TASEKO MINES LIMITED ANNUAL REPORT 2000

TGS → Gibraltar

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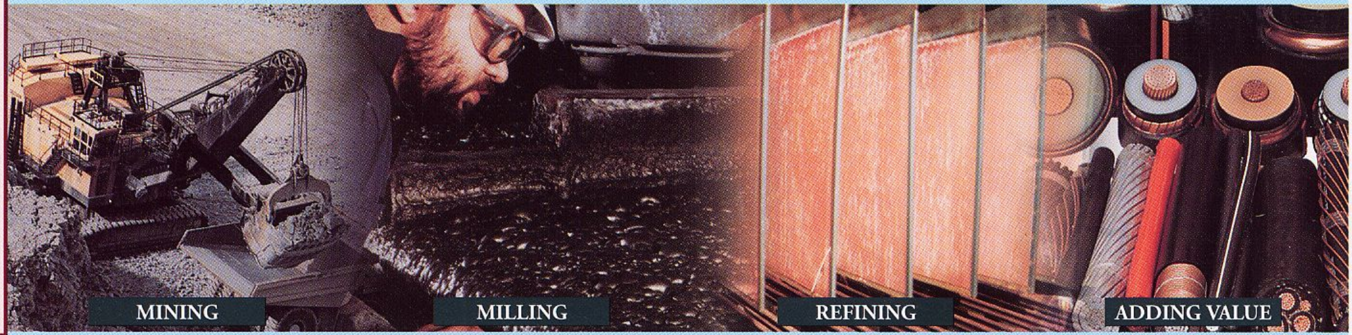
TASEKO HAS A STRATEGIC PLAN TO CREATE SUBSTANTIAL WEALTH FROM RISING COPPER PRICES

Taseko's Strategic Plan To Create Wealth From The Coming Copper Cycle

1. Maintain the Gibraltar mine ready, permitted and in position for a quick start-up
2. Complete, with Cominco, feasibility and engineering for the construction of a cost-reducing copper refinery at the site
3. As copper price cycles upward, re-commence concentrate production
4. Construct and commission refinery on site and initiate production of 99.999% pure copper from concentrate
5. Drill new deposit-scale geophysical targets to significantly expand resources and extend mine life beyond the 12 years currently in the mine plan
6. Assess ramping up the SX/EW plant to exploit copper oxide resources



7. Assess the benefits of the refinery technology to the development of Prosperity project
8. Assess the potential benefits of the refinery technology to other BC mines and copper deposits, and business opportunities for the Company
9. Consider investment in value-added tertiary industries, such as copper wire or copper tube fabrication, utilizing the high-grade refined copper product
10. Expand Gibraltar mill throughput as resources are substantially increased from exploration

Corporate Overview

Taseko Mines Limited is focused on creating wealth through the ownership and production of copper and gold resources. Management has assessed market conditions and the Company's assets, and developed a comprehensive strategic plan to best utilize these assets in the forecasted rising copper market. An important part of the strategy is to integrate new technologies to improve the efficiency and environmental performance of our operations and projects.

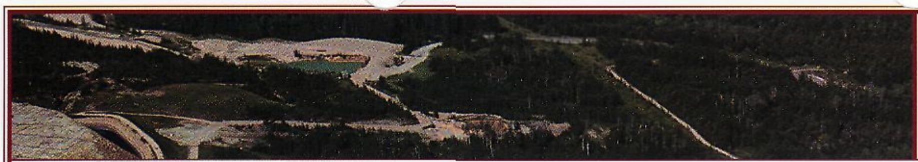
Taseko's main assets – the Gibraltar copper mine and the Prosperity advanced stage project – are located in central British Columbia, Canada.

Gibraltar is a fully equipped 35,000 tonnes per day mine and mill facility that has a successful 27-year operating history. Current in-pit measured and indicated resources are estimated at 149 million tonnes grading 0.31% copper and 0.01% molybdenum, containing one billion pounds of copper. There are additional measured and indicated resources of 596 million tonnes grading 0.28% copper and 0.01% molybdenum[1], containing 3.7 billion pounds of copper.

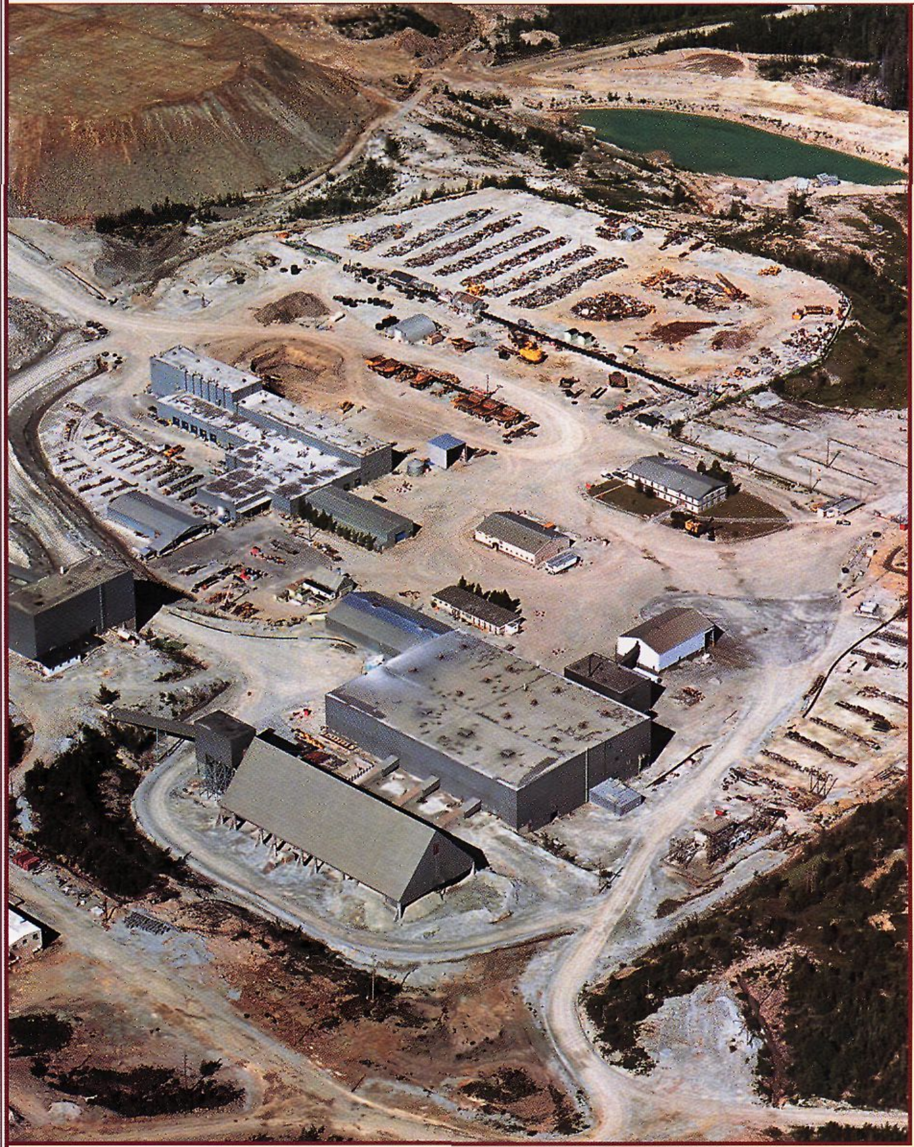
Prosperity is a large copper-gold deposit. Estimated measured and indicated resources[2] within an open pit designed for a potential 70,000 tonnes per day operation are 491 million tonnes grading 0.22% copper and 0.43 grams of gold per tonne, containing 2.3 billion pounds of copper and 6.7 million ounces of gold.

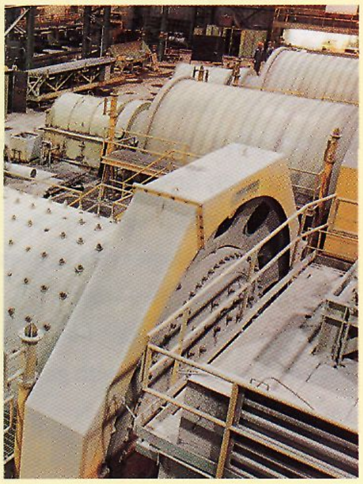
[1] Sulphide resources at 0.20% copper cut-off. In-pit resources are those in the 12-year mine plan. There are additional oxide resources at 0.10% cut-off.

[2] At Dec. 2000, at a $3.25/tonne NSR cut-off, within a measured and indicated resource of 1 billion tonnes grading 0.24% copper and 0.41 g/t gold at a 0.14% copper cut-off. Details are provided in the Company's Annual Information Form and 20F Report.

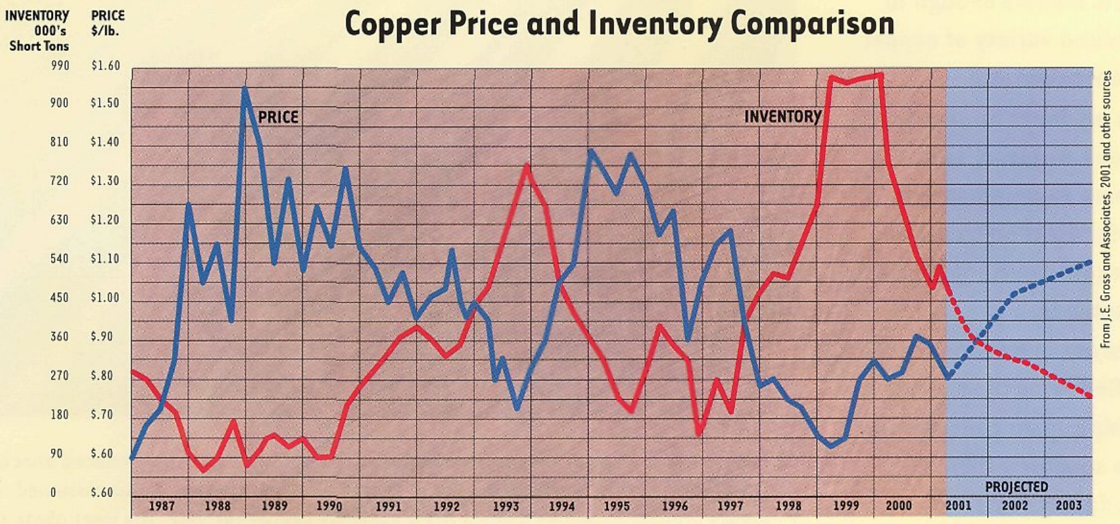


Taseko is poised for production at Gibraltar





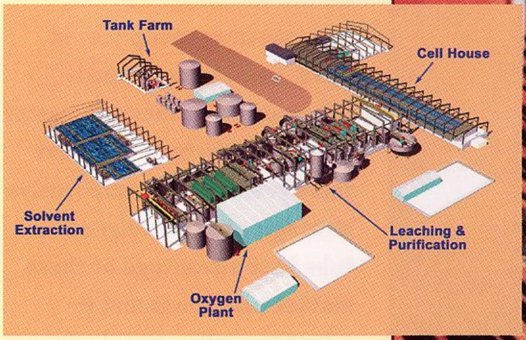
We are encouraged by the increase in copper prices in 2000, and the continued improvement forecast by metal market analysts for the next three years. Our comprehensive strategic plan is designed to take best advantage of these market conditions and to adapt to cycling metal markets over the longer term.



Significant increases in the copper price occurred when warehouse inventories dropped in 1987 and 1994. A similar pattern is developing in 2000-2001.

CESL Copper Refinery Technology

The CESL Refinery Technology is a unique hydrometallurgical process that produces high purity (99.999%) copper as cathode. It was developed over the past eight years and has been tested at bench and pilot scales, most recently in a large-scale demonstration plant located in a suburb of Vancouver, British Columbia. The process uses proven equipment and technologies and applies them in an innovative way.
A precious metals circuit has also been designed to deal with gold and silver.



The Taseko & Cominco alliance will make CESL technology a reality

The CESL copper process has several key advantages.

1. **It is flexible enough to treat a variety of copper concentrates.**
2. **It produces no significant gas emissions, so is more environmentally friendly than traditional copper smelter processing methods.**
3. **Its use in a refinery at site eliminates the need to ship copper concentrates to smelters, thereby reducing costs.**

Five million pounds of copper in cathode (shown above), has been produced annually from the SX/EW plant at the Gibraltar mine. When the copper refinery is commissioned, all of the mine's production will be high-purity high-value copper cathode. The inset photo shows a proposed layout for the new refinery.

Report To Shareholders

In 2000, Taseko Mines Limited was successful in advancing a number of the strategic objectives. The Company made significant progress toward resuming production at its large-scale Gibraltar copper mine. When production resumes, Gibraltar will produce about 80 million pounds of copper per year from its 12 years of in-pit resources. Furthermore, an extensive geophysical survey was completed at Gibraltar, which developed several new deposit-scale targets for comprehensive drilling. In addition, engineering studies of a 70,000 tonnes per day operation at Prosperity were undertaken, and will be finalized when metals prices strengthen.

As well as moving forward on some important goals in 2000, Taseko embarked on an initiative to integrate a new hydrometallurgical technology, developed by Cominco Engineering Services Ltd. (CESL), into the Gibraltar operation. The work completed to date is promising and offers both near-term and longer-term opportunities. In the near-term, application of the technology in an on-site refinery is expected to enhance the profitability of the operation. In the longer-term, availability of the technology and the decreased cash costs of production as indicated for Gibraltar could enable the development of other copper deposits in British Columbia and throughout the world.

Taseko Mines purchased the Gibraltar mine from Boliden Westmin (Canada) Limited in July 1999. The mine has a long and successful operating history that included adaptation to a changing copper market by applying new innovative ideas.

The large-scale open pit and milling operation has produced copper and molybdenum in concentrates since its opening in 1972. In 1986, a solvent extraction/electrowinning (SX/EW) facility, the first of its kind in western Canada, was added to extract copper from low-grade dumps and produce copper cathode. The SX/EW plant also enables the operation to exploit oxide copper material from the open pits. Historic annual metal production from Gibraltar averaged 75 million pounds of copper in a 28% concentrate, five million pounds of cathode copper, and 700,000 pounds of molybdenum in concentrate. Extremely low copper prices caused the mine to be put on standby in late 1998.

Since acquiring Gibraltar, Taseko has employed a workforce of key employees to maintain plant and equipment on standby and complete ongoing environmental reclamation work, ensuring that the site is ready for re-opening. As copper prices improved in 2000, Taseko initiated discussions to develop commercial arrangements for concentrate sales and to secure the funding necessary to re-open the mine. Negotiations are proceeding well and it is expected that if copper prices stabilize above US$0.90 per pound, concentrate will be produced in 2001.

Also in 2000, Taseko compiled and assessed the geological information for the Gibraltar property, and developed plans to carry out new site exploration. An extensive induced polarization geophysical survey was completed in the latter half of the year, and a comprehensive drilling program is currently being planned to test a number of the high potential deposit-scale targets.

An important initiative undertaken by Taseko to further enhance the profitability of the Gibraltar operation, and potentially other copper projects in the region including Prosperity, is a study of the applicability of a hydrometallurgical process developed by CESL to treat copper concentrate in an on-site refinery.

During the period from May to August 2000, CESL and Gibraltar completed a scoping study on the development of a refinery at Gibraltar. The study showed that cash costs of copper production could be reduced by up to US $0.20 per pound due to the elimination of off-site concentrate shipping and treatment costs, and additional onsite savings. The refinery would produce a high purity copper cathode product that commands a premium price in the North American marketplace, and this would provide additional cash benefits.

Cominco and Taseko formalized a partnership in October 2000 by signing a Memorandum of Agreement (MOA) and initiating the detailed engineering phase. The MOA describes the work program for completion of the

Report To Shareholders CONTINUED

refinery at Gibraltar. CESL and Gibraltar are co-directing the program, and each is funding 50% of the C$3 million cost. An independent engineering firm will review the results of the work and prepare a feasibility study.

Historically the Gibraltar operation produced a 28% copper concentrate. The scoping study indicated that reducing the concentrate grade to 24% would increase copper recovery. Pilot plant testing during the detailed study will define the optimum concentrate grade for the refinery.

Work is advancing well. Nine hundred tonnes of crushed ore has been trucked from the mine site to CESL's demonstration plant where it was processed to produce seven tonnes of concentrate for detailed testing which is currently underway.

The CESL Research and Development team is comprised of experienced engineers and metallurgists who are familiar with conditions at operating mines. Consequently CESL and Gibraltar are confident that results indicated in the scoping study will be confirmed in the current phase, and that engineering construction and commissioning of the refinery will go smoothly.

Concurrently, Taseko has commenced work and initiated agency consultation for an application to the Environmental Assessment Office of the Province of British Columbia for the refinery project. The objective is to ensure that a thorough and expeditious review of the new refinery is completed in parallel with development of the facility.

Production of concentrate at Gibraltar is expected to resume during 2001, with offshore sales of concentrate continuing until commissioning of the refinery. From that time forward, the Gibraltar mill will feed concentrate to the refinery and only high purity copper cathode will be produced and sold.

Gibraltar has an estimated 12 years of production from resources already included in a mine plan, and the potential for at least an additional 15 years of production from other identified resources. The Company also expects to expand the current resources through drilling the extensive geophysical anomalies outlined during the 2000 exploration program.

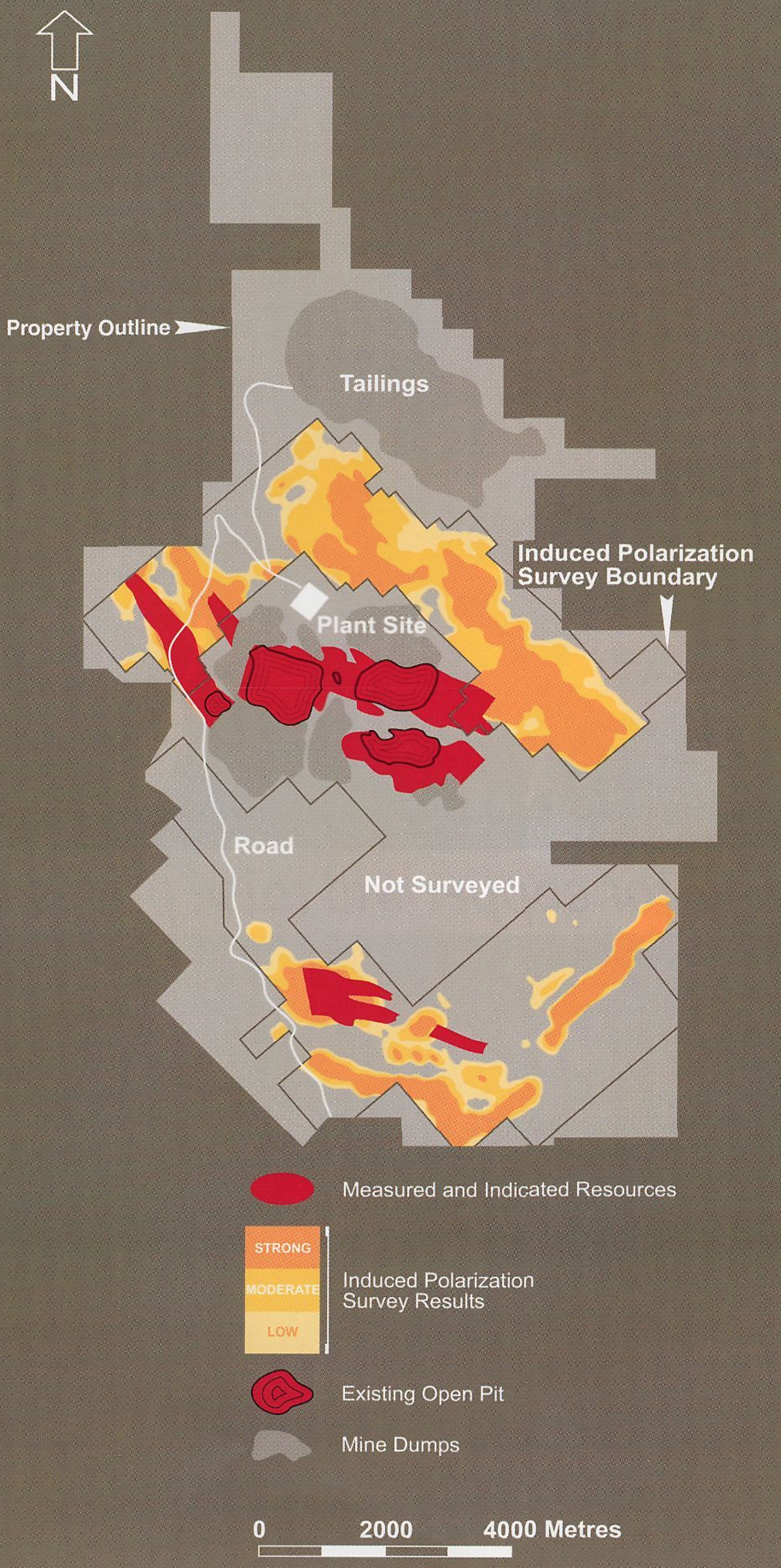
During full-scale operation, Gibraltar employs an average of 280 people, paying an average annual payroll of $15 million and making expenditures of some $5 million per year on goods and services in the Williams Lake area. The subsequent development of the Gibraltar CESL refinery would create 100 construction jobs and 50 new operating jobs, resulting in additional economic benefits to the people of the Cariboo-Chilcotin region and the Province of British Columbia.

Development of the refinery at Gibraltar is only one component of Taseko's strategic plan. The next step will be to evaluate other deposits to determine how the economics of these projects could be improved by developing new refineries at project sites. Alternatively, Gibraltar's central location could make it the logical site for a larger-scale processing facility that would treat concentrates from a number of other mines or new projects.

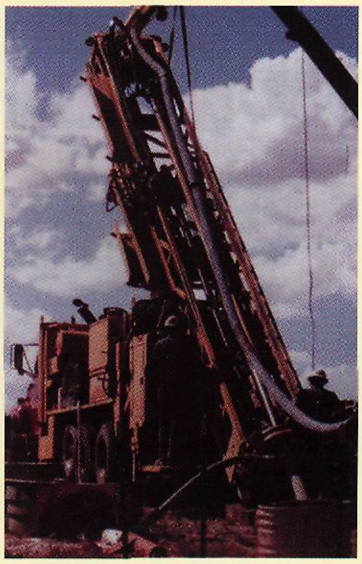
Subsequent production of substantial amounts of high quality copper cathode from the Gibraltar complex and/or other operations would provide opportunities to expand and diversify the economy of British Columbia through new industrial developments and additional downstream activities. Opportunities include fabrication plants for copper wire and tubing, and secondary activities such as utilizing copper wire to manufacture electronic equipment.

The acquisition of Gibraltar in 1999 changed Taseko, giving the Company mine and mill facilities, major production capacity and operating expertise and synergies. The Gibraltar engineers completed a study to determine the optimum size of the pit and mill throughput for the Prosperity deposit. A 70,000 tonnes per day milling rate over an operating life of about 20 years was recommended for the project. Kilborn Pacific Engineering Ltd. was commissioned to coordinate engineering studies of the project at this size; the work was substantially advanced by year-end.

Ongoing exploration indicates substantially increased resources



A comprehensive drilling program is planned to test the anomalous areas outlined in a geophysical survey in 2000. These deposit-scale targets demonstrate the potential of the Gibraltar property.



Market experts[3] suggest that the "new economy" is an important contributor to the increase in copper consumption. Copper is used in technological advances like the Internet and an ever-broadening range of low-cost electronic equipment that is available to consumers. Further, use of these new *products has put pressure on exist*ing infrastructure, creating the need for more and better quality wiring. Global economic growth has also expanded the more traditional markets for copper – industries that fabricate wiring and piping for new homes and industries. A striking example of this is China's 65% increase in year-over-year imports of copper over the 12-month period ending October 2000.

History suggests that commodity cycles are an expected part of business, and Taseko is highly leveraged to the copper price. Taseko is in the advantageous position of having a ready-to-go operation at Gibraltar, providing the opportunity to capi*talize on near-term copper market* conditions. Addition of the copper refinery with its indicated decrease in cash cost of copper production, is expected to substantially increase the profitability and sustainability of the operation over the long term.

Increased demand for copper will raise prices

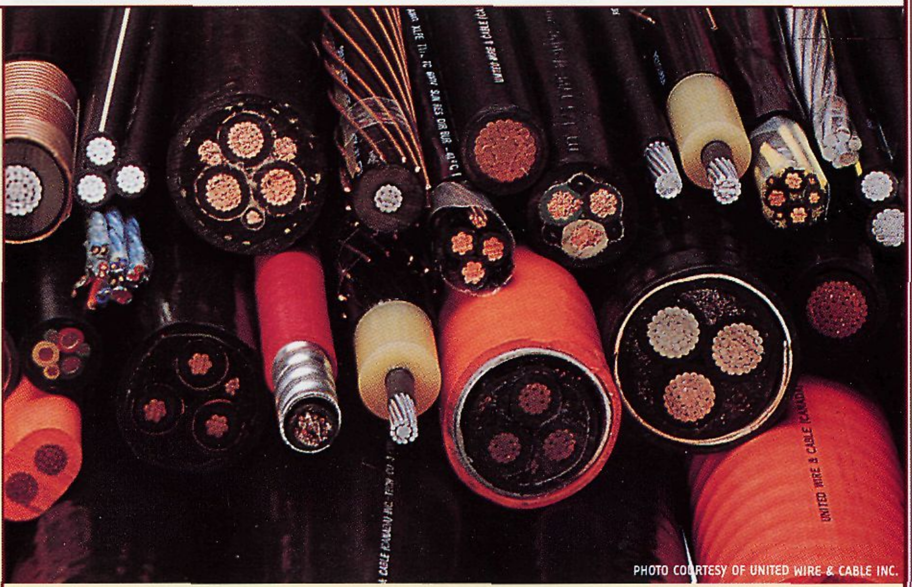
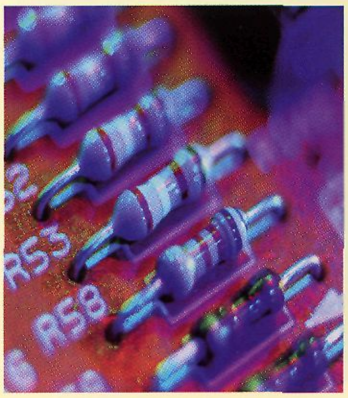


PHOTO COURTESY OF UNITED WIRE & CABLE INC.



As a result of decreasing stocks, copper prices improved in 2000. Analysts are predicting that the stocks-to-consumption ratio could fall by a further 25% in 2001. The copper deficit is expected to continue for the next three years with attendant increases in copper prices.

Copper's superior properties as a conductor of electricity will continue to expand its use in a variety of applications, for example in copper cable as shown above, and as wiring in electronic equipment, as shown in the inset photo.

[3]From a study by Bloomsbury Mineral Economics, Metalica, and Red and Yellow Metals, c Sept. 2000

Report To Shareholders CONTINUED

With the improved efficiencies indicated through integration of the refinery at Gibraltar, Taseko believes that this type of facility could have a positive impact on the economics of Prosperity. Taseko plans to initiate an analysis of Prosperity, with the inclusion of a refinery component, once the Gibraltar facility is completed and world metal markets for gold as well as copper have strengthened sufficiently.

Financial Review

On July 21, 1999 Taseko purchased the Gibraltar Mine, through its wholly owned subsidiary Gibraltar Mines Ltd., from Boliden Westmin (Canada) Limited and certain of its affiliates. The Gibraltar procurement also included 100% interest in NGMT Resources Inc. and 70% interest in Cuisson Lake Mines Limited.

The Gibraltar Mine acquisition included mining equipment and supplies valued at $19 million, an existing Government environmental deposit of $8 million, and mineral interests valued at $3.3 million. The acquisition also included a $17 million 10-year interest-free convertible debenture investment by Boliden into Taseko. The debenture is convertible into common shares of the Company commencing at a price of $3.14 per share in year one and escalating by $0.25 per share per year thereafter. After five years, the debenture can be converted at Taseko's option at the prevailing market prices for Taseko shares, or in the alternative, paid out in cash at Taseko's election. The full $17 million had been received according to the schedule at December 31, 2000.

On March 9, 2000 Taseko acquired 100% of the issued and outstanding shares of Concentrated Exploration 2000 Ltd. (CEL2000) an affiliate of Concentrated Exploration 1999 Limited Partnership (CELP99), by issuing 2,458,368 shares. CEL2000 held a 7.5% interest in the Gibraltar mineral lands and a 3.61% interest in the Prosperity mineral property, and together with CELP99, incurred exploration expenditures of $5.4 million on Prosperity and Gibraltar during 1999.

During the fiscal year ending September 30, 2000, Taseko expended $1.1 million on Prosperity (1999 – $2.0 million), $3.4 million on Gibraltar, and $2.1 million (1999 – $2.4 million) on corporate operations. Taseko received a total of $1.9 million (1999 – $1.7 million) from share equity financings and $0.5 million (1999 – $32 million) from the exercise of options and warrants. Taseko ended the fiscal year in a strong positive working capital position of $13.9 million and is debt free.

At December 31, 2000, there were 25,067,697 outstanding common shares issued.

Acknowledgements

Taseko would like to acknowledge its dedicated team of employees and consultants, as it is only through their efforts that our objectives can be achieved. The Company is grateful to the Government of British Columbia, and in particular to the Ministry of Energy and Mines, which assisted in completing the Gibraltar transaction in 1999 and continued to provide advice to the Company through its evaluation under the Job Protection Program in early 2000. Taseko also recognizes the contributions made to Gibraltar's future viability by trade unions representing employees, and by concentrate buyers and outside suppliers. In particular, the Company appreciates the ongoing support that it receives from Williams Lake and other local communities in its efforts to re-open the Gibraltar mine.

We would also like to express our gratitude to the Company's valued shareholders for their continued support. With the strengthening copper markets, the stage is set for Taseko to meet its objectives of providing strong returns to shareholders, and to be a positive driving force for responsible economic development in British Columbia.

ON BEHALF OF THE BOARD OF DIRECTORS

Ronald W. Thiessen

President and Chief Executive Officer
February 19, 2001

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Taseko Mines Limited as at September 30, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for the years then ended. 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 Canadian generally accepted auditing standards. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act (British Columbia), we report that, in our opinion, these principles have been applied on a consistent basis.

Canadian generally accepted accounting principles vary in certain significant respects from accounting principles generally accepted in the United States. Application of accounting principles generally accepted in the United States would have affected results of operations for each of the years ended September 30, 2000 and 1999 and shareholders' equity as at September 30, 2000 and 1999 to the extent summarized in Note 10 to the consolidated financial statements.

The consolidated financial statements for the year ended September 30, 1998 were audited by other auditors who expressed an opinion without reservation on those statements in their report dated January 15, 1999.

KPMG LLP

Chartered Accountants
Vancouver, Canada
December 15, 2000

Consolidated Balance Sheets

(Expressed in Canadian dollars)	September 30, 2000	September 30, 1999
ASSETS		
Current assets		
Cash and equivalents	$ 6,691,634	$ 1,288,927
Amounts receivable (note 8)	1,773,543	2,627,178
Notes receivable (note 3(a))	–	22,100,000
Supplies inventory (note 3)	5,972,433	6,216,668
Prepaid expenses	129,885	60,424
	14,567,495	32,293,197
Note receivable (note 5(d)(ii))	–	357,213
Plant and equipment (note 4)	11,587,447	12,304,449
Reclamation deposits (notes 3(a) and 6(c))	8,517,830	8,062,027
Mineral property interests (note 5)	44,826,214	38,856,910
	$79,498,986	$91,873,796
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 695,657	$ 491,070
Preferred shares of subsidiary (note 3(b))	–	19,000,000
	695,657	19,491,070
Reclamation liability (notes 3 and 6(c))	32,700,000	32,700,000
	33,395,657	52,191,070
Shareholders' equity		
Share capital (note 6)	87,897,199	80,067,309
Convertible debentures (note 6(c))	8,500,000	4,000,000
Deficit	(50,293,870)	(44,384,583)
	46,103,329	39,682,726
Nature of operations (note 1)		
Commitments (note 5)		
Subsequent events (notes 5(b), 6(c) and 6(d))		
	$79,498,986	$91,873,796

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors

Robert G. Hunter
Director

Jeffrey R. Mason
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Expressed in Canadian dollars)	YEARS ENDED SEPTEMBER 30, 2000	1999	1998
Revenue			
Interest and other	$ 678,014	$ 360,842	$ 10,340
Expenses			
Conference and travel	36,428	78,074	39,176
Consulting	104,683	515,006	97,608
Corporation capital taxes	94,836	189,015	124,517
Depreciation	717,002	366,983	7,898
Exploration (schedule)	4,464,999	2,002,610	4,112,206
Interest and finance charges	–	318,763	117,393
Legal, accounting and audit	199,905	268,324	68,951
Office and administration	795,049	474,756	254,716
Shareholder communication	101,953	104,904	83,430
Trust and filing	72,446	59,373	51,863
	6,587,301	4,377,808	4,957,758
Loss before other items	(5,909,287)	(4,016,966)	(4,947,418)
Loss on sale of marketable securities	–	(5,299)	–
Gain on sale of equipment	–	–	11,387
Loss for the year	(5,909,287)	(4,022,265)	(4,936,031)
Deficit, beginning of year	(44,384,583)	(40,362,318)	(35,426,287)
Deficit, end of year	$(50,293,870	$(44,384,583)	$(40,362,318)
Loss per share	$ (0.25)	$ (0.22)	$ (0.33)
Weighted average number of common shares outstanding	23,402,726	17,969,886	15,029,736

See accompanying notes to consolidated financial statements.

CONSOLIDATED SCHEDULES OF EXPLORATION EXPENSES

	YEARS ENDED SEPTEMBER 30, 2000	2000	2000	1999	1998
(Expressed in Canadian dollars)	PROSPERITY	GIBRALTAR	TOTAL	PROSPERITY	PROSPERITY
Exploration expenses					
Assays and analyses	$ 13,458	$ 249,458	$ 262,916	$ 3,803	$ 37,548
Drilling	–	389,671	389,671	–	–
Equipment rentals	31,225	87,548	118,773	27,149	199,639
Geological	32,808	353,289	386,097	102,752	369,003
Mine planning	812,186	111,308	923,494	1,839,646	3,201,870
Site activities	115,388	2,193,138	2,308,526	3,618	148,997
Transportation	71,358	4,164	75,522	25,642	155,149
Incurred during the year	1,076,423	3,388,576	4,464,999	2,002,610	4,112,206
Cumulative expenditures, beginning of year	40,060,410	–	40,060,410	38,057,800	33,945,594
Cumulative expenditures, end of year	$41,136,833	$3,388,576	$44,525,409	$40,060,410	$38,057,800

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)	Years ended September 30, 2000	1999	1998
Cash provided by (used for)			
Operations			
Loss for the year	$(5,909,287)	$(4,022,265)	$(4,936,031)
Items not involving cash			
Depreciation	717,002	366,983	7,898
Loss on sale of marketable securities	–	5,299	–
Gain on sale of equipment	–	–	(11,387)
Accrued interest income on reclamation deposits	(455,803)	(46,685)	–
Loan guarantee fees and financing costs for shares	–	270,000	–
Changes in non-cash working capital			
Amounts receivable	1,154,134	(2,540,346)	162,022
Supplies inventory	244,235	128,332	–
Prepaid expenses	(69,461)	(60,424)	–
Accounts payable and accrued liabilities	(757,536)	186,525	(1,097,182)
	(5,076,716)	(5,712,581)	(5,874,680)
Investments			
Notes receivable	3,457,213	(357,213)	–
Mineral property interests, net	48,274	(172,307)	–
Plant and equipment	–	(6,651)	(2,181)
Cash acquired on business acquisition (note 5(d)(ii))	52,456	–	–
	3,557,943	(536,171)	(2,181)
Financing			
Bank operating loan (note 6(g))	–	(1,997,212)	348,463
Convertible debentures	4,500,000	4,000,000	–
Common shares issued for cash, net of issue costs	2,421,480	4,946,671	5,993,696
	6,921,480	6,949,459	6,362,094
Increase in cash and equivalents	5,402,707	700,707	485,233
Cash and equivalents, beginning of year	1,288,927	588,220	102,987
Cash and equivalents, end of year	$ 6,691,634	$ 1,288,927	$ 588,220

Supplementary cash flow disclosures (note 7)

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three years ended September 30, 2000 (Expressed in Canadian dollars)

1 NATURE OF OPERATIONS

The Company is incorporated under the Company Act (British Columbia), and its principal activities are the exploration of the Company's Prosperity Gold-Copper Property and the operation of the Gibraltar Copper Mine, which is currently on care and maintenance. Both mineral properties are located in south central British Columbia, Canada, near the City of Williams Lake.

The Company's continuing operations and the underlying value and recoverability of the amounts shown for the Prosperity Project and the Harmony Project mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves in those properties, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and upon future profitable production or proceeds from the disposition of its mineral property interests. The recoverability of the amounts shown for the Gibraltar Mine mineral property interest and related plant and equipment and supplies inventory is dependent upon the ability of the Company to obtain the necessary financing to re-start operations of the mine, should copper prices and other factors warrant it, and upon future profitable production or proceeds from the disposition of the mine.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation and consolidation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which are also in accordance, in all material respects, with those in the United States except as disclosed in note 10.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Taseko Resources Inc., Concentrated Exploration Ltd. (note 5(d)(i)), Concentrated Exploration 2000 Ltd. (note 5(d)(ii)), Gibraltar Mines Ltd. (note 3(a)) and NGMT Resources Limited, and 70% of the issued and outstanding share capital of Cuisson Lake Mines Ltd. All significant intercompany accounts and transactions have been eliminated.

(b) Cash and equivalents

Cash and equivalents consist of cash and highly liquid investments that are readily convertible to known amounts of cash and have maturity values of three months or less from the date of purchase.

(c) Supplies inventory

Supplies inventory is reported at the lower of moving average cost and net realizable value. Obsolete items are written down to net realizable value.

(d) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded over the estimated economic life of the plant and equipment using the straight line basis at annual rates ranging from 2.64% to 33%, except for the solvent extraction/electrowinning plant and equipment included in Gibraltar Mine plant and equipment (note 4), which are depreciated on a straight line basis at rates from 20% to 50% per annum.

(e) Mineral property interests

The Company capitalizes mineral property acquisition costs on a property by property basis. Exploration expenditures incurred prior to the determination of the feasibility of mining operations are charged to operations as incurred. Development expenditures incurred subsequent to such determination or to increase production or to extend the life of existing production are capitalized, except as noted below. These acquisition costs and deferred development expenditures will be amortized and depreciated over the estimated life of the property, or written off to operations if the properties are abandoned, allowed to lapse, or if there is little prospect of further work being carried out by the Company or its option or joint venture partners.

All costs incurred by the Company during the care and maintenance period at the Gibraltar Mine, are expensed as incurred (note 5(b)).

Mineral property acquisition costs include the cash consideration and the fair market value of common shares, based on the trading price of the shares, issued for mineral property interests, pursuant to the terms of the agreement. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment.

Administrative expenditures are expensed in the year incurred.

The amount shown for mineral property interests represents costs incurred to date and the fair value of shares issued to date relating to acquisition costs, but does not necessarily reflect present or future values.

(f) Share capital

Common shares issued for non-monetary consideration are recorded at fair value based upon the trading price of the shares on the Canadian Venture Exchange (the "CDNX") 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.

(g) Share purchase option compensation plan

The Company has a share purchase option compensation plan, which is described in Note 6(d). No compensation expense is recognized for this plan when stock options are granted. Any consideration paid by employees on exercise of stock options is credited to share capital.

(h) Loss per share

The loss per share is computed using the weighted average number of shares outstanding during the year. Fully diluted loss per share has not been presented, as the effect on basic loss per share is anti-dilutive.

(i) Fair value of financial instruments

The carrying amounts of cash and equivalents, amounts receivable, reclamation deposits and accounts payable and accrued liabilities approximate their fair values due to their short terms to maturity. The fair values of notes receivable, preferred shares of subsidiary and convertible debenture are not readily determinable with sufficient reliability due to the difficulty in obtaining appropriate market information. Accordingly, details of the terms of these financial instruments are disclosed in the notes to the financial statements.

(j) Use of estimates

The presentation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the determination of impairment, if any, of mineral property interests and plant and equipment, the balance of reclamation liability and rates for depreciation. Actual results could differ from those estimates.

(k) Segment disclosures

The Company operates in a single segment, being exploration, development and operation of mineral property interests, within the geographic area of British Columbia, Canada.

3 BUSINESS ACQUISITION

Gibraltar Mine

On July 21, 1999, the Company, through its wholly owned subsidiary Gibraltar Mines Ltd., completed the acquisition of the Gibraltar mine and related plant and equipment, supplies inventory and reclamation deposit from Boliden Westmin (Canada) Limited ("BWCL"), and completed a related convertible debentures financing (note 6(c)).

The acquisition has been accounted for by the purchase method, with the results of operations included in these financial statements from the date of acquisition. Details of the acquisition are as follows:

Assets acquired (at fair values):	
Notes receivable (note 3(a))	$22,100,000
Supplies inventory	6,345,100
Reclamation deposit (note 6(c))	8,000,000
Plant and equipment (note 4)	12,654,900
Mineral property interests (note 5(b))	3,324,844
	$52,424,844
Consideration given and liabilities assumed for assets acquired:	
Issuance of preferred shares of Gibraltar Mines Ltd. (note 3(b))	$19,000,000
Reclamation liability	32,700,000
Finders fees and expenses, net of cash received (note 6(b))	724,844
	$52,424,844

(a) **Notes receivable**

The notes receivable of $22.1 million consist of a $3.1 million note receivable from an affiliate of BWCL, that is non-interest bearing, due on October 14, 1999 (received) and guaranteed by BWCL's parent company, and a $19 million note receivable from BWCL that is non-interest bearing and due on or before April 21, 2000 (received).

(b) **Preferred shares of Gibraltar Mines Ltd.**

In connection with the acquisition of the Gibraltar mine, Gibraltar Mines Ltd. issued to BWCL 19,000,000 Class A Preferred shares at a price of $1.00 each. These preferred shares were redeemable at the option of BWCL, retractable, non-voting and subject to certain other terms and conditions, although redemption of these shares was limited to after May 21, 2000. As BWCL had the option to redeem these shares, and the first redemption date was within the Company's 2000 fiscal year, the preferred shares were classified as a current liability on the consolidated balance sheet as at September 30, 1999. During fiscal 2000, all of these shares were redeemed by BWCL.

4 PLANT AND EQUIPMENT

Prosperity Property Equipment	Cost	Accumulated Depreciation (Note 2(d))	Net Book Value September 30, 2000	Net Book Value September 30, 1999
Field	$ 11,879	$ 6,873	$ 5,006	$ 7,151
Computer and office	15,172	11,379	3,793	5,419
Total Prosperity Property	$ 27,051	$ 18,252	$ 8,799	$ 12,570

The total original cost for Prosperity Property equipment at September 30, 1999, was $27,051.

Gibraltar Mine Plant and Equipment	Cost	Accumulated Depreciation (Note 2(d))	Net Book Value September 30, 2000	Net Book Value September 30, 1999
Buildings and equipment	$ 5,931,580	$ 188,810	$ 5,742,770	$ 5,819,588
Mine equipment	5,454,001	653,854	4,800,147	5,269,046
Plant and equipment	1,015,303	181,537	833,766	963,952
Vehicles	152,854	28,775	124,079	144,715
Computer equipment	101,162	23,276	77,886	94,578
Total Gibraltar Mine (note 3)	$12,654,900	$1,076,252	$11,578,648	$12,291,879
The total original cost for Gibraltar Mine plant and equipment at September 30, 1999 was $12,654,900.				
Total plant and equipment	$12,681,951	$1,094,504	$11,587,447	$12,304,449

5 MINERAL PROPERTY INTERESTS

	2000	1999
Prosperity Gold-Copper Property(note 5(a))	$38,289,645	$35,284,565
Gibraltar Copper Mine (note 5(b))	5,936,568	2,972,344
Harmony Gold Property (note 5(c))	600,001	600,001
	$44,826,214	$38,856,910

(a) **Prosperity Gold-Copper Property**

At September 30, 2000, the Company owns 99% of the Prosperity Gold-Copper Property, located in the Clinton Mining Division, British Columbia, Canada, 100% of which was acquired prior to 1995 for total cash and share consideration of $28,660,010. During fiscal 1998, the Company entered into an agreement that allowed a party to earn a 9% working interest in the Prosperity Property, which was subsequently reacquired in fiscal 1999 (note 5(d)(i)).

During fiscal 1999, the Company entered into an agreement that allowed a party to earn up to a 5% working interest in the Prosperity Property, which was subsequently reacquired in fiscal 2000 (note 5(d)(ii)), and entered into an agreement that allowed an exploration limited partnership controlled by Misty Mountain Gold Limited ("Misty"), a public company with certain directors and officers in common with the Company, to earn a 1% working interest in the property for $600,001.

(b) **Gibraltar Copper Mine**

On July 21, 1999, the Company acquired 100% of the Gibraltar Copper mine mineral property, located near Williams Lake, British Columbia, Canada, for $3,324,844 (note 3(a)). This included 100% of NGMT Resources Limited and 70% of the shares of Cuisson Lake Mines Ltd., companies with mineral property interests within the Gibraltar mine property. The Company subsequently entered into an agreement whereby a party purchased a 7.5% interest in the Gibraltar mine for $352,500, which was subsequently reacquired in fiscal 2000 (note 5(d)(ii)). As part of its

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three years ended September 30, 2000 (Expressed in Canadian dollars)

operating permits, Gibraltar Mines Ltd. has agreed to spend a total of $4,000,000 on reclamation and environmental programs during the six year period July 1999 to July 2005.

Subsequent to September 30, 2000, Gibraltar Mines Ltd. and Cominco Engineering Services Ltd. ("CESL") concluded a memorandum of agreement to jointly complete an evaluation for the potential development of a hydrometallurgical copper refinery at the Gibraltar mine. Gibraltar Mines Ltd. and CESL have agreed to complete a $3 million detailed investigation of the feasibility of the refinery, including the production and bulk testing of six tonnes of concentrate through CESL's existing pilot plant. CESL and Gibraltar Mines Ltd. will each be responsible for funding 50% of these evaluation costs.

The Company has retained Procorp Services Limited Partnership ("Procorp") of Vancouver, British Columbia to provide technical, financial, management and marketing services related to all facets of the start-up, expansion and development of the Gibraltar mine and the proposed hydrometallurgical refinery. Procorp is a mining services, financing and marketing partnership comprised of experienced, specialized independent contractors as well as members who are also directors and officers of the Company. Compensation to Procorp includes an initial payment of US$900,000 for services to be rendered in 2001 and a second payment of US$900,000 upon successful recommencement of commercial production of the Gibraltar mine. In addition, the Company agrees, subject to regulatory approval, to issue to Procorp 3.4 million warrants to purchase common shares of the Company at a price of $1.70 per share for five years upon successful recommencement of commercial production at the Gibraltar mine.

(c) **Harmony Gold Property**

In February 1999, the Company acquired a 5% net profits royalty on the Harmony Gold Property located in the Skeena Mining Division on Graham Island, Queen Charlotte Islands, British Columbia, Canada, for $600,000, and purchased for $1, an exclusive farmout right to earn up to a 10% working interest in the Harmony Property, by expending $600,000 for each 1% working interest prior to January 1, 2001. The Harmony Gold Property is owned by Misty, a public company with directors and officers in common with the Company. Subsequent to September 30, 2000, the Company allowed this working interest option to expire, unexercised.

(d) **Farm-out, joint venture and acquisition agreements**

(i) On September 4, 1998, the Company entered into a farm-out and joint venture agreement with Concentrated Exploration Limited Partnership ("Concentrated"), whereby Concentrated earned a 9% working interest in the Prosperity Property by spending $5.4 million on exploration expenditures on the Prosperity Property prior to December 31, 1998. Concentrated was a private B.C.-based resource exploration limited partnership that raised $5.4 million for the purposes of incurring exploration expenditures on the Company's Prosperity Project. In February 1999, the Company reacquired the 9% interest earned by Concentrated by acquiring all of the issued and outstanding shares of Concentrated Exploration Ltd. ("CEL"), which acquired Concentrated's interest in January 1999, in consideration for the issuance of 1,607,444 common shares of the Company (note 6(b)).

(ii) In February 1999, the Company entered into a farm-out agreement with Concentrated Exploration 1999 Limited Partnership ("CELP99"), whereby CELP99 could earn up to a 5% working interest in the Prosperity Property project on the basis of a 1.5% working interest for each $900,000 expended. Pursuant to a July 1999 acquisition and joint venture agreement, CELP99 purchased a 7.5% interest in the Gibraltar mineral lands for $352,500 by way of a note receivable due July 31, 2001 that bore interest at 8% per annum ($4,713 accrued to September 30, 1999 for a total note and interest receivable of $357,213), and agreed to use reasonable efforts to expend up to $4.5 million on the Gibraltar Project by January 31, 2000. CELP99 was a private B.C.-based resource exploration limited partnership that raised approximately $4.7 million for the purposes of incurring exploration expenditures on the Company's Prosperity and Gibraltar mining projects. The Company had a call right to repurchase both of CELP99's Prosperity and Gibraltar working interests by issuing shares of the Company for CELP99's investment in each project, at 122% and 135% of the earn-in expenditures of the respective projects.

Included in amounts receivable at September 30, 1999 was $2.3 million from CELP 99 which was interim bridge financing of trade payables pertaining to work undertaken on the Prosperity and Gibraltar projects. This amount bore interest at 8% per annum and was received during fiscal 2000.

On January 31, 2000, the Company reached an agreement with CELP99 whereby the Company made a takeover bid offer to acquire all of the shares of CELP99's subsidiary, Concentrated Exploration 2000 Ltd. ("CEL2000"), which had acquired the 7.5% interest in the Gibraltar mineral lands owned by CELP99 and the 3.61% working interest in the Prosperity mineral property earned by CELP99. In February 2000, the Company issued 2,492,988 common shares at a value of $2.20 per share to CELP99 to complete the acquisition. In addition to the Prosperity and Gibraltar property interests, CEL2000 had a non-cash working capital deficiency of $661,624, which included cash of $52,456, and held 34,620 common shares of the Company, at the time of completion.

6. SHARE CAPITAL

(a) Authorized share capital of the Company consists of 100,000,000 common shares without par value.

(b) Issued and outstanding

	Number of Shares	Amount
Balance, September 30, 1997	14,128,358	$59,695,914
Special warrant financing at $6.00, net of issue costs	278,700	1,627,527
Options exercised at $7.10	170,000	1,207,000
Options exercised at $4.20	200,000	840,000
Options exercised at $3.61	200,000	722,000
Options exercised at $3.44	213,000	732,720
Options exercised at $3.37	229,000	771,730
Options exercised at $3.00	425,000	1,275,000
Options exercised at $1.65	276,900	456,885
Balance, September 30, 1998	16,120,958	67,328,776
Shares issued for debt settlement at $1.50	64,913	97,369
Shares issued for loan guarantee at $1.35	200,000	270,000
Private placement at $2.04, net of issue costs	843,750	1,721,250
Options exercised at $1.48	211,500	313,020
Options exercised at $1.54	126,000	194,040
Options exercised at $1.65	557,100	919,215
Options exercised at $4.03	275,000	1,108,250
Shares issued for the acquisition of CEL at $4.15 (note 5(d)(i))	1,607,444	6,670,893
Warrants exercised at $1.98	63,060	124,859
Warrants exercised at $2.04	260,784	531,999
Warrants exercised at $2.79	12,200	34,038
Shares issued for finders fees in connection with the acquisition of Gibraltar Mine assets (note 3(a))	240,000	753,600

	Number of Shares	Amount
Balance,		
September 30, 1999	20,582,709	80,067,309
Private placement at $1.20	1,600,000	1,920,000
Share issued for the acquisition of CEL2000 at $2.20 (note 5(d)(ii))	2,492,988	5,484,574
Warrants exercised at $1.20	355,000	426,000
Warrants exercised at $2.04	37,000	75,480
Balance,		
September 30, 2000	25,067,697	87,973,363
Less 34,620 shares of the Company held by CEL2000 (note 5(d)(ii))		(76,164)
		$87,897,199

(c) **Convertible debentures**

	September 30, 2000	September 30, 1999
Convertible debentures	$8,500,000	$4,000,000
Price per common share of the unexercised conversion right	$3.39	$3.14
Number of common shares potentially issuable under unexercised conversion right	2,507,375	1,273,885

On July 21, 1999, the Company issued a $17 million interest-free debenture to BWCL, which is due on July 21, 2009, but is convertible into common shares of the Company for a 10 year period commencing at a price of $3.14 per share in year one and escalating by $0.25 per share per year thereafter. BWCL's purchase of the convertible debenture is payable as to $4,000,000 in July 1999 (received), $1,000,000 on October 19, 1999 (received), $3,500,000 on July 21, 2000 (received), and $8,500,000 by December 31, 2000 (received). BWCL has the right to convert any or all of the debenture into fully paid common shares of the Company upon full payment of the debenture by December 31, 2000. From the sixth year to the tenth year, the Company has the right to automatically convert the debenture into common shares at the then prevailing market price. Since the Company has the ability and intention to settle the convertible debenture through the issuance of common shares, notwithstanding the Company has the right to settle the debentures with cash, it has been included as a separate component of shareholders' equity on the balance sheet.

In connection with the acquisition of the Gibraltar mine assets from BWCL, the Company has agreed to place the $8,500,000 debenture payment received on December 29, 2000 as a reclamation deposit, to replace an $8,500,000 letter of credit previously posted by BWCL. At December 29, 2000, the Company has a total of $16.5 million, plus accrued interest, as a reclamation deposit on the Gibraltar mine.

(d) **Share purchase option compensation plan**

The Company has a share purchase option compensation plan approved by the shareholders that allows it to grant up to 4,440,000 share purchase options, subject to regulatory terms and approval, to its employees, officers, directors and non-employees. The exercise price of each option can be set equal to or greater than the closing market price of the common shares on the CDNX on the day prior to the date of the grant of the option, less any allowable discounts. Options have a maximum term of ten years and terminate 30 days following the termination of the optionee's employment, except in the case of retirement or death. In the case of retirement, they terminate 30 to 90 days, at management's discretion, following retirement. In the case of death, they terminate at the earlier of one year after the event or the expiry of the options. Vesting of options is done at the discretion of the Board at the time the options are granted.

The continuity of share purchase options is as follows:

	2000		1999		1998	
	Number of shares	Average Price	Number of shares	Average Price	Number of shares	Average Price
Opening balance	1,931,500	$2.43	638,100	$1.65	1,167,500	$8.12
Granted during the year	351,500	1.88	2,463,000	2.51	1,346,500	2.52
Exercised during the year	–	–	(1,169,600)	2.17	(1,713,900)	3.50
Expired/cancelled during year	(40,500)	2.39	–	–	(162,000)	7.10
Closing balance	2,242,500	$2.31	1,931,500	$2.43	638,100	$1.65
Contractual remaining life in years		1.21		1.79		1.89
Range of exercise prices	$1.65-$3.64		$1.65-$3.64		$1.65	

Subsequent to September 30, 2000, 35,000 share purchase options were granted exercisable at $1.25 until September 27, 2002. On November 17, 2000, 7,500 share purchase options were cancelled and returned to the plan.

(e) **Share purchase warrants**

The continuity of share purchase warrants is as follows:

Expiry dates	Exercise prices	Outstanding September 30, 1999	Issued	Exercised	Expired	Outstanding September 30, 2000
March 3, 2002(i)	$1.30	138,089	–	–	–	138,089
March 3, 2001	$2.35	444,907	–	(37,000)	–	407,907
December 31, 2000/01	$1.20/$1.38	–	1,600,000	(355,000)	–	1,245,000
July 21, 2000	$3.14	180,000	–	–	(180,000)	–
		762,996	1,600,000	(392,000)	(180,000)	1,790,996

Expiry dates	Exercise prices	Outstanding September 30, 1998	Issued	Exercised	Expired	Outstanding September 30, 1999
April 3, 1999	$6.00	278,700	–	–	(278,700)	–
March 31, 2000/01	$2.04/$2.35	–	582,996	–	–	582,996
July 21, 2000	$3.14	–	180,000	–	–	180,000
		278,700	762,996	–	(278,700)	762,966

(i) During fiscal 2000 the exercise price of 138,089 share purchase warrants expiring on March 3, 2001 was reduced from $2.35 to $1.30 and the expiry date was extended to March 3, 2002.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the three years ended September 30, 2000 (Expressed in Canadian dollars)

(f) **Debt settlement**
On November 4, 1998, a debt settlement of 64,913 common shares at $1.50 per share was made with one supplier for services rendered prior to fiscal 1999.

(g) **Bank operating loan**
In fiscal 1997, the Company arranged a $2 million bank operating line of credit with a Canadian chartered bank at an interest rate of bank prime plus 1/4%. A private company affiliated with one of the directors provided a fully collateralized guarantee to the bank respecting the operating loan. During 1999, the Company issued 200,000 shares having a deemed value of $1.35 per common share for a total of $270,000 as consideration for an extension of the loan guarantee. The balance of the loan was repaid on July 22, 1999, and the guarantee was released.

7 SUPPLEMENTARY CASH FLOW DISCLOSURES

In addition to the non-cash financing and investing activities disclosed in note 3 with respect to the Gibraltar mine business acquisition, the Company's non-cash financing and investing activities were as follows:

	2000	1999	1998
Investments			
Acquisition of mineral properties for shares (note 5(d)(i) and (ii))	$ (5,484,574)	$ (7,424,493)	$ –
Notes receivable proceeds used to redeem preferred shares of subsidiary	19,000,000	–	–
	$ 13,515,426	(7,424,493)	–
Financing			
Shares issued for mineral properties (note 5(d)(i) and (ii))	$ 5,484,574	$ 7,424,493	$ –
Shares issued for special warrants	–	–	1,639,166
Shares issued for loan guarantee fees and financing costs (note 6(g))	–	270,000	–
Shares issued for debt settlement (note 6(f))	–	97,369	–
Conversion of special warrants	–	–	(1,639,166)
Redemption of preferred shares of subsidiary	(19,000,000)	–	–
	$(13,515,426)	$ 7,791,862	$ –
Supplemental cash flow information			
Cash paid during the year for			
Interest	$ –	$ 48,763	$ 117,393
Taxes	$ 94,836	$ 189,015	$ 124,517

8 RELATED PARTY TRANSACTIONS AND BALANCES

	Years ended September 30, 2000	1999	1998
Services rendered			
Hunter Dickinson Inc. (a)	$ 874,541	$ 851,000	$ 996,203

	September 30, 2000	1999
Balances receivable (b)		
Hunter Dickinson Inc.	$ (1,379,409)	$ (9,020)
Concentrated Exploration 1999 Limited Partnership (note 5(d)(ii))	$ –	$(2,714,009)

(a) Hunter Dickinson Inc., is a private company with certain common directors that provides geological, corporate development, administrative and management services to the Company pursuant to an agreement dated December 31, 1996.

(b) The balances receivable are included in amounts receivable, except for $357,213 of the CELP99 receivable as at September 30, 1999, which is presented as a note receivable on the consolidated balance sheet (note 5(d)(ii)). The amounts receivable are non-interest bearing and due on demand, except for the amounts and note receivable from CELP99, which bore interest at 8% per annum.

(c) Bank operating loan (see note 6(g)).

(d) Mineral property interests (see notes 5(a), 5(b), and 5(c)).

9 INCOME TAXES

To September 30, 2000, the Company has available tax pools and operating losses for tax purposes of approximately $37,000,000 which may be carried forward and utilized to reduce certain future income taxes. The potential income tax benefits related to these items have not been reflected in the accounts. These amounts do not include certain of the Company's exploration expenditures renounced to investors under flow-through share financing arrangements.

10 DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

As disclosed in note 2(a), these financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") which, for purposes of the Company conform, in all material respects, with those of the United States, except as described.

NOTE 10 (CONTINUED)

(a) Under the asset and liability method of United States Statement of Financial Accounting Standards No. 109 ("SFAS 109"), deferred income tax assets and liabilities are measured using enacted tax rates for the future income tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. There is no effect of adopting the provisions of SFAS 109 on the Company's financial statements as the recognition criteria for deferred tax assets has not been met.

(b) Statement of Financial Accounting Standards 123 ("SFAS 123") requires that stock-based compensation be accounted for based on a fair value methodology, although it allows the effects to be disclosed in the notes to the financial statements rather than in the statement of operations. SFAS 123 also allows an entity to continue to measure compensation costs for stock-based compensation plans using the intrinsic value based method of accounting as prescribed by APB Opinion No. 25 ("APB 25"). The Company has elected to measure compensation cost for those plans using APB 25.

Under US GAAP, stock options granted to non-employees for services rendered to the Company are required to be accounted for based on the fair value of the services provided or the consideration issued. The compensation cost is to be measured based on the fair value of stock options granted, with the compensation cost being charged to operations. The stock-based compensation expense in respect of stock options granted to non-employees, under US GAAP, based upon the fair value of the options using an option pricing model, would be $280,000 for the year ended September 30, 2000 (1999 – $144,000; 1998 – $365,000).

Corporate Directory

OFFICERS

Robert G. Hunter
Co-Chairman

Robert A. Dickinson
Co-Chairman

Ronald W. Thiessen
President and Chief Executive Officer

Jeffrey R. Mason
Secretary and Chief Financial Officer

DIRECTORS

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

GIBRALTAR MINES LTD.

Tom E. Milner
Chief Operating Officer

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BANK

Canadian Imperial Bank of Commerce
400 Burrard Street
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Canada V6C 3A6

LISTINGS

NASDAQ National Market – TKOCF
Canadian Venture Exchange – TKO

SHARE CAPITALIZATION

(as at December 31, 2000)

Common Authorized	100,000,000
Issued	25,067,697

ANNUAL MEETING

The Annual General Meeting of Shareholders of Taseko Mines Limited will be held at 2:00 pm on Thursday, March 29, 2001 in the Boardroom, Suite 930 – 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6

FORWARD LOOKING STATEMENTS:
United States securities laws provide a "safe harbour" for certain forward-looking statements. This annual report contains both historical information and forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected in such forward-looking statements. Examples of the latter include, without limitation, statements regarding potential mineralization, exploration results, and future plans and objectives of the Company, all of which involve risks and uncertainties.
In accordance with the Private Securities Litigation Reform Act of 1995, the Company cautions that there can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements, given that resource development is inherently a high-risk business. All written and oral forward-looking statements attributable to Taseko Mines Limited or persons acting on its behalf are expressly qualified in their entirety by this notice.

The cover image is a digital photograph of SXEW produced copper cathode from Taseko's Gibraltar Mine.

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Hunter Dickinson Inc.
Responsible Mineral Development

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