

**“Taseko Mines’ objective is to maximize shareholder value from its giant Fish Lake Gold-Copper Project.”**

013270

920 41  
Fish Lake

**TASEKO MINES LIMITED**  
**1993 ANNUAL REPORT**

*MINE PLANNING FOR GIANT OPEN PIT DEPOSIT CONFIRMS 0.76 OUNCES GOLD AND 280 POUNDS COPPER*



**TASEKO'S FISH LAKE DEPOSIT IS THE  
LARGEST GOLD DEVELOPMENT PROJECT  
UNDERWAY IN NORTH AMERICA**

## CORPORATE PROFILE

Taseko Mines Limited is committed to the growth of shareholder value through rapid development of the Fish Lake Gold-Copper Project in southern British Columbia, Canada.

The Fish Lake Project is 100% owned by Taseko. It is the largest gold resource under development in North America and is at the feasibility engineering and mine permitting stage.

Mine planning studies have optimized a mineable reserve for the deposit of 744 million tons grading 0.013 ounces gold/ton and 0.23% copper. Contained metal content of the mineable reserve is 9.4 million ounces of gold and 3.5 billion pounds of copper which equates to 0.76 ounces gold and 280 pounds of copper for each Taseko common share outstanding.

The Fish Lake deposit has all the elements required for a world-class open pit mine development. At the planned milling rate of 66,000 tons per day, annual production would average 223,000 ounces gold and 100 million pounds copper over a 31 year mine life.

Control of North America's leading development stage gold project makes Taseko an attractive target for growth-oriented senior mining companies.

Common shares of Taseko Mines Limited trade in the USA on the NASDAQ system (TKOCF) and in Canada on the Vancouver Stock Exchange (TKO). Shareholders are located in Canada, United States and Europe.



FISH LAKE MINE PLANS ARE FOR 31 YEARS OF CONTINUOUS PRODUCTION FROM A GIANT OPEN PIT WHICH WILL STRETCH 1½ MILES WIDE AND EXTEND TO 2,000 FEET BELOW THE VALLEY FLOOR.

## ACHIEVEMENTS - 1993

### Corporate

- Focused on rapid development of the Fish Lake Project.
- Acquired right from Cominco to purchase 100% interest in Fish Lake Property for \$20 million.

### Fish Lake Project

- Completed preliminary reserve and mine plan studies.
- Completed \$2.8 million detailed engineering, environmental, socioeconomic and permitting programs.
- Filed a Pre-Application for a Mine Development Certificate.
- Held community open house forums in the Cariboo-Chilcotin region.
- Contracted Kilborn Engineering to complete a detailed Prefeasibility Study.

## OBJECTIVES - 1994

### Corporate

- Complete purchase from Cominco of 100% interest in Fish Lake Property.
- Introduce Company to institutional investors and mining analysts.
- Continue to minimize dilution of shareholders' equity.
- Introduce Company to selected senior mining companies.

### Fish Lake Project

- Complete detailed Prefeasibility Study.
- Continue to inform Cariboo-Chilcotin region citizens of developments.
- File an Application for a Mine Development Certificate.
- Obtain a Mine Development Certificate.

**Introduction** During 1993, Taseko rapidly advanced its 100% owned Fish Lake Project, located in southern British Columbia, towards the status of a world-class open pit, gold and copper mine. This was achieved by completing a wide spectrum of detailed project component studies and initiating the provincial government mine permitting process.

The Fish Lake Project is the largest, gold development project underway in North America. The Fish Lake deposit's mineable reserves of 744 million tons will provide for a mine life of 31 years at the planned milling rate of 66,000 tons per day. Metal content of mineable reserves is 9.4 million ounces gold and 3.5 billion pounds of copper. Annual metal production is forecast to average 223,000 ounces of gold and 100 million pounds of copper. Production at this scale would vault Taseko into the ranks of North America's major mining companies.

**Location and Infrastructure** The Project's mineral claim holdings, which encompass an area of 37 square miles, are located 77 miles southwest of Williams Lake, at an elevation of 4,800 feet in an area of logged, gently rolling country. Climate is moderate. With a population of over 33,000, the resource based region hosts large sawmills and open pit copper mines such as Highland Valley Copper (145,000 tons per day) and Gibraltar (38,000 tons per day). The Project will require a minimum of new infrastructure. A developed road network and bulk container railroad systems for deep sea port shipping of concentrate to smelters is in place. Only 12.4 miles of easy road construction will connect the Project Site with government roadways. Water resources are available and a 77 mile power line has been designed to connect with the B.C. Hydro electric grid.

**History and Exploration** Copper mineralization on the Fish Lake property was first discovered in 1966 by Phelps Dodge Corporation but they allowed their claims to lapse in 1969. The area was restaked by Taseko Mines Limited and over the years, from 1969 to 1990, a number of mining companies including Quintana Minerals, Bethlehem Copper and Cominco Ltd. under option agreements with Taseko, directed exploration programs on the property. These early workers drilled some 88,600 feet in 176 shallow holes which outlined a disseminated gold-copper sulphide deposit with a mineral reserve of about 230 million tons. Many of these early drill holes stopped in significant gold-copper mineralization.

In May 1991, a new Taseko management team successfully resolved six years of title litigation between the Company and Cominco Ltd. The Taseko/Cominco settlement agreement allowed the Company to proceed with property development work after many years of inactivity. The agreement gave Taseko the exclusive right, until May 31, 1995, to sell the Fish Lake Project either through an outright sale of the property or by a successful takeover bid for Taseko shares. Taseko and Cominco were to divide the Project's value with Cominco's interest capped at \$48 million.

In late 1991, with the settlement agreement complete, Taseko initiated a drill test of the deposit with ten, large diameter, vertical core holes totalling 24,626 feet. All ten Taseko drill holes intersected continuous gold-copper mineralization over an average length of 2,182 feet.

In April 1992, Taseko began delineation drilling of the entire Fish Lake deposit. In all, Taseko has completed 222,305 feet of drilling in 129 large diameter core holes.

COPPER FOR EACH TKO SHARE. MINE PLANNING FOR GIANT OPEN PIT DEPOSIT CONFIRMS 0.76 UNCES GOLD AND 230 POUNDS COPPER FOR EACH TKO SHARE. MINE PLANNING FOR GIANT



WE LOOK FORWARD TO ALL SHAREHOLDERS  
PARTICIPATING IN THE SUBSTANTIAL NEW  
WEALTH IN GOLD AND COPPER BEING  
DEVELOPED BY TASEKO AT FISH LAKE

OPEN PIT DEPOSIT CONFIRMS 0.75 OUNCES GOLD AND 280 POUNDS COPPER FOR EACH TON

During 1993, Taseko rapidly advanced the Project towards the status of a major open pit mine by undertaking a wide spectrum of detailed engineering and mine permitting studies. These included; drilling, bulk sampling, metallurgy, mine planning, power, transport, tailings impoundment, geotechnical, site lay-out, environmental, archeological, ethnographic and socioeconomic programs.

In August, 1993 Taseko commenced the provincial government mine permitting process with the filing of a Pre-Application for a Mine Development Certificate and in September, 1993 the Company contracted with Kilborn Engineering Pacific Ltd. to complete a detailed Project Prefeasibility Study. As input for the Study, Independent Mine Consultants was contracted to optimize an open-pit mine plan and production schedule. In most cases, the level of study detail will be of feasibility calibre so that a detailed economic analysis can be made for the Project.

In December, 1993 Taseko acquired the exclusive right to purchase all of Cominco Ltd.'s residual interest in the Fish Lake Property. Taseko will acquire a 100% interest in the property by causing payments to be made to Cominco totalling \$20 million. Cominco will also retain a 5% net proceeds from production interest in the Fish Lake Property until it receives \$5 million.

The terms of this new agreement, called for Taseko to pay Cominco \$2 million cash and, to provide for payment of the \$18 million balance, issue to Cominco 1,636,364 common shares from treasury. When the proceeds from resale of these shares reached \$18 million Taseko would acquire a 100% interest in the Fish Lake Property. Any remaining shares held by Cominco would be valued at market price, which amount would be applied to reduce Cominco's net proceeds from production interest.

By February, 1994 Cominco had received \$18 million from the placement of their Taseko shares and the market value of shares remaining was in excess of \$5 million. Therefore, Taseko has completed the acquisition of a 100% interest in the Fish Lake Property and Cominco's net proceeds interest has been reduced to zero. Taseko Mines Limited now owns a 100% interest in the Fish Lake Property with no underlying interests whatsoever.

**Reserves and Mining** The Fish Lake deposit ranks among the world's largest gold-copper deposits. It is oval in plan, 4800 feet long, up to 2800 feet wide and extends from surface to a depth of up to 2800 feet. The deposit's overall mineral reserves are 1.4 billion tons grading 0.0122 ounces/ton gold and 0.22% copper.

At current metal prices, mineable reserves are 744,160,000 tons having an average grade of 0.013 ounces gold/ton and 0.23% copper. Stripping ratios are calculated to average 1.57:1 over mine life. Metal content of the mineable reserve is 9.4 million ounces of gold and 3.5 billion pounds of copper.

Deposit mineralization is extremely continuous. Copper occurs mainly as chalcopyrite, with subordinate bornite which occur both finely disseminated and along fractures. Micron sized gold is intimately associated with the copper minerals.

Extensive grinding and metallurgical test-work has been completed with excellent results obtained. Grinding of the comparatively low work index ore and standard flotation processes result in recoveries of 73.4% for gold and 87.4% for copper. A conventional copper concentrate averaging 24.2% copper containing 1.1 ounces of gold per ton is readily produced.

ARE THE PLANING FOR GIANT OPEN PIT DEPOSIT CONFIRMS 0.75 OUNCES GOLD AND 280



**THE FISH LAKE DEPOSIT'S MASSIVE SIZE AND  
UNIFORM DISTRIBUTION OF GOLD AND COPPER  
MAKE IT IDEALLY SUITED FOR A HIGH  
VOLUME, LOW COST OPEN PIT MINE.**

GIANT OPEN PIT DEPOSIT CONFIRMS 0.76 OUNCES GOLD AND 280 POUNDS COPPER FOR EACH TASEKO MINES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED

**Plans and Outlook** During 1994, the Company's focus will be on final engineering and permitting of the Fish Lake Project for a large scale, open pit mine. Currently, Kilborn Engineering Ltd., an internationally recognized engineering firm, is completing a detailed Project Prefeasibility Study. Upon its completion an Application for a Mine Development Certificate is planned to be made to the British Columbia government.

With the tabling of these important documents Taseko Mines will have significantly reduced the engineering and financial risk associated with a mining project. At that stage the Company plans to introduce the Fish Lake Project to a select group of growth-oriented senior mining producers which have the resources to place the Project into large-scale production.

Fish Lake deposit reserves substantially exceed start-up reserves of British Columbia's well known open pit mines; most of which are nearing exhaustion. In fact, forecasts are that all but three of the province's open pit mines will close by the year 2000; making the need for Fish Lake production exceptionally high.

**Acknowledgements** The Company's success in 1993 was the result of a dedicated and co-operative team effort from all employees and consultants. Outstanding ability was shown in bringing the Fish Lake Project to its current status in record time. This spirit and tenacity combined with ownership of a project with the remarkable calibre of Fish Lake is a recipe for rapid growth in the months ahead.

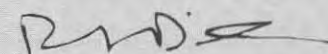
Subsequent to fiscal year end Ronald W. Thiessen, David J. Copeland and Jeffrey R. Mason were welcomed to the Board. All of these new directors have industry recognized expertise in Canadian mine development. At the next annual general meeting Douglas B. Forster will retire from the Board to pursue other interests. He participated in and contributed to many of the events and transactions which influenced the Company's initial growth.

Finally, our sincere gratitude is extended to our loyal shareholders. Without your support the Company's initial goals would not have been achieved. We look forward to all shareholders participating in the rewards created from the very substantial wealth in gold and copper being developed by Taseko Mines Limited.

On Behalf of the Board



Robert G. Hunter  
Chairman and Chief Executive Officer



Robert A. Dickinson  
President and Chief Financial Officer

To the Shareholders of Taseko Mines Limited

We have audited the balance sheets of Taseko Mines Limited as at September 30, 1993 and 1992 and the statements of loss and deficit and changes in financial position for each of the years in the three year period ended September 30, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 1993 and 1992 and the results of its operations and the changes in its financial position for each of the years in the three year period ended September 30, 1993 in accordance with generally accepted accounting principles in Canada. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

**DE VISSER & COMPANY**

CHARTERED ACCOUNTANTS

Vancouver, B.C.  
December 15, 1993

**BALANCE SHEETS**

	SEPTEMBER 30	
	Expressed in Canadian Dollars	
	1993	1992
	\$	\$
<b>Assets</b>		
CURRENT		
Cash and term deposits	6,519,965	5,546,750
Accounts receivable	73,139	251,637
Total current assets	6,593,104	5,798,387
CAPITAL ASSETS	6,946	3,316
MARKETABLE SECURITIES (note 4)	15,071	15,071
RECLAMATION BONDS	15,225	15,458
MINERAL PROPERTY (notes 6 and 7)	3,659,870	3,586,356
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES	10,795,837	7,956,510
	<u>21,086,053</u>	<u>17,375,098</u>
<b>Liabilities</b>		
CURRENT		
Accounts payable	223,533	531,609
Total current liabilities	<u>223,533</u>	<u>531,609</u>
<b>Shareholders' Equity</b>		
SHARE CAPITAL (note 8)	23,055,706	18,729,056
DEFICIT	(2,193,186)	(1,885,567)
	<u>20,862,520</u>	<u>16,843,489</u>
	<u>21,086,053</u>	<u>17,375,098</u>

APPROVED BY THE DIRECTORS:



Robert G. Hunter



Robert A. Dickinson

See accompanying notes to the financial statements

**STATEMENTS OF LOSS AND DEFICIT**

	FOR THE YEARS ENDED SEPTEMBER 30		
	Expressed in Canadian Dollars		
	1993	1992	1991
	\$	\$	\$
<b>EXPENSES</b>			
Advertising and promotion	122,781	94,129	29,785
Amortization	1,810	1,272	368
Conferences	49,684	44,481	-
Corporation capital tax	54,808	-	-
Interest and bank charges	605	74,389	2,573
Legal, accounting and audit	42,480	118,087	29,891
Management fees	-	-	7,500
Office and administration	59,058	28,811	17,516
Printing	30,574	76,411	32,217
Rent	37,809	38,361	15,837
Salaries and benefits	106,453	73,114	-
Shareholder communication	93,044	72,019	15,419
Telephone	18,873	17,232	1,154
Travel and accommodation	22,480	59,385	-
Trust and filing fees	16,436	42,220	11,433
	<u>656,895</u>	<u>739,911</u>	<u>163,693</u>
LOSS BEFORE OTHER ITEMS	(656,895)	(739,911)	(163,693)
OIL AND GAS REVENUE	-	-	997
INTEREST INCOME	349,276	178,825	51,165
WRITE-DOWN OF MARKETABLE SECURITIES	-	-	(73,870)
WRITE-OFF OF MINERAL PROPERTIES	-	(1,340)	(20,000)
WRITE-OFF OF OIL AND GAS PROPERTY	-	-	(56,325)
NET LOSS FOR THE YEAR	(307,619)	(562,426)	(261,726)
DEFICIT - BEGINNING OF YEAR	(1,885,567)	(1,323,141)	(1,061,415)
DEFICIT - END OF YEAR	<u>(2,193,186)</u>	<u>(1,885,567)</u>	<u>(1,323,141)</u>
LOSS PER SHARE (note 3)	<u>\$(0.03)</u>	<u>\$(0.06)</u>	<u>\$(0.04)</u>

See accompanying notes to the financial statements

## STATEMENTS OF CHANGES IN FINANCIAL POSITION

YEAR ENDED SEPTEMBER 30, TRSEKO MINES LIMITED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, TRSEKO MINES LIMITED AUDITED FINANCIAL STATEMENTS

	FOR THE YEARS ENDED SEPTEMBER 30		
	Expressed in Canadian Dollars		
	1993	1992	1991
	\$	\$	\$
<b>Cash provided by (used for):</b>			
OPERATING ACTIVITIES			
Net loss for the year	(307,619)	(562,426)	(261,726)
Adjustments to reconcile net loss to cash applied to operating activities:			
Amortization	1,810	1,272	368
Write-down of marketable securities	-	-	73,870
Write-off of mineral properties	-	1,340	20,000
Write-off of oil and gas property	-	-	56,325
Accounts receivable	178,498	(170,228)	(80,043)
Accounts payable	(308,076)	367,325	98,679
Due to related party	-	-	(10,190)
Net cash used for operating activities	(435,387)	(362,717)	(102,717)
FINANCING ACTIVITIES			
Proceeds from issue of share capital	4,259,650	11,637,525	1,861,250
Issue of share capital for mineral property	67,000	2,308,500	1,018,500
Issue of share capital for agents' fees	-	242,200	-
Share issue costs	-	(382,675)	-
Net cash provided by financing activities	4,326,650	13,805,550	2,879,750
INVESTING ACTIVITIES			
Mineral property acquisition costs:			
Cash payments	(6,514)	(10,000)	(39,351)
Issue of share capital	(67,000)	(2,308,500)	(1,018,500)
Exploration and development expenditures	(2,839,327)	(6,109,729)	(1,191,930)
Reclamation bonds	233	(7,289)	(8,169)
Capital assets	(5,440)	(1,266)	(3,690)
Net cash used for investing activities	(2,918,048)	(8,436,784)	(2,261,640)
NET CASH PROVIDED DURING THE YEAR	973,215	5,006,049	515,393
CASH - BEGINNING OF YEAR	5,546,750	540,701	25,308
CASH - END OF YEAR	6,519,965	5,546,750	540,701

See accompanying notes to the financial statements

## SCHEDULES OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

	FOR THE YEARS ENDED SEPTEMBER 30	
	Expressed in Canadian Dollars	
	1993	1992
	\$	\$
<b>Fish Lake property</b>		
Assays	231,920	897,195
Camp services	138,711	23,352
Drafting	114,282	66,960
Drilling	308,131	4,085,655
Environmental	322,351	27,955
Equipment rental	157,079	163,227
Field contractors	76,942	85,764
Freight and transport	103,448	37,699
Geological and geophysical	401,985	42,293
Metallurgical	356,820	25,919
Project engineering	168,954	38,200
Property fees and assessment	44,654	37,305
Road construction	7,935	10,204
Salaries and benefits	365,872	470,253
Supplies and consumables	31,902	86,020
Travel and accommodation	8,341	11,728
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES INCURRED DURING THE YEAR	2,839,327	6,109,729
BALANCE - BEGINNING OF YEAR	7,956,510	1,846,781
BALANCE - END OF YEAR	10,795,837	7,956,510

See accompanying notes to the financial statements



## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 1993

Expressed in Canadian Dollars

### 1. Nature of Operations

The Company is incorporated in British Columbia and its principal activity is the exploration and development of the Fish Lake mineral deposit. The underlying value of the mineral property and the related deferred costs is entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the property.

### 2. Summary of Significant Accounting Policies

#### MINERAL PROPERTY AND DEFERRED COSTS

The cost of the mineral property and related exploration and development costs are deferred until the property is placed into production, sold, or abandoned. These costs will be amortized over the estimated useful life of the property following the commencement of production or written off if the property is sold, allowed to lapse, or abandoned.

Cost includes the cash consideration and the fair market value of shares as they are issued, if any, on the acquisition of the mineral property and on the settlement of interests therein. A property acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made.

#### SHARE CAPITAL

Share capital issued for non-monetary consideration is recorded at the fair market value on the date the agreement to issue the shares was entered into as determined by the Board of Directors of the Company based on the trading price of the shares on the Vancouver Stock Exchange.

The proceeds from common shares issued pursuant to flow-through share financing agreements are credited to share capital and the tax benefits of the exploration expenditures incurred pursuant to these agreements are transferred to the purchaser of the flow-through shares.

Costs incurred with the issue of common shares are netted to share capital.

### 3. Loss per Share

Primary loss per share is calculated using the weighted-average number of common shares outstanding during each year. Fully-diluted loss per share is not disclosed as it is anti-dilutive.

### 4. Marketable Securities

Marketable securities are stated at the lower of cost and estimated realizable value and are comprised of 175,882 common shares of Big Bar Gold Corporation and 100,000 common shares of AAR Resources Inc.

### 5. Related Party Transactions

Pacific Sentinel Gold Corp., a company with directors in common with the Company, is owed \$49,974 for expense reimbursements.

### 6. Mineral Property

#### FISH LAKE PROPERTY

#### CLINTON MINING DIVISION

#### BRITISH COLUMBIA, CANADA

In 1979, the Company granted an option to Cominco Ltd. ("Cominco") to acquire an 80% interest in these claims. A settlement agreement was entered into with Cominco dated April 25, 1991 which gave the Company the exclusive right to control the property until May 31, 1995 which was amended December 1, 1993. Refer to note 7.

Under the terms of the April 25, 1991 agreement, if the Company is the subject of a successful takeover bid or if the Company sells the Property prior to May 31, 1995, the Company and Cominco will divide the proceeds, known as the "Project Value" of the Property, according to a specific formula. The Project Value is defined as 5/3 of the value of a take-over bid for the Company's shares on a fully-diluted basis or is defined as the Property sale price if the Company sells the Property.

Cominco's portion of the Project Value will be allocated on the following basis:

- If the Project Value is \$60 million or less, Cominco will receive \$20 million.
- If the Project Value is between \$60 and \$70 million, Cominco will receive \$20 million plus 80% of the amount by which the Project Value exceeds \$60 million.
- If the Project Value is between \$70 million and \$120 million, Cominco will receive 40% of the Project Value.
- If the Project Value exceeds \$120 million, Cominco will receive and be capped at \$48 million.

The Company also issued to Cominco 1,000,000 of its common shares in three allotments.

In the event that by May 31, 1995, there has been neither a successful take-over of the Company nor a sale of the Property, the Property will revert to Cominco with the Company retaining a 20% net profits interest. In addition, Cominco will grant to the Company, for a 31 month period following May 31, 1995, a right of first refusal on any proposed sale of the Property by Cominco.

The Company entered into an agreement dated April 30, 1991 and amended April 30, 1993 to purchase a 100% interest in the Fish 1-4 mineral claims from Cascade Investments Joint Venture in consideration for the payment of \$20,000 and the issuance of 40,000 common shares.

### 7. Subsequent Event

By agreement dated December 1, 1993, the Company acquired the right to purchase Cominco's interest in the Fish Lake Property by causing payments to be made to Cominco totalling \$20 million by May 31, 1995. Cominco will retain a 5% net proceeds from production interest in the Fish Lake Property until it receives a maximum of \$5 million.

Under the terms of the new agreement, the Company will pay to Cominco \$2 million and, to provide for payment of the \$18 million balance, will issue 1,636,364 common shares to Cominco. During the option period of up to 18 months, the Company will direct the resale of the shares. When the proceeds from placement of these shares reaches \$18 million, any remaining shares held by Cominco will be valued at market price which amount will be applied to reduce Cominco's net proceeds from production interest. Should the proceeds from the

**7. Subsequent Event** (continued)

resale of the shares be less than \$18 million over the 18 month period, the Company could elect to terminate the agreement (and thereby retain a carried 20% net proceeds interest) or pay the difference in cash or issue additional shares so that Cominco receives \$18 million by May 31, 1995.

**8. Share Capital**

Authorized share capital of the Company consists of 25,000,000 common shares without par value.

	Price Per Share	Number of Shares	\$
Issued at September 30, 1991		8,016,384	4,923,506
Exercise of stock options	0.35	10,000	3,500
	2.10	84,750	177,975
Settlement agreement with Cominco Ltd.	3.25*	700,000	2,275,000
Option agreement with Cascade			
Investments Joint Venture	3.35*	10,000	33,500
Flow-through share unit subscriptions (net of share issue costs)	10.00	389,400	3,688,294
Conversion of convertible promissory notes (net of share issue costs)	10.00	335,000	3,173,031
Agents' fees	10.00*	24,220	242,200
Exercise of warrants	10.00	256,805	2,568,050
Exercise of flow-through warrants	10.00	164,400	1,644,000
		<u>1,974,575</u>	<u>13,805,550</u>
Issued at September 30, 1992		9,990,959	18,729,056
Exercise of stock options	2.10	169,500	355,950
	1.35	117,000	157,950
	11.79	40,000	471,600
Exercise of warrants	10.00	102,415	1,024,150
Exercise of flow-through warrants	10.00	225,000	2,250,000
Option agreement with Cascade			
Investments Joint Venture	3.35*	20,000	67,000
		<u>673,915</u>	<u>4,326,650</u>
Issued at September 30, 1993		10,664,874	23,055,706

\*value ascribed

Stock options are outstanding to employees and directors of the Company exercisable at prices representing fair market value at the time the options were granted for 37,000 common shares exercisable at \$11.79 per share prior to September 16, 1994.

Refer to note 7.

**Officers**

Robert G. Hunter, *Chairman*  
Robert A. Dickinson, *President*  
David J. Copeland, *Vice-President Exploration*  
Jeffrey R. Mason, *Secretary/Treasurer*

**Directors**

David J. Copeland  
Scott D. Cousens  
Robert A. Dickinson  
Robert G. Hunter  
Jeffrey R. Mason  
Ronald W. Thiessen

**Corporate Address**

1020 - 800 West Pender Street  
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Canada V6C 2V6  
Telephone: (604) 684-6365  
Facsimile: (604) 684-8092  
Toll Free: 1-800-667-2114

**Attorneys**

Lang Michener  
Barristers & Solicitors  
2500 - 595 Burrard Street  
Vancouver, British Columbia  
Canada V7X 1L1

**Auditors**

DeVisser & Company  
Chartered Accountants  
201 - 960 Richards Street  
Vancouver, British Columbia  
Canada V6B 3C1

**Transfer Agent**

Montreal Trust Company  
4th Floor, 510 Burrard Street  
Vancouver, British Columbia  
Canada V6C 3B9

**Bank**

Canadian Imperial Bank of Commerce  
400 Burrard Street  
Vancouver, British Columbia  
Canada V6C 3A6

**Listed**

NASDAQ (TKOCF)  
Vancouver Stock Exchange (TKO)

**Capitalization**

(at February 8, 1994)  
Common authorized 25,000,000  
Issued 12,302,238  
Fully Diluted 12,338,238

**Annual Meeting**

The Annual General Meeting of the Shareholders of Taseko Mines Limited will be held at 2:00 pm on March 21, 1994 in the Garibaldi Room at the Four Seasons Hotel, 791 West Georgia Street, Vancouver, B.C.

**For Further Information Contact:**

Scott D. Cousens, *Director of Corporate Communications*  
1020 - 800 West Pender Street  
Vancouver, British Columbia  
Canada V6C 2V6  
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Facsimile: (604) 684-8092  
Toll Free: 1-800-667-2114

## SPECIAL SITUATION - BUY RECOMMENDATION

December 1994

Taseko Mines Limited (TKOCF, OTC \$10 1/4)

Shares Outstanding, fully diluted: 12.31 million

### HIGHLIGHTS:

- Taseko owns the largest gold development project in North America and intends to sell it.
- The deposit contains mineable reserves of 10.5 million oz. gold and 3.7 billion pounds copper.
- At normal market valuation benchmarks, Taseko should be bought out at substantially higher prices, estimated between 25-\$34 per share.
- The Taseko Management team has a successful track record for developing and selling mining properties. They successfully developed and sold North American Metals (50% Golden Bear Mine) to Homestake for \$38 million and Continental Gold's Mt. Milligan property to Placer Dome for \$210 million.
- The deposit is viable as a copper or a gold deposit.

### INVESTMENT THESIS

Taseko Mines has developed one of the largest gold/copper projects in the world. It has completed the pre-feasibility engineering stage. Management is continuing environmental and regulatory permitting. Their stated intention is to sell the property. Thus far, the company has done a commendable job in bringing the project forward to an advanced engineering stage. The final step, selling the company to a major producer, will be the big payoff.

### BACKGROUND

Taseko owns the Fish Lake deposit which is located near Williams Lake in south-central British Columbia. The property had been lying dormant since the late 1970's. After six years of litigation between Taseko and Cominco, which held a prior option on the property, the Hunter/Dickinson management team took over Taseko Mines in March 1991.

Subsequently, a deal was struck with Cominco for shares which ended all litigation and left Taseko with 100% of the Fish Lake property. This was completed in March 1994 leaving no residual obligations.

## THE PROPERTY

The Fish Lake deposit is huge. Mineral Resources Development Inc. (MRDI), a San Mateo, California engineering firm, determined the total mineral resource of the property to be 1.4 billion tons grading .23% Cu and .0122 oz. per ton gold. That makes 6.2 billion lbs. copper and 17.2 million oz. of gold.

The deposit is shaped like a large vertical cylinder and fairly low grade. This will be mined as an open pit, which is simply a large earth-moving operation. The development of a mining plan works out how much of this deposits fits within an economic pit design for the open pit mine.

Kilborn Engineering Pacific Ltd, an internationally recognized mining engineer firm, prepared a Prefeasibility Study in July 1994 on the design, construction and operation of a 66,000 ton per day open pit mine-mill complex.

Per the July Kilborn study, Fish Lake contains a mineable reserve of 744 million tons at an average grade of .236% copper and .0127 oz/ton gold. This makes a mineable reserve of 9.4 million oz. gold and 3.5 billion lbs. copper.

Recent angle drilling demonstrates an increased grade in the starter pit area to .246% Cu and .014 oz/ton gold. This increases mineable reserves to 10.5 million oz. gold and 3.7 billion lbs. copper.

At a milling rate of 66,000 tons per day (24 million tons/year), average annual production is expected to average 239,000 oz. gold, 100 million lbs. copper and 530,000 oz. silver per year over a mine life of 31 years.

It is important to note that this is a co-product mine. Roughly half the cash value comes from both copper and gold. If viewed as a gold mine with copper and silver credits, cash costs would be \$123 per oz. gold. If viewed as a copper mine with gold credits, estimated costs would be \$.43 per pound. Fish Lake would rank within the lowest quarter of the world's producers of gold or copper.

With engineering virtually completed, except for continuing trade-off and optimization studies, Taseko is focused on moving the property closer to production by advancing the permitting process. A Mine Development Certificate is the final permit needed for construction. Taseko has received the regulatory and environmental requirements from the British Columbia government. We would expect Taseko to complete and submit its Application within six months. The government could take as little as six months to review the application on a fast track basis. At this time, there is no known regulatory impediment or environmental problem. In fact, the recently announced Cariboo-Chilcotin land use plan is a positive for Taseko, since their property lies well within the designated area for resource extraction.

We foresee no major barrier to the steady movement of the project toward production in 1997.

Fish Lake is a world class deposit. By itself, it compares favorably in size to some of the largest North American producers.

North American Gold Company Reserves

Gold Mining Company	Proven/Probable Reserves (Million oz. gold)
Homestake	17.3
Echo Bay	11.7
<b>Taseko Mines</b>	<b>10.5</b>
Lac Minerals	9.3
Amax Gold	8.6
Battle Mountain Gold	7.3
TVX Gold	5.7
Hemlo Gold	4.5
Pegasus Gold	4.5
Cambior	3.1
FMC Gold	1.2

It also compares favorably on cost basis.

Production Costs for Gold

Gold Producer	Cash Cost 1994 (US \$/oz.)
Hemlo Gold	108
<b>Fish Lake (Taseko)*</b>	<b>123</b>
American Barrick	166
LAC Minerals	180
Battle Mountain	187
TVX Gold	193
Newmont Gold	206
Echo Bay	221
Pegasus	232
Cambior	23
Homestake	240

\*(as engineered for 1997 start-up)

## COMPARABLE BUYOUTS OF RESERVES

Our stock selection is based upon the premise of a buyout by a major mining company.

Mining reserves are worth different amounts to different companies depending upon the cash flow parameters used, political safety of reserves, reserve requirements and their corporate strategy.

Because gold and copper follow their own individual price cycles, a long term mine like Fish Lake is desirable because the producer will receive a metal price through many economic cycles. Due to the volatility of the metals then, an average price is used to evaluate properties by different mining companies.

The net present value of a project would vary depending upon one's assumptions as to metal prices, capital cost, cost inflation, financing capability and discount rate used. Given that Taseko has a 31 year mine life, they would only receive credit for the first 15 years of production on a discounted cash flow basis.

To get a range of values, we would look at buyouts of comparable reserves. Industry rule of thumb for the past several years has been \$30-\$40 per proven/probable reserve oz. of gold for advance stage developmental properties, usually at a Pre-feasibility study level.

Target	Acquirer	Purchase Price (\$US Millions)	Reserves (Mil. oz.)	Price Per Oz. (\$US)
Fairbanks	Amax	\$115	3.2	\$36
Continental	Placer	\$137	3.5	\$40
Equinox	Hecla	\$ 58	2.3	\$33
Int. Musto	MIM	\$130	5.0	\$26
Grouse Creek	Great Lakes	\$ 7	.2	\$34
		<u>Average Price Per Oz.</u>		\$34

In addition to the acquisitions above, Echo Bay has announced a joint venture in Brazil with Santa Elina to fund an exploration program and feasibility study if successful, whereupon they would earn 50% of the property by paying 10% of the then existing gold price for proven/probable/possible ounces, less expenditures to date. At roughly \$400 gold, they value reserve oz. at \$40 per oz.

The point is, proven/probable oz. represent a real value. We would expect a buyout of Taseko to take place between \$30 to \$40 per reserve oz. Obviously, multiple bidders would favor the higher end of the range, as would a rising gold price. Similarly, a single bidder would probably begin at the lower end of the range.

With 12.3 million shares, 10.5 million oz. translates into the following valuations:

<u>Total Acquisition Cost</u>		<u>Price Per Share</u>
\$30/reserve oz.	\$315 million	\$25.60
\$35/reserve oz.	\$367 million	\$28.84
\$40/reserve oz.	\$420 million	\$34.15

### SUMMARY

In the current environment of global industrialization, both gold and copper represent a compelling supply-demand equation. The tremendous growth in the Pacific Rim and China alone will provide a huge market for copper as over half of the world's population seeks to catch up to the prosperity of the developed countries. These same areas have a strong affinity for gold.

Within that context, major mining companies will be seeking to replace depleted reserves and to grow as well. What they can't find, they will buy. Taseko remains a quality project that fits this scenario.

Fish Lake is located in a politically stable country. It has a government which is eager to replace lost jobs in their economy with an environmentally benign mining project. Furthermore, the project makes great economic sense with its low cost.

There is no way to predict when a buyout might occur on Taseko. But the size of the deposit alone demands attention. This is a world class gold deposit and a world class copper project all in one.

Taseko has begun the process of presenting the property to major mining companies. These companies must do their own due diligence on the property, especially given the size. This process can take 3 to 6 months for each individual company. Theoretically, a bid could come at any time; however, given these requirements, an estimate time-wise would be sometime in 1995.

This is a special situation. Buy for Aggressive or Resource accounts.

Bill Moon  
Research Analyst

**July 6, 1994**

**KILBORN STUDIES CONFIRM MAJOR  
GOLD-COPPER MINE AT FISH LAKE**

Robert G. Hunter, Chairman of Taseko Mines Limited (NASDAQ: TKOCF; VSE:TKO) is pleased to provide an update for the Company's 100% owned Fish Lake property, located near Williams Lake in south central British Columbia.

Kilborn Engineering Pacific Ltd. is nearing completion of a comprehensive Prefeasibility Study on the design, construction and operation of a 60,000 tonne per day open pit mine-mill complex for the Fish Lake gold-copper deposit. Kilborn's Prefeasibility Study addresses all aspects of the Fish Lake Project, including geology, ore reserves, mining, metallurgy, processing, concentrate handling, tailings disposal, infrastructure, ancillary facilities, environmental aspects, and reclamation requirements. In several areas, the level of detail and the analysis of the database is that of a feasibility study. A number of Project component trade-off and optimization studies, such as conveyors versus truck haulage, are still underway, but due to the very large size of the Project, these specific detailed engineering studies will take more time to complete.

The Prefeasibility Study prepared by Kilborn, with input from specialist consultants, confirms that the Fish Lake gold-copper porphyry deposit is a very large scale, long-life, comparatively low-cost, co-product mine. Once in production, Fish Lake will rank among Canada's largest and lowest cost producers of gold and copper.

The Fish Lake deposit contains a mineable reserve of 675 million tonnes of ore at an average grade of 0.236% copper and 0.434 grams gold per tonne (0.0127 oz/ton). The geometry and continuity of the reserve provides for efficient open pit mining with an overall life of mine waste to ore stripping ratio of 1.57:1. Mine life is 31 years. The mineable reserve contains 9.4 million ounces of gold and 3.5 billion pounds of copper.

Extensive metallurgical and mill process testing have confirmed that conventional crushing, grinding and staged flotation will recover on average 73.2% of gold and 87.3% of copper.



The standard-flotation process will produce a concentrate averaging 24.2% copper, 37.4 grams gold per tonne (1.1 oz/ton) and 89 grams silver per tonne (2.6 oz/ton).

At a milling rate of 60,000 tonnes per day (21.9 million tonnes/year) average annual production will be 222,360 ounces gold, 99 million pounds copper and 530,000 ounces silver contained in 185,000 tonnes of concentrate. Metal production levels emphasize the co-product nature of the deposit where 51% of the value is in gold and 49% is in copper.

The cash cost for gold produced, net of copper and silver credits, is estimated to average US\$147 per ounce over the mine life. Or alternatively, if gold and silver are applied as a credit, the estimated cost to produce a pound of copper is US \$0.43. Cash costs of metal production rank within the lowest quartile of the world's producers of gold or copper.

Detailed cost engineering shows that the mine-mill complex will have an estimated mine site operating cost of \$5.19 per tonne of ore milled and an average net smelter return (NSR) of \$8.74 per tonne of ore at US \$395/ounce gold, US \$1.00/pound copper and a US \$0.73 to Cdn \$1.00 exchange rate.

Total revenues for the Project over its 31 year mine life are projected to be Cdn \$5.9 billion. Total pre-tax cash flow produced will be Cdn \$1.6 billion. Capital costs for the mine, mill, ancillary facilities and infrastructure are estimated at Cdn \$460 million which includes all contingencies and working capital.

The Fish Lake gold-copper project compares very favourably with large scale open-pit porphyry mines located in the region.

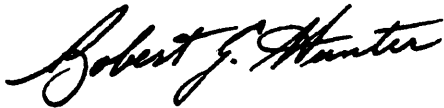
<b>ESTIMATED COMPARATIVE STATISTICS*</b>			
<b>Mine</b>	<b>Valley Copper</b>	<b>Gibraltar</b>	<b>Fish Lake</b>
Tonnes Milled/Day	122,000	34,500	60,000
Net Smelter Return/tonne ore Cdn\$	8.21	5.35	8.74
Operating Cost/tonne ore Cdn\$	5.19	3.89	5.19
Operating Margin/tonne ore Cdn\$	3.02	1.46	3.55
Cost Per Pound of Copper US\$ (net of credits)	0.72	0.75	0.43

\*Estimated by Taseko Mines Limited at \$1.00 Cu, \$395 Au, \$2.32 Mo and \$0.73 FXR and based on publicly reported statistics which have not been independently verified.

Taseko Mines is rapidly completing the trade off and optimization studies required for a final detailed economic analysis of the Fish Lake Project and at the same time is proceeding with completion of mine permitting and planning. An Application for a Mine Development Certificate will be submitted this fall to the Provincial Government.

Large scale production of gold and copper is projected to commence at Fish Lake during the last half of 1997. An initial mine work force of 442 employees will increase annually to a peak of 721 in year 23 of the 31 year mine life.

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, reading "Robert G. Hunter". The signature is written in a cursive, flowing style.

Robert G. Hunter  
Chairman

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.

<b>REPORTED COMPARATIVE STATISTICS <sup>1</sup></b>			
<b>Mine</b>	<b>Highland Valley</b>	<b>Gibraltar</b>	<b>Fish Lake</b>
<b>Year</b>	<b>1993</b>	<b>1992</b>	<b>Average Life of Mine</b>
Ore Reserve (million tonnes)	595	148	675
Ore Grade			
Copper (%)	0.425	0.301	0.236
Gold (gms/tonne)	-	-	0.434
Molybdenum (%)	0.0073	0.0084	-
Sales Revenue (Cdn\$ million)	274	67	190
Tonnes Mined (million)	95	30	56
Tonnes Milled (million)	44.5	12.7	21.9
Tonnes Milled Per Day	122,000	34,500	60,000
Mill Head Grade			
Copper (%)	0.417	0.34	0.236
Gold (gms/tonne)	-	-	0.434
Molybdenum (%)	0.009	0.008	-
Mill Recovery (%)			
Copper (%)	87.3	73.8	87.3
Gold (%)	-	-	73.2
Molybdenum (%)	41.8	15.2	-
Metal in Concentrate			
Copper (payable pounds)	345,563,000	68,170,000	95,000,000
Copper Cathode (payable pounds)	-	6,900,000	-
Gold (contained ounces)	13,000	-	222,360
Molybdenum (contained pounds)	3,789,000	376,000	-
Silver (contained ounces)	1,912,000	-	530,000
Concentrates Produced (tonnes)	393,003	122,214	185,000
Concentrate Grade			
Copper (%)	41	28	24
Gold (gms/tonne)	-	-	37
Molybdenum (%)	54	53	-
Number of Employees	1,140	279	550

<sup>1</sup>Based on publicly reported statistics which have not been independently verified.

<b>ESTIMATED COMPARATIVE STATISTICS<sup>2</sup></b>			
<b>Mine</b>	<b>Valley Copper</b>	<b>Gibraltar</b>	<b>Fish Lake</b>
Tonnes Milled/Day	122,000	34,500	60,000
Net Smelter Return/tonne ore Cdn\$	8.21	5.35	8.74
Operating Cost/tonne ore Cdn\$	5.19	3.89	5.19
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Cost Per Pound of Copper US\$ (net or credits)	0.72	0.75	0.43

<sup>2</sup>Estimated by Taseko Mines Limited at \$395 Au, \$1.00 Cu, \$2.32 Mo and \$0.73 FXR and based on publicly reported statistics which have not been independently verified.

## Taseko Mines Limited

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Tel 604 684 • 6365  
Fax 604 684 • 8092  
Toll Free 1 800 667 • 2114

920 41

November 28, 1994

### **GRADE INCREASE AT FISH LAKE**

Robert G. Hunter, Chairman of Taseko Mines Limited (NASDAQ-TKOCF; VSE-TKO) is pleased to provide an update of results from a \$1.7 million work program conducted at its 100% owned Fish Lake Project, located near Williams Lake in south central British Columbia.

Based on advanced geological interpretation of the Fish Lake deposit which shows that one of the gold-copper ore controls is a near vertical fracture system and the concern that the previously conducted grid drilling of vertical holes would likely under-estimate such a vertical ore control, an oriented angle, diamond drilling program was completed. The angle drilling program consisted of 13,336 feet in 12 large diameter holes within an area measuring 1300 feet by 1600 feet to an average depth of 650 feet. Therefore, the angle drill program re-tested the uppermost 120 million tonnes of the 675 million tonne deposit.

Comparison of assay results from the angle drill holes was made with the previously drilled vertical holes, utilizing 3 different statistical methods. For the reserve drilled, gold grades are 11% higher and copper grades are 4% higher than previously reported. The increased grades are the consequence of the angle holes intersecting more of the near vertical mineralized fractures than vertical holes which generally paralleled the fractures' orientation.

Applying a positive increase in gold and copper grades of 11% and 4% respectively to the July 1994 Prefeasibility mine model completed by Kilborn Engineering adds further to the Fish Lake Project's favourable economics. With average ore grades increasing to 0.014 oz gold/ton and 0.246% copper, the 675 million tonne deposit would contain 10.5 million ounces of gold and 3.7 billion pounds of copper. Average annual metal production would increase to 239,300 ounces gold, 100 million pounds copper and 530,000 ounces of silver over the 31 year mine life. The net cash cost for gold produced over that period, net of

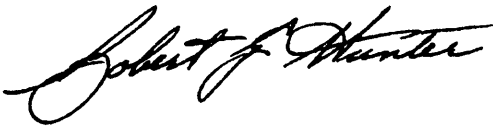
copper and silver credits, would be further reduced to a low US \$123 per ounce and the Project's rate of return would be 17.5% before tax.

The Company is now planning additional angle drilling to confirm the gold and copper grade increase for the first 15 years (330 million tonnes) of mine reserves. Furthermore, an Application for a Mine Development Certificate to the Province of British Columbia is in an advanced stage of preparation.

In other developments, the recently proclaimed Cariboo-Chilcotin land use plan has removed uncertainties regarding resource development in the region. All Fish Lake Project site and infrastructure components lie well within areas designated for enhanced resource extraction.

Also on Wednesday, November 30, 1994, the shares of Taseko Mines Limited will be listed on the NASDAQ National Market under the symbol TKOCF. The visibility, efficiency and liquidity of the NASDAQ National Market is expected to benefit the Company and its shareholders.

**ON BEHALF OF THE BOARD**

A handwritten signature in black ink, appearing to read "Robert G. Hunter". The signature is fluid and cursive, with a large initial "R" and "H".

Robert G. Hunter  
Chairman

The Vancouver Stock Exchange has neither approved nor disapproved the information contained in this news release.

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Ideas for Today's Investors

TKOCF ECNCF PSGVF

# GOLD - COPPER GIANTS

## FISH LAKE PROJECT

*12 MILLION Ounces of Gold*

*4 BILLION Pounds of Copper*

**TASEKO MINES LIMITED**

## KEMESS PROJECT

*4 MILLION Ounces of Gold*

*1 BILLION Pounds of Copper*

**EL CONDOR RESOURCES LTD.**

## CASINO PROJECT

*5 MILLION Ounces of Gold*

*3 BILLION Pounds of Copper*

**PACIFIC SENTINEL GOLD CORP.**

REBUILDING CANADA'S  
MINERAL RESERVES



Pacific Sentinel's 60-person exploration camp



Taseko's Chief Geologist, Nadia Cairn



Drill site at Pacific Sentinel's Casino deposit

## With a solid track record of success in the past and a good strategy for the future, the Hunter-Dickinson group manages three gold mining companies that are each poised for explosive growth.

In the gold mining industry, the largest mining companies are always on the lookout for new reserves to replace current production. However, these companies are not always able to find new deposits through exploration, and therefore, they oftentimes have to buy proven reserves from other, smaller companies. While this means that the large mining companies pay a high price for their reserves, it also means that the smaller companies are able to reap enormous rewards by finding and delineating mineable deposits.

The Hunter-Dickinson group of Vancouver, British Columbia, is a highly motivated group of seasoned mining professionals who have an impressive track record of success in developing and then selling gold deposits to large mining companies. Now, Hunter-Dickinson is managing three independent gold mining companies that are each positioned to appeal to the large players in the industry. Each of the three is a NASDAQ-traded company, and each is in a different stage of proving up its gold reserves. With a long-term goal of allowing each

# TASEKO

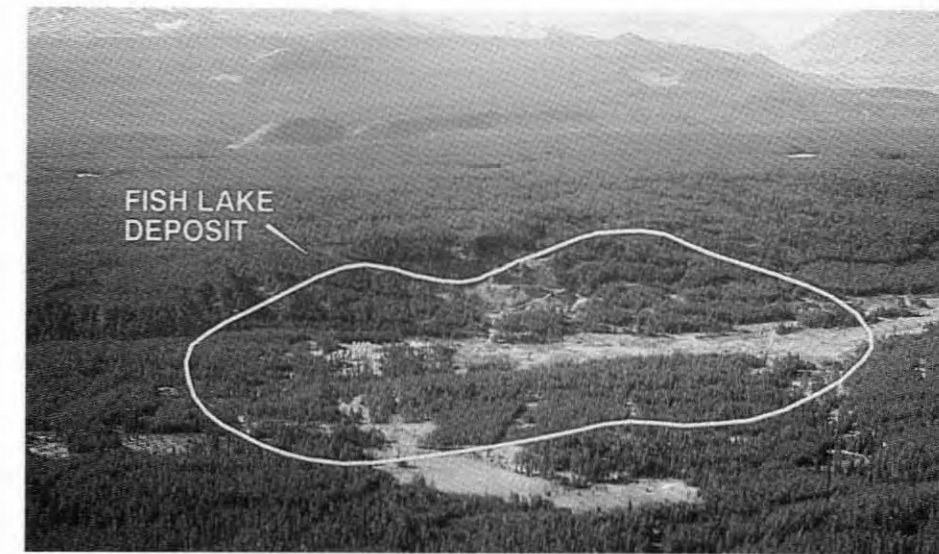
## TASEKO MINES LIMITED

Taseko Mines Limited is only slightly behind El Condor in terms of its development. The company's principal asset is the Fish Lake deposit, located in south central British Columbia. The Hunter-Dickinson group became involved with the company in 1991, at which time Taseko was coming to the end of six years of litigation over the property. The group helped settle the litigation and embarked on a comprehensive test drilling program.

The original exploration work on Fish Lake was conducted first by Bethlehem Copper and then by Cominco. Based on their findings, the property was determined to have mineral reserves of approximately 3.6 million ounces of gold and 1 billion pounds of copper. However, given the structure of the deposit and prevailing market conditions, it was decided that development of the property was not economically feasible.

Since then, additional test drilling has dramatically increased the size of the property's proven mineral reserves. Over 220,000 feet of large diameter core drilling has been conducted at the site and the true extent of the property's wealth has emerged. According to current information, the Fish Lake property has gold reserves of approximately 14.8 million ounces and copper reserves of approximately 5.6 billion pounds. Compared to existing open pit mines in British Columbia, the Fish Lake property is by far the largest gold deposit and ranks third among the province's copper deposits.

The Fish Lake property is well positioned for full-scale development. It is located 100 miles southwest of Williams Lake, British Columbia, in an area where large-scale, open pit mines are the norm. Production at Fish Lake, just as at Kemess South, would use conventional flotation



Deposit outline for Fish Lake

milling to produce a gold-copper concentrate. Industrial roads already connect the Fish Lake property with the province's railroad system. The railroad would be used to transport the concentrate to deep water ports, and smelting would be carried out elsewhere at pre-existing facilities.

In May 1993, Taseko announced that Mineral Resources Development Inc. (MRDI) of San Mateo, California, had completed initial mine plan studies for the Fish Lake property as part of an overall conceptual study of the project. They concluded that the project is economically viable and recommended that the project proceed to a detailed pre-feasibility stage. Four months later in September, Taseko announced that Kilborn Engineering Pacific Limited had been awarded the contract to complete a detailed prefeasibility study. Kilborn's

study is expected to be completed during the first quarter of 1994, at which time Taseko will begin the process of marketing the property to prospective buyers.

Early estimates prepared by MRDI already indicate that the Fish Lake project is very appealing. Based on operating costs developed by MRDI and other consultants, the cash cost to produce one ounce of gold net of copper revenue is projected to be \$74.04 for the first 20 years of mining. Over the 30-year-plus potential lifetime of the mining operation, the average cash cost per ounce is expected to be \$147.

When the Fish Lake property is in full production, it is expected to produce 229,000 ounces of gold and 96 million pounds of copper per year. The deposit's mineable reserve contains 356 pounds of copper and 1.00 ounce of gold per Taseko common share.

**Name: Taseko Mines Limited**  
**Stock symbol: TKOCF (NASDAQ)**  
**Shares outstanding: 12,338,238 (Fully Diluted)**  
**Current price (1/25/94): 9.875**  
**Principal asset: Fish Lake (British Columbia)**  
**Ownership: 100 percent**  
**Stage of development: Prefeasibility**  
**Gold reserves: 12 million ounces mineable**  
**Copper reserves: 4.4 billion pounds mineable reserves**  
**Other reserves: None**

Taseko Mine's core logging shack



of the three companies to be acquired by a large mining company, Hunter-Dickinson expects to earn impressive returns for its own significant interest as well as for each company's public investors.

#### A TRACK RECORD OF SUCCESS

The individuals who make up the Hunter-Dickinson group have been involved in the gold mining industry for a considerable period of time. Among their various qualifications, the members of the group have had significant direct experience with a type of deposit known as gold and copper porphyry systems, so named because they typically contain large amounts of both metals. Generally, these systems are dome-shaped geological structures that have pushed their way up through the earth's crust to very near the surface.

The Hunter-Dickinson group has been very successful in the past, first in delineating the reserves present in Canadian gold and copper porphyry deposits, and then in selling the deposits through corporate takeovers to large gold mining companies in search of additional mining reserves. In 1988, the Hunter-Dickinson group directed North American Metals Corporation. North American was the object of an unsolicited takeover bid by Homestake at \$5, a nice increase for a company that went public at an initial price of \$.50 per share. Next, the Hunter-Dickinson group directed Continental Gold Corporation. After going public at \$1.10 per share, Continental was bought out by Placer Dome in 1990 for \$20 per share.

#### A PROVEN STRATEGY

These success stories demonstrate the effectiveness of the Hunter-Dickinson group's strategy. The group looks for

undervalued and/or underexplored projects which, in their expert judgment, have the potential to host more than one million ounces of gold. The acquisition of these properties is usually undertaken at the corporate level and the group is usually able to acquire them at a bargain price. One reason is that in the past, their gold and copper porphyry deposit acquisitions have often been assayed and evaluated strictly for their copper-producing potential, with little attention paid to the gold content.

Once acquired, the group then assumes active management of the company and embarks on an effort to remove the technical risk associated with the project. Depending upon the prior work already done on the property, this means advancing the project beyond the realm of explo-

ration to engineering and financial feasibility. Once management has convinced itself that the requisite gold reserves are present, outside experts are retained to prepare an independent feasibility study.

This feasibility study is an important tool used in the final step of the company's strategy. With the study as an objective assessment of the costs and benefits of the particular project, the Hunter-Dickinson group is able to market the company to large gold mining companies that are looking to increase their gold reserves.

Currently, the Hunter-Dickinson group has three independent companies that are in various stages of this process of strategic development.



Forty-two linear miles of drill core were geologically logged and assayed.

## EL CONDOR

#### EL CONDOR RESOURCES LTD.

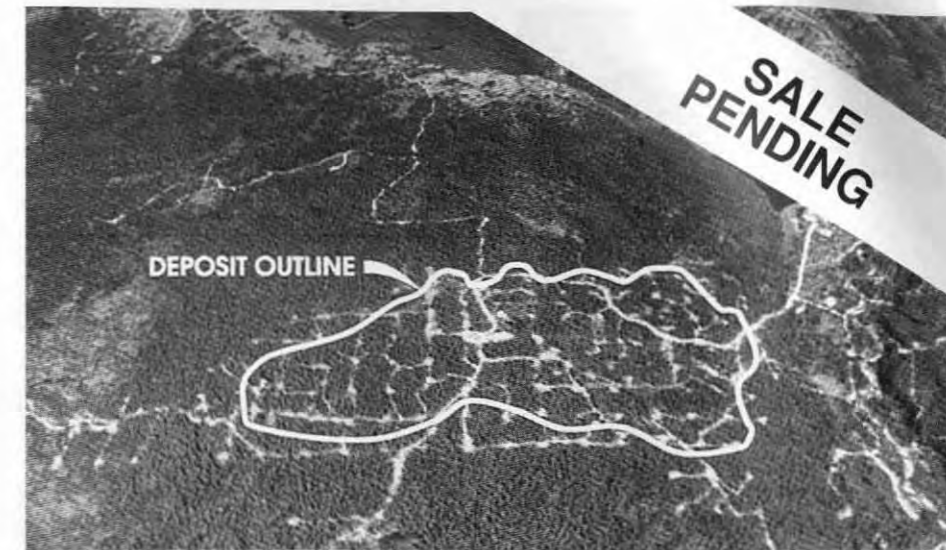
Of the three companies, El Condor Resources Ltd. is the furthest advanced in development. El Condor's principal asset is a large mineral claim in north central British Columbia that encompasses approximately 48 square miles of mineral claims. The property includes two known deposits: Kemess North, which is 100 percent owned by El Condor; and Kemess South, which is 60 percent owned.

Kemess South is the primary focus of El Condor's efforts at the current time. This ore body is a continuous, near surface, blanket-shaped deposit measuring 4,600 feet by 2,000 feet, and up to 800 feet thick. The deposit shows excellent grade continuity averaging .23 percent copper and .019 ounces of gold per ton. Total reserves are estimated to be 4 million ounces of gold and 1 billion pounds of copper. Additionally, there are significant silver reserves.

The Kemess property is located 260 miles by road northwest of Mackenzie, British Columbia. The property may seem remote, but is in fact well placed with regard to the various services needed to support an open pit mining operation. Existing roads already serve the property and an airstrip is located 25 miles to the north. A rail line is located only 39 miles to the west and would be used to transport the mine's ore concentrate to deep water ports for shipment to smelters.

Kemess South's low strip ratio and excellent metallurgical characteristics will result in reduced capital cost and lower-than-average operating costs. Additionally, no environmental hurdles are expected for large-scale, open pit mine development.

At a projected milling rate of 44,000 tons per day, the annual output at the Kemess South mine will average 225,000 ounces of gold and 61 million pounds of



Deposit outline for Kemess South

copper over a mine life in excess of 15 years. These production levels would put Kemess South among the top 10 mines in Canada for both gold and copper production.

The original exploration of the Kemess properties was done in 1966 and 1972 by Kennecott, whose focus was on the property's potential as a copper mine. In 1986, the Hunter-Dickinson group took an option on the claim, and upon visiting the property, was able to locate some of the drill cores from the drilling done in 1972. The group re-assayed the old core samples, this time for gold, and the results indicated a strong likelihood of significant gold reserves. Since then, El Condor has spent more than \$8 million on exploration work to prove up the property's reserves.

Currently, El Condor's Kemess South property is in an advanced stage of the company's development strategy. Kil-

born Engineering Pacific Limited, an internationally respected engineering firm, completed a prefeasibility study on the property in May 1993. The study evaluated and addressed all aspects of the Kemess South Project, including geology, ore reserves, mining, metallurgy, processing, concentrate handling, tailings disposal, infrastructure, ancillary facilities, environmental requirements and project economics. In particular, the study identified and described all aspects of the project and compiled all cost information required to construct and operate the proposed mine so that a detailed economic analysis could be performed.

The Kilborn study is currently being introduced to a select group of growth-oriented, large mining companies that have the production experience and resources to place the property into large-scale production of gold and copper.

**Name: El Condor Resources Limited**

**Stock symbol: ECNCF (NASDAQ)**

*January 28, 1994—Pegasus Gold Inc. and El Condor Resources Ltd. of Vancouver, Canada announced today that they have reached an agreement in principle to merge. Pegasus will offer C\$7.50 (US\$5.70) payable in common shares of Pegasus for each common share of El Condor for a total transaction value of C\$108 million (US\$82.3 million).*



# PACIFIC SENTINEL

## PACIFIC SENTINEL GOLD CORP.

Pacific Sentinel Gold Corp. is the least developed of the three companies managed by the Hunter-Dickinson group. Even so, Pacific Sentinel has characteristics that make it a very appealing investment opportunity.

Pacific Sentinel's principal asset is the Casino property, a gold, copper and molybdenum porphyry deposit located in the southern part of the Yukon territory. Originally discovered in the early part of the 20th century, but only recently subjected to comprehensive test drilling, Casino is beginning to emerge as a major mining prospect. Pacific Sentinel acquired 100 percent of the property in 1992 through a merger with its previous owners.

In 1993, the company began exploratory efforts on the property and early results were so good that Pacific Sentinel increased its exploratory budget from \$7 million to \$10.2 million. Then, in November 1993, Pacific Sentinel announced the preliminary results of its intensive, large diameter test drilling program. With 161,000 feet of drilling completed in 106 test holes, the results are quite impressive: Casino's preliminary reserves are approximately 5.39 million ounces of gold, 3.1 billion pounds of copper and 309 million pounds of molybdenum.

The Casino deposit itself currently measures approximately 4,200 feet north-south, 2,600 feet east-west, and averages 1,160 feet thick. These dimensions remain open to expansion on the west and the north as further drilling is completed. Due to the exceptional results, Pacific Sentinel is accelerating its engineering, environmental and permitting programs for large-scale, open pit mine development.

The Casino deposit has some appealing geological characteristics that will

Deposit profile for Casino

make it particularly attractive to large mining companies looking to increase their mineral reserves. Overburden only 26 feet thick overlies a gold-bearing oxidized and leached zone which averages 212 feet thick. Beneath this is a high-grade supergene blanket averaging 182 feet thick, followed by a primary copper-gold-molybdenum mineralized hypogene zone averaging 766 feet thick.

According to assays of the test drilling cores, the leached zone contains significant gold and is accessible at a very low strip ratio. In fact, the leached zone itself is comparable in size and grade to many currently operating gold mines. As a result, early production may be achievable at a low capital cost.

Additionally, the supergene zone provides high-grade mineralization for

mining in the early years of the mine's more than 30-year estimated life. This will allow for a rapid payback of the costs associated with putting the property into production.

Pacific Sentinel will resume its test drilling at the Casino property in early spring of 1994, and is working to bring the property to the prefeasibility stage as quickly as possible. Additional drilling will focus on determining the overall size of the deposit, particularly to the north and the west. Even so, at the current levels of preliminary reserves, the property contains 0.25 ounces of gold, 142 pounds of copper and 14 pounds of molybdenum for each Pacific Sentinel common share outstanding.

**Name: Pacific Sentinel Gold Corp.**  
**Stock symbol: PSGVF (NASDAQ)**  
**Shares outstanding: 21,918,062 (Fully Diluted)**  
**Current price (1/25/94): 3.00**  
**Principal asset: Casino (Yukon)**  
**Ownership: 100 percent**  
**Stage of development: Deposit delineation**  
**Gold reserves: 5.39 million ounces (Preliminary mineral reserve)**  
**Copper reserves: 3.1 billion pounds (Preliminary mineral reserve)**  
**Other reserves: 309 million pounds molybdenum (Preliminary mineral reserve)**