

Form 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 61-101

Item 1. Name and Address of Company

Taseko Mines Limited (“**Taseko**” or the “**Company**”)
15th Floor, 1040 West Georgia St.
Vancouver, British Columbia
V6E 4H1

Item 2. Date of Material Change

December 3, 2018

Item 3. News Release

The Company disseminated a news release on December 4, 2018 and subsequently filed a copy on www.sedar.com (the “**News Release**”).

Item 4. Summary of Material Change

Taseko entered into an agreement to acquire all of the outstanding common shares of Yellowhead Mining Inc. (TSX: YMI – “**Yellowhead**”) that it does not already own for \$15.1 million, payable in Taseko common shares.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

Under the terms of the transaction between Taseko and Yellowhead, each Yellowhead shareholder other than Taseko will receive 1.1484 Taseko common shares for each Yellowhead common share held, representing consideration of \$1.00 per share based on Taseko’s 5-day volume weighted average price (“**VWAP**”) for the period ending December 3, 2018. Taseko’s acquisition cost, after taking into account the existing 21% ownership, is \$15.1 million in Taseko common shares and will be settled through the issuance of approximately 17.3 million Taseko common shares.

The transaction is structured as a plan of arrangement (the “**Arrangement**”) pursuant to the Business Corporations Act (British Columbia) and will require the approval of the Supreme Court of British Columbia and the approval of: (i) at least two-thirds of the votes cast by Yellowhead shareholders; and (ii)

a majority of the votes cast by Yellowhead shareholders excluding Taseko, at a special meeting of Yellowhead shareholders which is expected to be held in January 2019.

Immediately following the Arrangement, Yellowhead will become a wholly-owned subsidiary of the Company.

In connection with the Arrangement, Matco Investments Ltd., the holder of approximately 45.5% of the outstanding Yellowhead common shares, has entered into a hard lock up agreement with Taseko, and a director who holds approximately 7.2% of the outstanding Yellowhead common shares has entered into a customary support agreement (collectively, the “**Locked-Up Shareholders**”) pursuant to which they have agreed to vote their Yellowhead shares, representing in the aggregate 52.7% of the issued and outstanding Yellowhead shares, in favour of the Arrangement. Together with Taseko, the Locked-Up Shareholders hold 73.7% of the issued and outstanding Yellowhead common shares.

The Board of Directors of Yellowhead (the “**Board**”), having received a unanimous recommendation from a special committee of the Board consisting entirely of independent directors (the “**Special Committee**”) has unanimously approved the Arrangement and recommends that Yellowhead shareholders vote in favour of the Arrangement. The Special Committee, in conducting its review of the Arrangement, has engaged Evans & Evans, Inc. (“**Evans & Evans**”) as its financial advisor. Evans & Evans has provided the Special Committee and Board with a fairness opinion, stating that in its opinion, based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration to be received by Yellowhead shareholders (other than Taseko) under the Arrangement is fair, from a financial point of view, to the Yellowhead shareholders (other than Taseko).

In addition to the aforementioned approvals, completion of the Arrangement is subject to other customary conditions, including the approval of the TSX Venture Exchange (for Yellowhead), and the issuance of the Taseko shares is subject to the approval of the TSX and the NYSE American. The Arrangement is expected to close in the first quarter of 2019.

The Arrangement Agreement provides for customary non-solicitation covenants on the part of Yellowhead and a right in favour of Taseko to match any unsolicited superior proposal. In the event that the Arrangement is not completed in certain circumstances, Yellowhead has agreed to pay Taseko a termination fee of \$1.0 million.

Yellowhead’s only asset is its 100% interest in the Harper Creek Project (subject to a 3% net smelter royalty (NSR) capped at \$2.5 million and adjusted for inflation, and a 2.5% NSR on a small portion of ore body). The Harper Creek Project is primarily a copper project located in south central British Columbia near the town of Vavenby. The project is the subject of a feasibility study that is reported in a report entitled “Technical Report & Feasibility Study of the Harper Creek Copper Project” dated July 31, 2018 available under Yellowhead’s profile on SEDAR. The feasibility study sets out a plan to process 70,000t/d or 25.6Mt/a for a period of 28 years producing a concentrate with copper, gold and silver. The project will be added to Taseko’s stable of development projects. Taseko intends to advance permitting for the project at a modest cost in the first few years. There is no guarantee that Taseko will be able to obtain permits necessary to implement the recommendations of the feasibility study.

Taseko holds 4,014,440 Yellowhead common shares, representing approximately 21% of the outstanding Yellowhead common shares. As a result, Taseko is considered a related party of Yellowhead under Multi-Lateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). Taseko is relying on the exemptions from the valuation requirement in Section 5.5(a) of MI 61-101 and the minority shareholder approval in Section 5.7(1)(a) of MI 61-101 as neither the fair market value of

the Arrangement nor the fair market value of the consideration for the Arrangement exceed 25% of Taseko's market capitalization.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

Russell Hallbauer
President and CEO
Tel.: (604) 684-6365

Item 9. Date of Report

December 12, 2018.