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TASEKO REPORTS 2019 FOURTH QUARTER AND ANNUAL FINANCIAL 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.

February 20, 2020, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE American: TGB; LSE: TKO) ("Taseko" or the "Company") reports financial results for the fourth quarter and full year ending December 31, 2019. For the fourth quarter, Taseko recorded earnings from mining operations before depletion and amortization* of $23.9 million, adjusted EBITDA* of $18.2 million and an adjusted net loss of $16.2 million ($0.07 per share). For the full year, Taseko reports earnings from mining operations before depletion and amortization* of $70.6 million, adjusted EBITDA* of $51.1 million and an adjusted net loss of $68.6 million ($0.28 per share).

Russell Hallbauer, Chief Executive Officer of Taseko, commented, "Operationally, we are happy with the performance at Gibraltar in 2019. Grade variability was low and copper production of 126 million pounds met our annual production guidance. Additionally, molybdenum production of 2.7 million pounds was the best ever at Gibraltar and, combined with strong molybdenum pricing, generated an important by-product credit. For 2020, we maintain guidance of 130 million pounds (+/-5%) of copper production, on a 100% basis, consistent with the life of mine average."

Stuart McDonald, President of Taseko, stated, "Earnings and cashflow were lower in 2019, mainly due to a lower average copper price. Even though the price of copper has been impacted recently by global events, we still believe the supply/demand fundamentals remain intact with the opportunity for a significant positive copper price movement. With our production from Gibraltar we continue to have significant cashflow leverage to the copper price upside, and on the downside we have copper put options in place until the end of April at a strike price of US$2.60 per pound, which protect our cash flow in the event copper drops from current levels. Offsetting lower copper prices, we are seeing reductions in off-property costs and other input costs. For 2020, benchmark treatment and refining costs are more than 20% lower than last year, and combined with recent fuel price declines and other supplier cost reduction initiatives, represent approximately seven cents per pound of annualized cost savings to begin the year."

"Our Florence Copper Project is making headway, both from a technical perspective as well as the permitting process. After 14 months of operating the test facility, our knowledge of the in-situ leaching operation continues to grow. The wellfield continues to produce a commercial grade leach solution and the SX/EW plant is producing LME Grade A copper cathode on a steady-state basis. Detailed engineering for the commercial scale facility is progressing, benefitting from the many months of test facility operating data. With both the state and federal regulators (Arizona Department of Environmental Quality and US Environmental Protection Agency) actively involved, permitting is advancing and now in the technical review phase," added Mr. McDonald.

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

"Going forward, our focus will be on maintaining operating cash flow at Gibraltar, given the lower copper pricing currently being realized. While we expect a recovery in copper price, we will operate our company in the most cost-effective manner and manage project and other discretionary spending appropriately in the current environment," concluded Mr. McDonald.

2019 Annual Review

- Earnings from mining operations before depletion and amortization* was $70.6 million and Adjusted EBITDA* was $51.1 million;
- Cash flows from operations was $42.6 million and capital expenditures for the year totalled $50.8 million;
- Cash balance at December 31, 2019 was $53 million, which was $8 million higher than the end of 2018;
- Site operating costs, net of by-product credits* was US$1.75 per pound produced, and total operating costs (C1)* was US$2.06 per pound produced;
- Net loss for the year was $53.4 million ($0.22 per share) with depreciation $39 million greater than the prior year due to the amortization of capitalized strip associated with ore mined from the Granite pit. Adjusted net loss* was $68.6 million ($0.28 per share) after adjusting for the unrealized foreign exchange gain of $15.2 million;
- The Gibraltar Mine (100% basis) produced 125.9 million pounds of copper in 2019, a slight improvement over 2018. Copper recoveries were 86.2% and copper head grades for the year were 0.245%;
- Gibraltar produced 2.7 million pounds of molybdenum in 2019 compared to 2.4 million pounds in 2018. Molybdenum provided a by-product credit of US$0.20 per pound of copper consistent with 2018;
- Sales of copper were 122 million pounds in 2019 with finished goods inventory at Gibraltar (100% basis) including 5.0 million pounds of copper. This copper concentrate inventory at December 31, 2019 had a sales value of approximately $14 million for Taseko's share;
- Taseko continued to advance its production test facility operation at the Florence Copper project with the wellfield performing to expectation. The SX-EW plant continues to produce LME grade A copper cathode. Commercial permit applications for Phase 2 were submitted to the state and federal agencies in the middle of 2019 and permitting initiatives are underway; and
- In February 2019, the Company acquired the remaining interests in Yellowhead Mining Inc. that it did not already own for consideration of $13 million in the Company's common shares. On January 16, 2020, the Company published the results of its updated NI 43-101 Technical report on the Yellowhead project outlining a significantly improved development plan and economics.

Fourth Quarter Review

- Fourth quarter earnings from mining operations before depletion and amortization* was $23.9 million, and Adjusted EBITDA* was $18.2 million;
- Cash flow from operations was $9.2 million;

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

- Site operating costs, net of by-product credits* was US$1.69 per pound produced, consistent with the prior two quarters;
- Net loss was $9.9 million ($0.04 per share) after depletion and amortization of $31.4 million in the quarter. Adjusted net loss* was $16.2 million ($0.07 per share) after adjusting for the unrealized foreign exchange gain of $5.9 million;
- Copper production in the fourth quarter was consistent with previous quarters at 33.4 million pounds and copper sales were 33.3 million pounds (100% basis); and
- Molybdenum production was steady at 728 thousand pounds in Q4; molybdenum prices averaged US$9.67 per pound during the quarter down from US$11.83 per pound in Q3.

HIGHLIGHTS

Financial Data	**Year ended December 31,**			**Three Months Ended December 31,**		
(Cdn$ in thousands, except for per share amounts)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Revenues	329,163	343,870	(14,707)	89,932	111,121	(21,189)
Earnings from mining operations before depletion and amortization*	70,613	112,003	(41,390)	23,921	28,450	(4,529)
Adjusted EBITDA*	51,057	98,217	(47,160)	18,246	26,489	(8,243)
Cash flows provided by operations	42,641	94,078	(51,437)	9,227	44,120	(34,893)
Earnings (loss) from mining operations	(39,143)	41,222	(80,365)	(7,459)	10,578	(18,037)
Net loss	(53,382)	(35,774)	(17,608)	(9,931)	(19,720)	9,789
Per share - basic (“EPS”)	(0.22)	(0.16)	(0.06)	(0.04)	(0.09)	0.05
Adjusted net loss*	(68,610)	(8,508)	(60,102)	(16,159)	(1,310)	(14,849)
Per share - basic (“Adjusted EPS”)*	(0.28)	(0.04)	(0.24)	(0.07)	(0.01)	(0.06)

Operating Data (Gibraltar - 100% basis)	**Year ended December 31,**			**Three Months Ended December 31,**		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
Tons mined (millions)	100.4	111.6	(11.2)	25.8	28.4	(2.6)
Tons milled (millions)	29.9	30.1	(0.2)	7.8	7.1	0.7
Production (million pounds Cu)	125.9	125.2	0.7	33.4	25.8	7.6
Sales (million pounds Cu)	122.4	126.5	(4.1)	33.3	42.7	(9.4)

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

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	YE 2019	YE 2018
Tons mined (millions)	25.8	24.7	26.6	23.3	28.4	100.4	111.6
Tons milled (millions)	7.8	7.5	7.7	6.8	7.1	29.9	30.1
Strip ratio	2.1	3.0	2.3	3.2	5.1	2.6	2.7
Site operating cost per ton milled (CAD$)*	$10.46	$10.83	$11.51	$10.88	$9.16	$10.92	$9.71
Copper concentrate							
Head grade (%)	0.253	0.249	0.256	0.216	0.222	0.245	0.251
Copper recovery (%)	84.5	87.7	87.7	84.6	81.3	86.2	82.7
Production (million pounds Cu)	33.4	33.0	34.7	24.9	25.8	125.9	125.2
Sales (million pounds Cu)	33.3	33.5	32.3	23.3	42.7	122.4	126.5
Inventory (million pounds Cu)	5.0	5.0	5.5	3.1	1.6	5.0	1.6
Molybdenum concentrate							
Production (thousand pounds Mo)	728	620	653	738	727	2,739	2,366
Sales (thousand pounds Mo)	791	518	708	770	738	2,787	2,304
Per unit data (US$ per pound produced)*							
Site operating costs*	$1.85	$1.88	$1.92	$2.23	$1.92	$1.95	$1.80
By-product credits*	(0.16)	(0.16)	(0.21)	(0.32)	(0.30)	(0.20)	(0.20)
Site operating costs, net of by-product credits*	$1.69	$1.72	$1.71	$1.91	$1.62	$1.75	$1.60
Off-property costs	0.32	0.33	0.30	0.30	0.49	0.31	0.33
Total operating costs (C1)*	$2.01	$2.05	$2.01	$2.21	$2.11	$2.06	$1.93

OPERATIONS ANALYSIS

Full-year results

In 2019, Gibraltar produced 125.9 million pounds of copper compared to 125.2 million in 2018. Copper grade for the year averaged 0.245% copper, slightly below the life of mine average grade. Copper recovery for 2019 was 86.2%, an improvement over 2018 as a result of processing improvements and processing less oxidized ore.

A total of 100.4 million tons were mined in 2019, a 10% decrease over the prior year due to the mining deeper within Granite pit resulting in longer haul distances. Waste stripping costs of $22.9 million (75% basis) were capitalized in 2019 compared to $48.8 million in 2018 as more waste stripping was performed in the Granite pit in the prior year.

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

OPERATIONS ANALYSIS - CONTINUED

Site operating costs* for the year were US$1.95 per pound of copper produced, an increase from 2018, due primarily to the greater capitalization of stripping costs in the prior year. There was also higher mining costs per ton mined in 2019 arising from greater haulage distances.

Molybdenum production for 2019 was 2.7 million pounds compared to 2.4 million pounds in 2018. This additional production was offset by a decrease in the average molybdenum price, which was US$11.36 per pound in 2019 compared to US$12.20 per pound in 2018. The resulting by-product credits per pound of copper produced* of US$0.20 remained consistent with the prior year.

Off property costs* were US$0.31 per pound of copper produced, consistent with US$0.33 per pound produced in 2018. The decrease was attributed to improved TCRCs on spot tenders in 2019 compared to 2018.

Total operating costs (C1)* were US$2.06 per pound of copper produced for the year compared to $1.93 per pound in 2018 due to the difference in site operating costs as noted above.

Fourth quarter results

Copper production in the fourth quarter was 33.4 million pounds. Copper grade for the quarter averaged 0.253%, which was in line with the life of mine average grade. Copper recovery in the mill was 84.5% during the quarter which was lower than the first three quarters as a higher percentage of oxide ore was processed. The decrease in recovery was offset by an increase in mill throughput during the quarter.

A total of 25.8 million tons were mined during the period, an increase of 1.1 million tons over the previous quarter and the ore stockpile increased by 0.5 million tons. The strip ratio for the fourth quarter was 2.1 to 1 as more mining took place in Granite. This resulted in less overall waste stripping of Pollyanna in the quarter.

Capitalized stripping costs totaled $4.3 million (75% basis) compared to $8.6 million in the prior quarter and $18.9 million in Q4 2018. The capitalized stripping costs are substantially attributable to advancement into the Pollyanna pit and associated waste stripping costs while no ore from Pollyanna has been mined yet. Total site spending (including capitalized stripping costs) was slightly lower than the previous quarter. The remaining decrease in site operating cost per ton milled*, which was $10.46 for the quarter, was due to greater throughput.

Molybdenum production was 728 thousand pounds in the fourth quarter. Molybdenum prices averaged US$9.67 per pound over the fourth quarter compared to US$11.83 per pound in the prior quarter and US$12.04 per pound in Q4 2018. By-product credits per pound of copper produced* was US$0.16 in the fourth quarter.

Off-property costs per pound produced* were US$0.32 for the fourth quarter of 2019 and consist of concentrate treatment, refining and transportation costs. These costs are in line with recent quarters relative to pounds of copper sold.

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

OPERATIONS ANALYSIS – CONTINUED

Health, Safety, and Environment

Health and safety have always been a high-level commitment for Taseko, Gibraltar, and Florence management. Taseko is committed to operational practices that result in improved efficiencies, safety performance and occupational health. Nothing is more important to the Company than the safety, health and well-being of our workers and their families.

Taseko places a high priority on the continuous improvement of performance in the areas of employee health and safety at the workplace and protection of the environment. In 2019, Gibraltar had five loss time incidents and a loss time frequency of 0.68 (per 200,000 hours worked). This is lower than the British Columbia industry average loss time frequency of 0.78 (per 200,000 hours worked). The Company remains committed to a culture of safety-first, ensuring safety is the first consideration in all actions taken.

The same priority on health, safety, and environmental performance, as well as the methods and culture at Gibraltar are being imported and implemented at Florence Copper.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2020.

The fundamentals for copper remain strong and despite short-term volatility caused by global events including the coronavirus, most industry analysts are projecting a continued supply constraint and higher copper prices than current levels in the coming years. Expansion of overseas copper smelting capacity and tighter supply conditions resulted in a reduced benchmark for 2020 for concentrate treatment and refining charges ("TCRC") which were set 23% below 2019 benchmark levels.

On November 6, 2019, the Company published an updated NI 43-101 Technical report on the Gibraltar Mine. Based on this updated technical report, sufficient Mineral Reserves exist to support an approximate 19-year production plan out to 2038 with annual average copper production of 130 million pounds. Mineral Resource potential exists to potentially further extend the mine life beyond the known reserves.

REVIEW OF PROJECTS

Taseko's strategy has been to grow the Company from the operating cash flow and credit quality of 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 focused primarily on copper and are located in stable mining jurisdictions in British Columbia and Arizona. Our current focus is on the near term development of the Florence Copper Project.

Florence Copper Project

The Production Test Facility ("PTF") operated as planned during 2019. Steady state operation was achieved and the focus turned to testing different wellfield operating strategies, including adjusting pumping rates, solution strength, flow direction, and the use of packers in recovery and injection wells to isolate different zones of the ore body. The Florence Copper technical team is using physical and operating control mechanisms to adjust solution chemistry and flow rates and is successfully achieving targeted copper concentration in solution. The PTF wellfield is performing to its design and the SX-EW plant continues to produce LME grade A copper cathode.

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 design 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.

Two permits are required to commence construction of the commercial scale wellfield at Florence Copper. These are the Aquifer Protection Permit ("APP") from the Arizona Department of Environmental Quality ("ADEQ") and the Underground Injection Control ("UIC") Permit from the U.S. Environmental Protection Agency ("EPA"). In June 2019, the Company submitted the APP application for the Phase 2 commercial facility to the ADEQ. The UIC permit application for the Phase 2 commercial facility was submitted to the EPA in August 2019. Both permits are advancing through the technical review process. The Company is in active dialogue with the regulators and targeting to have permitting for the commercial facility completed in 2020.

The Company has continued to advance various project financing options from debt providers, royalty companies, and potential joint venture partners for the Phase 2 commercial development of the Florence Copper Project. Management is targeting to have the project finance funding committed in advance of both the APP and UIC permit amendments being issued by the ADEQ and EPA, respectively.

Total net expenditures at the Florence Project for the year ended December 31, 2019 were $16.0 million including the PTF operation and other project development costs.

Yellowhead Copper Project

On February 15, 2019, the Company acquired 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. Yellowhead holds a 100% interest in a copper-gold-silver development project located in south-central British Columbia.

In January 2020, the Company announced the results of its technical studies on Yellowhead which resulted in a 22% increase in recoverable copper reserves and significantly improved project economics. The Company filed a new NI 43-101 technical report ("Technical Report on the Mineral Reserve Update at the Yellowhead Copper Project" dated January 16, 2020) (the "Technical Report") on Sedar.

The updated Technical Report outlines a new development plan for the project, which includes an 817 million tonne reserve and a 25-year mine life with a pre-tax NPV of $1.3 billion at an 8% discount rate using a US$3.10 per pound copper price. This represents a $500 million increase over the 2014 Feasibility Study completed by the previous owner. Capital costs of the project are estimated at $1.3 billion over a 2-year construction period. Over the first 5 years of operation, the copper equivalent grade will average 0.35% producing an average of 200 million pounds of copper per year at an average C1 cost, net of by-product credit, of US$1.67 per pound of copper. The Yellowhead Copper Project contains valuable precious metal by-products with 440,000 ounces of gold and 19 million ounces of silver with a life of mine value of over $1 billion at current prices.

REVIEW OF PROJECTS – CONTINUED

The Company is focusing its efforts in 2020 on ongoing engagement with local communities including First Nations, environmental assessment work, additional engineering and joint venture partnering discussions with strategic industry offtake groups.

New Prosperity Gold- Copper Project

On December 5, 2019, the Company announced that the Tŝilhqot'in Nation as represented by Tŝilhqot'in National Government and Taseko have entered into a dialogue, facilitated by the Province of British Columbia, to try to obtain a long-term solution to the conflict regarding Taseko's proposed gold-copper mine currently known as New Prosperity, acknowledging Taseko's commercial interests and the opposition of the Tŝilhqot'in Nation to the Project. While the details of this process are confidential, in order to facilitate a dialogue, the parties have agreed to a standstill on certain outstanding litigation and regulatory matters which relate to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake).

Aley Niobium Project

Environmental monitoring and product marketing initiatives on the Aley Niobium project continue. A pilot plant scale program commenced in the second quarter on the niobium flotation and converter processes. The pilot plant will also provide final product samples for marketing purposes. Aley project expenditures for the year ended December 31, 2019 were $0.8 million.

The Company will host a telephone conference call and live webcast on Friday, February 21, 2020 at 11:00 a.m. Eastern Time (8:00 a.m. PST, 4:00 p.m. GMT) 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 within North America, or (416) 764-8688 for international callers. The conference call will be archived for later playback until March 6, 2020 and can be accessed by dialing (888) 390-0541 within North America or (416) 764-8677 internationally and using the passcode 966107#.

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

Brian Bergot, Vice President, Investor Relations - 778-373-4533 or toll free 1-877-441-4533

Russell Hallbauer
Chief Executive Officer & Director

No regulatory authority has approved or disapproved of the information in this news release.

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 are 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 subtracting by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum (net of treatment costs) and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Cost of sales	**97,391**	**100,543**	**368,306**	**302,648**
Less:				
Depletion and amortization	(31,380)	(17,872)	(109,756)	(70,781)
Insurance recovered	-	38	-	7,913
Net change in inventories of finished goods	(1,193)	(20,028)	5,570	(2,435)
Net change in inventories of ore stockpiles	1,426	(8,905)	(1,677)	(1,078)
Transportation costs	(5,025)	(4,656)	(17,832)	(17,163)
Site operating costs	**61,219**	**49,120**	**244,611**	**219,104**
Less by-product credits:				
Molybdenum, net of treatment costs	(5,205)	(7,643)	(25,223)	(23,419)
Silver, excluding amortization of deferred revenue	30	(118)	(557)	(327)
Site operating costs, net of by-product credits	**56,044**	**41,359**	**218,831**	**195,358**
Total copper produced (thousand pounds)	25,047	19,372	94,428	93,888
Total costs per pound produced	2.24	2.13	2.32	2.08
Average exchange rate for the period (CAD/USD)	1.32	1.32	1.33	1.30
Site operating costs, net of by-product credits (US$ per pound)	**1.70**	**1.62**	**1.75**	**1.60**
Site operating costs, net of by-product credits	56,044	41,359	218,831	195,358
Add off-property costs:				
Treatment and refining costs	5,520	7,764	21,417	22,381
Transportation costs	5,025	4,656	17,832	17,163
Total operating costs	66,589	53,779	258,080	234,902
Total operating costs (C1) (US$ per pound)	**2.01**	**2.11**	**2.06**	**1.93**

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 December 31,		**Year ended December 31,**	
($ in thousands, except per share amounts)	**2019**	**2018**	**2019**	**2018**
Net loss	**(9,931)**	**(19,720)**	**(53,382)**	**(35,774)**
Unrealized foreign exchange (gain) loss	(5,850)	17,887	(15,228)	28,704
Unrealized (gain) loss on copper put options	(518)	716	-	(1,970)
Estimated tax effect of adjustments	140	(193)	-	532
Adjusted net loss	**(16,159)**	**(1,310)**	**(68,610)**	**(8,508)**
Adjusted EPS	**(0.07)**	**(0.01)**	**(0.28)**	**(0.04)**

Adjusted EBITDA

Adjusted EBITDA is presented as a supplemental measure of the Company’s performance and ability to service debt. Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present Adjusted EBITDA when reporting their results. Issuers of “high yield” securities also present Adjusted EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations.

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

- Unrealized foreign exchange gains/losses;
- Unrealized gain/loss on copper put options; and
- Amortization of share-based compensation.

NON-GAAP PERFORMANCE MEASURES – CONTINUED

($ in thousands)	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Net loss	**(9,931)**	**(19,720)**	**(53,382)**	**(35,774)**
Add:				
Depletion and amortization	31,380	17,872	109,756	70,781
Finance expense	10,109	9,691	40,324	38,564
Finance income	(113)	(314)	(1,202)	(1,254)
Income tax expense (recovery)	(7,543)	645	(32,337)	448
Unrealized foreign exchange (gain) loss	(5,850)	17,887	(15,228)	28,704
Unrealized (gain) loss on copper put options	(518)	716	-	(1,970)
Amortization of share-based compensation expense (recovery)	712	(288)	3,126	(1,282)
Adjusted EBITDA	**18,246**	**26,489**	**51,057**	**98,217**

Earnings (loss) 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.

(Cdn$ in thousands)	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Earnings (loss) from mining operations	**(7,459)**	**10,578**	**(39,143)**	**41,222**
Add:				
Depletion and amortization	31,380	17,872	109,756	70,781
Earnings from mining operations before depletion and amortization	**23,921**	**28,450**	**70,613**	**112,003**

Site operating costs per ton milled

(Cdn$ in thousands, except per ton milled amounts)	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Site operating costs (included in cost of sales)	**61,219**	**49,120**	**244,611**	**219,104**
Tons milled (thousands) (75% basis)	5,855	5,361	22,405	22,569
Site operating costs per ton milled	**$10.46**	**$9.16**	**$10.92**	**$9.71**

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 include 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 International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board for the year ended December 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 February 19, 2020. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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, global economic events arising from the coronavirus outbreak, 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 the Company's other public filings with the SEC and Canadian provincial securities regulatory authorities.

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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 Yellowhead copper, New Prosperity gold-copper, Aley niobium and Harmony gold projects.

HIGHLIGHTS

Financial Data	**Year ended December 31,**			**Three Months Ended December 31,**		
(Cdn$ in thousands, except for per share amounts)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Revenues	329,163	343,870	(14,707)	89,932	111,121	(21,189)
Earnings from mining operations before depletion and amortization*	70,613	112,003	(41,390)	23,921	28,450	(4,529)
Adjusted EBITDA*	51,057	98,217	(47,160)	18,246	26,489	(8,243)
Cash flows provided by operations	42,641	94,078	(51,437)	9,227	44,120	(34,893)
Earnings (loss) from mining operations	(39,143)	41,222	(80,365)	(7,459)	10,578	(18,037)
Net loss	(53,382)	(35,774)	(17,608)	(9,931)	(19,720)	9,789
Per share - basic ("EPS")	(0.22)	(0.16)	(0.06)	(0.04)	(0.09)	0.05
Adjusted net loss*	(68,610)	(8,508)	(60,102)	(16,159)	(1,310)	(14,849)
Per share - basic ("Adjusted EPS")*	(0.28)	(0.04)	(0.24)	(0.07)	(0.01)	(0.06)

Operating Data (Gibraltar - 100% basis)	**Year ended December 31,**			**Three Months Ended December 31,**		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
Tons mined (millions)	100.4	111.6	(11.2)	25.8	28.4	(2.6)
Tons milled (millions)	29.9	30.1	(0.2)	7.8	7.1	0.7
Production (million pounds Cu)	125.9	125.2	0.7	33.4	25.8	7.6
Sales (million pounds Cu)	122.4	126.5	(4.1)	33.3	42.7	(9.4)

*Non-GAAP performance measure. See page 30 of this MD&A.

HIGHLIGHTS - CONTINUED

2019 Annual Review

- Earnings from mining operations before depletion and amortization* was $70.6 million and Adjusted EBITDA* was $51.1 million;
- Cash flows from operations was $42.6 million and capital expenditures for the year totalled $50.8 million;
- Cash balance at December 31, 2019 was $53 million, which was $8 million higher than the end of 2018;
- Site operating costs, net of by-product credits* was US$1.75 per pound produced, and total operating costs (C1)* was US$2.06 per pound produced;
- Net loss for the year was $53.4 million ($0.22 per share) with depreciation $39 million greater than the prior year due to the amortization of capitalized stripping costs associated with ore mined from the Granite pit. Adjusted net loss* was $68.6 million ($0.28 per share) after adjusting for the unrealized foreign exchange gain of $15.2 million;
- The Gibraltar Mine (100% basis) produced 125.9 million pounds of copper in 2019, a slight improvement over 2018. Copper recoveries were 86.2% and copper head grades for the year were 0.245%;
- Gibraltar produced 2.7 million pounds of molybdenum in 2019 compared to 2.4 million pounds in 2018. Molybdenum provided a by-product credit of US$0.20 per pound of copper consistent with 2018;
- Sales of copper were 122 million pounds in 2019 with finished goods inventory at Gibraltar (100% basis) including 5.0 million pounds of copper. This copper concentrate inventory at December 31, 2019 had a sales value of approximately $14 million for Taseko's share;
- Taseko continued to advance its production test facility operation at the Florence Copper project with the wellfield performing to expectation. The SX-EW plant continues to produce LME grade A copper cathode. Commercial permit applications for Phase 2 were submitted to the state and federal agencies in the middle of 2019 and permitting initiatives are underway; and
- In February 2019, the Company acquired the remaining interests in Yellowhead Mining Inc. that it did not already own for consideration of $13 million in the Company's common shares. On January 16, 2020, the Company published the results of its updated NI 43-101 Technical report on the Yellowhead project outlining a significantly improved development plan and economics.

Fourth Quarter Review

- Fourth quarter earnings from mining operations before depletion and amortization* was $23.9 million, and Adjusted EBITDA* was $18.2 million;
- Cash flow from operations was $9.2 million;
- Site operating costs, net of by-product credits* was US$1.69 per pound produced, consistent with the prior two quarters;
- Net loss was $9.9 million ($0.04 per share) after depletion and amortization of $31.4 million in the quarter. Adjusted net loss* was $16.2 million ($0.07 per share) after adjusting for the unrealized foreign exchange gain of $5.9 million;
- Copper production in the fourth quarter was consistent with previous quarters at 33.4 million pounds and copper sales were 33.3 million pounds (100% basis); and

*Non-GAAP performance measure. See page 30 of this MD&A.

- Molybdenum production was steady at 728 thousand pounds in Q4; molybdenum prices averaged US$9.67 per pound during the quarter down from US$11.83 per pound in Q3.

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	**Q4 2019**	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**YE 2019**	**YE 2018**
Tons mined (millions)	25.8	24.7	26.6	23.3	28.4	100.4	111.6
Tons milled (millions)	7.8	7.5	7.7	6.8	7.1	29.9	30.1
Strip ratio	2.1	3.0	2.3	3.2	5.1	2.6	2.7
Site operating cost per ton milled (CAD$)*	$10.46	$10.83	$11.51	$10.88	$9.16	$10.92	$9.71
Copper concentrate							
Head grade (%)	0.253	0.249	0.256	0.216	0.222	0.245	0.251
Copper recovery (%)	84.5	87.7	87.7	84.6	81.3	86.2	82.7
Production (million pounds Cu)	33.4	33.0	34.7	24.9	25.8	125.9	125.2
Sales (million pounds Cu)	33.3	33.5	32.3	23.3	42.7	122.4	126.5
Inventory (million pounds Cu)	5.0	5.0	5.5	3.1	1.6	5.0	1.6
Molybdenum concentrate							
Production (thousand pounds Mo)	728	620	653	738	727	2,739	2,366
Sales (thousand pounds Mo)	791	518	708	770	738	2,787	2,304
Per unit data (US$ per pound produced)*							
Site operating costs*	$1.85	$1.88	$1.92	$2.23	$1.92	$1.95	$1.80
By-product credits*	(0.16)	(0.16)	(0.21)	(0.32)	(0.30)	(0.20)	(0.20)
Site operating costs, net of by-product credits*	$1.69	$1.72	$1.71	$1.91	$1.62	$1.75	$1.60
Off-property costs	0.32	0.33	0.30	0.30	0.49	0.31	0.33
Total operating costs (C1)*	$2.01	$2.05	$2.01	$2.21	$2.11	$2.06	$1.93

*Non-GAAP performance measure. See page 30 of this MD&A.

OPERATIONS ANALYSIS

Full-year results

In 2019, Gibraltar produced 125.9 million pounds of copper compared to 125.2 million in 2018. Copper grade for the year averaged 0.245% copper, slightly below the life of mine average grade. Copper recovery for 2019 was 86.2% and an improvement over 2018 as a result of processing improvements and processing less oxidized ore.

A total of 100.4 million tons were mined in 2019, a 10% decrease over the prior year due to the mining deeper within Granite pit resulting in longer haul distances. Waste stripping costs of $22.9 million (75% basis) were capitalized in 2019 compared to $48.8 million in 2018 as more waste stripping was performed in the Granite pit in the prior year.

Site operating costs* for the year were US$1.95 per pound of copper produced, an increase from 2018, due primarily to the greater capitalization of stripping costs in the prior year. There was also higher mining costs per ton mined in 2019 arising from greater haulage distances.

Molybdenum production for 2019 was 2.7 million pounds compared to 2.4 million pounds in 2018. This additional production was offset by a decrease in the average molybdenum price, which was US$11.36 per pound in 2019 compared to US$12.20 per pound in 2018. The resulting by-product credits per pound of copper produced* of US$0.20 remained consistent with the prior year.

Off property costs* were US$0.31 per pound of copper produced, consistent with US$0.33 per pound produced in 2018. The decrease was attributed to improved TCRCs on spot tenders in 2019 compared to 2018.

Total operating costs (C1)* were US$2.06 per pound of copper produced for the year compared to $1.93 per pound in 2018 due to the difference in site operating costs as noted above.

Fourth quarter results

Copper production in the fourth quarter was 33.4 million pounds. Copper grade for the quarter averaged 0.253%, which was in line with the life of mine average grade. Copper recovery in the mill was 84.5% during the quarter which was lower than the first three quarters as a higher percentage of oxide ore was processed. The decrease in recovery was offset by an increase in mill throughput during the quarter.

A total of 25.8 million tons were mined during the period, an increase of 1.1 million tons over the previous quarter and the ore stockpile increased by 0.5 million tons. The strip ratio for the fourth quarter was 2.1 to 1 as more mining took place in Granite. This resulted in less overall waste stripping of Pollyanna in the quarter.

Capitalized stripping costs totaled $4.3 million (75% basis) compared to $8.6 million in the prior quarter and $18.9 million in Q4 2018. The capitalized stripping costs are substantially attributable to advancement into the Pollyanna pit and associated waste stripping costs while no ore from Pollyanna has been mined yet. Total site spending (including capitalized stripping costs) was slightly lower than the previous quarter. The remaining decrease in site operating cost per ton milled*, which was $10.46 for the quarter, was due to greater throughput.

*Non-GAAP performance measure. See page 30 of this MD&A.

Molybdenum production was 728 thousand pounds in the fourth quarter. Molybdenum prices averaged US$9.67 per pound over the fourth quarter compared to US$11.83 per pound in the prior quarter and US$12.04 per pound in Q4 2018. By-product credits per pound of copper produced* was US$0.16 in the fourth quarter.

Off-property costs per pound produced* were US$0.32 for the fourth quarter of 2019 and consist of concentrate treatment, refining and transportation costs. These costs are in line with recent quarters relative to pounds of copper sold.

Health, Safety, and Environment

Health and safety have always been a high-level commitment for Taseko, Gibraltar, and Florence management. Taseko is committed to operational practices that result in improved efficiencies, safety performance and occupational health. Nothing is more important to the Company than the safety, health and well-being of our workers and their families.

Taseko places a high priority on the continuous improvement of performance in the areas of employee health and safety at the workplace and protection of the environment. In 2019, Gibraltar had five loss time incidents and a loss time frequency of 0.68 (per 200,000 hours worked). This is lower than the British Columbia industry average loss time frequency of 0.78 (per 200,000 hours worked). The Company remains committed to a culture of safety-first, ensuring safety is the first consideration in all actions taken.

The same priority on health, safety, and environmental performance, as well as the methods and culture at Gibraltar are being imported and implemented at Florence Copper.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2020.

The fundamentals for copper remain strong and despite short-term volatility caused by global events including the coronavirus, most industry analysts are projecting a continued supply constraint and higher copper prices than current levels in the coming years. Expansion of overseas copper smelting capacity and tighter supply conditions resulted in a reduced benchmark for 2020 for concentrate treatment and refining charges ("TCRC") which were set 23% below 2019 benchmark levels.

On November 6, 2019, the Company published an updated NI 43-101 Technical report on the Gibraltar Mine. Based on this updated technical report, sufficient Mineral Reserves exist to support an approximate 19-year production plan out to 2038 with annual average copper production of 130 million pounds. Mineral Resource potential exists to potentially further extend the mine life beyond the known reserves.

*Non-GAAP performance measure. See page 30 of this MD&A.

REVIEW OF PROJECTS

Taseko's strategy has been to grow the Company from the operating cash flow and credit quality of 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 focused primarily on copper and are located in stable mining jurisdictions in British Columbia and Arizona. Our current focus is on the near term development of the Florence Copper Project.

Florence Copper Project

The Production Test Facility ("PTF") operated as planned during 2019. Steady state operation was achieved and the focus turned to testing different wellfield operating strategies, including adjusting pumping rates, solution strength, flow direction, and the use of packers in recovery and injection wells to isolate different zones of the ore body. The Florence Copper technical team is using physical and operating control mechanisms to adjust solution chemistry and flow rates and is successfully achieving targeted copper concentration in solution. The PTF wellfield is performing to its design and the SX-EW plant continues to produce LME grade A copper cathode.

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 design 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.

Two permits are required to commence construction of the commercial scale wellfield at Florence Copper. These are the Aquifer Protection Permit ("APP") from the Arizona Department of Environmental Quality ("ADEQ") and the Underground Injection Control ("UIC") Permit from the U.S. Environmental Protection Agency ("EPA"). In June 2019, the Company submitted the APP application for the Phase 2 commercial facility to the ADEQ. The UIC permit application for the Phase 2 commercial facility was submitted to the EPA in August 2019. Both permits are advancing through the technical review process. The Company is in active dialogue with the regulators and targeting to have permitting for the commercial facility completed in 2020.

The Company has continued to advance various project financing options from debt providers, royalty companies, and potential joint venture partners for the Phase 2 commercial development of the Florence Copper Project. Management is targeting to have the project finance funding committed in advance of both the APP and UIC permit amendments being issued by the ADEQ and EPA, respectively.

Total net expenditures at the Florence Project for the year ended December 31, 2019 were $16.0 million including the PTF operation and other project development costs.

Yellowhead Copper Project

On February 15, 2019, the Company acquired 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. Yellowhead holds a 100% interest in a copper-gold-silver development project located in south-central British Columbia.

In January 2020, the Company announced the results of its technical studies on Yellowhead which resulted in a 22% increase in recoverable copper reserves and significantly improved project economics. The Company filed a new NI 43-101 technical report ("Technical Report on the Mineral Reserve Update at the Yellowhead Copper Project" dated January 16, 2020) (the "Technical Report") on Sedar.

The updated Technical Report outlines a new development plan for the project, which includes an 817 million tonne reserve and a 25-year mine life with a pre-tax NPV of $1.3 billion at an 8% discount rate using a US$3.10 per pound copper price. This represents a $500 million increase over the 2014 Feasibility Study completed by the previous owner. Capital costs of the project are estimated at $1.3 billion over a 2-year construction period. Over the first 5 years of operation, the copper equivalent grade will average 0.35% producing an average of 200 million pounds of copper per year at an average C1 cost, net of by-product credit, of US$1.67 per pound of copper. The Yellowhead Copper Project contains valuable precious metal by-products with 440,000 ounces of gold and 19 million ounces of silver with a life of mine value of over $1 billion at current prices.

The Company is focusing its efforts in 2020 on ongoing engagement with local communities including First Nations, environmental assessment work, additional engineering and joint venture partnering discussions with strategic industry offtake groups.

New Prosperity Gold- Copper Project

On December 5, 2019, the Company announced that the Tŝilhqot'in Nation as represented by Tŝilhqot'in National Government and Taseko have entered into a dialogue, facilitated by the Province of British Columbia, to try to obtain a long-term solution to the conflict regarding Taseko's proposed gold-copper mine currently known as New Prosperity, acknowledging Taseko's commercial interests and the opposition of the Tŝilhqot'in Nation to the Project. While the details of this process are confidential, in order to facilitate a dialogue, the parties have agreed to a standstill on certain outstanding litigation and regulatory matters which relate to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake).

Aley Niobium Project

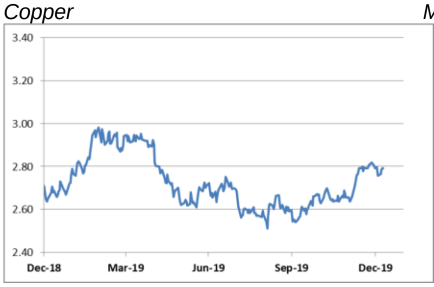
Environmental monitoring and product marketing initiatives on the Aley Niobium project continue. A pilot plant scale program commenced in the second quarter on the niobium flotation and converter processes. The pilot plant will also provide final product samples for marketing purposes. Aley project expenditures for the year ended December 31, 2019 were $0.8 million.

LONDON STOCK EXCHANGE LISTING

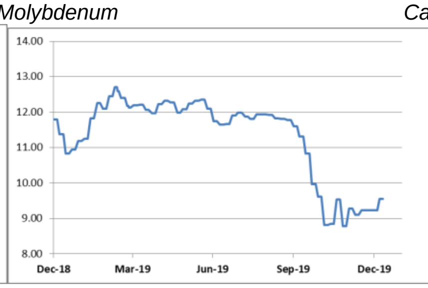
In October 2019, the Company announced its intention to seek a listing of the Company's common shares on the London Stock Exchange ("LSE") Main Market. In November 2019, the Company announced that its Prospectus for the listing of the Company's common shares to the standard segment of the Official List and the LSE's Main Market for listed securities ("Admission") was approved by the UK Listing Authority. The Prospectus is published on the Company's website and is available under the Company's Sedar profile at www.sedar.com. Admission became effective and unconditional dealings in the common shares commenced on November 22, 2019. The Company did not raise capital in conjunction with the LSE admission.

MARKET REVIEW

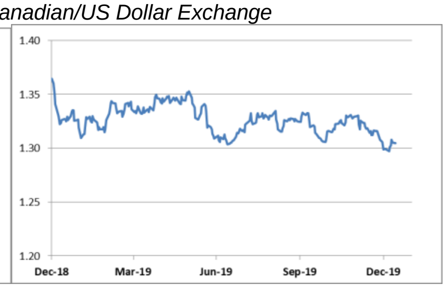
Copper



Molybdenum



Canadian/US Dollar Exchange



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

The average price of London Metals Exchange ("LME") copper was US$2.67 per pound in the fourth quarter of 2019, which was slightly higher than the third quarter of 2019 and is approximately 4.6% lower than the fourth quarter of 2018. The average price of LME copper was US$2.72 per pound for the year ended December 31, 2019, compared to US$2.96 per pound for year ended December 31, 2018. Changes in Chinese economic demand, copper supply disruptions, global trade policies, coronavirus outbreaks, 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 averaged US$11.36 per pound for the year ended December 31, 2019. Molybdenum price averaged US$9.67 per pound in the fourth quarter of 2019, which was 18% lower than the average price in the third quarter of 2019. The Company's sales agreements specify molybdenum pricing based on the published Platts Metals reports.

Approximately 80% of Gibraltar'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 in this MD&A. The Canadian dollar strengthened by 4.8% for the year ended December 31, 2019.

FINANCIAL PERFORMANCE

Earnings

The Company's net loss was $53.4 million ($0.22 per share) for the year ended December 31, 2019, compared to a net loss of $35.8 million ($0.16 per share) for 2018. The increased net loss was primarily due to lower average realized copper prices in 2019 of US$0.10 per pound, higher depreciation expense and higher production costs due to the effects of capitalized stripping. The year ended December 31, 2018 also benefited from the insurance recovery of $7.9 million. These net loss variances were partially offset by a $15.2 million unrealized foreign exchange gain in 2019 due to an overall strengthening Canadian dollar as compared to a $28.7 million loss for the same period in 2018 which saw a weakening Canadian dollar as measured at December 31 for each year.

Earnings from mining operations before depletion and amortization* was $70.6 million for 2019, compared to $112.0 million for 2018.

*Non-GAAP performance measure. See page 30 of this MD&A

Included in net income (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 year:

(Cdn$ in thousands)	Year ended December 31, 2019	2018	Change
Net loss	(53,382)	(35,774)	(17,608)
Unrealized foreign exchange (gain) loss	(15,228)	28,704	(43,932)
Unrealized gain on copper put options	-	(1,970)	1,970
Estimated tax effect of adjustments	-	532	(532)
Adjusted net loss *	(68,610)	(8,508)	(60,102)

*Non-GAAP performance measure. See page30 of this MD&A

The unrealized foreign exchange gain or loss is substantially driven by the translation of the Company's US dollar denominated senior secured notes of US$250 million due in 2022 due to fluctuations in the foreign exchange rate.

Revenues

(Cdn$ in thousands)	Year ended December 31, 2019	2018	Change
Copper contained in concentrate	321,082	350,522	(29,440)
Molybdenum concentrate	31,161	26,589	4,572
Silver	3,674	3,713	(39)
Price adjustments on settlement receivables	(419)	(10,679)	10,260
Total gross revenue	355,498	370,145	(14,647)
Less: treatment and refining costs	(26,335)	(26,275)	(60)
Revenue	329,163	343,870	(14,707)

(thousands of pounds, unless otherwise noted)			
Sales of copper in concentrate*	88,462	91,426	(2,964)
Average realized copper price (US$ per pound)	2.74	2.84	(0.10)
Average LME copper price (US$ per pound)	2.72	2.96	(0.24)
Average exchange rate (US$/CAD)	1.33	1.30	0.03

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

Copper revenues for the year ended December 31, 2019 decreased by $29.4 million compared to the same period in 2018, primarily due to lower realized copper prices in the current period by US$0.10 per pound and lower sales copper volume of concentrate sold, partially offset by the weakening of the Canadian dollar relative to the US dollar.

During the year ended December 31, 2019, positive net price adjustments of $0.3 million was recorded for provisionally priced copper concentrate due to copper price trends following shipment. These adjustments were less pronounced than in 2018, which saw a cumulative negative price adjustment of $11.3 million on a year to date basis in 2018, which resulted in a US$0.09 per pound decrease in the average realized copper price for 2018.

Molybdenum revenues for the year ended December 31, 2019, increased by $4.6 million compared to the prior year, as sales volumes were greater by 483 thousand pounds (100% basis). Molybdenum prices for the year ended December 31, 2019 averaged US$11.36 per pound, compared to US$11.94 per pound for the same prior period. During the year ended December 31, 2019, net price adjustments of negative $0.7 million were recorded for provisionally priced molybdenum concentrate (2018 – net positive price adjustment of $0.6 million).

Cost of sales

	Year ended December 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Site operating costs	244,611	219,104	25,507
Transportation costs	17,832	17,163	669
Insurance recovered	-	(7,913)	7,913
Changes in inventories of finished goods	(5,570)	2,435	(8,005)
Changes in inventories of ore stockpiles	1,677	1,078	599
Production costs	258,550	231,867	26,683
Depletion and amortization	109,756	70,781	38,975
Cost of sales	368,306	302,648	65,658
Site operating costs per ton milled*	$10.92	$9.71	$1.21

*Non-GAAP performance measure. See page 30 of this MD&A

Site operating costs for the year ended December 31, 2019, increased by $25.5 million, compared to the same prior period substantially due to less costs being capitalized in 2019 as the mine transitioned to mining more ore from the latest pushback in the Granite pit in 2019. For the year ended December 31, 2019, capitalized stripping costs were $22.9 million, compared to $48.8 million for the same period in 2018.

For the year ended December 31, 2018, the Company had recognized an insurance recovery of $7.9 million (75% basis) related to the Cariboo region wildfires in 2017.

Cost of sales is also impacted by changes in copper concentrate inventories and ore stockpiles. Inventory of copper concentrates increased by 3.4 million pounds for the year ended December 31, 2019 due to a rail strike in late November 2019 and associated backlog of freight, resulting in an increase in copper concentrate inventories (decrease in cost of sales) of $5.6 million.

Depletion and amortization for year ended December 31, 2019, increased by $39.0 million over the same period in 2018 due to increased depreciation of capitalized stripping costs for ore tons being mined from the Granite pit.

Other operating (income) expenses

	Year ended December 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
General and administrative	13,804	13,957	(153)
Share-based compensation expense (recovery)	2,946	(1,544)	4,490
Project evaluation costs	3,569	1,752	1,817
Realized loss on copper put options	2,834	2,264	570
Unrealized gain on copper put options	-	(1,970)	1,970
Other income	(920)	(1,472)	552
	22,233	12,987	9,246

General and administrative costs for the year ended December 31, 2019 was comparable to the prior year period.

Share-based compensation expense increased for the year ended December 31, 2019, compared to the same period in 2018, primarily due to the revaluation of the liability for deferred share units in 2018 resulting from a decrease in the Company's share price during the year. Share-based compensation expense is comprised of amortization of share options and performance share units and the expense for deferred share units. More information is set out in Note 22 of the December 31, 2019 consolidated financial statements.

Project evaluation costs for year ended December 31, 2019 represent costs associated with the Yellowhead project, which was acquired in the first quarter of 2019, and the New Prosperity project.

During the year ended December 31, 2019, the Company paid $2.8 million in copper put option premiums that settled during the year, compared to $2.3 million in 2018. The unrealized gain in 2018 of $2.0 million relates to the reversal of the fair value adjustment of copper put options that carried over from 2017.

Finance expenses

	Year ended December 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Interest expense	34,593	32,077	2,516
Finance expense – deferred revenue	4,154	4,182	(28)
Accretion of PER	1,577	2,305	(728)
	40,324	38,564	1,760

Interest expense increased for the year ended December 31, 2019, primarily due to the $0.7 million foreign exchange impact on US dollar denominated interest payments, $0.8 million on additional equipment related debt borrowed during the year, and $0.7 million of interest related to lease liabilities now recognized under IFRS 16.

Finance expense on deferred revenue represents the implicit financing component of the upfront deposit from the silver sales arrangement with Osisko Gold Royalties Ltd. ("Osisko").

Income tax

(Cdn$ in thousands)	Year ended December 31, 2019	2018	Change
Current income tax expense	817	1,015	(198)
Deferred income recovery	(33,154)	(567)	(32,587)
	(32,337)	448	(32,785)
Effective tax rate	37.7%	1.3%	36.4%
Canadian statutory rate	27.0%	27.0%	-
B.C. Mineral tax rate	9.6%	9.6%	-

The overall income tax recovery for the year ended December 31, 2019 was mainly due to an increase in deferred income tax recovery. Deferred income taxes were recognized on losses for accounting purposes and timing differences arising from lower depreciation for tax purposes at Gibraltar. The effective tax rate is slightly above the statutory rates as foreign exchange revaluations on the senior secured notes are not recognized for tax purposes until realized, and in the case of capital losses, when they are applied.

The current income tax expense represents an estimate of B.C. mineral taxes payable for the current period.

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	As at December 31, 2019	2018	Change
Cash and cash equivalents	53,198	45,665	7,533
Other current assets	60,654	58,766	1,888
Property, plant and equipment	758,006	821,287	(63,281)
Other assets	12,138	47,005	(34,867)
Total assets	**883,996**	**972,723**	**(88,727)**
Current liabilities	50,833	47,578	3,255
Debt:			
Senior secured notes	317,728	331,683	(13,955)
Equipment related financings	55,757	23,798	31,959
Deferred revenue	39,433	39,367	66
Other liabilities	118,559	183,220	(64,661)
Total liabilities	**582,310**	**625,646**	**(43,336)**
Equity	**301,686**	**347,077**	**(45,391)**
Net debt (debt minus cash and equivalents)	320,287	309,816	10,471
Total common shares outstanding (millions)	246.2	228.4	17.8

The Company's asset base is comprised principally of property, plant and equipment, reflecting the capital intensive nature of the mining business. Other current assets primarily include accounts receivable, inventories (concentrate inventories, ore stockpiles, and supplies), prepaid expenses, and marketable securities. Concentrate inventories, accounts receivable and cash balances fluctuate in relation to transportation and cash settlement schedules.

Net debt has increased by $10.5 million in the year ended December 31, 2019. Total long-term debt increased by $18.0 million for the year ended December 31, 2019, due to two new equipment loans, a sale leaseback transaction on mining equipment at Gibraltar, a new lease for a large wheel loader, and the recognition of $5.9 million of additional lease liabilities under the new IFRS lease accounting standard as of January 1, 2019. These increases were partially offset by unrealized foreign exchange gains on the Company's US dollar denominated debt and ongoing principal and lease repayments. The increase in the cash balance in the year ended December 31, 2019 reflects the release of restricted cash and return of reclamation deposits arising from the new form of reclamation security provided by the Company for Gibraltar.

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

Other liabilities decreased by $64.7 million mainly due to the decrease in the provision for environmental rehabilitation ("PER") and deferred tax liabilities arising from the deferred tax recovery recognized for the accounting net loss for the year. The decrease in the PER during 2019 is primarily due to changes in closure cost estimates and estimates of the long-term risk free rate. Given the long time frame over which environmental rehabilitation expenditures are expected to be incurred (100 years), the carrying value of the PER provision is sensitive to changes in inflation and discount rate assumptions. More information on the PER is set out in Note 20 of the December 31, 2019 consolidated financial statements.

As at February 19, 2020, there were 246,194,219 common shares outstanding. In addition, there were 11,551,900 stock options and 3,000,000 warrants outstanding at February 19, 2020. More information on these instruments and the terms of their exercise is set out in Notes 19 and 21 of the December 31, 2019 consolidated financial statements.

Liquidity, cash flow and capital resources

Cash flow provided by operations during the year ended December 31, 2019, was $42.6 million compared to $94.1 million for the same period in 2018 which was impacted by the lower copper price and sales volumes in 2019 and more stripping costs being treated as capital expenditures in 2018. Cash used for net investing activities during the year ended December 31, 2019 was $16.9 million compared to $94.4 million for the same period in 2018.

Investing cash flows for the year ended December 31, 2019 includes $13.7 million of expenditures at the Florence Project, $22.9 million for capitalized stripping costs and $13.4 million for other capital expenditures at Gibraltar. Investing activities includes release of cash from other financial assets arising from the new form of reclamation security provided by the Company to Gibraltar.

Net cash used for financing activities for the year ended December 31, 2019, was $16.7 million. Gibraltar entered into three equipment re-financings during 2019 with the Company's share of proceeds being $34.0 million. Principal repayments for leases and equipment loans were $18.9 million and interest paid was $32.0 million for the year ended December 31, 2019.

At December 31, 2019, the Company had cash and equivalents of $53.2 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. The next semi-annual interest payment of US$10.9 million is due on June 15, 2020 on the senior secured notes.

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 (based on the Company's 2017 NI 43-101 technical report) of approximately US$204 million (plus reclamation bonding) and the Company expects to fund a portion of these costs with debt financing. The US$250 million 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 mitigate commodity price risks, copper put options are entered into for a substantial portion of Taseko's share of Gibraltar copper production and the Company has a long track record of doing so (see section below "Hedging Strategy").

Hedging strategy

The Company's hedging strategy is to secure a minimum price for a significant 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. In August 2019, the Company spent $2.0 million to purchase copper put options that matured between September and December of 2019. In January 2020, the Company spent $0.5 million to purchase copper put options that matured between January and April 2020.The following table shows the commodity contracts that were outstanding as at the date of this MD&A.

	Notional amount	Strike price	Term to maturity	Original cost
At February 19, 2020				
Copper put options	22.5 million lbs	US$2.60 per lb	February to April 2020	$0.4 million

Commitments and contingencies

Commitments

	Payments due						
($ in thousands)	**2020**	**2021**	**2022**	**2023**	**2024**	**Thereafter**	**Total**
Debt:							
Senior secured notes	-	-	324,700	-	-	-	324,700
Interest	28,411	28,411	14,206	-	-	-	71,028
Equipment loans:							
Principal	6,626	7,006	6,134	4,441	1,299	-	25,506
Interest	1,246	868	483	187	17	-	2,801
Lease liabilities:							
Principal	7,983	4,943	3,286	761	810	1,314	19,097
Interest	1,007	500	254	159	110	66	2,096
Lease related obligation:							
Rental payment	2,627	2,627	2,627	5,634	-	-	13,515
PER [1]	-	-	-	-	-	66,373	66,373
Other expenditures							
Transportation related services [2]	8,221	5,260	877	-	-	-	14,358
Other	292	-	-	-	-	-	292

[1] 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 and the Florence Copper Project. The Company has provided a surety bond of $37,500 for its 75% share of Gibraltar's reclamation security. For the Florence Copper Project, the Company has provided to the federal and state regulator surety bonds totaling $8.3 million for reclamation security for the PTF being operated.
[2] Transportation related services commitments include ocean freight and port handling services, which are both cancellable upon certain operating circumstances.

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by Gibraltar in which it holds a 75% interest. As a result, the Company has guaranteed the joint venture partner's 25% share of this debt which amounted to $16.9 million as at December 31, 2019.

SELECTED ANNUAL INFORMATION

	For years ended December 31,		
(Cdn$ in thousands, except per share amounts)	**2019**	**2018**	**2017**
Revenues	329,163	343,870	378,299
Net income (loss)	(53,382)	(35,774)	34,262
Per share – basic	(0.22)	(0.16)	0.15
Per share – diluted	(0.22)	(0.16)	0.15
	As at December 31,		
	2019	**2018**	**2017**
Total assets	883,996	972,723	988,710
Total long-term financial liabilities	358,508	347,138	323,662

FOURTH QUARTER RESULTS

Consolidated Statements of Comprehensive Loss (Cdn$ in thousands, except per share amounts)	**Three months ended December 31,** **2019**	 **2018**
Revenues	89,932	111,121
Cost of sales		
Production costs	(66,011)	(82,671)
Depletion and amortization	(31,380)	(17,872)
Earnings (loss) from mining operations	(7,459)	10,578
General and administrative	(3,520)	(3,127)
Share-based compensation recovery (expense)	(678)	321
Project evaluation costs	(823)	(371)
Loss on derivatives	(684)	(873)
Other income (expense)	(461)	266
Income (loss) before financing costs and income taxes	(13,625)	6,794
Finance expenses	(10,109)	(9,691)
Finance income	113	314
Foreign exchange gain (loss)	6,147	(16,492)
Loss before income taxes	(17,474)	(19,075)
Income tax recovery (expense)	7,543	(645)
Net loss for the period	**(9,931)**	**(19,720)**
Other comprehensive income (loss):		
Unrealized income (loss) on financial assets	(70)	2,297
Foreign currency translation reserve	(3,456)	8,759
Total other comprehensive income (loss) for the period	**(3,526)**	**11,056**
Total comprehensive loss for the period	**(13,457)**	**(8,664)**
Loss per share		
Basic	(0.04)	(0.09)
Diluted	(0.04)	(0.09)
Weighted-average shares outstanding (thousands)		
Basic	246,194	228,406
Diluted	246,194	228,406

Consolidated Statements of Cash Flows (Cdn$ in thousands)	**Three months ended December 31,** **2019**	 **2018**
Operating activities		
Net loss for the period	(9,931)	(19,720)
Adjustments for:		
Depletion and amortization	31,380	17,872
Income tax expense (recovery)	(7,543)	645
Share-based compensation expense (recovery)	712	(288)
Loss on derivatives	684	873
Finance expenses, net	9,996	9,377
Unrealized foreign exchange loss (gain)	(5,850)	17,887
Amortization of deferred revenue	(507)	(486)
Other operating activities	(172)	45
Net change in non-cash working capital	(9,542)	17,915
Cash provided by operating activities	9,227	44,120
Investing activities		
Purchase of property, plant and equipment	(13,714)	(26,032)
Distribution of reclamation deposits	30,000	-
Release of restricted cash	6,200	-
Proceeds from copper put options	-	454
Other investing activities	(187)	438
Cash provided by (used for) investing activities	22,299	(25,140)
Financing activities		
Repayment of leases and equipment financings	(3,936)	(3,309)
Interest paid	(15,503)	(15,134)
Proceeds on exercise of options	-	11
Cash used for financing activities	(19,439)	(18,432)
Effect of exchange rate changes on cash and equivalents	(766)	(175)
Increase in cash and equivalents	11,321	373
Cash and equivalents, beginning of period	41,877	45,292
Cash and equivalents, end of period	**53,198**	**45,665**

Earnings

The Company's net loss was $9.9 million ($0.04 per share) for the three months ended December 31, 2019, compared to net loss of $19.7 million ($0.09 per share) for the same period in 2018. The decreased net loss in the current period was primarily due to the $5.9 million unrealized foreign exchange gain as compared to a $17.9 million foreign exchange loss for the same period in 2018. Contributing to the change in the current period net loss is lower realized copper prices, and higher depreciation of capitalized stripping costs attributed to the greater ore tons being mined from the Granite pit in 2019.

Earnings from mining operations before depletion and amortization* was $23.9 million for the three months ended December 31, 2019, compared to $28.5 million for the same period in 2018.

Included in net income (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 December 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Net loss	(9,931)	(19,720)	9,789
Unrealized foreign exchange (gain) loss	(5,850)	17,887	(23,737)
Unrealized (gain) loss on copper put options	(518)	716	(1,234)
Estimated tax effect of adjustments	140	(193)	333
Adjusted net loss*	(16,159)	(1,310)	(14,849)

*Non-GAAP performance measure. See page 30 on this MD&A.

The unrealized foreign exchange gain or loss is substantially driven by the translation of the Company's US dollar denominated senior secured notes of US$250 million due in 2022.

Revenues

	Three months ended December 31,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**
Copper in concentrate	85,347	113,790	(28,443)
Molybdenum concentrate	7,755	8,697	(942)
Silver	517	544	(27)
Price adjustment on settlement receivables	3,249	(2,954)	6,203
Total gross revenue	96,868	120,077	(23,209)
Less: treatment and refining costs	(6,936)	(8,956)	2,020
Revenue	89,932	111,121	(21,189)
(thousands of pounds, unless otherwise noted)			
Copper in concentrate*	24,080	30,839	(6,759)
Average realized copper price (US$ per pound)	2.82	2.72	0.10
Average LME copper price (US$ per pound)	2.67	2.80	(0.13)
Average exchange rate (US$ per pound)	1.32	1.32	-

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

Copper revenues for the three months ended December 31, 2019 decreased by $28.4 million compared to the same period in 2018, primarily due to a decrease in copper volume of concentrate sold by 6.8 million pounds, partially offset by the higher realized copper prices by US$0.10 per pound in the current period.

During the three months ended December 31, 2019, positive price adjustments of $4.4 million was recorded for provisionally priced copper concentrate due to increasing copper price trends following shipment. These adjustments resulted in a US$0.14 per pound increase to the average realized copper price for the three month period.

Molybdenum revenues for the three months ended December 31, 2019 decreased by $0.9 million compared to the same period in 2018. The decrease for the three months period was due mainly to lower molybdenum sales volumes by 53 thousand pounds (100% basis) compared to the same prior period. Molybdenum prices for the three months ended December 31, 2019 averaged US$9.67 per pound, compared to US$12.04 per pound for the three months ended December 31, 2018. During the three months ended December 31, 2019, price adjustments of negative $1.2 million were recorded for provisionally priced molybdenum concentrate.

Cost of sales

(Cdn$ in thousands)	**Three months ended December 31, 2019**	**2018**	**Change**
Site operating costs	61,219	49,120	12,099
Transportation costs	5,025	4,656	369
Insurance recovered	-	(38)	38
Changes in inventories of finished goods	1,193	20,028	(18,835)
Changes in inventories of ore stockpiles	(1,426)	8,905	(10,331)
Production costs	66,011	82,671	(16,660)
Depletion and amortization	31,380	17,872	13,508
Cost of sales	97,391	100,543	(3,152)
Site operating costs per ton milled*	$10.46	$9.16	$1.30

*Non-GAAP performance measure. See page 30 on this MD&A.

Site operating costs for the three months ended December 31, 2019 increased by $12.1 million, compared to the same prior period as the mine continued to mine more ore from the lastest pushback in the Granite pit in 2019 with less stripping costs occurring in the Pollyanna pit.

For the three months ended December 31, 2019, capitalized stripping costs were $4.3 million, compared to $18.9 million for the same period in 2018 due to the mining phases noted above.

Cost of sales is also impacted by changes in copper concentrate inventories and ore stockpiles. Inventory of copper in concentrate at the end the fourth quarter of 2019 was comparable to the end of the third quarter. Finished goods inventory decreased in the fourth quarter of 2018 as excess product held at Q3 2018 was sold and copper concentrate inventories returned to normal levels by the end of the year ended December 31, 2018. Inventory of copper in concentrate was reduced by 16.8 million pounds in the prior period, resulting in a decrease in inventories (increase in cost of sales) of $20.0 million.

Depletion and amortization for three months ended December 31, 2019 increased by $13.5 million, over the same period in 2018. These differences are primarily due to increased depreciation of capitalized stripping costs for ore tons being mined from the Granite pit.

Other operating (income) expenses

(Cdn$ in thousands)	Three months ended December 31, 2019	2018	Change
General and administrative	3,520	3,127	393
Share-based compensation expense (recovery)	678	(321)	999
Project evaluation costs	823	371	452
Realized loss on copper put options	1,202	157	1,045
Unrealized (gain) loss on derivative instruments	(518)	716	(1,234)
Other income (expense)	461	(266)	727
	6,166	3,784	2,382

General and administrative costs have increased in the three months ended December 31, 2019, compared to the same prior period primarily due to increases in employee compensation from new executive appointments in the middle of 2019.

Share-based compensation expense increased for the three months ended December 31, 2019, compared to the same period in 2018, primarily due to the revaluation of the liability for deferred share units in 2018 resulting from a decrease in the Company's share price in 2019.

Project evaluation costs for the three months ended December 31, 2019, represent costs associated with the Yellowhead project, which was acquired in the first quarter of 2019, and the New Prosperity project.

During the three months ended December 31, 2019, the Company incurred realized losses of $1.2 million from copper put options that settled during the period. The unrealized gain of $0.5 million in the fourth quarter of 2019 relates to the fair value adjustment of the copper put options that matured in the period.

Finance expenses

(Cdn$ in thousands)	Three months ended December 31, 2019	2018	Change
Interest expense	8,914	8,157	757
Finance expense – deferred revenue	1,038	1,020	18
Accretion of PER	157	514	(357)
	10,109	9,691	418

Interest expense increased for the three months ended December 31, 2019, primarily due to $0.5 million on additional equipment related debt and capital lease liabilities, and $0.1 million of interest related to lease liabilities now recognized under IFRS 16.

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

Income tax

(Cdn$ in thousands)	Three months ended December 31, 2019	2018	Change
Current income tax expense	365	245	120
Deferred income tax recovery	(7,908)	400	(8,308)
	(7,543)	645	(8,188)
Effective tax rate	43.2%	3.4%	39.8%
Canadian statutory rate	27%	27%	-
B.C. Mineral tax rate	9.6%	9.6%	-

The overall income tax recovery for the three months ended December 31, 2019 was mainly due to an increase in deferred income tax recovery. Deferred income taxes were recognized on losses for accounting purposes and timing differences arising from lower depreciation for tax purposes at Gibraltar. The effective tax rate is slightly above the statutory rates as foreign exchange revaluations on the senior secured notes are not recognized for tax purposes until realized, and in the case of capital losses, when they are applied. Current income tax expense represents an estimate of B.C. mineral taxes payable for the current period.

Liquidity, cash flow and capital resources

Cash flow provided by operations during the three months ended December 31, 2019 was $9.2 million compared to $44.1 million for the same period in 2018. Cash provided by investing activities during the three months ended December 31, 2019 was $22.3 million compared to cash used by investing activities of $25.1 million for the same period in 2018.

Investing cash flows in the fourth quarter includes $3.8 million of expenditures at the Florence Project, $4.3 million for capitalized stripping costs and $5.4 million for other sustaining capital expenditures at Gibraltar. The increase of cash from investing activities includes the release of restricted cash and return of reclamation deposits arising from the new form of reclamation security provided by the Company for Gibraltar.

Net cash used by financing activities for the three months ended December 31, 2019 was $19.4 million. Principal repayments for leases and equipment loans were $3.9 million and interest paid was $15.5 million for the three month period ended December 31, 2019.

At December 31, 2019, the Company had cash and equivalents of $53.2 million, an increase of $11.3 million from the prior quarter.

SUMMARY OF QUARTERLY RESULTS

	2019				2018			
(Cdn$ in thousands, except per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	89,932	82,436	86,521	70,274	111,121	74,297	94,273	64,179
Net earnings (loss)	(9,931)	(24,508)	(11,012)	(7,931)	(19,720)	7,098	(4,671)	(18,481)
Basic EPS	(0.04)	(0.10)	(0.04)	(0.03)	(0.09)	0.03	(0.02)	(0.08)
Adjusted net earnings (loss) *	(16,159)	(20,561)	(17,471)	(14,419)	(1,310)	1,464	2,337	(10,999)
Adjusted basic EPS *	(0.07)	(0.08)	(0.07)	(0.06)	(0.01)	0.01	0.01	(0.05)
Adjusted EBITDA *	18,246	7,906	14,660	10,245	26,489	31,940	32,251	7,537
(US$ per pound, except where indicated)								
Realized copper price *	2.82	2.56	2.69	2.91	2.72	2.63	3.13	2.98
Total operating costs *	2.01	2.05	2.01	2.21	2.11	1.58	1.98	2.33
Copper sales (million pounds)	25.0	25.1	24.2	17.5	32.0	21.6	24.2	17.1

*Non-GAAP performance measure. See page 30 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 2019 annual consolidated 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, provisions for environmental rehabilitation, reserve and resource estimation, functional currency, determination of the accounting treatment of the advance payment under the silver purchase and sale agreement reported as deferred revenue, determination of business or asset acquisition treatment, 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 these consolidated financial statements as appropriate.

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

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

CHANGE IN ACCOUNTING POLICIES

The Company has adopted *IFRS 16, Leases* effective January 1, 2019 using the modified retrospective method. Accordingly, the comparative information presented for 2018 has not been restated. The Company assesses whether a contract is a lease or contains a lease, at the inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the exception of short-term and low value leases, which are recognized on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset and is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Prior to January 1, 2019, leased assets in which the Company receives substantially all the risks and rewards of ownership of the asset were capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet. Assets under operating leases were not capitalized and rental payments were expensed on a straight-line basis.

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (ICFR) and disclosure controls and procedures (DC&P).

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 control over financial reporting and disclosure controls and procedures during the 2019 financial year that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, it used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2019, the Company's internal control over financial reporting is effective based on those criteria. The Company's certifying officers have evaluated the effectiveness of the ICFR and DC&P at the financial year end and concluded that ICFR and DC&P are effective as at December 31, 2019 based on the evaluation.

FINANCIAL INSTRUMENTS

The Company uses a mixture of cash, long-term debt and shareholders' equity to maintain an efficient capital allocation and ensure adequate liquidity exists to meet the ongoing cash requirements of the business. In the normal course of business, the Company is inherently exposed to financial risks, including market risk, commodity price risk, interest rate risk, currency risk, liquidity risk and credit risk. The Company manages these risks in accordance with its risk management policies. To mitigate some of these inherent business risks, the Company uses commodity derivative instruments that do not qualify for hedge accounting treatment. These non-hedge derivatives are summarized in Note 7 to the consolidated financial statements. The financial risks and the Company's exposure to these risks, is provided in various tables in Note 25 of the consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to Notes 2 and 25 of the consolidated financial statements.

Summary of Financial Instruments	**Carrying Amount**	**Associated Risks**
Financial assets		
Amortized cost		
Cash and equivalents	53,198	Interest rate
Accounts receivable	13,791	Credit Market
Fair value through other comprehensive income (FVOCI)		
Marketable securities	730	Market

Investment in subscription receipts	2,400	Market
Financial liabilities		
Accounts payable and accrued liabilities	43,685	Currency
Senior secured notes	317,728	Currency
Leases	19,097	Interest rate
Lease related obligation	11,288	Interest rate
Secured equipment loans	25,372	Currency Interest rate

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 21 of the consolidated financial statements).

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

	Year ended December 31,	
(Cdn$ in thousands)	**2019**	**2018**
Salaries and benefits	6,757	6,467
Post-employment benefits	1,639	2,061
Share-based compensation expense (recovery)	2,710	(1,914)
	11,106	6,614

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 costs in the amount of $10 and $39 for the three and twelve-month periods ended December 31, 2019.

For the year ended December 31, 2018, the Company incurred total costs of $1,344 in transactions with HDSI. Of these, $537 related to administrative, legal, exploration and tax services, $527 related to reimbursements of office rent costs, and $280 related to director fees for two Taseko directors who are also principals of HDSI.

(b) Gibraltar Joint Venture

Under the terms of the joint venture operating agreement, Gibraltar pays the Company a management fee for services rendered by the Company as operator of the Gibraltar Mine. In addition, the Company pays certain expenses on behalf of Gibraltar and invoices the Gibraltar for these expenses

For the year ended December 31, 2019, net management fee income for $1,186 (2018: $1,167) and net reimbursable compensation expenses and third party costs of $95 (2018: $141) were charged to the joint venture.

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 are 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 subtracting by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum (net of treatment costs) and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**Three months ended December 31, 2019**	**2018**	**Year ended December 31, 2019**	**2018**
Cost of sales	**97,391**	**100,543**	**368,306**	**302,648**
Less:				
Depletion and amortization	(31,380)	(17,872)	(109,756)	(70,781)
Insurance recovered	-	38	-	7,913
Net change in inventories of finished goods	(1,193)	(20,028)	5,570	(2,435)
Net change in inventories of ore stockpiles	1,426	(8,905)	(1,677)	(1,078)
Transportation costs	(5,025)	(4,656)	(17,832)	(17,163)
Site operating costs	**61,219**	**49,120**	**244,611**	**219,104**
Less by-product credits:				
Molybdenum, net of treatment costs	(5,205)	(7,643)	(25,223)	(23,419)
Silver, excluding amortization of deferred revenue	30	(118)	(557)	(327)
Site operating costs, net of by-product credits	**56,044**	**41,359**	**218,831**	**195,358**
Total copper produced (thousand pounds)	25,047	19,372	94,428	93,888
Total costs per pound produced	2.24	2.13	2.32	2.08
Average exchange rate for the period (CAD/USD)	1.32	1.32	1.33	1.30
Site operating costs, net of by-product credits (US$ per pound)	**1.70**	**1.62**	**1.75**	**1.60**
Site operating costs, net of by-product credits	56,044	41,359	218,831	195,358
Add off-property costs:				
Treatment and refining costs	5,520	7,764	21,417	22,381

Transportation costs	5,025	4,656	17,832	17,163
Total operating costs	66,589	53,779	258,080	234,902
Total operating costs (C1) (US$ per pound)	**2.01**	**2.11**	**2.06**	**1.93**

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 December 31,		**Year ended December 31,**	
($ in thousands, except per share amounts)	**2019**	**2018**	**2019**	**2018**
Net loss	**(9,931)**	**(19,720)**	**(53,382)**	**(35,774)**
Unrealized foreign exchange (gain) loss	(5,850)	17,887	(15,228)	28,704
Unrealized (gain) loss on copper put options	(518)	716	-	(1,970)
Estimated tax effect of adjustments	140	(193)	-	532
Adjusted net loss	**(16,159)**	**(1,310)**	**(68,610)**	**(8,508)**
Adjusted EPS	**(0.07)**	**(0.01)**	**(0.28)**	**(0.04)**

Adjusted EBITDA

Adjusted EBITDA is presented as a supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present Adjusted EBITDA when reporting their results. Issuers of "high yield" securities also present Adjusted EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations.

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

- Unrealized foreign exchange gains/losses;
- Unrealized gain/loss on copper put options; and
- Amortization of share-based compensation.

($ in thousands)	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Net loss	**(9,931)**	**(19,720)**	**(53,382)**	**(35,774)**
Add:				
Depletion and amortization	31,380	17,872	109,756	70,781
Finance expense	10,109	9,691	40,324	38,564
Finance income	(113)	(314)	(1,202)	(1,254)
Income tax expense (recovery)	(7,543)	645	(32,337)	448
Unrealized foreign exchange (gain) loss	(5,850)	17,887	(15,228)	28,704
Unrealized (gain) loss on copper put options	(518)	716	-	(1,970)
Amortization of share-based compensation expense (recovery)	712	(288)	3,126	(1,282)
Adjusted EBITDA	**18,246**	**26,489**	**51,057**	**98,217**

Earnings (loss) 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.

(Cdn$ in thousands)	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Earnings (loss) from mining operations	**(7,459)**	**10,578**	**(39,143)**	**41,222**
Add:				
Depletion and amortization	31,380	17,872	109,756	70,781
Earnings from mining operations before depletion and amortization	**23,921**	**28,450**	**70,613**	**112,003**

Site operating costs per ton milled

(Cdn$ in thousands, except per ton milled amounts)	Three months ended December 31, 2019	2018	Year ended December 31, 2019	2018
Site operating costs (included in cost of sales)	**61,219**	**49,120**	**244,611**	**219,104**
Tons milled (thousands) (75% basis)	5,855	5,361	22,405	22,569
Site operating costs per ton milled	**$10.46**	**$9.16**	**$10.92**	**$9.71**

Consolidated Financial Statements
December 31, 2019 and 2018

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements, the notes thereto and other financial information contained in the Management’s Discussion and Analysis have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are the responsibility of the management of Taseko Mines Limited. The financial information presented elsewhere in the Management’s Discussion and Analysis is consistent with the data that is contained in the consolidated financial statements. The consolidated financial statements, where necessary, include amounts which are based on the best estimates and judgment of management.

In order to discharge management’s responsibility for the integrity of the financial statements, the Company maintains a system of internal control over financial reporting. These controls are designed to provide reasonable assurance that the Company’s assets are safeguarded, transactions are executed and recorded in accordance with management’s authorization, proper records are maintained and relevant and reliable financial information is produced. These controls include maintaining quality standards in hiring and training of employees, establishing policies and procedures, a corporate code of conduct and ensuring that there is proper accountability for performance within appropriate and well-defined areas of responsibility.

The Board of Directors is responsible for overseeing management’s performance of its responsibilities for financial reporting and internal control over financial reporting. The Audit Committee, which is composed of non-executive directors, meets with management as well as the external auditors to ensure that management is properly fulfilling its financial reporting responsibilities to the Directors who approve the consolidated financial statements. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal control over financial reporting and review financial reporting issues.

The consolidated financial statements have been audited by KPMG LLP, the Company’s independent registered public accounting firm, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States).

/s/ Russell Hallbauer	/s/ Bryce Hamming
Russell Hallbauer Chief Executive Officer	Bryce Hamming Chief Financial Officer

Vancouver, British Columbia
February 19, 2020

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- 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 management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act as of December 31, 2019. In making this assessment, it used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2019, the Company's internal control over financial reporting is effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in their report immediately preceding the Company's audited consolidated financial statements for the years ended December 31, 2019 and 2018.

/s/ Russell Hallbauer	/s/ Bryce Hamming
Russell Hallbauer Chief Executive Officer	Bryce Hamming Chief Financial Officer

Vancouver, British Columbia
February 19, 2020

KPMG LLP
Chartered Professional Accountants
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Taseko Mines Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Taseko Mines Limited (the Company) as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 19, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2.5 to the consolidated financial statements, the Company has changed its accounting policy for leases as of January 1, 2019 due to the adoption of IFRS 16 - *Leases*.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 1999

KPMG LLP (signed)

Vancouver, Canada
February 19, 2020

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Chartered Professional Accountants
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Taseko Mines Limited:

Opinion on Internal Control Over Financial Reporting

We have audited Taseko Mines Limited's (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 19, 2020 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP (signed)

Vancouver, Canada
February 19, 2020

TASEKO MINES LIMITED

Consolidated Statements of Comprehensive Income (Loss)

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

		For the years ended December 31,	
	Note	2019	2018
Revenues	4	329,163	343,870
Cost of sales			
Production costs	5	(258,550)	(231,867)
Depletion and amortization	5	(109,756)	(70,781)
Earnings (loss) from mining operations		(39,143)	41,222
General and administrative		(13,804)	(13,957)
Share-based compensation recovery (expense)	22c	(2,946)	1,544
Project evaluation expenditures		(3,569)	(1,752)
Loss on derivatives	7	(2,834)	(294)
Other income	8	920	1,472
Income (loss) before financing costs and income taxes		(61,376)	28,235
Finance expenses	9	(40,324)	(38,564)
Finance income		1,202	1,254
Foreign exchange gain (loss)		14,779	(26,251)
Loss before income taxes		(85,719)	(35,326)
Income tax (expense) recovery	10	32,337	(448)
Net loss		**(53,382)**	**(35,774)**
Other comprehensive income (loss):			
Unrealized gain on financial assets	13	1,229	962
Foreign currency translation reserve		(8,466)	12,713
Total other comprehensive income (loss)		**(7,237)**	**13,675**
Total comprehensive loss		**(60,619)**	**(22,099)**
Loss per share			
Basic		(0.22)	(0.16)
Diluted		(0.22)	(0.16)
Weighted average shares outstanding (thousands)			
Basic		243,914	227,866
Diluted		243,914	227,866

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

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Cdn$ in thousands)

	Note	For the years ended December 31, 2019	2018
Operating activities			
Net loss for the year		(53,382)	(35,774)
Adjustments for:			
Depletion and amortization		109,756	70,781
Income tax (recovery) expense	10	(32,337)	448
Share-based compensation expense (recovery)	22c	3,126	(1,282)
Loss on derivatives	7	2,834	294
Finance expenses, net		39,122	37,310
Unrealized foreign exchange (gain) loss		(15,228)	28,704
Amortization of deferred revenue	19	(3,437)	(3,295)
Deferred electricity repayments		-	(4,841)
Other operating activities		(1,199)	(160)
Net change in non-cash working capital	24	(6,614)	1,893
Cash provided by operating activities		42,641	94,078
Investing activities			
Purchase of property, plant and equipment	15	(50,751)	(94,866)
Distribution of reclamation deposits	13	30,000	-
Release of restricted cash	13	6,200	-
Purchase of copper put options	7	(2,834)	(1,063)
Proceeds from copper put options	7	241	855
Investment in other financial assets		-	(253)
Other investing activities		213	933
Cash used for investing activities		(16,931)	(94,394)
Financing activities			
Interest paid		(32,011)	(30,578)
Proceeds from equipment financings	18c,d	34,013	8,943
Repayment of leases and equipment financings		(18,920)	(12,293)
Proceeds on exercise of options		176	333
Cash used for financing activities		(16,742)	(33,595)
Effect of exchange rate changes on cash and equivalents		(1,435)	(655)
Increase (decrease) in cash and equivalents		7,533	(34,566)
Cash and equivalents, beginning of year		45,665	80,231
Cash and equivalents, end of year		53,198	45,665

Supplementary cash flow disclosures 24

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

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Cdn$ in thousands)

	Note	December 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and equivalents		53,198	45,665
Accounts receivable	11	13,791	14,735
Inventories	12	43,620	38,986
Other financial assets	13	730	3,581
Prepaids		2,513	1,464
		113,852	104,431
Property, plant and equipment	15	758,006	821,287
Other financial assets	13	6,783	41,380
Goodwill	16	5,355	5,625
		883,996	**972,723**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	17	43,685	41,001
Current portion of long-term debt	18	16,460	9,856
Current portion of deferred revenue	19	4,558	3,907
Interest payable on senior secured notes		1,184	1,243
Current income tax payable		1,406	1,427
		67,293	57,434
Long-term debt	18	357,025	345,625
Provision for environmental rehabilitation ("PER")	20	66,373	97,914
Deferred and other tax liabilities	10c	50,703	83,793
Deferred revenue	19	39,433	39,367
Other financial liabilities	22b	1,483	1,513
		582,310	625,646
EQUITY			
Share capital	21a	436,318	423,438
Contributed surplus		51,622	49,274
Accumulated other comprehensive income ("AOCI")		6,827	14,064
Deficit		(193,081)	(139,699)
		301,686	347,077
		883,996	**972,723**

Commitments and contingencies	19, 23
Subsequent event	27

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

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(Cdn$ in thousands)

	Share capital	Contributed surplus	AOCI	Deficit	Total
Balance at January 1, 2018	422,091	47,478	389	(102,878)	367,080
Adjustment on initial application of IFRS 15	-	-	-	(1,047)	(1,047)
Adjusted balance at January 1, 2018	**422,091**	**47,478**	**389**	**(103,925)**	**366,033**
Share-based compensation	-	2,809	-	-	2,809
Exercise of options and warrants	447	(113)	-	-	334
Settlement of performance share units	900	(900)	-	-	-
Total comprehensive income (loss) for the year	-	-	13,675	(35,774)	(22,099)
Balance at December 31, 2018	**423,438**	**49,274**	**14,064**	**(139,699)**	**347,077**
Balance at January 1, 2019	423,438	49,274	14,064	(139,699)	347,077
Fair value of shares issued for Yellowhead acquisition	12,629	-	-	-	12,629
Share-based compensation	-	2,800	-	-	2,800
Exercise of options	251	(75)	-	-	176
Settlement of performance share units	-	(377)	-	-	(377)
Total comprehensive loss for the year	-	-	(7,237)	(53,382)	(60,619)
Balance at December 31, 2019	**436,318**	**51,622**	**6,827**	**(193,081)**	**301,686**

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

1. REPORTING ENTITY

Taseko Mines Limited (the "Company" or "Taseko") is a corporation governed by the *British Columbia Business Corporations Act.* The consolidated financial statements of the Company as at and for the year ended December 31, 2019 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including mine permitting and development, within the province of British Columbia, Canada and the State of Arizona, USA. Seasonality does not have a significant impact on the Company's operations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors on February 19, 2020.

2.2 Basis of measurement, judgment and estimation

These consolidated financial statements have been prepared on a historical cost basis except those measured at fair value through profit or loss, fair value through other comprehensive income and derivative financial instruments, which are measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency monetary assets and liabilities are translated into Canadian dollars at the closing exchange rate as at the balance sheet date. Foreign currency non-monetary assets and liabilities, revenues and expenses are translated into Canadian dollars at the prevailing rate of exchange on the dates of the transactions. Any gains and losses are included in profit and loss. The Company's US subsidiary measures the items in its financial statements using the US dollar as its functional currency. The assets and liabilities of the US subsidiary are translated into Canadian dollars using the period end exchange rate. The income and expenses are translated into Canadian dollars at the weighted average exchange rates to the period end reporting date. Any gains and losses on translation are included in accumulated other comprehensive income ("AOCI"). All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise noted.

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

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement, determining the timing of transfer of control of inventory for revenue recognition, reserve and resource estimates, functional currency, determination of the accounting treatment of the advance payment under the silver purchase and sale agreement reported as deferred revenue (Note 19), provisions for environmental rehabilitation, determination of business or asset acquisition treatment, 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, including determination of appropriate discount rates; 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 these consolidated financial statements as appropriate.

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

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

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and controlled entities as at December 31, 2019. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income (loss) from the date the Company gains control until the date the Company ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany transactions between members of the Company are eliminated in full on consolidation.

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount would be recognized in profit or loss immediately.

2.4 *Significant Accounting Policies*

(a) Revenue recognition.

The Company adopted *IFRS 15, Revenue Contracts with Customers* effective January 1, 2018 using the cumulative effect method. There was no significant changes in the accounting for copper and molybdenum concentrate revenue as a result of the transition to IFRS 15. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services and the Company has satisfied its performance obligation. Determining the timing of the transfer of control, at a point in time or over time, requires judgment. Cash received in advance of meeting these conditions is recorded as advance payments or deferred revenue.

Under the terms of the Company's concentrate sales contracts, the final sales amount is based on final assay results and quoted market prices which may be in a period subsequent to the date of sale. Revenues for these sales, net of treatment and refining charges are recorded when the customer obtains control of the concentrate, based on an estimate of metal contained using initial assay results and forward market prices for the expected date that final sales prices will be fixed. The period between provisional pricing and final settlement can be up to four months. This settlement receivable is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded as an adjustment to revenue.

(b) Cash and equivalents

Cash and equivalents consist of cash and highly-liquid investments having terms of three months or less from the date of acquisition and that are readily convertible to known amounts of cash. Cash and equivalents exclude cash subject to restrictions.

(c) Financial instruments

Financial assets and liabilities are recognized on the balance sheet when the Company becomes party to the contractual provisions of the instrument. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's consolidated financial statements.

The Company adopted the new accounting standard *IFRS 9, Financial Instruments* effective January 1, 2018. There were no changes to the carrying value of any of the Company's assets or liabilities as a result of this new accounting standard.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at fair value and subsequently at either: amortized cost; Fair Value through Other Comprehensive Income (FVOCI); or Fair Value through Profit or Loss (FVPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and (iii) it is not designated as FVPL. This category of financial assets is subsequently measured at amortized cost using the effective interest method, and reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Equity investments measured at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset as FVPL if doing so significantly reduces an accounting mismatch that would otherwise arise. Financial assets classified as FVPL are subsequently measured at fair value, with net gains and losses, including any interest or dividend income, recognized in profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and cash equivalents and accounts receivables.

Financial assets at fair value through other comprehensive income (FVOCI)

Marketable securities, investment in subscription receipts and reclamation deposits are designated as FVOCI and recorded at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial instruments at fair value through profit or loss (FVPL)

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVPL. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVPL. Financial instruments classified as FVPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include derivative financial instruments that the Company acquires to manage exposure to commodity price fluctuations. These instruments are non-hedge derivative instruments.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company has accounted for accounts payable and accrued liabilities and long-term debt under this method.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(d) Exploration and evaluation

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. Exploration and evaluation expenditures are recognized in earnings in the period in which they are incurred.

Capitalization of development costs as mineral property, plant and equipment commences once the technical feasibility and commercial viability of the extraction of mineral reserve and resources associated with the Company's evaluation properties are established and management has made a decision to proceed with development.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct labour and materials; non-capitalized stripping costs; depreciation and amortization; freight; and overhead costs. Net realizable value is determined with reference to relevant market prices, less applicable variable selling costs and estimated remaining costs of completion to bring the inventories into saleable form.

Ore stockpiles represent stockpiled ore that have not yet completed the production process, and are not yet in a saleable form. Finished goods inventories represent metals in saleable form that have not yet been sold. Materials and supplies inventories represent consumables used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

The quantity of recoverable metal in stockpiled ore and in the processing circuits is an estimate which is based on the tons of ore added and removed, expected grade and recovery. The quantity of recoverable metal in concentrate is an estimate using initial assay results.

(f) Property, plant and equipment

Land, buildings, plant and equipment

Land, buildings, plant and equipment are recorded at cost, including all expenditures incurred to prepare an asset for its intended use.

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Depreciation is based on the cost of the asset less residual value. Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items and depreciated separately. Depreciation commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The depreciation rates of the major asset categories are as follows:

Land	Not depreciated
Buildings	Straight-line basis over 10-25 years
Plant and equipment	Units-of-production basis
Mining equipment	Straight-line basis over 5-20 years
Light vehicles and other mobile equipment	Straight-line basis over 2-5 years
Furniture, computer and office equipment	Straight-line basis over 2-3 years

Mineral properties

Mineral properties consist of the cost of acquiring, permitting and developing mineral properties. Once in production, mineral properties are amortized on a units-of-production basis over the component of the ore body to which the capitalized costs relate.

Property acquisition costs arise either as an individual asset purchase or as part of a business combination, and may represent a combination of either proven and probable reserves, resources, or future exploration potential. When management has not made a determination that technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the entire amount is considered property acquisition costs and not amortized. When such property moves into development, the property acquisition cost asset is transferred to mineral properties within property, plant and equipment.

Mineral property development costs include: stripping costs incurred in order to provide initial access to the ore body; stripping costs incurred during production that generate a future economic benefit by increasing the productive capacity, extending the productive life of the mine or allowing access to a mineable reserve; capitalized project development costs; and capitalized interest.

Construction in progress

Construction in progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Construction in progress includes advances on long-lead items. Construction in progress is not depreciated. Once the asset is complete and available for use, the costs of construction are transferred to the appropriate category of property, plant and equipment, and depreciation commences.

Capitalized interest

Interest is capitalized for qualifying assets. Qualifying assets are assets that require a substantial period of time to prepare for their intended use. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

Leased assets

The Company has adopted *IFRS 16, Leases* effective January 1, 2019 using the modified retrospective method. Accordingly, the comparative information presented for 2018 has not been restated. The Company assesses whether a contract is a lease or contains a lease, at the inception of a contract. The Company recognizes a right-of-use asset (“ROU asset”) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the exception of short-term and low value leases, which are recognized on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset and is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Prior to January 1, 2019, leased assets in which the Company receives substantially all the risks and rewards of ownership of the asset were capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet. Assets under operating leases were not capitalized and rental payments were expensed on a straight-line basis.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed for impairment whenever circumstances suggest that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

The recoverable amount of an asset or cash generating unit (CGU) is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or CGU's. If the recoverable amount of an asset or its related CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in earnings for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not to an amount that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

The carrying amount of the CGU to which goodwill has been allocated is tested annually for impairment or when there is an indication that the goodwill may be impaired. Any goodwill impairment is recognized as an expense in the profit or loss. Should there be a recovery in the value of a CGU, any impairment of goodwill previously recorded is not subsequently reversed.

(g) Income taxes

Income tax on the earnings for the periods presented comprises current and deferred tax. Income tax is recognized in earnings except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Income tax is calculated using tax rates enacted or substantively enacted at the reporting date applicable to the period of expected realization or settlement.

Current tax expense is the expected tax payable on the taxable income for the year, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities acquired (not in a business combination) that affect neither accounting nor taxable profit on acquisition; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they are not probable to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

(h) Share-based compensation

The fair-value method is used for the Company's share-based payment transactions. Under this method, the cost of share options and equity-settled performance share units is recorded based on their estimated fair value at the grant date, including an estimate of the forfeiture rate. The fair value of the share options and performance share units is expensed on a graded amortization basis over the vesting period of the awards, with a corresponding increase in equity.

Share-based compensation expense relating to cash-settled awards, including deferred share units, is recognized based on the quoted market value of the Company's common shares on the date of grant. The related liability is re-measured to fair value each reporting period to reflect changes in the market value of the Company's common shares, with changes in fair value recorded in net profit (loss).

(i) Provisions

Environmental rehabilitation

The Company records the present value of estimated costs of legal and constructive obligations required to retire an asset in the period in which the obligation occurs. Environmental rehabilitation activities include facility decommissioning and dismantling; removal and treatment of waste materials, including water treatment; site and land rehabilitation, including compliance with and monitoring of environmental regulations; and related costs required to perform this work and/or operate equipment designed to reduce or eliminate environmental effects. The provision for environmental rehabilitation ("PER") is adjusted each period for new disturbances, and changes in regulatory requirements, the estimated amount of future cash flows required to discharge the liability, the timing of such cash flows and the pre-tax discount rate specific to the liability. The unwinding of the discount is recognized in earnings as a finance cost.

When a PER is initially recognized, the corresponding cost is capitalized by increasing the carrying amount of the related asset, and is amortized to earnings on a unit-of-production basis. Costs are only capitalized to the extent that the amount meets the definition of an asset and represents future economic benefits to the operation.

Significant estimates and assumptions are made in determining the provision for environmental rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimation of the extent and cost of rehabilitation activities; timing of future cash flows, changes in discount rates; inflation rate; and regulatory requirements.

Other provisions

Other provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Where the effect is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The accretion expense is included in finance expense.

(j) Finance income and expenses

Finance income comprises interest income on funds invested, gains on the disposal of marketable securities, and changes in the fair value of derivatives included in cash and equivalents and marketable securities. Interest income is recognized as it accrues in earnings, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, the finance component on deferred revenue, losses on the disposal of marketable securities, changes in the fair value of derivatives included in cash and cash equivalents and marketable securities, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in earnings using the effective interest method.

(k) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise warrants and share options granted. There is no dilution impact when the Company incurs a loss.

(l) Interests in joint arrangements

IFRS defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Company recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

2.5 Impact of adoption of new accounting standards

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

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 *Leases*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract that contains a lease arrangement. The Company adopted IFRS 16 effective January 1, 2019 using the modified retrospective method. Accordingly, the comparative information presented for 2018 has not been restated.

IFRS 16 introduces significant accounting changes to the lessee by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset (“ROU asset”) and a lease liability at the commencement of the lease for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

(Cdn$ in thousands)

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the consolidated balance sheet, initially measured at the present value of future lease payments; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated interim statement of income (loss); and (iii) separates the total amount of cash paid into a principal and interest portion (included within financing activities) in the consolidated interim statement of cash flows. For short-term leases and leases of low value assets, the Company continues to recognize a lease expense on a straight-line basis.

In transitioning to IFRS 16, the Company reviewed its contracts to identify whether they are a lease or contain a lease arrangement and some contracts were identified as containing leases under IFRS 16. The cumulative effect of the changes made to the consolidated January 1, 2019 balance sheet for the adoption of IFRS 16 was an increase to property plant and equipment and lease liabilities by $5,962. The weighted average discount rate for lease liabilities initially recognized on adoption of IFRS 16 was 5.6%.

The following is a reconciliation of the operating lease commitments as at December 31, 2018 to the recognized lease liabilities as at January 1, 2019:

Operating lease commitments as at December 31, 2018	4,813
Leases with a lease term of 12 months or less and low value	(414)
Leases identified in existing service and supply contracts	2,144
Effect from discounting	(581)
Lease liabilities due to initial application of IFRS 16 as at January 1, 2019	5,962

ROU assets are included in property, plant, and equipment, and the lease liability is included in debt in the consolidated balance sheet (Note 18).

3. INTEREST IN GIBRALTAR JOINT VENTURE

On March 31, 2010, the Company entered into an agreement with Cariboo Copper Corp. (Cariboo) whereby the Company contributed certain assets and liabilities of the Gibraltar mine, operating in British Columbia, into an unincorporated joint venture to acquire a 75% interest in the joint venture. Cariboo contributed $186,800 to purchase the remaining 25% interest.

The assets and liabilities contributed by the Company to the joint venture were mineral property interests, plant and equipment, inventories, prepaid expenses, reclamation deposits, capital lease obligations, and site closure and reclamation obligations. Certain key strategic, operating, investing and financing policies of the joint venture require unanimous approval such that neither venturer is in a position to exercise unilateral control over the joint venture. The Company continues to be the operator of the Gibraltar Mine.

The Company has joint control over the joint arrangement and as such consolidates its 75% portion of all the joint venture’s assets, liabilities, income and expenses.

(Cdn$ in thousands)

The following is a summary of the Gibraltar joint venture financial information on a 100% basis.

	As at December 31,	
	2019	**2018**
Cash and equivalents	54,454	47,707
Other current assets	77,651	72,423
Current assets	132,105	120,130
Non-current assets	948,873	1,122,289
Accounts payable and accrued liabilities	46,845	45,301
Other current financial liabilities	22,698	14,172
Current liabilities	69,543	59,473
Long-term debt	52,177	18,589
Provision for environmental rehabilitation	80,460	128,738
Non-current liabilities	132,637	147,327

	Years ended December 31,	
	2019	**2018**
Revenues	438,204	457,600
Production costs	(344,913)	(311,759)
Depletion and amortization	(159,044)	(109,018)
Other operating expense	(3,834)	(4,181)
Interest expense	(6,031)	(5,116)
Interest income	1,157	1,119
Foreign exchange gain (loss)	(1,976)	1,333
Net earnings (loss)	(76,437)	29,978
Other comprehensive income	954	104
Comprehensive income (loss) for joint arrangement	(75,483)	30,082

4. REVENUE

	Years ended December 31,	
	2019	**2018**
Copper contained in concentrate	321,082	350,522
Molybdenum concentrate	31,161	26,589
Silver (Note 19)	3,674	3,713
Price adjustments on settlement receivables	(419)	(10,679)
Total gross revenue	355,498	370,145
Less: Treatment and refining costs	(26,335)	(26,275)
Revenue	329,163	343,870

(Cdn$ in thousands)

5. COST OF SALES

	Years ended December 31,	
	2019	**2018**
Site operating costs	244,611	219,104
Transportation costs	17,832	17,163
Changes in inventories of finished goods	(5,570)	2,435
Changes in inventories of ore stockpiles	1,677	1,078
Insurance recovered	-	(7,913)
Production costs	258,550	231,867
Depletion and amortization	109,756	70,781
Cost of sales	368,306	302,648

Cost of sales consists of site operating costs (which include personnel costs, non-capitalized waste stripping costs, repair and maintenance costs, consumables, operating supplies and external services), transportation costs, and depletion and amortization.

During the year ended December 31, 2018, the Company had an insurance recovery of $7,913 (75% basis) related to the Cariboo region wildfires in 2017.

6. COMPENSATION EXPENSE

	Years ended December 31,	
	2019	**2018**
Wages, salaries and benefits	77,869	69,633
Post-employment benefits	1,639	2,115
Share-based compensation (recovery) expense (Note 22c)	3,126	(1,282)
	82,634	70,466

Compensation expense is presented as a component of cost of sales, general and administrative expense, and project evaluation expense.

7. DERIVATIVE INSTRUMENTS

During the year ended December 31, 2019, the Company purchased copper put option contracts for 48 million pounds of copper with maturity dates ranging from February 2019 to December 2019, at strike prices between US$2.50 and US$2.80 per pound, at a total cost of $2,834.

During the year ended December 31, 2018, the Company purchased copper put options for 30 million pounds of copper with maturity dates ranging from the third quarter of 2018 to the fourth quarter of 2018, at a total cost of $1,063.

(Cdn$ in thousands)

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

	Years ended December 31, 2019	2018
Realized loss on copper put options	2,834	2,264
Unrealized gain on copper put options	-	(1,970)
	2,834	294

8. OTHER (EXPENSE) INCOME

	Years ended December 31, 2019	2018
Management fee income	1,186	1,167
Other operating expense (income), net	(266)	305
	920	1,472

9. FINANCE EXPENSES

	Years ended December 31, 2019	2018
Interest expense	34,593	32,077
Finance expense – deferred revenue (Note 19)	4,154	4,182
Accretion on PER (Note 20)	1,577	2,305
	40,324	38,564

For the year ended December 31, 2019, interest expense includes $1,709 (2018 - $846) from lease liabilities and lease related obligations.

10. INCOME TAX

(a) Income tax expense (recovery)

	Years ended December 31, 2019	2018
Current income tax:		
Current period expense	817	1,015
Deferred income tax:		
Origination and reversal of temporary differences	(33,145)	(363)
Deferred tax adjustments related to prior periods	(9)	(204)
Deferred income tax recovery	(33,154)	(567)
Income tax expense (recovery)	(32,337)	448

(Cdn$ in thousands)

(b) Effective tax rate reconciliation

	Years ended December 31,	
	2019	**2018**
Income tax at Canadian statutory rate of 36.5% (2018: 36.5%)	(31,279)	(12,891)
Permanent differences	885	10,271
Foreign tax rate differential	(191)	131
Unrecognized tax benefits	(1,793)	3,151
Deferred tax adjustments related to prior periods	41	(204)
Other	-	(10)
Income tax expense (recovery)	(32,337)	448

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	As at December 31,	
	2019	**2018**
Property, plant and equipment	(156,669)	(177,664)
Other financial assets	2,951	3,204
Provisions	17,009	18,279
Tax loss carry forwards	86,006	72,388
Deferred tax liability	(50,703)	(83,793)

(d) Unrecognized deferred tax assets and liabilities

	As at December 31,	
	2019	**2018**
Deductible temporary differences:		
Debt	65,024	78,035
Other investments	33,344	34,873
Losses and tax pools	31,823	-
Other financial assets	17,713	21,722
Deferred tax asset:		
Debt	8,778	10,535
Other investments	4,501	4,708
Losses and tax pools	8,592	-
Other financial assets	2,398	3,139

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits. There are no unrecognized deferred tax liabilities.

Losses and tax pools of $31,823 (2018: $nil) relate to non-capital losses in Canada which expire between 2029 and 2039.

(Cdn$ in thousands)

11. ACCOUNTS RECEIVABLE

	As at December 31,	
	2019	**2018**
Trade and settlement receivables	11,220	10,582
Goods and services tax receivable	1,162	916
Other receivables	1,409	3,237
	13,791	14,735

12. INVENTORIES

	As at December 31,	
	2019	**2018**
Ore stockpiles	6,657	8,532
Copper contained in concentrate	9,055	3,166
Molybdenum concentrate	230	549
Materials and supplies	27,678	26,739
	43,620	38,986

During the year ended December 31, 2019, the Company recorded an impairment of $5,830 (2018: $12,573) to adjust the carrying value of ore stockpiles to net realizable value, of which $2,398 (2018: $4,225) is recorded in depletion and amortization and the balance in production costs.

13. OTHER FINANCIAL ASSETS

	As at December 31,	
	2019	**2018**
Current:		
Marketable securities (Note 14)	730	3,581
	730	3,581
Long-term:		
Investment in subscription receipts	2,400	2,400
Reclamation deposits	3,083	31,480
Restricted cash	1,300	7,500
	6,783	41,380

The Company holds strategic investments in publicly traded and privately owned mineral exploration and development companies, including marketable securities and subscription receipts. Marketable securities and the investment in subscription receipts are accounted for at fair value through other comprehensive income (FVOCI).

(Cdn$ in thousands)

Marketable securities at December 31, 2018 include an investment in 21% of the common shares of Yellowhead Mining Inc., which was carried at a fair value of $2,810 at December 31, 2018 (Note 14).

The subscription receipts relate to an investment in a privately held company with two directors in common with Taseko and are to be convertible into units comprised of shares, or shares and warrants. The fair value of the investment in subscription receipts is based on public market information of comparable companies.

In November 2019, the Company restructured its reclamation funding within the Gibraltar joint venture which resulted in $6,200 of net cash becoming unrestricted and $30,000 in funds being distributed out of reclamation deposits to the Company. Gibraltar issued to the Province of British Columbia a letter of credit in the amount of $50,000 as security for current reclamation obligations for the Gibraltar mine. The $50,000 letter of credit issued by a Canadian chartered bank is collateralized by a surety bond in the amount of $37,500 for the Company's share and $12,500 for Cariboo's share of the letter of credit.

For the Florence Copper project, the Company has provided surety bonds totaling $8,260 to the federal and state regulators. The Company has provided cash collateral of $2,140 to the surety bond provider which is classified as reclamation deposits.

14. YELLOWHEAD ACQUISITION

In December 2018, the Company entered into an agreement to acquire all of the outstanding common shares of Yellowhead Mining Inc. ("Yellowhead") that it did not already own, in exchange for approximately 17.3 million Taseko common shares. The transaction was structured as a plan of arrangement pursuant to the Business Corporations Act (British Columbia) and required the approval of the Supreme Court of British Columbia and Yellowhead shareholders. The acquisition closed on February 15, 2019.

The total purchase consideration was calculated as follows:

Fair value of common shares issued (17,300,385 shares at $0.73 per share)	12,629
Fair value of previously held investment in Yellowhead	3,365
Acquisition related costs	272
	16,266

The Company has incurred acquisition costs totaling $272 for legal and other fees, which have been included in the purchase price consideration.

Prior to the acquisition, the Company held a 21% equity interest in Yellowhead. This investment was previously accounted for as a FVOCI financial asset and was remeasured to its fair value of $3,365 based on the trading price of its common shares on the acquisition date, and that amount was included as part of the purchase consideration.

Yellowhead had cumulative tax pools of approximately $57,000 comprised of non-capital losses and resource deductions at the date of acquisition. A full valuation allowance was provided against the deferred tax assets arising from these tax pools due to uncertainty over the timing of their potential utilization at the time of acquisition.

The acquisition of Yellowhead 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.

(Cdn$ in thousands)

The following sets forth the allocation of the purchase price:

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 evaluation phase and does not generate revenues. Yellowhead project related expenditures were $1,653 for the period since acquisition and are expensed as project evaluation expenditures.

15. PROPERTY, PLANT & EQUIPMENT

Cost	**Property Acquisition costs**	**Mineral properties**	**Plant and equipment**	**Construction in progress**	**Total**
At January 1, 2018	92,378	333,638	679,352	2,728	1,108,096
Additions	-	62,849	27,783	10,507	101,139
Changes in rehabilitation cost asset	-	(12,374)	-	-	(12,374)
Disposals	-	-	(2,279)	-	(2,279)
Foreign exchange translation	7,494	1,391	1,308	-	10,193
Transfers between categories	-	-	13,047	(13,047)	-
At December 31, 2018	99,872	385,504	719,211	188	1,204,775
Additions (Note 14)	16,240	34,750	28,565	9,514	89,069
Changes in rehabilitation cost asset	-	(31,695)	-	-	(31,695)
Disposals	-	-	(6,978)	-	(6,978)
Foreign exchange translation	(4,468)	(1,155)	(2,205)	-	(7,828)
Transfers between categories	-	-	9,702	(9,702)	-
At December 31, 2019	111,644	387,404	748,295	-	1,247,343
Accumulated depreciation					
At January 1, 2018	-	116,690	194,141	-	310,831
Depletion and amortization	-	44,159	30,671	-	74,830
Disposals	-	-	(2,173)	-	(2,173)
At December 31, 2018	-	160,849	222,639	-	383,488
Depletion and amortization	-	70,265	40,501	-	110,766
Disposals	-	-	(4,917)	-	(4,917)
At December 31, 2019	-	231,114	258,223	-	489,337
Net book value					
At December 31, 2018	99,872	224,655	496,572	188	821,287
At December 31, 2019	111,644	156,290	490,072	-	758,006

(Cdn$ in thousands)

Net book value	Gibraltar Mines (75%)	Florence Copper	Yellowhead	Aley	Other	Total
At December 31, 2018	633,745	175,329	-	11,998	215	821,287
Net additions	47,804	16,367	-	768	912	65,851
Property acquisitions	-	-	16,240	-	-	16,240
Changes in rehabilitation cost asset (Note 20)	(36,377)	4,682	-	-	-	(31,695)
Depletion and amortization	(105,425)	(38)	-	-	(386)	(105,849)
Foreign exchange translation	-	(7,828)	-	-	-	(7,828)
At December 31, 2019	539,747	188,512	16,240	12,766	741	758,006

During 2019, the Company capitalized stripping costs of $25,705 (2018: $52,598) and incurred other capital expenditures for Gibraltar of $20,359 (2018: $10,975). In addition, the Company capitalized development costs of $15,956 (2018: $36,520) for the Florence Copper and $768 (2018: $2,701) for the Aley Niobium projects. Non-cash additions to property, plant and equipment include $2,847 (2018: $3,771) of depreciation on mining assets related to capitalized stripping.

Depreciation related to the right of use assets for the year ended December 31, 2019 was $4,217.

16. GOODWILL

Goodwill was recorded on the Company's acquisition of Curis Resources Ltd. ("Curis") in 2014 whose principal asset is the Florence Copper Project. During the year ended December 31, 2019, the carrying value of the goodwill decreased to $5,355 as a result of foreign currency translation.

The Company performed an annual goodwill impairment test and the recoverable amount of the Curis CGU was estimated utilizing a discounted cash flow with the following key assumptions: an after-tax discount rate of 10% (2018 – 10%); and copper prices of US$3.10 per pound in the projected periods. The recoverable amount of the Curis CGU was calculated to be higher than its carrying amount and no impairment loss was recognized.

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2019	2018
Trade payables	24,171	21,861
Accrued liabilities	19,514	19,140
	43,685	41,001

During the year ended December 31, 2018, the Company repaid the remaining balance payable under BC Hydro's five-year power rate deferral program for BC mines. Under the program, effective March 1, 2016, the Gibraltar Mine was able to defer up to 75% of electricity costs. The amount of the deferral was based on a formula that incorporated the average copper price in Canadian dollars during the preceding month. The deferred amount, plus interest at the prime rate plus 5%, was repayable on a monthly schedule of up to 75% of the monthly electricity billing, when the average copper price during the preceding month exceeded a threshold amount of $3.40 per pound. Any remaining deferred balance would have been repayable at the end of the five year term.

(Cdn$ in thousands)

18. DEBT

	As at December 31, 2019	2018
Current:		
Lease liabilities (b)	7,990	6,506
Secured equipment loans (c)	6,626	3,350
Lease related obligations (d)	1,844	-
	16,460	9,856
Long-term:		
Senior secured notes (a)	317,728	331,683
Lease liabilities (b)	11,107	7,604
Secured equipment loans (c)	18,746	6,338
Lease related obligations (d)	9,444	-
	357,025	345,625
Total debt	373,485	355,481

(a) Senior secured notes

In June 2017, the Company completed an offering of US$250,000 aggregate principal amount of senior secured notes (the “Notes”). The Notes mature on June 15, 2022 and bear interest at an annual rate of 8.750%, payable semi-annually on June 15 and December 15.

The Notes are secured by liens on the shares of Taseko’s wholly-owned subsidiary, Gibraltar Mines Ltd., and the subsidiary’s rights under the joint venture agreement relating to the Gibraltar Mine. The Notes are guaranteed by each of Taseko’s existing and future restricted subsidiaries, other than Yellowhead. The Company is able to incur limited amounts of additional secured and unsecured debt under certain conditions as defined in the Note indenture. The Company is also subject to certain restrictions on asset sales, issuance of preferred stock, dividends and other restricted payments. However, there are no maintenance covenants with respect to the Company's financial performance.

The Company may redeem some or all of the Notes at any time on or after June 15, 2019, at redemption prices ranging from 104.375% to 100%, plus accrued and unpaid interest to the date of redemption. On a change of control, the Notes are redeemable at the option of the holder at a price of 101%.

(b) Lease liabilities

Lease liabilities includes the Company’s outstanding lease liabilities under IFRS 16. At December 31, 2019, the net carrying amount of leased assets was $37,254 (2018: $46,641).

In July 2019, Gibraltar acquired a new large wheel loader, financed by way of a 7-year lease. The lease is repayable in monthly installments and secured by equipment with a carrying value of $5,537. The lease obligation bears a fixed interest rate of 6.3% with a final maturity date of June 20, 2026.

(c) Secured equipment loans

In May 2019, Gibraltar entered into an equipment loan with the Company’s share of proceeds being $13,875. The loan bears interest at an annual rate of 5.2%, is secured by existing mining equipment at the Gibraltar Mine and is repayable in monthly installments with a final maturity date of May 6, 2024. A portion of the proceeds of the loan were used to repay an existing equipment loan of $1,362 and the remaining funds were available for general working capital purposes.

(Cdn$ in thousands)

In August 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being $7,977. The loan bears interest at an annual rate of 6.4%, is secured by existing mining equipment at the Gibraltar Mine and is repayable in monthly installments with a final maturity date of August 13, 2023. The proceeds of the loan were available for general working capital purposes.

(d) Lease related obligations

In June 2019, Gibraltar entered into a sale leaseback transaction on some equipment, with the Company's share of proceeds being $12,161. The lease has a term of 54 months. At the end of the lease, the Company can either re-lease the equipment, purchase the equipment at fair market value or return the equipment. The lease contains a fixed price early buy-out option exercisable at the end of 48 months. A portion of the proceeds of the financing were used to settle an equipment lease early in the amount of $2,451 and the remaining funds were available for general working capital purposes.

(e) Debt continuity

The following schedule shows the continuity of total debt for the year ended December 31, 2019:

	As at December 31,	
	2019	**2018**
Total debt as at January 1	355,481	329,218
Lease additions on initial application of IFRS 16 (Note 2.5)	5,962	-
Lease additions	11,295	-
Equipment loan net proceeds	21,852	8,943
Lease related obligations on sale leaseback transaction	12,161	-
Lease liabilities and equipment loans repayments	(18,920)	(12,293)
Unrealized foreign exchange gain	(16,654)	27,428
Amortization of deferred financing charges	2,308	2,185
Total debt as at December 31	373,485	355,481

19. 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 silver sale agreement has a minimum term of 50 years and automatically renews for successive 10-year periods as long as Gibraltar mining operations are active. If the initial deposit is not fully reduced through silver deliveries at current market prices at time of the deliveries, a cash payment for the remaining amount will be due to Osisko at the expiry date of the agreement. The Company's obligations under the agreement are secured by a pledge of Taseko's 75% interest in the Gibraltar joint venture.

(Cdn$ in thousands)

In connection with the silver stream transaction, the Company issued share purchase warrants to Osisko to acquire 3 million common shares of the Company at any time until April 1, 2020 at an exercise price of $2.74 per share. The fair value of the warrants was estimated to be $1,876 at the date of grant and was measured based on the Black-Scholes valuation model. The fair value was determined using the expected life of 3 years, expected volatility of the Company's common share price of 61%, an expected dividend yield of 0%, and a risk-free interest rate of 0.9% (Note 21b).

The following table summarizes changes in deferred revenue:

Balance at January 1, 2018	40,952
Transitional adjustment for IFRS 15	1,435
Finance expense (Note 9)	4,182
Amortization of deferred revenue	(3,295)
Balance at December 31, 2018	43,274
Finance expense (Note 9)	4,154
Amortization of deferred revenue	(3,437)
Balance at December 31, 2019	43,991

Deferred revenue is reflected in the consolidated balance sheets as follows:

	As at December 31,	
	2019	**2018**
Current	4,558	3,907
Non-current	39,433	39,367
	43,991	43,274

20. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2019	**2018**
Beginning balance at January 1	97,914	107,874
Change in estimates	(31,644)	(12,374)
Accretion	1,577	2,305
Settlements	(1,409)	-
Foreign exchange differences	(65)	109
Ending balance at December 31	66,373	97,914

The PER represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities. The majority of these expenditures occur after the end of the life of the related operation. For the Gibraltar Mine, it is anticipated that these costs will be incurred over a period of at least 100 years beyond the end of the current mine life based on known reserves.

The decrease in the PER during 2019 is primarily due to changes in management's estimated closure costs for Gibraltar and the risk-free discount rates applied against the obligation. There was $4,682 added for the estimated closure cost of the Florence Copper Project's production test facility operation.

(Cdn$ in thousands)

As at December 31, 2019, the PER was calculated on a present value basis for closure costs to be incurred in the first 30 years using a nominal risk-free discount rate of 1.93% (2018 – 2.18%) based on the 30 year overnight index swap (OIS) rate. For discounting annual closure cashflows beyond 30 years, a risk free yield curve was extrapolated from the implied OIS swap rate for liquid, investment grade corporate bonds with durations between 50 to 100 years. A nominal risk free rate of up to 3.05% was utilized in 2019 (2018 - 2.18%) for discounting closure costs up to 100 years from the estimated date of site closure for Gibraltar based on current reserves. An inflation rate of 1.42% (2018 – 1.70%) was applied in deriving nominal cash flow estimates

During 2017, the Company submitted an updated decommissioning cost report for the Gibraltar Mine to the BC Ministry of Energy, Mines and Petroleum Resources as a requirement to maintain its permits in good standing. The underlying cost assumptions supporting the 2017 decommissioning report reflect management's best estimate for closure costs and were incorporated into the PER. Estimates are reviewed regularly and there have been adjustments to the amount and timing of cash flows as a result of updated information. Assumptions are based on the current economic environment, but actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation will depend on when the mine ceases production which, in turn, will depend on future mineral reserves, metal prices, operating conditions and many other factors which are inherently uncertain.

The Company has provided letters of credit, surety bonds and deposits held in trust to the regulatory authorities for its share of reclamation obligations (Note 13). Security for reclamation obligations is returned once the site is reclaimed to a satisfactory level and there are no ongoing monitoring or maintenance requirements.

21. EQUITY

(a) Share capital

	Common shares (thousands)
Common shares outstanding at January 1, 2018	227,000
Exercise of warrants	1,024
Exercise of share options	407
Common shares outstanding at December 31, 2018	228,431
Issued to acquire Yellowhead (Note 14)	17,300
Exercise of share options	463
Common shares outstanding at December 31, 2019	246,194

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

(b) Share purchase warrants

At December 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.

(c) Contributed surplus

Contributed surplus represents employee entitlements to equity settled share-based awards that have been charged to the statement of comprehensive income and loss in the periods during which the entitlements were accrued and have not yet been exercised.

(Cdn$ in thousands)

(d) Accumulated other comprehensive income ("AOCI")

AOCI is comprised of the cumulative net change in the fair value of FVOCI financial assets and cumulative translation adjustments arising from the translation of foreign subsidiaries.

22. SHARE-BASED COMPENSATION

(a) Share Options

The Company has an equity settled share option plan approved by the shareholders that allows it to grant options to directors, officers, employees and other service providers. Under the plan, a maximum of 9.5% of the Company's outstanding common shares may be granted. The maximum allowable number of outstanding options to independent directors as a group at any time is 1% of the Company's outstanding common shares. The exercise price of an option is set at the time of grant using the five-day volume weighted average price of the common shares. Options are exercisable for a maximum of five years from the effective date of grant under the plan. Vesting conditions of options are at the discretion of the Board of Directors at the time the options are granted.

	Options (thousands)	**Average price**
Outstanding at January 1, 2018	9,281	1.40
Granted	1,724	2.84
Exercised	(407)	0.82
Cancelled/forfeited	(161)	2.25
Expired	(100)	2.02
Outstanding at January 1, 2019	10,337	1.64
Granted	4,612	0.75
Exercised	(463)	0.38
Cancelled/forfeited	(178)	1.58
Expired	(3,552)	2.23
Outstanding at December 31, 2019	10,756	1.12
Exercisable at December 31, 2019	7,242	1.16

During the year ended December 31, 2019, the Company granted 4,611,500 (2018 – 1,724,500) share options to directors, executives and employees, exercisable at an average exercise price of $0.75 per common share (2018 - $2.84 per common share) over a five year period. The total fair value of options granted was $1,891 (2018 – $2,483) based on a weighted average grant-date fair value of $0.41 (2018 – $1.44) per option.

Range of exercise price	**Options (thousands)**	**Average life (years)**
$0.38 to $0.68	1,323	1.06
$0.69 to $1.02	6,222	2.16
$1.03 to $1.64	1,674	1.69
$1.65 to $2.86	1,537	2.56
	10,756	1.91

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:

(Cdn$ in thousands)

	At December 31, 2019	2018
Expected term (years)	5.0	4.4
Forfeiture rate	0%	0%
Volatility	64%	64%
Dividend yield	0%	0%
Risk-free interest rate	1.8%	1.8%
Weighted-average fair value per option	$0.41	$1.44

(b) *Deferred* Share Units and Performance Share Units

The Company has adopted a Deferred Share Unit ("DSU") Plan (the "DSU Plan") that provides for an annual grant of DSUs to each non-employee director of the Company, or an equivalent cash payment in lieu thereof, which participants have agreed would in the first instance be used to assist in complying with the Company's share ownership guidelines. DSUs vest immediately upon grant and are paid out in cash when a participant ceases to be a director of the Company. A long-term financial liability of $1,483 has been recorded at December 31, 2019 (2018 - $1,513), representing the fair value of the liability, which is based on the Company's stock price at the reporting period date.

The Company has established a Performance Share Unit ("PSU") Plan (the "PSU Plan") whereby PSUs are issued to executives as long-term incentive compensation. PSUs issued under the Plan entitle the holder to a cash or equity payment (as determined by the Board of Directors), at the end of a three-year performance period equal to the number of PSU's granted, adjusted for a performance factor and multiplied by the quoted market value of a Taseko common share on the completion of the performance period. The performance factor can range from 0% to 250% and is determined by comparing the Company's total shareholder return to those achieved by a peer group of companies.

	DSUs (thousands)	PSUs (thousands)
Outstanding at January 1, 2018	1,943	1,219
Granted	385	400
Settled	-	(409)
Outstanding at January 1, 2019	2,328	1,210
Granted	682	875
Settled	(656)	(410)
Outstanding at December 31, 2019	2,354	1,675

During the year ended December 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)

(c) *Share-based compensation expenses*

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

	Years ended December 31,	
	2019	**2018**
Share options – amortization	1,786	2,182
Performance share units – amortization	1,015	736
Change in fair value of deferred share units	325	(4,200)
	3,126	(1,282)

23. 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 December 31, 2019 are presented in the following table:

2020	8,513
2021	5,260
2022	877
2023	-
2024	-
2025 and thereafter	-
Total commitments	14,650

As at December 31, 2019, the Company had no outstanding capital commitments (2018: $298).

(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 $16,889 as at December 31, 2019.

(Cdn$ in thousands)

24. SUPPLEMENTARY CASH FLOW INFORMATION

	For the year ended December 31,	
	2019	**2018**
Change in non-cash working capital items		
Accounts receivable	713	7,018
Inventories	(4,634)	653
Prepaids	(1,326)	7
Accounts payable and accrued liabilities	(463)	(1,778)
Interest payable	(17)	40
Income tax payable	(887)	(4,139)
Income tax received	-	92
	(6,614)	1,893
Non-cash investing and financing activities		
Assets acquired under capital lease	1,780	-
ROU assets (Note 2.5)	9,355	-

25. FINANCIAL RISK MANAGEMENT

(a) Overview

In the normal course of business, the Company is inherently exposed to market, liquidity and credit risk through its use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Board approves and monitors risk management processes, including treasury policies, counterparty limits, controlling and reporting structures.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk; interest rate risk; and currency risk. Financial instruments affected by market risk include: cash and equivalents; accounts receivable; marketable securities; subscription receipts; reclamation deposits; accounts payable and accrued liabilities; debt and derivatives.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company buys copper put options in order to reduce commodity price risk. The derivative instruments employed by the Company are considered to be economic hedges but are not designated as hedges for accounting purposes.

Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the metals it produces. The Company enters into copper put option contracts to reduce the risk of short-term copper price volatility. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper put option contracts are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

(Cdn$ in thousands)

Provisional pricing mechanisms embedded within the Company's sales arrangements have the character of a commodity derivative and are carried at fair value as part of accounts receivable. The table below summarizes the impact on revenue and receivables for changes in commodity prices on the provisionally invoiced sales volumes.

	As at December 31,	
	2019	**2018**
Copper increase/decrease by US\$0.28/lb. (2018: US\$0.27/lb.)[1]	7,992	7,485

[1]The analysis is based on the assumption that the year-end copper price increases/decreases 10 percent with all other variables held constant. At December 31, 2019, 22 million (2018: 20 million) pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate at December 31, 2019 of CAD/USD 1.30 (2018: 1.36) was used in the analysis.

The sensitivities in the above tables have been determined with foreign currency exchange rates held constant. The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange can impact commodity prices. The sensitivities should therefore be used with care.

Interest rate risk

The Company is exposed to interest rate risk on its outstanding debt and investments, including cash and cash equivalents, from the possibility that changes in market interest rates will affect future cash flows or the fair value of fixed-rate interest-bearing financial instruments.

The table below summarizes the impact on earnings after tax and equity for a change of 100 basis points in interest rates at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This assumes that the change in interest rates is effective from the beginning of the financial year and balances are constant over the year. However, interest rates and balances of the Company may not remain constant in the coming financial year and therefore such sensitivity analysis should be used with care.

	Years ended December 31,	
	2019	**2018**
Fair value sensitivity for fixed-rate instruments		
Senior secured notes	(1,768)	(2,365)
Lease liabilities	(149)	(175)
Lease related obligations	(44)	-
Secured equipment loans	(134)	(56)
	(2,095)	(2,596)
Cash flow sensitivity for variable-rate instruments		
Cash and equivalents	386	382
Reclamation deposits	-	211
	386	593

Currency risk

The Canadian dollar is the functional currency of the Company and, as a result, currency exposure arises from transactions and balances in currencies other than the Canadian dollar, primarily the US dollar. The Company's potential currency exposures comprise translational exposure in respect of non-functional currency monetary items, and transactional exposure in respect of non-functional currency revenues and expenditures.

(Cdn$ in thousands)

The following table demonstrates the sensitivity to a 10% strengthening in the CAD against the USD. With all other variables held constant, the Company's shareholders equity and earnings after tax would both increase/(decrease) due to changes in the carrying value of monetary assets and liabilities. A weakening in the CAD against the USD would have had the equal but opposite effect to the amounts shown below.

	Years ended December 31,	
	2019	**2018**
Cash and equivalents	(2,803)	(1,928)
Accounts receivable	(824)	(812)
Accounts payable and accrued liabilities	587	562
Senior secured notes	23,790	24,987
Equipment loans	527	-
Lease liabilities	62	45

The Company's financial asset and liability profile may not remain constant and, therefore, these sensitivities should be used with care.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by holding sufficient cash and equivalents and scheduling long-term obligations based on estimated cash inflows. There were no defaults on loans payable during the year.

(d) Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its receivables, marketable securities and investments, and derivatives. In general, the Company manages its credit exposure by transacting only with reputable counterparties. The Company monitors the financial condition of its customers and counterparties to contracts. The Company deals with a limited number of counterparties for its metal sales. The Company had two significant customers in 2019 that represented 87% of gross copper concentrate revenues (2018: two customers accounted for 86% of gross copper concentrate revenues). The trade receivable balance at December 31, 2019 is comprised of three customers (2018: two customers). There are no impairments recognized on the trade receivables.

(e) Fair values of financial instruments

The fair values of the senior secured notes is $285,931 and the carrying value is $317,728 at December 31, 2019. The fair value of all other financial assets and liabilities approximates their carrying value.

The Company uses the fair value hierarchy described in Note 2.4(c) for determining the fair value of instruments that are measured at fair value.

(Cdn$ in thousands)

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Financial assets designated as FVOCI				
Marketable securities	730	-	-	730
Investment in subscription receipts	-	-	2,400	2,400
Reclamation deposits	3,083	-	-	3,083
	3,813	-	2,400	6,213
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 December 31, 2019.

The fair value of the senior secured notes, a Level 1 instrument, is determined based upon publicly available information.

The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's settlement receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market. At December 31, 2019, the Company had settlement receivables of $9,006 (2018 - $10,326).

The subscription receipts, a Level 3 instrument, are valued based on a management estimate. As the subscription receipts are an investment in a private exploration and development company, there are no observable market data inputs. At December 31, 2019 the determination of the estimated fair value of the investment includes comparison to the market capitalization of comparable public companies.

(f) Capital management

The Company's primary objective when managing capital is to ensure that the Company is able to continue its operations and that it has sufficient ability to satisfy its capital obligations and ongoing operational expenses, as well as to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and equivalents, credit facilities and debt as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue or buy back equity, issue, buy back or repay debt, sell assets, or return capital to shareholders.

(Cdn$ in thousands)

	As at December 31,	
	2019	**2018**
Cash	(53,198)	(45,665)
Current portion of long-term debt	16,460	9,856
Long-term debt	357,025	345,625
Net debt	**320,287**	**309,816**
Shareholders' equity	**301,686**	**347,077**

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board of Directors. Management also actively monitors the covenants on its long-term debt to ensure compliance. The Company's investment policy is to invest cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash. There were no changes to the Company's approach to capital management during the year ended December 31, 2019.

26. RELATED PARTIES

(a) Subsidiaries

	Ownership interest as at December 31,	
	2019	**2018**
Gibraltar Mines Ltd.	100%	100%
Curis Resources Ltd.	100%	100%
Curis Holdings (Canada) Ltd.	100%	100%
Florence Copper Inc.	100%	100%
Aley Corporation	100%	100%
Yellowhead Mining Inc.	100%	21%
672520 BC Ltd.	100%	100%

(b) Key management personnel compensation

Key management personnel include the members of the Board of Directors and executive officers of the Company.

The Company contributes to a post-employment defined contribution pension plan on behalf of certain key management personnel. This retirement compensation arrangement ("RCA" Trust) was established to provide benefits to certain executive officers on or after retirement in recognition of their long service. Upon retirement, the participant is entitled to the distribution of the accumulated value of the contributions under the RCA Trust. Obligations for contributions to the defined contribution pension plan are recognized as compensation expense in profit or loss in the periods during which services are rendered by the executive officers.

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-month to 12-months' salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among other things, an amount ranging from 24-month to 32-months' salary and accrued bonus, and all stock options held by these individuals will fully vest.

(Cdn$ in thousands)

Executive officers and directors also participate in the Company's share option program (Note 22).

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

	Year ended December 31,	
	2019	**2018**
Salaries and benefits	6,757	6,467
Post-employment benefits	1,639	2,061
Share-based compensation (recovery) expense	2,710	(1,914)
	11,106	6,614

(c) Related party transactions

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 $10 and $39 for the three and twelve month period ended December 31, 2019.

For the year ended December 31, 2018, the Company incurred total costs of $1,344 in transactions with HDSI. Of these, $537 related to administrative, legal, exploration and tax services, $527 related to reimbursements of office rent costs, and $280 related to director fees for two Taseko directors who are also principals of HDSI.

Under the terms of the joint venture operating agreement, the Gibraltar joint venture pays the Company a management fee for services rendered by the Company as operator of Gibraltar. Net management fee income in 2019 was $1,186 (2018: $1,167). In addition, the Company pays certain expenses on behalf of the Gibraltar joint venture and invoices the joint venture for these expenses. In 2019, net reimbursable compensation expenses and third party costs of $95 (2018: $141) were charged to the joint venture.

27. SUBSEQUENT EVENT

Subsequent to December 31, 2019, the Company purchased copper put option contracts for a total of 27.5 million pounds of copper with maturities between January and April of 2020, at a strike price of US$2.60 per pound. The total cost of these put options was $496.