005	-	2,400	35,405
December 31, 2018				
Financial assets designated as FVOCI				
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 March 31, 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.

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 March 31, 2019 the determination of the estimated fair value of the investment includes comparison to the market capitalization of comparable public companies.

(Cdn$ in thousands - unaudited)

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 March 31, 2019
Copper increase/decrease by US$0.29/lb.[1]	1,911

[1]The analysis is based on the assumption that the period end copper price increases 10% with all other variables held constant. At March 31, 2019, 5 million pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate at March 31, 2019 of CAD/USD 1.3363 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.

20. SUBSEQUENT EVENT

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. 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.