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Annual Report 1995



Responsible resource development



Long term community stability



Modern environmental plans



responsible resource development

CORPORATE PROFILE

Taseko Mines Limited is dedicated to growth through the responsible development of its 100% owned Prosperity Gold-Copper Project located in south central British Columbia, Canada. The 675 million tonne Prosperity Deposit is one of the largest untapped metal resources in the world and contains in excess of 9.4 million ounces of gold and 3.5 billion pounds of copper.

A detailed Prefeasibility Study, completed by Kilborn Engineering Pacific Ltd., has confirmed that the Prosperity Project is economically attractive using

conventional mining and milling technology. Comprehensive provincial and federal environmental permitting reviews are underway and citizens of the Cariboo-Chilcotin are participating in Project planning to maximize benefits for the region.

Common shares of Taseko Mines Limited are quoted in the United States on the NASDAQ National Market System (TKOCF) and trade in Canada on the Vancouver Stock Exchange (TKO). Options trade on the Chicago Board Options Exchange (TQA). Shareholders are located in the United States, Canada and Europe.

Taseko's modern mining team is making the Prosperity Project a showcase of responsible mineral resource development that meets the economic, environmental and social requirements of the region.

ACHIEVEMENTS - 1995

- Continued to advance the comprehensive review and assessment of the Prosperity Gold-Copper Project under both British Columbia's and Canada's Environmental Assessment Acts.
- Engaged Toronto Dominion Securities Inc., a financial advisory specialist, to co-ordinate and assess potential financial transactions regarding the Project and the Company.
- Engineered and factored into mine planning the results of the angle re-drilling test program proving gold and copper grade increases of 11% and 4% respectively for the re-drilled portion of the mineable reserve.

OBJECTIVES - 1996

- Finance and complete an angle drilling program to confirm gold and copper grade increases for a minimum of the first 15 years of mine life.
- Enhance the detailed Kilborn Prefeasibility Study to reflect the new results from the angle drilling program while assessing the potential of a mill throughput rate of 90,000 tonnes per day.
- Continue advancing the ongoing environmental reviews and assessment processes with the British Columbia and Canadian governments.
- Maintain on-going participation of the communities and citizens of the Cariboo-Chilcotin region in Project planning and apprise them of all technical, environmental and socioeconomic details.



long term community stability

REPORT TO SHAREHOLDERS

INTRODUCTION Growth is a key element in the prosperity of all natural resource companies and Taseko Mines Limited is committed to a future of growth for its shareholders. The name change of the Company's 100% owned Fish Lake Gold-Copper Project to the Prosperity Gold-Copper Project at Fish Lake reflects this commitment.

The Prosperity Project is a major mine development in the engineering and environmental review stage.

*The Prosperity Project
will be an important
and significant contributor
to the standard of living
and long term stability
of communities within
the Cariboo-Chilcotin
region.*

Established infrastructure, excellent deposit geometry, metallurgy and topography combine to make Prosperity well suited for a high volume, low cost open pit mine. Extensive technical, environmental and socioeconomic studies have been initiated for the timely development of the Project. Commercial production at Prosperity would result in large scale, low cost production of both gold and copper from one, long-life mine.

The Prosperity Deposit's mineable reserves substantially exceed the reserves of British Columbia's well known open pit mines; many of which are nearing exhaustion. Forecasts indicate that all but three of the Province's open pit mines will close by the year 2000 due to depletion of ore reserves. This fact, coupled with the rising world-wide demand for gold and copper, makes the need for Prosperity metal production exceptionally high. Prosperity also has a significant advantage over most mines which produce a single metal, since diversified, dual metal production will insulate mine revenues from price fluctuations of any one metal.

Proving up and confirming the attractive economics of the immense Prosperity Gold-Copper Deposit has made Taseko Mines Limited a leading North American development stage mining company. Using comparative measures, such as gold reserves per share or copper reserves per share, Taseko is among the world's most highly levered companies to benefit from increases in prices of gold or copper.

Taseko team members take pride in the contributions they are making to the Province and communities where they work. From the beginning this modern team has been determined to build co-operative relationships with the citizens of the Cariboo-Chilcotin region. The Taseko team spirit and tenacity combined with the remarkable calibre of the Prosperity Deposit



REPORT TO SHAREHOLDERS

ensures growth for Taseko Mines Limited in the months ahead.

PROJECT OVERVIEW The Prosperity Gold-Copper Project is located 77 miles southwest of the City of Williams Lake in south central British Columbia, an area characterized by gently rolling terrain. This resource based region has a population of over 33,000. The property was first discovered by Phelps Dodge Corporation in 1963. In 1966, their claims lapsed and

the area was restaked by Taseko Mines Limited. During the period from 1969 to 1990 a number of mining companies, including Bethlehem Copper and Cominco, completed exploration programs on the property. Early exploration drilling totalled 88,600 feet in 176 shallow holes which determined the potential for a large-scale disseminated gold-copper porphyry deposit. Many of these early drill holes bottomed in significant gold-copper mineralization.

In May 1991, the Hunter Dickinson Group assumed control of Taseko Mines Limited and successfully resolved six years of title litigation with Cominco Ltd. Later in 1993, Taseko purchased a 100% interest in the Prosperity Gold-Copper Project by acquiring Cominco's residual interest in the Property for \$2 million in cash and 1,607,400 common shares of the Company.

A major multi-rig drilling program conducted from late 1991 to 1993 by Taseko resulted in the completion of 139 large diameter vertical core holes for a total of 253,914 feet. Throughout 1993, Taseko further advanced the Project by undertaking a wide spectrum of detailed mine planning and environmental baseline studies, and in August of that year, Taseko commenced the mine permitting process with the Province of British Columbia.

In September 1993, Kilborn Engineering Pacific Ltd. was engaged to complete a detailed Project Prefeasibility Study which was successfully tabled in mid-1994. This comprehensive Prefeasibility Study, with input from independent specialist consultants, addressed all aspects of the Project, including geology, ore reserves, mining, processing, concentrate handling, tailings disposal, environmental aspects, reclamation requirements and an optimized open pit plan and production schedule. In

Four years of detailed studies based on continuous monitoring and field surveys of the region's water, climate, wildlife, fisheries and vegetation will greatly assist environmental permitting reviews.

modern environmental plans

most areas, the level of detail and the analysis of the database is that of a feasibility study.

The Kilborn Prefeasibility Study confirmed that the Prosperity Gold-Copper Project is an economically attractive, large scale, long-life, comparatively low cost, dual-product mine development.

The Prosperity 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 an unusually long 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 the gold and 87.3% of the 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 of gold, 99 million pounds of copper and 530,000 ounces of silver contained in 185,000 tonnes of concentrate. Metal production levels emphasize the dual-product nature of the deposit where 51% of the value is in gold and 49% is in copper.

The Prosperity Gold-Copper Project compares very favourably with large scale open-pit mines located in the region. Capital costs for the mine, mill, infrastructure, contingencies and working capital are estimated at Cdn \$460 million. Detailed cost engineering demonstrates that the mine-mill complex will have attractive profit margins, with an average life of mine operating cost of Cdn \$5.19 per tonne of ore and an average

net smelter return of Cdn \$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. The cash cost for gold produced, net of copper and silver credits, is estimated to average US \$147 per ounce over the mine life. 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.

Subsequent to completion of the Prefeasibility Study, Taseko conducted a twelve hole, angle re-drilling program that tested the uppermost 120 million tonnes of the 675 million tonne mineable reserve. This program, totalling 13,336 feet of large diameter core drilling within an area measuring 1,300 feet by 1,600 feet to an average depth of 650 feet, was undertaken to test an advanced geological interpretation which shows that one of the Deposit's gold-copper ore controls is a near vertical fracture system. If this interpretation was correct then there was a high probability that previously conducted grid drilling of vertical holes underestimated the influence of this vertical ore control on gold and copper grades.

The geological interpretation was proven to be correct by the re-drilling test program. Detailed comparisons of assay results from the angle drill holes made with previously drilled vertical holes, utilizing four different statistical methods, proved gold grades are 11% higher and copper grades are 4% higher than previously calculated for that portion of the mineable reserve re-drilled. The increased grades are the consequence of the angle holes intersecting more of the near vertical gold and copper mineralized fractures than the earlier vertical holes which generally paralleled the fractures' orientation.

ENVIRONMENTAL AND SOCIOECONOMIC PLANNING

Taseko Mines Limited is proud of the Prosperity Project because from the onset the Project has emulated the changing attitudes of the 1990's. The modern mining team of men and women at Taseko are working diligently to make the Project a model example of responsible mineral resource development to meet the economic, environmental and social requirements of the Cariboo-Chilcotin region.

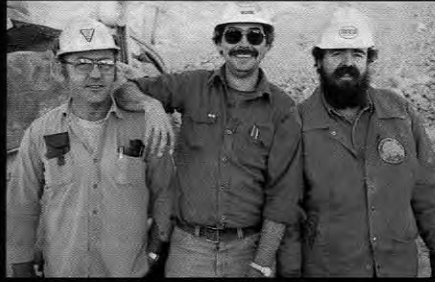
The Prosperity Gold-Copper Project has been accepted for review under British Columbia's new Environmental Assessment Act (BCEAA) and will also be reviewed under the federal government's Canadian Environmental Assessment Act (CEAA). Taseko has already commenced assembling comprehensive environmental, socioeconomic and engineering studies for the Prosperity Gold-Copper Project. These processes ensure for all British Columbians that, over the months ahead, the Project is planned in a socially and environmentally sound manner.

Prosperity is one of the first projects to commence review under these two new Acts. Both processes promise an open, accountable, scientific and balanced review involving the public throughout. All Taseko employees and consultants look forward to being part of two processes which provide certainty and balance for environmental, First Nation, business, and public interests. In fact, the Taseko team hopes that the Prosperity Gold-Copper Project will become the model example for the review of a British Columbia mining project. The Taseko team is working very hard with all interest groups to ensure a well planned, sustainable mine development which maximizes benefits for citizens of the Cariboo-Chilcotin region.

Since commencing development of the Project in 1991 and formally commencing the British Columbia assessment review in August 1993 Taseko has kept the

public, First Nations and regulatory agencies well informed of Project plans. Key features of the Project have been presented to the public, environmental groups, First Nation groups, and regional community representatives at wide ranging consultations, open house presentations, and Company sponsored site tours. Studies based on objective and extensive field surveys combined with the continuous monitoring of the region's hydrology, climate, wildlife, physiography, fisheries, and vegetation since 1991 along with independent reports on anthropology and ethnography are being compiled to assure any local concerns are answered. As a result, community leaders including elected officials are voicing their support. Furthermore, questionnaires distributed during meetings show substantial popular support for the Prosperity Gold-Copper Project.

The Prosperity Gold-Copper Deposit at Fish Lake will generate substantial long term social and economic benefits for the Cariboo-Chilcotin Region, British Columbia and Canada. It will provide all of the new jobs promised recently by the successful Cariboo-Chilcotin Land Use Plan while at the same time development will occur within land areas expressly established by the Plan to foster economic development and job creation. After all the construction, operation and reclamation plans are approved by the provincial and federal governments, building of this \$460 million Project will take 26 months, with a construction workforce averaging 250 persons, and peaking at 700 persons. Operations will commence thereafter with a workforce of 442 persons, peaking at 721 in year 23 of the 31 year mine life. Annual wages averaging \$60,000 per person are planned. The Project is expected to create an additional 619 indirect jobs in British Columbia. Training and employment of First Nation and local community people will be a focused priority, as will



employment opportunities

REPORT TO SHAREHOLDERS

plans to ensure that regional recreational and fishing opportunities are maintained. Tax revenues generated from all sources, accruing to the governments, will total approximately \$2 billion over the lifetime of the Project, or \$82.6 million per year. The fact that the Prosperity Deposit contains 3 times more gold than the Bank of Canada holds in reserve for all Canadians is an illustration of the enormous wealth hosted at Prosperity.

*The Prosperity Project
will provide the
hundreds of new jobs
promised by the
Cariboo-Chilcotin Land
Use Plan with all
Project facilities enclosed
within land areas
expressly established to
foster job creation.*

FINANCIAL During fiscal 1995, Taseko expended \$1.1 (1994 – \$3.0) million on project development and \$0.9 (1994 – \$0.4) million on corporate operations including corporate development consulting. These amounts were offset by \$0.5 (1994 – \$0.4) million in equity financing and other minor transactions which resulted in a cash balance of \$0.2 (1994 – \$1.5) million at year end. Subsequent to year end, Taseko entered into an agreement with a private company owned by a company director to borrow \$1.0 million pursuant to a convertible debenture. With the goal of minimizing dilution of shareholders' equity, further financing in the amount of approximately \$9 million is being planned to fund drilling, engineering and environmental programs designed for 1996.

To September 30, 1995, Taseko's cumulative expenditure on the Prosperity Gold-Copper Project was \$43.5 million, of which \$28.7 million was expended on acquisition costs and \$14.8 was spent on exploration and development costs.

Since November 1994, the shares of Taseko Mines Limited have been quoted on the NASDAQ National Market System (Symbol TKOCF), and in December 1994, Taseko options began trading on the Chicago Board Options Exchange (Symbol TQA).

At fiscal year end, there were 12,349,274 common shares of the Company issued with share purchase options outstanding to purchase a further 1,107,500 common shares.

PLANS AND OUTLOOK During 1996 Taseko plans to arrange a further \$9 million in equity financing to complete an angle re-drilling program of the Prosperity Deposit to prove the gold and copper grade increases for a minimum of the first 15 years of mineable reserves. In addition, engineering work is planned to evaluate and assess potential milling operations at an expanded throughput rate of 90,000 tonnes per day.

REPORT TO SHAREHOLDERS

Paralleling this work, further extensive environmental and socioeconomic related studies will be completed for presentation to government Project review committees and other interested parties.

Results from these planned work programs will be added to the data base to further enhance the Kilborn Prefeasibility Study. Applying a positive increase in gold and copper grades of 11% and 4% respectively to the Prefeasibility mine model completed by Kilborn Engineering adds further to the Project's favourable economics. With average ore grades increasing to 0.482 grams gold/tonne (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. Milling ore of this grade at a throughput rate of 90,000 tonnes per day would increase annual metal production to 365,625 ounces of gold and 153 million pounds of copper while significantly reducing the cost of gold produced to a low US \$79 per ounce. While the capital cost for a 90,000 tonnes per day mine and mill complex could be expected to increase to some Cdn \$590 million, the Project payback period would drop to an impressive 4 years.

The Company has retained Toronto Dominion Securities Inc. (TDSI) to act as a financial advisor and agent with respect to financing and dealing with Taseko's 100% interest in its giant Prosperity Gold-Copper Project. Concurrently with the planned drilling, engineering and environmental permitting programs to be completed during 1996, the Company and TDSI will assess potential acquisition, merger or production financing strategies with modern, large scale mine operators.

ACKNOWLEDGEMENTS Taseko's cohesive, modern mine development team and consultants are dedicated to responsible mineral resource development to ensure shareholder success. Advances to project development during 1995 were a result of their efforts and those of the many people of the Cariboo-Chilcotin who have a keen interest in the well being of the region.

With their continued encouragement and the help of Taseko's skilled and hard-working employees and consultants, the Company intends to focus its resources on diligent and efficient development of its Prosperity Gold-Copper Project.

Finally, we express our sincere gratitude to all our valued shareholders for their continued support. We look forward to all shareholders participating in the prosperity 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

AUDITORS' REPORT

To the Shareholders of Taseko Mines Limited

We have audited the balance sheets of Taseko Mines Limited as at September 30, 1995 and 1994 and the statements of loss and deficit, changes in financial position and mineral property costs for each of the years in the three year period ended September 30, 1995. 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, 1995 and 1994 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, 1995 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 consistent basis.



De Visser & Company
Chartered Accountants
Vancouver, B.C.
December 29, 1995

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA - U.S. REPORTING CONFLICT

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by significant uncertainties and contingencies such as those referred to in note 1 to these financial statements. Our report to the shareholders dated December 29, 1995 is expressed in accordance with Canadian reporting standards which do not require a reference to such matters when the uncertainties are adequately disclosed in the financial statements.



De Visser & Company
Chartered Accountants
Vancouver, B.C.
December 29, 1995

BALANCE SHEETS

September 30 (Expressed in Canadian Dollars)	1995	1994
ASSETS		
Current		
Cash and cash equivalents	\$ 182,561	\$ 1,503,285
Accounts receivable	47,515	113,192
Total current assets	230,076	1,616,477
Marketable Securities (note 3)	1,000	1,000
Capital Assets		
Cost	30,700	30,379
Accumulated amortization	(15,134)	(8,533)
Net capital assets	15,566	21,846
Reclamation Deposits	15,342	15,342
Mineral Property Costs (see statement) (note 4)	43,514,515	42,416,337
	<u>\$ 43,776,499</u>	<u>\$ 44,071,002</u>
LIABILITIES		
Current		
Accounts payable	\$ 399,352	\$ 212,236
Total current liabilities	399,352	212,236
SHAREHOLDERS' EQUITY		
Share Capital (note 7)		
Issued – 12,349,274		
(1994 – 12,309,274) common shares	46,931,936	46,491,936
Deficit	(3,554,789)	(2,633,170)
	43,377,147	43,858,766
	<u>\$ 43,776,499</u>	<u>\$ 44,071,002</u>

See accompanying notes to the financial statements

Approved by the Directors:



Robert G. Hunter



Robert A. Dickinson

STATEMENTS OF LOSS AND DEFICIT

For the years ended September 30 (Expressed in Canadian Dollars)	1995	1994	1993
Revenue			
Interest	\$ 38,482	\$ 158,671	\$ 349,276
Expenses			
Amortization	6,602	5,082	1,810
Conference and travel	52,454	71,660	72,164
Corporate bank consulting	304,609	–	–
Corporation capital tax	68,289	67,684	54,808
Legal, accounting and audit	22,806	44,620	42,480
Office and administration	56,682	58,416	59,663
Rent	49,865	41,234	37,809
Salaries and benefits	158,099	128,573	106,453
Shareholder communication	153,908	131,562	246,399
Telephone	14,268	16,592	18,873
Trust and filing	72,519	36,750	16,436
	960,101	602,173	656,895
Loss Before Other Item	(921,619)	(443,502)	(307,619)
Gain on Sale of Marketable Securities	–	3,518	–
Loss for the Year	(921,619)	(439,984)	(307,619)
Deficit – Beginning of Year	(2,633,170)	(2,193,186)	(1,885,567)
Deficit – End of Year	<u>\$ (3,554,789)</u>	<u>\$ (2,633,170)</u>	<u>\$ (2,193,186)</u>
Loss per share (note 6)	<u>\$ (0.07)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>
Supplemental Disclosure			
Weighted-average number of common shares outstanding	12,309,876	11,995,390	10,521,025

See accompanying notes to the financial statements

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For the years ended September 30
(Expressed in Canadian Dollars)

	1995	1994	1993
CASH PROVIDED BY (USED FOR):			
Operating Activities			
Loss for the year	\$ (921,619)	\$ (439,984)	\$ (307,619)
Adjustments to reconcile net loss to cash applied to operating activities:			
Amortization	6,602	5,082	1,810
Gain on sale of marketable securities	—	(3,518)	—
Accounts receivable	65,677	(40,053)	178,498
Accounts payable	187,116	(11,297)	(308,076)
Net cash used for operating activities	(662,224)	(489,770)	(435,387)
Investing Activities			
Exploration and development costs	(1,098,178)	(2,960,490)	(2,839,327)
Mineral property acquisition costs:			
Common shares issued	—	(23,000,000)	(67,000)
Cash payments	—	(2,000,140)	(6,514)
Capital assets	(322)	(19,982)	(5,440)
Proceeds from sale of marketable securities	—	17,589	—
Reclamation deposits	—	(117)	233
Net cash used for investing activities	(1,098,500)	(27,963,140)	(2,918,048)
Financing Activities			
Common shares issued for cash	440,000	436,230	4,259,650
Common shares issued for mineral property acquisition	—	23,000,000	67,000
Net cash provided by financing activities	440,000	23,436,230	4,326,650
NET CASH PROVIDED (USED) DURING THE YEAR	(1,320,724)	(5,016,680)	973,215
CASH – BEGINNING OF YEAR	1,503,285	6,519,965	5,546,750
CASH – END OF YEAR	\$ 182,561	\$ 1,503,285	\$ 6,519,965
Supplemental Cashflow Information:			
Common shares issued for mineral property acquisition	\$ —	\$ 23,000,000	\$ 67,000

See accompanying notes to the financial statements

STATEMENTS OF MINERAL PROPERTY COSTS

For the years ended September 30
(Expressed in Canadian Dollars)

	1995	1994	1993
PROSPERITY GOLD-COPPER PROPERTY			
Acquisition Costs			
Balance – Beginning of year	\$ 28,660,010	\$ 3,659,870	\$ 3,586,356
Incurred during the year	—	25,000,140	73,514
Balance – End of year	28,660,010	28,660,010	3,659,870
Exploration and Development Costs			
Assays and analysis	91,166	96,904	231,920
Camp services	57,777	56,713	138,711
Drafting	31,206	76,951	114,282
Drilling	20,356	836,722	590,087
Energy and transportation studies	—	16,315	44,654
Environmental	283,032	426,363	322,351
Equipment rental	138,306	207,087	157,079
Field contractors	12,198	56,922	76,942
Freight and transport	26,189	81,810	84,947
Geological and geophysical	16,178	3,306	41,863
Geotechnical	71,293	178,938	78,166
Metallurgical	721	40,533	356,820
Prefeasibility	582	168,242	3,184
Project engineering	100,356	366,047	165,770
Road construction	—	391	7,935
Salaries and benefits	219,382	284,401	365,872
Supplies and consumables	7,356	24,901	31,902
Travel and accommodation	22,080	37,944	26,842
Incurred during the year	1,098,178	2,960,490	2,839,327
Balance – Beginning of year	13,756,327	10,795,837	7,956,510
Balance – End of year	14,854,505	13,756,327	10,795,837
Mineral Property Costs	\$ 43,514,515	\$ 42,416,337	\$14,455,707

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

September 30, 1995
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

The Company is incorporated under the British Columbia Company Act (Canada) and its principal activity is the exploration and development of the 100% owned Prosperity Gold-Copper Project (formerly Fish Lake Gold-Copper Project) located in south central British Columbia, Canada.

The underlying value of the mineral property and the related deferred mineral property 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 of the mineral property, and upon future profitable production or proceeds from the disposition of the property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. There are no significant differences between these policies and those that would be applied under generally accepted accounting principles in the United States.

Mineral Property Costs

The mineral property acquisition 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.

Costs include the cash consideration and the fair market value of common shares issued for the acquisition of the mineral property. A property acquired under an option agreement or by joint venture, whereby payments are made at the sole discretion of the Company, is recorded in the accounts at the time of payment.

Capital Assets

Capital assets comprising computer and field equipment are recorded at cost and are amortized using the declining balance method at an annual rate of 30%.

Share Capital

Common shares issued for non-monetary consideration are recorded at the fair market value based upon the trading price of the shares on the Vancouver Stock Exchange on the date of the agreement to issue the shares.

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

Costs incurred to issue common shares are deducted from share capital.

CORPORATE INFORMATION

Officers

Robert G. Hunter, *Chairman*
Robert A. Dickinson, *President*
Jeffrey R. Mason, *Secretary/Treasurer*

Directors

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

Corporate Address

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Attorneys

Lang Michener Lawrence & Shaw
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)
Chicago Board Options Exchange (TQA)

Capitalization

Common authorized	25,000,000
Issued	12,351,274
Fully Diluted	13,727,451

Annual Meeting

The Annual General Meeting of the Shareholders of Taseko Mines Limited will be held at 2:00 pm on March 20, 1996 in the Aspen Room, 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
Telephone: (604) 684-6365
Facsimile: (604) 684-8092
Toll Free: 1-800-667-2114

3. MARKETABLE SECURITIES

Marketable securities are recorded at the lower of cost and market value and are comprised of 100,000 common shares (1994 – 100,000) of AAR Resources Inc.

4. MINERAL PROPERTY COSTS

Prosperity Gold-Copper Property (formerly Fish Lake Gold-Copper Property)

Clinton Mining Division

British Columbia, Canada

The Company owns 100% of the Prosperity Gold-Copper Property which it acquired from Cominco Ltd. ("Cominco") in two transactions.

In the first transaction, an 80% interest and the right to control the property until May 31, 1995 was acquired by the issue of 1,000,000 common shares. The right to control the property included an arrangement whereby Cominco would share in the proceeds from the sale of the property. Should the property not be sold by May 31, 1995, the control of the property was to revert to Cominco and the Company would have retained a 20% net profits interest.

During 1994, the Company acquired all of Cominco's working interests in the property including their 5% net proceeds from production royalty by paying to Cominco \$25 million. The purchase price was settled in full by the disbursement of \$2 million in cash and \$23 million by the issue to Cominco of 1,607,400 net shares of the Company. The Company directed the sale of these shares to net Cominco the \$23 million.

5. RELATED PARTY TRANSACTIONS

Included within accounts payable is a liability of \$64,339 (1994 – \$42,392), representing actual expense reimbursements at cost, owed to Pacific Sentinel Gold Corp., a company with directors and officers in common with the Company. (see note 9)

6. LOSS PER SHARE

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

7. SHARE CAPITAL

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

Issued and outstanding common shares:

	Price Per Share	Number of Shares	Amount
Issued at September 30, 1992		9,990,959	\$18,729,056
Stock options exercised	\$ 2.10	169,500	355,950
	1.35	117,000	157,950
	11.79	40,000	471,600
Warrants exercised	10.00	102,415	1,024,150
Flow-through warrants exercised	10.00	225,000	2,250,000
Option agreement with Cascade Investments Joint Venture	3.35*	20,000	67,000
		673,915	4,326,650
Issued at September 30, 1993		10,664,874	23,055,706
Option agreement with Cominco Ltd.	14.31*	1,607,400	23,000,000
Stock options exercised	11.79	37,000	436,230
		1,644,400	23,436,230
Issued at September 30, 1994		12,309,274	46,491,936
Stock options exercised	11.00	40,000	440,000
Issued at September 30, 1995		12,349,274	\$46,931,936

* value ascribed based on fair market value.

Stock options are outstanding at September 30, 1995 to purchase 1,107,500 common shares at \$11.00 per share expiring April 6, 1998. (see note 9)

8. INCOME TAXES

The Company has loss carryforwards and certain resource related deductions, net of amounts renounced under flow-through share financing agreements, aggregating \$38,876,308 which are available to be offset against future taxable income in Canada. The benefits of these losses and deductions are not reflected in these financial statements as there is no virtual certainty that the benefits will be realized.

9. SUBSEQUENT EVENTS

Subsequent to year end, stock options were exercised to purchase 2,000 common shares at \$11.00 per share.

On December 29, 1995, the Company entered into an agreement to borrow \$1,000,000 pursuant to a convertible debenture with a private company owned by a Company director. The terms of the debenture agreement provide that the debenture will be convertible into shares of the Company at a price of \$8.125 per share for the one year term of the debenture and the Company will be issuing 123,000 detachable share purchase warrants exercisable for a two year period at \$8.125 per share in the first year and \$9.375 in the second year. A bonus of 24,600 shares is to be issued to the lender on execution of definitive agreements. No finder's fees are payable. The debenture is subject to execution of definitive agreements and regulatory approval.