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TASEKO REPORTS $32 MILLION OF ADJUSTED EBITDA IN THE THIRD QUARTER 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.

October 26, 2020, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE American: TGB; LSE: TKO) ("Taseko" or the "Company") reports earnings from mining operations before depletion and amortization* of $35.7 million, Adjusted EBITDA* of $31.5 million and Net income of $1.0 million, or $nil per share, in the third quarter of 2020.

Stuart McDonald, President of Taseko, stated, "The price of copper continued its recovery in the third quarter, with the price increasing from an average of US$2.43 in the second quarter to just under $3.00 in the third quarter. This copper price gain contributed to our strong EBITDA and cash flow generation. Taseko's cash position further increased this quarter to $73 million, up $9 million from the end of June. Sales for the quarter were 29 million pounds and we generated a healthy operating margin of nearly 40%."

Mr. McDonald continued, "Through nine months, we have produced 98 million pounds of copper at Gibraltar, in line with our original guidance of 130 million pounds (+/-5%). Third quarter copper production was 29 million pounds. While we anticipated copper grade more in line with the life of mine average in the third quarter, the final benches of the Granite pit did not produce the copper grade we were expecting, and head grade for the period averaged 0.23%. Molybdenum production in the third quarter remained strong at 668 thousand pounds, due to both grade and recoveries."

Russell Hallbauer, CEO and Director, commented, "At our Florence Copper Project, permitting and financing activities are progressing. The public comment period for the Aquifer Protection Permit concluded in October and the state agency is now reviewing and will be responding to submitted comments as required and we expect the final state permit to be issued in the coming weeks. The EPA is advancing their permitting work and we continue to anticipate the Underground Injection Control Permit to be issued in early 2021. On the financing front, discussions are ongoing with multiple parties for various funding opportunities. Financing activities continue to track well with permitting progress."

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

"In March, after the price of copper dramatically declined, Taseko developed a short-term plan to respond to the lower pricing environment. The plan, which significantly reduced our costs since April, was effective and allowed the Company to maintain strong cash flow and continue to advance our Florence Copper Project. With a strengthening copper price this quarter, we began increasing mining rates in September resulting in slightly higher site spending over the second quarter. Going forward, the Pollyanna pit will be the main source of ore through mid-2021 at which point we expect to begin mining ore from the Gibraltar pit. Ore from the Gibraltar pit will require less energy to grind, resulting in substantial productivity and cost benefits.

Maintaining a healthy operating margin will continue to drive our operational decisions. The rebounded copper price has allowed us to revert to normal mining rates while continuing to generate robust cash flow for the Company. We will balance spending and operating margin with long-term mine plan requirements, as we have always done," concluded Mr. Hallbauer.

Third Quarter Review

- Earnings from mining operations before depletion and amortization* was $35.7 million, and Adjusted EBITDA* was $31.5 million;
- Cash flow from operations was $31.0 million and the Company had an ending cash balance at September 30, 2020 of $72.7 million;
- The Gibraltar Mine produced 28.9 million pounds of copper in the third quarter. Copper recoveries were 85.0% and copper head grades were 0.23%;
- In March, management implemented a revised mine plan and budget for Gibraltar which reduced site spending over the last six months. Although total site spending in the current quarter increased from the previous quarter due to higher mining rates, they were still 19% lower than the same quarter in the prior year;
- Gibraltar sold 28.6 million pounds of copper in the quarter (100% basis) which resulted in $86.8 million of revenue for Taseko. Average LME copper prices were US$2.96 per pound in the quarter and revenue also included positive provisional price adjustments of $4.4 million;
- Net income (GAAP) for the third quarter was $1.0 million ($nil per share). Adjusted net loss* was $5.8 million ($0.02 loss per share);
- 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 & refining costs in 2021, reflecting the continued tight physical copper concentrate market conditions and the strategic demand for Gibraltar's high quality concentrates; and
- The Arizona Department of Environmental Quality ("ADEQ") issued the draft Aquifer Protection Permit for the Florence Copper Project on August 6, 2020, which was followed by a public hearing and a public comment period which ended on October 12, 2020.

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

Outlook

- Annual production guidance for 2020 remains unchanged at 130 million pounds (+/-5%); and
- Preparations to begin mining the Gibraltar pit in 2021 commenced in the third quarter. This new mining sequence will reduce capital costs and provide operating efficiencies and improve operating costs.

HIGHLIGHTS

Operating Data (Gibraltar - 100% basis)	**Three months ended September 30,**			**Nine months ended September 30,**		
	2020	**2019**	**Change**	**2020**	**2019**	**Change**
Tons mined (millions)	23.3	24.7	(1.4)	72.3	74.7	(2.4)
Tons milled (millions)	7.5	7.5	-	22.6	22.1	0.5
Production (million pounds Cu)	28.9	33.0	(4.1)	98.1	92.5	5.6
Sales (million pounds Cu)	28.6	33.5	(4.9)	99.0	89.1	9.9

Financial Data	**Three months ended September 30,**			**Nine months ended September 30,**		
(CDN$ in thousands, except for per share amounts)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Revenues	87,780	82,436	5,344	255,869	239,231	16,638
Earnings from mining operations before depletion and amortization*	35,705	12,317	23,388	91,964	46,692	45,272
Adjusted EBITDA*	31,545	7,906	23,639	87,751	32,811	54,940
Cash flows provided by operations	31,021	15,150	15,871	85,771	33,414	52,357
Adjusted net loss*	(5,754)	(20,561)	14,807	(19,066)	(52,451)	33,385
Per share - basic (“adjusted EPS”)*	(0.02)	(0.08)	0.06	(0.08)	(0.22)	0.14
Net income (loss) (GAAP)	987	(24,508)	25,495	(29,218)	(43,451)	14,233
Per share - basic (“EPS”)	-	(0.10)	0.10	(0.12)	(0.18)	0.06

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

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	**Q3 2020**	**Q2 2020**	**Q1 2020**	**Q4 2019**	**Q3 2019**
Tons mined (millions)	23.3	20.5	28.5	25.8	24.7
Tons milled (millions)	7.5	7.7	7.5	7.8	7.5
Strip ratio	1.5	1.9	2.7	2.1	3.0
Site operating cost per ton milled (CDN$)*	$9.57	$7.66	$9.52	$10.46	$10.83
Copper concentrate					
Head grade (%)	0.228	0.281	0.259	0.253	0.249
Copper recovery (%)	85.0	85.2	83.4	84.5	87.7
Production (million pounds Cu)	28.9	36.8	32.4	33.4	33.0
Sales (million pounds Cu)	28.6	39.3	31.1	33.3	33.5
Inventory (million pounds Cu)	3.6	3.8	6.4	5.0	5.0
Molybdenum concentrate					
Production (thousand pounds Mo)	668	639	412	728	620
Sales (thousand pounds Mo)	693	656	403	791	518
Per unit data (USD per pound produced)*					
Site operating costs*	$1.85	$1.15	$1.64	$1.85	$1.88
By-product credits*	(0.14)	(0.11)	(0.11)	(0.16)	(0.16)
Site operating costs, net of by-product credits*	$1.71	$1.04	$1.53	$1.69	$1.72
Off-property costs	0.29	0.30	0.29	0.32	0.33
Total operating costs (C1)*	$2.00	$1.34	$1.82	$2.01	$2.05

OPERATIONS ANALYSIS

Third Quarter 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 light of the overall economic volatility experienced earlier this year due to COVID-19, management implemented a revised mining plan in March that reduced costs over the last six months while still maintaining long-term mine plan requirements.

Copper production in the third quarter was 28.9 million pounds. Copper grades in the final benches of the Granite pit were lower than expected. Mining in the Granite pit was completed in early October.

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

OPERATIONS ANALYSIS – CONTINUED

Total site spending (including capitalized stripping) increased by 10% over the previous quarter as the mining rate increased in accordance with the revised operating plan, but remained 19% lower than the third quarter of 2019. Gibraltar has benefited from continued lower input costs, including diesel fuel which remained 25% lower than 2019 average prices in the quarter. Shorter haul distances in the Pollyanna pit also contributed to lower spending. The strip ratio for the third quarter was 1.5 to 1 and was lower due to less waste rock remaining in the Granite pit.

Molybdenum production was 668 thousand pounds in the third quarter, an increase from the prior quarter due to higher molybdenum grade, which also increased recovery. Molybdenum prices were lower in the third quarter and averaged US$7.71 per pound compared to US$8.37 per pound in the prior quarter and US$11.83 per pound in Q3 2019. By-product credits per pound of copper produced* was US$0.14 in the third quarter, an increase of US$0.03 over the prior quarter.

Off-property costs per pound produced* were US$0.29 for the third quarter of 2020 and consist of concentrate treatment, refining and transportation costs. These costs are in line with recent quarters relative to pounds of copper sold.

Total operating costs per pound produced (C1)* increased to US$2.00 from US$1.34 in the prior quarter, which was primarily due to lower copper production, a stronger Canadian dollar exchange rate, and a lower allocation of costs to capitalized stripping in the current quarter.

GIBRALTAR OUTLOOK

Annual production guidance for 2020 remains at 130 million pounds +/-5%.

With the Granite pit now complete, mining has transitioned to the Pollyanna pit which will be the main ore source in 2021. With a strengthening copper price, mining rates have been increased to normal levels. Gibraltar pit mining will commence in the first part of 2021 with ore release occurring in the second half of the year. Ore from the Gibraltar pit is expected to require less energy to grind which will provide substantial productivity and cost improvements when processed.

Copper prices have recovered swiftly 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 growth following the pandemic and the need for metals such as copper should result in increased near term demand. The medium to long-term fundamentals for copper remain strong and most industry analysts are projecting ongoing supply constraints and deficits in the years ahead after the economic recovery, which should bring higher copper prices. Molybdenum prices have also started to recover since August, as demand has improved in key steel-making regions.

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

REVIEW OF PROJECTS

Taseko's strategy has been to grow the Company from the operating cash flow and credit quality of the Gibraltar Mine to assemble and develop a pipeline of complimentary projects. We continue to believe this will generate long-term returns for shareholders. Our development projects are focused primarily on copper and are located in stable mining jurisdictions in British Columbia and Arizona. Our current focus is on the near-term development of the Florence Copper Project.

Florence Copper Project

Management is pleased with the results of its Production Test Facility ("PTF") which has provided valuable data to validate the Company's modelled assumptions and operating parameters. This data is being used to refine operating plans for the commercial operation. Detailed engineering for the commercial facility is ongoing with the objective that it will be substantially completed ahead of the receipt of final permits and a final construction decision.

Steady state operation of the PTF was achieved in 2019 and the focus turned to testing different wellfield operating strategies, including adjusting pumping rates, solution strength, flow direction, and the use of packers in recovery and injection wells to isolate different zones of the ore body. The operating team has used physical and operating control mechanisms to adjust solution chemistry and flow rates and has successfully achieved targeted copper concentration in solution. Pregnant leach solution ("PLS") grade in the centre recovery well (most representative of the performance of the commercial wellfield) achieved targeted levels and the SX/EW plant was producing at an annualized rate of one million pounds of copper cathode per year prior to switching to the rinsing phase of testing in late June 2020. Data collected during this final rinsing phase will further inform commercial operations.

Two permits are required to commence construction of the commercial scale wellfield at Florence Copper, which is expected to produce 85 million pounds of copper cathode annually for 20 years. These are the Aquifer Protection Permit ("APP") from the Arizona Department of Environmental Quality ("ADEQ") and the Underground Injection Control ("UIC") Permit from the U.S. Environmental Protection Agency ("EPA").

On August 6, 2020, the draft APP was issued by the ADEQ and a public comment period was initiated. As part of the public comment period, a public hearing was held by the ADEQ on September 9. During this hearing, the Florence Copper Project received overwhelming support from local community members, local business owners, elected state officials and city councillors, a state senator and representatives from the technical services sector. The public comment period ended on October 12 and the ADEQ is reviewing comments received before issuing the final permit.

The EPA is also nearing completion of its technical review for the UIC permit and no significant issues have been identified. While progress is being made, the COVID-19 situation in Arizona has had an impact on the EPA process and this has extended the timeline by a few months, but management still expects the project will be fully permitted in early 2021.

REVIEW OF PROJECTS – CONTINUED

The Company continued to advance discussions with interested parties regarding the potential sale of a minority interest in the Florence Copper Project, and the proceeds of any such sale could fund a significant portion of the capital required to develop the commercial operation. Discussions with potential lenders and other finance providers are ongoing. The Company targets having a committed financing package in place prior to receipt of the permits.

Total net expenditures at the Florence Copper Project during the first nine months of 2020 were $13.3 million including operation of the PTF and other project development costs.

Yellowhead Copper Project

In January 2020, the Company announced the results of its technical studies on Yellowhead Mining Inc. ("Yellowhead") which resulted in a 22% increase in recoverable copper reserves and significantly improved project economics. The Company filed a new NI 43-101 technical report dated January 16, 2020 (the "Technical Report") on SEDAR. Yellowhead holds a 100% interest in a copper-gold-silver development project located in south-central British Columbia.

The Technical Report outlines a new development plan for the project, which includes an 817 million tonne reserve and a 25-year mine life with a pre-tax NPV of $1.3 billion at an 8% discount rate using a US$3.10 per pound copper price. This represents a $500 million increase over the 2014 Feasibility Study completed by the previous owner. 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 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 the significant copper offtake rights.

In May 2020, the Company announced it has entered into an agreement with an Indigenous Nation regarding Taseko's intentions to commence the regulatory approval process of the Yellowhead Copper Project. The agreement represents Taseko's commitment to recognize and respect the Nation's inherent right to govern its lands, and the importance of assessing the Yellowhead Copper Project in accordance with its values, laws, and community aspirations to make an informed decision on the project.

REVIEW OF PROJECTS – CONTINUED

New Prosperity Gold-Copper Project

On December 5, 2019, the Company announced that the Tŝilhqot'in Nation as represented by Tŝilhqot'in National Government and Taseko have entered into a 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 opposition of the Tŝilhqot'in Nation to the Project. While the details of this process are confidential, in order to facilitate a dialogue, the parties have agreed to a standstill on certain outstanding litigation and regulatory matters which relate to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake).

Aley Niobium Project

Environmental monitoring and product marketing initiatives on the Aley Niobium project continue. The pilot plant program commenced in the second quarter of 2019 has successfully completed the niobium flotation process portion of the test, raising confidence in the design and providing feed to begin the converter portion of the process. Completion of the converter portion of the pilot plant, 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.

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.

The Company will host a telephone conference call and live webcast on Tuesday, October 27, 2020 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. After opening remarks by management there will be a question and answer session open to analysts and investors.

The conference call may be accessed by dialing (888) 390-0546 in Canada and the United States, or (416) 764-8688 internationally.

The conference call will be archived for later playback until November 13, 2020 and can be accessed by dialing (888) 390-0541 in Canada and the United States, or (416) 764-8677 internationally and using the passcode 277617 #.

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 September 30,**		**Nine months ended September 30,**	
	2020	**2019**	**2020**	**2019**
Cost of sales	75,969	98,173	240,459	270,915
Less:				
Depletion and amortization	(23,894)	(28,054)	(76,554)	(78,376)
Net change in inventories of finished goods	1,415	(1,272)	(3,026)	6,763
Net change in inventories of ore stockpiles	4,186	(2,690)	4,729	(3,103)
Transportation costs	(4,127)	(4,889)	(14,480)	(12,807)
Site operating costs	53,549	61,268	151,128	183,392
Less by-product credits:				
Molybdenum, net of treatment costs	(4,109)	(4,957)	(11,592)	(20,020)
Silver, excluding amortization of deferred revenue	(54)	(308)	(436)	(588)
Site operating costs, net of by-product credits	49,386	56,003	139,100	162,784
Total copper produced (thousand pounds)	21,658	24,720	73,552	69,381
Total costs per pound produced	2.28	2.27	1.89	2.35
Average exchange rate for the period (CAD/USD)	1.33	1.32	1.35	1.33
Site operating costs, net of by-product credits (US$ per pound)	**1.71**	**1.72**	**1.40**	**1.77**
Site operating costs, net of by-product credits	49,386	56,003	139,100	162,784
Add off-property costs:				
Treatment and refining costs	4,254	5,792	18,070	15,898
Transportation costs	4,127	4,889	14,480	12,807
Total operating costs	57,767	66,684	171,650	191,489
Total operating costs (C1) (US$ per pound)	**2.00**	**2.05**	**1.72**	**2.08**

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 September 30,		**Nine months ended September 30,**	
($ in thousands, except per share amounts)	**2020**	**2019**	**2020**	**2019**
Net income (loss)	**987**	**(24,508)**	**(29,218)**	**(43,451)**
Unrealized foreign exchange (gain) loss	(7,512)	3,569	9,250	(9,378)
Unrealized loss on copper put and fuel call options	1,056	518	1,236	518
Estimated tax effect of adjustments	(285)	(140)	(334)	(140)
Adjusted net loss	**(5,754)**	**(20,561)**	**(19,066)**	**(52,451)**
Adjusted EPS	**(0.02)**	**(0.08)**	**(0.08)**	**(0.22)**

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

($ in thousands)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Net income (loss)	**987**	**(24,508)**	**(29,218)**	**(43,451)**
Add:				
Depletion and amortization	23,894	28,054	76,554	78,376
Finance expense	11,203	10,425	32,435	30,215
Finance income	(4)	(482)	(202)	(1,089)
Income tax recovery	(580)	(9,853)	(6,372)	(24,794)
Unrealized foreign exchange (gain) loss	(7,512)	3,569	9,250	(9,378)
Unrealized loss on copper put and fuel call options	1,056	518	1,236	518
Amortization of share-based compensation expense	2,501	183	4,068	2,414
Adjusted EBITDA	**31,545**	**7,906**	**87,751**	**32,811**

Earnings from mining operations before depletion and amortization

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

(Cdn$ in thousands)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Earnings (loss) from mining operations	**11,811**	**(15,737)**	**15,410**	**(31,684)**
Add:				
Depletion and amortization	23,894	28,054	76,554	78,376
Earnings from mining operations before depletion and amortization	**35,705**	**12,317**	**91,964**	**46,692**

Site operating costs per ton milled

(Cdn$ in thousands, except per ton milled amounts)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Site operating costs (included in cost of sales)	**53,549**	**61,268**	**151,128**	**183,392**
Tons milled (thousands) (75% basis)	5,595	5,660	16,965	16,550
Site operating costs per ton milled	**$9.57**	**$10.83**	**$8.91**	**$11.08**

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.

This management discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto, prepared in accordance with IAS 34 of International Financial Reporting Standards ("IFRS") for the three and nine months ended September 30, 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, including our annual audited consolidated financial statements and annual MD&A for the year ended December 31, 2019, 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 October 26, 2020. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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OVERVIEW

Taseko Mines Limited ("Taseko" or "Company") is a mining company that seeks to create long-term shareholder value by acquiring, developing, and operating large tonnage mineral deposits which, under conservative forward metal price assumptions, are capable of supporting a mine for ten years or longer. The Company's sole operating asset is the 75% owned Gibraltar Mine, which is located in central British Columbia and is one of the largest copper mines in North America. Taseko also owns the Florence Copper Project, which is advancing towards production, as well as the Yellowhead copper, New Prosperity gold-copper, Aley niobium and Harmony gold projects.

HIGHLIGHTS

Operating Data (Gibraltar - 100% basis)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Tons mined (millions)	23.3	24.7	(1.4)	72.3	74.7	(2.4)
Tons milled (millions)	7.5	7.5	-	22.6	22.1	0.5
Production (million pounds Cu)	28.9	33.0	(4.1)	98.1	92.5	5.6
Sales (million pounds Cu)	28.6	33.5	(4.9)	99.0	89.1	9.9

Financial Data (CDN$ in thousands, except for per share amounts)	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	Change	2020	2019	Change
Revenues	87,780	82,436	5,344	255,869	239,231	16,638
Earnings from mining operations before depletion and amortization*	35,705	12,317	23,388	91,964	46,692	45,272
Adjusted EBITDA*	31,545	7,906	23,639	87,751	32,811	54,940
Cash flows provided by operations	31,021	15,150	15,871	85,771	33,414	52,357
Adjusted net loss*	(5,754)	(20,561)	14,807	(19,066)	(52,451)	33,385
Per share - basic ("adjusted EPS")*	(0.02)	(0.08)	0.06	(0.08)	(0.22)	0.14
Net income (loss) (GAAP)	987	(24,508)	25,495	(29,218)	(43,451)	14,233
Per share - basic ("EPS")	-	(0.10)	0.10	(0.12)	(0.18)	0.06

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

HIGHLIGHTS - CONTINUED

Third Quarter Review

- Earnings from mining operations before depletion and amortization* was $35.7 million, and Adjusted EBITDA* was $31.5 million;
- Cash flow from operations was $31.0 million and the Company had an ending cash balance at September 30, 2020 of $72.7 million;
- The Gibraltar Mine produced 28.9 million pounds of copper in the third quarter. Copper recoveries were 85.0% and copper head grades were 0.23%;
- In March, management implemented a revised mine plan and budget for Gibraltar which reduced site spending over the last six months. Although total site spending in the current quarter increased from the previous quarter due to higher mining rates, they were still 19% lower than the same quarter in the prior year;
- Gibraltar sold 28.6 million pounds of copper in the quarter (100% basis) which resulted in $86.8 million of revenue for Taseko. Average LME copper prices were US$2.96 per pound in the quarter and revenue also included positive provisional price adjustments of $4.4 million;
- Net income (GAAP) for the third quarter was $1.0 million ($nil per share). Adjusted net loss* was $5.8 million ($0.02 loss per share);
- 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 & refining costs in 2021, reflecting the continued tight physical copper concentrate market conditions and the strategic demand for Gibraltar's high quality concentrates; and
- The Arizona Department of Environmental Quality ("ADEQ") issued the draft Aquifer Protection Permit for the Florence Copper Project on August 6, 2020, which was followed by a public hearing and a public comment period which ended on October 12, 2020.

Outlook

- Annual production guidance for 2020 remains unchanged at 130 million pounds (+/-5%); and
- Preparations to begin mining the Gibraltar pit in 2021 commenced in the third quarter. This new mining sequence will reduce capital costs and provide operating efficiencies and improve operating costs.

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

REVIEW OF OPERATIONS

Gibraltar Mine (75% Owned)

Operating data (100% basis)	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Tons mined (millions)	23.3	20.5	28.5	25.8	24.7
Tons milled (millions)	7.5	7.7	7.5	7.8	7.5
Strip ratio	1.5	1.9	2.7	2.1	3.0
Site operating cost per ton milled (CDN$)*	$9.57	$7.66	$9.52	$10.46	$10.83
Copper concentrate					
Head grade (%)	0.228	0.281	0.259	0.253	0.249
Copper recovery (%)	85.0	85.2	83.4	84.5	87.7
Production (million pounds Cu)	28.9	36.8	32.4	33.4	33.0
Sales (million pounds Cu)	28.6	39.3	31.1	33.3	33.5
Inventory (million pounds Cu)	3.6	3.8	6.4	5.0	5.0
Molybdenum concentrate					
Production (thousand pounds Mo)	668	639	412	728	620
Sales (thousand pounds Mo)	693	656	403	791	518
Per unit data (USD per pound produced)*					
Site operating costs*	$1.85	$1.15	$1.64	$1.85	$1.88
By-product credits*	(0.14)	(0.11)	(0.11)	(0.16)	(0.16)
Site operating costs, net of by-product credits*	$1.71	$1.04	$1.53	$1.69	$1.72
Off-property costs	0.29	0.30	0.29	0.32	0.33
Total operating costs (C1)*	$2.00	$1.34	$1.82	$2.01	$2.05

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

OPERATIONS ANALYSIS

Third Quarter 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 light of the overall economic volatility experienced earlier this year due to COVID-19, management implemented a revised mining plan in March that reduced costs over the last six months while still maintaining long-term mine plan requirements.

Copper production in the third quarter was 28.9 million pounds. Copper grades in the final benches of the Granite pit were lower than expected. Mining in the Granite pit was completed in early October.

Total site spending (including capitalized stripping) increased by 10% over the previous quarter as the mining rate increased in accordance with the revised operating plan, but remained 19% lower than the third quarter of 2019. Gibraltar has benefited from continued lower input costs, including diesel fuel which remained 25% lower than 2019 average prices in the quarter. Shorter haul distances in the Pollyanna pit also contributed to lower spending. The strip ratio for the third quarter was 1.5 to 1 and was lower due to less waste rock remaining in the Granite pit.

Molybdenum production was 668 thousand pounds in the third quarter, an increase from the prior quarter due to higher molybdenum grade, which also increased recovery. Molybdenum prices were lower in the third quarter and averaged US$7.71 per pound compared to US$8.37 per pound in the prior quarter and US$11.83 per pound in Q3 2019. By-product credits per pound of copper produced* was US$0.14 in the third quarter, an increase of US$0.03 over the prior quarter.

Off-property costs per pound produced* were US$0.29 for the third quarter of 2020 and consist of concentrate treatment, refining and transportation costs. These costs are in line with recent quarters relative to pounds of copper sold.

Total operating costs per pound produced (C1)* increased to US$2.00 from US$1.34 in the prior quarter, which was primarily due to lower copper production, a stronger Canadian dollar exchange rate, and a lower allocation of costs to capitalized stripping in the current quarter.

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

GIBRALTAR OUTLOOK

Annual production guidance for 2020 remains at 130 million pounds +/-5%.

With the Granite pit now complete, mining has transitioned to the Pollyanna pit which will be the main ore source in 2021. With a strengthening copper price, mining rates have been increased to normal levels. Gibraltar pit mining will commence in the first part of 2021 with ore release occurring in the second half of the year. Ore from the Gibraltar pit is expected to require less energy to grind which will provide substantial productivity and cost improvements when processed.

Copper prices have recovered swiftly 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 growth following the pandemic and the need for metals such as copper should result in increased near term demand. The medium to long-term fundamentals for copper remain strong and most industry analysts are projecting ongoing supply constraints and deficits in the years ahead after the economic recovery, which should bring higher copper prices. Molybdenum prices have also started to recover since August, as demand has improved in key steel-making regions.

REVIEW OF PROJECTS

Taseko's strategy has been to grow the Company from the operating cash flow and credit quality of the Gibraltar Mine to assemble and develop a pipeline of complimentary projects. We continue to believe this will generate long-term returns for shareholders. Our development projects are focused primarily on copper and are located in stable mining jurisdictions in British Columbia and Arizona. Our current focus is on the near-term development of the Florence Copper Project.

Florence Copper Project

Management is pleased with the results of its Production Test Facility ("PTF") which has provided valuable data to validate the Company's modelled assumptions and operating parameters. This data is being used to refine operating plans for the commercial operation. Detailed engineering for the commercial facility is ongoing with the objective that it will be substantially completed ahead of the receipt of final permits and a final construction decision.

Steady state operation of the PTF was achieved in 2019 and the focus turned to testing different wellfield operating strategies, including adjusting pumping rates, solution strength, flow direction, and the use of packers in recovery and injection wells to isolate different zones of the ore body. The operating team has used physical and operating control mechanisms to adjust solution chemistry and flow rates and has successfully achieved targeted copper concentration in solution. Pregnant leach solution ("PLS") grade in the centre recovery well (most representative of the performance of the commercial wellfield) achieved targeted levels and the SX/EW plant was producing at an annualized rate of one million pounds of copper cathode per year prior to switching to the rinsing phase of testing in late June 2020. Data collected during this final rinsing phase will further inform commercial operations.

Two permits are required to commence construction of the commercial scale wellfield at Florence Copper, which is expected to produce 85 million pounds of copper cathode annually for 20 years. These are the Aquifer Protection Permit ("APP") from the Arizona Department of Environmental Quality ("ADEQ") and the Underground Injection Control ("UIC") Permit from the U.S. Environmental Protection Agency ("EPA").

On August 6, 2020, the draft APP was issued by the ADEQ and a public comment period was initiated. As part of the public comment period, a public hearing was held by the ADEQ on September 9. During this hearing, the Florence Copper Project received overwhelming support from local community members, local business owners, elected state officials and city councillors, a state senator and representatives from the technical services sector. The public comment period ended on October 12 and the ADEQ is reviewing comments received before issuing the final permit.

The EPA is also nearing completion of its technical review for the UIC permit and no significant issues have been identified. While progress is being made, the COVID-19 situation in Arizona has had an impact on the EPA process and this has extended the timeline by a few months, but management still expects the project will be fully permitted in early 2021.

The Company continued to advance discussions with interested parties regarding the potential sale of a minority interest in the Florence Copper Project, and the proceeds of any such sale could fund a significant portion of the capital required to develop the commercial operation. Discussions with potential lenders and other finance providers are ongoing. The Company targets having a committed financing package in place prior to receipt of the permits.

Total net expenditures at the Florence Copper Project during the first nine months of 2020 were $13.3 million including operation of the PTF and other project development costs.

Yellowhead Copper Project

In January 2020, the Company announced the results of its technical studies on Yellowhead Mining Inc. ("Yellowhead") which resulted in a 22% increase in recoverable copper reserves and significantly improved project economics. The Company filed a new NI 43-101 technical report dated January 16, 2020 (the "Technical Report") on SEDAR. Yellowhead holds a 100% interest in a copper-gold-silver development project located in south-central British Columbia.

The Technical Report outlines a new development plan for the project, which includes an 817 million tonne reserve and a 25-year mine life with a pre-tax NPV of $1.3 billion at an 8% discount rate using a US$3.10 per pound copper price. This represents a $500 million increase over the 2014 Feasibility Study completed by the previous owner. 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 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 the significant copper offtake rights.

In May 2020, the Company announced it has entered into an agreement with an Indigenous Nation regarding Taseko's intentions to commence the regulatory approval process of the Yellowhead Copper Project. The agreement represents Taseko's commitment to recognize and respect the Nation's inherent right to govern its lands, and the importance of assessing the Yellowhead Copper Project in accordance with its values, laws, and community aspirations to make an informed decision on the project.

New Prosperity Gold-Copper Project

On December 5, 2019, the Company announced that the Tŝilhqot'in Nation as represented by Tŝilhqot'in National Government and Taseko have entered into a 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 opposition of the Tŝilhqot'in Nation to the Project. While the details of this process are confidential, in order to facilitate a dialogue, the parties have agreed to a standstill on certain outstanding litigation and regulatory matters which relate to Taseko's tenures and the area in the vicinity of Teztan Biny (Fish Lake).

Aley Niobium Project

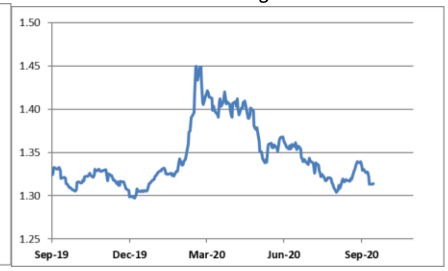
Environmental monitoring and product marketing initiatives on the Aley Niobium project continue. The pilot plant program commenced in the second quarter of 2019 has successfully completed the niobium flotation process portion of the test, raising confidence in the design and providing feed to begin the converter portion of the process. Completion of the converter portion of the pilot plant 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: Bank of Canada, Platts Metals, and London Metals Exchange)

While global demand for copper, which is closely tied to overall global GDP growth, has been negatively impacted by the COVID-19 pandemic, there has been a notable buffering impact from decreased supply. Many producing mines, particularly in Peru and Chile, have been temporarily shut down or curtailed and upcoming development projects have been delayed due to increasing cases of COVID-19 in these countries and at these operations. Current copper prices are approximately 44% higher than the recent low in March, as Chinese demand recovers amidst this supply constraint. Furthermore, expansion of overseas copper smelting capacity in the last decade has underpinned the physical demand of copper concentrate. Despite this short-term volatility and the complex and dynamic economic environment caused by COVID-19, management continues to believe that the copper market is robust and will benefit from tight mine supply going forward coupled with the overall growth in demand for copper.

Molybdenum prices have decreased over the first nine months of 2020 due 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$7.71 per pound in the third quarter of 2020, which was lower than the US$8.37 per pound average price in the second quarter of 2020. The Company's sales agreements specify molybdenum pricing based on the published Platts Metals reports.

Approximately 80% of 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 reported in US dollars. The Canadian dollar strengthened by approximately 3% by the end of the third quarter of 2020 compared to June 30, 2020, however the Canadian dollar weakened by 4% over the first nine months of 2020.

During the year, 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.

FINANCIAL PERFORMANCE

Earnings

	Three months ended September 30,			Nine months ended September 30,		
(CDN$ in thousands)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Net income (loss)	987	(24,508)	25,495	(29,218)	(43,451)	14,233
Unrealized foreign exchange (gain) loss	(7,512)	3,569	(11,081)	9,250	(9,378)	18,628
Unrealized loss on copper put and fuel call options	1,056	518	538	1,236	518	718
Estimated tax effect of adjustments	(285)	(140)	(145)	(334)	(140)	(194)
Adjusted net loss *	(5,754)	(20,561)	14,807	(19,066)	(52,451)	33,385

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

The Company's net income was $1.0 million ($nil per share) for the three months ended September 30, 2020, compared to a net loss of $24.5 million ($0.10 per share) for the same period in 2019. The increased income in the current period was primarily due to increased revenue due to the higher copper prices in the third quarter, lower operating costs due to changes in the mine plan implemented in March, lower depreciation due to a decrease in ore tons from the Granite pit, and an unrealized gain on US dollar denominated debt in 2020 due to recovery in the Canadian dollar over the quarter.

Earnings from mining operations before depletion and amortization* was $35.7 million for the three months ended September 30, 2020, compared to $12.3 million for the same period in 2019. During the third quarter of 2020, earnings was positively impacted by the higher average copper price coupled with provisional price adjustments of $4.4 million. Further contributing to the increase in earnings were lower mining costs due to the lower strip ratio and mining rate, greater mining costs being capitalized due to waste stripping being undertaken in Pollyanna, and fuel and other input cost savings.

The Company's net loss was $29.2 million ($0.12 per share) for the nine months ended September 30, 2020, compared to a net loss of $43.5 million ($0.18 per share) for the same period in 2019. The decreased loss in the current nine month period was primarily due to recovery in earnings from mining operations over the last two quarters after revisions in the mine plan were made in response to COVID-19 and a gain on copper put options, partially offset by unrealized foreign exchange losses on the Company's US dollar denominated debt in 2020.

Earnings from mining operations before depletion and amortization* was $92.0 million for the nine months ended September 30, 2020, compared to $46.7 million for the same period in 2019. The increase in earnings from mining operations before depletion and amortization in 2020 resulted from increased sales revenues due to higher copper production in 2020, lower mining rates due revisions made to the mine plan and the lower strip ratio from mining the last phases of the Granite pit, greater mining costs being capitalized due to waste stripping undertaken in Pollyanna pit, and fuel and other input cost savings.

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 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 senior secured notes of US$250 million due in 2022. No adjustments are made to adjusted net income for positive or negative provisional price adjustments in the quarter as these adjustments normalize or reverse throughout the year.

Revenues

(Cdn$ in thousands)	Three months ended September 30, 2020	2019	Change	Nine months ended September 30, 2020	2019	Change
Copper contained in concentrate	82,347	84,424	(2,077)	254,061	235,737	18,324
Molybdenum concentrate	5,223	5,959	(736)	14,680	23,407	(8,727)
Silver	599	1,063	(464)	2,563	3,156	(593)
Price adjustments on settlement receivables	5,106	(2,265)	7,371	2,635	(3,670)	6,305
Total gross revenue	93,275	89,181	4,094	273,939	258,630	15,309
Less: treatment and refining costs	(5,495)	(6,745)	1,250	(18,070)	(19,399)	1,329
Revenue	87,780	82,436	5,344	255,869	239,231	16,638
(thousands of pounds, unless otherwise noted)						
Sales of copper in concentrate*	20,693	24,212	(3,519)	71,606	64,382	7,224
Average realized copper price (USD per pound)	3.15	2.56	0.59	2.63	2.70	(0.07)
Average LME copper price (USD per pound)	2.96	2.63	0.33	2.65	2.74	(0.09)
Average exchange rate (USD/CAD)	1.33	1.32	0.01	1.35	1.33	0.02

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

Copper revenues for the three months ended September 30, 2020 decreased by $2.1 million, compared to the same period in 2019, primarily due to decreases in the volume of payable copper sold, partially offset by the higher prevailing LME copper prices by US$0.33 per pound in the current quarter. The Company also recognized positive price adjustments of $4.4 million, for provisionally priced copper concentrate due to increasing copper price trends following shipments, of which $0.6 million was unrealized and related to Q3 shipments to be priced following the quarter end. These revenue adjustments, as well as shipment timing within the quarter, resulted in a further US$0.19 per pound increase to the average realized copper price for the quarter.

Copper revenues for the nine months ended September 30, 2020 increased by $18.3 million, compared to the same period in 2019, primarily due to increases in the volume of payable copper sold by 7.2 million pounds (75% basis), partially offset by the lower prevailing LME copper prices by US$0.09 per pound year to date. During the nine months ended September 30, 2020, the Company also recognized positive net price adjustments of $1.0 million for provisionally priced copper concentrate.

The decrease in molybdenum revenue for the three month period of $0.7 million compared to the prior year quarter was due to lower average molybdenum prices which averaged US$7.71 per pound compared to US$11.83 per pound for the same prior period, This was partially offset by higher molybdenum sales volume by 131 thousand pounds (75% basis) in the current quarter. The decrease in molybdenum revenue for the nine month period of $8.7 million was due to lower molybdenum sales volumes by 184 thousand pounds (75% basis) and lower average molybdenum prices of US$8.57 per pound, compared to US$11.93 per pound for the same prior period.

During the three and nine months ended September 30, 2020, positive price adjustments of $0.7 million and $1.6 million, respectively, were recorded for provisionally priced molybdenum concentrate.

Cost of sales

(CDN$ in thousands)	Three months ended September 30, 2020	2019	Change	Nine months ended September 30, 2020	2019	Change
Site operating costs	53,549	61,268	(7,719)	151,128	183,392	(32,264)
Transportation costs	4,127	4,889	(762)	14,480	12,807	1,673
Changes in inventories of finished goods	(1,415)	1,272	(2,687)	3,026	(6,763)	9,789
Changes in inventories of ore stockpiles	(4,186)	2,690	(6,876)	(4,729)	3,103	(7,832)
Production costs	52,075	70,119	(18,044)	163,905	192,539	(28,634)
Depletion and amortization	23,894	28,054	(4,160)	76,554	78,376	(1,822)
Cost of sales	75,969	98,173	(22,204)	240,459	270,915	(30,456)
Site operating costs per ton milled*	$9.57	$10.83	$(1.26)	$8.91	$11.08	$(2.17)

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

Site operating costs for the three and nine months ended September 30, 2020 decreased by $7.7 million and $32.3 million, respectively, compared to the same prior periods primarily due to lower mining rates resulting from the lower strip ratio and greater mining costs being capitalized in 2020 compared to 2019. For the three and nine months ended September 30, 2020, capitalized waste stripping costs undertaken to open up the Pollyanna pit were $3.8 million and $25.1 million, respectively, compared to $8.6 million and $18.6 million for the same periods in 2019. Fuel and other input cost savings also reduced site costs in the three months ended September 30, 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 the third quarter of 2020 decreased by 0.2 million pounds compared to the end of the second quarter, and has decreased by 1.4 million pounds since December 31, 2019. There was also an increase in the ore stockpiles from the second quarter of 1.8 million tons and 1.5 million tons since December 31, 2019. Despite the decrease in copper pounds, the carrying value of finished goods inventory increased for the third quarter given the increase in costs per pound.

Depletion and amortization for the three and nine months ended September 30, 2020 decreased by $4.2 million and $1.8 million, respectively, over the same periods in 2019 due to decreased ore tons being mined from the Granite pit in the current periods and the greater allocation of depreciation to the higher ore stockpile inventory levels, partially offset by the impact of increased ore tons mined from the Pollyanna pit.

Other operating (income) expenses

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
General and administrative	2,894	2,311	583	9,692	10,284	(592)
Share-based compensation expense	2,378	155	2,223	3,859	2,268	1,591
Project evaluation expenditures	978	1,711	(733)	1,288	2,746	(1,458)
Realized (gain) loss on derivative instruments	222	781	(559)	(4,926)	1,632	(6,558)
Unrealized loss on derivative instruments	1,056	518	538	1,236	518	718
Other income, net	(336)	(473)	137	(1,143)	(1,381)	238
	7,192	5,003	2,189	10,006	16,067	(6,061)

General and administrative costs for the three and nine months ended September 30, 2020 changed from the prior year periods due primarily to timing of certain consulting services.

Share-based compensation expense increased for the three and nine months ended September 30, 2020, 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 14 of the September 30, 2020 unaudited condensed consolidated interim financial statements.

During the three and nine months ended September 30, 2020, the Company realized a loss of $0.2 million and a gain of $4.9 million, respectively, primarily from copper put options that settled during the periods, compared to a realized loss of $0.8 million and $1.6 million in the same prior periods. The unrealized loss of $1.1 million and $1.2 million, in the three and nine months ended September 30, 2020 relates to the fair value adjustments on the copper put and fuel call options.

Finance expenses and income

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2020**	**2019**	**Change**	**2020**	**2019**	**Change**
Interest expense	9,422	8,867	555	28,141	25,679	2,462
Finance expense – deferred revenue	1,643	1,039	604	3,881	3,116	765
Accretion of PER	138	519	(381)	413	1,420	(1,007)
Finance income	(4)	(482)	478	(202)	(1,089)	887
	11,199	9,943	1,256	32,233	29,126	3,107

Interest expense for the three months ended September 30, 2020 was consistent with the prior quarter. Interest expense increased 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 adjustments represents the implicit financing component of the upfront deposit from the silver sales streaming arrangement with Osisko Gold Royalties Ltd. ("Osisko").

Income tax

(Cdn$ in thousands)	Three months ended September 30, 2020	2019	Change	Nine months ended September 30, 2020	2019	Change
Current income tax expense	635	44	591	1,279	452	827
Deferred income tax recovery	(1,215)	(9,897)	8,682	(7,651)	(25,246)	17,595
Income tax recovery	(580)	(9,853)	9,273	(6,372)	(24,794)	18,422
Effective tax rate	(142.5)%	28.6%	(171.1)%	17.9%	36.3%	(18.4%)
Canadian statutory rate	27%	27%	-	27%	27%	-
B.C. Mineral tax rate	9.5%	9.5%	-	9.5%	9.5%	-

The overall income tax recovery for the three and nine months ended September 30, 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 three months ended September 30, 2020, relative to net profit in the quarter.

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

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	As at September 30, 2020	As at December 31, 2019	Change
Cash and cash equivalents	72,678	53,198	19,480
Other current assets	70,425	60,654	9,771
Property, plant and equipment	741,531	758,006	(16,475)
Other assets	12,158	12,138	20
Total assets	**896,792**	**883,996**	**12,796**
Current liabilities	63,442	50,833	12,609
Debt:			
Senior secured notes	328,457	317,728	10,729
Leases and secured equipment loans	53,428	55,757	(2,329)
Deferred revenue	47,420	39,433	7,987
Other liabilities	116,611	118,559	(1,948)
Total liabilities	**609,358**	**582,310**	**27,048**
Equity	**287,434**	**301,686**	**(14,252)**
Net debt (debt minus cash and equivalents)	309,207	320,287	(11,080)
Total common shares outstanding (millions)	247.3	246.2	1.1

The Company's asset base is comprised principally of property, plant and equipment, reflecting the capital intensive nature of the mining business. Other current assets primarily include accounts receivable, inventories (concentrate inventories, ore stockpiles, and supplies), prepaid expenses, and marketable securities. Concentrate inventories, accounts receivable and cash balances fluctuate in relation to transportation and cash settlement schedules.

Net debt has decreased by $11.1 million in the nine months ended September 30, 2020, due primarily to the increased cash by $19.5 million and ongoing principal and lease repayments partially offset from the impact that the weaker Canadian dollar had on the Company's US dollar denominated debt.

Deferred revenue relates to the advance payments received in March 2017 and April 2020 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 decreased by $1.9 million mainly due to the decrease in deferred tax liabilities by $7.7 million, which was partially offset by the increase of the provision for environmental rehabilitation ("PER") by $3.9 million due to decreases in bond yields since the end of 2019.

As at October 26, 2020, there were 247,291,886 common shares and 8,942,033 stock options outstanding. More information on these instruments and the terms of their exercise is set out in Note 14 of the September 30, 2020 unaudited condensed consolidated interim financial statements.

Liquidity, cash flow and capital resources

Cash flow provided by operations during the three and nine months ended September 30, 2020 was $31.0 million and $85.8 million, respectively, compared to $15.2 million and $33.4 million for the same periods in 2019 and increased due to higher revenues and lower operating costs for the quarter and nine months ended September 30, 2020. In April 2020, Taseko also concluded an amendment to its silver stream with Osisko and received $8.5 million in funds available for general working capital purposes.

Cash used for net investing activities during the three and nine months ended September 30, 2020 was $18.0 million and $38.8 million, respectively, compared to $18.4 million and $39.2 million for the same periods in 2019. Investing cash flows in the three months ended September 30, 2020 includes $3.2 million of expenditures at the Florence Project, $3.8 million for capitalized stripping costs and $6.9 million for other capital expenditures at Gibraltar. Investing cash flows in the nine months ended September 30, 2020 includes $11.4 million of expenditures at the Florence Project, $25.1 million for capitalized stripping costs and $9.8 million for other capital expenditures at Gibraltar. In the nine months ended September 30, 2020, the Company received net proceeds of $7.3 million from the sale of marketable securities of a publicly traded company and $6.1 million from copper put options.

Net cash used for financing activities in the three and nine months ended September 30, 2020 includes principal payments for equipment loans and leases. At September 30, 2020, the Company had cash and equivalents of $72.7 million (December 31, 2019 - $53.2 million). Although interest and principal repayments for leases and equipment loans amortize over their term, there are no principal payments required on the senior secured notes until the maturity date in June 2022. The next US$10.9 million semi-annual interest payment on the senior secured notes is due on December 15, 2020.

On October 20, 2020, Gibraltar entered in a $9 million credit facility with a Canadian commercial bank for the purpose of providing letters of credit (LC) to key suppliers of the Gibraltar Mine to assist with ongoing trade finance and working capital needs. Any LCs issued under the facility will be guaranteed by Export Development Canada under its Account Performance Security Guarantee program.

Liquidity outlook

The Company has a pipeline of development stage projects, including the Florence Copper Project, and additional funding will be required to advance these projects to production. The Florence Copper Project has an estimated capital cost (based on the Company's 2017 NI 43-101 technical report) of approximately US$204 million (plus reclamation bonding) and the Company expects to fund a portion of these costs with debt financing. The US$250 million senior secured notes (due in June 2022) allow for up to US$100 million of first lien secured debt to be issued as well as up to US$50 million of debt for equipment financing, all subject to the terms of the note indenture. To address project funding requirements for Florence or other projects, the Company may also raise capital through equity financings or asset sales, including royalties, sales of project interests, or joint ventures. The Company may also redeem or repurchase senior secured notes on the market. The Company evaluates these alternatives based on a number of factors including, the prevailing market prices of its common shares and senior secured notes, metal prices, liquidity requirements, covenant restrictions and other factors, in order to determine the optimal mix of capital resources to address capital requirements, minimize the Company's cost of capital, and maximize shareholder value.

Future changes in copper and molybdenum market prices could also impact the timing and amount of cash available for future investment in development projects, debt obligations, and other uses of capital. To 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 section below "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. During the nine months ended September 30, 2020, the Company received proceeds from copper put options of $6.1 million.

In October 2020, the Company purchased 15 million pounds of copper put options at a strike price of US$2.80 per pound covering the first quarter of 2021, at a total cost of $0.9 million.

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 the first nine months of 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 weak oil market. The cost of the 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.

The following table shows the commodity contracts that were outstanding as at the date of this MD&A.

	Notional amount	Strike price	Term to maturity	Original cost
As at October 26, 2020				
Copper put options	12 million lbs	US$2.60 per lb	November to December 2020	$0.7 million
Copper put options	15 million lbs	US$2.80 per lb	January to March 2021	$0.9 million
Fuel call options	11 million ltrs	US$0.34 per ltr	October 2020 to March 2021	$0.5 million

Commitments and contingencies

Commitments

	Payments due						
(Cdn$ in thousands)	Remainder of 2020	2021	2022	2023	2024	Thereafter	Total
Debt:							
Senior secured notes	-	-	333,475	-	-	-	333,475
Interest	14,590	29,179	14,590	-	-	-	58,359
Equipment loans:							
Principal	1,843	7,633	6,650	4,760	1,375	-	22,261
Interest	300	939	519	199	18	-	1,975
Lease liabilities:							
Principal	2,302	7,592	6,254	1,733	1,268	2,176	21,325
Interest	267	928	498	266	180	122	2,261
Lease related obligation:							
Rental payment	657	2,627	2,627	5,636	-	-	11,547
PER [1]	-	-	-	-	-	70,300	70,300
Other expenditures:							
Transportation related services [2]	-	5,402	900	-	-	-	6,302
Other	1,936	-	-	-	-	-	1,936

[1] The provision for environmental rehabilitation amounts presented in the table represents the present value of estimated costs of legal and constructive obligations required to retire an asset, including decommissioning and other site restoration activities, primarily for the Gibraltar Mine and the Florence Copper Project. The Company has provided a surety bond of $37,500 for its 75% share of Gibraltar's reclamation security. For the Florence Copper Project, the Company has provided to the federal and state regulator surety bonds totaling $13.4 million for reclamation security.
[2] Transportation related services commitments include ocean freight and port handling services, which are both cancellable upon certain operating circumstances.

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by Gibraltar in which it holds a 75% interest. As a result, the Company has guaranteed the joint venture partner's 25% share of this debt which amounted to $15.9 million as at September 30, 2020.

SUMMARY OF QUARTERLY RESULTS

	2020			2019				2018
(Cdn$ in thousands, except per share amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	87,780	106,005	62,084	89,932	82,436	86,521	70,274	111,121
Net income (loss)	987	18,745	(48,950)	(9,931)	(24,508)	(11,012)	(7,931)	(19,720)
Basic EPS	-	0.08	(0.20)	(0.04)	(0.10)	(0.04)	(0.03)	(0.09)
Adjusted net income (loss) *	(5,754)	8,335	(21,647)	(16,159)	(20,561)	(17,471)	(14,419)	(1,310)
Adjusted basic EPS *	(0.02)	0.03	(0.09)	(0.07)	(0.08)	(0.07)	(0.06)	(0.01)
Adjusted EBITDA *	31,545	50,860	5,346	18,246	7,906	14,660	10,245	26,489

(US$ per pound, except where indicated)								
Realized copper price *	3.15	2.70	2.06	2.82	2.56	2.69	2.91	2.72
Total operating costs *	2.00	1.34	1.82	2.01	2.05	2.01	2.21	2.11
Copper sales (million pounds)	21.4	29.5	23.3	25.0	25.1	24.2	17.5	32.0

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

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in Note 2.4 of the 2019 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.

There were no changes in accounting policies during the three and nine months ended September 30, 2020.

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

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

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

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

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

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

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

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

There have been no changes in our internal controls over financial reporting and disclosure controls and procedures during the period ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RELATED PARTY TRANSACTIONS

Key management personnel

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

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

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

Executive officers and directors also participate in the Company's share-based option program (refer to Note 14 of the unaudited condensed consolidated interim financial statements).

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

(Cdn$ in thousands)	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Salaries and benefits	1,003	1,018	5,656	5,727
Post-employment benefits	258	417	774	1,196
Share-based compensation expense	2,448	112	3,778	2,054
	3,709	1,547	10,208	8,977

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 the Gibraltar and invoices Gibraltar for these expenses.

For the three month period ended September 30, 2020, net management income for $299 (Q3 2019: $301) and net reimbursable compensation expenses and third party costs of $29 (Q3 2019: $16) were charged to the joint venture partner. For the nine month period ended September 30, 2020, net management income for $900 (Q3 2019: $884) and net reimbursable compensation expenses and third party costs of $253 (Q3 2019: $55) 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 September 30,** 2020	2019	**Nine months ended September 30,** 2020	2019
Cost of sales	75,969	98,173	240,459	270,915
Less:				
Depletion and amortization	(23,894)	(28,054)	(76,554)	(78,376)
Net change in inventories of finished goods	1,415	(1,272)	(3,026)	6,763
Net change in inventories of ore stockpiles	4,186	(2,690)	4,729	(3,103)
Transportation costs	(4,127)	(4,889)	(14,480)	(12,807)
Site operating costs	53,549	61,268	151,128	183,392
Less by-product credits:				
Molybdenum, net of treatment costs	(4,109)	(4,957)	(11,592)	(20,020)
Silver, excluding amortization of deferred revenue	(54)	(308)	(436)	(588)
Site operating costs, net of by-product credits	49,386	56,003	139,100	162,784
Total copper produced (thousand pounds)	21,658	24,720	73,552	69,381
Total costs per pound produced	2.28	2.27	1.89	2.35
Average exchange rate for the period (CAD/USD)	1.33	1.32	1.35	1.33
Site operating costs, net of by-product credits (US$ per pound)	**1.71**	**1.72**	**1.40**	**1.77**
Site operating costs, net of by-product credits	49,386	56,003	139,100	162,784
Add off-property costs:				
Treatment and refining costs	4,254	5,792	18,070	15,898
Transportation costs	4,127	4,889	14,480	12,807
Total operating costs	57,767	66,684	171,650	191,489
Total operating costs (C1) (US$ per pound)	**2.00**	**2.05**	**1.72**	**2.08**

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.

($ in thousands, except per share amounts)	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Net income (loss)	**987**	**(24,508)**	**(29,218)**	**(43,451)**
Unrealized foreign exchange (gain) loss	(7,512)	3,569	9,250	(9,378)
Unrealized loss on copper put and fuel call options	1,056	518	1,236	518
Estimated tax effect of adjustments	(285)	(140)	(334)	(140)
Adjusted net loss	**(5,754)**	**(20,561)**	**(19,066)**	**(52,451)**
Adjusted EPS	**(0.02)**	**(0.08)**	**(0.08)**	**(0.22)**

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.

($ in thousands)	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Net income (loss)	**987**	**(24,508)**	**(29,218)**	**(43,451)**
Add:				
Depletion and amortization	23,894	28,054	76,554	78,376
Finance expense	11,203	10,425	32,435	30,215
Finance income	(4)	(482)	(202)	(1,089)
Income tax recovery	(580)	(9,853)	(6,372)	(24,794)
Unrealized foreign exchange (gain) loss	(7,512)	3,569	9,250	(9,378)
Unrealized loss on copper put and fuel call options	1,056	518	1,236	518
Amortization of share-based compensation expense	2,501	183	4,068	2,414
Adjusted EBITDA	**31,545**	**7,906**	**87,751**	**32,811**

Earnings from mining operations before depletion and amortization

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

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands)	**2020**	**2019**	**2020**	**2019**
Earnings (loss) from mining operations	**11,811**	**(15,737)**	**15,410**	**(31,684)**
Add:				
Depletion and amortization	23,894	28,054	76,554	78,376
Earnings from mining operations before depletion and amortization	**35,705**	**12,317**	**91,964**	**46,692**

Site operating costs per ton milled

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands, except per ton milled amounts)	**2020**	**2019**	**2020**	**2019**
Site operating costs (included in cost of sales)	**53,549**	**61,268**	**151,128**	**183,392**
Tons milled (thousands) (75% basis)	5,595	5,660	16,965	16,550
Site operating costs per ton milled	**$9.57**	**$10.83**	**$8.91**	**$11.08**

Condensed Consolidated Interim Financial Statements
September 30, 2020
(Unaudited)

TASEKO MINES LIMITED

Condensed Consolidated Statements of Comprehensive Income (Loss)

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

(Unaudited)

	Note	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Revenues	3	87,780	82,436	255,869	239,231
Cost of sales					
Production costs	4	(52,075)	(70,119)	(163,905)	(192,539)
Depletion and amortization	4	(23,894)	(28,054)	(76,554)	(78,376)
Earnings (loss) from mining operations		11,811	(15,737)	15,410	(31,684)
General and administrative		(2,894)	(2,311)	(9,692)	(10,284)
Share-based compensation expense	14b	(2,378)	(155)	(3,859)	(2,268)
Project evaluation expenditures		(978)	(1,711)	(1,288)	(2,746)
Gain (loss) on derivatives	5	(1,278)	(1,299)	3,690	(2,150)
Other income		336	473	1,143	1,381
Income (loss) before financing costs and income taxes		4,619	(20,740)	5,404	(47,751)
Finance expenses, net	6	(11,199)	(9,943)	(32,233)	(29,126)
Foreign exchange gain (loss)		6,987	(3,678)	(8,761)	8,632
Income (loss) before income taxes		407	(34,361)	(35,590)	(68,245)
Income tax recovery	7	580	9,853	6,372	24,794
Net income (loss)		**987**	**(24,508)**	**(29,218)**	**(43,451)**
Other comprehensive income (loss):					
Gain (loss) on financial assets	8	1,639	(29)	8,215	1,299
Foreign currency translation reserve		(4,158)	2,039	4,596	(5,010)
Total other comprehensive income (loss)		**(2,519)**	**2,010**	**12,811**	**(3,711)**
Total comprehensive loss		**(1,532)**	**(22,498)**	**(16,407)**	**(47,162)**
Earnings (loss) per share					
Basic		0.00	(0.10)	(0.12)	(0.18)
Diluted		0.00	(0.10)	(0.12)	(0.18)
Weighted average shares outstanding (thousands)					
Basic		246,406	246,194	246,265	243,145
Diluted		248,758	246,194	246,265	243,145

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

TASEKO MINES LIMITED

Condensed Consolidated Statements of Cash Flows

(Cdn$ in thousands)

(Unaudited)

	Note	Three months ended September 30, 2020	2019	Nine months ended September 30, 2020	2019
Operating activities					
Net income (loss) for the period		987	(24,508)	(29,218)	(43,451)
Adjustments for:					
Depletion and amortization		23,894	28,054	76,554	78,376
Income tax recovery	7	(580)	(9,853)	(6,372)	(24,794)
Share-based compensation expense	14b	2,501	183	4,068	2,414
(Gain) loss on derivatives	5	1,278	1,299	(3,690)	2,150
Finance expenses, net		11,199	9,943	32,233	29,126
Unrealized foreign exchange (gain) loss		(7,512)	3,569	9,250	(9,378)
Deferred revenue deposit	12	-	-	8,510	-
Amortization of deferred revenue	12	(1,075)	(977)	(3,686)	(2,930)
Other operating activities		460	(771)	1,457	(1,027)
Net change in working capital	16	(131)	8,211	(3,335)	2,928
Cash provided by operating activities		31,021	15,150	85,771	33,414
Investing activities					
Purchase of property, plant and equipment	10	(15,206)	(16,566)	(48,005)	(37,037)
Purchase of copper put and fuel call options	5	(1,009)	(1,983)	(2,658)	(2,834)
Proceeds from copper put options	5	-	-	6,104	241
Proceeds from the sale of marketable securities	8	-	-	7,270	-
Investment in other financial assets	8	(1,771)	-	(1,771)	-
Other investing activities		5	198	229	400
Cash used for investing activities		(17,981)	(18,351)	(38,831)	(39,230)
Financing activities					
Interest paid		(1,159)	(989)	(18,030)	(16,508)
Proceeds from equipment financings		-	7,977	-	34,013
Repayment of equipment loans and leases		(3,542)	(4,115)	(9,707)	(14,984)
Proceeds on exercise of options		627	-	627	176
Cash provided by (used for) financing activities		(4,074)	2,873	(27,110)	2,697
Effect of exchange rate changes on cash and equivalents		93	255	(350)	(669)
Increase (decrease) in cash and equivalents		9,059	(73)	19,480	(3,788)
Cash and equivalents, beginning of period		63,619	41,950	53,198	45,665
Cash and equivalents, end of period		72,678	41,877	72,678	41,877

Supplementary cash flow disclosures	16

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

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Cdn$ in thousands)

(Unaudited)

	Note	September 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash and equivalents		72,678	53,198
Accounts receivable		14,777	13,791
Inventories	9	49,514	43,620
Other financial assets	8	3,689	730
Prepaids		2,445	2,513
		143,103	113,852
Property, plant and equipment	10	741,531	758,006
Other financial assets	8	6,658	6,783
Goodwill		5,500	5,355
		896,792	**883,996**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities		46,970	43,685
Current portion of long-term debt	11	17,681	16,460
Current portion of deferred revenue	12	5,276	4,558
Interest payable on senior secured notes		8,511	1,184
Current income tax payable		2,685	1,406
		81,123	67,293
Long-term debt	11	364,204	357,025
Provision for environmental rehabilitation ("PER")		70,300	66,373
Deferred and other tax liabilities		43,018	50,703
Deferred revenue	12	47,420	39,433
Other financial liabilities	13	3,293	1,483
		609,358	582,310
EQUITY			
Share capital	14	437,273	436,318
Contributed surplus		52,822	51,622
Accumulated other comprehensive income ("AOCI")		19,638	6,827
Deficit		(222,299)	(193,081)
		287,434	301,686
		896,792	**883,996**
Commitments and contingencies	15		
Subsequent events	19		

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

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(Cdn$ in thousands)

(Unaudited)

	Share capital	Contributed surplus	AOCI	Deficit	Total
Balance at January 1, 2019	423,438	49,274	14,064	(139,699)	347,077
Fair value of shares issued for Yellowhead acquisition	12,629	-	-	-	12,629
Share-based compensation	-	2,241	-	-	2,241
Exercise of options	251	(75)	-	-	176
Settlement of performance share units	-	(377)	-	-	(377)
Total comprehensive loss for the period	-	-	(3,711)	(43,451)	(47,162)
Balance at September 30, 2019	**436,318**	**51,063**	**10,353**	**(183,150)**	**314,584**
Balance at January 1, 2020	436,318	51,622	6,827	(193,081)	301,686
Share-based compensation	-	1,528	-	-	1,528
Exercise of options	955	(328)	-	-	627
Total comprehensive income (loss) for the period	-	-	12,811	(29,218)	(16,407)
Balance at September 30, 2020	**437,273**	**52,822**	**19,638**	**(222,299)**	**287,434**

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

1. REPORTING ENTITY

Taseko Mines Limited (the "Company" or "Taseko") is a corporation governed by the *British Columbia Business Corporations Act.* These unaudited condensed consolidated interim financial statements of the Company as at and for the three and nine month periods ended September 30, 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2019, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements were authorized for issue by the Company's Audit and Risk Committee on October 26, 2020.

(b) Use of judgments and estimates

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

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2019.

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 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 liquidity and 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 its ongoing operations including the development of its other mineral properties could also be negatively impacted or delayed as a result of COVID-19.

(Cdn$ in thousands - Unaudited)

3. REVENUES

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Copper contained in concentrate	82,347	84,424	254,061	235,737
Molybdenum concentrate	5,223	5,959	14,680	23,407
Silver (Note 12)	599	1,063	2,563	3,156
Price adjustments on settlement receivables	5,106	(2,265)	2,635	(3,670)
Total gross revenue	93,275	89,181	273,939	258,630
Less: Treatment and refining costs	(5,495)	(6,745)	(18,070)	(19,399)
Revenue	87,780	82,436	255,869	239,231

4. COST OF SALES

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Site operating costs	53,549	61,268	151,128	183,392
Transportation costs	4,127	4,889	14,480	12,807
Changes in inventories of finished goods	(1,415)	1,272	3,026	(6,763)
Changes in inventories of ore stockpiles	(4,186)	2,690	(4,729)	3,103
Production costs	52,075	70,119	163,905	192,539
Depletion and amortization	23,894	28,054	76,554	78,376
Cost of sales	75,969	98,173	240,459	270,915

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 $292 and $18, respectively, of benefits for claims submitted by the Company for the Canada Emergency Wage Subsidy during the three months ended September 30, 2020 (2019 - $nil).

Included in site operating costs and general administrative expenses are $5,226 and $318, respectively, of benefits for claims submitted for the subsidy during the nine months ended September 30, 2020 (2019 - $nil).

5. DERIVATIVE INSTRUMENTS

During the three month period ended September 30, 2020, the Company purchased copper put option contracts for 20 million pounds of copper with maturity dates from October to December, 2020. These put options had a cost of $1,009 and a fair value of $116 at September 30, 2020.

During the nine month period ended September 30, 2020, the Company purchased copper put option contracts for a total of 59.5 million pounds of copper with maturity dates ranging from January 2020 to December 2020. The strike prices ranged between US$2.30 and US$2.60 per pound, at a total cost of $1,742. The Company recognized a net realized gain of $5,371 on settlements during the nine month period.

(Cdn$ in thousands - Unaudited)

During the six month period ended June 30, 2020, the Company purchased fuel call options 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 $128 at September 30, 2020.

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Realized (gain) loss on copper put options	-	781	(5,371)	1,632
Realized loss on fuel call options	222	-	445	-
Unrealized loss on copper put options	893	518	893	518
Unrealized loss on fuel call options	163	-	343	-
	1,278	1,299	(3,690)	2,150

6. FINANCE EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Interest expense	9,422	8,867	28,141	25,679
Finance expense – deferred revenue (Note 12)	1,643	1,039	3,881	3,116
Accretion on PER	138	519	413	1,420
Finance income	(4)	(482)	(202)	(1,089)
	11,199	9,943	32,233	29,126

7. INCOME TAX

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Current income tax expense	635	44	1,279	452
Deferred income tax recovery	(1,215)	(9,897)	(7,651)	(25,246)
	(580)	(9,853)	(6,372)	(24,794)

(Cdn$ in thousands - Unaudited)

8. OTHER FINANCIAL ASSETS

	September 30, 2020	December 31, 2019
Current:		
Marketable securities	3,445	730
Copper call options (Note 5)	116	-
Fuel call options (Note 5)	128	-
	3,689	730
Long-term:		
Investment in subscription receipts	2,400	2,400
Reclamation deposits	2,924	3,083
Restricted cash	1,334	1,300
	6,658	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 nine month period ended September 30, 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.

9. INVENTORIES

	September 30, 2020	December 31, 2019
Ore stockpiles	14,978	6,657
Copper contained in concentrate	6,126	9,055
Molybdenum concentrate	133	230
Materials and supplies	28,277	27,678
	49,514	43,620

During the three and nine months ended September 30, 2020, the Company recorded an impairment of $2,729 and $3,358, respectively, to adjust the carrying value of ore stockpiles to net realizable value, of which $1,205 and $1,489, respectively, is recorded in depletion and amortization and the balance in production costs.

(Cdn$ in thousands - Unaudited)

10. PROPERTY, PLANT & EQUIPMENT

The following schedule shows the continuity of property, plant and equipment net book value for the three and nine months ended September 30, 2020:

	Three Months Ended September 30, 2020	**Nine Months Ended September 30, 2020**
Net book value beginning of period	754,297	758,006
Additions:		
Gibraltar capital expenditures (includes capitalized stripping costs)	12,206	41,483
Florence Copper development costs	3,885	13,011
Aley development costs	188	929
Yellowhead development costs	1,178	1,546
Other items:		
Right of use assets	1,242	3,100
Rehabilitation costs asset	-	4,082
Disposals	(427)	(747)
Foreign exchange translation and other	(3,919)	4,182
Depletion and amortization	(27,119)	(84,061)
Net book value at September 30, 2020	741,531	741,531

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	42,106	13,044	1,546	929	1,697	59,322
Changes in rehabilitation cost asset	4,082	-	-	-	-	4,082
Depletion and amortization	(83,818)	(41)	-	-	(202)	(84,061)
Foreign exchange translation and other	-	4,760	(578)	-	-	4,182
At September 30, 2020	502,117	206,275	17,208	13,695	2,236	741,531

During the three months ended September 30, 2020, the Company capitalized stripping costs of $4,485 and incurred other capital expenditures for Gibraltar of $8,964. Non-cash additions to property, plant and equipment include $724 of depreciation of capitalized stripping.

During nine months ended September 30, 2020, the Company capitalized stripping costs of $29,499 and incurred other capital expenditures for Gibraltar of $13,354. Non-cash additions to property, plant and equipment include $4,386 of depreciation of capitalized stripping.

Since its acquisition of the Florence Copper Project in November 2014, the Company has incurred and capitalized a total of $104 million in project development and other costs, including capitalized interest.

(Cdn$ in thousands - Unaudited)

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. Since January 1, 2020 development costs of $368 have been capitalized as mineral property, plant and equipment.

Depreciation related to the right of use assets for the three and nine months period ended September 30, 2020 was $1,005 and $3,271, respectively.

11. DEBT

	September 30, 2020	December 31, 2019
Current:		
Lease liabilities (b)	8,202	7,990
Secured equipment loans (c)	7,528	6,626
Lease related obligations (d)	1,951	1,844
	17,681	16,460
Long-term:		
Senior secured notes (a)	328,457	317,728
Lease liabilities (b)	13,134	11,107
Secured equipment loans (c)	14,645	18,746
Lease related obligations (d)	7,968	9,444
	364,204	357,025
Total debt	381,885	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 "Notes"). The Notes mature on June 15, 2022 and bear interest at an annual rate of 8.750%, payable semi-annually on June 15 and December 15.

The Notes are secured by liens on the shares of Taseko's wholly-owned subsidiary, Gibraltar Mines Ltd., and the subsidiary's rights under the joint venture agreement relating to the Gibraltar Mine. The Notes are guaranteed by each of Taseko's existing and future restricted subsidiaries, other than Yellowhead. The Company is able to incur limited amounts of additional secured and unsecured debt under certain conditions as defined in the Note indenture. The Company is also subject to certain restrictions on asset sales, issuance of preferred stock, dividends and other restricted payments. However, there are no maintenance covenants with respect to the Company's financial performance.

The Company may redeem some or all of the Notes at any time, at redemption prices ranging from 102.188% to 100%, plus accrued and unpaid interest to the date of redemption. On a change of control, the Notes are redeemable at the option of the holder at a price of 101%.

(b) Lease liabilities

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

(Cdn$ in thousands - Unaudited)

(c) Secured equipment loans

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

(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 first nine months of 2020:

Total debt as at December 31, 2019	373,485
Lease additions	7,168
Lease liabilities and equipment loans repayments	(9,707)
Unrealized foreign exchange loss	8,943
Amortization of deferred financing charges	1,996
Total debt as at September 30, 2020	381,885

12. DEFERRED REVENUE

	September 30, 2020	**December 31, 2019**
Current portion of deferred revenue	5,276	4,558
Long-term portion of deferred revenue	47,420	39,443
Total deferred revenue	52,696	43,991

Silver stream purchase and sale agreement

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 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.

(Cdn$ in thousands - Unaudited)

The following table summarizes changes in the Osisko deferred revenue:

Balance at December 31, 2019	43,991
Finance expense (Note 6)	3,881
Amortization of deferred revenue	(3,686)
Deferred revenue deposit (amendment to silver stream)	8,510
Balance at September 30, 2020	52,696
Less: current portion	5,276
Deferred Revenue – long term portion	47,420

13. OTHER FINANCIAL LIABILITIES

	September 30, 2020	**December 31, 2019**
Long-term:		
Deferred share units (Note 14b)	3,293	1,483
	3,293	1,483

14. EQUITY

(a) Share capital

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

(thousands of shares)	Common shares
Common shares outstanding at January 1, 2020	246,194
Exercise of share options	1,084
Common shares outstanding at September 30, 2020	247,278

(Cdn$ in thousands - Unaudited)

(b) Share-based compensation

	Options (thousands)	Average price
Outstanding at December 31, 2019	10,756	1.12
Granted	1,285	0.69
Exercised	(1,084)	0.58
Cancelled/forfeited	(26)	0.76
Expired	(1,949)	1.02
Outstanding at September 30, 2020	8,982	1.15
Exercisable at September 30, 2020	6,730	1.29

During the nine month period ended September 30, 2020, the Company granted 1,285,000 (2019 – 4,611,500) share options to directors, executives and employees, exercisable at an average exercise price of $0.69 per common share (2019 - $0.75 per common share) over a five year period. The total fair value of options granted was $475 (2019 – $1,891) based on a weighted average grant-date fair value of $0.37 (2019 – $0.41) per option.

The fair value of options was measured at the grant date using the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the Black-Scholes formula are as follows:

	Nine months ended September 30, 2020
Expected term (years)	4.8
Forfeiture rate	0%
Volatility	64%
Dividend yield	0%
Risk-free interest rate	1.4%
Weighted-average fair value per option	$0.37

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

	DSUs (thousands)	PSUs (thousands)
Outstanding at December 31, 2019	2,354	1,675
Granted	572	825
Settled	(591)	(400)
Outstanding at September 30, 2020	2,335	2,100

During the nine month period ended September 30, 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 - Unaudited)

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Share options – amortization	144	321	645	1,481
Performance share units – amortization	294	254	883	761
Change in fair value of deferred share units	2,063	(392)	2,540	172
	2,501	183	4,068	2,414

15. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The Company is a party to certain contracts relating to service and supply agreements. Future minimum payments under these agreements as at September 30, 2020 are presented in the following table:

Remainder of 2020	-
2021	5,402
2022	900
2023	-
2024	-
2025 and thereafter	-
Total commitments	6,302

As at September 30, 2020, the Company had outstanding capital commitments of $1,936 (At December 31, 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 $15,928 as at September 30, 2020.

(Cdn$ in thousands - Unaudited)

16. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2020	**2019**	**2020**	**2019**
Change in working capital items				
Accounts receivable	1,847	318	(986)	9,222
Inventories	(5,825)	2,680	(2,301)	(5,538)
Prepaids	630	149	(674)	(1,022)
Accounts payable and accrued liabilities	5,676	5,011	633	1,137
Advance payment on product sales	(2,445)	-	-	-
Interest payable	(14)	53	(7)	16
Income tax payable		-	-	(887)
	(131)	8,211	(3,335)	2,928
Non-cash investing and financing activities				
Assets acquired under capital lease	2,334	5,811	4,091	6,350
ROU assets	1,219	116	3,077	9,562

17. RELATED PARTIES

Gibraltar Joint Venture

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 for the three and nine month period ended September 30, 2020 was $299 and $900 (2019: $301 and $884) respectively.

In addition, the Company pays certain expenses on behalf of the Gibraltar joint venture and invoices the joint venture for these expenses. For the three and nine month period ended September 30, 2020, net reimbursable compensation expenses and third party costs of $29 and $253 (2019: $16 and $55) respectively, were charged to the joint venture.

18. FAIR VALUE MEASUREMENTS

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

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

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

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

The fair values of the senior secured notes are $322,981 and the carrying value is $328,457 at September 30, 2020. The fair value of all other financial assets and liabilities approximates their carrying value.

(Cdn$ in thousands - Unaudited)

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

	Level 1	Level 2	Level 3	Total
September 30, 2020				
Financial assets designated as FVPL				
Derivative asset copper call options	-	116	-	116
Derivative asset fuel call options	-	128	-	128
	-	244	-	244
Financial assets designated as FVOCI				
Marketable securities	3,445	-	-	3,445
Investment in subscription receipts	-	-	2,400	2,400
Reclamation deposits	2,924	-	-	2,924
	6,369	-	2,400	8,769
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 September 30, 2020.

The fair value of the senior secured notes, a Level 1 instrument, is determined based upon publicly available information. The fair value of the lease liabilities and secured equipment loans, Level 2 instruments, are determined through discounting future cash flows at an interest rate of 5.5% based on the relevant loans effective interest rate.

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

The Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's settlement receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market. At September 30, 2020 the Company had settlement receivables of $10,495.

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.

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 - Unaudited)

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 September 30, 2020
Copper increase/decrease by US$0.31/lb.[1]	7,754

[1]The analysis is based on the assumption that the period end copper price increases 10% with all other variables held constant. At September 30, 2020, 18.5 million pounds of copper in concentrate were exposed to copper price movements. The closing exchange rate at September 30, 2020 of CAD/USD 1.3339 was used in the analysis.

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

19. SUBSEQUENT EVENTS

On October 20, 2020, Gibraltar entered in a $9 million credit facility with a Canadian commercial bank for the purpose of providing letters of credit (LC) to key suppliers of the Gibraltar Mine to assist with ongoing trade finance and working capital needs. Any LCs issued under the facility will be guaranteed by Export Development Canada under its Account Performance Security Guarantee program.

In October 2020, the Company purchased 15 million pounds of copper put options at a strike price of US$2.80 per pound covering the first quarter of 2021, at a total cost of $907.