

Building Value Through Operating and Developing Major Mining Projects



Taseko 2016 Annual General Meeting
July 12, 2016



Annual General Meeting
Remarks by Russell Hallbauer, President & CEO
July 12, 2016

Good afternoon everyone and thank you for taking the time out of your day to come to the Company's Annual General Meeting.

My remarks today will be brief and after I am done, I would be willing to take any questions.

Needless to say, 2015 was another challenging year for base metals companies. I don't want to dwell on the difficulties faced by Taseko and our peers, but there's no denying how difficult these markets have been.

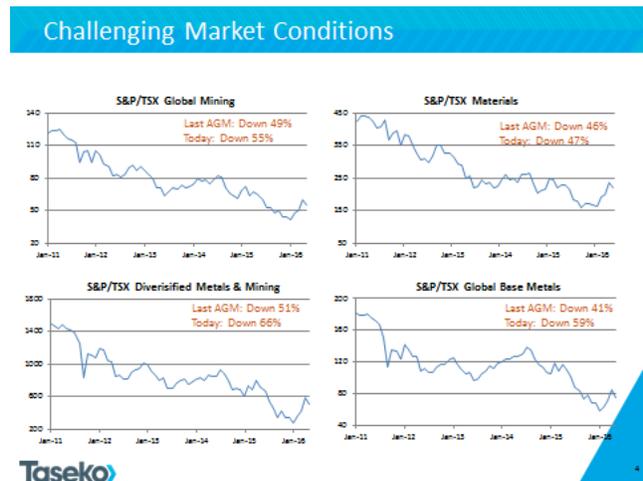
At the AGM last year, I felt that after five years of steadily declining copper prices we were at the bottom. Well I was wrong and we experienced a further decline throughout 2015. As you can see on the graphs, both copper and molybdenum pricing weakened until January of this year at which point there was a short-lived, modest price recovery.



Following the January price rally, copper pulled back again and has remained quite volatile for the first half of the year. But in the last couple of weeks, the price has somewhat stabilized at moderately higher prices. It seems leading up to the Brexit vote, the copper price was quite affected by the political uncertainty in Britain. But now that the referendum has taken place, even with their vote to exit the EU, some concerns have been alleviated.

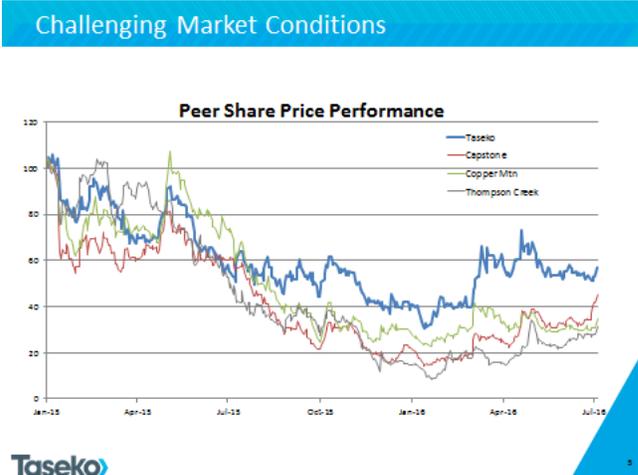
Molybdenum has been somewhat of an exception and prices continued to strengthen since January, to where they are today, about US\$7.00 per pound. As you may recall, we made the decision to idle Gibraltar’s moly circuit in mid-2015 when the price dropped below US\$6.00 per pound. With the recent recovery in moly price we are reviewing options to restart the circuit so we can get that important by-product revenue again. We have been reviewing how we ran our moly plant and believe that with some changes to our operating practices and some minor modifications to the circuit we can achieve a relatively healthy margin at today’s prices.

Again, I don’t want to dwell on the challenging markets, but I do have to comment on the impact that weak commodity prices have had on equity valuations. This goes for Taseko as well as its peers and also the major mining companies, no base metal mining company has been immune to these difficult markets.



As you can see all the major mining indices continued their downward trend in 2015, until this past January when the commodity prices began to rally.

This next slide shows Taseko’s share price performance relative to our closest peers. While it is hardly a great looking graph, our stock has outperformed our peers. While I understand that it is difficult to see our stock price so low, you can’t look at Taseko in isolation.



As is typically the case, when investors return to a sector, the money first flows to

Challenging Market Conditions

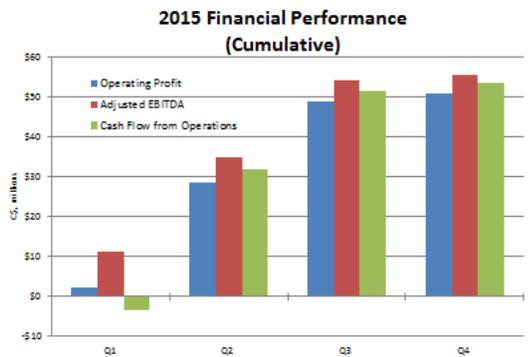


the larger market cap companies, and this has been the case so far this year even, though Taseko is still trading generally in line with the larger companies. And as copper stabilizes and increases in price, we expect the institutional investors to once again re-invest in smaller mining companies like Taseko. This will have an immediate impact on our share price.

Cochilco, the Chilean Copper Commission, forecasts global copper demand to grow by 1.1% to just under 23 million tonnes – historically copper demand has grown by 2% to 3% for the last 50 years, so this decline in a virtually balanced market indicates to me that any disruptions from mines cannot offset shortfalls and with a return to historical growth of primary copper usage, significant shortfalls will be exacerbated and prices will rise rapidly.

Even though the price of copper was 20% lower in 2015, we still managed to produce respectable financial results. Operating Profit was \$51 million and both Adjusted EBITDA and Cash Flow from Operations increased, year-over-year, to \$56 million and \$52 million. So all things considered, we achieved a modest amount of financial success.

Solid Financial Performance



There are a number of other initiatives which are also having a positive impact on our business.

Recent Initiatives

Cost Saving

- › 5 year off-take agreement signed in Q4 2015
 - › Below market treatment & refining rates
- › New ocean freight contract signed in Q1 2016
- › TC/RC + ocean freight = US\$7 million of savings in 2016

... and financial flexibility

- › New US\$ 70 million credit facility signed with RK Mine Finance in Q1 2016
 - › Existing Red Kite loan has been repaid (May 2016 maturity)
 - › ~US\$ 40 million of additional liquidity
 - › Cost <10% at low copper prices ('copper option' aligns lender with shareholders)
- › Power cost deferral agreement – recently announced by government of B.C.
 - › Potential for Gibraltar to defer up to \$20 million of payments annually

Taseko

At the end of last year we signed a 5-year off-take agreement which locks in a significant percentage of our concentrate treatment and refining costs. And the rates we achieved in the off-take agreement are well below current spot TC/RC terms, our weighted average cost is in the mid 70's vs spot of nearly 100.

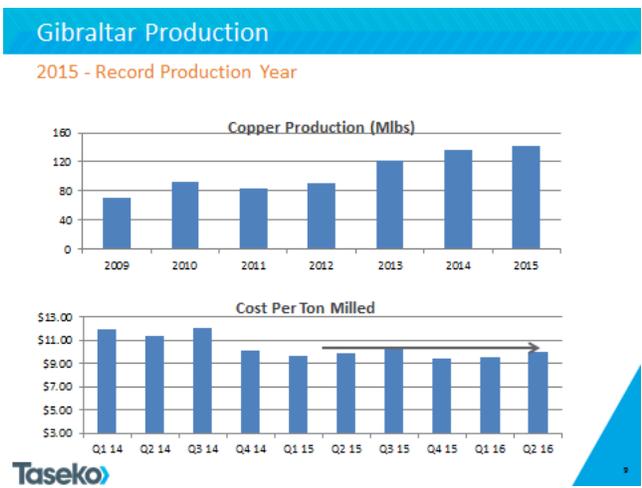
Earlier this year, we took advantage of historically low spot ocean freight rates and signed a long-term contract with a global bulk shipping company.

The combined saving from both of these low cost agreement are expected to be approximately US\$7 million, in 2016 alone. That's equivalent to roughly five cents per pound of copper produced.

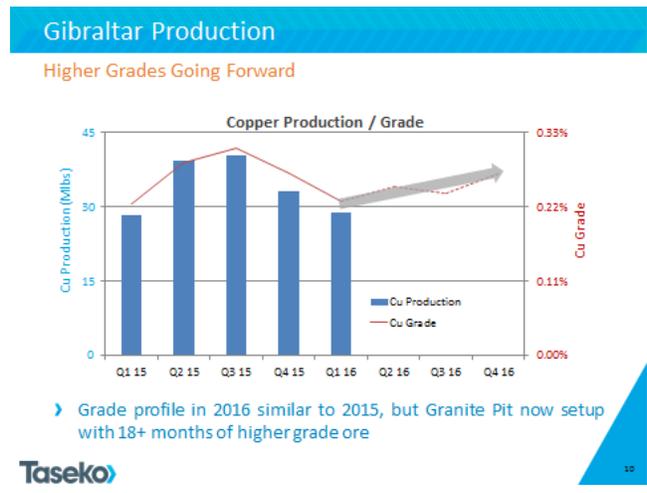
We also replaced a loan which was due to mature in May of this year, with a US\$70 million credit facility which doesn't mature until 2019. This provided the Company with US\$40 million of additional liquidity.

And we worked very hard with the provincial government to come to terms on a power cost deferral agreement. This provides us with the potential to defer up to approximately \$20 million per year for the next two years. I don't think I need to say how important it is to retain cash at this point in the copper cycle.

Now looking at operations, 2015 was Gibraltar's best ever production year, producing 142 million pounds of copper, on a 100% basis. It's hard to believe but that's nearly three times what we produced in 2005 when I joined Taseko. And not only did the mine operate at capacity, but our site management did a great job to stabilize Gibraltar's cost structure at low levels. With a cost per ton milled of under C\$10, roughly US\$7.50/t which Gibraltar would rank as one of the lowest-cost, bulk tonnage copper mines in the world.



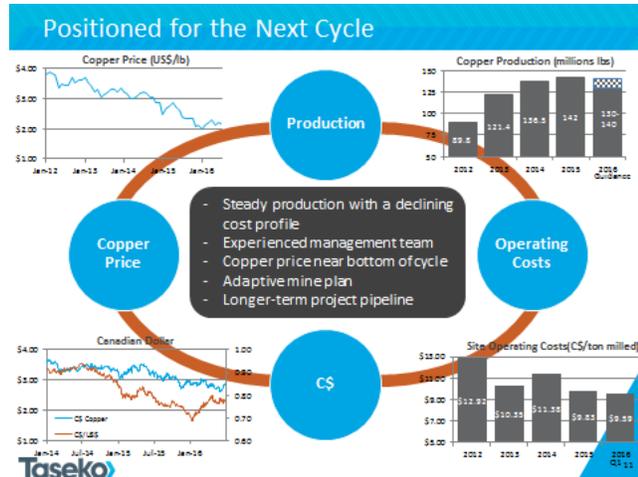
Looking forward, we now have the Granite Pit setup very nicely for a lengthy run of low strip and good copper grades.



We expect average grade in the second half of this year to be 15-20% higher than the year-to-date average. And while we still haven't finalized the 2017 operating budget, right now it looks as though we will be mining strong grades for all of next year.

When we changed the mine plan in the spring of 2015, the focus was maximizing operating margin and to take advantage of our leverage to copper price. To quantify the leverage we have, at today's Canadian dollar exchange rate, for every 20 cent increase in the price of copper our operating profit increases nearly C\$30 million. So with 18 months of strong production ahead of us, we don't need a big move in the copper price before we start generating significant cash flow again.

To finish off, we continue to be well positioned for the inevitable copper price recovery. Our Gibraltar Mine is in great shape and all set to capitalize on stronger copper pricing. Even though the Canadian dollar has strengthened recently, it is still providing significant benefits at current levels. Our balance sheet remains strong with more cash on hand today than we had at the end of 2015. And finally, we continue to conservatively advance our exceptional pipeline of projects.



Thank you for your ongoing support and I am enthusiastic about the future opportunities for our Company.