

TASEKO MINES
Moderator: Brian Bergot
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10:00 am CT

Operator: Good day everyone and welcome to the Taseko Mines fourth quarter 2009 earnings conference call. Today's call is being recorded.

At this time, I would like to turn the call over to Mr. Brian Bergot. Please go ahead, sir.

Brian Bergot: Thank you, Karen. Good morning, ladies and gentlemen and welcome to the Taseko Mines fourth quarter 2009 results conference call. My name is Brian Bergot and I am the Investor Relations manager for Taseko.

With me on the call today is Russ Hallbauer, President and CEO of Taseko; Peter Mitchell, Taseko's Chief Financial Officer; and John McManus, Senior Vice President, Operations.

After opening remarks by Management, which will review fourth quarter and annual 2009 business and operational results, we'll open phone lines to analysts and investors for a question and answer session.

I would also like to remind our listeners that our comments and answers to your questions may contain forward-looking information. This information by its nature is subject to risks and uncertainties that may cause the stated outcome to differ materially from the actual outcome. Please refer to the bottom of our latest news release for more information.

I will now turn the call over to Russ for his remarks.

Russ Hallbauer: Thank you, Brian. Good morning everyone. Thank you for joining us today to discuss our fourth quarter and year end 2009 financial and operating results.

For the year ended December 31, 2009, the company achieved operating profit of \$48.3 million and earnings before taxes and other items of \$27 million.

The third and fourth quarter results were affected by the geotechnical issue we experienced in the Granite Pit which affected our metal and concentrate production. And that in turn flowed through to our cost per pound of copper as we had to take added cost to remediate or to mediate the mine, yet we still achieved over the year \$1.50 per pound of production cost.

Now that those are issues behind us, we are back to a more normalized operating state. We expect Gibraltar to perform at a run rate of over 20 million pounds a quarter from the concentrator, exclusive of capital production.

And by year end, with the removal of the remaining bottlenecks in the system, Gibraltar will be producing roughly 27 to 28 million pounds of copper and concentrate a quarter.

Since October our metallurgical team at Gibraltar has worked on the most technically challenging driver of our business and that is metal recovery. As illustrated in our (NBNE), since

October recoveries have increased from 79.9%, 90.1% in February. That is a very satisfying improvement for us.

But the results are not a surprise as our (bench) tests always predicted we could move our recoveries from the historical recoveries of 82% to the new recoveries of between 89% and 90%. So achieving those targets today is, like I said, very satisfying.

Once we have our semi-autogenous grinding mill operating correctly, our regrind mill and our flotation systems all working properly and integrated, the results are apparent. Every day that goes by, our operating team is becoming more and more proficient in operating Gibraltar's concentrator to its maximum efficiency.

Now that we have a very good handle on metallurgical performance, everyone is beginning to turn their attention to mill throughput. In January we milled 42 thousand tons per operating date and in February we moved that up to 43,500 tons per day. And this was accomplished with a feed system that in the winter months is plagued by hang ups and frozen ore bins.

So now that we are heading into spring, we expect to further increase those throughput numbers as the cold weather is behind us. Where is all this - while it's leading to where we think our costs will settle out over the longer term.

In 2009, we took our strip ratio down to 1 to 1 and our cost to \$1.18 U.S. per pound when copper went to \$1.50 a pound. Since that time and as we've spoken about in the past few months, as copper prices have strengthened, we have increased our strip ratio to about 2.8 to 1, back to life of mine average. And most recently, we're stripping at about 3 to 1 to ensure that as the concentrator throughput increases we are able to feed it the ore it requires.

These stripping costs alone will increase our cost by about 35 cents U.S. per pound. And if you throw in the appreciation of the Canadian dollar versus the U.S. dollar, we see our cost settling out in the range of \$1.40 to \$1.60 U.S. per pound depending on currency but offset by increasing metal production.

With approximately six million pounds of copper hedges remaining, most unwinding in the next two months, we will be generating a very healthy margin with the present copper metal prices (we receive). Either John or myself will be happy to answer questions about our cost structure when we get to the Q&A later in this presentation.

We have about \$25 million worth of capital projects to complete this year, \$4 to \$5 million pressure conveyor system and tailing system and \$20 million on our new semi-autogenous grinding mill feed systems. All of this work will ensure a continuing lowering of our cost structure going forward.

Stepping ahead, looking at business development, we are in the process of signing off on the final documentation of our Joint Venture with Sojitz which will close at the end of the month.

With that initiative complete, we'll have a significant amount of our required equity for the build-out of our Prosperity mine. As well, we're working on other financing and issues with respect to raising further equity for the project.

On Monday, the federal panel reviewing the Prosperity mine project will begin. We expect that in the next four weeks of its work they will come to the same conclusion as did the provincial regulators and we'll receive our federal approvals.

Going forward though, the Prime Minister of Canada has clearly stated in his Throne speech that the duplication of efforts on environmental work by both the federal government and the provincial government is not in the best interest of this country.

And the province will be taking the lead in determining the future of these projects. And we're very happy about that as a company and as a mining industry in British Columbia.

In that context, we're working on our mine development applications from the provincial government and we expect to begin work as soon as we receive those.

I would like to now turn the call over to Peter to discuss the financial performance of the company. Peter.

Peter Mitchell: Thanks, Russ. Let me say that financially the company is as strong as we've ever been. We have about \$50 million of cash on hand today that's steadily improving in modern and efficiency in a very robust copper price environment.

Additionally we are close to completing the Sojitz sale as Russ mentioned. A few comments on our income statement. Revenue for the 12 months December 31, '09 was 180.1 million. Fourth quarter revenue was 56 million compared to 40.1 for the reasons that Russ discussed. Increased concentrate sales and higher average realized copper price was the cause.

Operating profit for the year ended December 31, '09, was 48.3 million versus 8.9 million in the same period in 2008, primarily as a result of managed reductions in operating cost due to the commodity price environment through the first half of 2009.

Operating profit for the fourth quarter was 15.6 million as compared to 9.4 million for the third quarter of '09 as a result of increased copper production and higher copper price. Earnings after tax for the year ended December 31, '09, was 10.6 million versus a net loss of 12.8 million for the same period last year.

The '09 results include an unrealized mark to market of - on the copper hedge of 15.8 million. Earnings per share for the year end was 6 cents compared to a net loss of 9 cents for the same period in '08. For the quarter ended December 31, '09, there was a net loss of 1 cent or 1.2 million. Excluding the mark to market on the copper hedge, earnings were 3 million for the fourth quarter.

The company's liquidity improved significantly with cash of 38.2 million including the 3.2 million of restricted cash at December 31, '09, compared to the 4.6 million on the same date in '08.

The company is still intending, as Russ mentioned, to close the previously announced joint venture with Sojitz at the end of this month. To refresh everyone, the transaction is a 25% interest in the Gibraltar mine for approximately \$180 million.

With the proceeds from this transaction plus that 50 million of cash we have on hand, the company intends to prepay its senior secured debt facility. So aside from capital lease debt,

Taseko will be debt free at that point. Additionally, this cash will provide a significant portion of the equity we need to complete - or to build the Prosperity project.

In conclusion, 2009 was a challenging year but with improving operating performance in copper prices, we've improved the profitability and liquidity in order to leverage Taseko.

Brian Bergot: Well thanks very much, operator. Folks, we look forward to chatting with you end of the next quarter. Have a nice day. Bye-bye.

Operator: Once again, that does conclude today's conference. Thank you again for your participation.

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