

PRESIDENT'S MESSAGE TO SHAREHOLDERS



Dear Shareholders;

A year ago as I was writing the annual message to shareholders, our stock price and the price of copper were both up roughly 200% and 25%, respectively, from the previous six months. The long period of depressed copper prices and its impact on our equity appeared to be in the past. The copper price in a few short months had moved from US\$2.20 per pound to US\$2.70, however, many industry pundits were calling for the copper price to retreat. The feeling was that copper had moved too far, too fast and it was due for a significant correction. Not many predicted the price to climb up to US\$3.30 per pound where it closed the year. With the tailwind from the increase in the copper price and Gibraltar's strong copper production, our stock was one of the best performers on the TSX in 2017.

In 2017, we produced 141 million pounds of copper and 2.6 million pounds of molybdenum. Gibraltar has only produced in excess of 140 million pounds once prior and for molybdenum, 2017 was a record year. The mine benefited both from higher grades and a focused effort on efficiencies which resulted in higher throughput and the increase in metal production.

2017, however, wasn't without its challenges. The most significant being the major wildfires which impacted the entire Cariboo region of British Columbia. These fires forced the evacuation of more than 35,000 residents, including the two major communities in the region where most of our Gibraltar employees live. Residents were on evacuation alert for seven weeks in the summer. During this time, our Gibraltar management team maintained production with a greatly reduced workforce. It was an extremely challenging task given the magnitude of Gibraltar operations and the manpower required to operate the mine.

The lengthy duration in which the wildfires impacted our employees came at a financial cost for the Company. Mine operations were preparing to transition into a new zone of our main ore pit when the fires struck. Based on our original mine plan, pre-stripping was to be completed in the fourth quarter of 2017. Waste stripping, however, was delayed and access to ore from the new zone was limited, so we had to supplement ore feed from the pit with ore from our low grade stockpiles. The use of stockpiled ore has continued through the early months of 2018 as we catch up on waste stripping and begin to once again access better grade ore from the pit. Stripping activities are now close to being caught up and we are seeing copper grades increase.

While the impact from the wildfires was a short-term event, considering the mine has 21 years of life remaining, some shareholders have a shorter-term view and this resulted in our share price declining over the first few months of 2018. We believe with the lower than usual grade ore behind us and with metal production forecast to be increasing in the months ahead, operating cash flow will return to expectations.



An aerial photograph of the Gibraltar Mine industrial complex. The facility consists of numerous large, interconnected buildings with blue and grey roofs, situated in a valley. A large, dark, conical pile of material is visible in the background. The foreground shows a dirt road, a parking lot filled with vehicles, and some greenery. The sky is blue with scattered white clouds. A white text box with a blue arrow-shaped graphic on the right side is overlaid on the upper portion of the image.

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PROJECTS

I am very excited to update everyone on our Florence Copper Project; construction continues to advance on-time and on budget. A strong focus on spending and timelines is imperative for Taseko. Our track record for large capital projects is evidence of this, with the most recent example being our \$325 million Gibraltar expansion which was delivered on-time and on budget.

The wellfield development drilling was completed in April and aquifer characterization testing continues. We broke ground on the SX/EW plant construction in January and its completion timing coincides with the deposit pre-leaching in the third quarter. We continue to work with state and federal regulators to ensure a smooth transition from commissioning activities to cathode production, currently anticipated before the end of the year.

Successful operation of the Florence Copper wellfield and processing plant will be a major milestone in advancing this important project. We have no doubt that the technical aspects of the project will be proven, as well as the integrity of the project from an environmental standpoint.

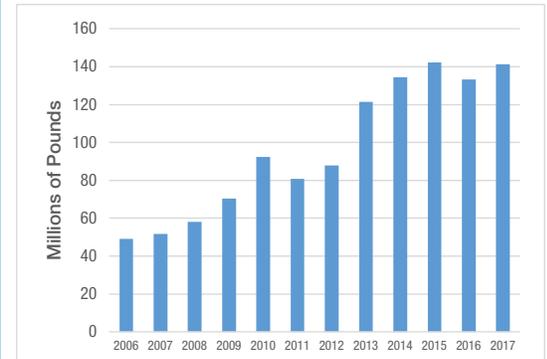
In the 2017 Florence Copper technical report, the economics of the project were robust, with an after-tax net present value of US\$680 million. An important item that shouldn't be overlooked is the impact of the new US corporate tax rate. We believe the lower tax rate will add approximately US\$80 million to the after-tax net present value of Florence Copper, increasing it to US\$760 million. And as a reminder, these economics were run using a long-term copper price of US\$3.00 per pound.

For our Aley Niobium Project, we have completed three years of additional engineering work and are in the final stages of completing an updated technical report. This report will demonstrate improved economics at a lower long-term niobium price. The additional engineering work also provides us with confidence in the scalability of the project. If necessary to enter the market with a lower production profile, our engineering indicates that we can scale the project back in size and that the economics will remain strong. The market for specialty steels has rebounded in the past few years and there has been renewed interest in our Aley Project. We will continue to pursue a strategic off-take partner, which is the area that can create the greatest value for this project.

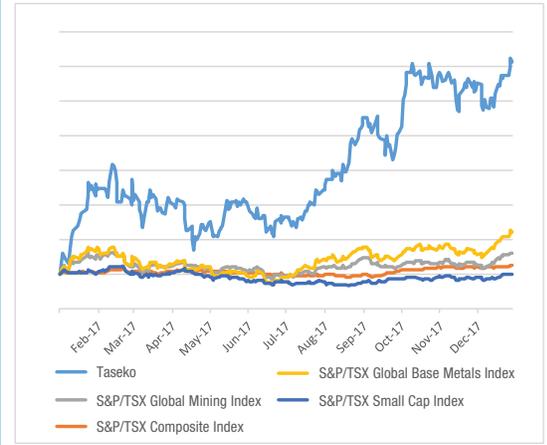
Taseko Share Price vs LME Copper Price



Gibraltar Copper Production



Taseko vs Indices (Relative Performance)



HEALTH AND SAFETY

Our employees, the environment and communities in which we operate are very important aspects of our business.

Health and safety have always been a high-level commitment for Taseko, Gibraltar and Florence management. With the credo that: “Nothing is more important to the Company than the safety, health and well-being of our workers and their families”. Taseko is committed to operational practices that result in improved efficiencies, safety performance and occupational health.

Through a tremendous amount of effort and persistence by all of our workforce, a true culture of working safely has been established and maintained. Health and safety performance is an ongoing commitment. Our teams continually review their training and awareness programs in order to ensure that they are fresh and relevant. Gibraltar’s 2017 loss time frequency was 0.6 per 200,000 hours worked, well below the British Columbia mining industry average of 1.1. How Gibraltar performs on a health and safety basis compared to our peers is a very important aspect of our business and one we monitor very closely.

BOARD OF DIRECTORS

Two of our board members will not be standing for re-election in at our upcoming AGM. Both Bill Armstrong and Linda Thorstad will be stepping down after multiple years of serving on our Board.

I would like to make special mention of Bill Armstrong, who has been one of our longstanding board members. Since joining our Board in 2006, Bill has contributed significantly in helping us grow Taseko into what it is a today. His technical knowledge proved invaluable and was instrumental in developing many health and safety policies, as the Chair of the Board’s Environment, Health and Safety Committee. I would like to thank him for his many years of service on the Taseko Board.

As well, Linda being our first female Board member has done an excellent job overseeing our governance protocols as the Board continues to advance ever changing governance regiments. Linda also lead the Independent Committee during our proxy fight in 2016 and I would like to thank her on behalf of management for all that she did to see that through to a successful resolution.

Finally, I would like to thank all of our shareholders for their continued support. 2017 was a great year and we believe that higher copper prices, strong production and project advancement will only create stronger equity returns for our holders in the months ahead.

Sincerely,



Russell E. Hallbauer
President and Chief Executive Officer



Gibraltar Mine employees