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**RESEARCH  
BRIEF****HAYWOOD**  
SECURITIES INC.**TASEKO MINES LTD.****(TKO-V)**

Head Office: 1020,800 West Pender Street  
Vancouver, B.C. V6C 2V6

Float: 1,500,000 shares

Major Shareholders: Management 2,469,510  
R. A. Dickinson 569,210  
R. G. Hunter 647,200  
D. B. Forster 559,350

**Summary**

The Fish Lake copper/gold porphyry deposit has mineable reserves of 240,000,000 tons grading 0.24% Cu and 0.015 oz/ton Au.

Legal action may be initiated by management against Cominco under the premise that Cominco has failed to fulfil the commitments outlined in their option agreement with Taseko Mines.

**Company Background**

The company was incorporated in British Columbia in 1966. Old management is being replaced by the Hunter-Dickinson group, who now controls over 42% of Taseko stock, on a fully diluted basis. The Hunter group is financially strong and has been involved in numerous high profile mining ventures.

**Evaluation**

The Fish Lake deposit is located 140 miles north of Vancouver. The 150 claim property is accessible by road from Williams Lake.

In the late 70's Bethlehem Copper optioned the Fish Lake property and subsequently outlined the current known reserves. Cominco took over Bethlehem in the early 80's and inherited the Taseko option agreement. The agreement states that Cominco can earn an 80% interest by putting the project into commercial production. The previous management of Taseko Mines (company has recently been taken over by the Hunter-Dickinson group) maintains that the property has been economically feasible since 1988. The Hunter-Dickinson group may start another court proceeding with the hopes of removing Cominco from the property. The management maintains that the Fish Lake deposit is economic with the current metal prices and that Cominco is in breach of the option agreement, and should forfeit the option.

Taseko's previous court cases were based on the premise that when the option was due in Nov. 1985, Cominco had not completed sufficient work to demonstrate if the property was economically feasible, and therefore was in breach of the option agreement. It should be noted that Taseko Mines in their court appearances failed to make use of an expert witness whereas Cominco used a consultant to testify that the deposit was not economic. With past president Lorne Ross having now resigned and management being replaced by Hunter-

Dickinson appointees, past mistakes will not be repeated. Undoubtedly Cominco is aware of the financial capabilities of the Hunter group and may well make an out of court agreement with Taseko Mines.

The Fish Lake deposit has reserves of 240,000,000 tons of 0.24% Cu, 0.015 oz/ton Au and 0.033 oz/ton Ag. A slightly higher grade core of 50,000,000 tons grading 0.27% Cu and 0.017 oz/ton Au, can be mined in the initial years. The deposit is open pit mineable with an overall stripping ratio of 1 to 1. The property is only partially explored and drift cover is extensive, so there is the possibility of additional mineralized intrusives.

Preliminary metallurgical testing on drill core indicated recoveries of 88% Cu, 65% Au, and 50% Ag. in a 21% copper concentrate. Subsequent testing has indicated Au recoveries up to 90%.

**Recommendation**

Cash flow analysis, based on 1988 to 1991 metal prices, shows the Taseko project to be economic. We think there is an excellent chance that Cominco could lose their option on the Taseko property. Legal action against Cominco could take over a year to complete, but an out of court settlement is a growing possibility, so results may come sooner than expected. If Cominco takes a reduced interest or loses the property option, the stock could trade above the \$5.00 area. We consider this a speculative purchase for long term investors.

R.J. Nethery  
P.Eng.

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