



Letter to Shareholders

from President & CEO Stuart McDonald

When reflecting on 2021, I'm very happy with the many accomplishments Taseko managed during a second straight year of unusual challenges. While the global pandemic continued to impact our daily lives for most of the year, we have remained diligent at our worksites and focused on keeping our employees safe and our operations running efficiently.

We saw record copper prices during 2021, and the price has averaged nearly US\$4.50 per pound over the last 12 months as markets are now recognizing the critical role of copper in the global shift to renewables and electrification. Taseko, with its growing copper production base, is very well positioned to benefit from the rising copper price environment.

2021 ANNUAL HIGHLIGHTS

EARNINGS FROM MINING OPERATIONS*

\$230 Million

▲93%

ADJUSTED EBITDA

\$201 Million

▲86%

ADJUSTED NET INCOME

\$45 Million

ADJUSTED EARNINGS PER SHARE

\$0.16

Financial

From a financial perspective, 2021 was undoubtedly a success. We capitalized on exceptionally strong copper prices and increased annual Earnings from Mining Operations* by 93% and Adjusted EBITDA by 86%, to \$230 million and \$201 million, respectively. Adjusted net income was \$45 million or \$0.16 per share. These tremendous financial results translated into a 50% increase to our share price during the year.

In February 2021, management took advantage of strong capital markets to refinance Taseko's bonds, which were coming due in 2022. We were able to refinance the existing \$250 million senior notes at a lower interest rate and, at the same time, take advantage of strong investor demand to upsize the bond offering to US\$400 million to secure additional funds needed to finance the Florence Copper Project. Over the year, Taseko generated \$175 million of cashflow from operations, and we ended 2021 with a strong cash balance of nearly \$240 million. The significantly improved balance sheet puts us in a very strong position to build out the Florence project.

* Before depletion and amortization



**2021 GIBRALTAR
PRODUCTION**

COPPER
112 Million LBS

MOLYBDENUM
2 Million LBS

Gibraltar

From an operational perspective, severe weather events presented significant and diverse challenges at several times during the year. Gibraltar operations, as well as the transportation infrastructure needed to move our copper concentrate, were impacted from record heat in the summer, extremely heavy rains in the fall and a major winter storm in December. These weather events presented significant challenges for our operations teams, who worked very hard to mitigate their impact to production.

Even with these weather related challenges, plus 2021 being a lower grade year, Gibraltar still managed to produce 112 million pounds of copper and two million pounds of molybdenum. We expect increased production in 2022 as our mining operations transition in to the Gibraltar pit.

Early in 2022, we announced a new Gibraltar mineral reserve, extending the mine life by 40% to 23 years. With a dramatic shift in the copper market outlook we were able to update Gibraltar's pit design and increase the mineable reserves by 200 million tons, still using a conservative copper price of US\$3.05 per pound. At a long-term consensus copper price of US\$3.50 per pound, our 75% share of Gibraltar's net present value is now \$1.1 billion.

Gibraltar also recently renewed a Participation and Cooperation Agreement with the Williams Lake First Nation ("WLFN"). The agreement provides clear mechanisms to advance employment and contracting opportunities for WLFN members, as well as education, training, and community development initiatives.

Florence Copper

At Florence Copper, great progress was made on detailed engineering for the commercial production facility, as well as procurement of long-lead items. Our goal has been to mitigate the impact of global supply chain delays and inflation, which have been impacting timelines and driving up capital costs across all sectors. At the time of writing, we are still waiting for the EPA to commence the public comment period for the Draft Underground Injection Control Permit, the last permit needed for the project. It has been an exhaustive permitting process and taken longer than we had originally anticipated, but we are hopeful that the 45-day public comment period will



2022 UPDATES

GIBRALTAR MINE



Renewed a **PARTICIPATION AND COOPERATION AGREEMENT** with the Williams Lake First Nation



New mineral reserve extending the **MINE LIFE TO 23 YEARS**, a **40% INCREASE** over the prior reserves

FLORENCE COPPER



FINALIST FOR TWO ENVIRONMENTAL EXCELLENCE AWARDS from the prestigious Arizona Forward organization

GREEN COPPER PRODUCER

Comparing to a conventional open pit copper mine, Florence Copper will have:

93%▼
WATER USE

71%▼
ENERGY CONSUMPTION

83%▼
CARBON EMISSIONS

be commencing soon (if not by the time you are reading this letter). Following the issuance of this final federal permit, our construction team will be ready to break ground, moving the project that much closer to production.

Florence Copper is an innovative project that will transform Taseko into a multi-asset producer. The in-situ recovery process that will be used to extract the copper will make it one of the most green copper producers globally. Compared to a conventional open pit copper mine, Florence Copper will use 93% less water, consume 71% less energy, and emit 83% less carbon. Florence will produce a 99.99% copper cathode which will stay in the US domestic market, reducing America's reliance on copper imports. The project was recently nominated for two environmental excellence awards from the prestigious Arizona Forward organization in the categories of 'Circular Economy Solutions' and 'Technology Innovation.' While we did not win either of the awards, our project was a finalist, a great accomplishment for our project team in Florence and Taseko.

Project Pipeline

Taseko's successes in 2021 weren't just limited to Gibraltar and Florence Copper. At Yellowhead, we advanced discussions with local communities as we move towards initiating the Environmental Assessment ("EA") process. The long-term consensus price for copper continues to rise as the world recognizes the critical role that copper will play in the energy transition, making our Yellowhead project even more valuable. We will be continuing to advance project permitting activities with the objective to have the project construction ready once Florence Copper has been ramped up and achieves steady-state production.

We also sold our Harmony Gold Project, to JDS Gold Inc ("JDS") last summer, a project that had been idled for many years. With Florence Copper nearing construction and Yellowhead entering the EA process, we did not expect to be in a position to advance Harmony for a number of years. Taseko retains a 15% carried interest in JDS and a 2% net smelter return royalty on the project. JDS has a proven track record for developing mineral projects and the Harmony transaction allows Taseko to participate in its future success and create value from this asset in the near-term.



ESG

Finally, a note about environment, social and governance (“ESG”) – an area which is becoming increasingly important for all public companies. All three aspects of ESG are being increase scrutinized by stakeholders. At Taseko, we have always operated with ESG at the forefront. If we do not protect the environment and conserve natural resources, operate safely and in a manner that benefits our employees and operating communities, and continually look for ways to enhance our performance, we will not have a successful business. Our employees are the backbone of our Company and therefore their safety and health are a top priority. Strong governance practices, based on stringent regulations, brings accountability to our management and Board of Directors, and builds the trust of our stakeholders.

In the second quarter of 2022, we will issue our third annual ESG report. When it is published, I encourage everyone to read it and get a better understanding of our approach to ESG matters. The report can be found and downloaded from the ESG section of Taseko’s website.

In closing, I am very excited about our company’s future. With the worst of the pandemic hopefully behind us, we are all looking forward to getting life back to normal. I would like to thank all of our shareholders and stakeholders for their continued support as we steadily grow our business.

I would also like to thank each of our more than 700 employees in Canada and the United States for their exceptional efforts over the past year.

Stuart McDonald
President & CEO



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