



# Letter to Shareholders

from President & CEO Stuart McDonald



Dear Shareholders,

Looking back over the last year, Taseko has achieved some great milestones on the pathway to becoming a multi-asset copper producer. At Florence, our patience with the permitting process was finally rewarded, we completed several non-dilutive financings and are now advancing construction of the commercial production facility. At Gibraltar, copper production improved significantly over the prior year, and we were able to add further growth through the buy-out of our joint venture partners. These milestones have come together at our two key assets at the same time as copper prices climb to multi-year highs. New investors are also now recognizing the progress we have made and the opportunity that's still in front of us, as our stock price has more than doubled in the last six months. It is great to see the higher share price but management will remain focused on the long-term goal of unlocking the true value of our projects.

## Florence Copper

Arguably, the most significant achievement for the Company last year was receipt of the final Underground Injection Control permit for our Florence Copper project in Arizona. The final permit was issued on September 14 and it became effective on October 31. This was the last major permit required for Taseko to begin construction of the 85 million pound per year commercial facility at Florence.

Completion of the permitting process allowed us to move forward and finalize some key project financings. In November, we received a funding commitment from Taurus Mining Royalty Fund for a US\$50 million gross revenue royalty on Florence. The Taurus royalty transaction closed in early 2024 and complements our two previously announced deals with Mitsui (US\$50 million) and Bank of America (US\$25 million). We also received a credit commitment from Societe Generale for a US\$50 million project loan.

Subsequent to year end, we completed a successful bond refinancing which pushed out the maturity from 2026 to 2030, and we took advantage of strong market conditions to upsize the bond from US\$400 million to US\$500 million.



Laydown area at Florence Copper (foreground) site preparation (background)



Drill rig at Florence Copper

With the Florence project financings in place, the additional proceeds from the bond financing, plus available liquidity of \$176 million (as at December 31, 2023) and future cash flow from Gibraltar, we're in a very strong financial position to be moving forward with construction of the commercial production facility.

Initial site works began in late 2023 and focused on earthworks, site preparations and civil work for the wellfield. Drilling of the wellfield commenced in February, and we now have four rigs on site drilling production wells. Construction of the SX/EW plant and other surface infrastructure will get underway in the second quarter of 2024 and based on our current timeline, we expect first copper production in the fourth quarter of 2025.

Since acquiring Florence, we have moved the project forward in a disciplined fashion, with the focus on engineering, permitting and the operation of the production test facility. With these successes behind us, we are in a unique position with a fully permitted, low-cost, US-based copper project that will provide 70% growth to our North American production profile in the coming years. We're now on the cusp of realizing the true value of Florence Copper.



## 2023 GIBRALTAR MINE HIGHLIGHTS

### COPPER PRODUCTION

**123 Million**  
Pounds (100% basis)

### C1 CASH COST

**US\$2.37**  
Per Pound

## Gibraltar Mine

2023 was also a very successful year at our Gibraltar Mine. Production benefited from higher copper grades and strong operational performance. We continue to be very focused on our environmental and safety performance and Gibraltar improved in these important areas in 2023. Even though total hours worked increased by 8% in 2023, Lost Time Injuries dropped from six in 2022 to four last year, and Lost Time Frequency rate dropped by nearly 40% year-over-year. While the improved statistics are positive, there is more to be done to continue the positive trend in performance. Production in 2023 steadily improved as we mined deeper into the Gibraltar pit. Copper grades increased by 15% from the first half of the year to the second half,

## FLORENCE COPPER PROJECT TIMELINE

### 2018

- ▶ PTF development and construction starts (~US\$25M)
- ▶ **Q3** - Wellfield & SX/EW plant commissioned
- ▶ **Q4** - Operations commenced

### 2019

- ▶ **April - First cathode produced**
- ▶ Permitting process for commercial scale production begins

### 2020

- ▶ Completed PTF production phase
- ▶ **December - Aquifer Protection Permit issued**

### 2021

- ▶ **February** - Project financing - US\$400mm debt package closed
- ▶ Ongoing permitting

### 2022

- ▶ **August** - Draft UIC permit issued from US EPA

### 2023

- ▶ Procurement of long-lead equipment
- ▶ **March** - Issued updated 43-101 Technical Report
- ▶ **Sept - Final UIC permit issued from US EPA**

### 2024

- ▶ **January** - Closed transaction with Taurus for US\$50 million royalty
- ▶ Drawdown first US\$10 million of US\$50 million Mitsui financing
- ▶ **Q1** - Commenced wellfield drilling
- ▶ **Q2** - Begin construction of SX/EW plant

### 2025

- ▶ Ongoing construction
- ▶ **Q3** - Commence Leaching operations
- ▶ **Q3** - Commissioning SW/EW plant
- ▶ **Q4 - First cathode production**



resulting in a 27% decline in total operating cost C1\* costs over the same period. Copper production for 2023 was 123 million pounds (100% basis), well above our original guidance, and 26% higher than in 2022. For the year, total operating cost C1\* costs averaged US\$2.37 per pound.

The Gibraltar pit will be our primary source of ore through the middle of 2024 and then ore release will transition to the Connector pit, where mining activities have been active for over a year. Average grades in the Connector pit are in line with life-of-mine grades, so we expect another year of strong production despite some additional maintenance downtime. The first of these significant maintenance projects took place in January. A major component was replaced on ball mill #7 and it was completed without incident and slightly ahead of schedule. The second project is the relocation of an in-pit crusher. We have been working on this \$50 million project since 2022 and the actual move of the crusher is scheduled to occur in the second quarter.



Taking into account the mill downtime in 2024, we expect Gibraltar to produce approximately 115 million pounds of copper for the year, with quarterly grade and production less variable than in recent years.

### Acquisition of 100% ownership at Gibraltar

In March 2023 we acquired an additional 12.5% interest in the Gibraltar mine for C\$60 million plus potential contingent payments that are based on the mine copper revenues and copper prices. Following on that transaction, in March 2024 we purchased the remaining 12.5% of Gibraltar for C\$117 million, payable over a period of ten years, plus contingent payments depending on copper price and Gibraltar's cash flow. These accretive transactions have increased Taseko's attributable production and cashflow by 33% (from 75% to 100% ownership). To put it in simple terms, we purchased roughly 650 million pounds of future copper production for under C\$0.30 per pound, based on the minimum fixed payments.

The flex payment schedule of both transactions, specifically the latest which does not commence until March 2026, allows us to focus our financial resources on Florence development in the near term. In addition, we now have full control of Gibraltar's offtake marketing, at a time where smelter demand for our copper concentrate is high. These are very positive developments for our business.

## Corporate

The rebound in copper production in 2023 was reflected in Taseko's much improved financial performance. Revenue of \$525 million was the highest the company has ever reported. Adjusted EBITDA\* for the year was \$190 million and Earnings from mining operations before depreciation and amortization was \$207 million\*, these were 74% and 95% higher than in 2022, respectively.

### 2023 CORPORATE HIGHLIGHTS

#### REVENUES FROM MINING OPERATIONS

**\$525 Million**

#### ADJUSTED EBITDA

**\$190 Million**

The price of copper has continued to be resilient, trading in a tight range mostly between US\$3.70 and US\$4.10 per pound in the last year. This elevated pricing, despite the backdrop of economic concerns and slowing China demand, is evidence of the strong fundamentals supporting the price today and for what we believe will be the long-term. In recent months, news about major production disruptions from a number of other miners suggests the copper market could be headed for a supply deficit sooner than expected. These disruptions are estimated at more than 750,000 tonnes of supply reduction in 2024. That's roughly 3% of global copper supply, so a major impact on the market which gives us reason to believe that we could see

stronger pricing in the near-term.

One disappointment, until recently, has been the performance of our share price. Last year we had many great achievements, but these failed to result in any significant share price appreciation. We believe this was due to the dynamics of the broader financial markets. The S&P/TSX Global Base Metals Index, a key mining benchmark in Canada, only rose 0.9% in 2023 demonstrating that other miners' share prices were also challenged. But more recently we have seen a significant move in our share price, which at the time of writing this letter is trading at \$3.36 (US\$2.47), nearly a 10-year high, and 65% higher than at the beginning of 2023. While we believe this is still a long way from fully recognizing the value of our assets, it is definitely a good start to closing the value gap.



2023 was an excellent year for Taseko with many major milestones achieved, and 2024 is shaping up to be even more exciting.

Thank you for your continued support.

**Stuart McDonald**  
President & CEO

Note: All figures are in Canadian dollars, unless otherwise noted.  
\* Non GAPP Measure, see Q4 MD+A for reconciliations.

**Taseko**

TSX: **TKO** NYSE American: **TGB** LSE: **TKO**

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