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TASEKO ANNOUNCES FINANCIAL AND OPERATIONAL RESULTS FOR THE THIRD QUARTER 2019

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, sales volumes and inventory stated in this release are on a 100% basis unless otherwise indicated.

November 6, 2019, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE American: TGB) ("Taseko" or the "Company") reports earnings from mining operations before depletion and amortization* of $12.3 million and adjusted EBITDA* of $7.9 million for the three months ended September 30, 2019.

The third quarter copper production at Gibraltar of 33 million pounds was on plan, with grades, mill throughput and recoveries all in line with management expectations. We expect to achieve the original 2019 guidance of 130 million pounds (+/-5%) of copper, and 2020 should be a similar production year. An updated mineral reserve estimate for Gibraltar has been completed (details included below), and a new NI 43-101 technical report was filed on SEDAR today.

Russell Hallbauer, CEO and Director of Taseko, commented, "The Gibraltar Mine continues to be a cornerstone asset for our Company. We're pursuing and evaluating a number of improvements, with a focus on opportunities to increase mill throughput and recoveries, as well as mining related enhancements. Mining and milling technology is constantly evolving which provides opportunities for a steady-state mine, like Gibraltar, to improve."

"We continued to make great strides forward at our Florence Copper Project this quarter and copper production at the project test facility continues to increase. We're gaining valuable operating experience which will benefit us with the commercial facility development and we continue to maintain compliance with all environmental guidelines. Florence Copper has the potential to transform Taseko's production profile in the coming years, and dramatically reduce our consolidated unit costs. We recently announced our intention to list Taseko on the London Stock Exchange ("LSE") Main Market, and as part of the listing process we engaged an independent engineering firm, Roscoe Postle Associates Inc. ("RPA"), to prepare a Competent Persons Report ("CPR") on the Florence Copper Project. The CPR confirms a project with a production capacity of 85 million pounds of copper over a 20 year mine life, with an after-tax NPV (at 8%) of US$670 million and an IRR of 40%. RPA's findings represent a strong independent third party endorsement for the project and the previous technical work we have completed," concluded Stuart McDonald, President of Taseko.

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

Third Quarter Review

- Third quarter earnings from mining operations before depletion and amortization* were $12.3 million, and Adjusted EBITDA was $7.9 million;
- Cash flow from operations was $15.2 million, a 37% increase over the second quarter of 2019;
- The Company's cash balance at September 30, 2019 was $42.0 million, unchanged from the prior quarter;
- Copper production in the third quarter was steady at 33.0 million pounds and copper sales were 33.5 million pounds (100% basis);
- Molybdenum production was 620 thousand pounds in line with plan; molybdenum prices averaged US$11.83 per pound during the quarter;
- Site operating costs, net of by-product credits* were US$1.72 per pound produced, comparable to the second quarter of 2019 of US$1.71 per pound;
- Net loss was $24.5 million ($0.10 per share) and adjusted net loss* was $20.6 million ($0.08 per share);
- The Florence Copper project continues to advance its production test facility operation with the focus turning 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 orebody. During the quarter, Florence delivered its first shipment of LME grade A copper cathode; and
- Finished goods inventory at September 30, 2019 at Gibraltar (100% basis) includes 5 million pounds of copper and 129 thousand pounds of molybdenum with a sales value for Taseko's share of approximately $12.0 million.

Competent Person Reports for LSE Listing

As a requirement of the LSE listing process, the Company engaged Roscoe Postle Associates Inc. ("RPA") to prepare an independent Competent Persons Report ("CPR") for the Gibraltar Mine and the Florence Copper Project. The Gibraltar Mine CPR confirmed the Company's mineral reserve estimate in its 43-101 Technical Report dated November 6, 2019, and contains no other significant findings.

The Florence Copper Project CPR contains a number of estimates which are different than the estimates in the 2017 Florence Technical Report dated January 16, 2017 (the "2017 Technical Report"), and the key differences are summarized as follows:

- The mineral reserve estimate in the CPR is the same as the 2017 Technical Report, however, RPA lowered the estimate of total copper recovery to 65% (compared to 70% in the 2017 Technical Report), based on a more conservative interpretation of previous metallurgical test work.
- The CPR assumes accelerated wellfield development to maintain annual copper production capacity of 85 million pounds over a mine life of 20 years.

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

- RPA reviewed the initial start-up results of the Florence Production Test Facility in mid-2019 but opined the results were too preliminary in nature to make firm judgements at that time. Accordingly, the CPR does not reflect any updates to reflect these test facility operations.
- Capital and operating cost estimates were escalated to June 2019 US dollar basis using a combination of cost indexes and updated reagent, power and labour costs. Initial capital costs in the CPR increased to US$227 million from US$204 million in the 2017 Technical Report. Cash requirements for reclamation bonding reduced to US$9 million from US$ 22 million in the 2017 Technical Report. Operating costs increased to US$1.13/lb of copper produced, from US$ 1.10/lb in the 2017 Technical Report.
- An economic analysis was completed by RPA using the mine plan included in the 2017 Technical Report and their updated capital and operating cost estimates. RPA also incorporated current federal US tax law changes resulting from the 'Tax Cuts and Jobs Act' (TCJA) signed into law on December 22, 2017. Using a copper price of US$3.10/lb and an 8% discount rate results in an after-tax NPV of US$667 million (versus US$680 million in the 2017 Technical Report). The Project has an after-tax Internal Rate of Return (IRR) of 40.2% and payback period of 2.3 years from start of commercial operations (versus 37% and 2.5 years in the 2017 Technical Report).
- The CPR includes a resource estimate prepared in accordance with NI 43-101 utilizing CIM definitions. The resource estimate includes 296 million tons of Indicated resources grading 0.35% Cu, that were reclassified from the Measured resource category in the 2017 Technical Report, based on RPA's assessment that there was not sufficient density information in their opinion to support categorization as Measured resources. The total measured and indicated resource estimate is the same as in the 2017 Technical Report.

The updates to the resource estimate and project economics contained in the CPR are not considered by the Company to constitute a material change either in its assessment of the Florence Copper Project or in relation to the Company as a whole. Accordingly, the 2017 Technical Report remains current and an updated 43-101 technical report on the Florence Copper Project will not be filed.

The CPR reports for Gibraltar Mine and Florence Copper Project will be included in the LSE Prospectus, and will be filed on SEDAR at the time of the LSE listing, which is expected to be completed before the end of 2019.

Gibraltar Mineral Reserve Estimate

The Company has filed an updated mineral reserve estimate and NI 43-101 Technical Report entitled "Technical Report on the Mineral Reserve Update at the Gibraltar Mine" dated November 6, 2019 on SEDAR.com. Gibraltar's updated proven and probable reserves as of December 31, 2018 are as follows:

Summary of Mineral Reserves – December 31, 2018 Taseko Mines – Gibraltar Mine				
Ore Type	**Category**	**Tonnage (Mst)**	**Cu Grade (%)**	**Mo Grade (%)**
Sulphide: 0.15% Cu Cut-off Grade				
	Proven	469	0.26	0.008
	Probable	121	0.23	0.008
	Ore Stockpiles	3	0.19	0.008
	Total	**594**	**0.25**	**0.008**
Oxide: 0.10% ASCu Cut-off Grade				
	Proven	1	0.16	
	Probable	16	0.15	
	Total	**17**	**0.15**	

Notes:
1. CIM (2014) definitions were followed for Mineral Reserves.
2. Mineral Reserves are presented on a 100% basis.
3. Mineral Reserves are estimated using a copper price of US$2.75/lb, a molybdenum price of US$8.00/lb, and an exchange rate of US$1.00: C$1.25.
4. Mineral Reserves for sulphide ore are estimated at a cut-off grade of 0.15% Cu with a maximum 50% ASCu content constraint. Mineral Reserves for oxide ore are estimated at a cut-off grade of 0.10% ASCu.
5. Mineral Reserves are estimated as mined and delivered to the processing facilities.
6. Numbers may not add due to rounding.

The mineral reserves stated above are contained within the measured and indicated mineral resources below:

Summary of Mineral Resources – December 31, 2018 Taseko Mines – Gibraltar Mine			
Category	**Tonnage (Mst)**	**Cu Grade (%)**	**Mo Grade (%)**
Measured	806	0.25	0.008
Indicated	303	0.23	0.007
Total Measured + Indicated	**1,109**	**0.25**	**0.007**
Inferred	59	0.21	0.004

Notes:
1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are presented on a 100% basis.
3. Sulphide Mineral Resources are estimated at a cut-off grade of 0.15% Cu.
4. Oxide Mineral Resources are estimated at a cut-off grade of 0.10% ASCu.

5. Mineral Resources are estimated using a long-term copper price of US$3.25/lb, a molybdenum price of US$12.00/lb, and an exchange rate of US$1.00: C$1.25.
6. Tonnage factors are 12 ft3/st for in situ material and 15 ft3/st for fill.
7. Mineral Resources are inclusive of Mineral Reserves.
8. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
9. Numbers may not add due to rounding.

The resource and reserve estimation was completed by Taseko staff under the supervision of Richard Weymark, P.Eng., MBA, Chief Engineer and a Qualified Person under National Instrument 43-101. Mr. Weymark has reviewed this release.

HIGHLIGHTS

Financial Data	**Three months ended September 30,**			**Nine months ended September 30,**		
(Cdn$ in thousands, except for per share amounts)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Revenues	82,436	74,297	8,139	239,231	232,749	6,482
Earnings from mining operations before depletion and amortization*	12,317	33,742	(21,425)	46,692	83,553	(36,861)
Earnings (loss) from mining operations	(15,737)	13,568	(29,305)	(31,684)	30,644	(62,328)
Net income (loss)	(24,508)	7,098	(31,606)	(43,451)	(16,054)	(27,397)
Per share - basic (“EPS”)	(0.10)	0.03	(0.13)	(0.18)	(0.07)	(0.09)
Adjusted net income (loss)*	(20,561)	1,464	(22,025)	(52,451)	(7,198)	(45,253)
Per share - basic (“adjusted EPS”)*	(0.08)	0.01	(0.09)	(0.22)	(0.03)	(0.19)
Adjusted EBITDA*	7,906	31,940	(24,844)	32,811	71,728	(38,917)
Cash flows provided by operations	15,150	18,053	(2,903)	33,414	49,958	(16,544)

Operating Data (Gibraltar - 100% basis)	**Three months ended September 30,**			**Nine months ended September 30,**		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
Tons mined (millions)	24.7	29.0	(4.3)	74.7	83.1	(8.4)
Tons milled (millions)	7.5	8.0	(0.5)	22.1	22.9	(0.8)
Production (million pounds Cu)	33.0	43.0	(10.0)	92.5	99.4	(6.9)
Sales (million pounds Cu)	33.5	30.2	3.3	89.1	83.8	5.3

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

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**
Tons mined (millions)	24.7	26.6	23.3	28.4	29.0
Tons milled (millions)	7.5	7.7	6.8	7.1	8.0
Strip ratio	3.0	2.3	3.2	5.1	1.7
Site operating cost per ton milled (CAD$)*	$10.83	$11.51	$10.88	$9.16	$10.60
Copper concentrate					
Head grade (%)	0.249	0.256	0.216	0.222	0.314
Copper recovery (%)	87.7	87.7	84.6	81.3	85.9
Production (million pounds Cu)	33.0	34.7	24.9	25.8	43.0
Sales (million pounds Cu)	33.5	32.3	23.3	42.7	28.8
Inventory (million pounds Cu)	5.0	5.5	3.1	1.6	18.5
Molybdenum concentrate					
Production (thousand pounds Mo)	620	653	738	727	690
Sales (thousand pounds Mo)	518	708	770	738	709
Per unit data (US$ per pound produced)*					
Site operating costs*	$1.88	$1.92	$2.23	$1.92	$1.50
By-product credits*	(0.16)	(0.21)	(0.32)	(0.30)	(0.16)
Site operating costs, net of by-product credits*	$1.72	$1.71	$1.91	$1.62	$1.34
Off-property costs	0.33	0.30	0.30	0.49	0.24
Total operating costs (C1)*	$2.05	$2.01	$2.21	$2.11	$1.58

OPERATIONS ANALYSIS

Third Quarter Operating Results

Copper production in the third quarter was 33.0 million pounds. Copper grade for the quarter averaged 0.249%, which was in line with management expectations, the mine plan, and the life of mine average grade. Copper recovery in the mill was 87.7% during the quarter which was consistent with Q2 and improved over the prior year. Production was also affected by slightly lower mill throughput during the quarter.

A total of 24.7 million tons were mined during the period, a decrease of 1.9 million tons over the previous quarter and the ore stockpile was drawn down by 1.4 million tons. The strip ratio for the third quarter was 3.0 to 1.

Capitalized stripping costs totaled $8.6 million (75% basis) compared to $2.0 million in the prior quarter due to advancement into the Pollyanna pit and associated waste stripping. These factors contributed to the decrease in site operating cost per ton milled*, which was $10.83 for the quarter, 6% lower than the prior quarter.

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

OPERATIONS ANALYSIS - CONTINUED

Total site spending (including capitalized stripping costs) was generally in line with the previous quarter.

Molybdenum production was 620 thousand pounds in the third quarter. Molybdenum prices held steady and averaged US$11.83 per pound over the quarter. By-product credits per pound of copper produced* decreased to US$0.16 in the third quarter from US$0.21 in the previous quarter as a result of the lower molybdenum sales.

Off-property costs per pound produced* were US$0.33 for the third quarter of 2019. Off-property costs consist of concentrate treatment, refining and transportation costs, and these costs are in line with recent quarters relative to copper sold.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2019, comparable to the production level achieved in 2018.

The fundamentals for copper remain strong and most industry analysts are projecting a growing deficit and higher copper prices in the coming years. Expansion of overseas copper smelting capacity and tighter supply conditions has recently resulted in notably lower concentrate treatment and refining charges ("TCRC"). The Company recently completed a spot copper concentrate contract at an attractive rate significantly below the 2019 benchmark.

On November 6, 2019, the Company will publish an updated 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, and the Mineral Resource potential exists to further extend the mine life.

PROJECT UPDATE

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

Florence Copper

The Production Test Facility ("PTF") continued to operate as planned in the quarter. On October 21, 2019, the Company provided an operational update highlighting that steady state operation has been achieved, with focus turning 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 orebody. Sweep efficiencies in the wellfield continue to outperform management expectations. The Florence Copper technical team is using physical and operating control mechanisms to adjust solution chemistry and flow rates and is successfully increasing copper concentration in solution. The main recovery well is now producing copper in solution at an annualized rate of approximately 600,000 pounds per year, and the expectation is for steady improvement as the well matures.

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

PROJECT UPDATE - CONTINUED

The main focus of the PTF phase is to demonstrate to regulators and key stakeholders that hydraulic control of underground leach solutions can be maintained and provide valuable data to validate the Company's leach model as well as optimize well 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 up to 85 million pounds of annual copper cathode capacity for 19 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 to the ADEQ. The UIC permit application was submitted to the EPA in the first week of August. Operating permits for the commercial scale wellfield are expected to be received in the summer of 2020. The Company is planning to continue to operate the PTF until the end of 2020.

The Company has continued to advance various project financing options from debt providers, royalty companies, and potential joint venture partners. 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 expenditures at the Florence Project for the nine months ending September 30, 2019 were $10.8 million including the PTF operation and other project development costs.

Yellowhead Copper

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

Since the acquisition, Taseko has restarted the environmental review process for the Yellowhead Copper Project, and the Company's technical team has commenced an engineering redesign of the project to enhance economics with the objective of issuing a new 43-101 technical report in due course.

Aley Niobium

Environmental monitoring and product marketing initiatives on the project continue. A drill program was completed in 2018 to collect samples for further metallurgical testing. A pilot plant scale program commenced in the second quarter on the currently bench scale proven niobium flotation and converter processes. The pilot plant will also provide final product samples for marketing purposes. Aley project expenditures for the nine months ended September 30, 2019 were $0.5 million.

INTENTION TO LIST ON THE LONDON STOCK EXCHANGE

On October 22, 2019, the Company announced its intention to seek a listing of the Company's common shares on the London Stock Exchange ("LSE") Main Market. Subject to the required regulatory approvals from the Financial Conduct Authority and the LSE, including publication of a Prospectus. Admission to the LSE is expected to occur before the end of 2019. The Company is not intending to raise capital in conjunction with the LSE admission.

The Company will host a telephone conference call and live webcast on Thursday, November 7, 2019 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific Time) 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 November 21, 2019 and can be accessed by dialing (888) 390-0541 within North America or, (416) 764-8677 internationally and using the passcode 842594#.

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

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

Russell Hallbauer
CEO

NON-GAAP PERFORMANCE MEASURES

This document includes certain non-GAAP performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-GAAP measures to the most directly comparable IFRS measure.

Total operating costs and site operating costs, net of by-product credits

Total costs of sales include all costs absorbed into inventory, as well as transportation costs and insurance recoverable. Site operating costs is calculated by removing net changes in inventory, depletion and amortization, insurance recoverable, and transportation costs from cost of sales. Site operating costs, net of by-product credits is calculated by removing by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum (net of treatment costs) and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

	Three months ended September 30,		**Nine months ended September 30,**	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2019**	**2018**	**2019**	**2018**
Cost of sales	98,173	60,729	270,915	202,105
Less:				
Depletion and amortization	(28,054)	(20,174)	(78,376)	(52,909)
Net change in inventories of finished goods	(1,272)	17,439	6,763	17,593
Net change in inventories of ore stockpiles	(2,690)	6,716	(3,103)	7,827
Transportation costs	(4,889)	(5,149)	(12,807)	(12,507)
Insurance recoverable	-	3,875	-	7,875
Site operating costs	61,268	63,436	183,392	169,984
Less by-product credits:				
Molybdenum, net of treatment costs	(4,957)	(6,937)	(20,020)	(15,776)
Silver, excluding amortization of deferred revenue	(308)	42	(588)	(209)
Site operating costs, net of by-product credits	56,003	56,541	162,784	153,999
Total copper produced (thousand pounds)	24,720	32,251	69,381	74,516
Total costs per pound produced	2.27	1.75	2.35	2.07
Average exchange rate for the period (CAD/USD)	1.32	1.31	1.33	1.29
Site operating costs, net of by-product credits (US$ per pound)	**1.72**	**1.34**	**1.77**	**1.61**
Site operating costs, net of by-product credits	56,003	56,541	162,784	153,999
Add off-property costs:				
Treatment and refining costs	5,792	4,725	15,898	14,617
Transportation costs	4,889	5,149	12,807	12,507
Total operating costs	66,684	66,415	191,489	181,123
Total operating costs (C1) (US$ per pound)	**2.05**	**1.58**	**2.08**	**1.89**

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 September 30,		**Nine months ended September 30,**	
($ in thousands, except per share amounts)	**2019**	**2018**	**2019**	**2018**
Net income (loss)	**(24,508)**	**7,098**	**(43,451)**	**(16,054)**
Unrealized foreign exchange (gain) loss	3,569	(5,244)	(9,378)	10,817
Unrealized (gain) loss on copper put options	518	(534)	518	(2,686)
Estimated tax effect of adjustments	(140)	144	(140)	725
Adjusted net income (loss)	**(20,561)**	**1,464**	**(52,451)**	**(7,198)**
Adjusted EPS	**(0.08)**	**0.01**	**(0.22)**	**(0.03)**

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
- Share-based compensation.

NON-GAAP PERFORMANCE MEASURES - CONTINUED

($ in thousands)	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Net income (loss)	**(24,508)**	**7,098**	**(43,451)**	**(16,054)**
Add:				
Depletion and amortization	28,054	20,174	78,376	52,909
Finance expense	10,425	9,829	30,215	28,873
Finance income	(482)	(296)	(1,089)	(940)
Income tax expense (recovery)	(9,853)	1,299	(24,794)	(197)
Unrealized foreign exchange (gain) loss	3,569	(5,244)	(9,378)	(10,817)
Unrealized (gain) loss on copper put options	518	(534)	518	(2,686)
Amortization of share-based compensation expense (recovery)	183	(386)	2,414	(994)
Adjusted EBITDA	**7,906**	**31,940**	**32,811**	**71,728**

Earnings (loss) from mining operations before depletion and amortization

Earnings (loss) 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 September 30, 2019	2018	Nine months ended September 30, 2019	2018
Earnings (loss) from mining operations	**(15,737)**	**13,568**	**(31,684)**	**30,644**
Add:				
Depletion and amortization	28,054	20,174	78,376	52,909
Earnings from mining operations before depletion and amortization	**12,317**	**33,742**	**46,692**	**83,553**

Site operating costs per ton milled

(Cdn$ in thousands, except per ton milled amounts)	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Site operating costs (included in cost of sales)	**61,268**	**63,436**	**183,392**	**169,984**
Tons milled (thousands) (75% basis)	5,660	5,983	16,550	17,208
Site operating costs per ton milled	**$10.83**	**$10.60**	**$11.08**	**$9.88**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

Cautionary Statement on Forward-Looking Information

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

TASEKO MINES LIMITED
Management's Discussion and Analysis

This management discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto, prepared in accordance with IAS 34 of International Financial Reporting Standards ("IFRS") for the three and nine months ended September 30, 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 November 5, 2019. 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, 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, operated through the Gibraltar joint venture ("Gibraltar"), which is located in central British Columbia and is one of the largest copper mines in North America. Taseko also wholly owns the Florence Copper Project, which is advancing towards production, as well as the Aley niobium, Harmony gold, Yellowhead copper, and New Prosperity gold-copper projects.

HIGHLIGHTS

Financial Data	**Three months ended September 30,**			**Nine months ended September 30,**		
(Cdn$ in thousands, except for per share amounts)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Revenues	82,436	74,297	8,139	239,231	232,749	6,482
Earnings from mining operations before depletion and amortization*	12,317	33,742	(21,425)	46,692	83,553	(36,861)
Earnings (loss) from mining operations	(15,737)	13,568	(29,305)	(31,684)	30,644	(62,328)
Net income (loss)	(24,508)	7,098	(31,606)	(43,451)	(16,054)	(27,397)
Per share - basic ("EPS")	(0.10)	0.03	(0.13)	(0.18)	(0.07)	(0.09)
Adjusted net income (loss)*	(20,561)	1,464	(22,025)	(52,451)	(7,198)	(45,253)
Per share - basic ("adjusted EPS")*	(0.08)	0.01	(0.09)	(0.22)	(0.03)	(0.19)
Adjusted EBITDA*	7,906	31,940	(24,844)	32,811	71,728	(38,917)
Cash flows provided by operations	15,150	18,053	(2,903)	33,414	49,958	(16,544)

Operating Data (Gibraltar - 100% basis)	**Three months ended September 30,**			**Nine months ended September 30,**		
	2019	**2018**	**Change**	**2019**	**2018**	**Change**
Tons mined (millions)	24.7	29.0	(4.3)	74.7	83.1	(8.4)
Tons milled (millions)	7.5	8.0	(0.5)	22.1	22.9	(0.8)
Production (million pounds Cu)	33.0	43.0	(10.0)	92.5	99.4	(6.9)
Sales (million pounds Cu)	33.5	30.2	3.3	89.1	83.8	5.3

*Non-GAAP performance measure. See page 21 of this MD&A.

HIGHLIGHTS - CONTINUED

Third Quarter Review

- Third quarter earnings from mining operations before depletion and amortization* were $12.3 million, and Adjusted EBITDA was $7.9 million;
- Cash flow from operations was $15.2 million, a 37% increase over the second quarter of 2019;
- The Company's cash balance at September 30, 2019 was $42.0 million, unchanged from the prior quarter;
- Copper production in the third quarter was steady at 33.0 million pounds and copper sales were 33.5 million pounds (100% basis);
- Molybdenum production was 620 thousand pounds in line with plan; molybdenum prices averaged US$11.83 per pound during the quarter;
- Site operating costs, net of by-product credits* were US$1.72 per pound produced, comparable to the second quarter of 2019 of US$1.71 per pound;
- Net loss was $24.5 million ($0.10 per share) and adjusted net loss* was $20.6 million ($0.08 per share);
- The Florence Copper project continues to advance its production test facility operation with the focus turning 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 orebody. During the quarter, Florence delivered its first shipment of LME grade A copper cathode; and
- Finished goods inventory at September 30, 2019 at Gibraltar (100% basis) includes 5 million pounds of copper and 129 thousand pounds of molybdenum with a sales value for Taseko's share of approximately $12.0 million.

*Non-GAAP performance measure. See page 21 of this MD&A.

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	**Q3 2019**	**Q2 2019**	**Q1 2019**	**Q4 2018**	**Q3 2018**
Tons mined (millions)	24.7	26.6	23.3	28.4	29.0
Tons milled (millions)	7.5	7.7	6.8	7.1	8.0
Strip ratio	3.0	2.3	3.2	5.1	1.7
Site operating cost per ton milled (CAD$)*	$10.83	$11.51	$10.88	$9.16	$10.60
Copper concentrate					
Head grade (%)	0.249	0.256	0.216	0.222	0.314
Copper recovery (%)	87.7	87.7	84.6	81.3	85.9
Production (million pounds Cu)	33.0	34.7	24.9	25.8	43.0
Sales (million pounds Cu)	33.5	32.3	23.3	42.7	28.8
Inventory (million pounds Cu)	5.0	5.5	3.1	1.6	18.5
Molybdenum concentrate					
Production (thousand pounds Mo)	620	653	738	727	690
Sales (thousand pounds Mo)	518	708	770	738	709
Per unit data (US$ per pound produced)*					
Site operating costs*	$1.88	$1.92	$2.23	$1.92	$1.50
By-product credits*	(0.16)	(0.21)	(0.32)	(0.30)	(0.16)
Site operating costs, net of by-product credits*	$1.72	$1.71	$1.91	$1.62	$1.34
Off-property costs	0.33	0.30	0.30	0.49	0.24
Total operating costs (C1)*	$2.05	$2.01	$2.21	$2.11	$1.58

*Non-GAAP performance measure. See page 21 of this MD&A.

OPERATIONS ANALYSIS

Third Quarter Operating Results

Copper production in the third quarter was 33.0 million pounds. Copper grade for the quarter averaged 0.249%, which was in line with management expectations, the mine plan, and the life of mine average grade. Copper recovery in the mill was 87.7% during the quarter which was consistent with Q2 and improved over the prior year. Production was also affected by slightly lower mill throughput during the quarter.

A total of 24.7 million tons were mined during the period, a decrease of 1.9 million tons over the previous quarter and the ore stockpile was drawn down by 1.4 million tons. The strip ratio for the third quarter was 3.0 to 1.

Capitalized stripping costs totaled $8.6 million (75% basis) compared to $2.0 million in the prior quarter due to advancement into the Pollyanna pit and associated waste stripping. These factors contributed to the decrease in site operating cost per ton milled*, which was $10.83 for the quarter, 6% lower than the prior quarter.

Total site spending (including capitalized stripping costs) was generally in line with the previous quarter.

Molybdenum production was 620 thousand pounds in the third quarter. Molybdenum prices held steady and averaged US$11.83 per pound over the quarter. By-product credits per pound of copper produced* decreased to US$0.16 in the third quarter from US$0.21 in the previous quarter as a result of the lower molybdenum sales.

Off-property costs per pound produced* were US$0.33 for the third quarter of 2019. Off-property costs consist of concentrate treatment, refining and transportation costs, and these costs are in line with recent quarters relative to copper sold.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 130 million pounds (+/-5%) on a 100% basis in 2019, comparable to the production level achieved in 2018.

The fundamentals for copper remain strong and most industry analysts are projecting a growing deficit and higher copper prices in the coming years. Expansion of overseas copper smelting capacity and tighter supply conditions has recently resulted in notably lower concentrate treatment and refining charges ("TCRC"). The Company recently completed a spot copper concentrate contract at an attractive rate significantly below the 2019 benchmark.

On November 6, 2019, the Company will publish an updated 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, and the Mineral Resource potential exists to further extend the mine life.

PROJECT UPDATE

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

*Non-GAAP performance measure. See page 21 of this MD&A.

Florence Copper

The Production Test Facility ("PTF") continued to operate as planned in the quarter. On October 21, 2019, the Company provided an operational update highlighting that steady state operation has been achieved, with focus turning 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 orebody. Sweep efficiencies in the wellfield continue to outperform management expectations. The Florence Copper technical team is using physical and operating control mechanisms to adjust solution chemistry and flow rates and is successfully increasing copper concentration in solution. The main recovery well is now producing copper in solution at an annualized rate of approximately 600,000 pounds per year, and the expectation is for steady improvement as the well matures.

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 up to 85 million pounds of annual copper cathode capacity for 19 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 to the ADEQ. The UIC permit application was submitted to the EPA in the first week of August. Operating permits for the commercial scale wellfield are expected to be received in the summer of 2020. The Company is planning to continue to operate the PTF until the end of 2020.

The Company has continued to advance various project financing options from debt providers, royalty companies, and potential joint venture partners. 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 expenditures at the Florence Project for the nine months ending September 30, 2019 were $10.8 million including the PTF operation and other project development costs.

Yellowhead Copper

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

Since the acquisition, Taseko has restarted the environmental review process for the Yellowhead Copper Project, and the Company's technical team has commenced an engineering redesign of the project to enhance economics with the objective of issuing a new 43-101 technical report in due course.

Aley Niobium

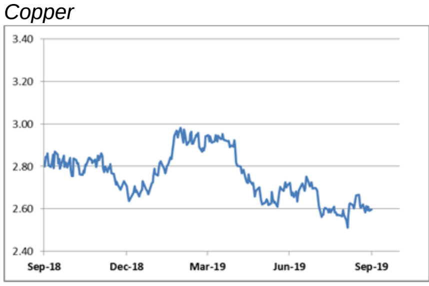
Environmental monitoring and product marketing initiatives on the project continue. A drill program was completed in 2018 to collect samples for further metallurgical testing. A pilot plant scale program commenced in the second quarter on the currently bench scale proven niobium flotation and converter processes. The pilot plant will also provide final product samples for marketing purposes. Aley project expenditures for the nine months ended September 30, 2019 were $0.5 million.

INTENTION TO LIST ON THE LONDON STOCK EXCHANGE

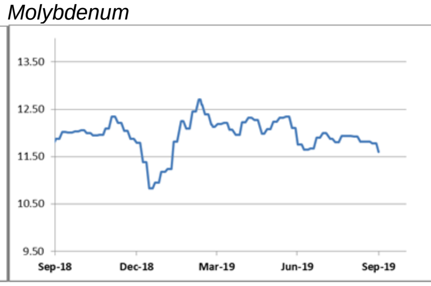
On October 22, 2019, the Company announced its intention to seek a listing of the Company's common shares on the London Stock Exchange ("LSE") Main Market. Subject to the required regulatory approvals from the Financial Conduct Authority and the LSE, including publication of a Prospectus. Admission to the LSE is expected to occur before the end of 2019. The Company is not intending to raise capital in conjunction with the LSE admission.

MARKET REVIEW

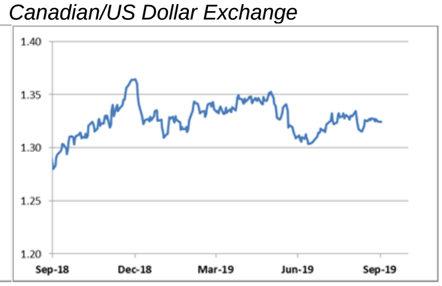
Copper



Molybdenum



Canadian/US Dollar Exchange



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

The average price of London Metals Exchange ("LME") copper was US $2.63 per pound in the third quarter of 2019, which was slightly lower than the second quarter of 2019 and is approximately 5.1% lower than the third quarter of 2018. The average price of LME copper was US $2.74 per pound for the nine months ended September 30, 2019, compared to US $3.01 per pound for the nine months ended September 30, 2018. Changes in Chinese economic demand, copper supply disruptions, global trade policies, interest rate expectations and speculative investment activity have all contributed to the recent price volatility. Despite the short-term volatility, management continues to believe that the copper market will benefit from tight mine supply going forward.

The average molybdenum price was US$11.83 per pound in the third quarter of 2019, which was 3% lower than the second 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 weakened on average throughout the periods by 1% and 3%, respectively, for the three and nine months ended September 30, 2019 compared to the same periods in 2018.

FINANCIAL PERFORMANCE

Earnings

The Company's net loss was $24.5 million ($0.10 per share) for the three months ended September 30, 2019, compared to net income of $7.1 million ($0.03 per share) for the same period in 2018. The increased loss in the current period was primarily due to lower realized copper prices, and higher depreciation of capitalized stripping costs attributed to the greater ore tons being mined from the Granite pit. Contributing to the change was a $3.5 million unrealized foreign exchange loss as compared to a $5.2 million gain for the same period in 2018. Also contributing to the change is the insurance recovery of $3.9 million recorded in the three months period ended September 30, 2018, related to the Cariboo region wildfires in 2017.

The Company's net loss was $43.5 million ($0.18 per share) for the nine months ended September 30, 2019, compared to a net loss of $16.1 million ($0.07 per share) for the same period in 2018. The increased net loss in the current period was primarily due to lower average realized copper prices in 2019 of US$0.21 per pound on a year to date basis, and the higher production costs and depreciation expense due to the effects of capitalized stripping noted above. The nine months ended September 30, 2018 also benefited from the insurance recovery of $7.9 million. These net loss variances were partially offset by a $9.4 million unrealized foreign exchange gain in 2019 due to a strengthening Canadian dollar as compared to a $10.8 million loss for the same period in 2018 which saw a weakening Canadian dollar.

Earnings from mining operations before depletion and amortization* was $12.3 million and $46.7 million, respectively for the three and nine months ended September 30, 2019, compared to $33.7 million and $83.6 million for the same periods 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 September 30,			**Nine months ended September 30,**		
(Cdn$ in thousands)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Net income (loss)	(24,508)	7,098	(31,606)	(43,451)	(16,054)	(27,397)
Unrealized foreign exchange (gain) loss	3,569	(5,244)	8,813	(9,378)	10,817	(20,195)
Unrealized (gain) loss on copper put options	518	(534)	1,052	518	(2,686)	3,204
Estimated tax effect of adjustments	(140)	144	(284)	(140)	725	(865)
Adjusted net income (loss)*	(20,561)	1,464	(22,025)	(52,451)	(7,198)	(45,253)

*Non-GAAP performance measure. See page 21 of this MD&A.

During the three months ended September 30, 2019, the Canadian dollar weakened resulting in an unrealized foreign exchange loss of $3.6 million. During the nine months ended September 30, 2019, the Canadian dollar strengthened resulting in an unrealized foreign exchange gain of $9.4 million. 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

(Cdn$ in thousands)	Three months ended September 30, 2019	2018	Change	Nine months ended September 30, 2019	2018	Change
Copper in concentrate	84,424	74,908	9,516	235,737	236,732	(995)
Molybdenum concentrate	5,959	8,044	(2,085)	23,407	17,892	5,515
Silver	1,063	1,000	63	3,156	3,169	(13)
Price adjustments on settlement receivables	(2,265)	(3,617)	1,352	(3,670)	(7,725)	4,055
Total gross revenue	89,181	80,331	8,850	258,630	250,068	8,562
Less: treatment and refining costs	(6,745)	(6,034)	(711)	(19,399)	(17,319)	(2,080)
Revenue	82,436	74,297	8,139	239,231	232,749	6,482
(thousands of pounds, unless otherwise noted)						
Copper in concentrate*	24,212	20,836	3,376	64,382	60,588	3,794
Average realized copper price (US$ per pound)	2.56	2.63	(0.07)	2.70	2.91	(0.21)
Average LME copper price (US$ per pound)	2.63	2.77	(0.14)	2.74	3.01	(0.27)
Average exchange rate (US$/CAD)	1.32	1.31	0.01	1.33	1.29	0.04

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

Copper revenues for the three months ended September 30, 2019 increased by $9.5 million compared to the same period in 2018, primarily due to an increase in copper in concentrate sold by 3.4 million pounds, partially offset by the lower realized copper prices by US$0.07 per pound in the current period.

Copper revenues for the nine months ended September 30, 2019 decreased by $1.0 million compared to the same period in 2018, primarily due to lower realized copper prices in the current period by US$0.21 per pound, partially offset by the increase in copper volume of concentrate sold and the weakening of the Canadian dollar relative to the US dollar.

During the three and nine months ended September 30, 2019, negative price adjustments of $2.4 million and $4.1 million, respectively, were recorded for provisionally priced copper concentrate due to declining copper price trends following shipment. These adjustments resulted in a US$0.08 and US$0.05 per pound decrease to the average realized copper price for the three and nine month period, respectively. These adjustments were less pronounced than in 2018, which saw a cumulative negative price adjustment of $7.7 million on a year to date basis in 2018.

Molybdenum revenues for the three months ended September 30, 2019 decreased by $2.1 million compared to the same period in 2018. The decrease for the three months period was due mainly to lower molybdenum sales volumes by 191 thousand pounds (100% basis) compared to the same prior period. For the nine months period ended September 30, 2019, sales increased by $5.5 million compared to the same prior period, as sales and production volumes were greater by 430 and 372 thousand pounds, respectively, on a year to date basis. Molybdenum prices for the nine months ended September 30, 2019 averaged US$11.83 per pound, compared to US$11.90 per pound for the nine months ended September 30, 2018. During the nine months ended September 30, 2019, price adjustments of positive $0.4 million were recorded for provisionally priced molybdenum concentrate.

Cost of sales

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Site operating costs	61,268	63,436	(2,168)	183,392	169,984	13,408
Transportation costs	4,889	5,149	(260)	12,807	12,507	300
Changes in inventories of finished goods	1,272	(17,439)	18,711	(6,763)	(17,593)	10,830
Changes in inventories of ore stockpiles	2,690	(6,716)	9,406	3,103	(7,827)	10,930
Insurance recovery	-	(3,875)	3,875	-	(7,875)	7,875
Production costs	70,119	40,555	29,564	192,539	149,196	43,343
Depletion and amortization	28,054	20,174	7,880	78,376	52,909	25,467
Cost of sales	98,173	60,729	37,444	270,915	202,105	68,810
Site operating costs per ton milled*	$11.83	$10.60	$1.23	$11.08	$9.88	$1.20

*Non-GAAP performance measure. See page 21 of this MD&A.

Site operating costs for the three months ended September 30, 2019 decreased by $2.2 million primarily due to higher capitalized stripping costs in the current period due to the commencement of greater stripping activity in the Pollyanna pit in the third quarter of 2019. Site operating costs for the nine months ended September 30, 2019 increased by $13.4 million, compared to the same prior period as less costs were capitalized in the first half of 2019 as the mine transitioned to mining more ore than waste from the Granite pit in 2019.

For the three and nine months ended September 30, 2019, capitalized stripping costs were $8.6 million and $18.6 million, respectively, compared to $7.6 million and $30.0 million for the same periods in 2018 due to the mining phases noted above. The remaining increase of $1.9 million in site operating costs for the nine months ended September 30, 2019 is due to the timing of maintenance related costs.

Cost of sales is also impacted by changes in copper concentrate inventories and ore stockpiles. Inventory of copper in concentrate decreased by 0.5 million pounds in the third quarter, resulting in a decrease in finished goods inventories (increase in cost of sales) of $1.3 million. Inventory of copper concentrates increased by 3.4 million pounds in the nine month period ended September 30, 2019, resulting in an increase in finished goods inventories (decrease in cost of sales) of $6.8 million. At the end of September 30, 2018, there was a notable build of inventory of 18.5 million pounds.

The stockpiled ore tonnage decreased by 1.4 million tons during the third quarter of 2019. During the same period, the Company recorded an impairment of $0.8 million to production costs and depletion and amortization to adjust the carrying value of ore stockpile inventories to net realizable value. During the nine months ended September 30, 2019, stockpiled ore tonnage decreased by 2.3 million tons and the Company recorded an impairment of $2.7 million to adjust the carrying value of ore stockpile inventories to net realizable value. For the three and nine months ended September 30, 2018, the ore stockpiles increased by 2.9 million and 2.3 million tons, respectively.

Depletion and amortization for three and nine months ended September 30, 2019 increased by $7.9 million and $25.5 million, respectively, over the same periods in 2018. These differences are primarily due to increased depreciation of capitalized stripping costs as greater ore tons are being mined from the Granite pit.

For the three and nine months ended September 30, 2018, the Company had recognized an insurance recovery of $3.9 million and $7.9 million (75% basis), respectively, related to the Cariboo region wildfires in 2017.

Other operating (income) expenses

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
General and administrative	2,311	3,328	(1,017)	10,284	10,830	(546)
Share-based compensation expense (recovery)	155	(428)	583	2,268	(1,223)	3,491
Project evaluation	1,711	(154)	1,865	2,746	1,381	1,365
Realized (gain) loss on copper put options	781	(194)	975	1,632	2,107	(475)
Unrealized (gain) loss on derivative instruments	518	(534)	1,052	518	(2,686)	3,204
Other income	(473)	(547)	74	(1,381)	(1,206)	(175)
	5,003	1,471	3,532	16,067	9,203	6,864

General and administrative costs have decreased in the three months ended September 30, 2019, compared to the same prior period primarily due to executive pension contributions incurred in the third quarter of 2018.

Share-based compensation expense increased for the nine months ended September 30, 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. 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 15 of the September 30, 2019 condensed consolidated interim financial statements.

Project evaluation costs for the three and nine months ended September 30, 2019, represent costs associated with the New Prosperity project and the Yellowhead project, which was acquired in the first quarter of 2019.

During the three and nine months ended September 30, 2019, the Company incurred realized losses of $0.8 million and $1.6 million, respectively, from copper put options that settled during the period. The unrealized loss of $0.5 million in the third quarter of 2019 relates to the fair value adjustment of the copper put options that mature in the fourth quarter of 2019.

Finance expenses

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Interest expense	8,867	8,221	646	25,679	23,920	1,759
Finance expense – deferred revenue	1,039	1,020	19	3,116	3,162	(46)
Accretion of PER	519	588	(69)	1,420	1,791	(371)
	10,425	9,829	596	30,215	28,873	1,342

Interest expense increased for the three months ended September 30, 2019, primarily due to $0.1 million in amortization of deferred financing charges and the foreign exchange impact on US dollar denominated interest payments, $0.4 million on equipment related debt, and $0.2 million of interest related to lease liabilities now recognized under IFRS 16.

Interest expense increased for the nine months ended September 30, 2019, primarily due to the $0.7 million foreign exchange impact on US dollar denominated interest payments, $0.4 million on equipment related debt, and $0.5 million of interest related to lease liabilities now recognized under IFRS 16.

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

Income tax

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2019**	**2018**	**Change**	**2019**	**2018**	**Change**
Current income tax expense	44	280	(236)	452	770	(318)
Deferred income tax expense (recovery)	(9,897)	1,019	(10,916)	(25,246)	(967)	(24,279)
	(9,853)	1,299	(11,152)	(24,794)	(197)	(24,597)
Effective tax rate	28.6%	15.4%	13.2%	36.3%	1.2%	35.1%
Canadian statutory rate	27%	27%	-	27%	27%	-
B.C. Mineral tax rate	9.6%	9.6%	-	9.6%	9.6%	-

The income tax recovery for the three and nine months ended September 30, 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. 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 periods.

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	As at September 30, 2019	As at December 31, 2018	Change
Cash and cash equivalents	41,877	45,665	(3,788)
Other current assets	53,542	58,766	(5,224)
Property, plant and equipment	817,145	821,287	(4,142)
Other assets	48,126	47,005	1,121
Total assets	**960,690**	**972,723**	**(12,033)**
Current liabilities	57,339	47,578	9,761
Debt:			
Senior secured notes	323,482	331,683	(8,201)
Equipment related financings	58,940	23,798	35,142
Deferred revenue	39,475	39,367	108
Other liabilities	166,870	183,220	(16,350)
Total liabilities	**646,106**	**625,646**	**20,460**
Equity	**314,584**	**347,077**	**(32,493)**
Net debt (debt minus cash and equivalents)	340,545	309,816	30,729
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 $30.7 million in the nine months ended September 30, 2019. Total long-term debt increased by $26.9 million for the nine months ended September 30, 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 factors were partially offset by unrealized foreign exchange gains on the Company's US dollar denominated debt and ongoing principal and lease repayments. The decrease in the cash balance in the nine months ended September 30, 2019 reflects capital expenditures at Florence and Gibraltar not funded from operating cash flows.

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 $16.4 million mainly due to the decrease in deferred tax liabilities. Other liabilities includes the provision for environmental rehabilitation ("PER") of $106.6 million at September 30, 2019, which increased due to the impact on the long-term discount rate arising from changes in government bond yields.

As at November 5, 2019, there were 246,194,219 common shares outstanding. In addition, there were 10,816,900 stock options and 3,000,000 warrants outstanding at November 5, 2019. More information on these instruments and the terms of their exercise is set out in Note 15 of the September 30, 2019 unaudited condensed consolidated interim financial statements.

Liquidity, cash flow and capital resources

Cash flow provided by operations during the three months ended September 30, 2019 was $15.2 million compared to $18.1 million for the same period in 2018. Cash used for investing activities during the three months ended September 30, 2019 was $18.4 million compared to $20.6 million for the same period in 2018.

Investing cash flows in the third quarter includes $4.3 million of expenditures at the Florence Project, $8.6 million for capitalized stripping costs and $3.3 million for other sustaining capital expenditures at Gibraltar.

Cash flow provided by operations during the nine months ended September 30, 2019 was $33.4 million compared to $50.0 million for the same period in 2018. Cash used for investing activities during the nine months ended September 30, 2019 was $39.2 million compared to $69.3 million for the same period in 2018.

Investing cash flows for the nine months ended September 30, 2019 includes $9.9 million of expenditures at the Florence Project, $18.6 million for capitalized stripping costs and $8.0 million for other capital expenditures at Gibraltar.

Net cash provided by financing activities in the third quarter w*as* $2.9 million*.* In August 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being $8.0 million. The loan bears interest at an annual rate of 6.4%, is secured by existing mining equipment at Gibraltar and is repayable in monthly installments with a final maturity date of August 28, 2023. Principal repayments in the third quarter for leases and equipment loans were $4.1 million and interest paid was $1.0 million.

Net cash provided by financing activities for the nine months ended September 30, 2019 was $2.7 million. In addition to the third quarter equipment financing noted above, Gibraltar entered two equipment re-financings in the second quarter of 2019 with the Company's share of proceeds being $26.0 million. Principal repayments for leases and equipment loans were $15.0 million and interest paid was $16.5 million for the nine month period ended September 30, 2019.

Net proceeds from these the equipment re-financings are available for general working capital purposes.

At September 30, 2019, the Company had cash and equivalents of $42.0 million, unchanged from the prior quarter (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 December 15, 2019 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 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. As at September 30, 2019, the Company had $37.5 million in restricted cash and other financial assets for its share of Gibraltar Mine reclamation bonding needs. Management is investigating alternative forms of acceptable security to release that cash to be available for working capital purposes in the near term. The Company evaluates these alternatives based on a number of factors including, the prevailing market prices of its common shares and senior secured notes, metal prices, liquidity requirements, covenant restrictions and other factors, in order to determine the optimal mix of capital resources to address capital requirements, minimize the Company's cost of capital, and maximize shareholder value.

Future changes in copper and molybdenum market prices could also impact the timing and amount of cash available for future investment in development projects, debt obligations, and other uses of capital. To partially mitigate commodity price risks, copper put options are entered into for a portion of Taseko's share of Gibraltar copper production (see section below "Hedging Strategy").

Hedging strategy

The Company's hedging strategy is to secure a minimum price for a portion of copper production using put options that are either purchased outright or funded by the sale of call options that are significantly out of the money. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper price and quantity exposure are reviewed at least quarterly to ensure that adequate revenue protection is in place. Hedge positions are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection. The Company's hedging strategy is designed to mitigate short-term declines in copper price.

Considerations on the cost of the hedging program include an assessment of Gibraltar's estimated production costs, anticipated copper prices and the Company's capital requirements during the relevant period. In February 2019, the Company spent $0.9 million to purchase copper put options that matured evenly between February and April of 2019. In August 2019, the Company spent $2.0 million to purchase copper put options that matured between September and December of 2019. 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 November 5, 2019				
Copper put options	15 million lbs	US$2.50 per lb	November to December 2019	$0.9 million

Commitments and contingencies

Commitments

	Payments due						
($ in thousands)	**Remainder of 2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**	**Total**
Debt:							
Senior secured notes	-	-	-	331,075	-	-	331,075
Interest	14,485	28,969	28,969	14,485	-	-	86,908
Equipment loans:							
Principal	1,571	6,661	7,041	6,174	4,469	1,299	27,215
Interest	370	1,254	874	486	187	17	3,188
Lease liabilities:							
Principal	2,063	7,474	4,438	2,880	1,019	2,122	19,996
Interest	308	939	462	243	159	176	2,287
Lease related obligation:							
Rental payment	657	2,626	2,627	2,627	5,634	-	14,171
PER [1]	-	-	-	-	-	106,598	106,598
Capital expenditures [2]	135	-	-	-	-	-	135
Other expenditures							
Transportation related services [3]	-	8,309	5,363	894	-	-	14,566
Other	312	298	-	-	-	-	610

[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. The Company has provided total reclamation security of $37.5 million for its 75% share of Gibraltar, in the form of reclamation deposits and restricted cash.

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

[3] 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 $17.6 million as at September 30, 2019.

SUMMARY OF QUARTERLY RESULTS

	2019			2018				2017
(Cdn$ in thousands, except per share amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	82,436	86,521	70,274	111,121	74,297	94,273	64,179	95,408
Net earnings (loss)	(24,508)	(11,012)	(7,931)	(19,720)	7,098	(4,671)	(18,481)	(7,600)
Basic EPS	(0.10)	(0.04)	(0.03)	(0.09)	0.03	(0.02)	(0.08)	(0.03)
Adjusted net earnings (loss) *	(20,561)	(17,471)	(14,419)	(1,310)	1,464	2,337	(10,999)	(1,544)
Adjusted basic EPS *	(0.08)	(0.07)	(0.06)	(0.01)	0.01	0.01	(0.05)	(0.01)
Adjusted EBITDA *	7,906	14,660	10,245	26,489	31,940	32,251	7,537	28,639
(US$ per pound, except where indicated)								
Realized copper price *	2.56	2.69	2.91	2.72	2.63	3.13	2.98	3.30
Total operating costs *	2.05	2.01	2.21	2.11	1.58	1.98	2.33	2.11
Copper sales (million pounds)	25.1	24.2	17.5	32.0	21.6	24.2	17.1	24.0

*Non-GAAP performance measure. See page 21 of this MD&A

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in Note 2.4 of the 2018 annual consolidated financial statements and Note 2 of the September 30, 2019 unaudited condensed consolidated interim financial statements. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement, determining the timing of transfer of control of inventory for revenue recognition, and recovery of other deferred tax assets.

Significant areas of estimation include reserve and resource estimation; asset valuations and the measurement of impairment charges or reversals; valuation of inventories; plant and equipment lives; tax provisions; provisions for environmental rehabilitation; valuation of financial instruments and derivatives; capitalized stripping costs and share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to the consolidated financial statements as appropriate.

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

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

Change in Accounting Policies

The Company adopted the new accounting standard IFRS 16, Leases, effective January 1, 2019 using the modified retrospective method. Accordingly, the comparative information presented for 2018 has not been restated and is accounted for under IAS 17 Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease contract. More information on the transition to IFRS 16 is described in Note 3 of the September 30, 2019 unaudited condensed consolidated interim financial statements.

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

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

The Company's internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

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

There have been no changes in our internal controls over financial reporting and disclosure controls and procedures during the period ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RELATED PARTY TRANSACTIONS

Key management personnel

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

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

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-months' to 18-months' salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among other things, an amount ranging from 24-months' to 32-months' salary and accrued bonus, and all stock options held by these individuals will fully vest.

Executive officers and directors also participate in the Company's share-based option program (refer to Note 15 of the unaudited condensed consolidated interim financial statements).

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

	Three months ended September 30,		**Nine months ended September 30,**	
(Cdn$ in thousands)	**2019**	**2018**	**2019**	**2018**
Salaries and benefits	1,018	1,291	5,727	5,168
Post-employment benefits	417	980	1,196	1,726
Share-based compensation expense (recovery)	112	(476)	2,054	(1,462)
	1,547	1,795	8,977	5,432

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 $30 for the three and nine month periods ended September 30, 2019.

For the nine month period ended September 30, 2018, the Company incurred total costs of $1,016 in transactions with HDSI. Of these, $388 related to administrative, legal, exploration and tax services, $418 related to reimbursements of office rent costs, and $210 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 Gibraltar for these expenses.

For the three month period ended September 30, 2019, Management income for $301 (Q3 2018: $293) and reimbursable compensation expenses and third party costs of $16 (Q3 2018: $81) were charged to the joint venture partner. For the nine month period ended September 30, 2019, Management income for $884 (2018: $875) and reimbursable compensation expenses and third party costs of $55 (2018: $127) were charged to the joint venture partner.

NON-GAAP PERFORMANCE MEASURES

This document includes certain non-GAAP performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-GAAP measures to the most directly comparable IFRS measure.

Total operating costs and site operating costs, net of by-product credits

Total costs of sales include all costs absorbed into inventory, as well as transportation costs and insurance recoverable. Site operating costs is calculated by removing net changes in inventory, depletion and amortization, insurance recoverable, and transportation costs from cost of sales. Site operating costs, net of by-product credits is calculated by removing by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum (net of treatment costs) and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

	Three months ended September 30,		**Nine months ended September 30,**	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2019**	**2018**	**2019**	**2018**
Cost of sales	98,173	60,729	270,915	202,105
Less:				
Depletion and amortization	(28,054)	(20,174)	(78,376)	(52,909)
Net change in inventories of finished goods	(1,272)	17,439	6,763	17,593
Net change in inventories of ore stockpiles	(2,690)	6,716	(3,103)	7,827
Transportation costs	(4,889)	(5,149)	(12,807)	(12,507)
Insurance recoverable	-	3,875	-	7,875

Site operating costs	61,268	63,436	183,392	169,984
Less by-product credits:				
Molybdenum, net of treatment costs	(4,957)	(6,937)	(20,020)	(15,776)
Silver, excluding amortization of deferred revenue	(308)	42	(588)	(209)
Site operating costs, net of by-product credits	56,003	56,541	162,784	153,999
Total copper produced (thousand pounds)	24,720	32,251	69,381	74,516
Total costs per pound produced	2.27	1.75	2.35	2.07
Average exchange rate for the period (CAD/USD)	1.32	1.31	1.33	1.29
Site operating costs, net of by-product credits (US$ per pound)	**1.72**	**1.34**	**1.77**	**1.61**
Site operating costs, net of by-product credits	56,003	56,541	162,784	153,999
Add off-property costs:				
Treatment and refining costs	5,792	4,725	15,898	14,617
Transportation costs	4,889	5,149	12,807	12,507
Total operating costs	66,684	66,415	191,489	181,123
Total operating costs (C1) (US$ per pound)	**2.05**	**1.58**	**2.08**	**1.89**

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.

($ in thousands, except per share amounts)	**Three months ended September 30, 2019**	**2018**	**Nine months ended September 30, 2019**	**2018**
Net income (loss)	**(24,508)**	**7,098**	**(43,451)**	**(16,054)**
Unrealized foreign exchange (gain) loss	3,569	(5,244)	(9,378)	10,817
Unrealized (gain) loss on copper put options	518	(534)	518	(2,686)
Estimated tax effect of adjustments	(140)	144	(140)	725
Adjusted net income (loss)	**(20,561)**	**1,464**	**(52,451)**	**(7,198)**
Adjusted EPS	**(0.08)**	**0.01**	**(0.22)**	**(0.03)**

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
- Share-based compensation.

	Three months ended September 30,		Nine months ended September 30,	
($ in thousands)	**2019**	**2018**	**2019**	**2018**
Net income (loss)	**(24,508)**	**7,098**	**(43,451)**	**(16,054)**
Add:				
Depletion and amortization	28,054	20,174	78,376	52,909
Finance expense	10,425	9,829	30,215	28,873
Finance income	(482)	(296)	(1,089)	(940)
Income tax expense (recovery)	(9,853)	1,299	(24,794)	(197)
Unrealized foreign exchange (gain) loss	3,569	(5,244)	(9,378)	(10,817)
Unrealized (gain) loss on copper put options	518	(534)	518	(2,686)
Amortization of share-based compensation expense (recovery)	183	(386)	2,414	(994)
Adjusted EBITDA	**7,906**	**31,940**	**32,811**	**71,728**

Earnings (loss) from mining operations before depletion and amortization

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

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands)	**2019**	**2018**	**2019**	**2018**
Earnings (loss) from mining operations	**(15,737)**	**13,568**	**(31,684)**	**30,644**
Add:				
Depletion and amortization	28,054	20,174	78,376	52,909
Earnings from mining operations before depletion and amortization	**12,317**	**33,742**	**46,692**	**83,553**

Site operating costs per ton milled

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands, except per ton milled amounts)	**2019**	**2018**	**2019**	**2018**
Site operating costs (included in cost of sales)	**61,268**	**63,436**	**183,392**	**169,984**
Tons milled (thousands) (75% basis)	5,660	5,983	16,550	17,208
Site operating costs per ton milled	**$10.83**	**$10.60**	**$11.08**	**$9.88**

Condensed Consolidated Interim Financial Statements
September 30, 2019
(Unaudited)

TASEKO MINES LIMITED

Condensed Consolidated Statements of Comprehensive Income (Loss)

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

(Unaudited)

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenues	4	82,436	74,297	239,231	232,749
Cost of sales					
Production costs	5	(70,119)	(40,555)	(192,539)	(149,196)
Depletion and amortization	5	(28,054)	(20,174)	(78,376)	(52,909)
Earnings (loss) from mining operations		(15,737)	13,568	(31,684)	30,644
General and administrative		(2,311)	(3,328)	(10,284)	(10,830)
Share-based compensation recovery (expense)		(155)	428	(2,268)	1,223
Project evaluation expenditures		(1,711)	154	(2,746)	(1,381)
Gain (loss) on derivatives	6	(1,299)	728	(2,150)	579
Other income		473	547	1,381	1,206
Income (loss) before financing costs and income taxes		(20,740)	12,097	(47,751)	21,441
Finance expenses	7	(10,425)	(9,829)	(30,215)	(28,873)
Finance income		482	296	1,089	940
Foreign exchange gain (loss)		(3,678)	5,833	8,632	(9,759)
Income (loss) before income taxes		(34,361)	8,397	(68,245)	(16,251)
Income tax (expense) recovery	8	9,853	(1,299)	24,794	197
Net income (loss)		**(24,508)**	**7,098**	**(43,451)**	**(16,054)**
Other comprehensive income (loss):					
Unrealized gain (loss) on financial assets		(29)	70	1,299	(1,335)
Foreign currency translation reserve		2,039	(2,563)	(5,010)	3,954
Total other comprehensive income (loss)		**2,010**	**(2,493)**	**(3,711)**	**2,619**
Total comprehensive income (loss)		**(22,498)**	**4,605**	**(47,162)**	**(13,435)**
Earnings (loss) per share					
Basic		(0.10)	0.03	(0.18)	(0.07)
Diluted		(0.10)	0.03	(0.18)	(0.07)
Weighted average shares outstanding (thousands)					
Basic		246,194	228,373	243,145	227,684
Diluted		246,194	229,780	243,145	227,684

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

TASEKO MINES LIMITED

Condensed Consolidated Statements of Cash Flows

(Cdn$ in thousands)

(Unaudited)

	Note	Three months ended September 30, 2019	2018	Nine months ended September 30, 2019	2018
Operating activities					
Net income (loss) for the period		(24,508)	7,098	(43,451)	(16,054)
Adjustments for:					
Depletion and amortization		28,054	20,174	78,376	52,909
Income tax (recovery) expense	8	(9,853)	1,299	(24,794)	(197)
Share-based compensation expense (recovery)	15c	183	(386)	2,414	(994)
Loss (gain) on derivatives	6	1,299	(728)	2,150	(579)
Finance expenses, net		9,943	9,533	29,126	27,933
Unrealized foreign exchange (gain) loss		3,569	(5,244)	(9,378)	10,817
Amortization of deferred revenue	14	(977)	(937)	(2,930)	(2,809)
Deferred electricity repayments		-	-	-	(4,841)
Other operating activities		(771)	(205)	(1,027)	(205)
Net change in non-cash working capital	17	8,211	(12,551)	2,928	(16,022)
Cash provided by operating activities		15,150	18,053	33,414	49,958
Investing activities					
Purchase of property, plant and equipment		(16,566)	(20,927)	(37,037)	(68,834)
Purchase of copper put options	6	(1,983)	-	(2,834)	(1,063)
Proceeds from copper put options		-	401	241	401
Investment in other financial assets		-	(253)	-	(253)
Other investing activities		198	153	400	495
Cash used for investing activities		(18,351)	(20,626)	(39,230)	(69,254)
Financing activities					
Interest paid		(989)	(502)	(16,508)	(15,444)
Proceeds from equipment financings	13c,d	7,977	-	34,013	8,943
Repayment of leases and equipment loans		(4,115)	(3,034)	(14,984)	(8,984)
Proceeds on exercise of options		-	50	176	322
Cash provided by (used for) financing activities		2,873	(3,486)	2,697	(15,163)
Effect of exchange rate changes on cash and equivalents		255	(331)	(669)	(480)
Decrease in cash and equivalents		(73)	(6,390)	(3,788)	(34,939)
Cash and equivalents, beginning of period		41,950	51,682	45,665	80,231
Cash and equivalents, end of period		41,877	45,292	41,877	45,292

Supplementary cash flow disclosures 17

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

TASEKO MINES LIMITED

Condensed Consolidated Balance Sheets

(Cdn$ in thousands)

(Unaudited)

	Note	September 30, 2019	December 31, 2018
ASSETS			
Current assets			
Cash and equivalents		41,877	45,665
Accounts receivable		5,281	14,735
Inventories	11	44,524	38,986
Other financial assets	9	1,537	3,581
Prepaids		2,200	1,464
		95,419	104,431
Property, plant and equipment	12	817,145	821,287
Other financial assets	9	42,666	41,380
Goodwill		5,460	5,625
		960,690	**972,723**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities		43,863	41,001
Current portion of long-term debt	13	16,508	9,856
Current portion of deferred revenue	14	3,985	3,907
Interest payable on senior secured notes		8,449	1,243
Current income tax payable		1,042	1,427
		73,847	57,434
Long-term debt	13	365,914	345,625
Provision for environmental rehabilitation ("PER")		106,598	97,914
Deferred and other tax liabilities		58,586	83,793
Deferred revenue	14	39,475	39,367
Other financial liabilities		1,686	1,513
		646,106	625,646
EQUITY			
Share capital		436,318	423,438
Contributed surplus		51,063	49,274
Accumulated other comprehensive income ("AOCI")		10,353	14,064
Deficit		(183,150)	(139,699)
		314,584	347,077
		960,690	**972,723**
Commitments and contingencies	16		

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

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(Cdn$ in thousands)

(Unaudited)

	Share capital	Contributed surplus	AOCI	Deficit	Total
Balance at January 1, 2018	422,091	47,478	389	(102,878)	367,080
Adjustment on initial application of IFRS 15	-	-	-	(1,047)	(1,047)
Adjusted balance at January 1, 2018	**422,091**	**47,478**	**389**	**(103,925)**	**366,033**
Share-based compensation	-	2,345	-	-	2,345
Exercise of options and warrants	431	(109)	-	-	322
Settlement of performance share units	900	(900)	-	-	-
Total comprehensive income (loss) for the period	-	-	2,619	(16,054)	(13,435)
Balance at September 30, 2018	**423,422**	**48,814**	**3,008**	**(119,979)**	**355,265**
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	-	2,241	-	-	2,241
Exercise of options	251	(75)	-	-	176
Settlement of performance share units	-	(377)	-	-	(377)
Total comprehensive loss for the period	-	-	(3,711)	(43,451)	(47,162)
Balance at September 30, 2019	**436,318**	**51,063**	**10,353**	**(183,150)**	**314,584**

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

1. REPORTING ENTITY

Taseko Mines Limited (the "Company" or "Taseko") is a corporation governed by the *British Columbia Business Corporations Act.* These unaudited condensed consolidated interim financial statements of the Company as at and for the three and nine month periods ended September 30, 2019 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture ("Gibraltar"), since its formation with Cariboo Copper Corporation ("Cariboo") on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia, Canada and the State of Arizona, USA. Seasonality does not have a significant impact on the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements, except as disclosed in Note 3. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2018, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements were authorized for issue by the Company's Audit Committee on November 5, 2019.

(b) Use of judgments and estimates

In preparing these condensed consolidated interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2018, except for the new significant estimates, assumptions and judgments related to lessee accounting under IFRS 16 Leases, described in Note 3.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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.

(Cdn$ in thousands - unaudited)

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.

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the consolidated interim balance sheet, initially measured at the present value of future lease payments; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated interim statement of income (loss); and (iii) separates the total amount of cash paid into a principal 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 by $6,254 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

New Accounting Policy for Leases Under IFRS 16

The Company assesses whether a contract is a lease or contains a lease, at the inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the exception of short-term and low value leases, which are recognized 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.

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

(Cdn$ in thousands - unaudited)

4. REVENUE

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Copper contained in concentrate	84,424	74,904	235,737	236,732
Molybdenum concentrate	5,959	8,044	23,407	17,892
Silver (Note 14)	1,063	1,000	3,156	3,169
Price adjustments on settlement receivables	(2,265)	(3,617)	(3,670)	(7,725)
Total gross revenue	89,181	80,331	258,630	250,068
Less: Treatment and refining costs	(6,745)	(6,034)	(19,399)	(17,319)
Revenue	82,436	74,297	239,231	232,749

5. COST OF SALES

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Site operating costs	61,268	63,436	183,392	169,984
Transportation costs	4,889	5,149	12,807	12,507
Changes in inventories of finished goods	1,272	(17,439)	(6,763)	(17,593)
Changes in inventories of ore stockpiles	2,690	(6,716)	3,103	(7,827)
Insurance recovery	-	(3,875)	-	(7,875)
Production costs	70,119	40,555	192,539	149,196
Depletion and amortization	28,054	20,174	78,376	52,909
Cost of sales	98,173	60,729	270,915	202,105

Site operating costs include personnel costs, mine site supervisory costs, non-capitalized stripping costs, repair and maintenance costs, consumables, operating supplies and external services.

During the three and nine months ended September 30, 2019, the Company recorded an impairment of $849 and $2,717, respectively, to adjust the carrying value of ore stockpile inventories to net realizable value, of which $315 and $1,016, respectively, is recorded in depletion and amortization.

During the nine months ended September 30, 2018, the Company recognized an insurance recovery of $7,875 (75% basis) related to the Cariboo region wildfires in 2017.

6. DERIVATIVE INSTRUMENTS

In February 2019, the Company purchased copper put option contracts for 15 million pounds of copper with maturity dates ranging from February to April 2019, at a strike price of US$2.80 per pound and total cost of $851. In August 2019, the Company purchased additional copper put option contracts for 33 million pounds of copper with maturity dates ranging from September to December 2019, at a strike price of US$2.50 per pound, at a total cost of $1,983.

(Cdn$ in thousands - unaudited)

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Realized (gain) loss on copper put options	781	(194)	1,632	2,107
Unrealized (gain) loss on copper put options	518	(534)	518	(2,686)
	1,299	(728)	2,150	(579)

7. FINANCE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Interest expense	8,867	8,221	25,679	23,920
Finance expense – deferred revenue (Note 14)	1,039	1,020	3,116	3,162
Accretion on PER	519	588	1,420	1,791
	10,425	9,829	30,215	28,873

8. INCOME TAX

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Current expense	44	280	452	770
Deferred expense (recovery)	(9,897)	1,019	(25,246)	(967)
	(9,853)	1,299	(24,794)	(197)

(Cdn$ in thousands - unaudited)

9. OTHER FINANCIAL ASSETS

	September 30, 2019	December 31, 2018
Current:		
Marketable securities (Note 10)	854	3,581
Copper put option contracts (Note 6)	683	-
	1,537	3,581
Long-term:		
Investment in subscription receipts	2,400	2,400
Reclamation deposits	32,766	31,480
Restricted cash	7,500	7,500
	42,666	41,380

Marketable securities at December 31, 2018 include an investment in Yellowhead, which was carried at a fair value of $2,810 at December 31, 2018 (Note 10).

10. YELLOWHEAD ACQUISITION

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

The total purchase consideration was calculated as follows:

Fair value of common shares issued (17,300,385 shares at $0.73 per share)	12,629
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.

The acquisition has been accounted for as an asset acquisition and accordingly, the purchase consideration has been allocated to the assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition. The following sets forth the allocation of the purchase price:

(Cdn$ in thousands - unaudited)

Cash and cash equivalents	187
Accounts receivable and other assets	14
Reclamation deposits	85
Property, plant and equipment	16,240
Accounts payable and other liabilities	(260)
	16,266

Yellowhead is in the development stage and does not generate revenues. Yellowhead project related expenditures were $945 for the period since acquisition and are expensed as project evaluation expenditures.

11. INVENTORIES

	September 30, 2019	**December 31, 2018**
Ore stockpiles	4,970	8,532
Copper contained in concentrate	9,926	3,166
Molybdenum concentrate	552	549
Materials and supplies	29,076	26,739
	44,524	38,986

12. PROPERTY, PLANT & EQUIPMENT

The following schedule shows the continuity of property, plant and equipment net book value for the three and nine months ended September 30, 2019:

	Three Months Ended September 30, 2019	**Nine Months Ended September 30, 2019**
Net book value beginning of period	816,908	821,287
Additions:		
Taseko capital expenditures	62	62
Gibraltar capital expenditures (incl.capitalized stripping costs)	18,442	35,343
Florence Copper development costs	4,402	11,323
Aley development costs	356	517
Other items:		
Right of use assets (Note 3)	116	9,562
Rehabilitation costs asset	3,408	8,025
Yellowhead acquisition (Note 10)	-	16,240
Disposals	(56)	(1,795)
Foreign exchange translation	1,867	(4,776)
Depletion and amortization	(28,360)	(78,643)
Net book value at September 30, 2019	817,145	817,145

(Cdn$ in thousands - unaudited)

During the three and nine months ended September 30, 2019, the Company capitalized stripping costs of $9,721 and $20,779, respectively. Additions to Gibraltar capital expenditures in the three and nine month periods also include $1,143 and $2,204 of non-cash depreciation on mining assets related to capitalized stripping, respectively.

Depreciation related to the right of use assets for the three and nine months periods ended September 30, 2019 was $1,105 and $3,036, respectively.

As at September 30, 2019, the net book value of property, plant and equipment includes $605.6 million for the Gibraltar Mine and $181.6 million for the Florence Copper Project. Since its acquisition in November 2014, the Company has incurred and capitalized a total of $84.8 million in project development and other costs, including capitalized interest, for the Florence Copper Project.

13. DEBT

	September 30, 2019	December 31, 2018
Current:		
Lease liabilities (b)	8,018	6,506
Secured equipment loans (c)	6,680	3,350
Lease related obligations (d)	1,810	-
	16,508	9,856
Long-term:		
Senior secured notes (a)	323,482	331,683
Lease liabilities (b)	11,979	7,604
Secured equipment loans (c)	20,535	6,338
Lease related obligations (d)	9,918	-
	365,914	345,625
Total debt	382,422	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%.

(Cdn$ in thousands - unaudited)

(b) Lease Liabilities

Lease liabilities includes the Company's outstanding lease liabilities under IFRS 16.

In July 2019, Gibraltar entered into a 7 year lease for a new large wheel loader. The lease is repayable in monthly installments and secured by equipment with a carrying value of $5,631. 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 are available for general working capital purposes.

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 are 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 are available for general working capital purposes.

(e) Debt Continuity

The following schedule shows the continuity of total debt for the first nine months of 2019:

Total debt as at December 31, 2018	355,481
Lease additions on initial application of IFRS 16 (Note 3)	5,962
Lease additions	10,263
Equipment loan net proceeds	21,852
Lease related obligations on sale leaseback transaction	12,161
Lease liabilities and equipment loans repayments	(14,984)
Unrealized foreign exchange gain	(10,114)
Amortization of deferred financing charges	1,801
Total debt as at September 30, 2019	382,422

14. DEFERRED REVENUE

On March 3, 2017, the Company entered into a silver stream purchase and sale agreement with Osisko Gold Royalties Ltd. ("Osisko"), whereby the Company received an upfront cash deposit payment of US$33 million for the sale of an equivalent amount of its 75% share of Gibraltar payable silver production until 5.9 million ounces of silver have been delivered to Osisko. After that threshold has been met, 35% of an equivalent amount of Taseko's share of all future payable silver production from Gibraltar will be delivered to Osisko. The Company receives cash payments of US$2.75 per ounce for all silver deliveries made under the agreement.

(Cdn$ in thousands - unaudited)

The Company recorded the initial deposit received as deferred revenue and recognizes amounts in revenue as silver is delivered to Osisko. The amortization of deferred revenue is calculated on a per unit basis using the estimated total number of silver ounces expected to be delivered to Osisko over the life of the Gibraltar Mine. The current portion of deferred revenue is an estimate based on deliveries anticipated over the next twelve months.

The following table summarizes changes in deferred revenue:

Balance at December 31, 2018	43,274
Finance expense (Note 7)	3,116
Amortization of deferred revenue	(2,930)
Balance at September 30, 2019	43,460

15. EQUITY

(a) Share Capital

	Common shares (thousands)
Common shares outstanding at January 1, 2019	228,431
Issued to acquire Yellowhead (Note 10)	17,300
Exercise of share options	463
Common shares outstanding at September 30, 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 September 30, 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) Share-Based Compensation

	Options (thousands)	Average price
Outstanding at January 1, 2019	10,337	$1.64
Granted	4,612	0.75
Exercised	(463)	0.38
Cancelled/forfeited	(117)	1.75
Expired	(3,552)	2.23
Outstanding at September 30, 2019	10,817	$1.12
Exercisable at September 30, 2019	7,254	$1.16

(Cdn$ in thousands - unaudited)

During the nine month period ended September 30, 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 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.

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:

	Nine months ended September 30, 2019
Expected term (years)	5
Forfeiture rate	0%
Volatility	64%
Dividend yield	0%
Risk-free interest rate	1.8%
Weighted-average fair value per option	$0.41

The Company has other share-based compensation plans in the form of Deferred Share Units ("DSUs") and Performance Share Units ("PSUs").

The continuity of DSUs and PSUs issued and outstanding is as follows:

	DSUs (thousands)	PSUs (thousands)
Outstanding at January 1, 2019	2,328	1,210
Granted	682	875
Settled	-	(410)
Outstanding at September 30, 2019	3,010	1,675

During the nine month period ended September 30, 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).

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Share options	321	342	1,481	1,873
Performance share units	254	157	761	473
Change in fair value of deferred share units	(392)	(885)	172	(3,340)
	183	(386)	2,414	(994)

(Cdn$ in thousands - unaudited)

16. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company is a party to certain contracts relating to service and supply agreements. Future minimum payments under these agreements as at September 30, 2019 are presented in the following table:

Remainder of 2019	312
2020	8,607
2021	5,363
2022	894
2023	-
2024 and thereafter	-
Total operating commitments	15,176

As at September 30, 2019, the Company had outstanding capital commitments of $135 (At December 31, 2018: $298).

(b) Contingencies

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 effectively guaranteed Cariboo's 25% share of this debt which amounted to $17,592 as at September 30, 2019.

17. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		**Nine months ended September 30,**	
	2019	**2018**	**2019**	**2018**
Change in non-cash working capital items				
Accounts receivable	318	4,366	9,222	6,885
Inventories	2,680	(25,727)	(5,538)	(29,069)
Prepaids	149	223	(1,022)	(782)
Accounts payable and accrued liabilities	5,011	2,043	1,137	1,543
Advance payments on product sales	-	8,011	-	8,011
Interest payable	53	(88)	16	(64)
Income tax payable	-	(1,379)	(887)	(2,546)
	8,211	(12,551)	2,928	(16,022)

18. RELATED PARTY TRANSACTIONS

(a) Termination of Service Agreement with HDSI

On December 31, 2018, the Company terminated the services agreement with Hunter Dickinson Services Inc. ("HDSI"), which was a related party as three directors of the Company are also principals of HDSI. In 2018 and prior years, HDSI invoiced the Company for their executive services (director fees) and for other services provided by HDSI under a services agreement dated July 2010.

Effective from January 1, 2019 HDSI no longer provides services to the Company, and the Company had no transactions with HDSI, except for a reimbursement of warehouse rental costs in the amount of $10 and $30 for the three and nine month period ended September 30, 2019.

For the three month period ended September 30, 2018, the Company incurred total costs of $286 in transactions with HDSI. Of these, $108 related to administrative, legal, exploration and tax services, $108 related to reimbursements of office rent costs, and $70 related to director fees for two Taseko directors who are also principals of HDSI.

For the nine month period ended September 30, 2018, the Company incurred total costs of $1,016 in transactions with HDSI. Of these, $388 related to administrative, legal, exploration and tax services, $418 related to reimbursements of office rent costs, and $210 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 Gibraltar for these expenses.

For the three month period ended September 30, 2019, management income for $301 (Q3 2018: $293) and reimbursable compensation expenses and third party costs of $16 (Q3 2018: $81) were charged to Cariboo.

For the nine month period ended September 30, 2019, management income for $884 (2018: $875) and reimbursable compensation expenses and third party costs of $55 (2018: $127) were charged to Cariboo.

19. FAIR VALUE MEASUREMENTS

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

> Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
>
> Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
>
> Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the senior secured notes is $304,572 and the carrying value is $323,482 at September 30, 2019. The fair value of all other financial assets and liabilities approximates their carrying value.

The Company has certain financial assets and liabilities that are measured at fair value on a recurring basis and uses the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

(Cdn$ in thousands - unaudited)

	Level 1	Level 2	Level 3	Total
September 30, 2019				
Financial assets designated as FVOCI				
Marketable securities	854	-	-	854
Investment in subscription receipts	-	-	2,400	2,400
Reclamation deposits	32,766	-	-	32,766
	33,620	-	2,400	36,020
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 September 30, 2019.

The fair value of the senior secured notes, a Level 1 instrument, is determined based upon publicly available information. The fair value of the lease liabilities and secured equipment loans, Level 2 instruments, are determined through discounting future cash flows at an interest rate of 5.46% based on the relevant loans effective interest rate.

The fair values of the Level 2 instruments are based on broker quotes. Similar contracts are traded in an active market and the broker quotes reflect the actual transactions in similar instruments.

The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's settlement receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market. At September 30, 2019, the Company had settlement receivables of $4,054.

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 September 30, 2019 the determination of the estimated fair value of the investment includes comparison to the market capitalization of comparable public companies.

Commodity Price Risk

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

Provisional pricing mechanisms embedded within the Company's sales arrangements have the character of a commodity derivative and are carried at fair value as part of accounts receivable.

(Cdn$ in thousands - unaudited)

The table below summarizes the impact on revenue and receivables for changes in commodity prices on the provisionally invoiced sales volumes.

	As at September 30, 2019
Copper increase/decrease by US$0.26/lb.[1]	4,656

[1]The analysis is based on the assumption that the period end copper price increases/decreases 10% with all other variables held constant. At September 30, 2019, 13.7 million pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate at September 30, 2019 of CAD/USD 1.3243 was used in the analysis.

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