

# President's Message to Shareholders



Dear Fellow Shareholders,

The last year has been a year of two distinctly different stories. While we made significant and positive developments at our Florence Copper project, these great achievements were unfortunately not reflected in our share price.

The overall market, particularly for the mining and metals companies, remained very soft. Key indices in 2018 were all down between 9%-26% and the price of copper declined by 18% in the year. These market dynamics created challenging conditions for Taseko as well as our shareholders.

## 2018 Performance

I want to focus on the positive developments from 2018, which relate to areas of our business that we do have control over.

Strong financial returns were generated from our Gibraltar Mine. Copper production fluctuated but we worked hard to control costs and maintain a healthy operating margin even though it was a lower production year.

With higher copper pricing to start 2019, strengthening supply/demand fundamentals and reduced capital spending, we are optimistic that we can improve on last year's financial performance.





Florence Copper Project,  
Production Test Facility Wellfield

Florence Copper Project,  
Production Test Facility SX/EW Processing Plant

## Florence Copper Project

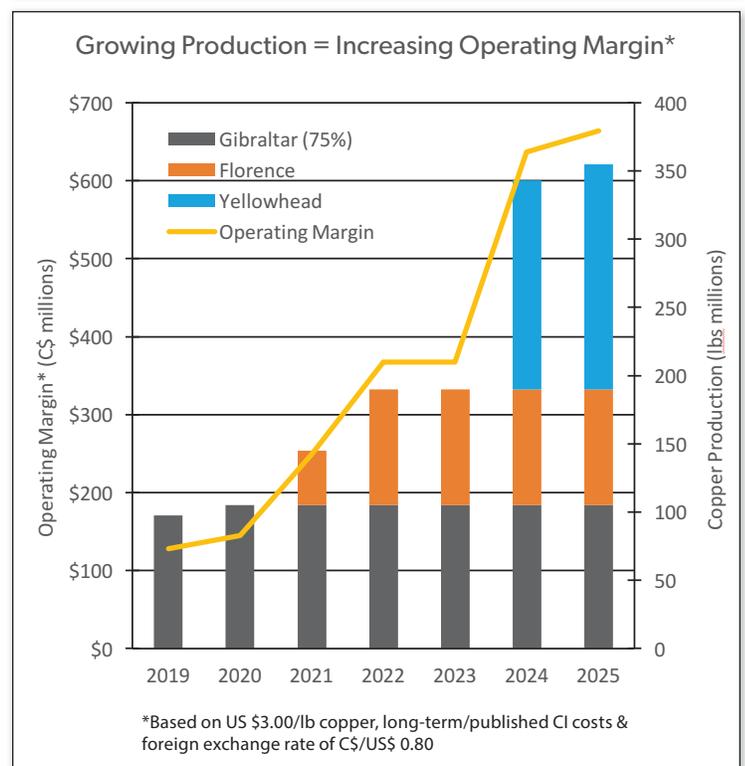
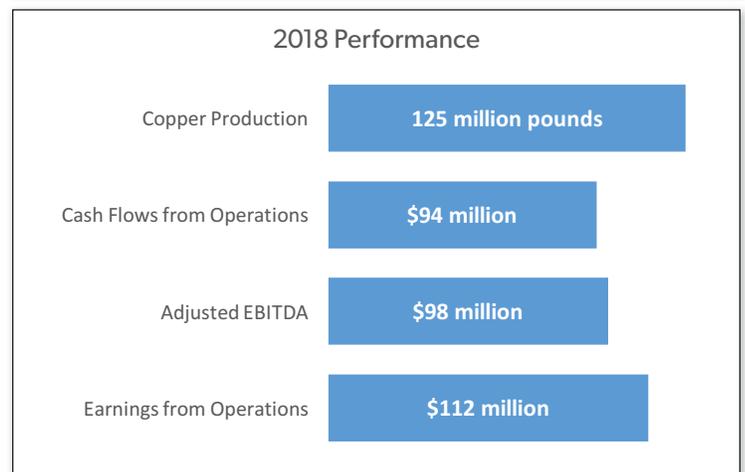
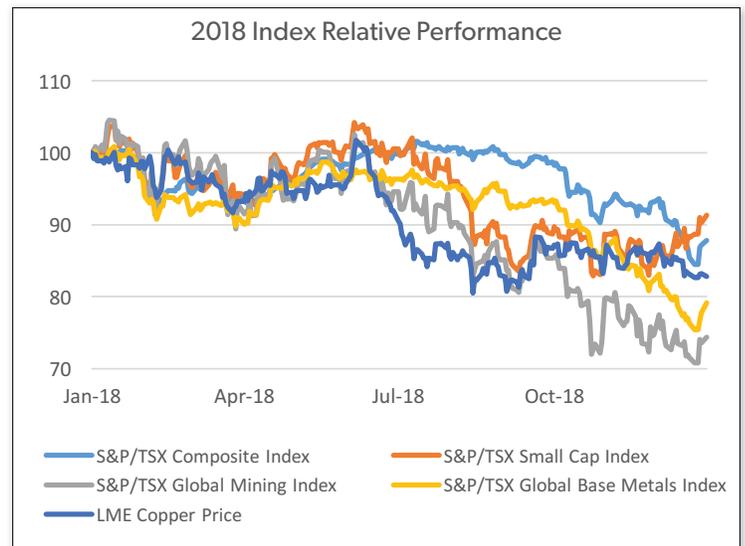
Through most of 2018 we steadily advanced the construction of our Florence Copper project test facility, which was completed on time and on budget in the third quarter. After final regulatory authorizations and a short commissioning period, we commenced wellfield operations in the fourth quarter. This was a long awaited and much anticipated milestone.

We have now been operating the test facility for about five months and producing +99.9% copper cathode for over a month. We are extremely pleased with the overall performance of both the wellfield and the SX/EW plant. The most important aspect of the test facility is the wellfield which is demonstrating to all key stakeholders that we are safeguarding the environment. The many observation, monitoring and point of compliance wells have been providing us with data for six months now and confirm all permit requirements continue to be met. We are also gaining valuable information which will help us to make design and operational improvements to the commercial scale facility.

Our other key focus is arranging construction financing for the commercial scale operation at Florence Copper. Our plan is to have a financing strategy in place by the end of 2019, and we are now engaged with potential lenders, streaming and royalty companies, and potential strategic partners. There will be many different options available to us and we are fully confident that we can come up with an optimal financing package to maximize the returns for both the project and our shareholders. Our goal is to start construction within a year from now and to be commissioning the commercial scale facility before the end of 2021. Although this is an ambitious goal, we are confident in this timing based on how things have progressed in the last six months.

## Yellowhead Mining Acquisition

In 2018 we acquired Yellowhead Mining. This transaction, which closed earlier this year, was a low cost acquisition and we believe this project is far more valuable with significantly more potential than what was promoted in the past. We will spend the coming months addressing a number of key areas in Yellowhead's 2014 Feasibility Study where we believe the project's economics can be improved. We have also initiated the environmental assessment review process.



## Safety and Environment

Just as important as any development milestone or financial achievement, is the health and safety of our employees and the protection of the environment.

I am very pleased to tell you that 2018 was our best year ever at Gibraltar for safety, and for the fourth time in the last five years Gibraltar has won the John Ash Award for having the lowest injury frequency rate for the largest mines in the province, those that log a minimum of 1,000,000 worker hours per year. We recorded zero Lost Time Incidents and had only five medical aids for the year.

On the environmental side we also had a good year with no permit or material regulatory non-compliances for the year.

Even though we are happy with the results from 2018, we will strive to improve our performance in these areas.

## Positive Growth for Taseko

With Gibraltar continuing to generate healthy margins and cash flow, commercial production from Florence Copper just a couple of years away and Yellowhead positioned behind it, Taseko's pipeline of growth projects has never been stronger.

While Gibraltar has been Taseko's cornerstone asset for 15 years and still has many years of production ahead, the future of the Company is now emerging. Florence will dramatically decrease our overall copper production costs and will increase our operating profit by nearly 150%. Yellowhead will vault your Company in the next few years into a larger mid-tier copper producer.

We continue to work very hard to create long-term returns for you, our shareholders. Your patience and support is very much appreciated by myself and all Taseko employees.

We are all looking forward to an improved share price in the months ahead.



Russell E. Hallbauer  
President & CEO



Gibraltar Mine employees