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TASEKO REPORTS $108 MILLION OF ADJUSTED EBITDA FOR 2020

This release should be read with the Company's Financial Statements and Management Discussion & Analysis ("MD&A"), available at **www.tasekomines.com** and filed on **www.sedar.com**. Except where otherwise noted, all currency amounts are stated in Canadian dollars. Taseko's 75% owned Gibraltar Mine is located north of the City of Williams Lake in south-central British Columbia. Production volumes stated in this release are on a 100% basis unless otherwise indicated.

Note: Gibraltar is a contractual, unincorporated joint venture between Taseko Mines Limited (75% interest) and Cariboo Copper Corp. (25% interest). All production and sales figures are reported on a 100% basis, unless otherwise noted.

February 24, 2021, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE American: TGB; LSE: TKO) ("Taseko" or the "Company") reports full-year 2020 earnings from mining operations before depletion and amortization* of $119 million and Adjusted EBITDA* of $108 million. For the year, the Company had a Net Loss of $24 million, or $0.09 loss per share.

Russell Hallbauer, CEO and Director, commented, "We have witnessed a remarkable recovery in the copper market since March of last year. The price of copper has more than doubled in that time and even since the end of 2020, the price has climbed a further US$0.70 per pound. Last year, Gibraltar produced 123 million pounds of copper, and our 2021 production estimate is slightly higher at 125 million pounds. Gibraltar has been Taseko's cornerstone asset for over 15 years, generating positive cash flow through the copper price cycles, but it is times like this that we truly benefit from the leverage to copper from our large, steady-state production base. At current copper prices, which are now more than US$1.40 per pound higher than last year's average, we would have generated roughly $275 million of adjusted EBITDA* in 2020."

"Copper production in the fourth quarter was 25 million pounds, which was below prior quarters due to lower grade and harder ore as mining transitioned into the Pollyanna pit. Mine-to-mill adjustments were made during the fourth quarter and throughput returned to design capacity in December. The Pollyanna pit, which is about 4% lower grade than the reserve grade, will be the main source of ore for the first half of 2021. In the second half of the year, ore mining will commence in the Gibraltar pit, which is higher grade and has a lower work index (softer ore)," added Mr. Hallbauer.

Stuart McDonald, President of Taseko, continued, "The $108 million of adjusted EBITDA* and $106 million of operating cash flow we generated in 2020 was a tremendous accomplishment and demonstrates the resiliency of our operation in the face of a global pandemic and volatile economic environment.

Our successes, however, were not limited to Gibraltar. At Florence Copper we have achieved key milestones in recent months which have de-risked the project considerably. We received the state permit in December and we continue to expect the federal permit from the EPA in the coming months. And in February we completed a successful US$400 million bond refinancing which was upsized to provide financing for development of the commercial facility at Florence. We now have a cash balance of approximately US$200 million and with the majority of required funding in hand we are moving forward with final design engineering and procurement initiatives. This work will facilitate a seamless construction start up and we will move forward expeditiously with on-the-ground construction activities as soon as we have the final permits in place."

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

“2021 will be a transformational year for Taseko as we take the final steps to unlock the full value of Florence and pave the way to becoming a multi-asset copper producer. The addition of Florence will increase Taseko’s attributable annual copper production by 85% to approximately 185 million pounds. Florence production will also significantly reduce Taseko’s consolidated operating costs given its expected C1 operating costs of US$0.90 per pound of copper. With increased investor focus on sustainability and environmental footprint, we are very proud of the fact that Florence Copper will also be one of the greenest copper production facilities in the world and will provide high quality copper to the US domestic market in support of its green infrastructure and electrification initiatives in the years to come,” concluded Mr. McDonald.

2020 Annual Review

- Earnings from mining operations before depletion and amortization* was $119.0 million and Adjusted EBITDA* was $108.2 million;
- Cash flows from operations was $106.2 million, compared to $42.6 million in the prior year;
- In response to the COVID-19 pandemic management implemented a number of cost saving initiatives in 2020, including a revised mine plan for Gibraltar, which reduced total site operating costs by $28.2 million compared to 2019. Site operating costs, net of by-product credits* was US$1.62 per pound produced, and total operating costs (C1)* was US$1.92 per pound produced;
- The Gibraltar mine operated continuously through the year and produced 123.0 million pounds of copper and 2.3 million pounds of molybdenum (100% basis). Copper recoveries were 84.3% and copper head grades for the year were 0.243%;
- Gibraltar extended its five-year copper concentrate offtake contract, for roughly 50% of its production, for an additional year, which is expected to result in a 30% reduction in treatment and refining costs in 2021, reflecting the continued tight physical copper concentrate market conditions and the strategic demand for Gibraltar’s high-quality concentrates;
- On November 17, 2020, Taseko closed an offering of common shares for net proceeds of $34.3 million;
- On February 10, 2021, Taseko closed an offering of US$400 million 7% Senior Secured Notes due 2026. A portion of the proceeds will be used to redeem all of the outstanding US$250 million 8.75% Senior Secured Notes due 2022 on March 3, 2021, including accrued interest and transaction costs;
- The Company’s cash balance at December 31, 2020 was $85.1 million, and the bond refinancing transaction in February 2021 provided additional net cash proceeds of $167 million (or US$131 million);
- Copper prices have recovered strongly and the current price of over US$4.20 per pound is significantly higher than the average LME price of $2.80 per pound in 2020; and
- The Arizona Department of Environmental Quality (“ADEQ”) issued the Aquifer Protection Permit (“APP”) for Florence Copper on December 8, 2020. The Company is now moving forward with final design engineering of the Florence commercial production facility and procurement of certain critical components.

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

Fourth Quarter Review

- Fourth quarter earnings from mining operations before depletion and amortization* was $27.1 million, and Adjusted EBITDA* was $20.5 million;
- Cash flow from operations was $20.4 million;
- The Gibraltar mine produced 25.0 million pounds of copper in the fourth quarter. Copper recoveries were 83.3% and copper head grades were 0.201%;
- Gibraltar sold 25.0 million pounds of copper in the quarter (100% basis) which resulted in $85.9 million of revenue for Taseko. Average LME copper prices were US$3.25 per pound in the quarter and revenue also included positive provisional price adjustments of $8.4 million; and
- Net income (GAAP) for the fourth quarter was $5.7 million ($0.02 per share). Adjusted net loss* was $7.5 million ($0.03 loss per share).

HIGHLIGHTS

Financial Data	**Year ended December 31,**			**Three Months ended December 31,**		
(Cdn$ in thousands, except for per share amounts)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Revenues	343,267	329,163	14,104	87,398	89,932	(2,534)
Earnings from mining operations before depletion and amortization*	119,026	70,613	48,413	27,062	23,921	3,141
Adjusted EBITDA*	108,229	51,057	57,172	20,478	18,246	2,232
Cash flows provided by operations	106,195	42,641	63,554	20,424	9,227	11,197
Earnings (loss) from mining operations	23,725	(39,143)	62,868	8,315	(7,459)	15,774
Net income (loss)	(23,524)	(53,382)	29,858	5,694	(9,931)	15,625
Per share - basic ("EPS")	(0.09)	(0.22)	0.13	0.02	(0.04)	0.06
Adjusted net loss*	(26,539)	(68,610)	42,071	(7,473)	(16,159)	8,686
Per share - basic ("Adjusted EPS")*	(0.11)	(0.28)	0.17	(0.03)	(0.07)	0.04

Operating Data (Gibraltar - 100% basis)	**Year ended December 31,**			**Three Months ended December 31,**		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Tons mined (millions)	98.7	100.4	(1.7)	26.4	25.8	0.6
Tons milled (millions)	30.1	29.9	0.2	7.5	7.8	(0.3)
Production (million pounds Cu)	123.0	125.9	(2.9)	25.0	33.4	(8.4)
Sales (million pounds Cu)	124.0	122.4	1.6	25.0	33.3	(8.3)

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

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

Operating data (100% basis)	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**	**YE 2020**	**YE 2019**
Tons mined (millions)	26.4	23.3	20.5	28.5	25.8	98.7	100.4
Tons milled (millions)	7.5	7.5	7.7	7.5	7.8	30.1	29.9
Strip ratio	1.9	1.5	1.9	2.7	2.1	2.0	2.6
Site operating cost per ton milled (CAD$)*	$11.67	$9.57	$7.66	$9.52	$10.46	$9.59	$10.92
Copper concentrate							
Head grade (%)	0.201	0.228	0.281	0.259	0.253	0.243	0.245
Copper recovery (%)	83.3	85.0	85.2	83.4	84.5	84.3	86.2
Production (million pounds Cu)	25.0	28.9	36.8	32.4	33.4	123.0	125.9
Sales (million pounds Cu)	25.0	28.6	39.3	31.1	33.3	124.0	122.4
Inventory (million pounds Cu)	3.4	3.6	3.8	6.4	5.0	3.4	5.0
Molybdenum concentrate							
Production (thousand pounds Mo)	549	668	639	412	728	2,269	2,739
Sales (thousand pounds Mo)	487	693	656	403	791	2,239	2,787
Per unit data (US$ per pound produced)*							
Site operating costs*	$2.67	$1.85	$1.15	$1.64	$1.85	$1.75	$1.95
By-product credits*	(0.14)	(0.14)	(0.11)	(0.11)	(0.16)	(0.13)	(0.20)
Site operating costs, net of by-product credits*	$2.53	$1.71	$1.04	$1.53	$1.69	$1.62	$1.75
Off-property costs	0.29	0.29	0.30	0.29	0.32	0.30	0.31
Total operating costs (C1)*	$2.82	$2.00	$1.34	$1.82	$2.01	$1.92	$2.06

OPERATIONS ANALYSIS

Full-year results

To-date, there have been no interruptions to the Company's operations, logistics and supply chains as a result of the COVID-19 pandemic. Heightened health and safety protocols continue to be implemented and monitored for effectiveness.

In 2020, Gibraltar produced 123.0 million pounds of copper compared to 125.9 million in 2019. Copper grade for the year averaged 0.243% copper which was consistent with 2019. Copper recovery for 2020 was 84.3% and was affected by higher iron content in the ore in the first quarter and increased oxide ore and ore hardness in the initial Pollyanna Pit benches in the fourth quarter.

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

OPERATIONS ANALYSIS - CONTINUED

A total of 98.7 million tons were mined in 2020, a slight decrease over the prior year. In response to COVID-19, management implemented a revised mining plan in March 2020 that reduced operating costs over the second and third quarters of 2020 while still maintaining long-term mine plan requirements. Site operating costs, net of by-product credit for the year were US$1.62 per pound of copper produced, a decrease of US$0.13 per pound from 2019.

The strip ratio for the year was 2.0 to 1 compared to 2.6 to 1 in 2019 reflecting the revised mine plan. In addition, ore stockpiles increased over 2020 by 3.0 million tons from initial mining of ore in Pollyanna.

Molybdenum by-product credits per pound of copper produced* were US$0.13, compared to US$0.20 in the prior year. The decrease was due to a drop in the average molybdenum price, which was US$8.68 per pound in 2020 compared to US$11.36 per pound in 2019. Molybdenum production for 2020 was 2.3 million pounds and 0.4 million pounds lower than in 2019.

Off-property costs per pound produced* were US$0.30 in 2020 and consist of concentrate treatment, refining and transportation costs. These costs are in line with the prior year on a per pound basis.

Total operating costs per pound produced (C1)* were US$1.92 for the year compared to US$2.06 in 2019 due to the reduction in site spending.

Fourth quarter results

Copper production in the fourth quarter was 25.0 million pounds and was impacted by lower mined ore grades in November and December. Mining in the Granite pit was completed in early October 2020. Additionally, increased oxide ore and ore hardness in the initial Pollyanna Pit benches affected recoveries and throughput in the fourth quarter.

Total site spending (including capitalized stripping) was consistent with the fourth quarter of 2019 as the mining rate returned to normal levels. The strip ratio for the fourth quarter was 1.9 to 1 consistent with the average for the year. Capital expenditures in the fourth quarter included costs associated with the dewatering system for the Gibraltar pit.

Molybdenum production was 549 thousand pounds in the fourth quarter, a decrease from the prior quarter due to lower molybdenum grade, which also decreased recovery. Molybdenum prices continued their recovery in the fourth quarter and averaged US$9.01 per pound but were still lower compared to US$9.67 per pound in Q4 2019. By-product credits per pound of copper produced* was US$0.14 in the fourth quarter.

Off-property costs per pound produced* were US$0.29 for the fourth quarter and consistent with prior quarters.

Total operating costs (C1)* costs were US$2.82 per pound produced for the quarter. In addition to fewer copper pounds being produced in the fourth quarter, contributing to the increase in C1* costs was a decrease in capitalized stripping costs which was only $1.2 million compared to $3.6 million in the third quarter, higher operating costs due to mining rates returning to normal levels and a strengthening Canadian dollar.

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

ENVIRONMENT, SOCIAL AND GOVERNANCE

In May 2020, Taseko published its first Environmental, Social, and Governance report, which includes an examination of the Company's sustainable performance, with specific details for 2017, 2018 and 2019. The report is available on the Company's website at www.tasekomines.com/esg.

Nothing is more important to Taseko than the safety, health and well-being of our workers and their families. Taseko is committed to operational practices that result in improved efficiencies, safety performance and occupational health.

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 2020, Gibraltar's days lost, loss time incidents, lost time frequency, and loss time severity were all zero. The British Columbia mining industry averages for 2020 were 0.68 for loss time frequency (per 200,000 hours worked) and 105.7 for loss time severity.

The same priority on health, safety, and environmental performance, as well as the methods and culture at Gibraltar are being implemented at Florence Copper as it prepares for construction.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 125 million pounds on a 100% basis in 2021, compared to 123 million pounds in 2020. Copper prices are currently over US$4.20 per pound, compared to the average LME copper price of $2.80 per pound in 2020. Molybdenum prices are currently 44% higher than the average price in 2020. All of these factors are supportive of improved financial performance at the Gibraltar mine in 2021.

With a strong copper price backdrop, mining rates have returned to more normal levels. Mining has transitioned to the Pollyanna pit which will be the main source of ore in 2021. Copper production is expected to be greater in the second half of 2021 as higher grade areas in Pollyanna are opened up. Mining of the Gibraltar pit will commence in the first part of 2021 with ore release commencing in the second half of the year. Ore from the Gibraltar pit is relatively softer and is expected to require less energy to grind, which will provide opportunities for increased mill throughput in the future.

Copper prices have recovered swiftly since March 2020 and are reaching multi-year highs due to recovery in Chinese demand coupled with continued supply disruptions, most notably in South America. Many governments are now focusing on increased infrastructure investment to stimulate economic recovery after the pandemic, including green initiatives, which will require new primary supplies of copper. Most industry analysts are projecting ongoing supply constraints and deficits, which should support higher copper prices in the years to come.

FLORENCE COPPER

Florence Copper represents a low-cost growth project that will have an annual production capacity of 85 million pounds of copper over a 21-year mine life, and with the expected C1 operating cost of US$0.90 per pound puts Florence Copper in the lowest quartile of the global copper cost curve. The commercial production facility at Florence will also be one of the greenest sources of mined copper, with carbon emissions, water and energy consumption all dramatically lower than a conventional mine. We have

FLORENCE COPPER - CONTINUED

successfully operated a Production Test Facility ("PTF") for the last two years at Florence to demonstrate that the in-situ copper recovery ("ISCR") process can produce high quality cathode while operating within permit conditions.

The next phase of Florence Copper will include the construction and operation of the commercial ISCR facility with an estimated capital cost of US$230 million (including reclamation bonding and working capital). At a long-term copper price of US$3.00 per pound, Florence Copper is expected to generate an after-tax internal rate of return of 37%, an after-tax net present value of US$680 million at a 7.5% discount rate, and an after-tax payback period of 2.5 years.

On December 8, 2020, the Company received the Aquifer Protection Permit ("APP") permit from the Arizona Department of Environmental Quality ("ADEQ"). The APP permit was issued following a public comment period and public hearing in August 2020 where the project received strong support from local community members, business owners and elected officials. The other required permit is the Underground Injection Control ("UIC") Permit from the U.S. Environmental Protection Agency ("EPA"). The EPA's technical review for the UIC permit has identified no significant issues and the Company expects to receive this permit in the coming months.

With the recently concluded equity and bond financings, the Company now has the majority of the required Florence Copper construction funding in hand. Discussions with potential joint venture partners continue to advance, and with the improved cash position and stronger expected cash flows from Gibraltar due to higher prevailing copper prices, the Company has numerous options available to obtain the remaining funding.

Management is now moving forward with final design engineering for the commercial production facility as well as procurement of certain long-lead critical components.

LONG-TERM GROWTH STRATEGY

Taseko's strategy has been to grow the Company by acquiring and developing a pipeline of complimentary 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 focused primarily on copper and 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 long-term copper price. 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 focusing its current efforts on advancing the environmental assessment and some additional engineering work in conjunction with ongoing engagement with local communities including First Nations. A focus group has been formed between the Company and high-level regulators in the appropriate Provincial

LONG-TERM GROWTH STRATEGY - CONTINUED

ministries in order to expedite the advancement of the environmental assessment and the permitting of the project. Management also commenced joint venture partnering discussions in 2020 with a number of strategic industry groups that are interested in potentially investing in the Yellowhead project in combination with acquiring significant copper offtake rights.

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, facilitated by the Province of British Columbia, to try to obtain a long-term solution to the conflict regarding Taseko's proposed gold-copper mine currently known as New Prosperity, acknowledging Taseko's commercial interests and the Tŝilhqot'in Nation's opposition to the project. The dialogue was supported by the parties' agreement on December 7, 2019, to a one-year standstill on certain outstanding litigation and regulatory matters that relate to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake).

The COVID-19 pandemic delayed the commencement of the dialogue for several months, but the Tŝilhqot'in Nation and Taseko have made progress in establishing a constructive dialogue. In December 2020 they agreed to extend the standstill for a further year so they can continue this dialogue.

Aley Niobium Project

Environmental monitoring and product marketing initiatives on the Aley Niobium project continue. The pilot plant program has successfully completed the niobium flotation process portion of the test, raising confidence in the design and providing feed to the converter portion of the process. Completion of the converter pilot test, which is underway, will provide additional process data to support the design of the commercial process facilities and provide final product samples for marketing purposes.

The Company will host a telephone conference call and live webcast on Thursday, February 25, 2021 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific Time, 4:00 p.m. GMT) to discuss these results. After opening remarks by management, there will be a question and answer session open to analysts and investors. The conference call may be accessed by dialing (888) 390-0546 within North America, or (416) 764-8688 for international callers.

The conference call will be archived for later playback until March 11, 2021 and can be accessed by dialing (888) 390-0541 within North America or (416) 764-8677 internationally and using the passcode 585262 #.

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

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

Russell Hallbauer
CEO and Director

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	**Three months ended December 31,**		**Year ended December 31,**	
	2020	**2019**	**2020**	**2019**
Cost of sales	**79,083**	**97,391**	**319,542**	**368,306**
Less:				
Depletion and amortization	(18,747)	(31,380)	(95,301)	(109,756)
Net change in inventories of finished goods	2,087	(1,193)	(939)	5,570
Net change in inventories of ore stockpiles	6,632	1,426	11,361	(1,677)
Transportation costs	(3,768)	(5,025)	(18,248)	(17,832)
Site operating costs	65,287	61,219	216,415	244,611
Less by-product credits:				
Molybdenum, net of treatment costs	(3,649)	(5,205)	(15,241)	(25,223)
Silver, excluding amortization of deferred revenue	133	30	(303)	(557)
Site operating costs, net of by-product credits	61,771	56,044	200,871	218,831
Total copper produced (thousand pounds)	18,725	25,047	92,277	94,428
Total costs per pound produced	3.30	2.24	2.18	2.32
Average exchange rate for the period (CAD/USD)	1.30	1.32	1.34	1.33
Site operating costs, net of by-product credits (US$ per pound)	**2.53**	**1.69**	**1.62**	**1.75**
Site operating costs, net of by-product credits	61,771	56,044	200,871	218,831
Add off-property costs:				
Treatment and refining costs	3,284	5,520	18,169	21,417
Transportation costs	3,768	5,025	18,248	17,832
Total operating costs	68,823	66,589	237,288	258,080
Total operating costs (C1) (US$ per pound)	**2.82**	**2.01**	**1.92**	**2.06**

NON-GAAP PERFORMANCE MEASURES - CONTINUED

Adjusted net income (loss)

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

- Unrealized foreign currency gains/losses; and
- Unrealized gain/loss on copper put and fuel call options.

Management believes these transactions do not reflect the underlying operating performance of our core mining business and are not necessarily indicative of future operating results. Furthermore, unrealized gains/losses on derivative instruments, changes in the fair value of financial instruments, and unrealized foreign currency gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended December 31,		**Year ended December 31,**	
(Cdn$ in thousands, except per share amounts)	**2020**	**2019**	**2020**	**2019**
Net income (loss)	**5,694**	**(9,931)**	**(23,524)**	**(53,382)**
Unrealized foreign exchange gain	(13,595)	(5,850)	(4,345)	(15,228)
Unrealized (gain) loss on copper put and fuel call options	586	(518)	1,822	-
Estimated tax effect of adjustments	(158)	140	(492)	-
Adjusted net loss	**(7,473)**	**(16,159)**	**(26,539)**	**(68,610)**
Adjusted EPS	**(0.03)**	**(0.07)**	**(0.11)**	**(0.28)**

Adjusted EBITDA

Adjusted EBITDA is presented as a supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present Adjusted EBITDA when reporting their results. Issuers of "high yield" securities also present Adjusted EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations.

Adjusted EBITDA represents net income before interest, income taxes, and depreciation and also eliminates the impact of a number of items that are not considered indicative of ongoing operating performance. Certain items of expense are added and certain items of income are deducted from net income that are not likely to recur or are not indicative of the Company's underlying operating results for the reporting periods presented or for future operating performance and consist of:

- Unrealized foreign exchange gains/losses;
- Unrealized gain/loss on copper put and fuel call options; and
- Amortization of share-based compensation expense.

NON-GAAP PERFORMANCE MEASURES - CONTINUED

(Cdn$ in thousands)	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Net income (loss)	**5,694**	**(9,931)**	**(23,524)**	**(53,382)**
Add:				
Depletion and amortization	18,747	31,380	95,301	109,756
Finance expense	10,575	10,109	43,010	40,324
Finance income	(47)	(113)	(249)	(1,202)
Income tax recovery	(2,724)	(7,543)	(9,096)	(32,337)
Unrealized foreign exchange gain	(13,595)	(5,850)	(4,345)	(15,228)
Unrealized (gain) loss on copper put and fuel call options	586	(518)	1,822	-
Amortization of share-based compensation expense	1,242	712	5,310	3,126
Adjusted EBITDA	**20,478**	**18,246**	**108,229**	**51,057**

Earnings (loss) 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)	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Earnings (loss) from mining operations	**8,315**	**(7,459)**	**23,725**	**(39,143)**
Add:				
Depletion and amortization	18,747	31,380	95,301	109,756
Earnings from mining operations before depletion and amortization	**27,062**	**23,921**	**119,026**	**70,613**

Site operating costs per ton milled

(Cdn$ in thousands, except per ton milled amounts)	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Site operating costs (included in cost of sales)	**65,287**	**61,219**	**216,415**	**244,611**
Tons milled (thousands) (75% basis)	5,594	5,855	22,559	22,405
Site operating costs per ton milled	**$11.67**	**$10.46**	**$9.59**	**$10.92**

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, 2020 (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 24, 2021. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Cautionary Statement on Forward-Looking Information

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities, and events or developments that the Company expects are forward-looking statements. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, 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 Mines Limited ("Taseko" or "Company") is a mining company that seeks to create long-term shareholder value by acquiring, developing, and operating large tonnage mineral deposits which are capable of supporting a mine for ten years or longer. 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 the Florence Copper, which is advancing towards production, as well as the Yellowhead copper, New Prosperity gold-copper, Aley niobium and Harmony gold projects.

HIGHLIGHTS

Financial Data	**Year ended December 31,**			**Three Months ended December 31,**		
(Cdn$ in thousands, except for per share amounts)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Revenues	343,267	329,163	14,104	87,398	89,932	(2,534)
Earnings from mining operations before depletion and amortization*	119,026	70,613	48,413	27,062	23,921	3,141
Adjusted EBITDA*	108,229	51,057	57,172	20,478	18,246	2,232
Cash flows provided by operations	106,195	42,641	63,554	20,424	9,227	11,197
Earnings (loss) from mining operations	23,725	(39,143)	62,868	8,315	(7,459)	15,774
Net income (loss)	(23,524)	(53,382)	29,858	5,694	(9,931)	15,625
Per share - basic ("EPS")	(0.09)	(0.22)	0.13	0.02	(0.04)	0.06
Adjusted net loss*	(26,539)	(68,610)	42,071	(7,473)	(16,159)	8,686
Per share - basic ("Adjusted EPS")*	(0.11)	(0.28)	0.17	(0.03)	(0.07)	0.04

Operating Data (Gibraltar - 100% basis)	**Year ended December 31,**			**Three Months ended December 31,**		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Tons mined (millions)	98.7	100.4	(1.7)	26.4	25.8	0.6
Tons milled (millions)	30.1	29.9	0.2	7.5	7.8	(0.3)
Production (million pounds Cu)	123.0	125.9	(2.9)	25.0	33.4	(8.4)
Sales (million pounds Cu)	124.0	122.4	1.6	25.0	33.3	(8.3)

*Non-GAAP performance measure. See page 29 of this MD&A.

2020 Annual Review

- Earnings from mining operations before depletion and amortization* was $119.0 million and Adjusted EBITDA* was $108.2 million;
- Cash flows from operations was $106.2 million, compared to $42.6 million in the prior year;
- In response to the COVID-19 pandemic management implemented a number of cost saving initiatives in 2020, including a revised mine plan for Gibraltar, which reduced total site operating costs by $28.2 million compared to 2019. Site operating costs, net of by-product credits* was US$1.62 per pound produced, and total operating costs (C1)* was US$1.92 per pound produced;
- The Gibraltar mine operated continuously through the year and produced 123.0 million pounds of copper and 2.3 million pounds of molybdenum (100% basis). Copper recoveries were 84.3% and copper head grades for the year were 0.243%;
- Gibraltar extended its long-term copper concentrate offtake contract, for roughly 50% of its production, for an additional year, which is expected to result in a 30% reduction in treatment and refining costs in 2021, reflecting the continued tight physical copper concentrate market conditions and the strategic demand for Gibraltar's high-quality concentrates;
- On November 17, 2020, Taseko closed an offering of common shares for net proceeds of $34.3 million;
- On February 10, 2021, Taseko closed an offering of US$400 million 7% Senior Secured Notes due 2026. A portion of the proceeds will be used to redeem all of the outstanding US$250 million 8.75% 2022 Senior Secured Notes on March 3, 2021, including accrued interest and transaction costs;
- The Company's cash balance at December 31, 2020 was $85.1 million, and the bond refinancing transaction in February 2021 provided additional net cash proceeds of $167 million (or US$131 million);
- Copper prices have recovered strongly and the current price of US$4.22 per pound is significantly higher than the average LME price of $2.80 per pound in 2020; and
- The Arizona Department of Environmental Quality ("ADEQ") issued the Aquifer Protection Permit ("APP") for the Florence Copper Project on December 8, 2020. The Company is now moving forward with final design engineering of the Florence commercial production facility and procurement of certain critical components.

Fourth Quarter Review

- Fourth quarter earnings from mining operations before depletion and amortization* was $27.1 million, and Adjusted EBITDA* was $20.5 million;
- Cash flow from operations was $20.4 million;
- The Gibraltar mine produced 25.0 million pounds of copper in the fourth quarter. Copper recoveries were 83.3% and copper head grades were 0.201%;
- Gibraltar sold 25.0 million pounds of copper in the quarter (100% basis) which resulted in $85.9 million of revenue for Taseko. Average LME copper prices were US$3.25 per pound in the quarter and revenue also included positive provisional price adjustments of $8.4 million; and
- Net income (GAAP) for the fourth quarter was $5.7 million ($0.02 per share). Adjusted net loss* was $7.5 million ($0.03 loss per share).

*Non-GAAP performance measure. See page 29 of this MD&A.

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

Operating data (100% basis)	**Q4 2020**	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**	**YE 2020**	**YE 2019**
Tons mined (millions)	26.4	23.3	20.5	28.5	25.8	98.7	100.4
Tons milled (millions)	7.5	7.5	7.7	7.5	7.8	30.1	29.9
Strip ratio	1.9	1.5	1.9	2.7	2.1	2.0	2.6
Site operating cost per ton milled (CAD$)*	$11.67	$9.57	$7.66	$9.52	$10.46	$9.59	$10.92
Copper concentrate							
Head grade (%)	0.201	0.228	0.281	0.259	0.253	0.243	0.245
Copper recovery (%)	83.3	85.0	85.2	83.4	84.5	84.3	86.2
Production (million pounds Cu)	25.0	28.9	36.8	32.4	33.4	123.0	125.9
Sales (million pounds Cu)	25.0	28.6	39.3	31.1	33.3	124.0	122.4
Inventory (million pounds Cu)	3.4	3.6	3.8	6.4	5.0	3.4	5.0
Molybdenum concentrate							
Production (thousand pounds Mo)	549	668	639	412	728	2,269	2,739
Sales (thousand pounds Mo)	487	693	656	403	791	2,239	2,787
Per unit data (US$ per pound produced)*							
Site operating costs*	$2.67	$1.85	$1.15	$1.64	$1.85	$1.75	$1.95
By-product credits*	(0.14)	(0.14)	(0.11)	(0.11)	(0.16)	(0.13)	(0.20)
Site operating costs, net of by-product credits*	$2.53	$1.71	$1.04	$1.53	$1.69	$1.62	$1.75
Off-property costs	0.29	0.29	0.30	0.29	0.32	0.30	0.31
Total operating costs (C1)*	$2.82	$2.00	$1.34	$1.82	$2.01	$1.92	$2.06

*Non-GAAP performance measure. See page 29 of this MD&A.

OPERATIONS ANALYSIS

Full-year results

To-date, there have been no interruptions to the Company's operations, logistics and supply chains as a result of the COVID-19 pandemic. Heightened health and safety protocols continue to be implemented and monitored for effectiveness.

In 2020, Gibraltar produced 123.0 million pounds of copper compared to 125.9 million in 2019. Copper grade for the year averaged 0.243% copper which was consistent with 2019. Copper recovery for 2020 was 84.3% and was affected by higher iron content in the ore in the first quarter and increased oxide ore and ore hardness in the initial Pollyanna Pit benches in the fourth quarter.

A total of 98.7 million tons were mined in 2020, a slight decrease over the prior year. In response to COVID-19, management implemented a revised mining plan in March 2020 that reduced operating costs over the second and third quarters of 2020 while still maintaining long-term mine plan requirements. Site operating costs, net of by-product credit for the year were US$1.62 per pound of copper produced, a decrease of US$0.13 per pound from 2019.

The strip ratio for the year was 2.0 to 1 compared to 2.6 to 1 in 2019 reflecting the revised mine plan. In addition, ore stockpiles increased over 2020 by 3.0 million tons from initial mining of ore in Pollyanna.

Molybdenum by-product credits per pound of copper produced* were US$0.13, compared to US$0.20 in the prior year. The decrease was due to a drop in the average molybdenum price, which was US$8.68 per pound in 2020 compared to US$11.36 per pound in 2019. Molybdenum production for 2020 was 2.3 million pounds and 0.4 million pounds lower than in 2019.

Off-property costs per pound produced* were US$0.30 in 2020 and consist of concentrate treatment, refining and transportation costs. These costs are in line with the prior year on a per pound basis.

Total operating costs per pound produced (C1)* were US$1.92 for the year compared to US$2.06 in 2019 and decreased due to the overall reduction in site spending in 2020.

Fourth quarter results

Copper production in the fourth quarter was 25.0 million pounds and was impacted by lower mined ore grades from the Pollyanna pit. Mining in the Granite pit was completed in early October 2020. Additionally, increased oxide ore and ore hardness in the initial Pollyanna Pit benches affected recoveries and throughput in the fourth quarter.

Total site spending (including capitalized stripping) was consistent with the fourth quarter of 2019 as the mining rate returned to normal levels. The strip ratio for the fourth quarter was 1.9 to 1 consistent with the average for the year. Capital expenditures in the fourth quarter included costs associated with the dewatering system for the Gibraltar pit.

Molybdenum production was 549 thousand pounds in the fourth quarter, a decrease from the prior quarter due to lower molybdenum grade, which also decreased recovery. Molybdenum prices continued their recovery in the fourth quarter and averaged US$9.01 per pound but were still lower compared to US$9.67 per pound in Q4 2019. By-product credits per pound of copper produced* was US$0.14 in the fourth quarter.

*Non-GAAP performance measure. See page 29 of this MD&A.

Off-property costs per pound produced* were US$0.29 for the fourth quarter and consistent with prior quarters.

Total operating costs per pound produced (C1)* were US$2.82 for the quarter. In addition to fewer copper pounds being produced in the fourth quarter, contributing to the increase in C1* costs was a decrease in capitalized stripping costs which was only $1.2 million compared to $3.6 million in the third quarter, higher operating costs due to mining rates returning to normal levels and a strengthening Canadian dollar.

*Non-GAAP performance measure. See page 29 of this MD&A.

ENVIRONMENT, SOCIAL AND GOVERNANCE

In May 2020, Taseko published its first Environmental, Social, and Governance report, which includes an examination of the Company's sustainable performance, with specific details for 2017, 2018 and 2019. The report is available on the Company's website at www.tasekomines.com/esg.

Nothing is more important to Taseko than the safety, health and well-being of our workers and their families. Taseko is committed to operational practices that result in improved efficiencies, safety performance and occupational health.

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 2020, Gibraltar's days lost, loss time incidents, lost time frequency, and loss time severity were all zero. The British Columbia mining industry averages for 2020 were 0.68 for loss time frequency (per 200,000 hours worked) and 105.7 for loss time severity.

The same priority on health, safety, and environmental performance, as well as the methods and culture at Gibraltar are being implemented at Florence Copper as it prepares for construction.

GIBRALTAR OUTLOOK

Gibraltar is expected to produce approximately 125 million pounds on a 100% basis in 2021, compared to 123 million pounds in 2020. Copper prices are currently US$4.22 per pound, compared to the average LME copper price of $2.80 per pound in 2020. Molybdenum prices are currently US$12.50 per pound, 44% higher than the average price in 2020. All of these factors are supportive of improved financial performance at the Gibraltar mine in 2021.

With a strong copper price backdrop, mining rates have returned to more normal levels. Mining has transitioned to the Pollyanna pit which will be the main source of ore in 2021. Copper production is expected to be greater in the second half of 2021 as higher grade areas in Pollyanna are opened up. Mining of the Gibraltar pit will commence in the first part of 2021 with ore release commencing in the second half of the year. Ore from the Gibraltar pit is relatively softer and is expected to require less energy to grind, which will provide opportunities for increased mill throughput in the future.

Copper prices have recovered swiftly since March 2020 and are reaching multi-year highs due to recovery in Chinese demand coupled with continued supply disruptions, most notably in South America. Many governments are now focusing on increased infrastructure investment to stimulate economic recovery after the pandemic, including green initiatives, which will require new primary supplies of copper. Most industry analysts are projecting ongoing supply constraints and deficits, which should support higher copper prices in the years to come.

FLORENCE COPPER

Florence Copper represents a low-cost growth project that will have an annual production capacity of 85 million pounds of copper over a 21-year mine life, and with the expected C1* operating cost of US$0.90 per pound puts Florence Copper in the lowest quartile of the global copper cost curve. The commercial production facility at Florence will also be one of the greenest sources of mined copper, with carbon emissions, water and energy consumption all dramatically lower than a conventional mine. We have successfully operated a Production Test Facility ("PTF") for the last two years at Florence to demonstrate that the in-situ copper recovery ("ISCR") process can produce high quality cathode while operating within permit conditions.

The next phase of Florence Copper will include the construction and operation of the commercial ISCR facility with an estimated capital cost of US$230 million (including reclamation bonding and working capital). At a long-term copper price of US$3.00 per pound, Florence Copper is expected to generate an after-tax internal rate of return of 37%, an after-tax net present value of US$680 million at a 7.5% discount rate, and an after-tax payback period of 2.5 years.

On December 8, 2020, the Company received the Aquifer Protection Permit ("APP") permit from the Arizona Department of Environmental Quality ("ADEQ"). The APP permit was issued following a public comment period and public hearing in August 2020 where the project received strong support from local community members, business owners and elected officials. The other required permit is the Underground Injection Control ("UIC") Permit from the U.S. Environmental Protection Agency ("EPA"). The EPA's technical review for the UIC permit has identified no significant issues and the Company expects to receive this permit in the coming months.

With the recently concluded equity and bond financings, the Company now has the majority of the required construction funding for Florence Copper in hand. Discussions with potential joint venture partners continue to advance, and with the improved cash position and stronger expected operating cash flows from Gibraltar due to higher prevailing copper prices, the Company has numerous options available to obtain the remaining funding.

Management is now moving forward with final design engineering for the commercial production facility as well as procurement of certain critical components.

LONG-TERM GROWTH STRATEGY

Taseko's strategy has been to grow the Company by acquiring and developing a pipeline of complimentary 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 focused primarily on copper and 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 long-term copper price. 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.

*Non-GAAP performance measure.

The Company is focusing its current efforts on advancing the environmental assessment and some additional engineering work in conjunction with ongoing engagement with local communities including First Nations. A focus group has been formed between the Company and high-level regulators in the appropriate Provincial ministries in order to expedite the advancement of the environmental assessment and the permitting of the project. Management also commenced joint venture partnering discussions in 2020 with a number of strategic industry groups that are interested in potentially investing in the Yellowhead project in combination with acquiring significant copper offtake rights.

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, facilitated by the Province of British Columbia, to try to obtain a long-term solution to the conflict regarding Taseko's proposed gold-copper mine currently known as New Prosperity, acknowledging Taseko's commercial interests and the Tŝilhqot'in Nation's opposition to the project. The dialogue was supported by the parties' agreement on December 7, 2019, to a one-year standstill on certain outstanding litigation and regulatory matters that relate to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake).

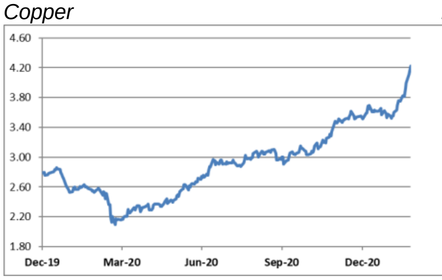
The COVID-19 pandemic delayed the commencement of the dialogue for several months in 2020, but the Tŝilhqot'in Nation and Taseko have made progress in establishing a constructive dialogue. In December 2020 they agreed to extend the standstill for a further year so they can continue this dialogue.

Aley Niobium Project

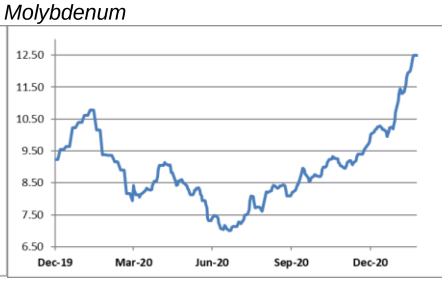
Environmental monitoring and product marketing initiatives on the Aley Niobium project continue. The pilot plant program has successfully completed the niobium flotation process portion of the test, raising confidence in the design and providing feed to the converter portion of the process. Completion of the converter pilot test, which is underway, will provide additional process data to support the design of the commercial process facilities and provide final product samples for marketing purposes.

MARKET REVIEW

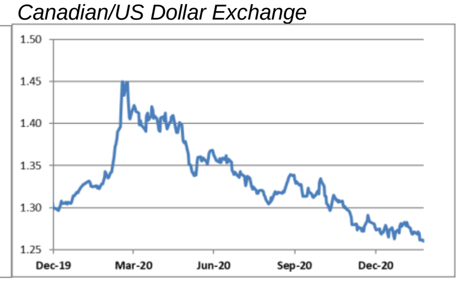
Copper



Molybdenum



Canadian/US Dollar Exchange



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

Copper prices are currently over US$4.20 per pound with continued upside in the short to medium term. After a dramatic but short lived drop in copper prices with the onset of COVID-19 in March of 2020, copper prices have dramatically recovered and are now at decade highs and even record levels in Canadian dollar terms. Supply challenges caused by the pandemic, particularly in Peru and Chile where the largest copper mines in the world are located, saw local cases of COVID-19 leading to curtailed operations and project delays which continue to impact supply into 2021. At the same time, Chinese demand recovered swiftly in the second half of 2020 resulting in an estimated 2020 deficit of copper of over 500,000 tonnes, the highest in more than a decade. Focus in 2021 is now turning to strong demand growth, inflation and the weaker US dollar arising from the expected economic recovery in North America and Europe. The rollout of vaccine programs will also improve the global demand outlook, further pressuring the copper supply deficit. The longer term outlook for copper is also favourable with the focus on government investment in construction and infrastructure including initiatives focused on green sources of power and the electrification of transportation which are inherently copper intensive. This increased demand for copper after years of under investment by the industry in new mine supply is expected to support strong copper prices in the years ahead.

Molybdenum prices have also experienced volatility in 2020 due to the combination of a COVID-19 induced global economic slowdown and a decrease in molybdenum usage which has a particularly high dependence on demand from the oil and gas and transportation sectors. The average molybdenum price was US$8.68 per pound during 2020, compared to US$11.36 per pound in 2019. 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 modestly strengthened by approximately 2% during 2020 although decreased sharply in the second quarter to a low of C$1.45 per US dollar before recovering in the second half of the year.

FINANCIAL PERFORMANCE

Earnings

(Cdn$ in thousands)	Year ended December 31, 2020	2019	Change
Net loss	(23,524)	(53,382)	29,858
Unrealized foreign exchange gain	(4,345)	(15,228)	10,883
Unrealized loss on copper put and fuel call options	1,822	-	1,822
Estimated tax effect of adjustments	(492)	-	(492)
Adjusted net loss *	(26,539)	(68,610)	42,071

The Company's net loss was $23.5 million ($0.09 loss per share) for the year ended December 31, 2020, compared to a net loss of $53.4 million ($0.22 loss per share) for 2019. The lower net loss for the current year was primarily due to the higher earnings from mining operations, partially offset by a decrease in the unrealized foreign exchange gain on the Company's US dollar denominated debt in 2020.

Earnings from mining operations before depletion and amortization* was $119.0 million for 2020, compared to $70.6 million for 2019. This increase in earnings resulted from higher copper prices in 2020 as well as cost savings achieved from revisions to the mine plan which were made in response to COVID-19, lower fuel prices and a reduction of other input costs.

Included in net income (loss) are a number of items that management believes require adjustment in order to better measure the underlying performance of the business. Unrealized gains or losses have been adjusted in determining adjusted net income (loss) as well as their estimated tax effect. The unrealized foreign exchange gain or loss is substantially driven by the translation of the Company's US dollar denominated 2022 Notes of US$250 million due in 2022. No adjustments are made to adjusted net income (loss) for positive or negative provisional price adjustments in the quarter as these adjustments normalize or reverse throughout the year.

*Non-GAAP performance measure. See page 29 of this MD&A.

Revenues

(Cdn$ in thousands)	Year ended December 31, 2020	2019	Change
Copper contained in concentrate	331,584	321,082	10,502
Molybdenum concentrate	18,842	31,161	(12,319)
Silver	3,502	3,674	(172)
Price adjustments on settlement receivables	11,570	(419)	11,989
Total gross revenue	365,498	355,498	10,000
Less: Treatment and refining costs	(22,231)	(26,335)	4,104
Revenue	343,267	329,163	14,104

(thousands of pounds, unless otherwise noted)			
Sales of copper in concentrate*	89,697	88,462	1,235
Average realized copper price (USD per pound)	2.84	2.74	0.10
Average LME copper price (USD per pound)	2.80	2.72	0.08
Average exchange rate (CAD/USD)	1.34	1.33	0.01

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

Copper revenues for the year ended December 31, 2020 increased by $10.5 million, compared to prior year, primarily due to the higher prevailing LME copper prices by US$0.08 per pound and an increase in the volume of payable copper sold by 1.2 million pounds (75% basis). During the year ended December 31, 2020, the Company also recognized positive net price adjustments of $9.4 million for provisionally priced copper concentrate. These revenue adjustments resulted in a US$0.09 per pound increase to the average realized copper price for the year. Treatment and refining charges also decreased in 2020 compared to 2019 due to a 25% reduction in the copper benchmark rates which applies to the majority of copper concentrate shipments from Gibraltar.

Molybdenum revenues for the year ended December 31, 2020 decreased by $12.3 million compared to the prior year, due to a decrease in molybdenum sales volumes by 411 thousand pounds (75% basis) and lower average molybdenum prices of US$8.68 per pound compared to US$11.36 per pound in the prior year. During the year ended December 31, 2020, positive net price adjustments of $2.2 million were recorded for provisionally priced molybdenum concentrate.

Cost of sales

(Cdn$ in thousands)	Year ended December 31, 2020	2019	Change
Site operating costs	216,415	244,611	(28,196)
Transportation costs	18,248	17,832	416
Changes in inventories of finished goods	939	(5,570)	6,509
Changes in inventories of ore stockpiles	(11,361)	1,677	(13,038)

Production costs	224,241	258,550	(34,309)
Depletion and amortization	95,301	109,756	(14,455)
Cost of sales	319,542	368,306	(48,764)
Site operating costs per ton milled*	$9.59	$10.92	$(1.33)

*Non-GAAP performance measure. See page 29 of this MD&A

Site operating costs for the year ended December 31, 2020 decreased by $28.2 million, compared to the same prior period due to an overall decrease in tons mined as a result of the lower mining rates from the revised mining plan implemented in the second and third quarters of 2020 as well as shorter haul distances for mining activity in the Pollyanna pit. Fuel and other input cost savings also reduced site costs in the year ended December 31, 2020.

Cost of sales is also impacted by changes in copper concentrate inventories and ore stockpiles. Inventory of copper in concentrate at the end of 2020 decreased by 1.6 million pounds since December 31, 2019. Inventory of copper concentrates was higher than normal levels at December 31, 2019 due to a rail strike in late November 2019. Ore stockpiles also increased by 3.0 million tons during 2020 which resulted in a decrease in cost of sales of $11.4 million in 2020.

Depletion and amortization for year ended December 31, 2020, decreased by $14.5 million over the same period in 2019 due to decreased ore tons being mined and processed from the Granite pit in 2020 as mining in the Granite pit completed in the third quarter.

Other operating (income) expenses

	Year ended December 31,		
(Cdn$ in thousands)	**2020**	**2019**	**Change**
General and administrative	14,636	13,804	832
Share-based compensation expense	5,075	2,946	2,129
Project evaluation expenditures	1,397	3,569	(2,172)
Net realized (gain) loss on derivative instruments	(3,759)	2,834	(6,593)
Unrealized loss on derivative instruments	1,822	-	1,822
Other income, net	(1,495)	(920)	(575)
	17,676	22,233	(4,557)

General and administrative costs for the year ended December 31, 2020 was generally comparable to the prior year.

Share-based compensation expense increased for the year ended December 31, 2020, compared to 2019, primarily due to the revaluation of the liability for deferred share units resulting from an increase in the Company's share price during the year. Share-based compensation expense is comprised of amortization of share options and performance share units and the expense for deferred share units. More information is set out in Note 22 of the December 31, 2020 consolidated financial statements.

Project evaluation expenditures for the year ended December 31, 2020 represent costs associated with the New Prosperity project.

During the year ended December 31, 2020, the Company realized a net gain of $3.8 million primarily from copper put options that settled in-the-money during the initial months of the COVID-19 pandemic, compared to a loss of

$2.8 million in 2019. The unrealized loss of $1.8 million relates to the fair value adjustments on copper put and fuel call options outstanding at December 31, 2020 that expire in the first half of 2021.

Finance expenses and income

(Cdn$ in thousands)	Year ended December 31, 2020	2019	Change
Interest expense	37,288	34,593	2,695
Finance expense – deferred revenue	5,172	4,154	1,018
Accretion of PER	550	1,577	(1,027)
Finance income	(249)	(1,202)	953
	42,761	39,122	3,639

Interest expense increased for the year ended December 31, 2020 compared to 2019 due to the weakened Canadian dollar in 2020 and its negative impact on US dollar denominated interest payments as well as the impact of several financings that closed in 2019 for which interest would not have accrued for the comparative period.

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

Income tax

(Cdn$ in thousands)	Year ended December 31, 2020	2019	Change
Current income tax expense	1,769	817	952
Deferred income recovery	(10,865)	(33,154)	22,289
	(9,096)	(32,337)	23,241
Effective tax rate	(27.9)%	(37.7)%	9.8%
Canadian statutory rate	27.0%	27.0%	-
B.C. Mineral tax rate	9.5%	9.6%	(0.1)%

The overall income tax recovery for the year ended December 31, 2020 was due to deferred income tax recovery recognized on losses for accounting 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, 2020, relative to net loss for the year. The effective tax rate is also impacted by deductions such as interest which are not deductible for B.C. mineral tax purposes.

The current income tax expense represents an estimate of B.C. mineral taxes payable for the current period.

FINANCIAL CONDITION REVIEW

Balance sheet review

	As at December 31,		
(Cdn$ in thousands)	**2020**	**2019**	**Change**
Cash and equivalents	85,110	53,198	31,912
Other current assets	72,088	60,654	11,434
Property, plant and equipment	742,619	758,006	(15,387)
Other assets	10,548	12,138	(1,590)
Total assets	**910,365**	**883,996**	**26,369**
Current liabilities	60,867	50,833	10,034
Debt:			
Senior secured notes	313,965	317,728	(3,763)
Equipment related financings	49,439	55,757	(6,318)
Deferred revenue	47,154	39,433	7,721
Other liabilities	121,568	118,559	3,009
Total liabilities	**592,993**	**582,310**	**10,683**
Equity	**317,372**	**301,686**	**15,686**
Net debt (debt minus cash and equivalents)	278,294	320,287	(41,993)
Total common shares outstanding (millions)	282.1	246.2	35.9

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 fluctuate in relation to transportation and cash settlement schedules.

Net debt has decreased by $42.0 million in the year ended December 31, 2020 compared to 2019, primarily due to the increase in cash by $31.9 million, ongoing principal and lease repayments, and the impact of the stronger Canadian dollar on the Company's US dollar denominated debt.

Deferred revenue relates to the advance payments received from Osisko for the sale of Taseko's share of future silver production from Gibraltar. In April 2020, Taseko concluded an amendment to its silver stream with Osisko and received $8.5 million in exchange for reducing the delivery price of silver from US$2.75 per ounce to nil.

Other liabilities increased by $3.0 million primarily due to the increase in the provision for environmental rehabilitation ("PER") by $12.6 million. The increase in the PER during 2020 is primarily due to the change in estimates of the long-term risk free rate. Given the long time frame over which environmental rehabilitation expenditures are expected to be incurred (100 years), the carrying value of the PER provision is sensitive to changes in inflation and discount rate assumptions. More information on the PER is set out in Note 20 of the December 31, 2020 consolidated financial statements.

As at February 24, 2021, there were 283,031,024 common shares and 10,056,533 stock options outstanding. More information on these instruments and the terms of their exercise is set out in Note 22 of the December 31, 2020 consolidated financial statements.

Liquidity, cash flow and capital resources

Cash provided by operating activities during the year ended December 31, 2020 was $106.2 million, compared to $42.6 million for the same period in 2019. The increased cash flow provided by operations for the year ended December 31, 2020, was primarily due to higher revenues from the higher realized copper price, lower operating costs and the April 2020 amendment to the silver stream agreement with Osisko.

Cash used for investing activities was $59.6 million for the year ended December 31, 2020, compared to $16.9 million for the same period in 2019. Cash used for investing activities includes $47.2 million capital expenditures at Gibraltar (including $26.3 million for capitalized stripping) and $15.3 million of expenditures at Florence Copper. The release of $36.2 million in cash from other financial assets in 2019 arising from the new form of reclamation security provided by the Company to Gibraltar partially offset Gibraltar and Florence capital expenditures in that year.

Net cash used for financing activities for the year ended December 31, 2020 was $11.9 million. Financing activities includes the net proceeds from the common share equity offering of $34.3 million closed in November and $1.0 million from stock option exercises. Principal repayments for equipment loans and leases were $14.4 million and interest paid was $32.9 million for the year ended December 31, 2020. In 2019, Gibraltar entered into three separate equipment re-financings with the Company's share of proceeds being $34.0 million which partially offset its debt service payments in that year.

At December 31, 2020, the Company had cash and equivalents of $85.1 million (December 31, 2019 - $53.2 million). The Company continues to make monthly principal repayments for equipment loans and leases. On February 1, 2021, the Company issued a notice to bondholders to redeem the 2022 senior secured notes (the "2022 Notes") including its call premium and accrued interest for redemption on March 3, 2021. A portion of the proceeds from the US$400 million offering of senior secured notes issued on February 10, 2021 (the "2026 Senior Secured Notes") have been set aside in trust to fund the redemption of the 2022 Notes.

Liquidity outlook

On February 10, 2021, the Company completed its offering of the 2026 Senior Secured Notes. After repayment of the 2022 Notes and related transaction costs, the Company expects to have net proceeds of approximately $167 million in additional cash available for capital expenditures, including for Florence Copper and for general corporate purposes and working capital. The 2026 Senior Secured 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.

With receipt of the net proceeds from the November common share offering of $34.3 million and the net proceeds from the 2026 Senior Secured Notes noted above, the Company now has funded a significant portion of the construction cost of the commercial facility at Florence Copper to assist it with advancing to a final construction decision once the final UIC permit is received from the EPA in the coming months. Florence Copper has an estimated capital cost (based on the Company's 2017 NI 43-101 technical report) of approximately US$230 million (including reclamation bonding and working capital).

To address the remaining project funding requirements for Florence Copper, the Company may also raise 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 minimize the Company's cost of capital and maximize shareholder value.

The Company does not have any significant capital plans for its other development projects over the next 12 months. Should plans for these other development projects materially change, the Company may require additional external funding.

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

Considerations on the cost of the hedging program include an assessment of Gibraltar's estimated production costs, anticipated copper prices and the Company's capital requirements during the relevant period. In January and May 2020, the Company spent $0.7 million to purchase copper put options that matured between January and June 2020. In July 2020, the Company spent $1.0 million to purchase copper put options that mature between October and December 2020. In October and December 2020, the Company purchased 37.5 million pounds of copper put options at strike prices between US$2.80 and US$3.20 per pound covering the first half of 2021, at a total cost of $3.4 million.

During the year ended December 31, 2020, the Company received proceeds from copper put options of $6.1 million due to the sharp drop in copper prices experienced in March and April of 2020 from the onset of the COVID-19 pandemic.

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. During 2020, and in line with its copper put strategy, the Company purchased fuel call options to provide a price ceiling for its share of diesel fuel consumed at the Gibraltar mine site while allowing it to benefit from further decreases in fuel prices tied to the weaker oil market. The cost of the fuel calls, which covered the period April to December 2020 and the first quarter of 2021, were $0.9 million or approximately $0.04 per litre.

	Notional amount	Strike price	Term to maturity	Original cost
At February 24, 2021				
Copper put options	5 million lbs	US$2.80 per lb	February to March 2021	$0.3 million
Copper put options	25 million lbs	US$ 3.20 per lb	February to June 2021	$2.7 million
Fuel call options	3.6 million ltrs	US$0.34 per ltr	February to March 2021	$0.2 million

Commitments and contingencies

Commitments

	Payments due						
(Cdn$ in thousands)	**2021**	**2022**	**2023**	**2024**	**2025**	**Thereafter**	**Total**
Debt:							
2022 Notes [1]	-	318,300	-	-	-	-	318,300
Interest	27,851	13,926	-	-	-	-	41,777
Equipment loans:							
Principal	7,537	6,548	4,688	1,375	-	-	20,148
Interest	925	511	197	18	-	-	1,651
Lease liabilities:							
Principal	8,047	6,658	1,732	1,268	1,280	938	19,923
Interest	927	502	266	179	100	24	1,998
Lease related obligation:							
Rental payment	2,627	2,627	5,636	-	-	-	10,890
PER [2]	-	-	-	-	-	78,983	78,983
Capital expenditures	2,733	-	-	-	-	-	2,733
Other expenditures							
Transportation related services [3]	5,911	859	-	-	-	-	6,770

[1] On February 10, 2021, the Company closed its offering of the 2026 Senior Secured Notes and a portion of the proceeds will be used to redeem all of the 2022 Notes which was outstanding at December 31, 2020.

[2] The provision for environmental rehabilitation amounts presented in the table represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities, primarily for the Gibraltar mine and Florence Copper. The Company has provided a surety bond of $37,500 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 $12.5 million for reclamation security for the PTF being operated.

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

The Company has guaranteed 100% of certain 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 $14.7 million as at December 31, 2020.

SELECTED ANNUAL INFORMATION

	For years ended December 31,		
(Cdn$ in thousands, except per share amounts)	**2020**	**2019**	**2018**
Revenues	343,267	329,163	343,870
Net loss	(23,524)	(53,382)	(35,774)
Per share – basic	(0.09)	(0.22)	(0.16)
Per share – diluted	(0.09)	(0.22)	(0.16)

	As at December 31,		
	2020	**2019**	**2018**
Total assets	910,365	883,996	972,723
Total long-term financial liabilities	349,312	358,508	347,138

FOURTH QUARTER RESULTS

Consolidated Statements of Comprehensive Loss (Cdn$ in thousands, except per share amounts)	**Three months ended December 31,** **2020**	 **2019**
Revenues	87,398	89,932
Cost of sales		
Production costs	(60,336)	(66,011)
Depletion and amortization	(18,747)	(31,380)
Earnings (loss) from mining operations	8,315	(7,459)
General and administrative	(4,944)	(3,520)
Share-based compensation expense	(1,216)	(678)
Project evaluation costs	(109)	(823)
Loss on derivatives	(1,753)	(684)
Other income (expense)	352	(461)
Income (loss) before financing costs and income taxes	645	(13,625)
Finance expenses, net	(10,528)	(9,996)
Foreign exchange gain	12,853	6,147
Income (loss) before income taxes	2,970	(17,474)
Income tax recovery	2,724	7,543
Net income (loss) for the period	**5,694**	**(9,931)**
Other comprehensive loss:		
Unrealized loss on financial assets	(2,855)	(70)
Foreign currency translation reserve	(9,109)	(3,456)
Total other comprehensive loss for the period	**(11,964)**	**(3,526)**
Total comprehensive loss for the period	**(6,270)**	**(13,457)**
Earnings (loss) per share		
Basic	0.02	(0.04)
Diluted	0.02	(0.04)
Weighted-average shares outstanding (in thousands)		
Basic	263,227	246,194
Diluted	266,140	246,194

Consolidated Statements of Cash Flows (Cdn$ in thousands)	**Three months ended December 31, 2020**	**2019**
Operating activities		
Net income (loss) for the period	5,694	(9,931)
Adjustments for:		
Depletion and amortization	18,747	31,380
Income tax recovery	(2,724)	(7,543)
Share-based compensation expense	1,242	712
Loss on derivatives	1,753	684
Finance expenses, net	10,528	9,996
Unrealized foreign exchange gain	(13,595)	(5,850)
Amortization of deferred revenue	(1,229)	(507)
Other operating activities	-	(172)
Net change in working capital	8	(9,542)
Cash provided by operating activities	20,424	9,227
Investing activities		
Purchase of property, plant and equipment	(17,491)	(13,714)
Distribution of reclamation deposits	-	30,000
Release of restricted cash	-	6,200
Purchase of copper put and fuel call options	(3,367)	-
Other investing activities	46	(187)
Cash provided by (used for) investing activities	(20,812)	22,299
Financing activities		
Proceeds from equity issuance, net of costs	34,299	-
Proceeds from exercise of stock options	391	-
Repayment of equipment loans and leases	(4,655)	(3,936)
Interest paid	(14,861)	(15,503)
Cash provided by (used for) financing activities	15,174	(19,439)
Effect of exchange rate changes on cash and equivalents	(2,354)	(766)
Increase in cash and equivalents	12,432	11,321
Cash and equivalents, beginning of period	72,678	41,877
Cash and equivalents, end of period	**85,110**	**53,198**

Earnings

(Cdn$ in thousands)	Three months ended December 31, 2020	2019	Change
Net income (loss)	5,694	(9,931)	15,625
Unrealized foreign exchange gain	(13,595)	(5,850)	(7,745)
Unrealized (gain) loss on copper put and fuel call options	586	(518)	1,104
Estimated tax effect of adjustments	(158)	140	(298)
Adjusted net loss*	(7,473)	(16,159)	8,686

The Company's net income was $5.7 million ($0.02 per share) for the three months ended December 31, 2020, compared to net loss of $9.9 million ($0.04 loss per share) for the same period in 2019. The increased net income in the current period was primarily due to the lower depreciation of capitalized stripping costs in 2020, attributed to the greater ore tons being mined from the Granite pit in the prior year which had a higher depreciation cost per ton. Also contributing to the change in the current period net income is the lower production costs and an increase in unrealized foreign exchange gain as compared to the same period in 2019, partially offset by a decrease in income tax recovery.

Earnings from mining operations before depletion and amortization* was $27.1 million for the three months ended December 31, 2020, compared to $23.9 million for the same period in 2019. During the fourth quarter of 2020, earnings was positively impacted by lower overall production costs, higher average copper price including positive provisional price adjustments of $8.4 million, partially offset by lower sales volumes of copper concentrate.

Included in net income (loss) are a number of items that management believes require adjustment in order to better measure the underlying performance of the business. Unrealized gains or losses have been adjusted in determining adjusted net income (loss) as well as their estimated tax effect. The unrealized foreign exchange gain or loss is substantially driven by the translation of the Company's US dollar denominated 2022 Notes. No adjustments are made to adjusted net income (loss) for positive or negative provisional price adjustments in the quarter as these adjustments normalize or reverse throughout the year.

*Non-GAAP performance measure. See page 29 on this MD&A.

Revenues

(Cdn$ in thousands)	Three months ended December 31, 2020	2019	Change
Copper in concentrate	77,523	85,347	(7,824)
Molybdenum concentrate	4,162	7,755	(3,593)
Silver	939	517	422
Price adjustment on settlement receivables	8,935	3,249	5,686
Total gross revenue	91,559	96,868	(5,309)
Less: Treatment and refining costs	(4,161)	(6,936)	2,775
Revenue	87,398	89,932	(2,534)
(thousands of pounds, unless otherwise noted)			
Copper in concentrate*	18,091	24,080	(5,989)
Average realized copper price (US$ per pound)	3.69	2.82	0.87
Average LME copper price (US$ per pound)	3.25	2.67	0.58
Average exchange rate (CAD/USD)	1.30	1.32	(0.02)

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

Copper revenues for the three months ended December 31, 2020 decreased by $7.8 million compared to the same period in 2019, primarily due to decreases in the volume of payable copper sold by 6.0 million pounds (75% basis), partially offset by the higher prevailing LME copper prices by US$0.58 per pound in the current quarter. The Company also recognized positive net price adjustments of $8.4 million, for provisionally priced copper concentrate due to increasing copper price trends following shipment. These revenue adjustments resulted in a US$0.39 per pound increase to the average realized copper price for the quarter.

Molybdenum revenues for the three months ended December 31, 2020 decreased by $3.6 million compared to the same period in 2019, primarily due to lower molybdenum sales volumes by 228 thousand pounds (75% basis) and lower average molybdenum prices of US$9.01 per pound, compared to US$9.67 per pound for the same prior period. During the three months ended December 31, 2020, positive net price adjustments of $0.5 million were recorded for provisionally priced molybdenum concentrate.

Cost of sales

(Cdn$ in thousands)	Three months ended December 31, 2020	2019	Change
Site operating costs	65,287	61,219	4,068
Transportation costs	3,768	5,025	(1,257)
Changes in inventories of finished goods	(2,087)	1,193	(3,280)
Changes in inventories of ore stockpiles	(6,632)	(1,426)	(5,206)
Production costs	60,336	66,011	(5,675)
Depletion and amortization	18,747	31,380	(12,633)
Cost of sales	79,083	97,391	(18,308)
Site operating costs per ton milled*	$11.67	$10.46	$1.21

*Non-GAAP performance measure. See page 29 on this MD&A.

Site operating costs for the three months ended December 31, 2020 increased by $4.1 million, compared to the same prior period primarily due to a return to more normalized mining rates and lower stripping costs being capitalized in 2020 compared to 2019. For the three months ended December 31, 2020, capitalized waste stripping costs for Pollyanna pit were $1.2 million, compared to $4.3 million for the same period in 2019.

Cost of sales is also impacted by changes in copper concentrate inventories and ore stockpiles. Despite the small decrease in copper pounds over the quarter, the carrying value of finished goods inventory increased for the fourth quarter due to the higher average production cost per pound. There was also an increase of 1.5 million tons in the ore stockpiles from the third quarter.

Depletion and amortization for the three months ended December 31, 2020 decreased by $12.6 million, over the same period in 2019 due to decreased ore tons being mined from the Granite pit in the current period.

Other operating (income) expenses

	Three months ended December 31,		
(Cdn$ in thousands)	**2020**	**2019**	**Change**
General and administrative	4,944	3,520	1,424
Share-based compensation expense	1,216	678	538
Project evaluation expenditures	109	823	(714)
Realized loss on derivative instruments	1,167	1,202	(35)
Unrealized (gain) loss on derivative instruments	586	(518)	1,104
Other income, net	(352)	461	(813)
	7,670	6,166	1,504

General and administrative expenses have increased in the three months ended December 31, 2020, compared to the same prior period primarily due to timing of accruals for certain employment and consulting services.

Share-based compensation expense increased for the three months ended December 31, 2020, compared to the same period in 2019, primarily due to the revaluation of the liability for deferred share units resulting from an increase in the Company's share price during the period. Share-based compensation expense is comprised of amortization of share options and performance share units and the expense on deferred share units. More information is set out in Note 22 of the December 31, 2020 consolidated financial statements.

During the three months ended December 31, 2020, the Company realized a loss of $1.2 million, primarily from copper put options that settled during the period. The net unrealized loss of $0.6 million in the three months ended December 31, 2020 relates to the fair value adjustments on the copper put and fuel call options.

Finance expenses and income

(Cdn$ in thousands)	Three months ended December 31, 2020	2019	Change
Interest expense	9,147	8,914	233
Finance expense – deferred revenue	1,291	1,038	253
Accretion of PER	137	157	(20)
Finance income	(47)	(113)	66
	10,528	9,996	532

Interest expense for the three months ended December 31, 2020 was consistent with the prior quarter.

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

(Cdn$ in thousands)	Three months ended December 31, 2020	2019	Change
Current income tax expense	490	365	125
Deferred income tax recovery	(3,214)	(7,908)	4,694
	(2,724)	(7,543)	4,819
Effective tax rate	(91.7)%	(43.2)%	(48.5)%
Canadian statutory rate	27%	27%	-
B.C. Mineral tax rate	9.5%	9.6%	(0.1)%

The overall income tax recovery for the three months ended December 31, 2020 was due to deferred income tax recovery recognized on losses for accounting purposes.

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. As a result, 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, 2020, relative to net profit in the quarter which includes unrealized gains on the 2022 Notes due to foreign exchange revaluations.

Current income taxes represents an estimate of B.C. mineral taxes payable for the fourth quarter.

Liquidity, cash flow and capital resources

Cash flow provided by operations during the three months ended December 31, 2020 was $20.4 million compared to $9.2 million for the same period in 2019. Cash used for investing activities during the three months ended December 31, 2020 was $20.8 million compared to cash provided by investing activities of $22.3 million for the same period in 2019.

Investing cash flows in the fourth quarter includes $1.2 million for capitalized stripping costs, $10.9 million for other sustaining capital expenditures at Gibraltar including additional spend for dewatering costs for the Gibraltar pit, and

$3.9 million of expenditures for Florence Copper. Also included in investing activities is the purchase of copper put options in the quarter of $3.4 million covering production for the first half of 2021.

Net cash provided by financing activities for the three months ended December 31, 2020 was $15.2 million. Included in financing activities is the net proceeds from the equity offering of $34.3 million. Principal repayments for equipment loans and leases were $4.7 million and interest paid was $14.9 million for the three month period ended December 31, 2020.

At December 31, 2020, the Company had cash and equivalents of $85.1 million, an increase of $12.4 million from the prior quarter.

SUMMARY OF QUARTERLY RESULTS

	2020				2019			
(Cdn$ in thousands, except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Revenues	87,398	87,780	106,005	62,084	89,932	82,436	86,521	70,274
Net earnings (loss)	5,694	987	18,745	(48,950)	(9,931)	(24,508)	(11,012)	(7,931)
Basic EPS	0.02	-	0.08	(0.20)	(0.04)	(0.10)	(0.04)	(0.03)
Adjusted net earnings (loss) *	(7,473)	(5,754)	8,335	(21,647)	(16,159)	(20,561)	(17,471)	(14,419)
Adjusted basic EPS *	(0.03)	(0.02)	0.03	(0.09)	(0.07)	(0.08)	(0.07)	(0.06)
Adjusted EBITDA *	20,478	31,545	50,860	5,346	18,246	7,906	14,660	10,245
(US$ per pound, except where indicated)								
Realized copper price *	3.69	3.15	2.70	2.06	2.82	2.56	2.69	2.91
Total operating costs *	2.82	2.00	1.34	1.82	2.01	2.05	2.01	2.21
Copper sales (million pounds)	18.8	21.4	29.5	23.3	25.0	25.1	24.2	17.5

*Non-GAAP performance measure. See page 29 of this MD&A.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in Note 2.4 of the 2020 annual consolidated 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, 2020, 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 2020 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, 2020. 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, 2020, 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, 2020 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 consolidated financial statements. The financial risks and the Company's exposure to these risks, is provided in various tables in Note 25 of the consolidated 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 consolidated financial statements.

Summary of Financial Instruments	Carrying Amount	Associated Risks
Financial assets		
Amortized cost		
Cash and equivalents	85,110	Interest rate
Accounts receivable	6,689	Credit Market
Fair value through other comprehensive income (FVOCI)		
Marketable securities	1,791	Market
Investment in subscription receipts	1,200	Market
Financial liabilities		
Accounts payable and accrued liabilities	51,747	Currency
Senior secured notes	313,965	Currency
Lease liabilities	19,923	Interest rate
Lease related obligations	9,444	Interest rate
Secured equipment loans	20,072	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 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 24-month to 32-months' salary and accrued bonus, and all stock options held by these individuals will fully vest.

Executive officers and directors also participate in the Company's share option program (refer to Note 22 of the consolidated financial statements).

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

	Year ended December 31,	
(Cdn$ in thousands)	**2020**	**2019**
Salaries and benefits	6,527	6,757
Post-employment benefits	1,827	1,639
Share-based compensation expense	4,963	2,710
	13,317	11,106

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 2020, net management fee income for $1,291 (2019: $1,186) and net reimbursable compensation expenses and third party costs of $190 (2019: $95) 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	**Three months ended December 31,**		**Year ended December 31,**	
	2020	**2019**	**2020**	**2019**
Cost of sales	**79,083**	**97,391**	**319,542**	**368,306**
Less:				
Depletion and amortization	(18,747)	(31,380)	(95,301)	(109,756)
Net change in inventories of finished goods	2,087	(1,193)	(939)	5,570
Net change in inventories of ore stockpiles	6,632	1,426	11,361	(1,677)
Transportation costs	(3,768)	(5,025)	(18,248)	(17,832)
Site operating costs	65,287	61,219	216,415	244,611
Less by-product credits:				
Molybdenum, net of treatment costs	(3,649)	(5,205)	(15,241)	(25,223)
Silver, excluding amortization of deferred revenue	133	30	(303)	(557)
Site operating costs, net of by-product credits	61,771	56,044	200,871	218,831
Total copper produced (thousand pounds)	18,725	25,047	92,277	94,428
Total costs per pound produced	3.30	2.24	2.18	2.32
Average exchange rate for the period (CAD/USD)	1.30	1.32	1.34	1.33
Site operating costs, net of by-product credits (US$ per pound)	**2.53**	**1.69**	**1.62**	**1.75**
Site operating costs, net of by-product credits	61,771	56,044	200,871	218,831
Add off-property costs:				
Treatment and refining costs	3,284	5,520	18,169	21,417
Transportation costs	3,768	5,025	18,248	17,832

Total operating costs	68,823	66,589	237,288	258,080
Total operating costs (C1) (US$ per pound)	**2.82**	**2.01**	**1.92**	**2.06**

Adjusted net income (loss)

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

- Unrealized foreign currency gains/losses; and
- Unrealized gain/loss on copper put and fuel call options.

Management believes these transactions do not reflect the underlying operating performance of our core mining business and are not necessarily indicative of future operating results. Furthermore, unrealized gains/losses on derivative instruments, changes in the fair value of financial instruments, and unrealized foreign currency gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended December 31,		**Year ended December 31,**	
(Cdn$ in thousands, except per share amounts)	**2020**	**2019**	**2020**	**2019**
Net income (loss)	**5,694**	**(9,931)**	**(23,524)**	**(53,382)**
Unrealized foreign exchange gain	(13,595)	(5,850)	(4,345)	(15,228)
Unrealized (gain) loss on copper put and fuel call options	586	(518)	1,822	-
Estimated tax effect of adjustments	(158)	140	(492)	-
Adjusted net loss	**(7,473)**	**(16,159)**	**(26,539)**	**(68,610)**
Adjusted EPS	**(0.03)**	**(0.07)**	**(0.11)**	**(0.28)**

Adjusted EBITDA

Adjusted EBITDA is presented as a supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present Adjusted EBITDA when reporting their results. Issuers of "high yield" securities also present Adjusted EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations.

Adjusted EBITDA represents net income before interest, income taxes, and depreciation and also eliminates the impact of a number of items that are not considered indicative of ongoing operating performance. Certain items of expense are added and certain items of income are deducted from net income that are not likely to recur or are not indicative of the Company's underlying operating results for the reporting periods presented or for future operating performance and consist of:

- Unrealized foreign exchange gains/losses;
- Unrealized gain/loss on copper put and fuel call options; and
- Amortization of share-based compensation expense.

(Cdn$ in thousands)	Three months ended December 31, 2020	2019	Year ended December 31, 2020	2019
Net income (loss)	**5,694**	**(9,931)**	**(23,524)**	**(53,382)**
Add:				
Depletion and amortization	18,747	31,380	95,301	109,756
Finance expense	10,575	10,109	43,010	40,324
Finance income	(47)	(113)	(249)	(1,202)
Income tax recovery	(2,724)	(7,543)	(9,096)	(32,337)
Unrealized foreign exchange gain	(13,595)	(5,850)	(4,345)	(15,228)
Unrealized (gain) loss on copper put and fuel call options	586	(518)	1,822	-
Amortization of share-based compensation expense	1,242	712	5,310	3,126
Adjusted EBITDA	**20,478**	**18,246**	**108,229**	**51,057**

Earnings (loss) 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)	Three months ended December 31, 2020	2019	Year ended December 31, 2020	2019
Earnings (loss) from mining operations	**8,315**	**(7,459)**	**23,725**	**(39,143)**
Add:				
Depletion and amortization	18,747	31,380	95,301	109,756
Earnings from mining operations before depletion and amortization	**27,062**	**23,921**	**119,026**	**70,613**

Site operating costs per ton milled

(Cdn$ in thousands, except per ton milled amounts)	Three months ended December 31, 2020	2019	Year ended December 31, 2020	2019
Site operating costs (included in cost of sales)	**65,287**	**61,219**	**216,415**	**244,611**
Tons milled (thousands) (75% basis)	5,594	5,855	22,559	22,405
Site operating costs per ton milled	**$11.67**	**$10.46**	**$9.59**	**$10.92**

Consolidated Financial Statements
December 31, 2020

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/ Russell Hallbauer

Russell Hallbauer
Chief Executive Officer

/s/ Bryce Hamming

Bryce Hamming
Chief Financial Officer

Vancouver, British Columbia
February 24, 2021

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, 2020. 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, 2020, 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, 2020 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, 2020 and 2019.

/s/ Russell Hallbauer

Russell Hallbauer
Chief Executive Officer

/s/ Bryce Hamming

Bryce Hamming
Chief Financial Officer

Vancouver, British Columbia
February 24, 2021

KPMG LLP
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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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2020, 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, 2020, 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 24, 2021 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 Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of goodwill and property, plant and equipment of the Curis cash generating unit

As discussed in Notes 2.4(f), 15 and 16 to the consolidated financial statements, the Company performs goodwill impairment testing at least annually and, for property, plant and equipment, whenever circumstances suggest that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the cash generating unit ("CGU") associated with the goodwill and property, plant and equipment is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use and is estimated using discounted cash flows. Significant assumptions used in the determination of the recoverable amount included exploration potential, long-term commodity prices, discount rate, future capital requirements and operating performance. As of December 31, 2020, the carrying amount of goodwill and property plant and equipment of the Curis CGU was $5,250 thousand and $203,079 thousand, respectively.

We identified the valuation of goodwill and property, plant and equipment of the Curis CGU as a critical audit matter. Subjective auditor judgment was required in evaluating the significant assumptions used in the Company's determination of recoverable amount. Specifically, the number and complexity of significant assumptions were challenging to evaluate as minor changes to these assumptions had a significant effect on the recoverable amount.

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. This included controls related to the determination of the recoverable amount of the CGU, and the determination of exploration potential, long-term commodity prices, discount rate, future capital requirements and operating performance. We evaluated the professional qualifications, knowledge, skill, and ability of the Company's qualified persons responsible for determining the exploration potential. We compared the projected production information in the valuation model to the mine plans and to the mineral reserves estimates for consistency. We compared long-term commodity prices used in the valuation model to third party estimates. We compared future capital requirements and operating performance in the valuation model to the mine plans. We involved valuations professionals with specialized skills and knowledge, who assisted in: evaluating the discount rate used by comparing it against a discount rate range that was independently developed using publicly available benchmark data for comparable entities; and evaluating the long-term commodity prices by comparing them to third party estimates.

KPMG LLP (Signed)

Chartered Professional Accountants

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

Vancouver, Canada
February 24, 2021

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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, 2020, 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, 2020, 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, 2020 and 2019, 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, 2020 and the related notes (collectively, the consolidated financial statements), and our report dated February 24, 2021 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 24, 2021

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Cdn$ in thousands)

	Note	December 31, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and equivalents		85,110	53,198
Accounts receivable	11	6,689	13,791
Inventories	12	58,841	43,620
Other financial assets	13	3,583	730
Prepaids		2,975	2,513
		157,198	113,852
Property, plant and equipment	15	742,619	758,006
Other financial assets	13	5,298	6,783
Goodwill	16	5,250	5,355
		910,365	**883,996**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	17	51,747	43,685
Current portion of long-term debt	18	17,617	16,460
Current portion of deferred revenue	19	5,604	4,558
Interest payable on senior secured notes		1,160	1,184
Current income tax payable		2,356	1,406
		78,484	67,293
Long-term debt	18	345,787	357,025
Provision for environmental rehabilitation ("PER")	20	78,983	66,373
Deferred and other tax liabilities	10c	39,060	50,703
Deferred revenue	19	47,154	39,433
Other financial liabilities	22b	3,525	1,483
		592,993	582,310
EQUITY			
Share capital	21a	472,870	436,318
Contributed surplus		53,433	51,622
Accumulated other comprehensive income ("AOCI")		7,674	6,827
Deficit		(216,605)	(193,081)
		317,372	301,686
		910,365	**883,996**

Commitments and contingencies	19, 23
Subsequent events	18a, 27

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, 2020	2019
Revenues	4	343,267	329,163
Cost of sales			
Production costs	5	(224,241)	(258,550)
Depletion and amortization	5	(95,301)	(109,756)
Earnings (loss) from mining operations		23,725	(39,143)
General and administrative		(14,636)	(13,804)
Share-based compensation expense	22c	(5,075)	(2,946)
Project evaluation expenditures		(1,397)	(3,569)
Gain (loss) on derivatives	7	1,937	(2,834)
Other income	8	1,495	920
Income (loss) before financing costs and income taxes		6,049	(61,376)
Finance expenses, net	9	(42,761)	(39,122)
Foreign exchange gain		4,092	14,779
Loss before income taxes		(32,620)	(85,719)
Income tax recovery	10	9,096	32,337
Net loss		**(23,524)**	**(53,382)**
Other comprehensive income (loss):			
Gain on financial assets	13	5,360	1,229
Foreign currency translation reserve		(4,513)	(8,466)
Total other comprehensive income (loss)		**847**	**(7,237)**
Total comprehensive loss		**(22,677)**	**(60,619)**
Loss per share			
Basic		(0.09)	(0.22)
Diluted		(0.09)	(0.22)
Weighted average shares outstanding (thousands)			
Basic		250,529	243,914
Diluted		250,529	243,914

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, 2020	2019
Operating activities			
Net loss for the year		(23,524)	(53,382)
Adjustments for:			
Depletion and amortization		95,301	109,756
Income tax recovery	10	(9,096)	(32,337)
Share-based compensation expense	22c	5,310	3,126
(Gain) loss on derivatives	7	(1,937)	2,834
Finance expenses, net		42,761	39,122
Unrealized foreign exchange (gain) loss		(4,345)	(15,228)
Deferred revenue deposit	19	8,510	-
Amortization of deferred revenue	19	(4,915)	(3,437)
Other operating activities		1,457	(1,199)
Net change in working capital	24	(3,327)	(6,614)
Cash provided by operating activities		106,195	42,641
Investing activities			
Purchase of property, plant and equipment	15	(65,496)	(50,751)
Distribution of reclamation deposits	13	-	30,000
Release of restricted cash	13	-	6,200
Purchase of copper put and fuel call options	7	(6,025)	(2,834)
Proceeds from copper put options	7	6,104	241
Proceeds from the sale of marketable securities	13	7,270	-
Investment in other financial assets	13	(1,771)	-
Other investing activities		275	213
Cash used for investing activities		(59,643)	(16,931)
Financing activities			
Interest paid		(32,891)	(32,011)
Repayment of equipment loans and leases		(14,362)	(18,920)
Proceeds from equipment financings		-	34,013
Proceeds from equity issuance, net of costs	21a	34,299	-
Proceeds on exercise of options		1,018	176
Cash used for financing activities		(11,936)	(16,742)
Effect of exchange rate changes on cash and equivalents		(2,704)	(1,435)
Increase in cash and equivalents		31,912	7,533
Cash and equivalents, beginning of year		53,198	45,665
Cash and equivalents, end of year		85,110	53,198

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, 2019	423,438	49,274	14,064	(139,699)	347,077
Fair value of shares issued for Yellowhead acquisition	12,629	-	-	-	12,629
Share-based compensation	-	2,800	-	-	2,800
Exercise of options	251	(75)	-	-	176
Settlement of performance share units	-	(377)	-	-	(377)
Total comprehensive loss for the year	-	-	(7,237)	(53,382)	(60,619)
Balance at December 31, 2019	**436,318**	**51,622**	**6,827**	**(193,081)**	**301,686**
Balance at January 1, 2020	436,318	51,622	6,827	(193,081)	301,686
Common shares issued, net of issue costs	34,299	-	-	-	34,299
Tax effect on share issue costs	802	-	-	-	802
Share-based compensation	-	2,244	-	-	2,244
Exercise of options	1,451	(433)	-	-	1,018
Total comprehensive income (loss) for the year	-	-	847	(23,524)	(22,677)
Balance at December 31, 2020	**472,870**	**53,433**	**7,674**	**(216,605)**	**317,372**

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, 2020 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture since its formation on March 31, 2010. 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. Seasonality does not have a significant impact on the Company's operations.

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 24, 2021.

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 and derivative financial instruments, which are measured at fair value.

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 19), provisions for environmental rehabilitation, determination of business or asset acquisition treatment, and recovery of other deferred tax assets.

On March 11, 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a pandemic creating an unprecedented global health and economic crisis. COVID-19's impact on global markets has been significant. The duration and magnitude of COVID-19's effects on the economy, movement of goods and services across international borders, the copper market, and on the Company's financial and operational performance remains uncertain at this time. As of the date of these statements, there has not been any direct impact on the Company's operations as a result of COVID-19.

The Company will continue to closely monitor the potential impact of COVID-19 on its business. Should the duration, spread or intensity of the COVID-19 pandemic deteriorate in the future, there could be a potentially material and negative impact on the Company's operating plan, its cash flows, and the valuation of its long-lived assets due to sustained decreases in metal prices, potential future decreases in revenue from the sale of its products and the profitability of its ongoing operations. Impacts from COVID-19 could also include a temporary cessation of mining operations at the Gibraltar mine due to a localized outbreak amongst personnel at the mine site or in the Company's supply chain. The Company's access to financing to support the development of its other mineral properties, including the Florence Copper project, could also be negatively impacted or delayed as a result of COVID-19.

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, 2020. 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 or deferred revenue.

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

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 15) and the lease liability is included in debt in the consolidated balance sheet (Note 18).

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 by 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 standards and interpretations not yet adopted

Several new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2020, 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.

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.

(Cdn$ in thousands)

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,	
	2020	**2019**
Cash and equivalents	46,440	54,454
Other current assets	88,814	77,651
Current assets	135,254	132,105
Non-current assets	927,211	948,873
Accounts payable and accrued liabilities	53,662	46,845
Other current financial liabilities	23,703	22,698
Current liabilities	77,365	69,543
Long-term debt	40,178	52,177
Provision for environmental rehabilitation	97,432	80,460
Non-current liabilities	137,610	132,637

	Years ended December 31,	
	2020	**2019**
Revenues	458,305	438,204
Production costs	(298,988)	(344,913)
Depletion and amortization	(139,643)	(159,044)
Other operating expense	(4,529)	(3,834)
Interest expense	(5,689)	(6,031)
Interest income	82	1,157
Foreign exchange gain (loss)	348	(1,976)
Net earnings (loss)	9,886	(76,437)
Other comprehensive income	-	954
Comprehensive income (loss) for joint arrangement	9,886	(75,483)

(Cdn$ in thousands)

4. REVENUE

	Years ended December 31,	
	2020	**2019**
Copper contained in concentrate	331,584	321,082
Molybdenum concentrate	18,842	31,161
Silver (Note 19)	3,502	3,674
Price adjustments on settlement receivables	11,570	(419)
Total gross revenue	365,498	355,498
Less: Treatment and refining costs	(22,231)	(26,335)
Revenue	343,267	329,163

5. COST OF SALES

	Years ended December 31,	
	2020	**2019**
Site operating costs	216,415	244,611
Transportation costs	18,248	17,832
Changes in inventories of finished goods	939	(5,570)
Changes in inventories of ore stockpiles	(11,361)	1,677
Production costs	224,241	258,550
Depletion and amortization	95,301	109,756
Cost of sales	319,542	368,306

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

Included in site operating costs and general administrative expenses are $6,013 and $364, respectively, of benefits for claims submitted by the Company for the Canada Emergency Wage Subsidy during the year ended December 31, 2020 (2019 - $nil).

6. COMPENSATION EXPENSE

	Years ended December 31,	
	2020	**2019**
Wages, salaries and benefits	71,481	77,869
Post-employment benefits	1,986	1,639
Share-based compensation expense (Note 22c)	5,310	3,126
	78,777	82,634

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

(Cdn$ in thousands)

7. DERIVATIVE INSTRUMENTS

During the year ended December 31, 2020, the Company purchased copper put option contracts for 59.5 million pounds of copper with maturity dates ranging from January 2020 through to December 2020, at strike prices between US$2.30 and US$2.60 per pound, at a total cost of $1,742.

In addition, during the quarter ended December 31, 2020, the Company purchased copper put option contracts for 37.5 million pounds of copper with maturity dates from January 2021 to June 2021 at strike prices between $2.80 and $3.20 per pound. The put options had a fair value of $1,514 at December 31, 2020.

During the year ended December 31, 2019, the Company purchased copper put options for 48 million pounds of copper with maturity dates ranging from February through to December 2019 at a total cost of $2,834.

The Company also purchased fuel call options during 2020 for diesel with maturity dates ranging from April 2020 to March 2021, at a total cost of $916. The fuel call options outstanding had a fair value of $278 at December 31, 2020.

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

	Years ended December 31,	
	2020	**2019**
Realized (gain) loss on copper put options	(4,361)	2,834
Realized loss on fuel call options	602	-
Unrealized loss on copper put options	1,853	-
Unrealized gain on fuel call options	(31)	-
	(1,937)	2,834

8. OTHER (EXPENSE) INCOME

	Years ended December 31,	
	2020	**2019**
Management fee income	1,198	1,186
Other operating (expense) income, net	297	(266)
	1,495	920

9. FINANCE EXPENSES

	Years ended December 31,	
	2020	**2019**
Interest expense	37,288	34,593
Finance expense – deferred revenue (Note 19)	5,172	4,154
Accretion on PER (Note 20)	550	1,577
Finance income	(249)	(1,202)
	42,761	39,122

(Cdn$ in thousands)

For the year ended December 31, 2020, interest expense includes $2,012 (2019 - $1,709) from lease liabilities and lease related obligations.

10. INCOME TAX

(a) Income tax expense (recovery)

	Years ended December 31,	
	2020	**2019**
Current income tax:		
Current period expense	1,769	817
Deferred income tax:		
Origination and reversal of temporary differences	(10,648)	(33,145)
Deferred tax adjustments related to prior periods	(217)	(9)
Deferred income tax recovery	(10,865)	(33,154)
Income tax recovery	(9,096)	(32,337)

(b) Effective tax rate reconciliation

	Years ended December 31,	
	2020	**2019**
Income tax at Canadian statutory rate of 36.5% (2019: 36.5%)	(11,922)	(31,279)
Permanent differences	4,189	885
Foreign tax rate differential	(3)	(191)
Unrecognized tax benefits	(1,143)	(1,793)
Deferred tax adjustments related to prior periods	(217)	41
Income tax recovery	(9,096)	(32,337)

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	As at December 31,	
	2020	**2019**
Property, plant and equipment	(154,587)	(156,669)
Other financial assets	5,714	2,951
Provisions	20,422	17,009
Tax loss carry forwards	89,391	86,006
Deferred tax liability	(39,060)	(50,703)

(Cdn$ in thousands)

(d) Unrecognized deferred tax assets and liabilities

	As at December 31,	
	2020	**2019**
Deductible temporary differences:		
Debt	58,643	65,024
Other investments	30,523	33,344
Losses and tax pools	33,344	31,823
Other financial assets	12,304	17,713
Deferred tax asset:		
Debt	7,873	8,778
Other investments	8,241	4,501
Losses and tax pools	4,501	8,592
Other financial assets	1,672	2,398

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 $33,344 (2019: $31,823) relate to non-capital losses in Canada which expire between 2027 and 2039.

11. ACCOUNTS RECEIVABLE

	As at December 31,	
	2020	**2019**
Trade and settlement receivables	4,676	11,220
Goods and services tax receivable	1,358	1,162
Other receivables	655	1,409
	6,689	13,791

12. INVENTORIES

	As at December 31,	
	2020	**2019**
Ore stockpiles	21,946	6,657
Copper contained in concentrate	7,948	9,055
Molybdenum concentrate	398	230
Materials and supplies	28,549	27,678
	58,841	43,620

During the year ended December 31, 2020, the Company recorded an impairment of $5,353 (2019: $5,830) to adjust the carrying value of ore stockpiles to net realizable value, of which $2,216 (2019: $2,398) is recorded in depletion and amortization and the balance in production costs.

(Cdn$ in thousands)

13. OTHER FINANCIAL ASSETS

	As at December 31,	
	2020	**2019**
Current:		
Marketable securities	1,791	730
Copper put options (Note 7)	1,514	-
Fuel call options (Note 7)	278	-
	3,583	730
Long-term:		
Investment in subscription receipts	1,200	2,400
Reclamation deposits	2,825	3,083
Restricted cash	1,273	1,300
	5,298	6,783

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

During the year ended December 31, 2020, the Company received net proceeds of $7,270 from the sale of marketable securitites of a publicly traded company and the resulting gain is recognized in other comprehensive income.

The subscription receipts relate to an investment in a privately held company with two directors in common with Taseko and are to be convertible into units comprised of shares, or shares and warrants. The fair value of the investment in subscription receipts is based on public market information of comparable companies.

In November 2019, the Company restructured its reclamation funding within the Gibraltar joint venture which resulted in $6,200 of net cash becoming unrestricted and $30,000 in funds being distributed out of reclamation deposits to the Company. Gibraltar issued to the Province of British Columbia a letter of credit in the amount of $50,000 as security for current reclamation obligations for the Gibraltar mine. The $50,000 letter of credit issued by a Canadian chartered bank is collateralized by a surety bond in the amount of $37,500 for the Company's share and $12,500 for Cariboo's share of the letter of credit.

For the Florence Copper project, the Company has provided surety bonds totaling $12,489 to the federal and state regulators. The Company has provided cash collateral of $2,103 to the surety bond provider which is classified as reclamation deposits.

(Cdn$ in thousands)

14. YELLOWHEAD ACQUISITION

On February 15, 2019, the Company closed an agreement to acquire all of the outstanding common shares of Yellowhead Mining Inc. ("Yellowhead") that it did not already own, in exchange for approximately 17.3 million Taseko common shares.

The total purchase consideration was calculated as follows:

Fair value of common shares issued (17,300,385 shares at $0.73 per share)	12,629
Fair value of previously held investment in Yellowhead	3,365
Acquisition related legal and other costs	272
	16,266

Prior to the acquisition, the Company held a 21% equity interest in Yellowhead. This investment was previously accounted for as a FVOCI financial asset and was remeasured to its fair value of $3,365 based on the trading price of its common shares on the acquisition date.

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

The following sets forth the allocation of the purchase price:

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

Yellowhead had cumulative tax pools of approximately $57,000 comprised of non-capital losses and resource deductions at the date of acquisition. A full valuation allowance was provided against the deferred tax assets arising from these tax pools due to uncertainty over the timing of their potential utilization at the time of acquisition.

Prior to January 2020, Yellowhead was in the evaluation phase and project related expenditures were expensed. In January 2020, the Company announced the results of its own technical studies on Yellowhead and filed a new NI 43-101 technical report and the project entered the development phase for accounting purposes. All costs since January 1, 2020 are being captitalized as mineral property, plant and equipment (Note 15).

(Cdn$ in thousands)

15. PROPERTY, PLANT & EQUIPMENT

Cost	**Property acquisition costs**	**Mineral properties**	**Plant and equipment**	**Construction in progress**	**Total**
At January 1, 2019	99,872	385,504	719,211	188	1,204,775
Additions (Note 14)	16,240	34,750	28,565	9,514	89,069
Changes in rehabilitation cost asset	-	(31,695)	-	-	(31,695)
Disposals	-	-	(6,978)	-	(6,978)
Foreign exchange translation	(4,468)	(1,155)	(2,205)	-	(7,828)
Transfers between categories	-	-	9,702	(9,702)	-
At December 31, 2019	111,644	387,404	748,295	-	1,247,343
Additions (Note 14)	-	44,454	22,351	12,660	79,465
Changes in rehabilitation cost asset	-	12,906	-	-	12,906
Disposals	-	-	(7,023)	-	(7,023)
Foreign exchange translation	(1,749)	(693)	(1,029)		(3,471)
Transfers between categories	-	-	7,334	(7,334)	-
At December 31, 2020	109,895	444,071	769,928	5,326	1,329,220
Accumulated depreciation					
At January 1, 2019	-	160,849	222,639	-	383,488
Depletion and amortization	-	70,265	40,501	-	110,766
Disposals	-	-	(4,917)	-	(4,917)
At December 31, 2019	-	231,114	258,223	-	489,337
Depletion and amortization	-	59,540	43,929	-	103,469
Disposals	-	-	(6,205)	-	(6,205)
At December 31, 2020	-	290,654	295,947	-	586,601
Net book value					
At December 31, 2019	111,644	156,290	490,072	-	758,006
At December 31, 2020	109,895	153,417	473,981	5,326	742,619

Net book value	**Gibraltar Mines (75%)**	**Florence Copper**	**Yellowhead**	**Aley**	**Other**	**Total**
At December 31, 2019	539,747	188,512	16,240	12,766	741	758,006
Net additions	55,355	18,091	2,409	1,095	1,697	78,647
Changes in rehabilitation cost asset (Note 20)	12,906	-	-	-	-	12,906
Depletion and amortization	(103,013)	(53)	-	-	(403)	(103,469)
Foreign exchange translation	-	(3,471)	-	-	-	(3,471)
At December 31, 2020	504,995	203,079	18,649	13,861	2,035	742,619

During 2020, the Company capitalized stripping costs of $30,918 (2019: $25,705) and incurred other capital expenditures for Gibraltar of $23,057 (2019: $20,359). Non-cash additions to property, plant and equipment include $4,569 (2019: $2,847) of depreciation on mining assets related to capitalized stripping. The Company capitalized development costs of $18,059 (2019: $15,956) for the Florence Copper project. Since its acquisition of the Florence Copper project in November 2014, the Company has incurred and capitalized a total of $106 million in project development and other costs, including capitalized interest.

(Cdn$ in thousands)

Since January 1, 2020 development costs for Yellowhead of $2,409 have been capitalized as mineral property, plant and equipment.

Depreciation related to the right of use assets for the year ended December 31, 2020 was $4,270 (2019: $4,217).

16. GOODWILL

Goodwill was recorded on the Company's acquisition of Curis Resources Ltd. ("Curis") in 2014 which at the time indirectly owned 100% of the Florence Copper Project. During the year ended December 31, 2020, the carrying value of the goodwill decreased to $5,250 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.

17. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31,	
	2020	**2019**
Trade payables	32,775	24,171
Accrued liabilities	18,972	19,514
	51,747	43,685

(Cdn$ in thousands)

18. DEBT

	As at December 31,	
	2020	**2019**
Current:		
Lease liabilities (b)	8,094	7,990
Secured equipment loans (c)	7,536	6,626
Lease related obligations (d)	1,987	1,844
	17,617	16,460
Long-term:		
Senior secured notes (a)	313,965	317,728
Lease liabilities (b)	11,829	11,107
Secured equipment loans (c)	12,536	18,746
Lease related obligations (d)	7,457	9,444
	345,787	357,025
Total debt	363,404	373,485

(a) Senior secured notes

In June 2017, the Company completed an offering of US$250,000 aggregate principal amount of senior secured notes (the "2022 Notes"). The Notes mature on June 15, 2022 and bear interest at an annual rate of 8.750%, payable semi-annually on June 15 and December 15.

The 2022 Notes are secured by liens on the shares of Taseko's wholly-owned subsidiary, Gibraltar Mines Ltd., and the subsidiary's rights under the joint venture agreement relating to the Gibraltar mine. The 2022 Notes are guaranteed by each of Taseko's existing and future restricted subsidiaries, other than Yellowhead. The Company is able to incur limited amounts of additional secured and unsecured debt under certain conditions as defined in the 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.

On February 10, 2021, the Company announced that it had closed an offering of US$400 million aggregate principal amount of Senior Secured Notes due 2026 (the "2026 Senior Secured Notes"). Interest on the 2026 Senior Secured Notes will accrue at an annual rate of 7.0% payable semi-annually. Taseko intends to use the majority of the net proceeds from this offering to redeem all the 2022 Notes, including the call premium of 102.188% and accrued interest (Note 27).

(b) Lease liabilities

Lease liabilities include the Company's outstanding lease liabilities under IFRS 16. At December 31, 2020, the net carrying amount of leased assets was $32,449 (2019: $37,254).

The lease liabilities have monthly repayment terms ranging between 8 and 70 months and with interest rates between 4.2% and 6.3%.

(Cdn$ in thousands)

(c) Secured equipment loans

The equipment loans are secured by existing mining equipment at the Gibraltar Mine and commenced between June, 2018 and August, 2019 with monthly repayment terms ranging between 48 and 60 months and with interest rates ranging between 5.2% to 6.4%.

In May 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being $13,875 and in August 2019, Gibraltar entered into an equipment loan with the Company's share of proceeds being $7,977.

(d) 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.

(e) Debt continuity

The following schedule shows the continuity of total debt for the year ended December 31, 2020:

	As at December 31,	
	2020	**2019**
Total debt as at January 1	373,485	355,481
Lease additions on initial application of IFRS 16	-	5,962
Lease additions	8,131	11,295
Equipment loan net proceeds	-	21,852
Lease related obligations on sale leaseback transaction	-	12,161
Lease liabilities and equipment loans repayments	(14,362)	(18,920)
Unrealized foreign exchange gain	(6,541)	(16,654)
Amortization of deferred financing charges	2,691	2,308
Total debt as at December 31	363,404	373,485

19. DEFERRED REVENUE

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

On April 24, 2020, Taseko entered into an amendment to its silver stream with Osisko and received $8,510 in exchange for reducing the delivery price of silver from US$2.75 per ounce to nil. The amendment is accounted for as a contract modification under IFRS 15 *Revenue from Contracts with Customers*. The funds received are available for general working capital purposes.

The silver sale agreement has a minimum term of 50 years and automatically renews for successive 10-year periods as long as Gibraltar mining operations are active. If the initial deposit is not fully reduced through silver deliveries at current market prices at time of the deliveries, a cash payment for the remaining amount will be due to Osisko at the expiry date of the agreement. The Company's obligations under the agreement are secured by a pledge of Taseko's 75% interest in the Gibraltar joint venture.

(Cdn$ in thousands)

In connection with the silver stream transaction, the Company issued share purchase warrants to Osisko, which expired unexercised on April 1, 2020.

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

The following table summarizes changes in the Osisko deferred revenue:

Balance at January 1, 2019	43,274
Finance expense (Note 9)	4,154
Amortization of deferred revenue	(3,437)
Balance at December 31, 2019	43,991
Deferred revenue deposit (amendment to silver stream)	8,510
Finance expense (Note 9)	5,172
Amortization of deferred revenue	(4,915)
Balance at December 31, 2020	52,758

Deferred revenue is reflected in the consolidated balance sheets as follows:

	As at December 31,	
	2020	**2019**
Current	5,604	4,558
Non-current	47,154	39,433
	52,758	43,991

20. PROVISION FOR ENVIRONMENTAL REHABILITATION

	2020	**2019**
Beginning balance at January 1	66,373	97,914
Change in estimates	12,906	(31,644)
Accretion	550	1,577
Settlements	(728)	(1,409)
Foreign exchange differences	(118)	(65)
Ending balance at December 31	78,983	66,373

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 2020 is primarily due to changes in the risk-free discount rates applied in determining the obligation.

(Cdn$ in thousands)

As at December 31, 2020, 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 1.63% (2019 – 1.93%) 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 2.86% was utilized in 2020 (2019 – 3.05%) for discounting closure costs up to 100 years from the estimated date of site closure for Gibraltar based on current reserves. An inflation rate of 1.49% (2019 – 1.42%) was applied in deriving 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.

The Company has provided letters of credit, surety bonds and deposits held in trust to the regulatory authorities for its share of reclamation obligations (Note 13). Security for reclamation obligations is returned once the site is reclaimed to a satisfactory level and there are no ongoing monitoring or maintenance requirements.

21. EQUITY

(a) Share capital

	Common shares (thousands)
Common shares outstanding at January 1, 2019	228,431
Issued to acquire Yellowhead (Note 14)	17,300
Exercise of share options	463
Common shares outstanding at December 31, 2019	246,194
Common shares issued	34,322
Exercise of share options	1,599
Common shares outstanding at December 31, 2020	282,115

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

On November 11, 2020, the Company announced a common share offering for a total of 34,322,138 common shares of the Company at the price of US$0.83 per offered share for net proceeds of $34,299.

(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.

(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.

(Cdn$ in thousands)

22. 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, 2019	10,337	1.64
Granted	4,612	0.75
Exercised	(463)	0.38
Cancelled/forfeited	(178)	1.58
Expired	(3,552)	2.23
Outstanding at January 1, 2020	10,756	1.12
Granted	1,835	0.85
Exercised	(1,599)	0.53
Cancelled/forfeited	(74)	1.31
Expired	(1,949)	1.02
Outstanding at December 31, 2020	8,969	1.19
Exercisable at December 31, 2020	6,365	1.35

During the year ended December 31, 2020, the Company granted 1,835,000 (2019 – 4,611,500) share options to directors, executives and employees, exercisable at an average exercise price of $0.85 per common share (2019 - $0.75 per common share) over a five year period. The total fair value of options granted was $844 (2019 – $1,891) based on a weighted average grant-date fair value of $0.46 (2019 – $0.41) per option.

Range of exercise price	**Options (thousands)**	**Average life (years)**
$0.38 to $0.75	2,670	2.52
$0.76 to $1.00	2,823	3.03
$1.01 to $1.38	1,928	1.47
$1.39 to $2.86	1,548	1.55
	8,969	2.17

(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:

	At December 31, 2020	2019
Expected term (years)	5.0	5.0
Forfeiture rate	0%	0%
Volatility	65%	64%
Dividend yield	0%	0%
Risk-free interest rate	1.1%	1.8%
Weighted-average fair value per option	$0.46	$0.41

(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 $3,525 has been recorded at December 31, 2020 (2019 - $1,483), 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 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, 2019	2,328	1,210
Granted	682	875
Settled	(656)	(410)
Outstanding at January 1, 2020	2,354	1,675
Granted	572	825
Settled	(803)	(400)
Outstanding at December 31, 2020	2,123	2,100

During the year ended December 31, 2020, 572,000 DSUs were issued to directors (2019 - 682,000) and 825,000 PSUs to senior executives (2019 – 875,000). The fair value of DSUs and PSUs granted was $899 (2019 - $1,696), with a weighted average fair value at the grant date of $0.72 per unit for the DSUs (2019 - $0.78 per unit) and $0.59 per unit for the PSUs (2019 – $1.33 per unit).

(Cdn$ in thousands)

(c) *Share-based compensation expenses*

Share based compensation expense is comprised as follows:

	Years ended December 31,	
	2020	**2019**
Share options – amortization	1,013	1,786
Performance share units – amortization	1,231	1,015
Change in fair value of deferred share units	3,066	325
	5,310	3,126

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, 2020 are presented in the following table:

2021	5,911
2022	859
2023	-
2024	-
2025	-
2026 and thereafter	-
Total commitments	6,770

As at December 31, 2020, the Company had outstanding capital commitments of $2,733 (2019: $nil).

(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 $14,683 as at December 31, 2020.

(Cdn$ in thousands)

24. SUPPLEMENTARY CASH FLOW INFORMATION

	For the year ended December 31, 2020	2019
Change in non-cash working capital items		
Accounts receivable	7,409	713
Inventories	(11,292)	(4,634)
Prepaids	(1,584)	(1,326)
Accounts payable and accrued liabilities	2,967	(463)
Interest payable	(7)	(17)
Income tax payable	(820)	(887)
	(3,327)	(6,614)
Non-cash investing and financing activities		
Assets acquired under capital lease	4,267	1,780
ROU assets	3,864	9,355

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.

(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.

(Cdn$ in thousands)

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,	
	2020	**2019**
Copper increase/decrease by US$0.37/lb. (2019: US$0.28/lb.)[1]	9,542	7,992

[1]The analysis is based on the assumption that the year-end copper price increases/decreases 10 percent with all other variables held constant. At December 31, 2020, 20 million (2019: 22 million) pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate at December 31, 2020 of CAD/USD 1.27 (2019: 1.30) 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.

	Years ended December 31,	
	2020	**2019**
Fair value sensitivity for fixed-rate instruments		
Senior secured notes	(1,696)	(1,768)
Lease liabilities	(61)	(149)
Lease related obligations	(83)	(44)
Secured equipment loans	(142)	(134)
	(1,982)	(2,095)
Cash flow sensitivity for variable-rate instruments		
Cash and equivalents	617	386

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.

(Cdn$ in thousands)

	Years ended December 31,	
	2020	**2019**
Cash and equivalents	(6,213)	(2,803)
Accounts receivable	(412)	(824)
Accounts payable and accrued liabilities	563	587
Senior secured notes	23,321	23,790
Equipment loans	414	527
Lease liabilities	40	62

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 2020 that represented 88% of gross copper concentrate revenues (2019: two customers accounted for 87% of gross copper concentrate revenues). The trade receivable balance at December 31, 2020 is comprised of three customers (2019: three customers). There are no impairments recognized on the trade receivables.

(e) Fair values of financial instruments

The fair values of the senior secured notes is $324,029 and the carrying value is $313,965 at December 31, 2020. 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.

(Cdn$ in thousands)

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets designated as FVPL				
Derivative asset copper call options	-	1,514	-	1,514
Derivative asset fuel call options	-	278	-	278
	-	1,792	-	1,792
Financial assets designated as FVOCI				
Marketable securities	1,791	-	-	1,791
Investment in subscription receipts	-	-	1,200	1,200
Reclamation deposits	2,825	-	-	2,825
	4,616	-	1,200	5,816
December 31, 2019				
Financial assets designated as FVOCI				
Marketable securities	730	-	-	730
Investment in subscription receipts	-	-	2,400	2,400
Reclamation deposits	3,083	-	-	3,083
	3,813	-	2,400	6,213

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, 2020.

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, 2020, the Company had settlement receivables of $4,676 (2019 - $9,006).

The subscription receipts, a Level 3 instrument, are valued based on a management estimate. As the subscription receipts are an investment in a private exploration and development company, there are no observable market data inputs. At December 31, 2020 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.

(Cdn$ in thousands)

	As at December 31, 2020	2019
Cash	(85,110)	(53,198)
Current portion of long-term debt	17,617	16,460
Long-term debt	345,787	357,025
Net debt	**278,294**	**320,287**
Shareholders' equity	**317,372**	**301,686**

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, 2020.

26. RELATED PARTIES

(a) Subsidiaries

	Ownership interest as at December 31, 2020	2019
Gibraltar Mines Ltd.	100%	100%
Curis Holdings (Canada) Ltd.	100%	100%
Curis Resources Ltd.	-	100%
Florence Holdings Inc.	100%	-
Florence Copper Inc.	100%	100%
Aley Corporation	100%	100%
Yellowhead Mining Inc.	100%	100%
Taseko Holdings Ltd.	100%	100%
1280860 BC Ltd.	100%	-
672520 BC Ltd.	100%	100%

(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 24-month to 32-months' salary and accrued bonus, and all stock options held by these individuals will fully vest.

(Cdn$ in thousands)

Executive officers and directors also participate in the Company's share option program (Note 22).

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

	Year ended December 31,	
	2020	**2019**
Salaries and benefits	6,527	6,757
Post-employment benefits	1,827	1,639
Share-based compensation expense	4,963	2,710
	13,317	11,106

(c) Related party transactions

Effective from January 1, 2019 Hunter Dickinson Services Inc. ("HDSI"), a related party as three directors of the Company are also principals of HDSI, no longer provides services to the Company, and the Company had no transactions with HDSI, except for a reimbursement of warehouse rental costs. These costs amount to $45 (2019: $39) for the twelve month period ended December 31, 2020.

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 2020 was $1,291 (2019: $1,186). In addition, the Company pays certain expenses on behalf of the Gibraltar joint venture and invoices the joint venture for these expenses. In 2020, net reimbursable compensation expenses and third party costs of $190 (2019: $95) were charged to the joint venture.

27. SUBSEQUENT EVENT

Subsequent to December 31, 2020, the Company completed its offering of US$400 million aggregate principal amount of 7.0% Senior Secured Notes due February 15, 2026. A portion of the proceeds were used to redeem the outstanding US$250 million 8.75% Senior Secured 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) are available for capital expenditures, including at its Florence Copper project and Gibraltar mine, working capital and for general corporate purposes.