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TASEKO REPORTS FOURTH QUARTER AND ANNUAL EARNINGS

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

February 23, 2023, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE American: TGB; LSE: TKO) ("Taseko" or the "Company") reports Adjusted EBITDA* of $109 million and Earnings from mining operations before depletion* of $106 million for the full year 2022. Revenues for the year were $392 million and Adjusted net income* was $1.7 million, or $0.01 per share. In the fourth quarter 2022, Taseko generated Adjusted EBITDA* of $35 million, $38 million of earnings from mining operations before depletion* and Adjusted net income* of $7 million, or $0.02 per share.

Stuart McDonald, President and CEO of Taseko, commented, "The upward move in copper and molybdenum prices during the fourth quarter helped drive stronger financial performance in the period. Fourth quarter earnings from mining operations were 100% higher than the third quarter and Adjusted EBITDA was 3% higher. Annual earnings for 2022 were affected by lower average copper prices (US$3.99/lb. compared to US$4.23/lb. in 2021) and higher production costs related to fuel price increases and lower production.

Average head grade for the year was 20% below the life of mine reserve average, and a site-wide power outage late in the year also contributed to the lower annual copper production of 97 million pounds. Despite the mill downtime in the fourth quarter, Gibraltar produced 27 million pounds of copper. Recoveries in the fourth quarter improved to 83%, an 8% increase over the prior quarter due to better quality ore."

Mr. McDonald added, "The quarterly production profile in 2023 is expected to be less variable than the last two years and we believe there is potential for mill throughput to average above design capacity. An in-pit crusher move is scheduled for the third quarter which will partially shut down ore processing for approximately two weeks. We expect annual copper production at Gibraltar Mine to increase to 115 million pounds (+/-5%) in 2023."

"Yesterday we announced an agreement with Sojitz Corporation to acquire their 12.5% interest in Gibraltar Mine, which increases our economic interest to 87.5%. This is an attractive transaction that provides immediate production and earnings growth, and we maintain the financial capacity to fund the construction of our Florence Copper project. The acquisition price includes a minimum amount of C$60 million payable over a five-year period and potential contingent payments based on Gibraltar mine revenues and copper prices over the next five years. An initial C$10 million will be paid to Sojitz upon closing and the remaining minimum amount will be paid in C$10 million annual instalments over the next five years (see news release dated February 22, 2023 for details about the transaction)."

"We've also recently announced several key financing initiatives for the Florence Copper project, and we expect to start construction in the coming months, upon receipt of the final Underground Injection Control permit. Under the terms of our strategic partnership agreement with Mitsui & Co. (USA), they will make an initial investment of US$50 million for a 2.67% copper stream. Mitsui also retains an option to invest an additional US$50 million (for a total of US$100 million) to convert the copper stream into a 10% equity interest in Florence Copper. We are very pleased to have completed this transaction which validates the significant value of this project and also highlights the marketing advantages of low impact mining and US produced copper," continued Mr. McDonald.

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

Mr. McDonald concluded, “We are very excited about the long-term fundamentals of our North American copper business. Production growth from Gibraltar and continued robust copper pricing is setting Taseko up for a year of strong financial returns. The important permitting catalyst for our Florence Copper project is on the near horizon, which we believe will unlock the significant value of that project.”

2022 Annual Review

- Earnings from mining operations before depletion and amortization* was $106.2 million, Adjusted EBITDA* was $109.0 million, and cash flows from operations was $81.3 million;
- Adjusted net income* was $1.7 million ($0.01 per share) and GAAP Net loss was $26.0 million ($0.09 per share) for the year;
- Total operating costs (C1)* for the year were US$2.98 per pound produced;
- The Gibraltar mine produced 97.0 million pounds of copper and 1.1 million pounds of molybdenum in 2022. Copper recoveries were 79.5% and copper head grades were 0.20%;
- Gibraltar sold 101.3 million pounds of copper for the year (100% basis) which contributed to revenue for Taseko of $391.6 million, Taseko’s second highest revenue year after 2021. Average realized copper prices before hedging gains were US$3.96 per pound for year, compared to the LME average price of US$3.99 per pound;
- The Company had a cash balance of $121 million and has approximately $190 million of available liquidity at December 31, 2022, including its undrawn US$50 million revolving credit facility;
- In September 2022, the EPA concluded its 45-day public comment period for the draft Underground Injection Control (“UIC”) permit for Florence Copper. The project received overwhelming support from business organizations, community leaders and state-wide organizations in written submissions and as voiced at the public hearing; and
- Development costs incurred for Florence Copper were $101.3 million in the year and included further payments for the major processing equipment being delivered for the solvent extraction and electrowinning (“SX/EW”) plant, other pre-construction activities and ongoing site costs.

Fourth Quarter Review

- In December 2022, the Company signed agreements with Mitsui & Co. (U.S.A.) Inc. (“Mitsui”) to form a strategic partnership to develop Florence Copper. Mitsui has committed to an initial investment of US$50 million which is conditional on receipt of the final UIC permit, with proceeds to be used for construction of the commercial production facility. The initial investment will be in the form of a copper stream agreement on 2.67% of the copper produced at Florence Copper. In addition, Mitsui has the option to invest an additional US$50 million (for a total investment of US$100 million) for a 10% equity interest in Florence Copper;
- Fourth quarter earnings from mining operations before depletion and amortization* was $37.7 million, Adjusted EBITDA* was $35.2 million, and Adjusted net income* was $7.1 million ($0.02 per share);

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

- Gibraltar produced 26.7 million pounds of copper for the quarter. Head grades were 0.22% and were similar to the prior quarter. Lower mill throughput and lower than expected grades due to mining dilution, impacted production in the quarter;
- Average mill throughput in the fourth quarter was 79,000 tons per day, as production in December was negatively impacted by unplanned mill downtime arising from a sitewide power outage caused by an extreme cold weather event;
- Copper recoveries were 83.4% for the quarter in line with expectations and a significant improvement over the prior quarters in 2022;
- Total site costs* in the fourth quarter was $5.6 million higher than the average for the last nine months due to higher diesel costs and timing of equipment repairs and maintenance;
- Gibraltar sold 25.5 million pounds of copper in the quarter (100% basis) at an average realized copper price of US$3.66 per pound;
- GAAP net loss was $2.3 million ($0.01 loss per share) and reflected an unrealized loss on derivatives of $20.1 million due to the recovery in copper prices, and net of a foreign exchange gain of $4.6 million due to a strengthening Canadian dollar;
- The Company has copper collar contracts in place to protect a minimum copper price of US$3.75 per pound until the end of December 2023 for the majority of the Company's needs. The Company also has 24 million litres of fuel call options in place to provide a ceiling cost for its share of diesel over the same period;
- In December 2022, Gibraltar entered into an equipment loan refinancing with the Company's share of net proceeds being $25.7 million. The Company also secured a commitment for US$25 million from Banc of America Leasing & Capital, LLC to fund costs associated with the SX/EW plant for the Florence Copper commercial production facility;
- In February 2023, the Company entered into an agreement to extend the maturity date of the undrawn revolving credit facility by an additional year to July 2026. In addition to the one-year extension, the lender has also agreed to an accordion feature, which will allow the amount of the credit facility to be increased by US$30 million, for a total of US$80 million, subject to credit approval and other conditions; and
- The standstill agreement between the Tŝilhqot'in Nation and Taseko was most recently extended for a fourth one-year term in December 2022, with the goal of providing time and opportunity for the Tŝilhqot'in Nation and Taseko to negotiate a final resolution. The dialogue process has made tangible progress in the past 12 months but is not complete. In agreeing to extend the standstill through 2023, the Tŝilhqot'in Nation and Taseko acknowledge the constructive nature of discussions to date, and the future opportunity to conclude a long-term and mutually acceptable resolution of the conflict that also makes an important contribution to the goals of reconciliation in Canada.

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

HIGHLIGHTS

Operating Data (Gibraltar - 100% basis)	Three months ended December 31,			Year ended December 31,		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Tons mined (millions)	22.9	23.3	(0.4)	88.7	105.4	(16.7)
Tons milled (millions)	7.3	7.4	(0.1)	30.3	29.2	1.1
Production (million pounds Cu)	26.7	28.8	(2.1)	97.0	112.3	(15.3)
Sales (million pounds Cu)	25.5	23.8	1.7	101.3	104.9	(3.6)

Financial Data	Three months ended December 31,			Year ended December 31,		
(Cdn$ in thousands, except for per share amounts)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenues	100,618	102,972	(2,354)	391,609	433,278	(41,669)
Earnings from mining operations before depletion and amortization*	37,653	61,916	(24,263)	106,217	230,392	(124,175)
Cash flows (used for) provided by operations	(946)	37,231	(38,177)	81,266	174,769	(93,503)
Adjusted EBITDA*	35,181	52,988	(17,807)	109,035	200,733	(91,698)
Adjusted net income *	7,146	13,312	(6,166)	1,723	44,745	(43,022)
Per share - basic (“Adjusted EPS”)*	0.02	0.05	(0.03)	0.01	0.16	(0.15)
Net income (loss) (GAAP)	(2,275)	11,762	(14,037)	(25,971)	36,472	(62,443)
Per share - basic (“EPS”)	(0.01)	0.04	(0.05)	(0.09)	0.13	(0.22)

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

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

Operating data (100% basis)	**Q4 2022**	**Q3 2022**	**Q2 2022**	**Q1 2022**	**Q4 2021**	**YE 2022**	**YE 2021**
Tons mined (millions)	22.9	23.2	22.3	20.3	23.3	88.7	105.4
Tons milled (millions)	7.3	8.2	7.7	7.0	7.4	30.3	29.2
Strip ratio	1.1	1.5	2.8	2.6	2.2	1.8	2.5
Site operating cost per ton milled (Cdn$)*	$13.88	$11.33	$11.13	$11.33	$9.94	$11.89	$9.21
Copper concentrate							
Head grade (%)	0.22	0.22	0.17	0.19	0.24	0.20	0.23
Copper recovery (%)	83.4	77.1	77.3	80.2	80.4	79.5	82.4
Production (million pounds Cu)	26.7	28.3	20.7	21.4	28.8	97.0	112.3
Sales (million pounds Cu)	25.5	26.7	21.7	27.4	23.8	101.3	104.9
Inventory (million pounds Cu)	5.4	4.2	2.7	4.0	9.9	5.4	9.9
Molybdenum concentrate							
Production (thousand pounds Mo)	359	324	199	236	450	1,118	1,954
Sales (thousand pounds Mo)	402	289	210	229	491	1,131	2,000
Per unit data (US$ per pound produced)*							
Site operating costs*	$2.79	$2.52	$3.25	$2.95	$2.02	$2.85	$1.91
By-product credits*	(0.40)	(0.15)	(0.15)	(0.18)	(0.30)	(0.23)	(0.27)
Site operating costs, net of by-product credits*	$2.39	$2.37	$3.10	$2.77	$1.72	$2.62	$1.64
Off-property costs	0.36	0.35	0.37	0.36	0.22	0.36	0.26
Total operating costs (C1)*	$2.75	$2.72	$3.47	$3.13	$1.94	$2.98	$1.90

Full Year Results

Gibraltar produced 97.0 million pounds of copper for the year compared to 112.3 million pounds in 2021. Head grades for the year averaged 0.20% copper, compared to 0.23% in 2021. The copper head grades were impacted by higher than expected mining dilution. Copper recoveries for 2022 were 79.5%, compared to 82.4% in 2021.

A total of 88.7 million tons were mined in the year compared to 105.4 million tons mined in the prior year period. The strip ratio of 1.8 was lower than the prior year as mining operations were focused in the Gibraltar pit in 2022 which has a lower strip ratio than the Pollyanna pit.

Total site costs* at Gibraltar of $301.8 million (which includes capitalized stripping of $32.0 million) for Taseko's 75% share were $40.0 million higher than 2021, primarily due to higher diesel prices (55% higher than 2021) and increased diesel volume consumed (21% higher than 2021) due to the longer hauls and higher truck hours and with grinding media and other input costs also increasing due to inflationary pressures.

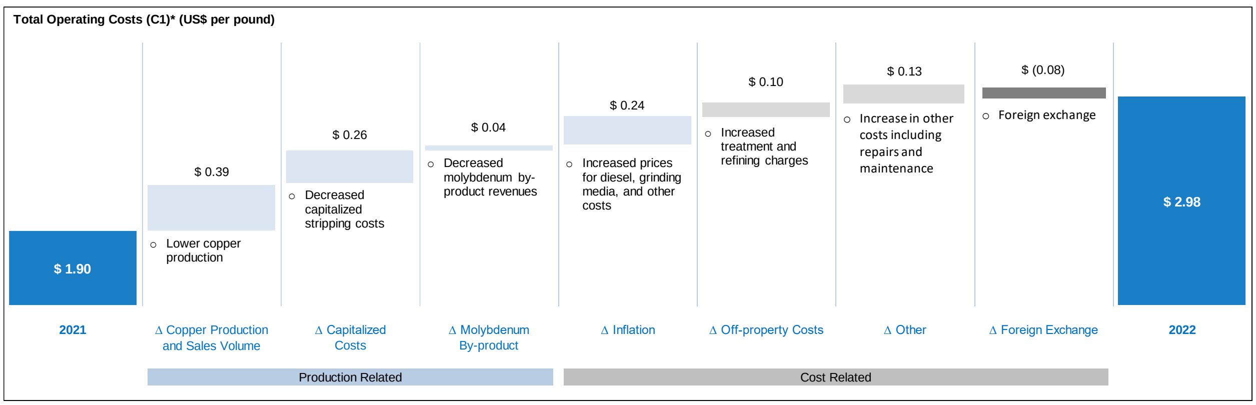
*Non-GAAP performance measure. See end of news release.

REVIEW OF OPERATIONS – CONTINUED

Molybdenum production was 1.1 million pounds in the year compared to 2.0 million pounds in the prior year. Molybdenum prices strengthened in 2022 with an average molybdenum price of US$18.73 per pound, an increase of 18% compared to the 2021 average price of US$15.94 per pound. By-product credits per pound of copper produced was US$0.23 in the year compared to US$0.27 in the prior year. The higher molybdenum price and favorable provisional price adjustments at year end were offset by lower molybdenum sales in 2022 compared to the prior year.

Off-property costs per pound produced* were US$0.36 for the year, which is US$0.10 higher than the prior year. In 2021 the Company benefited from lower benchmark treatment and refining charges (“TCRC”) and realized lower TCRCs for spot tenders due to tight copper market conditions last year. Ocean freight costs also increased in 2022 as the Company entered into a new contract at a higher rate earlier in the year. Also contributing to the increased off-property costs per pound produced in 2022 is the fact that sales of copper exceeded production by 4.3 million pounds.

Total operating costs per pound produced (C1)* were US$2.98 for the year, compared to US$1.90 in the prior year as shown in the bridge graph below:



Fourth Quarter Results

Gibraltar produced 26.7 million pounds of copper for the quarter, a 6% decrease over the third quarter. Copper production in December was impacted by unplanned mill downtime, including a sitewide power outage late in the month. Although the power outage was only 24 hours in duration, the severe cold temperatures of -35° Celsius (-31° Fahrenheit) immediately froze a number of essential systems in the mills. This extreme weather delayed the restart of milling operations for several days followed by a gradual return to full capacity by the end of December. Mill throughput in October and November averaged above design capacity at 88,000 tons per day, but mill throughput averaged only 63,000 tons per day in December.

Head grades were in line with the prior quarter and management continues to work on reducing the mining dilution being experienced in the Gibraltar pit. Copper recoveries in the fourth quarter were 83%, an improvement over the prior quarters in 2022 due to improving ore quality as mining advances deeper into the Gibraltar pit.

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

REVIEW OF OPERATIONS – CONTINUED

A total of 22.9 million tons were mined in the fourth quarter. The strip ratio of 1.1 was lower than prior quarter and included some initial stripping activity in the Connector pit. The ore stockpiles increased by 3.8 million tons in the fourth quarter.

Total site costs* at Gibraltar of $79.7 million (which includes capitalized stripping of $3.9 million) for Taseko's 75% share were $5.6 million higher than the average of the first three quarters of 2022 due to higher diesel costs, timing of repairs and maintenance and year-end wage related costs. Site operating cost per ton milled* was $13.88 was higher than the previous quarters in 2022 due to the higher site costs and lower mill throughput.

Molybdenum production was 359 thousand pounds in the fourth quarter. At an average molybdenum price of US$21.39 per pound and the impact of favorable provisional price adjustments of $3.9 million for Taseko's 75% share, molybdenum generated a by-product credit per pound of copper produced of US$0.40 in the fourth quarter.

Off-property costs per pound produced* were US$0.36 for the fourth quarter reflecting higher ocean freight costs (including bunker fuel) and increased treatment and refining charges (TCRC) compared to the same quarter in the prior year.

Total operating costs per pound produced (C1)* were US$2.75 for the quarter and was in line with the previous quarter.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce 115 million pounds of copper (+/-5%) in 2023 on a 100% basis. The Gibraltar pit will be the sole source of mill feed in 2023 and the quarterly production profile is expected to be less variable than 2022 due to improving quality and consistency of ore as mining progresses deeper into the pit. Annual mill throughput is expected to exceed design capacity in 2023 due to the softer ore in Gibraltar pit.

Stripping activities are underway in the new Connector pit. While the strip ratio is expected to be in line with the LOM average, the allocation of costs to capitalized stripping in 2023 will be higher than in 2022. The primary crusher for mill 1 which overlays the Connector zone is scheduled to be moved to its new location in the third quarter of this year.

Strong metal prices combined with our copper hedge protection continues to provide tailwinds for robust financial performance and operating margins at the Gibraltar mine over the coming year. Copper prices in 2022 averaged US$3.99 per pound and have started the current year above these levels. Molybdenum prices are currently US$36.95 per pound, 97% higher than the average price in 2022.

The Company currently has copper price collar contracts in place that secure a minimum copper price of US$3.75 per pound for 72 million pounds of copper until December 31, 2023. The Company has also executed price caps for its share of diesel purchases. Improving production combined with this copper hedge and diesel price protection program should continue to provide the foundation for stable financial performance and operating margins at the Gibraltar mine in 2023.

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

FLORENCE COPPER

The Company is awaiting the issuance of the final Underground Injection Control permit ("UIC") from the U.S. Environmental Protection Agency ("EPA"), which is the final permitting step required prior to construction commencing on the commercial production facility. The EPA is currently addressing comments that were received during the public comment period, which was held in the fall of 2022. Public comments submitted to the EPA have demonstrated strong support for the Florence Copper project among local residents, business organizations, community leaders and state-wide organizations.

In December 2022, the Company signed agreements with Mitsui to form a strategic partnership to develop Florence Copper. Mitsui has committed to an initial investment of US$50 million which is conditional on receipt of the final UIC permit, with proceeds to be used for construction of the commercial production facility. The initial investment will be in the form of a copper stream agreement on 2.67% of the copper produced at Florence Copper. In addition, Mitsui has the option to invest an additional US$50 million (for a total investment of US$100 million) for a 10% equity interest in Florence Copper.

Detailed engineering and design for the commercial production facility is substantially completed and procurement activities are well advanced. The Company has purchased the major processing equipment associated with the SX/EW plant and the equipment has now been delivered to the Florence site. The Company is well positioned to transition into construction once the final UIC permit is received. The Company incurred $101.3 million of capital expenditures at the Florence project in 2022 funded from available cash.

LONG-TERM GROWTH STRATEGY

Taseko's strategy has been to grow the Company by acquiring and developing a pipeline of complementary projects focused on copper in stable mining jurisdictions. We continue to believe this will generate long-term returns for shareholders. Our other development projects are located in British Columbia.

Yellowhead Copper Project

Yellowhead Mining Inc. ("Yellowhead") has an 817 million tonnes reserve and a 25-year mine life with a pre-tax net present value of $1.3 billion at an 8% discount rate using a US$3.10 per pound copper price based on the Company's 2020 NI 43-101 technical report. Capital costs of the project are estimated at $1.3 billion over a 2-year construction period. Over the first 5 years of operation, the copper equivalent grade will average 0.35% producing an average of 200 million pounds of copper per year at an average C1* cost, net of by-product credit, of US$1.67 per pound of copper. The Yellowhead copper project contains valuable precious metal by-products with 440,000 ounces of gold and 19 million ounces of silver with a life of mine value of over $1 billion at current prices.

The Company Is preparing to advance into the environmental assessment process and is undertaking some additional engineering work in conjunction with ongoing engagement with local communities including First Nations. The Company is also collecting baseline data and modeling which will be used to support the environmental assessment and permitting of the project.

LONG-TERM GROWTH STRATEGY – CONTINUED

New Prosperity Gold-Copper Project

In late 2019, the Tŝilhqot'in Nation, as represented by Tŝilhqot'in National Government, and Taseko entered into a confidential dialogue, with the involvement of the Province of British Columbia, in order to obtain a long-term resolution of the conflict regarding Taseko's proposed copper-gold mine previously known as New Prosperity, acknowledging Taseko's commercial interests and the Tŝilhqot'in Nation's opposition to the project.

This dialogue has been supported by the parties' agreement, beginning December 2019, to a series of one-year standstills on certain outstanding litigation and regulatory matters relating to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake). The standstill agreement was most recently extended for a fourth one-year term in December 2022, with the goal of providing time and opportunity for the Tŝilhqot'in Nation and Taseko to negotiate a final resolution.

The dialogue process has made tangible progress in the past 12 months but is not complete. In agreeing to extend the standstill through 2023, the Tŝilhqot'in Nation and Taseko acknowledge the constructive nature of discussions to date, and the future opportunity to conclude a long-term and mutually acceptable resolution of the conflict that also makes an important contribution to the goals of reconciliation in Canada.

Aley Niobium Project

Environmental monitoring and product marketing initiatives on the Aley niobium project continue. The converter pilot test is ongoing and is providing additional process data to support the design of the commercial process facilities and will provide final product samples for marketing purposes. The Company has also initiated a scoping study to investigate the potential production of niobium oxide at Aley to supply the growing market for Niobium-based batteries.

The Company will host a telephone conference call and live webcast on Friday, February 24, 2023 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. After opening remarks by management, there will be a question and answer session open to analysts and investors.

To join the conference call without operator assistance, you may pre-register at https://bit.ly/3HbbVpt to receive an instant automated call back just prior to the start of the conference call. Otherwise, the conference call may be accessed by dialing 416-764-8688 in Canada, 888-390-0546 in the United States, 08006522435 in the United Kingdom, or online at tasekomines.com/investors/events using the entry code 613140#.

The conference call will be archived for later playback until March 9, 2023 and can be accessed by dialing 416-764-8677 in Toronto, 888-390-0541 toll free in North America, or online at tasekomines.com/investors/events and using the entry code 613140#.

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

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

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2022 Q4**	**2022 Q3**	**2022 Q2**	**2022 Q1**	**2022 YE**
Cost of sales	73,112	84,204	90,992	89,066	337,374
Less:					
Depletion and amortization	(10,147)	(13,060)	(15,269)	(13,506)	(51,982)
Net change in inventories of finished goods	1,462	2,042	(3,653)	(7,577)	(7,726)
Net change in inventories of ore stockpiles	18,050	3,050	(3,463)	(3,009)	14,628
Transportation costs	(6,671)	(6,316)	(4,370)	(5,115)	(22,472)
Site operating costs	75,806	69,920	64,237	59,859	269,822
Less by-product credits:					
Molybdenum, net of treatment costs	(11,022)	(4,122)	(3,023)	(3,831)	(21,999)
Silver, excluding amortization of deferred revenue	263	25	36	202	526
Site operating costs, net of by-product credits	65,047	65,823	61,250	56,230	248,349
Total copper produced (thousand pounds)	20,020	21,238	15,497	16,024	72,778
Total costs per pound produced	3.25	3.10	3.95	3.51	3.41
Average exchange rate for the period (CAD/US$)	1.36	1.31	1.28	1.27	1.30
Site operating costs, net of by-product credits (US$ per pound)	**2.39**	**2.37**	**3.10**	**2.77**	**2.62**
Site operating costs, net of by-product credits	65,047	65,823	61,250	56,230	248,349
Add off-property costs:					
Treatment and refining costs	3,104	3,302	2,948	2,133	11,486
Transportation costs	6,671	6,316	4,370	5,115	22,472
Total operating costs	74,822	75,441	68,568	63,478	282,307
Total operating costs (C1) (US$ per pound)	**2.75**	**2.72**	**3.47**	**3.13**	**2.98**

NON-GAAP PERFORMANCE MEASURES – CONTINUED

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Cost of sales	57,258	65,893	74,056	72,266	269,473
Less:					
Depletion and amortization	(16,202)	(17,011)	(17,536)	(15,838)	(66,587)
Net change in inventories of finished goods	13,497	762	(4,723)	2,259	11,795
Net change in inventories of ore stockpiles	4,804	6,291	2,259	(8,226)	5,128
Transportation costs	(4,436)	(5,801)	(4,303)	(3,305)	(17,845)
Site operating costs	54,921	50,134	49,753	47,156	201,964
Less by-product credits:					
Molybdenum, net of treatment costs	(7,755)	(8,574)	(6,138)	(5,604)	(28,071)
Silver, excluding amortization of deferred revenue	(330)	300	64	(238)	(204)
Site operating costs, net of by-product credits	46,836	41,860	43,679	41,314	173,689
Total copper produced (thousand pounds)	21,590	25,891	20,082	16,684	84,247
Total costs per pound produced	2.17	1.62	2.18	2.48	2.06
Average exchange rate for the period (CAD/USD)	1.26	1.26	1.23	1.27	1.25
Site operating costs, net of by-product credits (US$ per pound)	**1.72**	**1.28**	**1.77**	**1.96**	**1.64**
Site operating costs, net of by-product credits	46,836	41,860	43,679	41,314	173,689
Add off-property costs:					
Treatment and refining costs	1,480	3,643	1,879	2,414	9,416
Transportation costs	4,436	5,801	4,303	3,305	17,845
Total operating costs	52,752	51,304	49,861	47,033	200,950
Total operating costs (C1) (US$ per pound)	**1.94**	**1.57**	**2.02**	**2.23**	**1.90**

Total Site Costs

Total site costs is comprised of the site operating costs charged to cost of sales as well as mining costs capitalized to property, plant and equipment in the period. This measure is intended to capture Taseko's share of the total site operating costs incurred in the quarter at the Gibraltar mine calculated on a consistent basis for the periods presented.

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Site operating costs	75,806	69,920	64,237	59,859	269,822
Add:					
Capitalized stripping costs	3,866	1,121	11,887	15,142	32,016
Total site costs	**79,672**	**71,041**	**76,124**	**75,001**	**301,838**

NON-GAAP PERFORMANCE MEASURES – CONTINUED

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Site operating costs	54,921	50,134	49,753	47,156	201,964
Add:					
Capitalized stripping costs	12,737	10,882	14,794	21,452	59,865
Total site costs	**67,658**	**61,016**	**64,547**	**68,608**	**261,829**

Adjusted net income (loss)

Adjusted net income (loss) removes the effect of the following transactions from net income as reported under IFRS:

- Unrealized foreign currency gains/losses;
- Unrealized gain/loss on derivatives; and
- Loss on settlement of long-term debt and call premium, including realized foreign exchange gains.

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.

(Cdn$ in thousands, except per share amounts)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Net income (loss)	**(2,275)**	**(23,517)**	**(5,274)**	**5,095**	**(25,971)**
Unrealized foreign exchange (gain) loss	(5,279)	28,083	11,621	(4,398)	30,027
Unrealized (gain) loss on derivatives	20,137	(72)	(30,747)	7,486	(3,196)
Estimated tax effect of adjustments	(5,437)	19	8,302	(2,021)	863
Adjusted net income (loss)	**7,146**	**4,513**	**(16,098)**	**6,162**	**1,723**
Adjusted EPS	**0.02**	**0.02**	**(0.06)**	**0.02**	**0.01**

(Cdn$ in thousands, except per share amounts)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Net income (loss)	**11,762**	**22,485**	**13,442**	**(11,217)**	**36,472**
Unrealized foreign exchange (gain) loss	(1,817)	9,511	(3,764)	8,798	12,728
Realized foreign exchange gain on settlement of long-term debt	-	-	-	(13,000)	(13,000)
Loss on settlement of long-term debt	-	-	-	5,798	5,798
Call premium on settlement of long-term debt	-	-	-	6,941	6,941
Unrealized (gain) loss on derivatives	4,612	(6,817)	370	802	(1,033)
Estimated tax effect of adjustments	(1,245)	1,841	(100)	(3,657)	(3,161)
Adjusted net income (loss)	**13,312**	**27,020**	**9,948**	**(5,535)**	**44,745**
Adjusted EPS	**0.05**	**0.10**	**0.04**	**(0.02)**	**0.16**

NON-GAAP PERFORMANCE MEASURES – CONTINUED

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 derivatives;
- Loss on settlement of long-term debt (included in finance expenses) and call premium;
- Realized foreign exchange gains on settlement of long-term debt; and
- Amortization of share-based compensation expense.

(Cdn$ in thousands)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Net income (loss)	**(2,275)**	**(23,517)**	**(5,274)**	**5,095**	**(25,971)**
Add:					
Depletion and amortization	10,147	13,060	15,269	13,506	51,982
Finance expense	10,135	12,481	12,236	12,155	47,007
Finance income	(700)	(650)	(282)	(166)	(1,798)
Income tax expense	1,222	3,500	922	1,188	6,832
Unrealized foreign exchange (gain) loss	(5,279)	28,083	11,621	(4,398)	30,027
Unrealized (gain) loss on derivatives	20,137	(72)	(30,747)	7,486	(3,196)
Amortization of share-based compensation expense	1,794	1,146	(2,061)	3,273	4,152
Adjusted EBITDA	**35,181**	**34,031**	**1,684**	**38,139**	**109,035**

(Cdn$ in thousands)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Net income (loss)	**11,762**	**22,485**	**13,442**	**(11,217)**	**36,472**
Add:					
Depletion and amortization	16,202	17,011	17,536	15,838	66,587
Finance expense (includes loss on settlement of long-term debt and call premium)	12,072	11,875	11,649	23,958	59,554
Finance income	(218)	(201)	(184)	(75)	(678)
Income tax (recovery) expense	9,300	22,310	7,033	(4,302)	34,341
Unrealized foreign exchange (gain) loss	(1,817)	9,511	(3,764)	8,798	12,728
Realized foreign exchange gain on settlement of long-term debt	-	-	-	(13,000)	(13,000)
Unrealized (gain) loss on derivatives	4,612	(6,817)	370	802	(1,033)
Amortization of share-based compensation expense	1,075	117	1,650	2,920	5,762
Adjusted EBITDA	**52,988**	**76,291**	**47,732**	**23,722**	**200,733**

NON-GAAP PERFORMANCE MEASURES – CONTINUED

Earnings from mining operations before depletion and amortization

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

(Cdn$ in thousands)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Earnings (loss) from mining operations	**27,506**	**5,510**	**(8,048)**	**29,267**	**54,235**
Add:					
Depletion and amortization	10,147	13,060	15,269	13,506	51,982
Earnings from mining operations before depletion and amortization	**37,653**	**18,570**	**7,221**	**42,773**	**106,217**

(Cdn$ in thousands)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Earnings from mining operations	**45,714**	**66,670**	**36,946**	**14,475**	**163,805**
Add:					
Depletion and amortization	16,202	17,011	17,536	15,838	66,587
Earnings from mining operations before depletion and amortization	**61,916**	**83,681**	**54,482**	**30,313**	**230,392**

Site operating costs per ton milled

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 Company's site operations on a tons milled basis.

(Cdn$ in thousands, except per ton milled amounts)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Site operating costs (included in cost of sales)	**75,806**	**69,920**	**64,237**	**59,859**	**269,822**
Tons milled (thousands) (75% basis)	5,462	6,172	5,774	5,285	22,692
Site operating costs per ton milled	**$13.88**	**$11.33**	**$11.13**	**$11.33**	**$11.89**

(Cdn$ in thousands, except per ton milled amounts)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Site operating costs (included in cost of sales)	**54,921**	**50,134**	**49,753**	**47,156**	**201,964**
Tons milled (thousands) (75% basis)	5,523	5,576	5,429	5,402	21,930
Site operating costs per ton milled	**$9.94**	**$8.99**	**$9.16**	**$8.73**	**$9.21**

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 about the effect of COVID-19 and the response of local, provincial, federal and international governments to the threat of COVID-19 on our operations (including our suppliers, customers, supply chain, employees and contractors) and economic conditions generally and in particular with respect to the demand for copper and other metals we produce;
- 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 the ability to obtain necessary licenses permits for development projects and project delays due to third party opposition;
- uncertainties related to unexpected judicial or regulatory proceedings;
- changes in, and the effects of, the laws, regulations and government policies affecting our exploration and development activities and mining operations, particularly laws, regulations and policies;
- changes in general economic conditions, the financial markets and in the demand and market price for copper, gold and other minerals and commodities, such as diesel fuel, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates, particularly with respect to the value of the U.S. dollar and Canadian dollar, and the continued availability of capital and financing;
- the effects of forward selling instruments to protect against fluctuations in copper prices and exchange rate movements and the risks of counterparty defaults, and mark to market risk;
- the risk of inadequate insurance or inability to obtain insurance to cover mining risks;
- the risk of loss of key employees; the risk of changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates;
- environmental issues and liabilities associated with mining including processing and stock piling ore; and
- labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate mines, or environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in our mines.

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

Cautionary Statement on Forward-Looking Information

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

TASEKO MINES LIMITED
Management's Discussion and Analysis

This management discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board for the year ended December 31, 2022 (the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this MD&A and the Company's other public filings, which are available on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the United States Securities and Exchange Commission's ("SEC") website at www.sec.gov.

This MD&A is prepared as of February 23, 2023. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified. Included throughout this MD&A are references to non-GAAP performance measures which are denoted with an asterisk and further explanation including their calculations are provided on page 32.

Cautionary Statement on Forward-Looking Information

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities, and events or developments that the Company expects are forward-looking statements. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, global economic events arising from the coronavirus (COVID-19) pandemic outbreak, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements. We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and our business may be found in the Company's other public filings with the SEC and Canadian provincial securities regulatory authorities.

CONTENTS

OVERVIEW

Taseko is a copper focused mining company that seeks to create long-term shareholder value by acquiring, developing, and operating large tonnage mineral deposits in North America which are capable of supporting a mine for decades. The Company's principal operating asset is the 75% owned Gibraltar mine, which is located in central British Columbia and is one of the largest copper mines in North America. Taseko also owns Florence Copper, which will be one of the lowest energy and greenhouse gas-intense sources of mined copper globally and is advancing towards construction, as well as the Yellowhead copper, New Prosperity gold-copper, and Aley niobium projects.

HIGHLIGHTS

Operating Data (Gibraltar - 100% basis)	**Three months ended December 31,**			**Year ended December 31,**		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
Tons mined (millions)	22.9	23.3	(0.4)	88.7	105.4	(16.7)
Tons milled (millions)	7.3	7.4	(0.1)	30.3	29.2	1.1
Production (million pounds Cu)	26.7	28.8	(2.1)	97.0	112.3	(15.3)
Sales (million pounds Cu)	25.5	23.8	1.7	101.3	104.9	(3.6)

Financial Data	**Three months ended December 31,**			**Year ended December 31,**		
(Cdn$ in thousands, except for per share amounts)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Revenues	100,618	102,972	(2,354)	391,609	433,278	(41,669)
Earnings from mining operations before depletion and amortization*	37,653	61,916	(24,263)	106,217	230,392	(124,175)
Cash flows (used for) provided by operations	(946)	37,231	(38,177)	81,266	174,769	(93,503)
Adjusted EBITDA*	35,181	52,988	(17,807)	109,035	200,733	(91,698)
Adjusted net income *	7,146	13,312	(6,166)	1,723	44,745	(43,022)
Per share - basic ("Adjusted EPS")*	0.02	0.05	(0.03)	0.01	0.16	(0.15)
Net income (loss) (GAAP)	(2,275)	11,762	(14,037)	(25,971)	36,472	(62,443)
Per share - basic ("EPS")	(0.01)	0.04	(0.05)	(0.09)	0.13	(0.22)

2022 Annual Review

- Earnings from mining operations before depletion and amortization* was $106.2 million, Adjusted EBITDA* was $109.0 million, and cash flows from operations was $81.3 million;
- Adjusted net income* was $1.7 million ($0.01 per share) and GAAP Net loss was $26.0 million ($0.09 per share) for the year;
- Total operating costs (C1)* for the year were US$2.98 per pound produced;
- The Gibraltar mine produced 97.0 million pounds of copper and 1.1 million pounds of molybdenum in 2022. Copper recoveries were 79.5% and copper head grades were 0.20%;
- Gibraltar sold 101.3 million pounds of copper for the year (100% basis) which contributed to revenue for Taseko of $391.6 million, Taseko's second highest revenue year after 2021. Average realized copper prices before hedging gains were US$3.96 per pound for year, compared to the LME average price of US$3.99 per pound;
- The Company had a cash balance of $121 million and has approximately $190 million of available liquidity at December 31, 2022, including its undrawn US$50 million revolving credit facility;
- In September 2022, the EPA concluded its 45-day public comment period for the draft Underground Injection Control ("UIC") permit for Florence Copper. The project received overwhelming support from business organizations, community leaders and state-wide organizations in written submissions and as voiced at the public hearing; and
- Development costs incurred for Florence Copper were $101.3 million in the year and included further payments for the major processing equipment being delivered for the solvent extraction and electrowinning ("SX/EW") plant, other pre-construction activities and ongoing site costs.

Fourth Quarter Review

- In December 2022, the Company signed agreements with Mitsui & Co. (U.S.A.) Inc. ("Mitsui") to form a strategic partnership to develop Florence Copper. Mitsui has committed to an initial investment of US$50 million which is conditional on receipt of the final UIC permit, with proceeds to be used for construction of the commercial production facility. The initial investment will be in the form of a copper stream agreement on 2.67% of the copper produced at Florence Copper. In addition, Mitsui has the option to invest an additional US$50 million (for a total investment of US$100 million) for a 10% equity interest in Florence Copper;
- Fourth quarter earnings from mining operations before depletion and amortization* was $37.7 million, Adjusted EBITDA* was $35.2 million, and Adjusted net income* was $7.1 million ($0.02 per share);
- Gibraltar produced 26.7 million pounds of copper for the quarter. Head grades were 0.22% and were similar to the prior quarter. Lower mill throughput and lower than expected grades due to mining dilution, impacted production in the quarter;
- Average mill throughput in the fourth quarter was 79,000 tons per day, as production in December was negatively impacted by unplanned mill downtime arising from a sitewide power outage caused by an extreme cold weather event;
- Copper recoveries were 83.4% for the quarter in line with expectations and a significant improvement over the prior quarters in 2022;
- Total site costs* in the fourth quarter was $5.6 million higher than the average for the last nine months due to higher diesel costs and timing of equipment repairs and maintenance;

- Gibraltar sold 25.5 million pounds of copper in the quarter (100% basis) at an average realized copper price of US$3.66 per pound;
- GAAP net loss was $2.3 million ($0.01 loss per share) and reflected an unrealized loss on derivatives of $20.1 million due to the recovery in copper prices, and net of a foreign exchange gain of $4.6 million due to a strengthening Canadian dollar;
- The Company has copper collar contracts in place to protect a minimum copper price of US$3.75 per pound until the end of December 2023 for the majority of the Company's needs. The Company also has 24 million litres of fuel call options in place to provide a ceiling cost for its share of diesel over the same period;
- In December 2022, Gibraltar entered into an equipment loan refinancing with the Company's share of net proceeds being $25.7 million. The Company also secured a commitment for US$25 million from Banc of America Leasing & Capital, LLC to fund costs associated with the SX/EW plant for the Florence Copper commercial production facility;
- In February 2023, the Company entered into an agreement to extend the maturity date of the undrawn revolving credit facility by an additional year to July 2026. In addition to the one-year extension, the lender has also agreed to an accordion feature, which will allow the amount of the credit facility to be increased by US$30 million, for a total of US$80 million, subject to credit approval and other conditions; and
- The standstill agreement between the Tŝilhqot'in Nation and Taseko was most recently extended for a fourth one-year term in December 2022, with the goal of providing time and opportunity for the Tŝilhqot'in Nation and Taseko to negotiate a final resolution. The dialogue process has made tangible progress in the past 12 months but is not complete. In agreeing to extend the standstill through 2023, the Tŝilhqot'in Nation and Taseko acknowledge the constructive nature of discussions to date, and the future opportunity to conclude a long-term and mutually acceptable resolution of the conflict that also makes an important contribution to the goals of reconciliation in Canada.

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

Operating data (100% basis)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	YE 2022	YE 2021
Tons mined (millions)	22.9	23.2	22.3	20.3	23.3	88.7	105.4
Tons milled (millions)	7.3	8.2	7.7	7.0	7.4	30.3	29.2
Strip ratio	1.1	1.5	2.8	2.6	2.2	1.8	2.5
Site operating cost per ton milled (Cdn$)*	$13.88	$11.33	$11.13	$11.33	$9.94	$11.89	$9.21
Copper concentrate							
Head grade (%)	0.22	0.22	0.17	0.19	0.24	0.20	0.23
Copper recovery (%)	83.4	77.1	77.3	80.2	80.4	79.5	82.4
Production (million pounds Cu)	26.7	28.3	20.7	21.4	28.8	97.0	112.3
Sales (million pounds Cu)	25.5	26.7	21.7	27.4	23.8	101.3	104.9
Inventory (million pounds Cu)	5.4	4.2	2.7	4.0	9.9	5.4	9.9
Molybdenum concentrate							
Production (thousand pounds Mo)	359	324	199	236	450	1,118	1,954
Sales (thousand pounds Mo)	402	289	210	229	491	1,131	2,000
Per unit data (US$ per pound produced)*							
Site operating costs*	$2.79	$2.52	$3.25	$2.95	$2.02	$2.85	$1.91
By-product credits*	(0.40)	(0.15)	(0.15)	(0.18)	(0.30)	(0.23)	(0.27)
Site operating costs, net of by-product credits*	$2.39	$2.37	$3.10	$2.77	$1.72	$2.62	$1.64
Off-property costs	0.36	0.35	0.37	0.36	0.22	0.36	0.26
Total operating costs (C1)*	$2.75	$2.72	$3.47	$3.13	$1.94	$2.98	$1.90

OPERATIONS ANALYSIS

Full Year Results

Gibraltar produced 97.0 million pounds of copper for the year compared to 112.3 million pounds in 2021. Head grades for the year averaged 0.20% copper, compared to 0.23% in 2021. The copper head grades were impacted by higher than expected mining dilution. Copper recoveries for 2022 were 79.5%, compared to 82.4% in 2021.

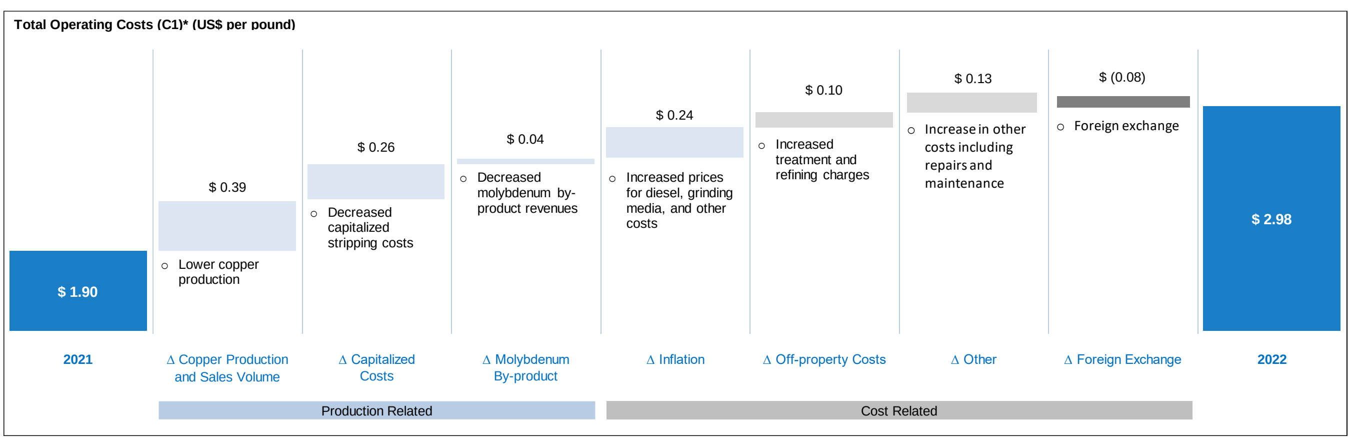
A total of 88.7 million tons were mined in the year compared to 105.4 million tons mined in the prior year period. The strip ratio of 1.8 was lower than the prior year as mining operations were focused in the Gibraltar pit in 2022 which has a lower strip ratio than the Pollyanna pit.

Total site costs* at Gibraltar of $301.8 million (which includes capitalized stripping of $32.0 million) for Taseko's 75% share were $40.0 million higher than 2021, primarily due to higher diesel prices (55% higher than 2021) and increased diesel volume consumed (21% higher than 2021) due to the longer hauls and higher truck hours and with grinding media and other input costs also increasing due to inflationary pressures.

Molybdenum production was 1.1 million pounds in the year compared to 2.0 million pounds in the prior year. Molybdenum prices strengthened in 2022 with an average molybdenum price of US$18.73 per pound, an increase of 18% compared to the 2021 average price of US$15.94 per pound. By-product credits per pound of copper produced was US$0.23 in the year compared to US$0.27 in the prior year. The higher molybdenum price and favorable provisional price adjustments at year end were offset by lower molybdenum sales in 2022 compared to the prior year.

Off-property costs per pound produced* were US$0.36 for the year, which is US$0.10 higher than the prior year. In 2021 the Company benefited from lower benchmark treatment and refining charges ("TCRC") and realized lower TCRCs for spot tenders due to tight copper market conditions last year. Ocean freight costs also increased in 2022 as the Company entered into a new contract at a higher rate earlier in the year. Also contributing to the increased off-property costs per pound produced in 2022 is the fact that sales of copper exceeded production by 4.3 million pounds.

Total operating costs per pound produced (C1)* were US$2.98 for the year, compared to US$1.90 in the prior year as shown in the bridge graph below:



Fourth Quarter Results

Gibraltar produced 26.7 million pounds of copper for the quarter, a 6% decrease over the third quarter. Copper production in December was impacted by unplanned mill downtime, including a sitewide power outage late in the month. Although the power outage was only 24 hours in duration, the severe cold temperatures of -35° Celsius (-31° Fahrenheit) immediately froze a number of essential systems in the mills. This extreme weather delayed the restart of milling operations for several days followed by a gradual return to full capacity by the end of December. Mill throughput in October and November averaged above design capacity at 88,000 tons per day, but mill throughput averaged only 63,000 tons per day in December.

Head grades were in line with the prior quarter and management continues to work on reducing the mining dilution being experienced in the Gibraltar pit. Copper recoveries in the fourth quarter were 83%, an improvement over the prior quarters in 2022 due to improving ore quality as mining advances deeper into the Gibraltar pit.

A total of 22.9 million tons were mined in the fourth quarter. The strip ratio of 1.1 was lower than prior quarter and included some initial stripping activity in the Connector pit. The ore stockpiles increased by 3.8 million tons in the fourth quarter.

Total site costs* at Gibraltar of $79.7 million (which includes capitalized stripping of $3.9 million) for Taseko's 75% share were $5.6 million higher than the average of the first three quarters of 2022 due to higher diesel costs, timing of repairs and maintenance and year-end wage related costs. Site operating cost per ton milled* was $13.88 was higher than the previous quarters in 2022 due to the higher site costs and lower mill throughput.

Molybdenum production was 359 thousand pounds in the fourth quarter. At an average molybdenum price of US$21.39 per pound and the impact of favorable provisional price adjustments of $3.9 million for Taseko's 75% share, molybdenum generated a by-product credit per pound of copper produced of US$0.40 in the fourth quarter.

Off-property costs per pound produced* were US$0.36 for the fourth quarter reflecting higher ocean freight costs (including bunker fuel) and increased treatment and refining charges (TCRC) compared to the same quarter in the prior year.

Total operating costs per pound produced (C1)* were US$2.75 for the quarter and was in line with the previous quarter.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Nothing is more important to Taseko than the safety, health and well-being of our workers and their families. Taseko places a high priority on the continuous improvement of performance in the areas of employee health and safety at the workplace and protection of the environment.

In May 2022, Taseko published its annual Environmental, Social, and Governance ("ESG") report, providing detailed information about the Company's 2021 performance and outcomes against the most critical ESG topics and metrics for the global mining sector.

For the first time, in the 2021 ESG Report Taseko has established long-term goals in the areas of energy management, water management, reclamation and biodiversity. In addition, the Company is reporting against the *Sustainability Accounting Standards Board* (SASB) framework, providing consistent and comparable ESG metrics specific to the global mining sector.

The full report is available on the Company's website at www.tasekomines.com/esg/overview.

Gibraltar's 2022 ESG report will be published in the second quarter of 2023.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce 115 million pounds of copper (+/-5%) in 2023 on a 100% basis. The Gibraltar pit will be the sole source of mill feed in 2023 and the quarterly production profile is expected to be less variable than 2022 due to improving quality and consistency of ore as mining progresses deeper into the pit. Annual mill throughput is expected to exceed design capacity in 2023 due to the softer ore in Gibraltar pit.

Stripping activities are underway in the new Connector pit. While the strip ratio is expected to be in line with the LOM average, the allocation of costs to capitalized stripping in 2023 will be higher than in 2022. The primary crusher for mill 1 which overlays the Connector zone is scheduled to be moved to its new location in the third quarter of this year.

Strong metal prices combined with our copper hedge protection continues to provide tailwinds for robust financial performance and operating margins at the Gibraltar mine over the coming year. Copper prices in 2022 averaged US$3.99 per pound and have started the current year above these levels. Molybdenum prices are currently US$36.95 per pound, 97% higher than the average price in 2022.

The Company currently has copper price collar contracts in place that secure a minimum copper price of US$3.75 per pound for 72 million pounds of copper until December 31, 2023. The Company has also executed price caps for its share of diesel purchases. Improving production combined with this copper hedge and diesel price protection program should continue to provide the foundation for stable financial performance and operating margins at the Gibraltar mine in 2023.

FLORENCE COPPER

The Company is awaiting the issuance of the final Underground Injection Control permit ("UIC") from the U.S. Environmental Protection Agency ("EPA"), which is the final permitting step required prior to construction commencing on the commercial production facility. The EPA is currently addressing comments that were received during the public comment period, which was held in the fall of 2022. Public comments submitted to the EPA have demonstrated strong support for the Florence Copper project among local residents, business organizations, community leaders and state-wide organizations.

In December 2022, the Company signed agreements with Mitsui to form a strategic partnership to develop Florence Copper. Mitsui has committed to an initial investment of US$50 million which is conditional on receipt of the final UIC permit, with proceeds to be used for construction of the commercial production facility. The initial investment will be in the form of a copper stream agreement on 2.67% of the copper produced at Florence Copper. In addition, Mitsui has the option to invest an additional US$50 million (for a total investment of US$100 million) for a 10% equity interest in Florence Copper.

Detailed engineering and design for the commercial production facility is substantially completed and procurement activities are well advanced. The Company has purchased the major processing equipment associated with the SX/EW plant and the equipment has now been delivered to the Florence site. The Company is well positioned to transition into construction once the final UIC permit is received. The Company incurred $101.3 million of capital expenditures at the Florence project in 2022 funded from available cash.

LONG-TERM GROWTH STRATEGY

Taseko's strategy has been to grow the Company by acquiring and developing a pipeline of complementary projects focused on copper in stable mining jurisdictions. We continue to believe this will generate long-term returns for shareholders. Our other development projects are located in British Columbia.

Yellowhead Copper Project

Yellowhead Mining Inc. ("Yellowhead") has an 817 million tonnes reserve and a 25-year mine life with a pre-tax net present value of $1.3 billion at an 8% discount rate using a US$3.10 per pound copper price based on the Company's 2020 NI 43-101 technical report. Capital costs of the project are estimated at $1.3 billion over a 2-year construction period. Over the first 5 years of operation, the copper equivalent grade will average 0.35% producing an average of 200 million pounds of copper per year at an average C1* cost, net of by-product credit, of US$1.67 per pound of copper. The Yellowhead copper project contains valuable precious metal by-products with 440,000 ounces of gold and 19 million ounces of silver with a life of mine value of over $1 billion at current prices.

The Company is preparing to advance into the environmental assessment process and is undertaking some additional engineering work in conjunction with ongoing engagement with local communities including First Nations. The Company is also collecting baseline data and modeling which will be used to support the environmental assessment and permitting of the project.

New Prosperity Gold-Copper Project

In late 2019, the Tŝilhqot'in Nation, as represented by Tŝilhqot'in National Government, and Taseko entered into a confidential dialogue, with the involvement of the Province of British Columbia, in order to obtain a long-term resolution of the conflict regarding Taseko's proposed copper-gold mine previously known as New Prosperity, acknowledging Taseko's commercial interests and the Tŝilhqot'in Nation's opposition to the project.

This dialogue has been supported by the parties' agreement, beginning December 2019, to a series of one-year standstills on certain outstanding litigation and regulatory matters relating to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake). The standstill agreement was most recently extended for a fourth one-year term in December 2022, with the goal of providing time and opportunity for the Tŝilhqot'in Nation and Taseko to negotiate a final resolution.

The dialogue process has made tangible progress in the past 12 months but is not complete. In agreeing to extend the standstill through 2023, the Tŝilhqot'in Nation and Taseko acknowledge the constructive nature of discussions to date, and the future opportunity to conclude a long-term and mutually acceptable resolution of the conflict that also makes an important contribution to the goals of reconciliation in Canada.

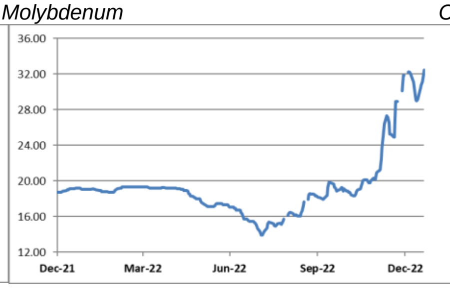
Aley Niobium Project

Environmental monitoring and product marketing initiatives on the Aley niobium project continue. The converter pilot test is ongoing and is providing additional process data to support the design of the commercial process facilities and will provide final product samples for marketing purposes. The Company has also initiated a scoping study to investigate the potential production of niobium oxide at Aley to supply the growing market for Niobium-based batteries.

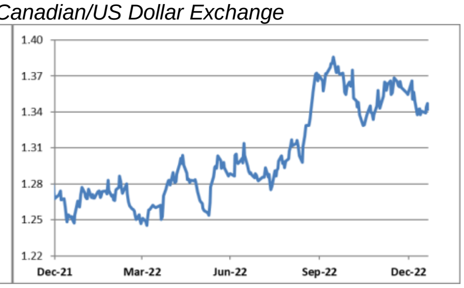
MARKET REVIEW

Copper

Molybdenum



Canadian/US Dollar Exchange



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

Copper prices are currently around US$4.15 per pound, compared to US$3.80 per pound at December 31, 2022. Copper prices saw a dramatic sell off in June of 2022 that was triggered by global recession fears and an expected slowdown in China. In March 2022, copper reached a record high of US$5.09 per pound due to uncertainty arising from the Ukraine conflict, rising inflation rates and low warehouse inventory levels. Copper prices have steadily recovered since the onset of COVID-19 due to tight physical market conditions, ensuing supply chain bottlenecks, inflation pressures caused by economic stimulus measures and other geopolitical challenges. Europe’s imminent need to transition away from Russian energy dependence and invest further in alternative energy should also accelerate growth in the demand for copper in the medium term.

Electrification of transportation and the focus on government investment in construction and infrastructure including initiatives focused on the renewable energy, electrification and meeting net zero targets by 2050, are inherently copper intensive. According to S&P Global’s copper market outlook report published in July 2022, titled ‘*The Future of Copper: Will the looming supply gap short-circuit the energy transition?*’, global demand for copper is projected to double from approximately 25 million metric tons today to roughly 50 million metric tons by 2035, a record high that will be sustained and continue to grow to 53 million metric tons by 2050, in order to achieve net-zero targets. All of these factors continue to provide unprecedented catalysts for higher copper prices to continue in the future. Short-term volatility is expected due to macroeconomic uncertainty and the risk of a US and global recession. While some analysts predict a potential copper market balance by 2023 based on current development projects under construction and the recession caused pullback in demand, the medium to longer-term outlook for copper remains extremely favorable. This increased demand for copper after years of under investment by the copper industry in new primary mine supply, coupled with inherently low recycling rates, is expected to support strong copper prices over the coming decade.

Approximately 6% of the Company’s revenue is made up of molybdenum sales. During 2022, the average molybdenum price was US$18.73 per pound and reached above US$31.85 per pound for a period. Molybdenum prices are currently around US$36.95 per pound, with demand and higher prices driven by supply challenges at large South American copper mines that produce molybdenum as a by-product. Strong demand from the energy sector has boosted demand for alloyed steel products, as well as growing demand from the renewables and military sectors. The Company’s sales agreements specify molybdenum pricing based on the published Platts Metals reports.

Approximately 80% of the Gibraltar mine’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 earned and in some cases reported in US dollars. Overall, the Canadian dollar weakened throughout the year due to a strengthening US dollar caused by global recession concerns.

FINANCIAL PERFORMANCE

Earnings

	Year ended December 31,		
(Cdn$ in thousands)	**2022**	**2021**	**Change**
Net income (loss)	(25,971)	36,472	(62,443)
Net unrealized foreign exchange loss	30,027	12,728	17,299
Realized foreign exchange gain on settlement of long-term debt	-	(13,000)	13,000
Loss on settlement of long-term debt	-	12,739	(12,739)
Unrealized gain on derivative instruments	(3,196)	(1,033)	(2,163)
Estimated tax effect of adjustments	863	(3,161)	4,024
Adjusted net income *	1,723	44,745	(43,022)

The Company's adjusted net income was $1.7 million ($0.01 per share) for the year ended December 31, 2022, compared to adjusted net income of $44.7 million ($0.16 per share) for the prior year. The lower adjusted net income in the current year was primarily due to lower average LME copper prices and sales volumes, higher site costs due to the rising input costs such as diesel and a decrease in waste stripping costs being capitalized. Partially offsetting these impacts was $13.6 million in net realized gains from copper put options and $14.6 million less in depletion and amortization than the prior year.

The Company's net loss was $26.0 million ($0.09 loss per share) for the year ended December 31, 2022 after deduction of $30.0 million in unrealized foreign exchange losses on the outstanding senior secured notes due to the stronger US dollar, partially offset by unrealized gains on copper put options of $3.2 million (less tax effects) for copper collars that remain outstanding at the end of December 31, 2022.

Net income in the year ended December 31, 2021 was also negatively impacted by settlement of the US$250 million 8.75% Senior Secured Notes ("2022 Notes"). The $12.7 million settlement loss recorded upon repayment of the 2022 Notes decreased GAAP net income in the first half of 2021.

No adjustments are made to adjusted net income (loss) for negative provisional price adjustments in the year.

Revenues

(Cdn$ in thousands)	Year ended December 31, 2022	2021	Change
Copper contained in concentrate	380,700	401,514	(20,814)
Copper price adjustments on settlement	(5,060)	8,098	(13,158)
Molybdenum concentrate	19,973	28,862	(8,889)
Molybdenum price adjustments on settlement	3,752	2,580	1,172
Silver	5,456	5,010	446
Total gross revenue	404,821	446,064	(41,243)
Less: Treatment and refining costs	(13,212)	(12,786)	(426)
Revenue	391,609	433,278	(41,669)

(thousands of pounds, unless otherwise noted)			
Sales of copper in concentrate[1]	73,120	75,830	(2,710)
Average provisional copper price (US$ per pound)	4.01	4.22	(0.21)
Average realized copper price (US$ per pound)	3.96	4.31	(0.35)
Average LME copper price (US$ per pound)	3.99	4.23	(0.24)
Average exchange rate (CAD/US$)	1.30	1.25	0.05

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

The Company reported $391.6 million in total revenue for 2022 year which is the second highest revenue result for the Company to date. Copper revenues for the year ended December 31, 2022 decreased by $20.8 million compared to the prior year, with $14.5 million of the decrease due to lower sales volumes of 2.7 million pounds (75% basis) and $19.8 million of the decrease due to the lower copper price in 2022, partially offset by the $13.5 million favorable impact of a stronger US dollar. Negative provisional price adjustments in 2022 were $5.1 million due to a decreasing copper price environment during the year, compared to a rising copper price trend in the prior year. The majority of the provisional price adjustments during 2022 relate to first half shipments before copper pulled sharply back beginning in mid-June.

Molybdenum revenues for the year ended December 31, 2022 decreased by $8.9 million compared to the prior year, primarily due to lower sales volumes by 652 thousand pounds (75% basis), partially offset by higher average molybdenum prices of US$18.73 per pound, compared to US$15.94 per pound for the same prior period.

Cost of sales

(Cdn$ in thousands)	Year ended December 31, 2022	2021	Change
Site operating costs	269,822	201,964	67,858
Transportation costs	22,472	17,845	4,627
Changes in inventories of finished goods	7,726	(11,795)	19,521
Changes in inventories of ore stockpiles	(14,628)	(5,128)	(9,500)
Production costs	285,392	202,886	82,506
Depletion and amortization	51,982	66,587	(14,605)
Cost of sales	337,374	269,473	67,901
Site operating costs per ton milled*	$11.89	$9.21	$2.68

Site operating costs for the year ended December 31, 2022 increased by $67.9 million compared to the prior year due to a $27.9 million lower allocation of mining costs to capitalized stripping in the current year. The prior year included waste stripping activity in both the Pollyanna and Gibraltar pits whereas the current year mining was mainly in the Gibraltar pit. There was also a $23.3 million increase in diesel costs and a $16.7 million increase in other costs, such as grinding media and additional repairs and maintenance activities due to timing.

Cost of sales is also impacted by changes in copper concentrate inventories and ore stockpiles. Due to extreme flooding events in southwest BC in the fourth quarter of 2021, there was 6.0 million pounds of additional copper in finished goods at the 2021 year end that was sold in the first quarter of 2022, which contributed to the increase in production costs of $7.7 million for the year ended December 31, 2022. The ore stockpile also increased by 1.6 million tons during the year, which resulted in a decrease in production costs of $14.6 million.

Depletion and amortization for the year ended December 31, 2022 decreased by $14.6 million over the prior year due to increases in the remaining mine life and units of production arising from the Gibraltar reserve update which extended the mine life by an additional 7 years. Furthermore, ore tons that were mined from the Pollyanna pit in the first half of 2021 had a higher depreciation cost per ton compared to the current ore being mined from the Gibraltar pit.

Other operating (income) expenses

(Cdn$ in thousands)	Year ended December 31, 2022	2021	Change
General and administrative	12,056	16,937	(4,881)
Share-based compensation expense	3,807	5,507	(1,700)
Realized (gain) loss on derivative instruments	(13,078)	14,041	(27,119)
Unrealized gain on derivative instruments	(3,196)	(1,033)	(2,163)
Project evaluation (recovery) expenditures	543	(408)	951
Other income, net	(1,758)	(1,483)	(275)
	(1,626)	33,561	(35,187)

General and administrative expenses have decreased in the year ended December 31, 2022, compared to the prior year, primarily due to executives that retired in 2021 as part of the Company's executive succession plan.

Share-based compensation expense is comprised of the amortization of share options and performance share units and the expense on deferred share units. Share-based compensation expense decreased for the year ended December 31, 2022, compared to the prior year, primarily due to decreases in the Company's share price during the year and its impact on the valuation of the deferred share units. More information is set out in Note 21 of the December 31, 2022 Financial Statements.

For the year ended December 31, 2022, the Company realized a net gain on derivative instruments of $13.1 million primarily due to the copper collars that settled in-the-money, net of expensing of premiums paid, compared to a net realized loss of $14.0 million for the prior year. The net realized gain for the current year includes $0.5 million of realized loss on fuel call options.

For the year ended December 31, 2022, the net unrealized gain on derivative instruments of $3.2 million relates primarily to the fair value adjustments on the outstanding copper price collars of $4.0 million, partially offset by the unrealized loss on the fuel call options of $0.8 million, compared to a net unrealized gain of $1.0 million in the prior year.

Project evaluation (recovery) expenditures represent costs associated with the New Prosperity project.

Finance expenses and income

	Year ended December 31,		
(Cdn$ in thousands)	**2022**	**2021**	**Change**
Interest expense	41,825	38,853	2,972
Amortization of financing fees	2,523	2,040	483
Finance expense – deferred revenue	5,711	5,549	162
Accretion of PER	367	373	(6)
Less: interest expense capitalized	(3,419)	-	(3,419)
Finance income	(1,798)	(678)	(1,120)
Loss on settlement of long-term debt	-	5,798	(5,798)
Finance expenses, net	45,209	51,935	(6,726)

Interest expense net for the year ended December 31, 2022 decreased from the prior year period primarily due to the capitalization of certain borrowing costs as Florence project development costs, and partially offset by the impact of foreign exchange on interest accrued on the new senior secured notes. The Canadian dollar weakened against the US dollar by approximately 4% during 2022.

Finance expense on deferred revenue adjustments represents the implicit financing component of the upfront deposit from the silver sales streaming arrangement with Osisko Gold Royalties Ltd. ("Osisko"). Finance income for the year ended December 31, 2022 increased from the prior year period due to the higher interest being earned on the Company's cash balances.

As part of the senior secured notes refinancing completed in February 2021, the Company redeemed its US$250 million senior secured notes on March 3, 2021, which resulted in an accounting loss of $5.8 million, comprised of the write-off of deferred financing costs of $4.0 million and additional interest costs paid over the call period of $1.8 million. The Company also paid a one-time redemption call premium of $6.9 million on the settlement of the 2022 Notes which is disclosed separately from finance expense.

Income tax

(Cdn$ in thousands)	Year ended December 31, 2022	2021	Change
Current income tax expense	892	3,203	(2,311)
Deferred income tax expense	5,940	31,138	(25,198)
Income tax expense	6,832	34,341	(27,509)
Effective tax rate	(35.7)%	48.5%	(84.2)%
Canadian statutory rate	27.0%	27.0%	-
B.C. mineral tax rate	9.5%	9.5%	-

Effective tax rate reconciliation

(Cdn$ in thousands)	Year ended December 31, 2022	2021	Change
Income tax expense (recovery) at			
Canadian statutory rate of 36.5%	(6,984)	25,840	(32,824)
Permanent differences	10,136	13,110	(2,974)
Foreign tax rate differential	64	96	(32)
Unrecognized tax benefits	3,344	(4,714)	8,058
Deferred tax adjustments related to prior periods	272	9	263
Income tax expense	6,832	34,341	(27,509)

The overall income tax expense for the year ended December 31, 2022 was due to deferred income tax expense recognized on income for accounting purposes. The effective tax rate for the year is negative and less than the combined B.C. mineral and income tax rate of 36.5% due to the non-taxability of unrealized foreign exchange losses on revaluation of the senior secured notes and as certain expenses such as finance charges, derivative gains and general and administration costs are not deductible for BC mineral tax purposes.

As foreign exchange revaluations on the senior secured notes are not recognized for tax purposes until realized, and in the case of capital losses, when they are applied, the effective tax rate may be significantly higher or lower than the statutory rates, as is the case for the year ended December 31, 2021 and 2022, relative to net income (loss) for those periods.

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)	At December 31, 2022	At December 31, 2021	Change
Cash and equivalents	120,858	236,767	(115,909)
Other current assets	120,013	100,460	19,553
Property, plant and equipment	1,029,240	837,839	191,401
Other assets	8,573	8,129	444
Total assets	**1,278,684**	**1,183,195**	**95,489**
Current liabilities	94,229	85,172	9,057
Debt:			
Senior secured notes	534,118	497,388	36,730
Equipment related financings	52,451	34,361	18,090
Deferred revenue	47,620	45,356	2,264
Other liabilities	193,857	162,400	31,457
Total liabilities	**922,275**	**824,677**	**97,598**
Equity	**356,409**	**358,518**	**(2,109)**
Net debt (debt minus cash and equivalents)	465,711	294,982	170,729
Total common shares outstanding (millions)	286.5	284.9	1.6

The Company's asset base is comprised principally of property, plant and equipment, reflecting the capital intensive nature of Gibraltar and 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 can fluctuate due to transportation and cash settlement schedules.

Property, plant and equipment increased by $191.4 million in the year ended December 31, 2022, which includes $101.3 million for Florence Copper development costs as well as capital expenditures at Gibraltar (both sustaining and capital projects).

Net debt has increased by $170.7 million in the year ended December 31, 2022, primarily due to investment of cash in the development of Florence Copper and the effect of a weakening Canadian dollar against US dollar net borrowings.

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

Other liabilities increased by $31.5 million primarily due to an increase in deferred tax liabilities and the changes in the cost estimates of the provision for environmental rehabilitation for Gibraltar.

As at February 23, 2023, there were 288,345,596 common shares and 10,447,666 stock options outstanding. More information on these instruments and the terms of their exercise is set out in Note 21 of the December 31, 2022 Financial Statements.

Liquidity, cash flow and capital resources

At December 31, 2022, the Company had cash and equivalents of $120.9 million (December 31, 2021 - $236.8 million).

Cash flow provided by operations during year ended December 31, 2022 was $81.3 million compared to $174.8 million for the prior year. The decrease in cash flow provided by operations was due primarily to lower copper sales volumes and copper prices, lower molybdenum sales volume, increased site operating costs and a lower allocation of mining costs to capitalized stripping. Cash flow provided by operations in the current year was also negatively impacted by the timing of working capital items.

Cash used for investing activities during the year ended December 31, 2022 was $166.4 million compared to $147.7 million for prior year. Investing cash flows in the year includes $79.7 million for capital expenditures at Gibraltar (which includes $32.0 million for capitalized stripping costs, $18.1 million for sustaining capital, and $29.6 million for capital projects), $101.3 million of cash expenditures for Florence Copper and $7.3 million for the purchase of copper collars covering production from July 2022 to June 2023. During 2022, the Company received proceeds of $22.5 million from its copper put option contracts that settled in the money.

Net cash used for financing activities for the year ended December 31, 2022 was $35.2 million comprised of interest paid of $39.4 million, principal repayments for equipment loans and leases of $20.2 million, and $1.9 million to settle performance share units that vested in January 2022. Net proceeds from an equipment loan refinancing in December 2022 was $25.6 million. Net cash provided by financing activities for the year ended December 31, 2021 was $125.8 million and included the net proceeds from the issuance of the US$400 million 7% senior secured notes ("2026 Notes") due in February 2026.

Liquidity outlook

The Company has approximately $190 million of available liquidity at December 31, 2022, including a cash balance of $121 million and an undrawn US$50 million revolving credit facility. In February 2023, the Company entered into an agreement to extend the maturity date of the undrawn revolving credit facility by an additional year to July 2026. In addition to the one-year extension, the lender has also agreed to an accordion feature, which will allow the amount of the credit facility to be increased by US$30 million, for a total of US$80 million, subject to credit approval and other conditions.

With a minimum US$3.75 per pound floor price for 72 million pounds of copper production until December 2023, continued stable operating margins and cash flows are expected from Gibraltar in 2023. In addition to ongoing sustaining capital at Gibraltar, the Company has commenced a capital project to relocate the primary crusher for Mill 1 at the Gibraltar mine to a new location which is scheduled to be moved in the third quarter of 2023. The Company intends to develop the commercial facility at Florence Copper once the final UIC permit is received from the EPA which is expected to occur later this year. The Company does not have any significant capital plans for its other development projects over the next 12 months.

In December 2022, the Company signed agreements with Mitsui to form a strategic partnership to develop Florence Copper. Mitsui has committed to an initial investment of US$50 million which is conditional on receipt of the final UIC permit, with proceeds to be used for construction of the commercial production facility. The initial investment will be in the form of a copper stream agreement and Mitsui has the option to invest an additional US$50 million (for a total investment of US$100 million) for a 10% equity interest in Florence Copper.

In January 2023, the Company also secured a commitment for US$25 million from Banc of America Leasing & Capital, LLC to fund costs associated with the SX/EW plant for the Florence Copper commercial production facility.

If needed, the Company could raise additional capital through equity financings or asset sales, including royalties, sales of project interests, or joint ventures or additional credit facilities, including additional notes offerings. The Company evaluates these financing alternatives based on a number of factors including the prevailing metal prices and projected operating cash flow from Gibraltar, relative valuation, liquidity requirements, covenant restrictions and other factors, in order to optimize 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 the Company's development projects, debt obligations, and other uses of capital. To mitigate commodity price risks in the short-term, copper price options are entered into for a substantial portion of Taseko's share of Gibraltar copper production and the Company has a long track record of doing so (see "Hedging Strategy").

Hedging strategy

The Company generally fixes all or substantially all of the copper prices of its copper concentrate shipments at the time of shipment. Where the customer's offtake contract does not provide a price fixing option, the Company may look to undertake a quotational period hedge directly with a financial institution as the counterparty in order to fix the price of the shipment.

To protect against sudden and unexpected overall copper price volatility in the market, the Company's hedging strategy aims to secure a minimum price for a significant portion of future copper production using copper put options that are either purchased outright or substantially funded by the sale of copper call options that are significantly out of the money. The amount and duration of the copper 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 regularly to ensure that adequate revenue protection is in place.

Hedge positions are typically extended by adding incremental quarters at established floor prices (i.e. the strike price of the copper put option) to provide the necessary price protection. Considerations for the cost of the hedging program include an assessment of Gibraltar's estimated production costs, copper price trends and the Company's fixed capital requirements during the relevant period. During periods of volatility or step changes in the copper price, the Company may revisit outstanding hedging contracts and determine whether the copper put (floor) or call (ceiling) levels should be adjusted in line with the market while maintaining copper price protection.

From time to time, the Company will look at potential hedging opportunities to mitigate the risk of rising input costs, including foreign exchange and fuel prices where such a strategy is cost effective. Since the onset of the Ukraine war in early 2022, diesel prices have increased dramatically and become more volatile. To protect against a potential operating margin squeeze that could arise from oil and diesel price shocks, the Company purchases diesel call options to provide a price cap for its share of diesel that is used by its mining fleet. Taseko has in place diesel price protection to December 2023 which caps its site landed diesel cost to an estimated $1.75 per litre. The Company will continue to look to extend this protection depending on market conditions.

A summary of the Company's outstanding hedges are shown below:

	Notional amount	Strike price	Term to maturity	Original cost
At December 31, 2022				
Copper collars	30 million lbs	US$3.75 per lb US$4.72 per lb	January to June 2023	$3.0 million
Fuel call options	12 million ltrs	US$1.05 per ltr	January to June 2023	$1.1 million
Acquired subsequent to December 31, 2022				
Copper collars	42 million lbs	US$3.75 per lb US$4.70 per lb	July to December 2023	No cost collar

Fuel call options	12 million ltrs	US$1.00 per ltr	July to December 2023	$0.9 million

Commitments and contingencies

Commitments

	Payments due						
(Cdn$ in thousands)	**2023**	**2024**	**2025**	**2026**	**2027**	**Thereafter**	**Total**
Debt:							
2026 Notes	-	-	-	541,760	-	-	541,760
Interest	37,923	37,923	37,923	18,962	-	-	132,731
Equipment loans:							
Principal	8,489	7,524	8,220	8,982	-	-	33,215
Interest	2,571	1,896	1,200	438	-	-	6,105
Lease liabilities:							
Principal	7,373	4,345	1,544	1,092	163	-	14,517
Interest	804	324	141	45	6	-	1,320
Lease related obligation:							
Rental payment	5,497						5,497
PER [1]	-	-	-	-	-	113,725	113,725
Derivative liabilities	2,673	-	-	-	-	-	2,673
Capital expenditures	12,043	17	-	-	-	-	12,060
Other expenditures							
Transportation related services [2]	11,661	11,661	4,686	822	-	-	28,830

[1] Provision for environmental rehabilitation amounts presented in the table represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities, primarily for the Gibraltar mine and Florence Copper. As at December 31, 2022, the Company has provided a surety bond of $81.3 million for its 75% share of Gibraltar's reclamation security. For Florence Copper, the Company has provided to the federal and state regulator surety bonds totaling $13.2 million as reclamation security.

[2] Transportation related services commitments include ocean freight and port handling services, which are both cancellable upon certain operating circumstances.

The Company has made capital expenditure commitments relating to equipment for the Florence Copper project totaling $9.3 million at December 31, 2022.

The Company has guaranteed 100% of certain equipment loans and leases 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 $14.0 million at December 31, 2022.

The Company has also indemnified 100% of the surety bonds issued by the Gibraltar joint venture to the Province of British Columbia. As a result, the Company has indemnified the joint venture partner's 25% share of this obligation, which amounted to $14.6 million at December 31, 2022.

SELECTED ANNUAL INFORMATION

	For the years ended December 31,		
(Cdn$ in thousands, except per share amounts)	**2022**	**2021**	**2020**
Revenues	391,609	433,278	343,267
Net income (loss)	(25,971)	36,472	(23,524)
Per share – basic	(0.09)	0.13	(0.09)
Per share – diluted	(0.09)	0.13	(0.09)

	As at December 31,		
	2022	**2021**	**2020**
Total assets	1,278,684	1,183,195	910,365
Total long-term financial liabilities	572,037	518,087	349,312

FOURTH QUARTER RESULTS

Consolidated Statements of Comprehensive Income (Loss)	**Three months ended December 31,**	
(Cdn$ in thousands, except per share amounts)	**2022**	**2021**
Revenues	100,618	102,972
Cost of sales		
Production costs	(62,965)	(41,056)
Depletion and amortization	(10,147)	(16,202)
Earnings from mining operations	27,506	45,714
General and administrative	(3,795)	(3,570)
Share-based compensation expense	(1,739)	(1,033)
Project evaluation recovery (expenditures)	(174)	733
Loss on derivatives	(18,789)	(11,033)
Other income	777	337
Income before financing costs and income taxes	3,786	31,148
Finance expenses, net	(9,435)	(11,854)
Foreign exchange gain	4,596	1,768
Income (loss) before income taxes	(1,053)	21,062
Income tax expense	(1,222)	(9,300)
Net income (loss) for the period	**(2,275)**	**11,762**
Other comprehensive income (loss):		
Unrealized gain (loss) on financial assets	1,392	206
Foreign currency translation reserve	(3,599)	(1,024)

Total other comprehensive loss for the period	(2,207)	(818)
Total comprehensive income (loss) for the period	**(4,482)**	**10,944**
Earnings (loss) per share		
Basic	(0.01)	0.04
Diluted	(0.01)	0.04
Weighted-average shares outstanding (in thousands)		
Basic	286,439	284,167
Diluted	286,439	288,511

Consolidated Statements of Cash Flows	**Three months ended December 31,**	
(Cdn$ in thousands)	**2022**	**2021**
Operating activities		
Net income (loss) for the period	(2,275)	11,762
Adjustments for:		
Depletion and amortization	10,147	16,202
Income tax expense	1,222	9,300
Finance expenses, net	9,435	11,854
Share-based compensation expense	1,794	1,075
Loss on derivatives	18,789	11,033
Unrealized foreign exchange gain	(5,279)	(1,817)
Amortization of deferred revenue	(1,597)	(826)
Other operating activities	(1,060)	(805)
Net change in working capital:		
Change in inventory	(20,436)	(17,761)
Change in accounts payable and accrued liabilities	(10,391)	(8,876)
Change in other working capital items	(1,295)	6,090
Cash provided by (used for) operating activities	(946)	37,231
Investing activities		
Gibraltar capitalized stripping costs	(3,866)	(12,737)
Gibraltar sustaining capital expenditures	(669)	(6,119)
Gibraltar capital project expenditures	(8,346)	(368)
Florence Copper development costs	(28,857)	(14,766)
Other project development costs	(321)	(1,187)
Proceeds from copper put options	3,941	-
Other investing activities	696	2,312
Cash used for investing activities	(37,422)	(32,865)

Financing activities		
Proceeds from equipment financings	31,770	-
Repayment of equipment loans and leases	(11,848)	(4,938)
Interest paid	(1,304)	(788)
Other financing fees	-	(1,451)
Proceeds from exercise of stock options	129	1,148
Cash provided by (used for) financing activities	18,747	(6,029)
Effect of exchange rate changes on cash and equivalents	(1,569)	(721)
Decrease in cash and equivalents	(21,190)	(2,384)
Cash and equivalents, beginning of period	142,048	239,151
Cash and equivalents, end of period	**120,858**	**236,767**

Earnings

	Three months ended December 31,		
(Cdn$ in thousands)	**2022**	**2021**	**Change**
Net income (loss)	(2,275)	11,762	(14,037)
Net unrealized foreign exchange gain	(5,279)	(1,817)	(3,462)
Unrealized loss on derivative instruments	20,137	4,612	15,525
Estimated tax effect of adjustments	(5,437)	(1,245)	(4,192)
Adjusted net income*	7,146	13,312	(6,166)

The Company's adjusted net income was $7.1 million ($0.02 per share) for the three months ended December 31, 2022, compared to adjusted net income of $13.3 million ($0.05 per share) for the same period in 2021. Earnings in the fourth quarter were impacted by lower copper production, lower average LME copper prices, higher site costs due to the rising input costs such as diesel and a decrease in waste stripping costs being capitalized compared to the same prior period, partially offset by higher copper sales volume. Positively impacting earnings this quarter was net realized gains of $1.3 million from the Company's copper price protection program and $6.1 million less in depletion and amortization compared to the same prior period.

Net loss was $2.3 million ($0.01 loss per share) for the three months ended December 31, 2022 after inclusion of the $4.6 million in unrealized foreign exchange gains on the outstanding senior secured notes due to the weakening US dollar in the quarter and $20.1 million of unrealized loss on derivatives that reversed prior quarter unrealized gains due to the rising copper price in the fourth quarter.

No adjustments are made to adjusted net income (loss) for positive provisional price adjustments in the quarter.

Revenues

(Cdn$ in thousands)	Three months ended December 31, 2022	2021	Change
Copper contained in concentrate	91,075	95,143	(4,068)
Copper price adjustments on settlement	290	396	(106)
Molybdenum concentrate	7,783	8,660	(877)
Molybdenum price adjustments on settlement	3,878	(103)	3,981
Silver	1,334	1,156	178
Total gross revenue	104,360	105,252	(892)
Less: Treatment and refining costs	(3,742)	(2,280)	(1,462)
Revenue	100,618	102,972	(2,354)
(thousands of pounds, unless otherwise noted)			
Sales of copper in concentrate[1]	18,443	17,208	1,235
Average provisional copper price (US$ per pound)	3.66	4.40	(0.74)
Average realized copper price (US$ per pound)	3.66	4.37	(0.71)
Average LME copper price (US$ per pound)	3.63	4.40	(0.77)
Average exchange rate (CAD/US$)	1.36	1.26	0.10

[1] 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 December 31, 2022 decreased by $4.1 million compared to the same period in 2021, with $17.4 million due to lower copper prices, partially offset by $6.8 million due to larger sales volumes of 1.3 million pounds (75% basis) and $6.5 million due to the favorable impact of a stronger US dollar in 2022. Positive provisional price adjustments in the current quarter were only $0.3 million attributed to the Company's practice of fixing prices at the time of shipment directly with customers or through quotational period hedges with financial institutions.

Molybdenum revenues for the three months ended December 31, 2022 decreased by $0.9 million compared to the same period in 2021 due primarily to lower sales volumes by 67 thousand pounds (75% basis), partially offset by higher average molybdenum prices of US$21.39 per pound, compared to US$18.89 per pound for the same prior period.

Cost of sales

(Cdn$ in thousands)	Three months ended December 31, 2022	2021	Change
Site operating costs	75,806	54,921	20,885
Transportation costs	6,671	4,436	2,235
Changes in inventories of finished goods	(1,462)	(13,497)	12,035
Changes in inventories of ore stockpiles	(18,050)	(4,804)	(13,246)
Production costs	62,965	41,056	21,909
Depletion and amortization	10,147	16,202	(6,055)

Cost of sales	73,112	57,258	15,854
Site operating costs per ton milled*	$13.88	$9.94	$3.94

Site operating costs for the three months ended December 31, 2022 increased by $20.9 million compared to the same prior period due to a $8.9 million lower allocation of mining costs to capitalized stripping in the current quarter, a $6.8 million increase in diesel costs and a $5.2 million increase in other costs, some of which was due to timing of repairs and maintenance activities.

Cost of sales is also impacted by changes in copper concentrate inventories and ore stockpiles. During the fourth quarter of 2022, copper in finished goods inventory increased by 1.2 million pounds, which contributed to a decrease in production costs of $1.5 million. Due to extreme flooding events in southwest BC in the fourth quarter of 2021, there was 6.0 million pounds of additional copper in finished goods at the 2021 year end that was sold in the first quarter of 2022. The increase in finished goods last year end contributed to the decrease in production costs of $13.5 million in the fourth quarter of 2021.

In addition, the ore stockpile increasing by 3.8 million tons during the fourth quarter of 2022 coupled with previous write-downs being reversed resulted in a decrease in production costs of $18.1 million. The reversal of previous write-down of ore stockpiles to net realizable value in the second and third quarters of 2022 was due to the increase in copper prices in the fourth quarter.

Depletion and amortization for the three months ended December 31, 2022 decreased by $6.1 million over the same prior period. The decrease was primarily due to increases in the remaining mine life and units of production arising from the Gibraltar reserve update which extended the mine life by an additional 7 years. Furthermore, ore tons that were mined from the Pollyanna pit in the first half of 2021 had a higher depreciation cost per ton compared to the current ore being mined from the Gibraltar pit.

Other operating (income) expenses

	Three months ended December 31,		
(Cdn$ in thousands)	**2022**	**2021**	**Change**
General and administrative	3,795	3,570	225
Share-based compensation expense	1,739	1,033	706
Realized (gain) loss on derivative instruments	(1,348)	6,421	(7,769)
Unrealized loss on derivative instruments	20,137	4,612	15,525
Project evaluation (recovery) expenditures	174	(733)	907
Other income, net	(777)	(337)	(440)
	23,720	14,566	9,154

General and administrative expenses are relatively consistent in the three months ended December 31, 2022, compared to the same prior period.

Share-based compensation expense is comprised of amortization of share options and performance share units and the expense on deferred share units. Share-based compensation expense increased for the three months ended December 31, 2022, compared to the same period in 2021, primarily due to increases in the Company's share price during the period and its impact on the valuation of the deferred share units. More information is set out in Note 21 of the Financial Statements.

For the three months ended December 31, 2022, the Company realized a net gain on derivative instruments of $1.3 million primarily due to the copper collars covering production for the quarter that settled in-the-money, net of expensing of premiums paid, compared to a realized loss of $6.4 million in the fourth quarter of 2021.

For the three months ended December 31, 2022, the net unrealized loss on derivative instruments of $20.1 million relates primarily to the reduction in the fair value of outstanding copper price collars covering the first half of 2023. These hedge positions were significantly in the money in previous quarters as copper prices decreased in June and July. The net unrealized loss on derivatives for the fourth quarter of 2021 was $4.6 million.

Finance expenses and income

	Three months ended December 31,		
(Cdn$ in thousands)	**2022**	**2021**	**Change**
Interest expense	11,350	10,137	1,213
Amortization of financing fees	647	499	148
Finance expense – deferred revenue	1,461	1,373	88
Less: interest expense capitalized	(3,419)	-	(3,419)
Accretion of PER	92	63	29
Finance income	(696)	(218)	(478)
Finance expense, net	9,435	11,854	(2,419)

Interest expense net for the three months ended December 31, 2022 decreased compared to the prior year period due to the capitalization of certain borrowing costs for Florence Copper development costs, partially offset by the impact of a weaker Canadian dollar on interest accrued on the senior secured notes and the impact of new lease liabilities.

Finance expense on deferred revenue adjustments represents the implicit financing component of the upfront deposit from the silver sales streaming arrangement with Osisko.

Income tax

	Three months ended December 31,		
(Cdn$ in thousands)	**2022**	**2021**	**Change**
Current income tax expense	680	908	(228)
Deferred income tax expense	542	8,392	(7,850)
	1,222	9,300	(8,078)
Effective tax rate	(116.0)%	44.2%	(160.2)%
Canadian statutory rate	27.0%	27.0%	-
B.C. mineral tax rate	9.5%	9.5%	-

Effective tax rate reconciliation

(Cdn$ in thousands)	Three months ended December 31, 2022	2021	Change
Income tax expense (recovery) at Canadian statutory rate of 36.5%	(384)	7,686	(8,070)
Permanent differences	1,092	6,191	(5,099)
Foreign tax rate differential	20	-	20
Unrecognized tax benefits	72	(4,511)	4,583
Deferred tax adjustments related to prior periods	422	(66)	488
Income tax expense	1,222	9,300	(8,078)

The overall income tax expense for the three months ended December 31, 2022 was due to deferred income tax expense recognized on income for accounting purposes. The effective tax rate for the fourth quarter is negative and less than the combined B.C. mineral and income tax rate of 36.5% as certain expenses such as finance charges, derivative gains and general and administration costs are not deductible for BC mineral tax purposes.

As foreign exchange revaluations on the senior secured notes are not recognized for tax purposes until realized, and in the case of capital losses, when they are applied, the effective tax rate may be significantly higher or lower than the statutory rates, as is the case for the three months ended December 31, 2022 and 2021, relative to net income (loss) for those periods.

Current income taxes represent an estimate of B.C. mineral taxes payable.

Liquidity, cash flow and capital resources

Cash flow used for operations during the three months ended December 31, 2022 was $0.9 million compared to cash flow provided by operations of $37.2 million for the same prior period. The decrease in cash flow provided by operations was due primarily to the change in working capital, which included the increase in finished goods inventory and ore stockpiles and paydown of accounts payable and accrued liabilities in the quarter. Also contributing to the decrease of operating cash flow was the impact of increased site operating costs and lower allocation of mining costs to capitalized stripping in the fourth quarter of 2022.

Cash used for investing activities during the three months ended December 31, 2022 was $37.4 million compared to $32.9 million for the same prior period. Investing cash flows in the fourth quarter includes $12.9 million for capital expenditures at Gibraltar (which includes $3.9 million for capitalized stripping costs, $0.7 million for sustaining capital, and $8.3 million for capital projects), and $28.9 million of cash expenditures for development costs at Florence Copper. During the three month period, the Company received $3.9 million from its copper put option contracts that settled in the money.

Net cash provided by financing activities for the three months ended December 31, 2022 was $18.7 million comprised of net proceeds from the December equipment loan refinancing of $25.6 million, interest paid of $1.3 million and normal principal repayments for equipment loans and leases of $5.6 million.

SUMMARY OF QUARTERLY RESULTS

	2022				2021			
(Cdn$ in thousands, except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	100,618	89,714	82,944	118,333	102,972	132,563	111,002	86,741
Net income (loss)	(2,275)	(23,517)	(5,274)	5,095	11,762	22,485	13,442	(11,217)
Basic EPS	(0.01)	(0.08)	(0.02)	0.02	0.04	0.08	0.05	(0.04)
Adjusted net income (loss) *	7,146	4,513	(16,098)	6,162	13,312	27,020	9,948	(5,534)
Adjusted basic EPS *	0.02	0.02	(0.06)	0.02	0.05	0.10	0.04	(0.02)
Adjusted EBITDA *	35,181	34,031	1,684	38,139	52,988	76,291	47,732	23,722

(US$ per pound, except where indicated)								
Provisional copper price	3.66	3.51	4.33	4.57	4.40	4.21	4.34	3.92
Realized copper price	3.66	3.48	4.08	4.59	4.37	4.26	4.48	4.09
Total operating costs *	2.75	2.72	3.47	3.13	1.94	1.57	2.02	2.23
Copper sales (million pounds)	19.1	20.0	16.3	20.5	17.9	24.3	20.0	16.5

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

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement, determining the timing of transfer of control of inventory for revenue recognition, provisions for environmental rehabilitation, reserve and resource estimation, functional currency, determination of the accounting treatment of the advance payment under the silver purchase and sale agreement reported as deferred revenue, determination of business or asset acquisition treatment, and recovery of other deferred tax assets.

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

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

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

CHANGE IN ACCOUNTING POLICIES

Several new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2022, and have not been applied in preparing these consolidated financial statements. None are currently considered by the Company to be significant or likely to have a material impact on future 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 (ICFR) and disclosure controls and procedures (DC&P).

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

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

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

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

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

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

There have been no changes in our internal control over financial reporting and disclosure controls and procedures during the 2022 financial year that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making this assessment, it used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2022, the Company's internal control over financial reporting is effective based on those criteria. The Company's certifying officers have evaluated the effectiveness of the ICFR and DC&P at the financial year end and concluded that ICFR and DC&P are effective as at December 31, 2022 based on the evaluation.

FINANCIAL INSTRUMENTS

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

Summary of Financial Instruments	Carrying Amount	Associated Risks
Financial assets		
Amortized cost		
Cash and equivalents	120,858	Interest rate
Accounts receivable	13,223	Credit Market
Fair value through other comprehensive income (FVOCI)		
Marketable securities	2,568	Market
Investment in private companies	1,200	Market
Financial liabilities		
Accounts payable and accrued liabilities	66,716	Currency
Senior secured notes	534,118	Currency
Lease liabilities	15,021	Interest rate
Lease related obligations	5,316	Interest rate
Secured equipment loans	33,039	Currency Interest rate

RELATED PARTY TRANSACTIONS

Key management personnel

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

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

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 12-month 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 12-months' to 24-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 option program (refer to Note 21 of the Financial Statements).

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

	Year ended December 31,	
(Cdn$ in thousands)	**2022**	**2021**
Salaries and benefits	7,380	6,252
Post-employment benefits	730	1,672
Share-based compensation expense	2,358	5,011
	10,468	12,935

Other related parties

Gibraltar Joint Venture

Under the terms of the joint venture operating agreement, Gibraltar pays the Company a management fee for services rendered by the Company as operator of the Gibraltar mine. In addition, the Company pays certain expenses on behalf of Gibraltar and invoices the Gibraltar for these expenses. In 2022, net management fee income for $1,162 (2021: $1,227) and net reimbursable compensation expenses and third party costs of $1,370 (2021: $343) 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 are calculated by removing net changes in inventory, depletion and amortization, insurance recoverable, and transportation costs from cost of sales. Site operating costs, net of by-product credits is calculated by subtracting by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum (net of treatment costs) and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Cost of sales	73,112	84,204	90,992	89,066	337,374
Less:					
Depletion and amortization	(10,147)	(13,060)	(15,269)	(13,506)	(51,982)
Net change in inventories of finished goods	1,462	2,042	(3,653)	(7,577)	(7,726)
Net change in inventories of ore stockpiles	18,050	3,050	(3,463)	(3,009)	14,628
Transportation costs	(6,671)	(6,316)	(4,370)	(5,115)	(22,472)
Site operating costs	75,806	69,920	64,237	59,859	269,822
Less by-product credits:					
Molybdenum, net of treatment costs	(11,022)	(4,122)	(3,023)	(3,831)	(21,999)
Silver, excluding amortization of deferred revenue	263	25	36	202	526
Site operating costs, net of by-product credits	65,047	65,823	61,250	56,230	248,349
Total copper produced (thousand pounds)	20,020	21,238	15,497	16,024	72,778
Total costs per pound produced	3.25	3.10	3.95	3.51	3.41
Average exchange rate for the period (CAD/US$)	1.36	1.31	1.28	1.27	1.30
Site operating costs, net of by-product credits (US$ per pound)	**2.39**	**2.37**	**3.10**	**2.77**	**2.62**
Site operating costs, net of by-product credits	65,047	65,823	61,250	56,230	248,349
Add off-property costs:					
Treatment and refining costs	3,104	3,302	2,948	2,133	11,486
Transportation costs	6,671	6,316	4,370	5,115	22,472
Total operating costs	74,822	75,441	68,568	63,478	282,307
Total operating costs (C1) (US$ per pound)	**2.75**	**2.72**	**3.47**	**3.13**	**2.98**

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Cost of sales	57,258	65,893	74,056	72,266	269,473
Less:					
Depletion and amortization	(16,202)	(17,011)	(17,536)	(15,838)	(66,587)
Net change in inventories of finished goods	13,497	762	(4,723)	2,259	11,795
Net change in inventories of ore stockpiles	4,804	6,291	2,259	(8,226)	5,128
Transportation costs	(4,436)	(5,801)	(4,303)	(3,305)	(17,845)
Site operating costs	54,921	50,134	49,753	47,156	201,964
Less by-product credits:					
Molybdenum, net of treatment costs	(7,755)	(8,574)	(6,138)	(5,604)	(28,071)
Silver, excluding amortization of deferred revenue	(330)	300	64	(238)	(204)
Site operating costs, net of by-product credits	46,836	41,860	43,679	41,314	173,689
Total copper produced (thousand pounds)	21,590	25,891	20,082	16,684	84,247
Total costs per pound produced	2.17	1.62	2.18	2.48	2.06
Average exchange rate for the period (CAD/USD)	1.26	1.26	1.23	1.27	1.25
Site operating costs, net of by-product credits (US$ per pound)	**1.72**	**1.28**	**1.77**	**1.96**	**1.64**
Site operating costs, net of by-product credits	46,836	41,860	43,679	41,314	173,689
Add off-property costs:					
Treatment and refining costs	1,480	3,643	1,879	2,414	9,416
Transportation costs	4,436	5,801	4,303	3,305	17,845
Total operating costs	52,752	51,304	49,861	47,033	200,950
Total operating costs (C1) (US$ per pound)	**1.94**	**1.57**	**2.02**	**2.23**	**1.90**

Total Site Costs

Total site costs is comprised of the site operating costs charged to cost of sales as well as mining costs capitalized to property, plant and equipment in the period. This measure is intended to capture Taseko's share of the total site operating costs incurred in the quarter at the Gibraltar mine calculated on a consistent basis for the periods presented.

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Site operating costs	75,806	69,920	64,237	59,859	269,822
Add:					
Capitalized stripping costs	3,866	1,121	11,887	15,142	32,016
Total site costs	**79,672**	**71,041**	**76,124**	**75,001**	**301,838**

(Cdn$ in thousands, unless otherwise indicated) – 75% basis	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Site operating costs	54,921	50,134	49,753	47,156	201,964
Add:					

Capitalized stripping costs	12,737	10,882	14,794	21,452	59,865
Total site costs	**67,658**	**61,016**	**64,547**	**68,608**	**261,829**

Adjusted net income (loss)

Adjusted net income (loss) removes the effect of the following transactions from net income as reported under IFRS:

- Unrealized foreign currency gains/losses;
- Unrealized gain/loss on derivatives; and
- Loss on settlement of long-term debt and call premium, including realized foreign exchange gains.

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.

(Cdn$ in thousands, except per share amounts)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Net income (loss)	**(2,275)**	**(23,517)**	**(5,274)**	**5,095**	**(25,971)**
Unrealized foreign exchange (gain) loss	(5,279)	28,083	11,621	(4,398)	30,027
Unrealized (gain) loss on derivatives	20,137	(72)	(30,747)	7,486	(3,196)
Estimated tax effect of adjustments	(5,437)	19	8,302	(2,021)	863
Adjusted net income (loss)	**7,146**	**4,513**	**(16,098)**	**6,162**	**1,723**
Adjusted EPS	**0.02**	**0.02**	**(0.06)**	**0.02**	**0.01**

(Cdn$ in thousands, except per share amounts)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Net income (loss)	**11,762**	**22,485**	**13,442**	**(11,217)**	**36,472**
Unrealized foreign exchange (gain) loss	(1,817)	9,511	(3,764)	8,798	12,728
Realized foreign exchange gain on settlement of long-term debt	-	-	-	(13,000)	(13,000)
Loss on settlement of long-term debt	-	-	-	5,798	5,798
Call premium on settlement of long-term debt	-	-	-	6,941	6,941
Unrealized (gain) loss on derivatives	4,612	(6,817)	370	802	(1,033)
Estimated tax effect of adjustments	(1,245)	1,841	(100)	(3,657)	(3,161)
Adjusted net income (loss)	**13,312**	**27,020**	**9,948**	**(5,535)**	**44,745**
Adjusted EPS	**0.05**	**0.10**	**0.04**	**(0.02)**	**0.16**

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 derivatives;
- Loss on settlement of long-term debt (included in finance expenses) and call premium;
- Realized foreign exchange gains on settlement of long-term debt; and
- Amortization of share-based compensation expense.

(Cdn$ in thousands)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Net income (loss)	**(2,275)**	**(23,517)**	**(5,274)**	**5,095**	**(25,971)**
Add:					
Depletion and amortization	10,147	13,060	15,269	13,506	51,982
Finance expense	10,135	12,481	12,236	12,155	47,007
Finance income	(700)	(650)	(282)	(166)	(1,798)
Income tax expense	1,222	3,500	922	1,188	6,832
Unrealized foreign exchange (gain) loss	(5,279)	28,083	11,621	(4,398)	30,027
Unrealized (gain) loss on derivatives	20,137	(72)	(30,747)	7,486	(3,196)
Amortization of share-based compensation expense	1,794	1,146	(2,061)	3,273	4,152
Adjusted EBITDA	**35,181**	**34,031**	**1,684**	**38,139**	**109,035**

(Cdn$ in thousands)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Net income (loss)	**11,762**	**22,485**	**13,442**	**(11,217)**	**36,472**
Add:					
Depletion and amortization	16,202	17,011	17,536	15,838	66,587
Finance expense (includes loss on settlement of long-term debt and call premium)	12,072	11,875	11,649	23,958	59,554
Finance income	(218)	(201)	(184)	(75)	(678)
Income tax (recovery) expense	9,300	22,310	7,033	(4,302)	34,341
Unrealized foreign exchange (gain) loss	(1,817)	9,511	(3,764)	8,798	12,728
Realized foreign exchange gain on settlement of long-term debt	-	-	-	(13,000)	(13,000)
Unrealized (gain) loss on derivatives	4,612	(6,817)	370	802	(1,033)
Amortization of share-based compensation expense	1,075	117	1,650	2,920	5,762
Adjusted EBITDA	**52,988**	**76,291**	**47,732**	**23,722**	**200,733**

Earnings from mining operations before depletion and amortization

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

(Cdn$ in thousands)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Earnings (loss) from mining operations	**27,506**	**5,510**	**(8,048)**	**29,267**	**54,235**
Add:					
Depletion and amortization	10,147	13,060	15,269	13,506	51,982
Earnings from mining operations before depletion and amortization	**37,653**	**18,570**	**7,221**	**42,773**	**106,217**

(Cdn$ in thousands)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Earnings from mining operations	**45,714**	**66,670**	**36,946**	**14,475**	**163,805**
Add:					
Depletion and amortization	16,202	17,011	17,536	15,838	66,587
Earnings from mining operations before depletion and amortization	**61,916**	**83,681**	**54,482**	**30,313**	**230,392**

Site operating costs per ton milled

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 Company's site operations on a tons milled basis.

(Cdn$ in thousands, except per ton milled amounts)	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2022 YE
Site operating costs (included in cost of sales)	**75,806**	**69,920**	**64,237**	**59,859**	**269,822**
Tons milled (thousands) (75% basis)	5,462	6,172	5,774	5,285	22,692
Site operating costs per ton milled	**$13.88**	**$11.33**	**$11.13**	**$11.33**	**$11.89**

(Cdn$ in thousands, except per ton milled amounts)	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2021 YE
Site operating costs (included in cost of sales)	**54,921**	**50,134**	**49,753**	**47,156**	**201,964**
Tons milled (thousands) (75% basis)	5,523	5,576	5,429	5,402	21,930
Site operating costs per ton milled	**$9.94**	**$8.99**	**$9.16**	**$8.73**	**$9.21**

Taseko

Consolidated Financial Statements
December 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

/s/ Stuart McDonald	/s/ Bryce Hamming
Stuart McDonald Chief Executive Officer	Bryce Hamming Chief Financial Officer

Vancouver, British Columbia
February 23, 2023

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act as of December 31, 2022. In making this assessment, it used the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2022, the Company's internal control over financial reporting is effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in their report immediately preceding the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

/s/ Stuart McDonald

Stuart McDonald
Chief Executive Officer

/s/ Bryce Hamming

Bryce Hamming
Chief Financial Officer

Vancouver, British Columbia
February 23, 2023

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

To the Shareholders and Board of Directors
Taseko Mines Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Taseko Mines Limited (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2022 and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 23, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of capitalized stripping costs incurred during production

As discussed in Note 2.4(f) to the consolidated financial statements, stripping costs incurred during production that generate future economic benefit by increasing the productive capacity, extending the productive life of the mine or allowing access to a mineable reserve, are capitalized as mineral property development costs. As discussed in Note 14 to the consolidated financial statements, capitalized stripping costs were $36,312 thousand for the year ended December 31, 2022.

We identified the evaluation of capitalized stripping costs incurred during production as a critical audit matter. The magnitude of costs incurred and the complexity in determining whether the costs were incurred for developing the mineral property, required a high degree of auditor judgement and significant auditor effort.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter, including controls related to the preparation of the mine plan and determination of the strip ratio reflected in the mine plan, determination of the tonnage of materials mined in the year, determination of production costs incurred and determination of the allocation of production costs to capitalized stripping costs or to inventories. We evaluated the professional qualifications, knowledge, skill, and ability of the Company's qualified persons responsible for preparing the mine plan and determining the strip ratio reflected in the mine plan. We compared the Company's historical estimates of projected production information in the mine plan to actual results to assess the accuracy of the Company's forecasting process. We assessed the strip ratios for the current year production by comparing it to the tonnage of materials mined to mine production reports. We selected a sample of production costs, examined the underlying documentation and assessed whether the expenditure related to production. We checked the accuracy of the allocation of production costs between capitalized stripping costs and inventories.

KPMG LLP (Signed)

Chartered Professional Accountants

We have served as the Company's auditor since 1999.

Vancouver, Canada
February 23, 2023

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

To the Shareholders and Board of Directors
Taseko Mines Limited:

Opinion on Internal Control Over Financial Reporting

We have audited Taseko Mines Limited's (the "Company") internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income (loss), changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively, the "consolidated financial statements"), and our report dated February 23, 2023 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

KPMG LLP (Signed)

Chartered Professional Accountants

Vancouver, Canada
February 23, 2023

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Cdn$ in thousands)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and equivalents		120,858	236,767
Accounts receivable	11	13,223	9,604
Inventories	12	92,846	79,871
Other financial assets	13	9,013	7,014
Prepaids		4,931	3,971
		240,871	337,227
Property, plant and equipment	14	1,029,240	837,839
Other financial assets	13	2,989	2,902
Goodwill	15	5,584	5,227
		1,278,684	**1,183,195**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	16	66,716	55,660
Current portion of long-term debt	17	18,409	18,305
Current portion of deferred revenue	18	12,065	13,441
Interest payable on senior secured notes		14,221	13,312
Current income tax payable		1,227	2,759
		112,638	103,477
Long-term debt	17	568,160	513,444
Provision for environmental rehabilitation ("PER")	19	113,725	87,571
Deferred and other tax liabilities	10c	76,255	70,186
Deferred revenue	18	47,620	45,356
Other financial liabilities	21b	3,877	4,643
		922,275	824,677
EQUITY			
Share capital	20a	479,926	476,599
Contributed surplus		55,795	55,403
Accumulated other comprehensive income ("AOCI")		26,792	6,649
Deficit		(206,104)	(180,133)
		356,409	358,518
		1,278,684	**1,183,195**
Commitments and contingencies	18, 23		
Subsequent event	28		

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

TASEKO MINES LIMITED

Consolidated Statements of Comprehensive Income (Loss)

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

	Note	For the years ended December 31, 2022	2021
Revenues	4	391,609	433,278
Cost of sales			
Production costs	5	(285,392)	(202,886)
Depletion and amortization	5	(51,982)	(66,587)
Earnings from mining operations		54,235	163,805
General and administrative		(12,056)	(16,937)
Share-based compensation expense	21c	(3,807)	(5,507)
Project evaluation expense		(543)	408
Gain (loss) on derivatives	7	16,274	(13,008)
Other income	8	1,758	1,483
Income before financing costs and income taxes		55,861	130,244
Finance expenses, net	9	(45,209)	(51,935)
Call premium on settlement of debt	9	-	(6,941)
Foreign exchange loss		(29,791)	(555)
Income (loss) before income taxes		(19,139)	70,813
Income tax expense	10	(6,832)	(34,341)
Net income (loss)		**(25,971)**	**36,472**
Other comprehensive income (loss):			
Items that will remain permanently in other comprehensive income (loss):			
Loss on financial assets		(541)	(677)
Items that may in the future be reclassified to profit (loss):			
Foreign currency translation reserve		20,684	(348)
Total other comprehensive income (loss)		**20,143**	**(1,025)**
Total comprehensive income (loss)		**(5,828)**	**35,447**
Earnings (loss) per share			
Basic	22	(0.09)	0.13
Diluted	22	(0.09)	0.13
Weighted average shares outstanding (thousands)			
Basic	22	286,236	283,593
Diluted	22	286,236	287,504

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

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Cdn$ in thousands)

	Note	For the years ended December 31, 2022	2021
Operating activities			
Net income (loss) for the year		(25,971)	36,472
Adjustments for:			
Depletion and amortization		51,982	66,587
Income tax expense	10	6,832	34,341
Finance expenses, net	9	45,209	51,935
Call premium on settlement of debt	9	-	6,941
Share-based compensation expense	21c	4,152	5,762
Loss (gain) on derivatives	7	(16,274)	13,008
Unrealized foreign exchange loss (gain)		30,027	(272)
Amortization of deferred revenue	18	(5,982)	(4,807)
Other operating activities		(3,263)	(3,227)
Net change in working capital	24	(5,446)	(31,971)
Cash provided by operating activities		81,266	174,769
Investing activities			
Gibraltar capitalized stripping costs	14	(32,017)	(59,864)
Gibraltar sustaining capital expenditures	14	(18,108)	(23,850)
Gibraltar capital project expenditures	14	(29,551)	(4,013)
Florence Copper development costs	14	(101,296)	(42,871)
Other project development costs	14	(966)	(3,058)
Purchase of copper price options	7	(7,269)	(15,837)
Proceeds from copper put options	7	22,539	-
Other investing activities		262	1,781
Cash used for investing activities		(166,406)	(147,712)
Financing activities			
Interest paid		(39,363)	(25,590)
Repayment of equipment loans and leases		(26,443)	(19,737)
Proceeds from equipment financings		31,770	-
Net proceeds from issuance of senior secured notes		-	496,098
Repayment of senior secured notes		-	(317,225)
Redemption cost on settlement of senior secured notes		-	(8,714)
Financing fees paid		-	(1,451)
Settlement of performance share units		(1,927)	-
Proceeds from exercise of stock options		727	2,406
Cash provided by (used for) financing activities		(35,236)	125,787
Effect of exchange rate changes on cash and equivalents		4,467	(1,187)
Increase (decrease) in cash and equivalents		(115,909)	151,657
Cash and equivalents, beginning of year		236,767	85,110
Cash and equivalents, end of year		120,858	236,767

Supplementary cash flow disclosures 24

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

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(Cdn$ in thousands)

	Share capital	Contributed surplus	AOCI	Deficit	Total
Balance at January 1, 2021	472,870	53,433	7,674	(216,605)	317,372
Share-based compensation	-	3,293	-	-	3,293
Exercise of options	3,729	(1,323)	-	-	2,406
Total comprehensive income (loss) for the year	-	-	(1,025)	36,472	35,447
Balance at December 31, 2021	**476,599**	**55,403**	**6,649**	**(180,133)**	**358,518**
Balance at January 1, 2022	476,599	55,403	6,649	(180,133)	358,518
Share-based compensation	-	4,919	-	-	4,919
Exercise of options	1,110	(383)	-	-	727
Settlement of performance share units	2,217	(4,144)	-	-	(1,927)
Total comprehensive income (loss) for the year	-	-	20,143	(25,971)	(5,828)
Balance at December 31, 2022	**479,926**	**55,795**	**26,792**	**(206,104)**	**356,409**

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

1. REPORTING ENTITY

Taseko Mines Limited (the "Company" or "Taseko") is a corporation governed by the *British Columbia Business Corporations Act.* The consolidated financial statements of the Company as at and for the year ended December 31, 2022 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture. The Company is principally engaged in the production and sale of metals, as well as related activities including mine permitting and development, within the province of British Columbia, Canada and the State of Arizona, USA.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2023.

2.2 Basis of measurement, judgment and estimation

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

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

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

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement, determining the timing of transfer of control of inventory for revenue recognition, reserve and resource estimates, functional currency, determination of the accounting treatment of the advance payment under the silver purchase and sale agreement reported as deferred revenue (Note 18), provisions for environmental rehabilitation, determination of business or asset acquisition treatment, and recovery of other deferred tax assets.

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

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

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

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and controlled entities as at December 31, 2022. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

2.4 Significant Accounting Policies

(a) Revenue recognition

Under IFRS 15, *Revenue Contracts with Customers*, revenue is recognized when a customer obtains control of the goods or services and the Company has satisfied its performance obligations. Determining the timing of the transfer of control, at a point in time or over time, requires judgment. Cash received in advance of meeting these conditions is recorded as advance payments on product sales. In the case of Gibraltar's copper concentrate, control is generally transferred upon shipment of the product as product is placed over the ship's rails or in limited circumstances, upon delivery to the concentrate shed at the shipping port.

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

(b) Cash and equivalents

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

(c) Financial instruments

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

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

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

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

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

Financial assets at amortized cost

Financial assets at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and cash equivalents and accounts receivables.

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

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

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

Financial liabilities

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

Fair value measurement

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

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

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

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

(d) Exploration and evaluation and development costs

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

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

(e) Inventories

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

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

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

(f) Property, plant and equipment

Land, buildings, plant and equipment

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

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

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

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

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

Mineral properties

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

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

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

Construction in progress

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

Capitalized interest

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

Leased assets

The Company has adopted *IFRS 16, Leases* effective January 1, 2019 using the modified retrospective method. The Company assesses whether a contract is a lease or contains a lease, at the inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the exception of short-term and low value leases, which are recognized on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset and is subject to testing for impairment if there is an indicator of impairment. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property, plant, and equipment (Note 14) and the lease liability is included in debt in the consolidated balance sheet (Note 17).

Impairment

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

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

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

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

(g) Income taxes

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

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

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

(h) Share-based compensation

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

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

(i) Provisions

Environmental rehabilitation

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

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

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

Other provisions

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

(j) Finance income and expenses

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

(k) Earnings (loss) per share

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

(l) Interests in joint arrangements

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

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

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

2.5 New accounting standards and interpretations

Several new accounting standards, amendments to existing standards and interpretations have been published by the IASB. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the new standard.

New standards, amendments and pronouncements that became effective for the period covered by these statements have not been disclosed as they did not have a material impact on the Company's audited consolidated financial statements.

(Cdn$ in thousands)

3. INTEREST IN GIBRALTAR JOINT VENTURE

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

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

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

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

	As at December 31,	
	2022	**2021**
Cash and equivalents	82,408	43,387
Other current assets	142,479	119,833
Current assets	224,887	163,220
Non-current assets	1,046,997	959,828
Accounts payable and accrued liabilities	59,186	43,409
Other current financial liabilities	33,143	31,500
Current liabilities	92,329	74,909
Long-term debt	45,100	21,343
Provision for environmental rehabilitation	143,256	108,916
Non-current liabilities	188,356	130,259

	Years ended December 31,	
	2022	**2021**
Revenues	512,950	578,736
Production costs	(380,523)	(271,364)
Depletion and amortization	(76,484)	(102,209)
Other operating expense	(4,458)	(4,349)
Interest expense	(4,935)	(4,379)
Interest income	336	40
Foreign exchange gain (loss)	919	(1,042)
Comprehensive income for joint arrangement	47,805	195,433

(Cdn$ in thousands)

4. REVENUE

	Years ended December 31,	
	2022	**2021**
Copper contained in concentrate	380,700	401,514
Copper price adjustments on settlement	(5,060)	8,098
Molybdenum concentrate	19,973	28,862
Molybdenum price adjustments on settlement	3,752	2,580
Silver (Note 18)	5,456	5,010
Total gross revenue	404,821	446,064
Less: Treatment and refining costs	(13,212)	(12,786)
Revenue	391,609	433,278

5. COST OF SALES

	Years ended December 31,	
	2022	**2021**
Site operating costs	269,822	201,964
Transportation costs	22,472	17,845
Changes in inventories of finished goods	7,726	(11,795)
Changes in inventories of ore stockpiles	(14,628)	(5,128)
Production costs	285,392	202,886
Depletion and amortization	51,982	66,587
Cost of sales	337,374	269,473

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

6. COMPENSATION EXPENSE

	Years ended December 31,	
	2022	**2021**
Wages, salaries and benefits	79,935	82,345
Post-employment benefits	893	1,765
Share-based compensation expense (Note 21c)	4,152	5,762
	84,980	89,872

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

(Cdn$ in thousands)

7. DERIVATIVE INSTRUMENTS

During the year ended December 31, 2021, the Company purchased copper put option contracts for 41 million pounds of copper with maturity dates ranging from July 2021 through to December 2021, at a strike price of US$3.75, at a total cost of $11,143. In May 2021, the Company purchased copper collar contracts for a total of 43 million pounds of copper with maturity dates ranging from January 2022 to June 2022, with a minimum copper strike price of US$4.00 per pound and a ceiling price of US$5.60 per pound, at a total cost of $4,693.

In January and February of 2022, the Company purchased copper collar contracts for a total of 42 million pounds of copper with maturity dates ranging from July 2022 to December 2022, with a minimum copper strike price of US$4.00 per pound and a ceiling price of US$5.40 per pound, at a total cost of $4,295. In June 2022, the Company purchased copper collar contracts for a total of 30 million pounds of copper with maturity dates ranging from January 2023 to June 2023, with a minimum copper strike price of US$3.75 per pound and a ceiling price of US$4.72 per pound, at a total cost of $2,975.

In July 2022, the Company amended the copper price collar contracts from August to December 2022 for 35 million pounds of copper by lowering the strike floor price from US$4.00 per pound to US$3.75 per pound and received realized cash proceeds of $9,880. Total proceeds received on the copper price collars contracts in 2022, including the strike floor price amendment was $22,539.

During the year ended December 31, 2021, the Company received proceeds of $717 on diesel fuel call options that settled during the year. There were no fuel call options outstanding at December 31, 2021.

During 2022, the Company purchased fuel call options for 27 million litres of diesel with maturity dates ranging from April 2022 to June 2023, at a total cost of $1,796. For the year ended December 31, 2022, the Company received proceeds of $260 on diesel fuel call options that settled during the year. There were 12 million litres of fuel call options outstanding at December 31, 2022.

	Years ended December 31,	
	2022	**2021**
Net realized (gain) loss on settled copper options	(13,550)	14,511
Net unrealized gain on outstanding copper options	(3,999)	(1,064)
Realized (gain) loss on fuel call options	472	(470)
Unrealized loss on fuel call options	803	31
	(16,274)	13,008

Details of the outstanding copper price option contracts at December 31, 2022 are summarized in the following table:

	Quantity	**Strike price**	**Period**	**Cost**	**Fair value**
Copper collar contracts	30 million lbs	US$3.75/per lb US$4.72/per lb	H1 2023	2,975	6,184

In January 2023, the Company purchased zero cost copper collar contracts for a total of 42 million pounds of copper with maturity dates ranging from July 2022 to December 2023, with a minimum copper strike price of US$3.75 per pound and a ceiling price of US$4.70 per pound.

In January 2023, the Company purchased fuel call options for 12 million litres of diesel with maturity dates ranging from July 2023 to December 2023, at a total cost of $941.

(Cdn$ in thousands)

8. OTHER INCOME

	Years ended December 31,	
	2022	2021
Management fee income	1,163	1,180
Other operating income, net	595	303
	1,758	1,483

9. FINANCE EXPENSES

	Years ended December 31,	
	2022	2021
Interest expense	41,825	38,853
Amortization of financing fees	2,523	2,040
Finance expense – deferred revenue (Note 18)	5,711	5,549
Accretion on PER (Note 19)	367	373
Less: interest expense capitalized	(3,419)	-
Finance income	(1,798)	(678)
Loss on settlement of long-term debt	-	5,798
	45,209	51,935

For the year ended December 31, 2022, interest expense includes $1,599 (2021 - $1,728) from lease liabilities and lease related obligations. For the year ended December 31, 2022, $3,419 of borrowing costs have been capitalized to Florence Copper development costs (Note 14).

As part of the senior secured notes refinancing completed in February of 2021, the Company redeemed its US$250 million senior secured notes on March 3, 2021, which resulted in an accounting loss of $5,798, comprised of the write-off of deferred financing costs of $4,025 and additional interest costs paid over the call period of $1,773.

The Company also paid a one-time redemption call premium of $6,941 on the settlement of the US$250 million senior secured notes, which is not included in net financing expenses shown above.

10. INCOME TAX

(a) Income tax expense

	Years ended December 31,	
	2022	2021
Current income tax:		
Current expense	1,156	3,203
Current tax adjustments related to prior periods	(264)	-
Current income tax expense	892	3,203
Deferred income tax:		
Origination and reversal of temporary differences	5,405	31,129

(Cdn$ in thousands)

Deferred tax adjustments related to prior periods	535	9
Deferred income tax expense	5,940	31,138
Income tax expense	6,832	34,341

(b) Effective tax rate reconciliation

	Years ended December 31,	
	2022	**2021**
Income tax expense (recovery) at Canadian statutory rate of 36.5%	(6,984)	25,840
Permanent differences	10,136	13,110
Foreign tax rate differential	64	96
Unrecognized tax benefits	3,344	(4,714)
Deferred tax adjustments related to prior periods	272	9
Income tax expense	6,832	34,341

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	As at December 31,	
	2022	**2021**
Property, plant and equipment	(226,123)	(190,768)
Other financial assets	8,222	6,156
Provisions	29,721	22,746
Tax loss carry forwards	111,925	91,680
Deferred tax liability	(76,255)	(70,186)

(d) Unrecognized deferred tax assets and liabilities

	As at December 31,	
	2022	**2021**
Deductible temporary differences:		
Debt	86,745	56,921
Losses and tax pools	28,082	30,523
Other financial assets	14,078	13,879
Deferred tax asset:		
Debt	11,658	7,655
Losses and tax pools	7,582	8,241
Other financial assets	1,900	1,873

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

Losses and tax pools of $28,082 (2021: $30,523) relate to non-capital losses in Canada which expire between 2027 and 2039.

(Cdn$ in thousands)

11. ACCOUNTS RECEIVABLE

	As at December 31, 2022	2021
Trade and settlement receivables	11,401	5,859
Goods and services tax receivable	1,257	1,099
Other receivables	565	2,646
	13,223	9,604

12. INVENTORIES

	As at December 31, 2022	2021
Ore stockpiles	45,306	31,845
Copper contained in concentrate	12,105	19,831
Molybdenum concentrate	417	310
Materials and supplies	35,018	27,885
	92,846	79,871

During the year ended December 31, 2022, the Company recorded an inventory adjustment of $nil (2021: $4,561 recovery) to adjust the carrying value of ore stockpiles to net realizable value, of which $nil (2021: $1,510) is recorded in depletion and amortization and the balance in production costs.

13. OTHER FINANCIAL ASSETS

	As at December 31, 2022	2021
Current:		
Marketable securities	2,568	3,110
Copper price options (Note 7)	6,184	3,904
Fuel call options (Note 7)	261	-
	9,013	7,014
Long-term:		
Investment in private companies	1,200	1,200
Reclamation deposits	434	434
Restricted cash	1,355	1,268
	2,989	2,902

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

(Cdn$ in thousands)

14. PROPERTY, PLANT & EQUIPMENT

Cost	**Property acquisition costs**	**Mineral properties**	**Plant and equipment**	**Construction in progress**	**Total**
At January 1, 2021	109,895	456,185	754,686	8,454	1,329,220
Additions	-	92,536	19,629	52,457	164,622
Changes in rehabilitation cost asset	-	12,087	-	-	12,087
Disposals	-	-	(13,283)	-	(13,283)
Foreign exchange translation	(369)	(186)	(255)	-	(810)
Transfers between categories	-	-	17,944	(17,944)	-
At December 31, 2021	109,526	560,622	778,721	42,967	1,491,836
Additions	-	67,536	19,401	115,523	202,460
Changes in rehabilitation cost asset	-	28,164	-	-	28,164
Disposals	-	(289)	(13,558)	-	(13,847)
Foreign exchange translation	5,916	5,235	2,947	2,900	16,998
Transfers between categories	-	-	15,672	(15,672)	-
At December 31, 2022	115,442	661,268	803,183	145,718	1,725,611
Accumulated depreciation					
At January 1, 2021	-	290,654	295,947	-	586,601
Depletion and amortization	-	34,979	44,144	-	79,123
Disposals	-	-	(11,727)	-	(11,727)
At December 31, 2021	-	325,633	328,364	-	653,997
Depletion and amortization	-	11,415	44,316	-	55,731
Disposals	-	-	(13,357)	-	(13,357)
At December 31, 2022	-	337,048	359,323	-	696,371
Net book value					
At December 31, 2021	109,526	234,989	450,357	42,967	837,839
At December 31, 2022	115,442	324,220	443,860	145,718	1,029,240

(Cdn$ in thousands)

	As at December 31, 2022	2021
Net book value beginning of period	837,839	742,619
Additions:		
Gibraltar capitalized stripping costs	36,312	69,228
Gibraltar sustaining capital expenditures	20,015	25,238
Gibraltar capital expenditures	29,551	4,013
Florence Copper development costs	103,072	58,667
Yellowhead development costs	698	2,603
Aley development costs	557	455
Other items:		
Right of use assets	12,254	4,418
Rehabilitation costs asset	28,164	12,087
Disposals	(200)	(1,556)
Foreign exchange translation and other	16,709	(810)
Depletion and amortization	(55,731)	(79,123)
Net book value at December 31	1,029,240	837,839

Net book value	Gibraltar Mines (75%)	Florence Copper	Yellowhead	Aley	Other	Total
At December 31, 2021	539,641	260,934	21,252	14,316	1,696	837,839
Net additions	97,611	103,393	698	557	(289)	201,970
Changes in rehabilitation cost asset (Note 19)	28,164	-	-	-	-	28,164
Depletion and amortization	(55,017)	(338)	-	-	(376)	(55,731)
Foreign exchange translation	-	16,998	-	-	-	16,998
At December 31, 2022	610,399	380,987	21,950	14,873	1,031	1,029,240

During the year, the Company capitalized development costs of $103,072 (2021: $58,667) for the Florence Copper project. Since its acquisition of Florence Copper in November 2014, the Company has incurred and capitalized a total of $276 million in project development and other costs. For the year ended December 31, 2022, $3,419 of borrowing costs have been capitalized to Florence Copper development costs (Note 9).

Non-cash additions to property, plant and equipment of Gibraltar include $4,294 (2021: $9,364) of depreciation on mining assets related to capitalized stripping.

Since January 1, 2020 development costs for Yellowhead of $5,710 have been capitalized as mineral property, plant and equipment.

Depreciation related to the right of use assets for the year ended December 31, 2022 was $6,492 (2021: $3,941)

(Cdn$ in thousands)

15. GOODWILL

Goodwill was recorded on the Company's acquisition of Curis Holdings (Canada) Ltd. ("Curis") in 2014 which at the time indirectly owned 100% of the Florence Copper Project. During the year ended December 31, 2022, the carrying value of the goodwill increased by $357 as a result of foreign currency translation.

The Company performed an annual goodwill impairment test and the recoverable amount of the Curis CGU was calculated to be higher than its carrying amount and no impairment loss was recognized.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31,	
	2022	**2021**
Trade payables	31,719	30,100
Accrued liabilities	34,997	25,560
	66,716	55,660

17. DEBT

	As at December 31,	
	2022	**2021**
Current:		
Lease liabilities (d)	7,613	9,625
Secured equipment loans (e)	8,489	6,539
Lease related obligations (f)	2,307	2,141
	18,409	18,305
Long-term:		
Senior secured notes (a)	534,118	497,388
Revolving credit deferred financing fees (b)	(925)	(1,352)
Lease liabilities (d)	7,408	6,067
Secured equipment loans (e)	24,550	6,025
Lease related obligations (f)	3,009	5,316
	568,160	513,444
Total debt	586,569	531,749

(a) Senior secured notes

On February 10, 2021, the Company completed an offering of US$400 million aggregate principal amount of senior secured notes (the "2026 Notes"). The 2026 Notes mature on February 15, 2026 and bear interest at an annual rate of 7.0%, payable semi-annually on February 15 and August 15. A portion of the proceeds were used to redeem the outstanding US$250 million 8.75% Senior Secured Notes (the "2022 Notes") due on June 15, 2022. The remaining proceeds, net of transaction costs, call premium and accrued interest, of approximately $167 million (US$131 million) were available for capital expenditures, including at its Florence Copper project and Gibraltar mine, working capital and for general corporate purposes.

The 2026 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, as well as the shares of Curis Holdings (Canada) Ltd. and Florence Holdings Inc. The 2026 Notes are guaranteed by each of Taseko's existing and future restricted subsidiaries. The 2026 Notes also allow for up to US$145 million of first lien secured debt to be issued and up to US$50 million of debt for equipment financing, all subject to the terms of 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 2026 Notes at any time on or after February 15, 2023, at redemption prices ranging from 103.5% to 100%, plus accrued and unpaid interest to the date of redemption. Prior to February 15, 2023, all or part of the notes may be redeemed at 100%, plus a make-whole premium, plus accrued and unpaid interest to the date of redemption. Until February 15, 2023, the Company may redeem up to 10% of the aggregate principal amount of the notes, at a redemption price of 103%, plus accrued and unpaid interest to the date of redemption. On a change of control, the 2026 Notes are redeemable at the option of the holder at a price of 101%.

(b) Revolving Credit Facility

On October 6, 2021, the Company closed a secured US$50 million revolving credit facility (the "Facility"). The Facility is secured by first liens against Taseko's rights under the Gibraltar joint venture, as well as, the shares of Gibraltar Mines Ltd., Curis Holdings (Canada) Ltd., and Florence Holdings Inc. The Facility will be available for capital expenditures, working capital and general corporate purposes.

The Facility has customary covenants for a revolving credit facility. Financial covenants include a requirement for the Company to maintain a leverage ratio, an interest coverage ratio, a minimum tangible net worth and a minimum liquidity amount as defined under the Facility. The Company was in compliance with these covenants as at December 31, 2022.

On February 1, 2023, the Company entered into an agreement to extend the maturity date of the Facility by an additional year to July 2, 2026. In addition to the one-year extension of the Facility, the lender has also agreed to an accordion feature, which will allow the amount of the Facility to be increased by US$30 million, for a total of US$80 million, subject to credit approval and other conditions.

Amounts outstanding under the facility bear interest at the Adjusted Term SOFR rate plus an applicable margin and have a standby fee of 1.00%.

(c) Letter of Credit Facilities

The Gibraltar joint venture has in place a $15 million credit facility for the purpose of providing letters of credit (LC) to key suppliers of the Gibraltar Mine to assist with ongoing trade finance and working capital needs. Any LCs issued under the facility will be guaranteed by Export Development Canada (EDC) under its Account Performance Security Guarantee program. The facility is renewable annually, is unsecured and contains no financial covenants. As at December 31, 2022, a total of $3.75 million in LCs were issued and outstanding under this LC facility.

On April 8, 2022, the Company closed a US$4 million credit facility for the sole purpose of issuing LCs to certain key contractors in conjunction with the development of Florence Copper. Any LCs to be issued under this facility will also be guaranteed by EDC. The facility is renewable annually, is unsecured and contains no financial covenants.

(Cdn$ in thousands)

(d) Lease liabilities

Lease liabilities include the Company's outstanding lease liabilities under IFRS 16. At December 31, 2022, the net carrying amount of leased assets was $34,051 (2021: $28,823). The lease liabilities have monthly repayment terms ranging between 12 and 84 months.

(e) Secured equipment loans

The equipment loans at December 31, 2022 are secured by some of the existing mobile mining equipment at the Gibraltar mine and commenced between August 2019 and December 2022 with monthly repayment terms of 48 months and with interest rates ranging between 6.4% to 8.9%.

In December 2022, Gibraltar entered into an equipment loan with the Company's share of proceeds being $31,770. The loan is repayable in monthly installments with a final maturity date of December 2026. A portion of the proceeds of the loan were used to repay an equipment loan of $6,075 and lease liabilities of $606 and the remaining funds are available for general working capital purposes.

(f) Lease related obligations

Lease related obligations relate to a lease arising under a sale leaseback transaction on certain items of equipment at the Gibraltar mine. The lease commenced in June 2019 and has a term of 54 months. At the end of the lease term, the Company has an option to renew the term, an option to purchase the equipment at fair market value or option to return the equipment. The lease contains a fixed price early buy-out option exercisable at the end of 48 months.

(g) Debt continuity

The following schedule shows the continuity of total debt for the years ended December 31, 2022 and 2021:

	2022	**2021**
Total debt as at January 1	531,749	363,404
Lease additions	12,382	6,042
Equipment loans net proceeds	31,770	-
Lease liabilities and equipment loans repayments	(26,443)	(19,737)
Unrealized foreign exchange (gain) loss	34,490	(488)
Amortization of deferred financing charges	2,621	2,156
Settlement of 2022 Notes	-	(317,225)
Foreign exchange gain	-	(1,075)
Write-off of deferred financing charges	-	4,025
Issuance of 2026 Notes	-	507,560
Deferred financing charges	-	(12,913)
Total debt as at December 31	586,569	531,749

(Cdn$ in thousands)

18. DEFERRED REVENUE

	As at December 31, 2022	2021
Current:		
Customer advance payments (a)	6,456	5,297
Osisko – silver stream agreement (b)	5,609	8,144
Current portion of deferred revenue	12,065	13,441
Long-term portion of deferred revenue (b)	47,620	45,356
Total deferred revenue	59,685	58,797

(a) Customer advance payments

At December 31, 2022, the Company had received advance payments from a customer on 2.0 million pounds (100% basis) of copper concentrate inventory.

(b) Silver stream purchase and sale agreement

The Company has entered into a silver stream purchase and sale agreement with Osisko Gold Royalties Ltd. ("Osisko"), whereby the Company received upfront cash deposit payments totalling $52.7 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 no further cash consideration once silver deliveries are made under the agreement.

The following table summarizes changes in the Osisko deferred revenue:

Balance at January 1, 2021	52,758
Finance expense (Note 9)	5,549
Amortization of deferred revenue	(4,807)
Balance at December 31, 2021	53,500
Finance expense (Note 9)	5,711
Amortization of deferred revenue	(5,982)
Balance at December 31, 2022	53,229

19. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2022	2021
Beginning balance at January 1	87,571	78,983
Change in estimates	28,163	12,087
Accretion	367	373
Settlements	(2,775)	(3,846)
Foreign exchange differences	399	(26)
Ending balance at December 31	113,725	87,571

(Cdn$ in thousands)

The PER represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities. The majority of these expenditures occur after the end of the life of the related operation. For the Gibraltar mine, it is anticipated that these costs will be incurred over a period of at least 100 years beyond the end of the current mine life based on known reserves. The change in the PER during 2022 is primarily due to the change in estimated reclamation related costs and changes in the risk-free discount rates applied in determining the obligation.

As at December 31, 2022, the PER was calculated on a present value basis for closure costs to be incurred in the first 30 years using a nominal risk-free discount rate of 3.31% (2021 – 1.79%) based on the 30 year overnight index swap (OIS) rate. For discounting annual closure cashflows beyond 30 years, a risk free yield curve was extrapolated from the implied OIS swap rate for liquid, investment grade corporate bonds with durations between 50 to 100 years. A nominal risk free rate of up to 4.41% was utilized in 2022 (2021 – 2.61%) for discounting closure costs up to 100 years from the estimated date of site closure for Gibraltar based on current reserves. A long-term inflation rate range between 2.02% to 1.80% (2021 – 1.82% to 1.50%) over tenors between 30 to 100 years was applied to derive nominal cash flow estimates.

PER estimates are reviewed regularly and there have been adjustments to the amount and timing of cash flows as a result of updated information. Assumptions are based on the current economic environment, but actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation will depend on when the mine ceases production which, in turn, will depend on future mineral reserves, metal prices, operating conditions and many other factors which are inherently uncertain.

As at December 31, 2022, the Company has provided letters of credit and surety bonds to the regulatory authorities for its share of reclamation obligations totaling $81.4 million for Gibraltar and $13.3 million for Florence. Security for reclamation obligations is returned once the site is reclaimed to a satisfactory level and there are no ongoing monitoring and maintenance requirements.

20. EQUITY

(a) Share capital

	Common shares (thousands)
Common shares outstanding at January 1, 2021	282,115
Exercise of share options	2,777
Common shares outstanding at December 31, 2021	284,892
Common shares issued under PSU plan	866
Exercise of share options	735
Common shares outstanding at December 31, 2022	286,493

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

In January 2022, the Company issued 866,028 common shares as part of settlement of the performance share units that vested.

(b) Contributed surplus

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

(Cdn$ in thousands)

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

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

21. SHARE-BASED COMPENSATION

(a) Share Options

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

	Options (thousands)	Average price
Outstanding at January 1, 2021	8,969	1.19
Granted	2,402	1.60
Exercised	(2,777)	0.93
Expired	(324)	2.86
Outstanding at January 1, 2022	8,270	1.33
Granted	2,113	2.58
Exercised	(735)	0.99
Cancelled/forfeited	(176)	2.24
Expired	(184)	1.50
Outstanding at December 31, 2022	9,288	1.62
Exercisable at December 31, 2022	7,234	1.45

During the year ended December 31, 2022, the Company granted 2,113,000 (2021 – 2,402,000) share options to directors, executives and employees, exercisable at an average exercise price of $2.58 per common share (2021 - $1.60 per common share) over a five year period. The total fair value of options granted was $2,979 (2021 – $2,114) based on a weighted average grant-date fair value of $1.41 (2021 – $0.88) per option.

Range of exercise price	Options (thousands)	Average life (years)
$0.69 to $0.75	1,345	1.71
$0.76 to $1.00	2,186	1.03
$1.01 to $1.86	2,520	3.01
$1.87 to $2.72	2,071	4.02
$2.73 to $2.86	1,166	0.00
	9,288	1.79

(Cdn$ in thousands)

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:

	2022	**2021**
Expected term (years)	5.0	5.0
Forfeiture rate	0%	0%
Volatility	64%	67%
Dividend yield	0%	0%
Risk-free interest rate	1.7%	0.4%
Weighted-average fair value per option	$1.41	$0.88

(b) Deferred Share Units and Performance Share Units

The Company has adopted a Deferred Share Unit ("DSU") Plan (the "DSU Plan") that provides for an annual grant of DSUs to each non-employee director of the Company, or an equivalent cash payment in lieu thereof, which participants have agreed would in the first instance be used to assist in complying with the Company's share ownership guidelines. DSUs vest immediately upon grant and are paid out in cash when a participant ceases to be a director of the Company. A long-term financial liability of $3,877 has been recorded at December 31, 2022 (2021 - $4,643), representing the fair value of the liability, which is based on the Company's stock price at the reporting period date.

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

	DSUs (thousands)	**PSUs (thousands)**
Outstanding at January 1, 2021	2,123	2,650
Granted	198	530
Settled	(535)	(400)
Outstanding at January 1, 2022	1,786	2,780
Granted	172	595
Settled	-	(875)
Outstanding at December 31, 2022	1,958	2,500

During the year ended December 31, 2022, 172,000 DSUs were issued to directors (2021 – 198,000) and 595,000 PSUs to senior executives (2021 – 530,000). The fair value of DSUs and PSUs granted was $2,532 (2021 - $1,235), with a weighted average fair value at the grant date of $2.58 per unit for the DSUs (2021 - $1.58 per unit) and $3.51 per unit for the PSUs (2021 – $1.74 per unit).

(c) Share-based compensation expenses

Share based compensation expense is comprised as follows:

	Year ended December 31, 2022	2021
Share options – amortization	2,693	2,142
Performance share units – amortization	2,226	1,151
Change in fair value of deferred share units	(767)	2,469
	4,152	5,762

22. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share, calculated on a basic and diluted basis, is as follows:

	Year ended December 31, 2022	2021
Net income (loss) attributable to common shareholders – basic and diluted	(25,971)	36,472
(in thousands of common shares)		
Weighted-average number of common shares	286,236	283,593
Effect of dilutive securities:		
Stock options	-	3,911
Weighted-average number of diluted common shares	286,236	287,504
Earnings (loss) per common share		
Basic earnings (loss) per share	(0.09)	0.13
Diluted earnings (loss) per share	(0.09)	0.13

23. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company is a party to certain contracts relating to service and supply agreements. Future minimum payments under these agreements as at December 31, 2022 are presented in the following table:

2023	11,661
2024	11,661
2025	4,686
2026	823
2027	-
2028 and thereafter	-
Total commitments	28,831

(Cdn$ in thousands)

As at December 31, 2022, the Company had commitments to incur capital expenditures of $9,265 (2021 - $37,944) for Florence Copper and $2,795 (2021 - $471) for the Gibraltar joint venture.

(b) Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by the Gibraltar joint venture in which it holds a 75% interest. As a result, the Company has guaranteed the joint venture partner's 25% share of this debt which amounted to $13,983 as at December 31, 2022.

The Company has also indemnified 100% of a surety bond issued by the Gibraltar joint venture to the Province of British Columbia. As a result, the Company has indemnified the joint venture partner's 25% share of this obligation, which amounted to $14,625 as at December 31, 2022.

24. SUPPLEMENTARY CASH FLOW INFORMATION

	For the year ended December 31,	
	2022	**2021**
Change in non-cash working capital items		
Accounts receivable	(3,602)	(2,915)
Inventories	(14,035)	(16,713)
Prepaids	(1,835)	(1,921)
Accounts payable and accrued liabilities[1]	14,704	(12,984)
Advance payment on product sales	1,159	5,297
Interest payable	100	65
Mineral tax payable	(1,937)	(2,800)
	(5,446)	(31,971)
Non-cash investing and financing activities		
Assets acquired under capital lease	489	1,644
Right-of-use assets	11,893	4,398

[1]Excludes accounts payable and accrued liability changes on capital expenditures.

25. FINANCIAL RISK MANAGEMENT

(a) Overview

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

(Cdn$ in thousands)

(b) Market risk

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

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

Commodity price risk

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

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

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

	As at December 31,	
	2022	**2021**
Copper increase/decrease by US$0.10 per pound[1]	511	1,143

[1]The analysis is based on the assumption that the year-end copper price increases/decreases US$0.10 per pound. with all other variables held constant. At December 31, 2022, 3.8 million (2021: 12.0 million) pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate at December 31, 2022 of CAD/USD 1.35 (2021: 1.27) was used in the analysis.

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

Interest rate risk

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

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

(Cdn$ in thousands)

	As at December 31,	
	2022	**2021**
Fair value sensitivity for fixed-rate instruments		
Senior secured notes	(3,800)	(2,371)
Lease liabilities	(130)	(157)
Lease related obligations	(67)	(65)
Secured equipment loans	(65)	(117)
	(4,062)	(2,710)
Cash flow sensitivity for variable-rate instruments		
Cash and equivalents	826	1,602

Currency risk

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

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

	Years ended December 31,	
	2022	**2021**
Cash and equivalents	(7,425)	(13,656)
Accounts receivable	(832)	(847)
Accounts payable and accrued liabilities	1,972	1,522
Senior secured notes	40,587	37,992
Equipment loans	2,425	266
Lease liabilities	69	20

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

(c) Liquidity risk

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

(d) Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its receivables, marketable securities and investments, and derivatives. In general, the Company manages its credit exposure by transacting only with reputable counterparties. The Company monitors the financial condition of its customers and counterparties to contracts. The Company deals with a limited number of counterparties for its metal sales. The Company had two significant customers in 2022 that represented 95% of gross copper concentrate revenues (2021: two customers accounted for 82% of gross copper concentrate revenues). The trade receivable balance at December 31, 2022 is comprised of four customers (2021: three customers). There are no impairments recognized on the trade receivables.

(Cdn$ in thousands)

(e) Fair values of financial instruments

The fair values of the senior secured notes is $477,854 and the carrying value is $534,118 at December 31, 2022. The fair value of all other financial assets and liabilities approximates their carrying value.

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

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Financial assets designated as FVPL				
Derivative asset copper put and call options	-	6,184	-	6,184
	-	6,184	-	6,184
Financial assets designated as FVOCI				
Marketable securities	2,568	-	-	2,568
Investment in private companies	-	-	1,200	1,200
Reclamation deposits	434	-	-	434
	3,002	-	1,200	4,202
December 31, 2021				
Financial assets designated as FVPL				
Derivative asset copper put and call options	-	3,904	-	3,904
	-	3,904	-	3,904
Financial assets designated as FVOCI				
Marketable securities	3,110	-	-	3,110
Investment in private companies	-	-	1,200	1,200
Reclamation deposits	434	-	-	434
	3,544	-	1,200	4,744

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value as at December 31, 2022.

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

The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's settlement receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market. At December 31, 2022, the Company had net settlement payables of $209 (2021 – settlement receivables of $4,885).

The investment in private companies, a Level 3 instrument, are valued based on a management estimate. As this is an investment in a private exploration and development company, there are no observable market data inputs.

(Cdn$ in thousands)

At December 31, 2022 the determination of the estimated fair value of the investment includes comparison to the market capitalization of comparable public companies.

(f) Capital management

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

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

	As at December 31,	
	2022	**2021**
Cash	(120,858)	(236,767)
Current portion of long-term debt	18,409	18,305
Long-term debt	568,160	513,444
Net debt	**465,711**	**294,982**
Shareholders' equity	**356,409**	**358,518**

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board of Directors. Management also actively monitors the covenants on its long-term debt to ensure compliance. The Company's investment policy is to invest cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash. There were no changes to the Company's approach to capital management during the year ended December 31, 2022.

26. RELATED PARTIES

(a) Principal Subsidiaries

	Ownership interest as at December 31,	
	2022	**2021**
Gibraltar Mines Ltd.	100%	100%
Curis Holdings (Canada) Ltd.	100%	100%
Florence Holdings Inc.	100%	100%
Florence Copper Holdings Inc.	100%	-
FC-ISR Holdings Inc.	100%	-
Florence Copper LLC[1]	100%	100%
Aley Corporation	100%	100%
Yellowhead Mining Inc.	100%	100%

(Cdn$ in thousands)

[1] On November 28, 2022, Florence Copper Inc. was converted into Florence Copper LLC. The units of Florence Copper LLC were transferred to a new intermediary company, Florence Copper Holdings Inc. Florence Copper Holdings Inc. subsequently transferred 1% of Florence Copper LLC to FC-ISR Holdings Inc.

(b) Key management personnel compensation

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

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

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-month to 12-months' salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among other things, an amount ranging from 12-month to 24-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 option program (Note 21).

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

	Year ended December 31,	
	2022	**2021**
Salaries and benefits	7,380	6,252
Post-employment benefits	730	1,672
Share-based compensation expense	2,358	5,011
	10,468	12,935

(c) Related party transactions

Under the terms of the joint venture operating agreement, the Gibraltar joint venture pays the Company a management fee for services rendered by the Company as operator of Gibraltar. Net management fee income in 2022 was $1,162 (2021: $1,227). In addition, the Company pays certain expenses on behalf of the Gibraltar joint venture and invoices the joint venture for these expenses. In 2022, net reimbursable compensation expenses and third party costs of $1,370 (2021: $343) were charged to the joint venture.

27. MITSUI TRANSACTION

On December 19, 2022, the Company signed agreements with Mitsui & Co. (U.S.A.) Inc. ("Mitsui") to form a strategic partnership to develop the Company's Florence Copper project (the "Project"). Mitsui has committed to an initial investment of US$50 million conditional on receipt of the final Underground Injection Control permit from the Environmental Protection Agency, with proceeds to be used for construction of the commercial production facility. The initial investment will be in the form of a copper stream agreement (the "Copper Stream") on 2.67% of the copper produced at Florence Copper and Mitsui to pay a delivery price equal to 25% of the market price of copper delivered under the contract.

In addition, Mitsui has acquired an option to invest an additional US$50 million for a 10% equity interest in Florence Copper (the "Equity Option"). The Equity Option is exercisable by Mitsui at any time up to three-years following completion of construction of the commercial production facility. If Mitsui elects to exercise its Equity Option, the Copper Stream will terminate. If the Equity Option is not exercised by Mitsui by its expiry date, the Company will have the right to buy-back 100% of the Copper Stream, otherwise, it will terminate when 40 million pounds of copper have been delivered under the agreement.

As part of the arrangement, Taseko and Mitsui have entered into an offtake contract for 81% of the copper cathode produced at Florence during the initial years of production. The initial offtake agreement will cease and be replaced with a marketing agency agreement if the Equity Option is exercised by Mitsui. . Mitsui's offtake entitlement would also reduce to 30% if the Equity Option is not exercised by its expiry date until the Copper Stream deposit has been reduced to nil.

28. SUBSEQUENT EVENT

On February 22, 2023, the Company announced that it had signed a definitive agreement to acquire an additional 12.5% interest in Gibraltar from Sojitz Corporation. Under the terms of the Agreement, Taseko will acquire Sojitz's 50% interest in Cariboo.

The acquisition price consists of a minimum amount of $60 million payable over a five-year period and potential contingent payments depending on Gibraltar mine copper revenues and copper prices over the next five years. An initial payment of $10 million is due on closing and the remaining minimum amounts are payable annually in $10 million instalments. There is no interest payable on the minimum amounts.

The contingent payments are payable annually over the five-year period only if the average LME copper price exceeds US$3.50 per pound in a year. The payments will be calculated by multiplying Gibraltar mine copper revenue by a price factor, which is based on a sliding scale ranging from 0.35% at US$3.50 per pound copper to a maximum of 2.13% at US$5.00 per pound copper or above. Total contingent payments cannot exceed $57 million over the five-year period, limiting the total acquisition cost to a maximum of $117 million.