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TASEKO MINES LIMITED

"A POTENTIAL TAKEOVER TARGET"

"GOLD AND COPPER"

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PROJECT DEVELOPMENT

TASEKO MINES LIMITED

TKO:V

"A POTENTIAL TAKEOVER TARGET"
"GOLD AND COPPER"

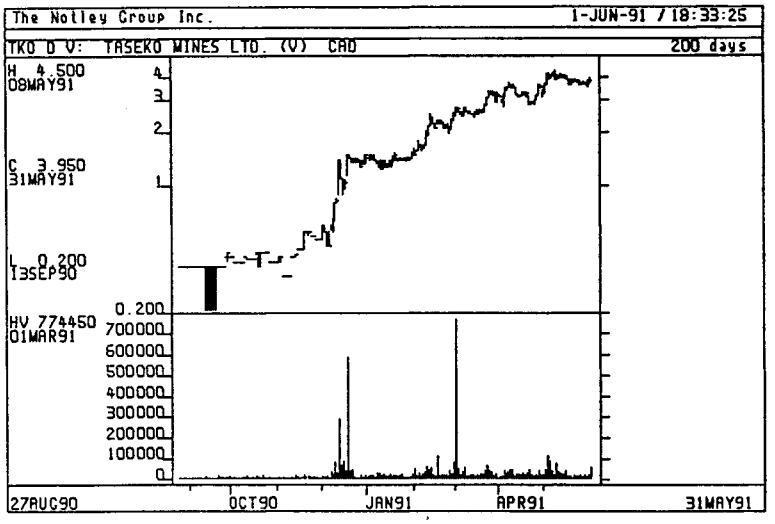
RECENT PRICE	52 WEEK SHARE PRICE RANGE
$3.90	$4.50 - $0.20

RECOMMENDATION:

Buy for aggressive accounts.

Target Price:	$6.50 - $9.00
Capitalization:	(As at May 24, 1991)
Authorized	25,000,000
Issued	6,754,718
Fully Diluted	9,182,384
Major Shareholders:	
Management	49.4% (Fully diluted)
Cominco Ltd.	10.9% (Fully diluted)

NOTE: All financial data is expressed in Canadian dollars unless otherwise stated.



SUMMARY & RECOMMENDATION

The Taseko Mines Limited ("Taseko"), gold-copper porphyry deposit, known as Fish Lake, is located approximately 160 km by air north east of Vancouver, B.C., Canada. The Fish Lake deposit parallels in size, economics and location the well known Mt. Milligan gold-copper porphyry deposit which was recently the subject of a takeover bid by Placer Dome Inc. Taseko's management is led by the same Board of Directors which guided Mt. Milligan towards Placer's successful $258 million bid for 5.3 million ounces of contained gold valued at $48.86 per contained ounce. This resulted in shareholders of Continental Gold Corp.(9.2 million shares outstanding.) receiving $20.00 per share, reflecting Continental's 70% interest in the Mt. Milligan Project.

This report addresses the economics of Fish Lake with a view towards evaluating a potential takeover bid price for the shares of Taseko Mines Limited.

Our conceptualized valuation is based on data compiled by consultants retained by Taseko and as provided by Taseko's management. At a cut-off grade of 0.40% copper equivalent, Mineable and Diluted - Drill Indicated and Possible Reserves amount to 362 million tons grading 0.23% copper and 0.013 oz gold per ton. The capital cost of this project is estimated to amount to $400 million. It is projected to operate at 66,000 tons per day or 22 million tons per year. This production rate represents a 16 year mine life.

There are no identified environmental or permitting issues that would prevent development of the Fish Lake Project.

Annual copper production would amount to 230,000 tons of copper concentrate containing 94 million lbs. of copper and 215,000 ounces of gold. The average direct cash operating cost is projected at $3.85 per ton. At metal prices of U.S. $1.10/lb. copper and U.S. $370/oz gold, the average deposit net smelter return amounts to about $7.20 per ton of ore providing a gross operating margin of about $3.35 per ton.

We project a pre-tax discounted cash flow ("DCF") range for this project of between $100 million - $130 million. At a 0.40% copper equivalent cut-off grade, the deposit is estimated to contain 4.6 million oz. of gold. This values the above DCF at between $22 - $28 per ounce of contained gold. We believe this to be appropriate in light of the amount of work completed on the Fish Lake Project relative to Mt. Milligan at the time of the Placer Dome Inc. offer. Under the Taseko/Cominco agreement, Cominco Ltd. would receive a minimum $20 million or maximum $48 million upon a successful takeover bid or sale of the Fish Lake Project.

In our opinion, under the terms of the Taseko/Cominco agreement and based on 9.182 million Taseko shares outstanding (fully diluted), a share price target of $6.50 - $9.00 per Taseko share is warranted.

RECOMMENDATION **BUY: At the current price of approximately $4.00 per share we recommend purchase of Taseko shares by aggressive accounts.**

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SECTION I THE FISH LAKE PROJECT

BACKGROUND TO OUR ANALYSIS

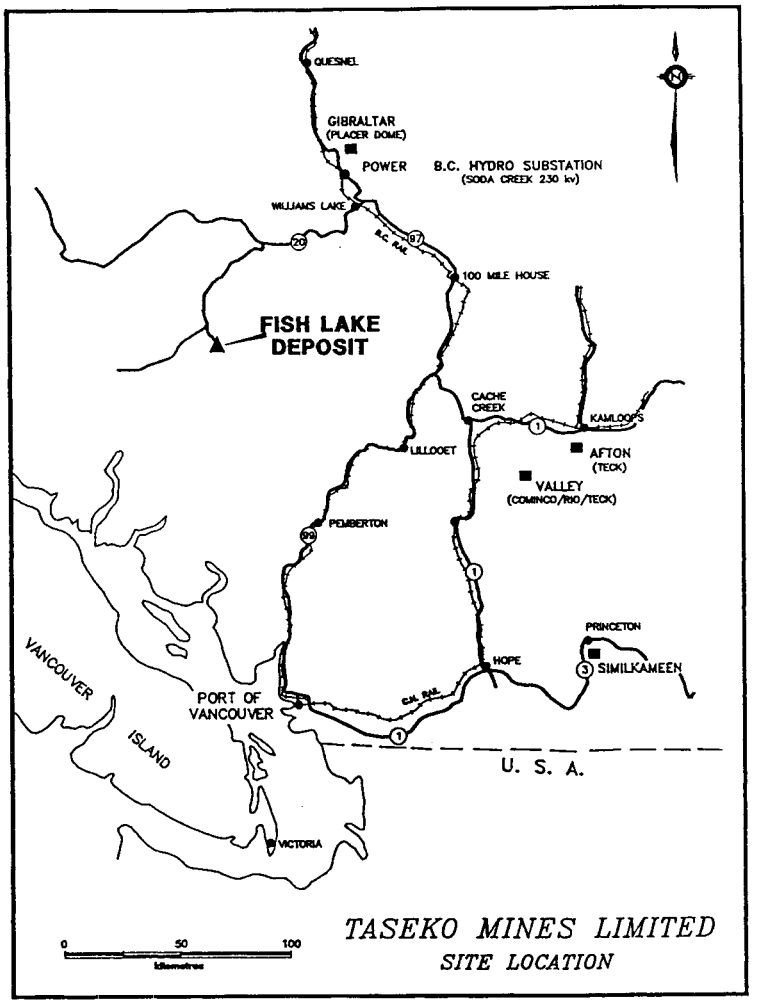
The analysis contained in this report is conceptual in nature. Projections are derived from a data base provided by Taseko's management. The method of evaluating the share price is primarily through use of a discounted cash flow ("DCF") approach.

Our methodology projects cash inflows - revenues and deducts cash outflows such as capital costs and operating costs. The difference is discounted to the current date of analysis. In addition, in deriving our conclusions, the DCF approach is supported by a comparative analysis with a similar gold-copper project in British Columbia, namely Mt. Milligan. The Mt. Milligan Project was the focus of a recent takeover by Placer Dome Inc. which resulted in a $258 million purchase of the asset through the public vehicle Continental Gold Corp.

BRIEF BACKGROUND TO THE FISH LAKE PROJECT

Figure 1

- Taseko's Property is known as the Fish Lake Project, a porphyry gold-copper deposit located approximately 125 road km southwest of Williams Lake, B.C. and 160 km by air from Vancouver, B.C. Access to the property can be achieved by existing secondary roads. Fig. 1.
- Phelps Dodge as owner/operator initiated trenching, geophysical and geochemical surveys followed by diamond drilling in the early 1960's.
- Taseko Mines Limited became the owner of the property in 1966.
- Diamond drilling continued on the property through the 1960's.
- Taseko in conjunction with other optionor/operators continued to drill and explore the project throughout the 1970's.
- In 1979, Bethlehem Copper became optionor/operator and continued geochemical and drilling programs.



- In 1980, Cominco Ltd. acquired Bethlehem Copper and the Fish Lake Option Agreement.
- In early 1981 the first mineral reserve estimate was made. Cominco Ltd. completed limited metallurgical studies which focused on achieving high copper recoveries, possibly at the expense of gold recovery, to a saleable copper concentrate.
- Cominco conducted economic studies in 1984.
- Taseko and Cominco Ltd. litigated the Fish Lake option agreement between 1985 and 1990 with Cominco gaining extensions in the B.C. trial court and Court of Appeal.
- Cominco continued to evaluate the property through 1990.
- Former Directors of Continental Gold Corp. gained control of Taseko in January 1991.
- Control of Fish Lake was returned to Taseko in May 1991 under new Taseko management.
- Between the mid 1960's and 1990, approximately 160 diamond and percussion drill holes have been completed on the property, totalling some 26,000 meters. Some holes have been drilled to a depth of more than 450 meters and are still in ore.
- Assay results from diamond drill core provide the data base for the current reserve evaluation.

RESERVES

TONNAGE

Table I below tabulates bench by bench, Taseko's estimation of Mineable Drill Indicated Reserves using the polygonal method. Reserves are calculated at various copper equivalent cut-off grades[1]. Reserve tonnages are determined by summing all material above a prescribed cut-off grade.

Table 1

FISH LAKE GOLD - COPPER PROJECT

D R I L L I N D I C A T E D R E S E R V E S

O P E N P I T S T A G E S I + I I + I I I

BENCH	0.20 % Cu EQUIV. CUTOFF			0.30 % Cu EQUIV. CUTOFF			0.40 % Cu EQUIV. CUTOFF		
	POLYGON TONS	Cu %	Au OPT	POLYGON TONS	Cu %	Au OPT	POLYGON TONS	Cu %	Au OPT
1515 - 1560									
1470 - 1515	1549548	0.20	0.011	1549548	0.20	0.011	1549548	0.20	0.011
1425 - 1470	21306709	0.19	0.012	20385153	0.19	0.012	16870326	0.20	0.013
1380 - 1425	53678456	0.18	0.010	34509935	0.22	0.012	27524298	0.23	0.013
1335 - 1380	61072623	0.19	0.011	47907259	0.23	0.013	33361330	0.25	0.015
1290 - 1335	57419821	0.19	0.011	45839051	0.21	0.013	36378016	0.23	0.014
1245 - 1290	48001985	0.21	0.012	38064624	0.23	0.013	29950699	0.26	0.014
1200 - 1245	44076539	0.21	0.012	41868608	0.22	0.012	31174093	0.24	0.014
1155 - 1200	32543130	0.23	0.012	29987836	0.24	0.012	27625598	0.25	0.013
1110 - 1155	18473871	0.24	0.013	18473871	0.24	0.013	13909813	0.27	0.014
1065 - 1110	2441683	0.30	0.013	2441683	0.30	0.013	2441683	0.30	0.013
1020 - 1065	2441683	0.25	0.013	2441683	0.25	0.013	2441683	0.25	0.013
975 - 1020	2441683	0.31	0.012	2441683	0.31	0.012	2441683	0.31	0.012
930 - 975									
TOTAL	343,447,730	0.20	0.011	285,910,932	0.22	0.013	225,668,771	0.24	0.014
POSSIBLE RESERVES	154,221,195	0.21	0.011	138,779,338	0.22	0.012	116,337,515	0.24	0.013
GRAND TOTAL	497,668,926	0.21	0.011	424,690,270	0.22	0.012	342,006,286	0.24	0.013

TASEKO MINES LIMITED

[1] Cut-off grade: The lowest grade of mineralized material considered economic.

Using current metal prices our study suggests that 0.40% is the appropriate cut-off grade representing 342 million tons of Mineable Drill Indicated and Possible Reserves grading 0.24% copper and 0.013oz gold per ton at zero dilution.[2]

Table 2 below compares Mineable and Diluted Reserves of both the Fish Lake and Mt. Milligan (published prior to takeover bid) deposits at similar copper equivalent cut-off grades. i.e. 0.20%; 0.30%; and 0.40%.

Table 2

FISH LAKE - MT. MILLIGAN COMPARISON

MINEABLE AND DILUTED ORE RESERVES							
PROJECT	CUTOFF GRADE EQUIVALENT Cu %	TONS	Cu %	Au opt	Cu EQUIV. %	Au CONTAINED ounces	WASTE / ORE
FISH LAKE	0.2	527,530,000	0.20	0.011	0.50	5,694,000	0.7 / 1
	0.3	450,172,000	0.21	0.012	0.54	5,253,000	1.0 / 1
	0.4	362,527,000	0.23	0.013	0.60	4,653,000	1.5 / 1
MT. MILLIGAN	0.2	550,329,000	0.18	0.011	0.50	6,040,000	0.6 / 1
	0.3	450,225,000	0.19	0.013	0.55	5,840,000	0.9 / 1
	0.4	330,506,000	0.22	0.016	0.67	5,280,000	1.6 / 1

COMMENTS

In general it is evident from Table 1 that copper grade improves with depth as the lower benches of the open pit focus on the higher grade center of the deposit. Gold grades remain relatively constant. "Variogram" studies by an independent consultant indicate that ore grades are remarkably consistent throughout the orebody. Histograms of copper and gold assays along each drill hole substantiate the ore grade consistency.

Table 2 demonstrates a remarkable duplication of Fish Lake/Mt. Milligan tonnages and grades at the 0.20% and 0.30% copper equivalent cut-off grades. The 0.40% cut-off grade at Mt. Milligan indicates a higher gold and slightly lower copper content relative to Fish Lake. On average, throughout the mine life, waste/ore ratio's are similar. However, Fish Lake has an advantageous 0.2:1 strip ratio during the four year, first stage of a three stage pit design.

Not evident from Table 1 is the fact that the Fish Lake deposit is cylindrical in shape with a mean diameter of approximately 900 meters. The deposit is open at depth and to the north and west. The cylindrical shape of this deposit, relative to the tabular shape of the Mt. Milligan deposit, has allowed fewer drill holes (approx. 100) to define the nature of the Fish Lake reserve. Approximately 66% of the total Fish Lake reserve is in the Drill Indicated category - within 75 horizontal meters of a drill hole intercept. (Mt. Milligan had a similar percentage of Drill Indicated Reserves at the time of the time of the takeover offer by Placer Dome Inc.) The

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2 Management believes that 6% dilution is appropriate, grading 0.13% copper and 0.007 oz gold per ton. Thus at 6% dilution the above reserves at 0.40% copper equivalency amount to 362 million tons grading 0.23% copper and 0.013 oz gold per ton.

remainder are defined as Possible Reserves. As a result, Fish Lake will require additional drilling in order to upgrade Possible Reserves to the Drill Indicated category. This requirement in conjunction with pilot plant testing of the ore are important points of consideration in defining a potential bid price per ounce of contained gold.

At the 0.40% cut-off grade, Fish Lake contains mineable reserves of some 4.6 million ounces of gold and 1.7 billion lbs. of copper. Mt. Milligan at the time of the Placer Dome takeover contained some 5.3 million ounces of gold and 1.5 billion lbs. of copper.

Work Index measures the hardness of an ore. The Work Index at Fish Lake is 14; Mt. Milligan has a Work Index of 22. Harder ore requires increased capital and operating expenditures to compensate for machinery wear and tear. Thus at the same operating rate, capital cost and direct operating costs are expected to be somewhat lower at Fish Lake.

ENVIRONMENTAL OVERVIEW

An independent consultant has reviewed the main environmental and socioeconomic issues that would be considered during the government project approval process. No environmental or permitting problems are anticipated at Fish Lake.

1. Land Tenure:
   There are no known parks, wilderness or conservation areas, agricultural or ecological reserves, recreational areas or other Crown Reserves that would affect the Fish Lake Project area.

2. Access and Power Line Rights-Of-Way:
   The environmental impact of upgrading the 15 km of existing access road is considered a minor issue. Permitting is thought to be straight forward. The powerline right-of-way connects with the B.C. Hydro Soda Creek 230 KV substation 10 km north of Williams Lake. This is considered an easy permit.

3. Waste Characteristics:
   There are no indications of metals such as mercury, antimony or cadmium in quantities that would indicate a potential environmental concern. Sufficient quantities of minerals of carbonate origin with the deposit suggests that waste rock and tailings will be acid consuming (non acid generating). The milling process will be conventional copper flotation to produce a copper concentrate containing gold.

4. Waste Disposal Sites:
   Three sites have been examined and are accessible. All sites are viable and environmentally acceptable from a permitting point of view. There may be different degrees of compensation required in choosing between these sites.
   Adequate areas for over burden and waste rock disposal exist immediately north of Fish Lake within the Fish Lake property boundaries.

Section 2. ECONOMIC EVALUATION

Our economic evaluation of the Fish Lake deposit is deemed to be the "Project Value". The value is conceptual in that to date no feasibility study has been completed for this project. Taseko and Cominco

Ltd. will apportion the "Project Value" according to a pre-determined formula (The Taseko/Cominco Agreement). Taseko's portion of the "Project Value" determines Taseko's share price target. As discussed in the Background to Analysis, this evaluation utilizes the concept of discounted cash flow (DCF) in order to derive "Project Value".

PRODUCTION VARIABLES

In this somewhat uncertain metal pricing environment it is our opinion that a 0.40% copper equivalent cut-off grade should be used in determining the Fish Lake "Project Value". Table 2 indicates that at such a cut-off grade, mineable Drill Indicated and Possible Reserves amount to 362 million tons grading 0.23% copper and 0.013 oz gold per ton.

Direct operating costs are optimized at between 60,000 and 70,000 tons of mill throughput per day or on average 22 million tons of ore per year. This provides for a mine life of about 16 years. We have assumed that operations would commence in 1995.

PRODUCTION OUTPUT

The rate of commodity production will vary at different stages throughout the mine life. However, on average, the operations would produce in the order of 230,000 tons of copper concentrate per year containing 94 million lbs of copper and 215,000 oz. of gold.

CAPITAL AND OPERATING COSTS

Utilizing published estimates for more advanced work completed at Mt. Milligan, prior to the Placer Dome takeover, it is believed that Fish Lake could be brought into production at a capital cost including contingency and working capital of about $400 million.

The direct cash operating cost is estimated to range between $3.50 - $4.00 per ton of ore. These costs are based as follows: $2.15 per ton milled, $0.60 per ton broken, and $0.40 per ton general and administrative. Unit costs are in line with other B.C. mines. We have used a mine life average direct operating cost of $3.85 per ton of ore.

VALUE OF PRODUCTION

Our model utilizes metal prices (U.S.) which range between $0.80/lb - $1.20/lb for copper and between $350.00/oz - $425.00/oz for gold.

As an example: At a copper price of say (U.S.)$1.10/lb and gold price of (U.S.)$370/oz, revenues are split 46:54 between copper and gold. The Net Smelter Return (NSR) amounts to about $7.20 per ton of ore and yields a gross operating margin of about $3.35 per ton of ore.

Table 3

NSR EQUIVALENCY FACTORS

Each +/- (US) $0.05/lb copper price change, affects the average NSR by about $0.23/ton

+/- (US) $20.00 oz gold price change, affects the average NSR by about $0.23/ton

+/- 7% copper recovery change, affects the average NSR by about $0.23/ton

+/- 4% gold recovery change, affects the average NSR by about $0.23/ton

+/- $0.03 CDN vis-a-vis $US change, affects the average NSR by about $0.23/ton

+/- 3% copper concentrate grade change, affects the average NSR by about $0.23/ton

CASH FLOWS

Using a combination of metal prices we have calculated a **pre-tax** discounted cash flow/return on investment (DCF/ROI). This is a constant dollar calculation discounted at 10% p.a.

The above example (NSR $7.20/ton of ore) amounts to $105 million and represents the pre-tax "Project Value".

Combinations of metal prices provide an array of DCF values. Table 4 below tabulates DCF values at different metal prices.

Table 4 — TASEKO MINES LTD
Cut-off:0.40%
6% dilution — DCF/ROI vs COPPER & GOLD PRICES

Cu@0.24% Au@0.013oz/t / Gold (US$/oz)	Copper Price (US $/lb) 0.80	0.90	0.95	1.00	1.05	1.10	1.15	1.20
	DCF/ROI @ 10% ($ millions) *							
450	38	94	122	150	178	206	234	262
425	6	62	90	118	146	175	203	231
415	(6)	50	78	106	134	162	190	218
400	(25)	31	59	87	115	143	171	199
375	(58)	(1)	27	55	83	111	139	167
360	(78)	(22)	6	34	62	90	118	146
350	(91)	(32)	(4)	24	52	80	108	136

*Approximate

DCF values are sensitive to changes in metal prices.

Each +/- (US) $0.05/lb copper price changes the average pre-tax DCF by about $28.0 million

Each +/- (US) $10/oz gold price changes the average pre-tax DCF by about $13.0 million

Under our production assumptions and at current metal prices, the pre-tax "Project Value" lies within $100-$130 million when discounted at 10%.

Fish Lake is evaluated under the assumption of a takeover bid at an acceptable "Project Valuation Price". If there should be a sudden decline in metal prices, the DCF value might decline below $60 million at the 0.40% cut-off grade. However, we believe that Taseko's management would opt to retain the property until such time as metal prices recovered. In any event, Taseko plans a $4 million drilling and metallurgical test work program that is scheduled to start in August 1991.

PROJECTED BID PRICE PER OUNCE OF CONTAINED GOLD

Our share price evaluation is based on a pre-tax DCF. As a reference base, the model uses Placer Dome's bid price per ounce of contained gold at Mt. Milligan. In 1990, Placer Dome Inc. offered $258 million for a 100% interest in the Mt. Milligan gold-copper project. At a 0.40% copper equivalent cut-off grade this amounted to $48.86 per contained ounce. One cannot say with certainty that Fish Lake would be offered a similar price. Much depends on the suitors outlook for metal prices and perceived global requirements for such assets. Minimum hurdle rates, tax implications and finding costs also play important roles in the final bid price decision.

At a 0.40% copper equivalent cut-off grade, reserves of 362 million tons contains 4.6 million ounces of gold. For example, at a bid price of $20 per ounce the value of gold content is $92 million and at $30 per ounce, amounts to $138 million.

At current metal prices, we believe that the Fish Lake Project's pre-tax DCF value lies between $100 - $130 million, representing a bid price of $22-$28 per ounce.

Fish Lake parallels Mt. Milligan in several characteristics. However, in our opinion, there are some elements of greater risk at Fish Lake.

1. The Mt. Milligan project financial risk is less than Fish Lake at the 0.40% copper equivalent cut-off grade because of a higher grade gold content. (0.016 oz/ton vs 0.013 oz/ton respectively).

2. Fish Lake will require additional metallurgical and pilot plant testing in order to substantiate metallurgical equality with Mt. Milligan. We would rank Fish Lake at about a 75% rate of certainty in this aspect relative to Mt. Milligan.

The above DCF range of $100 - $130 million is not risk adjusted to these points. Thus a bid price less than $28 per ounce may be appropriate.

Management must weigh the cost of additional work programs (drilling and metallurgy) and therefore share dilution versus the marginal benefits of providing less project risk to the potential bidder. The potential bidder must weigh the benefit of waiting for additional information in order to reduce project risk. The share price is likely to rise quickly upon reduction of project risk thereby raising the cost to the bidder.

In conclusion, using current metal prices, we feel comfortable with a risk adjusted pre-tax DCF of between $100 million and $130 million attributable to the Fish Lake "Project Value". This represents a bid price ranging between $22 per ounce and $28 per ounce.

SECTION 3

SHARE PRICE EVALUATION

THE TASEKO/COMINCO AGREEMENT

The Taseko/Cominco agreement addresses the terms of division of the "Project Value" should a successful takeover bid occur.

- If the Project Value is $60 million or less Cominco will receive $20 million.
- If the Project Value is between $60 million 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.

In Addition:

- o The agreement includes Taseko issuing up to 1,000,000 of its common shares to Cominco over a 14 month period.
- o Taseko or its nominee has a right of first refusal to purchase any shares issued to and sold by Cominco.
- o If neither a successful take-over of Taseko or sale of the property occurs before May 31, 1994, the Property will revert to Cominco with Taseko retaining a 20% net profits interest.

In our opinion, if no takeover bid occurred within three months, Taseko would continue to develop the Fish Lake Project. The exercise of current warrants and options outstanding (all in the money) would provide Taseko with a working capital position of $2,550,000 in cash. Further development of the Project would necessitate additional financing and an estimated 5% - 10% dilution to the current shareholders. As discussed earlier we believe that additional development of the Fish Lake project would reduce project risk. (ie. infill drilling raises reserve confidence levels and pilot plant testing reduces metallurgical risk.)
Under this program, total shares outstanding may attain 10.0 million. However, share dilution would be offset with a higher project valuation. (i.e. The 10% discount rate applied to future cash flows in this model would be reduced, resulting in a higher discounted cash flow and thus higher "Project Value" and share price.)

Fully diluted shares outstanding are as follows:

Table 5

As of May 24, 1991	6,754,718
Add: Warrants	1,175,000
Options	552.666
	8,482,384
Add: Second traunche to Cominco (within 6 months)	300,000
	8,782,384
Third traunche to Cominco within 14 months if property is not sold or taken over	400,000
Fully diluted	9,182,384

Under the terms of the agreement, Taseko's share price value is as follows:

Table 6

"Project Value"	Taseko Portion	Value per TKO share *	
$100 million	$60 million	$6.50	$6.80**
$120 million	$72 million	$7.85	$8.15
$125 million	$77 million	$8.40	$8.70
$130 million	$82 million	$8.95	$9.25

* Based on 9.182 million s/o.
** Includes exercise of warrants and options outstanding.

NOTE: The above share values would be increased by approximately 5% if Cominco did not receive its third traunche of 400,000 shares within 14 months.

In conclusion, based on our assumptions regarding metal prices, our valuation ranges between $6.50 and $9.00 per Taseko share.