

**ARRANGEMENT AGREEMENT**

**TASEKO MINES LIMITED**

- and -

**YELLOWHEAD MINING INC.**

---

December 3, 2018

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## ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of December 3, 2018

BETWEEN

### TASEKO MINES LIMITED

a corporation existing under the laws of British Columbia  
("Taseko")

- and -

### YELLOWHEAD MINING INC.

a corporation existing under the laws of the Province of British  
Columbia ("Yellowhead").

**WHEREAS** Taseko proposes to acquire all of the outstanding securities of Yellowhead that are not already owned by Taseko or its affiliates pursuant to the Arrangement, as provided in this Agreement;

**AND WHEREAS** the Board (as defined herein) has unanimously determined, after receiving financial and legal advice and following receipt of the Fairness Opinion, that the Arrangement is fair, from a financial point of view, to the Shareholders (as defined herein) and that the Arrangement is in the best interests of Yellowhead and has unanimously resolved, subject to the terms of this Agreement, to recommend that the Shareholders vote in favour of the Arrangement Resolution;

**NOW THEREFORE** in consideration of the premises and the covenants and agreements herein contained, the Parties agree as follows:

## **ARTICLE 1** **INTERPRETATION**

### 1.1 **Definitions**

In this Agreement, unless otherwise defined or expressly stated herein or something in the subject matter or the context is inconsistent therewith:

**"Aboriginal"** means any aboriginal peoples of Canada, including Indian (First Nation), Inuit and Métis peoples of Canada and includes any group of Aboriginals, including Tribal or Métis Councils;

**"Aboriginal Claim"** means any claim, written assertion or demand, whether proven or unproven, made by any Aboriginals with respect to Aboriginal title, Aboriginal rights, treaty rights or any other Aboriginal interest;

**“Aboriginal Information”** means any and all written documents or electronic and other communications and any oral communications respecting Aboriginal Claims, the issuance of any Authorization that involves Aboriginal Claims and the duty to consult Aboriginals;

**“Acceptable Confidentiality Agreement”** means a confidentiality agreement between Yellowhead and a third party other than Taseko: (i) that is entered into in accordance with Section 5.1(c) hereof; (ii) that contains confidentiality restrictions that are no less favourable to Yellowhead than those set out in the Confidentiality Agreement; (iii) that identifies the number of Shares currently owned or controlled by the third party and its joint actors; and (iv) which may not include any provision granting an exclusive right to negotiate with Yellowhead;

**“Acquisition Agreement”** means any letter of intent, memorandum of understanding or other Contract, agreement in principle, acquisition agreement, merger agreement or similar agreement or understanding with respect to any Acquisition Proposal but does not include an Acceptable Confidentiality Agreement;

**“Acquisition Proposal”** means, excluding the Arrangement and the other transactions contemplated by this Agreement, any inquiry, offer or the making of any proposal to Yellowhead or the Shareholders from any person or group of persons "acting jointly or in concert" (within the meaning of NI 62-104) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):

- (a) any direct or indirect sale, disposition, alliance, partnership or joint venture (or any lease, long-term supply agreement, option, license or other arrangement having the same economic effect as a sale), direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets, or contributing 20% or more of the consolidated revenues, of Yellowhead and the its Subsidiary (taken as a whole), or of 20% or more of any class of voting, equity or other securities or any securities exchangeable for or convertible into voting, equity or other securities of Yellowhead and the Subsidiary (or rights or interests therein or thereto);
- (b) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a person or group of persons beneficially owning 20% or more of any class of voting, equity or other securities or any other equity interests, including securities exchangeable for or convertible into voting, equity or other securities or equity interests, of Yellowhead or the Subsidiary;
- (c) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license or other similar transaction involving Yellowhead or its Subsidiary;
- (d) any other similar transaction or series of related transactions involving Yellowhead or its Subsidiary or any other arrangement whereby effective operating control of Yellowhead or its assets is granted to another person;
- (e) public announcement of or of an intention, to do any of the foregoing, or

(f) modification or proposed modification of any such proposal, inquiry or offer, in each case whether by plan of arrangement, amalgamation, merger, consolidation, recapitalization, liquidation, dissolution or other business combination, sale of assets, joint venture, take-over bid, tender offer, share exchange, exchange offer or otherwise, including any single or multi-step transaction or series of transactions, directly or indirectly involving Yellowhead or any of its subsidiaries;

“**affiliate**” and “**associate**” have the meanings respectively ascribed thereto under the *Securities Act*;

“**Agreement**” means this Agreement (including the Schedules attached hereto and the Disclosure Letter) as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms hereof;

“**Alternative Transaction**” has the meaning ascribed thereto in Section 4.4(b);

“**Annual Financial Statements**” means the audited financial statements of either Yellowhead or Taseko, as the context dictates as at, and for the years ended, December 31, 2017 and December 31, 2016 (including the notes thereto and the reports by the auditors thereon);

“**Arrangement**” means an arrangement under the provisions of Section 288 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement as amended from time to time in accordance with its terms;

“**Arrangement Resolution**” means the resolution to be considered and, if thought fit, passed by the Shareholders at the Meeting to approve the Arrangement, to be substantially in the form and content of Schedule B hereto;

“**Authorization**” means any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, bylaw, rule or regulation, whether or not having the force of Law, by any Governmental Authority;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder;

“**Board**” means the board of directors of Yellowhead;

“**Business Day**” means a day other than a Saturday, a Sunday or any other day on which commercial banking institutions in Vancouver, British Columbia or in Toronto, Ontario are authorized or required by applicable Law to be closed;

“**Change of Recommendation**” has the meaning ascribed thereto in Section 6.1(c)(i);

“**Circular**” means the notice of meeting and accompanying management information circular (including all schedules, appendices and exhibits thereto) to be sent to the Shareholders in connection with the Meeting, including any amendments or supplements thereto;

“**Claim**” means (i) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, ticket, charge, demand or prosecution, whether legal or administrative; or (ii) any appeal or application for review; at Law or in equity or by any Governmental Authority;

“**Code**” means the *United States Internal Revenue Code of 1986*, as amended;

“**commercially reasonable efforts**” with respect to any Party means the cooperation of such Party and the use by such Party of its reasonable efforts consistent with reasonable commercial practice without payment or incurrence of any liability or obligation, other than reasonable expenses;

“**Confidentiality Agreement**” means the confidentiality agreement dated as of October 31, 2018 between Yellowhead and Taseko;

“**Consideration Shares**” means the Taseko Shares to be issued to Shareholders in exchange for the Shares on the basis of 1.1484 Taseko Shares for each Share;

“**Contract**” means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership, note, instrument, or other right or obligation (whether written or oral) to which a Party, or any of its subsidiaries, is a party or by which a Party, or any of its subsidiaries, is bound or affected or to which any of their respective properties or assets is subject;

“**Court**” means the Supreme Court of British Columbia;

“**Depository**” means any trust company, bank or other financial institution agreed to in writing by each of the Parties for the purpose of, among other things, exchanging certificates representing Shares for the Consideration Shares in connection with the Arrangement;

“**Diligence Information**” means the documents provided or made available to a Party by the other Party following execution of the Confidentiality Agreement and prior to the execution of this Agreement for the purposes of its due diligence in connection with the Arrangement;

“**Disclosure Record**” means all documents filed by or on behalf of Yellowhead or Taseko, as the case may be, on SEDAR since December 31, 2016 and prior to the date hereof that are publicly available on the date hereof;

“**Dissent Rights**” has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

“**Dissenting Shareholder**” has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

“**Effective Date**” has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

“**Effective Time**” has the meaning ascribed thereto in Section 1.1 of the Plan of Arrangement;

“**Environment**” means the natural environment (including soil, land surface or subsurface strata, surface water, groundwater, sediment, ambient air (including all layers of the atmosphere), organic

and inorganic matter and living organisms, including human health and safety, and any other environmental medium or natural resource);

“**Environmental Laws**” means applicable Laws aimed at or relating to reclamation or restoration of properties; abatement of pollution; protection of the Environment; protection of wildlife, including endangered species; ensuring public safety from environmental hazards; protection of cultural or historic resources; management, treatment, storage, disposal or control of, or exposure to, Hazardous Substances; releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or Hazardous Substances, including ambient air, surface water and groundwater; and all other Laws relating to the manufacturing, processing, distribution, use, treatment, storage, disposal, handling or transport of Hazardous Substances;

“**Expense Reimbursement Fee**” has the meaning ascribed thereto in Section 5.2(d);

“**Fairness Opinion**” means the opinion of the Financial Advisor to the effect that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the Consideration Shares to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders;

“**Final Order**” means the order of the Court approving the Arrangement, in form and substance acceptable to Yellowhead and Taseko, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both Yellowhead and Taseko, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment is acceptable to both Yellowhead and Taseko, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;

“**Financial Advisor**” means Evans & Evans, Inc.;

“**Financial Statements**” means, collectively, the Annual Financial Statements and the Interim Financial Statements of either Yellowhead or Taseko, as the context dictates;

“**Governmental Authority**” means any multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any division, agent, official, agency, commission, board or authority of any government, governmental body, quasi-governmental or private body (including the TSX and the TSX-V or any other stock exchange) exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator acting under the authority of any of the foregoing;

“**HCM**” means Harper Creek Mining Corp.;

“**Harper Creek Properties**” means Yellowhead’s interests in the Harper Creek Project, consisting of the mineral claims issued under or conferred by the *Mineral Tenure Act* (British Columbia) and the leases, real estate, interests and rights in real estate listed in Section 17 of the Disclosure Letter, and all mining facilities and appurtenant facilities thereon.



“**Harper Creek Project**” means the Harper Creek copper-gold-silver project in south-central British Columbia, approximately 150 kilometres by highway north of Kamloop;

“**Hazardous Substances**” means any chemical, material or other substance in any form, whether solid, liquid or gaseous or any combination thereof, whether waste material, raw material, finished product, intermediate product or by-product, that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, corrosive, explosive, infectious, carcinogenic or toxic or a pollutant or a contaminant under or pursuant to, or that could result in liability under, any applicable Environment Laws including petroleum and all derivatives thereof or synthetic substitutes therefor, hydrogen sulphide, arsenic, cadmium, lead, mercury, polychlorinated biphenyls (“**PCBs**”), PCB-containing equipment and material, mould, asbestos, asbestos-containing material, urea-formaldehyde, urea-formaldehyde-containing material;

“**IFRS**” means International Financial Reporting Standards as incorporated in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis;

“**Indemnified Parties**” has the meaning ascribed thereto in Section 2.15;

“**Interim Financial Statements**” means the unaudited condensed financial statements of either Yellowhead or Taseko, as the context dictates as at, and for the three and nine-months ended September 30, 2018 (including the notes thereto);

“**Interim Order**” means the interim order of the Court to be issued following the application therefor submitted to the Court as contemplated by Section 2.3(a), in form and substance acceptable to Yellowhead and Taseko, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be affirmed, amended, modified, supplemented or varied by the Court with the consent of both Yellowhead and Taseko, each acting reasonably;

“**Laws**” means all laws, statutes, codes, ordinances (including zoning), decrees, rules, regulations, by-laws, notices, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, settlements, writs, assessments, arbitration awards, rulings, determinations or awards, decrees or other requirements of any Governmental Authority having the force of law and any legal requirements arising under the common law or principles of law or equity and the term “applicable” with respect to such Laws and, in the context that refers to any person, means such Laws as are applicable at the relevant time or times to such person or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over such person or its business, undertaking, property or securities;

“**Liens**” means any pledge, claim, lien, charge, option, hypothec, mortgage, security interest, restriction, adverse right, prior assignment, lease, sublease, royalty, levy, right to possession or any other encumbrance, easement, license, right of first refusal, covenant, voting trust or agreement, transfer restriction under any shareholder or similar agreement, right or restriction of any kind or nature whatsoever, whether contingent or absolute, direct or indirect, or any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“**Litigation**” has the meaning ascribed thereto in Section 4.1(l);

“**Matco**” means Matco Investments Inc.;

“**Material Adverse Effect**” means any result, fact, change, effect, event, circumstance, occurrence or development, that, taken together with all other results, facts, changes, effects, events, circumstances, occurrences or developments, has or would reasonably be expected to have a material and adverse effect on the business, results of operations, capitalization, assets, liabilities (including any contingent liabilities), obligations (whether absolute, accrued, conditional or otherwise), or financial condition of a Party, provided, however, that any result, fact, change, effect, event, circumstance, occurrence or development that arises out of, relates directly or indirectly to, results directly or indirectly from or is attributable to any of the following will not be deemed to constitute, and will not be taken into account in determining whether there has been, a Material Adverse Effect:

- (a) any change, development or condition in or relating to general international or Canadian, political, economic or financial or capital market conditions, including any general suspension of trading in securities or moratorium;
- (b) any change or proposed change in any applicable Laws or the interpretation, application or non-application of any Laws by any Governmental Authority;
- (c) any change or developments affecting the global mining industry in general;
- (d) any changes in commodity pricing, including the price of copper;
- (e) any generally applicable changes in IFRS;
- (f) any natural disaster or act, outbreak or escalation of war, armed conflict, sabotage or terrorism;
- (g) any change relating to foreign currency exchange rates;
- (h) any change in the market price of the Shares as a result of the announcement of the execution of this Agreement, the transactions contemplated hereby, the performance of any obligation hereunder or the consummation of the transactions contemplated hereby; or
- (i) any act, omission or matter consented to in writing by Taseko or that is expressly contemplated or permitted under this Agreement;

provided however, that references in certain sections of this Agreement to dollar amounts are not intended to be, and will not be deemed to be, illustrative or interpretive for purposes of determining whether a Material Adverse Effect has occurred;

“**Material Authorizations**” has the meaning ascribed thereto in Section 14 of Schedule C

“**Material Contract**” has the meaning ascribed thereto in Section 21 of Schedule C;

“**material fact**” has the meaning attributed to such term under the Securities Act;

“**Meeting**” means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order for the purpose of considering and, if thought fit, approving the Arrangement Resolution;

“**MI 61-101**” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

“**misrepresentation**” has the meaning attributed to such term under the *Securities Act*;

“**Money Laundering Laws**” has the meaning ascribed thereto in Section 13(c) of Schedule C;

“**ordinary course of business**”, or any similar reference, means, with respect to an action taken or to be taken by any person, that such action is consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person and, in any case, is not unreasonable or unusual in the circumstances of such case in the context of the provisions of this Agreement;

“**Option Plan**” means the Option Plan approved by shareholders on October 25, 2018;

“**Outside Date**” means February 18, 2019 or such later date as may be agreed to in writing by the Parties;

“**Parties**” means the parties to this Agreement and “**Party**” means any one of them;

“**Permitted Liens**” means:

- (a) any inchoate right, lien or interest of a Governmental Authority;
- (b) Liens for Taxes not yet due and payable and accrued in the ordinary course of business;
- (c) statutory liens incurred or deposits made in the ordinary course of the business of Yellowhead or HCM in connection with workers’ compensation, employment insurance and similar legislation;
- (d) security given by Yellowhead or HCM to a public utility or any Governmental Authority when required in the ordinary course of business of Yellowhead or HCM;
- (e) undetermined or inchoate construction or repair or storage liens arising in the ordinary course of the business of Yellowhead or HCM, a claim for which has not been filed or registered pursuant to law or of which notice in writing has not been given to Yellowhead or HCM;
- (f) any reservations or exceptions contained in the original grants from Governmental Authorities;
- (g) existing legal servitudes, easements, including rights of way and other similar real property legal liens, encroachments and other minor imperfections of title, as well as reservations or rights of others relating to, sewers, water lines, gas lines, pipelines,

electric lines, telegraph and telephone lines and other similar products or services and any registered restrictions or covenants that run with the land;

- (h) the existing terms and conditions of mineral claims comprising the Harper Creek Properties; and
- (i) zoning by-laws, ordinances or other restrictions as to the use of real property, and agreements with other persons registered against title to the Harper Creek Properties,
- (j) any Lien in favor of issuers of surety bonds or letters of credit issued in respect of reclamation bonds;
- (k) present or future obligations required by any Governmental Authority under any Authorization or pursuant to Applicable Law;
- (l) any Liens listed in the Yellowhead Disclosure Letter;

“**person**” includes an individual, sole proprietorship, corporation, body corporate, incorporated or unincorporated association, syndicate or organization, partnership, limited partnership, limited liability company, unlimited liability company, joint venture, joint stock company, trust, natural person in his or her capacity as trustee, executor, administrator or other legal representative, a government or Governmental Authority or other entity, whether or not having legal status;

“**Plan of Arrangement**” means the plan of arrangement substantially in the form and content set out in Schedule A hereto, as amended, modified or supplemented from time to time in accordance with Article 6 of the Plan of Arrangement or at the direction of the Court in the Final Order, with the consent of Yellowhead and Taseko, each acting reasonably;

“**Proceedings**” means any court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry before or by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative matter or proceeding;

“**Regulatory Approvals**” means rulings, consents, orders, exemptions, permits, waivers, early termination authorizations, clearances, written confirmations of no intention to initiate legal proceedings and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Authorities;

“**Representatives**” means, collectively, with respect to a Party, that Party’s officers, directors, employees, consultants, advisors, agents or other representatives (including lawyers, accountants, investment bankers and financial advisors);

“**Returns**” means all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Law in respect of Taxes;

“**Securities Act**” means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder;

“**Securities Authorities**” means all applicable securities regulatory authorities, including the applicable securities commission or similar regulatory authorities in each of the provinces and territories of Canada;

“**Securities Laws**” means the Securities Act, all other applicable Canadian provincial and territorial securities Laws, and, where applicable, the rules and policies of the TSX-V;

“**Shareholder Approval**” has the meaning ascribed thereto in Section 2.5(g);

“**SEDAR**” means the System for Electronic Document Analysis Retrieval at [www.sedar.com](http://www.sedar.com);

“**Shareholder**” means a registered holder of one or more Shares;

“**Shares**” means the common shares in the capital of Yellowhead;

“**subsidiary**” means, with respect to a specified entity, any:

(a) corporation of which issued and outstanding voting securities of such corporation to which are attached more than 50% of the votes that may be cast to elect directors of the corporation (whether or not shares of any other class or classes will or might be entitled to vote upon the happening of any event or contingency) are owned by such specified entity and the votes attached to those voting securities are sufficient, if exercised, to elect a majority of the directors of such corporation;

(b) partnership, unlimited liability company, joint venture or other similar entity in which such specified entity has more than 50% of the equity interests and the power to direct the policies, management and affairs thereof; and

(c) a subsidiary (as defined in clauses (a) and (b) above) of any subsidiary (as so defined) of such specified entity;

“**Superior Proposal**” means any unsolicited *bona fide* Acquisition Proposal made in writing on or after the date of this Agreement by an arm’s length third party (other than Taseko and its affiliates) to acquire not less than all of the outstanding Shares or all or substantially all of the assets of Yellowhead on a consolidated basis that did not result from a breach of Article 5 and which or in respect of which:

(a) the Board has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal would, taking into account all of the terms and conditions of such Acquisition Proposal (including time to completion and shareholder vote requirements), if consummated in accordance with its terms (but not assuming away any risk of non-completion), result in a transaction which is more favourable to the Shareholders from a financial point of view than the Arrangement (taking into account any amendments to this Agreement and the Arrangement proposed by Taseko pursuant to Section 5.1(f));

- (b) if it relates to the acquisition of outstanding Shares the consideration paid for the Shares is made available to all of the Shareholders on the same terms and conditions;
- (c) is not subject to any financing condition and in respect of which adequate arrangements have been made to ensure that the required funds will be available to effect payment in full;
- (d) is not subject to any due diligence condition;
- (e) the Board has determined in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal is reasonably capable of being completed in accordance with its terms, without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal;
- (f) in the event that Yellowhead does not have the financial resources to pay the Termination Fee, the terms of such Acquisition Proposal provide that the person making such Superior Proposal will advance or otherwise provide Yellowhead the cash required for Yellowhead to pay the Termination Fee and such amount will be advanced or provided on or before the date such Termination Fee becomes payable;
- (g) the Board has determined in good faith, after consultation with its financial advisors and outside legal counsel, that failure to recommend such Acquisition Proposal to the Shareholders would be inconsistent with the Board's fiduciary duties under applicable Law; and
- (h) complies with applicable Law;

**“Superior Proposal Notice Period”** has the meaning ascribed thereto in Section 5.1(f)(ii);

**“Support Agreements”** means the voting and support agreements made between Taseko and Matco and Greg Hawkins, which agreements provide that such Shareholders will, among other things, vote all Shares of which they are the registered or beneficial holder or over which they have control or direction, in favour of the Arrangement and not dispose of their Shares;

**“Supporting Shareholders”** means the persons who are party to the Support Agreements, other than Taseko;

**“Surviving Corporation”** means any corporation or other entity continuing following the amalgamation, merger, consolidation or winding up of Yellowhead with or into one or more other entities (pursuant to a statutory procedure or otherwise);

**“Taseko Disclosure Letter”** means the disclosure letter dated the date hereof regarding this Agreement that has been executed by Taseko and delivered to Yellowhead prior to the execution of this Agreement;

“**Taseko Senior Management**” means Russell Hallbauer, Stuart McDonald and John McManus, respectively the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer of Taseko;

“**Taseko Shares**” means common shares in the capital of Taseko;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended;

“**Tax**” or “**Taxes**” means all taxes, dues, duties, rates, imposts, fees, levies, other assessments, tariffs, charges or obligations of the same or similar nature, however denominated, imposed, assessed or collected by any Governmental Authority, including all income taxes, including any tax on or based on net income, gross income, income as specifically defined, earnings, gross receipts, capital gains, profits, business royalty or selected items of income, earnings or profits, and specifically including any federal, provincial, state, territorial, county, municipal, local or foreign taxes, state profit share taxes, windfall or excess profit taxes, capital taxes, royalty taxes, production taxes, payroll taxes, health taxes, employment taxes, withholding taxes, sales taxes, use taxes, goods and services taxes, custom duties, value added taxes, ad valorem taxes, excise taxes, alternative or add-on minimum taxes, franchise taxes, gross receipts taxes, licence taxes, occupation taxes, real and personal property taxes, stamp taxes, anti-dumping taxes, countervailing taxes, occupation taxes, environment taxes, transfer taxes, and employment or unemployment insurance premiums, social insurance premiums and worker’s compensation premiums and pension payments (including payments to the Canada Pension Plan) and other taxes, fees, imposts, assessments or charges of any kind whatsoever together with any interest, penalties, additional taxes, fines and other charges and additions that may become payable in respect thereof;

“**Termination Fee**” has the meaning ascribed thereto in Section 5.2(b);

“**Termination Fee Event**” has the meaning ascribed thereto in Section 5.2(a);

“**TSX**” means The Toronto Stock Exchange;

“**TSX-V**” means the TSX Venture Exchange;

“**U.S. Exchange Act**” means the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder;

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

“**Yellowhead Disclosure Letter**” means the disclosure letter dated the date hereof regarding this Agreement that has been executed by Yellowhead and delivered to Taseko prior to the execution of this Agreement; and

“**Yellowhead Senior Management**” means Darryl Coates and David McGoey.

1.2 **Currency**

Except where otherwise specified, all references to currency herein are to lawful money of Canada and “\$” refers to Canadian dollars.

1.3 **Interpretation Not Affected by Headings**

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement, including the Schedules hereto, and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to an Article, Section or Schedule by number or letter or both are to that Article, Section or Schedule in or to this Agreement.

1.4 **Knowledge**

Any reference in this Agreement to the “knowledge” of Yellowhead means to the actual knowledge and information of Yellowhead Senior Management after making due inquiry regarding the relevant matter. Any reference in this Agreement to the “knowledge” of Taseko means to the actual knowledge and information of the Taseko Senior Management after making due inquiry regarding the relevant matter.

1.5 **Extended Meanings, Etc.**

Unless the context otherwise requires, words importing the singular number only include the plural and vice versa; words importing any gender include all genders. The terms “including” or “includes” and similar terms of inclusion, unless expressly modified by the words “only” or “solely”, mean “including without limiting the generality of the foregoing” and “includes without limiting the generality of the foregoing”. Any Contract, instrument or Law defined or referred to herein means such Contract, instrument or Law as from time to time amended, modified, supplemented or consolidated, including, in the case of Contracts or instruments, by waiver or consent and, in the case of Laws, by succession of comparable successor Laws, and all attachments thereto and instruments incorporated therein and, in the case of statutory Laws, all rules and regulations made thereunder.

1.6 **Date of any Action**

In the event that any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

1.7 **Subsidiaries**

To the extent any covenants or agreements relate, directly or indirectly, to a subsidiary of Yellowhead, each such provision will be construed as a covenant by Yellowhead to cause (to the fullest extent to which it is legally capable) such subsidiary to perform the required action.



1.8 **Schedules**

The following are the Schedules to this Agreement:

- Schedule A - Form of Plan of Arrangement
- Schedule B - Arrangement Resolution
- Schedule C - Representations and Warranties of Yellowhead
- Schedule D - Representations and Warranties of Taseko

**ARTICLE 2**  
**THE ARRANGEMENT**

2.1 **The Arrangement**

(a) The Parties agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement pursuant to which (among other things) each Shareholder (other than (i) those Shareholders who have validly exercised their dissent rights and (ii) Taseko) will receive the consideration to which such holder is entitled under the Arrangement. The Arrangement will become effective at the Effective Time on the Effective Date. Upon issuance of the Final Order and subject to the satisfaction or, where not prohibited, the waiver of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver of those conditions as of the Effective Date) set forth in Article 7, unless another date is agreed to in writing by the Parties, each of the Parties on or before the Effective Date will proceed to file any documents as required pursuant to Section 292 of the BCBCA, and such other documents as may be required to give effect to the Arrangement pursuant to Division 5 of Part 9 of the BCBCA, whereupon at the Effective Time on the Effective Date, the transactions comprising the Arrangement will be deemed to occur in the order set out in the Plan of Arrangement without any further act or formality. From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the BCBCA.

(b) Subject to compliance with applicable Securities Laws and any other applicable securities Laws, immediately after the execution of this Agreement, or such later time prior to the next opening of markets in Toronto as is agreed to by Taseko and Yellowhead, Taseko and Yellowhead will issue separate news releases announcing the entering into of this Agreement, the support of Matco and Greg Hawkins and the recommendation of the Board to Shareholders to vote in favour of the Arrangement Resolution, which news releases will be satisfactory in form and substance to each of Taseko and Yellowhead, each acting reasonably.

## 2.2 Yellowhead Approval and Recommendation

Yellowhead represents and warrants to the Taseko that:

- (i) the Board, subject to abstention by conflicted directors, has unanimously determined that:
  - (A) the Arrangement is fair to the Shareholders;
  - (B) the Arrangement is in the best interests of Yellowhead; and
  - (C) it will recommend that the Shareholders vote in favour of the Arrangement Resolution; and
- (ii) the Board has authorized Yellowhead to enter into this Agreement and to perform its obligations under this Agreement, and no action has been taken by Yellowhead to amend, or supersede, such determinations, resolutions or authorizations; and
- (iii) the Board has received the Fairness Opinion, the fees to be paid to the Financial Advisor in connection with the delivery of the Fairness Opinion are not contingent on the completion of the Arrangement.

## 2.3 Implementation Steps by Yellowhead

Yellowhead covenants in favour of Taseko that, subject to the terms of this Agreement, Yellowhead will:

- (a) as soon as reasonably practicable after the execution of this Agreement and, in any event, not later than January 4, 2019 apply to, and have the hearing for the Interim Order before, the Court pursuant to Division 5 of Part 9 of the BCBCA for the Interim Order in a manner and form acceptable to Taseko, acting reasonably, and thereafter proceed with such application and diligently pursue obtaining the Interim Order;
- (b) lawfully convene and hold the Meeting in accordance with the Interim Order, Yellowhead's constating documents and applicable Laws, as soon as reasonably practicable and, in any event, not later than February 11, 2019, for the purpose of having the Shareholders consider the Arrangement Resolution, and will not, unless otherwise permitted under this Agreement or unless Taseko otherwise consents in writing, adjourn, postpone or cancel the Meeting or propose to do any of the foregoing except:
  - (i) for an adjournment as required for quorum purposes or by applicable Law; or
  - (ii) as required under Section 6.3;

provided, however, that, if the Meeting is scheduled to occur during a Superior Proposal Notice Period, upon the reasonable request of Taseko, Yellowhead will, adjourn or

postpone the Meeting to (i) a date agreed to by the Parties, that is not later than six Business Days after the date on which the Meeting was originally scheduled to be held, or (ii) if the Parties do not agree such date to the sixth Business Day after the date on which the Meeting was originally scheduled to be held;

(c) solicit from the Shareholders proxies in favour of the approval of the Arrangement Resolution and against any resolution submitted by any person that is inconsistent with, or which seeks (without Taseko's consent) to hinder or delay the Arrangement and the completion of the transactions contemplated by this Agreement, including, if so requested by Taseko, acting reasonably, using the services of proxy solicitations agents recommended by Taseko, and acting reasonably in accepting Taseko's recommendation with respect to any such agent or agents, and cooperating with any persons engaged by Taseko, to solicit proxies in favour of the approval of the Arrangement Resolution, recommend to all Shareholders that they vote in favour of the Arrangement Resolution, and take all other actions that are reasonably necessary or desirable to obtain the approval of the Arrangement by the Shareholders, and (i) permit Taseko to assist and participate in all calls, meetings with such proxy solicitation agent, (ii) provide Taseko with all information distributions or updates from the proxy solicitation agent, (iii) consult with, and consider any suggestions from, Taseko with regards to the proxy solicitation agent, and (iv) consult with Taseko and keep Taseko apprised, with respect to such solicitation and other actions. If Yellowhead is requested by Taseko to retain a proxy solicitation agent, then all costs and expenses of such proxy solicitation agent shall be for the sole account of Taseko;

(d) advise Taseko as reasonably requested, and on a daily basis commencing 7 Business Days prior to the Meeting, as to the aggregate tally of the proxies and votes received in respect of the Meeting and all matters to be considered at the Meeting;

(e) consult with Taseko in fixing the date of the Meeting, promptly provide Taseko with any notice relating to the Meeting and allow Representatives of Taseko to attend the Meeting;

(f) promptly advise Taseko of any communication (written or oral) from any Shareholder in opposition to the Arrangement;

(g) not change the record date for the Shareholders entitled to vote at the Meeting in connection with any adjournment or postponement of the Meeting unless required by Law;

(h) subject to obtaining such approvals as are required by the Interim Order, as soon as reasonably practicable after the Meeting, apply to the Court pursuant to Division 5 of Part 9 of the BCBCA for the Final Order in a manner and form acceptable to Taseko, acting reasonably, and thereafter proceed with such application and diligently pursue obtaining the Final Order, and, if at any time after the issuance of the Final Order and on or before the Effective Date, Yellowhead is required by the terms of the Final Order or by Law to return to the Court with respect to the Final Order, it will do so after prior notice to, and in consultation and cooperation with, Taseko; and

(i) subject to obtaining the Final Order and to the satisfaction or waiver (subject to applicable Laws) of each of the conditions set forth in Article 7 hereof (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, when permitted, waiver of those conditions as of the Effective Date), as soon as reasonably practicable thereafter, file any documents as required pursuant to Section 292 of the BCBCA, and such other documents as may be required to give effect to the Arrangement pursuant to Division 5 of Part 9 of the BCBCA.

#### 2.4 **Implementation Steps by Taseko**

Taseko covenants in favour of Yellowhead that, subject to the terms of this Agreement, Taseko will cooperate with, assist and consent to Yellowhead seeking the Interim Order and the Final Order and, subject to Yellowhead obtaining the Final Order and to the satisfaction or waiver (subject to applicable Laws) of each of the conditions set forth in Article 7 hereof (excluding conditions that by their terms cannot be satisfied until the Effective Date, but subject to the satisfaction or, when permitted, waiver of those conditions as of the Effective Date), as soon as reasonably practicable thereafter, take all steps and actions including, if applicable, making all filings with Governmental Authorities necessary to give effect to the Arrangement and carry out the terms of the Plan of Arrangement applicable to each it prior to the Outside Date.

#### 2.5 **Interim Order**

The application referred to in Section 2.3(a) will, unless Yellowhead and Taseko otherwise agree, include a request that the Interim Order provide, among other things:

- (a) for the class of persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which such notice is to be provided;
- (b) for the record date for the purposes of determining the Shareholders entitled to receive notice of and vote at the Meeting (which date will be fixed and published by Yellowhead in consultation with Taseko);
- (c) that the Meeting may be adjourned or postponed from time to time by Yellowhead in accordance with the terms of this Agreement without the need for additional approval by the Court;
- (d) that the record date for the Shareholders entitled to receive notice of and to vote at the Meeting will not change in respect of or as a consequence of any adjournment or postponement of the Meeting;
- (e) that the securities of Yellowhead for which holders will be entitled to vote on the Arrangement Resolution will be Shares, voting together as a single class;
- (f) that Shareholders will be entitled to vote on the Arrangement Resolution, with each Shareholder being entitled to one vote for each Share;
- (g) that the requisite approvals of the Arrangement Resolution will be: (i) at least 66 $\frac{2}{3}$ % of the votes cast on the Arrangement Resolution by the Shareholders present in

person or by proxy at the Meeting voting as a single class; and (ii) a simple majority of the votes cast on the Arrangement Resolution by Shareholders present or in person or represented by proxy at the Meeting, excluding the votes in respect of Shares held by Taseko or as otherwise required to be excluded under MI 61-101 (the “**Shareholder Approval**”);

(h) that in all other respects, the terms, conditions and restrictions of Yellowhead’s constating documents, including quorum requirements and other matters will apply with respect to the Meeting;

(i) for the grant of Dissent Rights to the Shareholders who are registered holders of Shares as contemplated in the Plan of Arrangement;

(j) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and

(k) for such other matters as Yellowhead may reasonably require, subject to obtaining the prior consent of Taseko, such consent not to be unreasonably withheld.

Yellowhead will also request that the Interim Order provide for such other matters as Taseko may reasonably require, such consent not to be unreasonably withheld.

## 2.6 Circular

(a) Subject to Taseko complying with Section 2.6(d), Yellowhead will, in consultation with Taseko:

(i) as soon as reasonably practicable after the execution of this Agreement, promptly prepare the Circular together with any other documents required by the BCBCA and other applicable Laws in connection with the approval of the Arrangement Resolution by the Shareholders at the Meeting; and

(ii) as soon as reasonably practicable after the issuance of the Interim Order, cause the Circular to be sent to the Shareholders in compliance with the accelerated timing contemplated by Section 2.20 of National Instrument 54-101 “*Communication with Beneficial Owners of Securities of a Reporting Issuer*” and filed as required by the Interim Order and applicable Laws.

(b) Yellowhead will ensure that the Circular complies in all material respects with applicable Laws, and, without limiting the generality of the foregoing, that the Circular (including with respect to any information incorporated therein by reference) will not contain a misrepresentation (other than in each case with respect to any information furnished by Taseko) and will provide the Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meeting.

(c) Yellowhead and Taseko will cooperate in the preparation, filing and mailing of the Circular. Yellowhead will provide legal counsel to Taseko with a reasonable opportunity

to review and comment on all drafts of the Circular and other documents related thereto prior to filing the Circular with applicable Governmental Authorities and printing and mailing the Circular to the Shareholders and will give reasonable consideration to such comments. All information relating solely to Taseko included in the Circular will be provided by Taseko in accordance with Section 2.6(d) and will be in form and content satisfactory to Taseko, acting reasonably, and the Circular will include a copy of the Fairness Opinion and a statement that the Board has unanimously determined that the Arrangement is fair to the Shareholders, and it is in the best interests of Yellowhead and the unanimous recommendation of the Board that the Shareholders vote in favour of the Arrangement Resolution and the rationale for that recommendation and a statement that each director and executive officer of Yellowhead intends to vote all Shares (including any Shares issued upon the exercise of any securities convertible, exercisable or exchangeable into Shares), held by him or her in favour of the Arrangement Resolution.

(d) Taseko will, in a timely manner, furnish Yellowhead with all such information regarding Taseko as may reasonably be required to be included in the Circular, or any amendment or supplement thereto, pursuant to applicable Laws and any other documents related thereto.

(e) Yellowhead and Taseko will each promptly notify the other if at any time before the Effective Date it becomes aware that the Circular or any other document referred to in Section 2.6(d) contains any misrepresentation or otherwise requires any amendment or supplement and promptly deliver written notice to the other Party setting out full particulars thereof. In any such event, Yellowhead and Taseko will cooperate with each other in the preparation, filing and dissemination of any required supplement or amendment to the Circular or such other document, as the case may be, and any related news release or other document necessary or desirable in connection therewith.

(f) Yellowhead will keep Taseko fully informed in a timely manner of any requests or comments made by the Securities Authorities in connection with the Circular.

## 2.7 U.S. Securities Law Matters

The parties agree that the issuance of the Taseko Shares on completion of the Arrangement to the Shareholders shall be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. In order to ensure the availability of the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act, the parties agree that the Arrangement shall be carried out on the following basis:

(a) prior to the issuance of the Interim Order, the Court shall be advised of the intention of the parties to rely on the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Taseko Shares pursuant to the Arrangement, based on the Court's approval of the Arrangement;

(b) the Court shall be required to satisfy itself that the Arrangement is fair and reasonable;

(c) Yellowhead shall ensure that each Shareholder entitled to receive Taseko Shares under the Arrangement shall be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(d) the Shareholders shall be advised that the Taseko Shares, to be issued in the Arrangement, have not been registered under the U.S. Securities Act and shall be issued in reliance on the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act;

(e) the Interim Order shall specify that each Securityholder shall have the right to appear before the Court at the hearing so long as it enters an appearance within a reasonable time; and

(f) the Final Order shall expressly state that the Arrangement is approved by the Court as being fair and reasonable to Securityholders.

## 2.8 Court Proceedings

Yellowhead will provide Taseko with a reasonable opportunity to review and comment upon drafts of all materials to be filed with the Court in connection with the Arrangement prior to the service and filing of such materials and will give reasonable consideration to such comments. Yellowhead will ensure that all materials filed with the Court in connection with the Arrangement are consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. Subject to applicable Law, Yellowhead will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated by this Section 2.6(f) or with Taseko's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed, provided, however, that nothing herein will require Taseko to agree or consent to any increase or change in the consideration payable under the terms of the Plan of Arrangement or any modification or amendment to such filed or served materials that expands or increases Taseko's obligations set forth in any such filed or served materials or under this Agreement or the Arrangement. In addition, Yellowhead will not object to legal counsel to Taseko making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate, provided that Yellowhead or its legal counsel is advised of the nature of any submissions prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement. Yellowhead will also provide Taseko on a timely basis with copies of any notice of appearance and evidence or other documents served on Yellowhead or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom and of any notice, whether or not in writing, received by Yellowhead or its legal counsel indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order.

## 2.9 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order and as required by applicable Law, subject to the terms of this

Agreement, Yellowhead shall as soon as reasonably practicable thereafter, and in any event within three Business Days thereafter, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Division 5 of Part 9 of the BCBCA.

2.10 **Dissenting Shareholders**

Yellowhead will give Taseko prompt notice of receipt of any written notice of any dissent or purported exercise by any Shareholder of Dissent Rights, any withdrawal of such a notice, and any other instruments served pursuant to Dissent Rights and received by Yellowhead. Yellowhead will not make any payment or settlement offer, or agree to any such settlement, or conduct any negotiations prior to the Effective Time with respect to any such dissent, notice or instrument unless Taseko, acting reasonably, will have given its written consent.

2.11 **List of Shareholders**

Upon the reasonable request from time to time of Taseko and subject to applicable Laws, Yellowhead will provide Taseko with lists (in both written and electronic form) of the registered Shareholders, together with their addresses and respective holdings of Shares, lists of the names and addresses and holdings of all persons having rights issued or granted by Yellowhead to acquire or otherwise related to Shares and lists of non-objecting beneficial owners of Shares and participants in book-based nominee registers (such as CDS & Co.), together with their addresses and respective holdings of Shares. Yellowhead will from time to time require that its registrar and transfer agent furnish Taseko with such additional information, including updated or additional lists of Shareholders, information regarding beneficial ownership of Shares and lists of holdings and other assistance as Taseko may reasonably request.

2.12 **Shareholder Communications**

Yellowhead and Taseko agree to cooperate in the preparation of presentations, if any, to any Shareholders or the analyst community regarding the Arrangement, and Yellowhead agrees to consult with Taseko in connection with any communications or meeting with Shareholders or analysts that it may have, provided, however, that the foregoing will be subject to Yellowhead's overriding obligation to make any disclosure or filing required by applicable Laws or stock exchange rules and if Yellowhead is required to make any such disclosure, it will use its commercially reasonable efforts to give Taseko a reasonable opportunity to review and comment thereon prior to its dissemination.

2.13 **Payment of Consideration Shares**

Taseko will, following receipt by Yellowhead of the Final Order and Regulatory Approvals, and prior to the Effective Time, deposit in escrow with the Depositary the Consideration Shares to satisfy the aggregate consideration payable pursuant to the Plan of Arrangement (other than payments to Shareholders exercising Dissent Rights and who have not withdrawn their notice of objection).



2.14 **Directors and Officers**

(a) Prior to the Effective Time, Yellowhead shall use commercially reasonable efforts to cause, and it shall cause any of its subsidiaries to use commercially reasonable efforts to cause, all Yellowhead Senior Management and directors of Yellowhead and its subsidiaries to provide resignations as at the Effective Time.

(b) Yellowhead will provide releases from liability to such individuals as at the Effective Time in form and substance satisfactory to Yellowhead and Taseko, each acting reasonably, in exchange for the execution of full and final releases of Yellowhead and its subsidiaries from all liability and obligations in favour of Yellowhead (excluding any indemnification obligations set out in Section 2.15) and in form and substance satisfactory to Taseko, acting reasonably.

(c) Taseko agrees that Yellowhead, its subsidiaries and any successor to Yellowhead (including any Surviving Corporation) shall honour and comply with the terms of the severance or retention bonus obligations of Yellowhead or its subsidiaries under the agreements set out in Section 2.14 of the Yellowhead Disclosure Letter.

2.15 **Indemnification and Insurance**

(a) The Parties agree that all rights to indemnification existing in favour of the present and former directors and officers of Yellowhead (each such present or former director or officer of Yellowhead being herein referred to as an “**Indemnified Party**” and such persons collectively being referred to as the “**Indemnified Parties**”) as provided by the articles of Yellowhead or contracts or agreements to which Yellowhead is a party and in effect as of the date hereof, copies of which have been provided to Taseko, will:

- (i) survive, and continue in full force and effect following, the completion of the transaction contemplated by this Agreement; and
- (ii) not be modified by such completion,

and Yellowhead and any successor to Yellowhead (including any Surviving Corporation) shall continue to honour such rights of indemnification and indemnify the Indemnified Parties pursuant thereto, with respect to actions or omissions of the Indemnified Parties occurring prior to the Effective Time, following the Effective Date.

(b) Prior to the Effective Time, notwithstanding any other provision hereof, Yellowhead may purchase prepaid non-cancellable run-off directors’ and officers’ liability insurance providing coverage for a period of six years from the Effective Date with respect to claims arising from or related to facts or events which occur on or prior to the Effective Date, provided that the total cost of such run-off directors’ and officers’ liability insurance shall not exceed 200% of the current annual aggregate premium for directors’ and officers’ liability insurance currently maintained by Yellowhead and its subsidiaries.

2.16 **Withholding Taxes**

Yellowhead, Taseko and the Depositary, as applicable, will be entitled to deduct and withhold from any consideration otherwise payable or deliverable to any Shareholder under the Plan of Arrangement (including any payment to Dissenting Shareholders) such amounts as Yellowhead, Taseko or the Depositary may be required or permitted to deduct and withhold with respect to such payment or deliverable under the Tax Act, the Code, and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax Law in respect of Taxes. For the purposes hereof, all such withheld amounts will be treated as having been paid to the person in respect of which such deduction and withholding was made on account of the obligation to make payment to such person hereunder, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority by or on behalf of Yellowhead, Taseko or the Depositary, as the case may be.

2.18 **TSXV Delisting**

Taseko and Yellowhead shall use their commercially reasonable efforts to cause the Shares to be de-listed from the TSXV promptly following the Effective Time, with effect as soon as practicable following the acquisition by Taseko of the Shares pursuant to the Arrangement.

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES**

3.1 **Representations and Warranties of Yellowhead**

Except as disclosed in Yellowhead's Disclosure Record, it being understood and agreed that any disclosure in Yellowhead's Disclosure Record (but excluding the exhibits and schedules thereto, disclosures in the "Risk Factors" or "Forward Looking Statements" sections thereof or any other disclosure included in such Disclosure Record that is cautionary, predictive or forward-looking in nature) shall be deemed disclosed with respect to any Section of Schedule C to the extent that it is apparent from a reading of such disclosure that it is applicable to such Section, or as disclosed in the Yellowhead Disclosure Letter, it being understood and agreed that any disclosure in the Yellowhead Disclosure Letter with respect to one Section shall be deemed disclosed with respect to any Section of Schedule C to the extent that it is apparent from a reading of such disclosure that it is also applicable to such Section, Yellowhead represents and warrants to and in favour of Taseko as set forth in Schedule C and acknowledges that Taseko is relying upon such representations and warranties in entering into this Agreement.

3.2 **Representations and Warranties of Taseko**

Except as disclosed in Taseko's Disclosure Record, it being understood and agreed that any disclosure in Taseko's Disclosure Record (but excluding the exhibits and schedules thereto, disclosures in the "Risk Factors" or "Forward Looking Statements" sections thereof or any other disclosure included in such Disclosure Record that is cautionary, predictive or forward-looking in nature) shall be deemed disclosed with respect to any Section of Schedule D to the extent that it is apparent from a reading of such disclosure that it is applicable to such Section, or as disclosed in the Taseko Disclosure Letter, it being understood and agreed that any disclosure in the Taseko

Disclosure Letter with respect to one Section shall be deemed disclosed with respect to any Section of Schedule D to the extent that it is apparent from a reading of such disclosure that it is also applicable to such Section, Taseko represents and warrants to and in favour of Yellowhead as set forth in Schedule D and acknowledges that Yellowhead is relying upon such representations and warranties in entering into this Agreement.

### 3.3 **Survival of Representations and Warranties**

No investigation by or on behalf of any Party prior to the execution of this Agreement will mitigate, diminish or affect the representations and warranties made by the other Parties. The representations and warranties of the Parties contained in this Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms. This Section 3.3 will not limit any covenant or agreement of any of the Parties, which, by its terms, contemplates performance after the Effective Time or the date on which this Agreement is terminated, as the case may be.

## **ARTICLE 4** **COVENANTS**

### 4.1 **Covenants of Yellowhead Regarding the Conduct of Business**

Yellowhead covenants and agrees that, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless Taseko otherwise consents in writing (to the extent that such consent is permitted by applicable Law) Yellowhead will, and shall cause its subsidiaries to:

- (a) Conduct the businesses of Yellowhead and its subsidiaries only in, not take any action except in, and maintain its facilities in, the usual, ordinary and regular course of business consistent with its practice over the past 12 months, and use commercially reasonable efforts to: (i) comply with the terms of all Material Contracts and Yellowhead and its subsidiaries (ii) to maintain and preserve intact its business organizations, assets, properties, rights, goodwill and business relationships (iii) maintain the Harper Creek Properties (including title thereto) in good standing, and (iv) keep available the services of its officers, directors, employees and consultants as a group;
- (b) in addition, Yellowhead will
  - (i) with respect to any activities relating to the operation and exploration of the Harper Creek Project, fully cooperate and consult with Taseko, including through such meetings as Taseko may reasonably request, to allow Taseko to monitor and provide input with respect to the direction and control of such activities;
  - (ii) not undertake any new permitting or exploration activities in respect of the Harper Creek Project without first obtaining the consent and approval of Taseko;

- (iii) obtain the consent of Taseko prior to the public disclosure of any information relating to the Harper Creek Project, provided that nothing in this Section will be construed to limit Yellowhead's overriding obligation to make timely disclosure as required by Law, and
  - (iv) obtain the written consent of Taseko prior to entering into any Contract with a value of \$10,000 or greater or with a term greater than one year;
- (c) Unless otherwise permitted or directed under this Agreement, Yellowhead will not, directly or indirectly, and will cause its subsidiaries not to:
- (i) alter or amend the articles, notice of articles or other constating documents of Yellowhead or any of its subsidiaries;
  - (ii) split, divide, consolidate, combine or reclassify the Shares or any other securities of Yellowhead or any of its subsidiaries, or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof);
  - (iii) issue, grant, sell or pledge or authorize or agree to issue, grant, sell or pledge any Shares, stock options or other securities of Yellowhead or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Shares or other securities of Yellowhead or its subsidiaries, or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of Shares;
  - (iv) redeem, purchase or otherwise acquire or subject to any Lien, any of its outstanding Shares or other securities or securities convertible into or exchangeable or exercisable for Shares or any such other securities or any shares or other securities of its subsidiaries;
  - (v) amend the terms of any securities of Yellowhead or any of its subsidiaries;
  - (vi) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Yellowhead or any of its subsidiaries;
  - (vii) reorganize, amalgamate or merge with any other person and will not cause or permit any of its subsidiaries to reorganize, amalgamate or merge with any other person;
  - (viii) create any subsidiary or enter into any Contracts or other arrangements regarding the control or management of the operations, or the appointment of governing bodies or enter into any joint venture, partnership or other similar arrangement, whether in corporate, partnership, contractual or other legal form, in which Yellowhead directly or indirectly holds voting shares, equity interests or other rights of participation but which is not a subsidiary of Yellowhead, and any subsidiary of any such entity;

- (ix) make any material changes to any of its accounting policies, principles, methods, practices or procedures (including by adopting any material new accounting policies, principles, methods, practices or procedures), except as disclosed in the Disclosure Record, as required by applicable Laws or under IFRS; or
  - (x) enter into, modify or terminate any Contract with respect to any of the foregoing;
- (d) Yellowhead will immediately notify Taseko orally and then promptly notify Taseko in writing of:
- (i) any “material change” (as defined in the Securities Laws) in relation to Yellowhead or its subsidiaries;
  - (ii) any event, circumstance or development that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
  - (iii) any breach of this Agreement by Yellowhead;
  - (iv) any event occurring after the date of this Agreement that would render a representation or warranty, if made on that date or the Effective Date, inaccurate such that any of the conditions in Section 7.3(b) would not be satisfied;
  - (v) any notice or other communication from any person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person (or another person) is required in connection with this Agreement or the Arrangement;
  - (vi) any written notice or other communication received by it from any third party, subsequent to the date of this Agreement and prior to the Effective Time, alleging any material breach of or default under (A) any Material Contract to which Yellowhead or any of its subsidiaries is a party or (B) any other Contract to which Yellowhead or any of its subsidiaries is a party, the breach of or default under which would reasonably be expected to result in liability that is material to Yellowhead and its subsidiaries, taken as a whole;
  - (vii) any notice or other communication from any Governmental Authority in connection with this Agreement (and Yellowhead will contemporaneously provide a copy of any such written notice or communication to Taseko); or
  - (viii) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Yellowhead.
  - (ix) any event occurring after the date of this Agreement that would:

- (A) render a representation or warranty made by Yellowhead, if made on that date or the Effective Date, untrue or inaccurate such that any of the conditions in Section 7.3 would not be satisfied; or
  - (B) result in the failure in any material respect of Yellowhead to comply with or satisfy any covenant, condition or agreement (without giving effect to, applying or taking into consideration any qualification already contained in such covenant, condition or agreement) to be complied with or satisfied prior to the Effective Time;
- (e) Yellowhead will not, and will cause its subsidiaries to not, directly or indirectly, except in connection with this Agreement:
- (i) sell, pledge, lease, licence, dispose of or encumber any assets or properties of Yellowhead or any of its subsidiaries;
  - (ii) acquire (by merger, amalgamation, consolidation, arrangement or acquisition of shares or other equity securities or interests or assets or otherwise) any corporation, partnership, association or other business organization or division thereof or any property or asset, or make any investment by the purchase of securities, contribution of capital, property transfer, or purchase of any property or assets of any other person;
  - (iii) incur any indebtedness (including the making of any payments in respect thereof, including any premiums or penalties thereon or fees in respect thereof) or issue any debt securities, or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other person, or make any loans or advances;
  - (iv) pay, discharge or satisfy any claim, liability or obligation prior to the same being due, other than the payment, discharge or satisfaction, in the ordinary course of business, of liabilities reflected or reserved against in Yellowhead's Interim Financial Statements, or voluntarily waive, release, assign, settle or compromise any Proceeding;
  - (v) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;
  - (vi) engage in any new business, enterprise or other activity that is inconsistent with the existing businesses of Yellowhead in the manner such existing businesses generally have been carried on or (as disclosed in the Disclosure Record) planned or proposed to be carried on prior to the date of this Agreement;
  - (vii) expend or commit to expend any amounts with respect to expenses for Harper Creek Property, other than expenses in the ordinary course of business consistent with past practice; or

- (viii) authorize any of the foregoing, or enter into or modify any Contract to do any of the foregoing;
- (f) Yellowhead will not, and will cause its subsidiaries to not, directly or indirectly:
  - (i) terminate, fail to renew, cancel, waive, release, grant or transfer any rights of material value;
  - (ii) except in connection with matters otherwise permitted under this Section 4.1, enter into any Contract which would be a Material Contract if in existence on the date hereof, or terminate, cancel, extend, renew or amend, modify or change any Material Contract;
  - (iii) enter into any lease or sublease of real property (whether as a lessor, sublessor, lessee or sublessee), or modify, amend or exercise any right to renew any lease or sublease of real property or acquire any interest in real property; or
  - (iv) enter into any Contract containing any provision restricting or triggered by the transactions contemplated herein;
- (g) neither Yellowhead nor any of its subsidiaries will, except pursuant to any existing Contracts or employment, pension, supplemental pension, termination or compensation arrangements or policies or plans in effect on the date hereof, and except as is necessary to comply with applicable Laws:
  - (i) grant to any officer, director, employee or consultant of Yellowhead or any of its subsidiaries an increase in compensation in any form;
  - (ii) grant any general salary increase, fee or pay any bonus or other material compensation to the directors, officers, employees or consultants of Yellowhead and its subsidiaries other than the payment of salaries, fees and benefits in the ordinary course of business;
  - (iii) take any action with respect to the grant or increase of any severance, change of control, retirement, retention or termination pay;
  - (iv) enter into or modify any employment or consulting agreement with any officer or director of Yellowhead or any of its subsidiaries;
  - (v) terminate the employment or consulting arrangement of any senior management employees (including Yellowhead Senior Management), except for cause;
  - (vi) increase any benefits payable under its current severance or termination pay policies;
  - (vii) adopt or amend or make any contribution to or any award under the Option Plan or other bonus, profit sharing, option, pension, retirement, deferred

compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors or senior officers or former directors or senior officers of Yellowhead or HCM except as otherwise provided for in this Agreement; or

(viii) except as otherwise provided in this Agreement, take any action to accelerate the time of payment of any compensation or benefits, amend or waive any performance or vesting criteria or accelerate vesting under the Option Plan;

(h) neither Yellowhead nor its subsidiaries will make any loan to any officer, director, employee or consultant of Yellowhead or its subsidiaries;

(i) Yellowhead will use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Yellowhead, including directors' and officers' insurance, not to be cancelled or terminated and to prevent any of the coverage thereunder from lapsing, unless at the time of such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage comparable to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect, provided, however, that, except as contemplated by Section 2.16, Yellowhead will not obtain or renew any insurance (or re-insurance) policy for a term exceeding 12 months;

(j) neither Yellowhead nor any of its subsidiaries will make an application to amend, terminate, allow to expire or lapse or otherwise modify any of its Authorizations or take any action or fail to take any action which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Authority to institute proceedings for the suspension, revocation or limitation of rights under, any material Authorization necessary to conduct its businesses as now being conducted;

(k) Yellowhead and each of its subsidiaries will (i) duly and timely file all Returns required to be filed by it on or after the date hereof and all such Returns will be true, complete and correct in all material respects and (ii) timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws in respect of which have been reserved in its Financial Statements, and Yellowhead will not (A) change its tax accounting methods, principles or practices, except insofar as may have been required by a change in IFRS or applicable Law, (B) settle, compromise or agree to the entry of judgment with respect to any action, claim or other Proceeding relating to Taxes, (other than the payment, discharge or satisfaction of liabilities reflected or reserved against in its Financial Statements) (C) enter into any tax sharing, tax allocation or tax indemnification agreement, (D) make a request for a tax ruling to any Governmental Authority, (E) agree to any extension or waiver of the limitation period relating to any material Tax claim or assessment or reassessment, or (F) knowingly take any action or enter into any transaction, other than a transaction contemplated by this Agreement or a transaction undertaken in the ordinary course of business consistent with past practice, that



could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost “bump” pursuant to paragraphs 88(1)(c) and (d) of the Tax Act otherwise available to Taseko and its affiliates and its and their respective successors and assigns in respect of the non-depreciable capital properties owned by Yellowhead as of the date of this Agreement, in each such case without first consulting with and obtaining the consent of Taseko, such consent not to be unreasonably withheld, conditioned or delayed, with reasonableness to be determined considering the relative costs and benefits to Yellowhead and Taseko;

(l) Yellowhead will not, and will not cause or permit any of its subsidiaries to, settle or compromise any action, claim or other Proceeding (i) brought against it for damages or providing for the grant of injunctive relief or other non-monetary remedy (“**Litigation**”) or (ii) brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Arrangement;

(m) Yellowhead will not, and will not cause or permit any of its subsidiaries to, commence any Litigation (other than litigation in connection with the collection of accounts receivable, to enforce the terms of this Agreement or the Confidentiality Agreement, to enforce other obligations of Taseko or as a result of litigation commenced against Yellowhead);

(n) Yellowhead will not, and will not cause or permit any of its subsidiaries to, enter into or renew any (i) Material Contract, or (ii) any Contract that would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement;

(o) Yellowhead will not, and will not cause or permit any of its subsidiaries to, take any action which would render, or which reasonably may be expected to render, any representation or warranty made by Yellowhead in this Agreement untrue or inaccurate in any material respect (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein) at any time prior to the Effective Date if then made; and

(p) Yellowhead will not, and will not cause or permit any of its subsidiaries to, agree, announce, resolve, authorize or commit to do any of the foregoing.

#### 4.2 **Covenants of Taseko Regarding the Conduct of Business**

Taseko covenants and agrees that, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless Yellowhead otherwise consents in writing (to the extent that such consent is permitted by applicable Law) Taseko will, and shall cause its subsidiaries to:

(a) Taseko will conduct its business only in the ordinary course and to the extent consistent therewith, use its reasonable commercial efforts to preserve intact the present business organization of Taseko;

(b) Taseko will promptly notify Yellowhead orally and then promptly in writing of:

- (i) any “*material change*” (as defined in the Securities Laws) in relation to Taseko or its subsidiaries;
- (ii) any event, circumstance or development that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (iii) any breach of this Agreement by Taseko;
- (iv) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such person (or another person) is or may be required in connection with this Agreement or the Arrangement;
- (v) any notice or other material communication from any Governmental Authority in connection with this Agreement (and contemporaneously provide a copy of any such written notice or communication to Yellowhead);
- (vi) any filings, actions suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting Taseko and its subsidiaries or its material assets which could reasonably be expected to have a Material Adverse Effect on Taseko; or
- (vii) any event occurring after the date of this Agreement that would:
  - (C) render a representation or warranty, if made on that date or the Effective Date, untrue or inaccurate such that any of the conditions in Section 7.2 would not be satisfied; or
  - (D) result in the failure in any material respect of Taseko to comply with or satisfy any covenant, condition or agreement (without giving effect to, applying or taking into consideration any qualification already contained in such covenant, condition or agreement) to be complied with or satisfied prior to the Effective Time;

and

- (c) Taseko will not, directly or indirectly, do or permit any of the following:
    - (i) amend either:
      - (A) its constating documents; or
      - (B) the terms of Consideration Shares,
- in a manner that could have a material and adverse impact on the market price or value of the Consideration Shares to be issued pursuant to the Arrangement;

- (ii) split, combine or reclassify any of the common shares of Taseko;
- (iii) other than in accordance with past practices, declare, set aside or pay any dividend or other distribution payable in cash, securities, property or otherwise with respect to the common shares of Taseko;
- (iv) reorganize, amalgamate, combine or merge Taseko with any other Person;  
or
- (v) adopt a plan of liquidation or resolutions providing for the liquidation of dissolution of Taseko or any of its material subsidiaries.

#### 4.3 **Access to Information**

Subject to compliance with applicable Laws and the terms of any existing Contracts, Yellowhead will afford to Taseko and its Representatives until the earlier of the Effective Time or the termination of this Agreement in accordance with its terms, continuing access to the Diligence Information and reasonable access during normal business hours and upon reasonable notice, to Yellowhead's and its subsidiaries businesses, properties, books and records and such other data and information as Taseko may reasonably request, as well as to its management personnel, subject however to such access not interfering with the ordinary conduct of the businesses of Yellowhead. Subject to compliance with applicable Laws and such requests not materially interfering with the ordinary conduct of the business of Yellowhead, Yellowhead will also make available to Taseko and its Representatives information reasonably requested by Taseko for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Yellowhead and Taseko and its affiliates following completion of the Arrangement. Without limiting the generality of the provisions of the Confidentiality Agreement, Taseko acknowledges that all information provided to it under this Section 4.3, or otherwise pursuant to this Agreement or in connection with the transactions contemplated hereby, is subject to the Confidentiality Agreement, which will remain in full force and effect in accordance with its terms notwithstanding any other provision of this Agreement or any termination of this Agreement. If any provision of this Agreement otherwise conflicts or is inconsistent with any provision of the Confidentiality Agreement, the provisions of this Agreement will supersede those of the Confidentiality Agreement but only to the extent of the conflict or inconsistency and all other provisions of the Confidentiality Agreement will remain in full force and effect.

#### 4.4 **Covenants of Yellowhead Regarding the Arrangement**

- (a) Subject to the terms and conditions of this Agreement, Yellowhead will and will cause its subsidiaries to perform all obligations required to be performed by Yellowhead or any of its subsidiaries under this Agreement, cooperate with Taseko in connection therewith, and use commercially reasonable efforts to do such other acts and things as may be necessary or desirable in order to complete the Arrangement and the other transactions contemplated hereby, including, without limiting the generality of the foregoing and without limiting the obligations of Yellowhead in Article 2:

- (i) use its commercially reasonable efforts to obtain all necessary waivers, consents and approvals required to be obtained by Yellowhead from other parties to any Material Contracts in order to complete the Arrangement;
- (ii) use its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Authorities from Yellowhead relating to the Arrangement required to be completed prior to the Effective Time;
- (iii) defend all lawsuits or other legal, regulatory or other Proceedings against Yellowhead challenging or affecting this Agreement or the completion of the Arrangement; and
- (iv) use its commercially reasonable efforts to obtain the Shareholder Approval in accordance with the terms of this Agreement.

(b) In the event that Taseko concludes that it is necessary or desirable to proceed with another form of transaction (such as a formal take-over bid or amalgamation) whereby Taseko or its affiliates would effectively acquire all of the Shares within the same time periods and on economic terms and other terms and conditions (including tax treatment) and having consequences to Yellowhead and its Shareholders which are equivalent to or better than those contemplated by this Agreement (an “**Alternative Transaction**”), Yellowhead agrees to support the completion of such Alternative Transaction in the same manner as the Arrangement and will otherwise fulfill its covenants contained in this Agreement in respect of such Alternative Transaction. In the event of any proposed Alternative Transaction, any reference in this Agreement to the Arrangement will refer to the Alternative Transaction to the extent applicable, all terms, covenants, representations and warranties of this Agreement will be and will be deemed to have been made in the context of the Alternative Transaction and all references to time periods regarding the Arrangement, including the Effective Time, herein will refer to the date of closing of the transactions contemplated by the Alternative Transaction (as such date may be extended from time to time).

#### 4.5 **Covenants of Taseko Regarding the Arrangement**

(a) Subject to the terms and conditions of this Agreement, Taseko will perform all obligations required to be performed by it under this Agreement, cooperate with Yellowhead in connection therewith, and use commercially reasonable efforts to do such other acts and things as may be necessary or desirable in order to complete the Arrangement and other transactions contemplated hereby, including:

- (i) cooperating with Yellowhead in connection with, and using its commercially reasonable efforts to assist Yellowhead in obtaining the waivers, consents and approvals referred to in Section 4.4(a)(i), provided, however, that, notwithstanding anything to the contrary in this Agreement, in connection with obtaining any waiver, consent or approval from any person (other than a Governmental Authority) with respect to any transaction contemplated by this

Agreement, Taseko will not be required to pay or commit to pay to such person whose waiver, consent or approval is being solicited any cash or other consideration, make any commitment or incur any liability or other obligation;

(ii) using its commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Authorities from Taseko relating to the Arrangement required to be completed prior to the Effective Time;

(iii) defending all lawsuits or other legal, regulatory or other Proceedings against or relating to Taseko challenging or affecting this Agreement or the completion of the Arrangement;

(iv) using its commercially reasonable efforts to ensure that the Consideration Shares to be issued pursuant to the Arrangement will:

(A) have been duly authorized and, upon issue, will be validly issued as fully paid and non-assessable shares in the capital of Taseko; and

(B) will not be issued in violation of the notice of articles, articles or other constating document of Taseko or any material agreement, contract, covenant, undertaking or commitment to which Taseko is bound;

(v) making application for and using its commercially reasonable efforts to obtain approval of the listing and posting for trading on the TSX of the Consideration Shares and otherwise complying with the TSX requirements relevant to this Agreement;

(vi) forthwith carrying out the terms of the Interim Order and Final Order to the extent applicable to it and taking all necessary actions to give effect to the transactions contemplated herein and the Plan of Arrangement; and

(vii) Taseko will vote any Shares held by it on the record date for the Meeting in favour of the Arrangement Resolution.

#### 4.6 **Mutual Covenants**

Each Party covenants and agrees that, subject to the terms and conditions of this Agreement, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

(a) it will use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 7 hereof to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary and commercially reasonable to permit the completion of the Arrangement in accordance with its obligations under this Agreement, the Plan of Arrangement and applicable Laws and cooperate with the other Party in connection therewith, including using its commercially reasonable efforts to (i)

obtain all approvals required to be obtained by it, (ii) effect or cause to be effected all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement, (iii) oppose, lift or rescind any injunction or restraining order against it or other order or action against it seeking to stop, or otherwise adversely affecting its ability to make and complete, the Arrangement and (iv) cooperate with the other Party in connection with the performance by it of its obligations hereunder; and

(b) it will use commercially reasonable efforts not to take or cause to be taken any action which is inconsistent with this Agreement or which would reasonably be expected to prevent or significantly impede or materially delay the completion of the Arrangement.

#### 4.7 **Covenants Related to Regulatory Approvals**

Each Party, as applicable to that Party, covenants and agrees with respect to obtaining all Regulatory Approvals required for the completion of the Arrangement that, subject to the terms and conditions of this Agreement, until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms:

(a) each Party will use its commercially reasonable efforts to obtain all required Regulatory Approvals and will cooperate with the other Party in connection with all Regulatory Approvals sought by the other Party;

(b) each Party will use commercially reasonable efforts to respond promptly to any request or notice from any Governmental Authority requiring that Party to supply additional information that is relevant to the review of the transactions contemplated by this Agreement in respect of obtaining or concluding the Regulatory Approvals sought by either Party, and each Party will cooperate with the other Party and will furnish to the other Party such information and assistance as a Party may reasonably request in connection with preparing any submission or responding to such request or notice from a Governmental Authority;

(c) each Party will permit the other Party an opportunity to review in advance any proposed substantive applications, notices, filings, submissions, undertakings, correspondence and communications (including responses to requests for information and inquiries from any Governmental Authority) in respect of obtaining or concluding all required Regulatory Approvals and will provide the other Party with a reasonable opportunity to comment thereon and agree to consider those comments in good faith, and each Party will provide the other Party with any substantive applications, notices, filings, submissions, undertakings or other substantive correspondence provided to a Governmental Authority or any substantive communications received from a Governmental Authority, in respect of obtaining or concluding the required Regulatory Approvals; and

(d) each Party will keep the other Party reasonably informed on a timely basis of the status of discussions relating to obtaining or concluding the required Regulatory Approvals sought by such Party and, for greater certainty, no Party will participate in any substantive

meeting (whether in person, by telephone or otherwise) with a Governmental Authority in respect of obtaining or concluding the required Regulatory Approvals, unless it advises the other Party in advance and, to the extent permitted by such Governmental Authority, gives such other Party an opportunity to attend.

4.8 **Pre-Acquisition Reorganization**

(a) Yellowhead agrees that, upon request of Taseko, Yellowhead shall, and shall cause HCM to, use their commercially reasonable efforts to cooperate with Taseko in structuring, planning and implementing such reorganizations of Yellowhead's and HCM's business, operations and assets in order to improve the tax efficiencies of the Arrangement for the Surviving Corporation (the "**Pre-Arrangement Reorganization**"), which is currently expected to include the amalgamation of Yellowhead and HCM before completion of the Arrangement, provided, however, that the Pre-Arrangement Reorganization shall not:

- (i) impede, delay or prevent completion of the Arrangement;
- (ii) in the opinion of Yellowhead, acting reasonably, prejudice Shareholders in any material respect;
- (iii) unreasonably interfere in any material operations of Yellowhead prior to the Effective Time;
- (iv) require Yellowhead to acquire the consent of any third parties, including under any applicable Contracts;
- (v) require Yellowhead or HCM to contravene any Laws, their respective organizational documents or any Contract; or
- (vi) result in any Taxes being imposed on, or any adverse Tax or other adverse consequences to, any Shareholder incrementally greater (unless de minimis) than the Taxes or other adverse consequences to such party in connection with the consummation of the Arrangement in the absence of any Pre-Arrangement Reorganization.

(b) Taseko and Yellowhead agree that the planning for and implementation of any Pre-Arrangement Reorganization shall not be considered a breach of any covenant under this agreement and shall not be considered in determining whether a representation or warranty of a Party hereunder has been breached. Each of Taseko and Yellowhead covenant to use commercially reasonable best efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to the Pre-Arrangement Reorganization, including any necessary amendment to this Agreement and the Plan of Arrangement.

(c) If Taseko does not acquire all of the Yellowhead Shares not already owned by it, Taseko agrees that it will be responsible for all costs and expenses (including any professional fees and expenses) associated with any Pre-Arrangement Reorganization to be carried out at its request and shall indemnify and save harmless Yellowhead and its

affiliates from and against any and all liabilities, losses, damages, claims, costs, taxes, expenses, interest awards, judgements and penalties suffered or incurred by any of them in connection with or as a result of any such Pre-Arrangement Reorganization.

4.9 **Yellowhead Disclosure Letter**

Taseko acknowledges and agrees that the Yellowhead Disclosure Letter and all information contained in the Yellowhead Disclosure Letter is confidential information and may not be disclosed unless (i) it is required to be disclosed pursuant to Law unless such Law permits Taseko to refrain from disclosing the information for confidentiality or other purposes or (ii) Taseko needs to disclose it in order to enforce or exercise its rights under this Agreement.

4.10 **Taseko Disclosure Letter**

Yellowhead acknowledges and agrees that the Taseko Disclosure Letter and all information contained in the Taseko Disclosure Letter is confidential information and may not be disclosed unless (i) it is required to be disclosed pursuant to Law unless such Law permits Yellowhead to refrain from disclosing the information for confidentiality or other purposes or (ii) Yellowhead needs to disclose it in order to enforce or exercise its rights under this Agreement.

**ARTICLE 5**  
**ADDITIONAL AGREEMENTS**

5.1 **Acquisition Proposals**

(a) Until the earlier of the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 6.1, Yellowhead will not and will cause its Representatives to not, directly or indirectly through any other person:

(i) make, initiate, assist, solicit, promote, entertain or encourage (including by way of furnishing or affording access to information or any site visit or entering into any oral or written form of agreement, arrangement or understanding), or take any other action that facilitates, directly or indirectly, any inquiries or the making of any proposal or offer with respect to an Acquisition Proposal or that reasonably could be expected to constitute or lead to an Acquisition Proposal; or

(ii) participate, directly or indirectly, in any discussions or negotiations with, furnish information to, or otherwise co-operate in any way with, any person (other than Taseko and its subsidiaries) regarding an Acquisition Proposal or that reasonably could be expected to constitute or lead to an Acquisition Proposal; or

(iii) remain neutral with respect to, or agree to, approve or recommend, or propose publicly to agree to, approve or recommend any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period exceeding five Business Days after such Acquisition Proposal has been publicly announced will be deemed to constitute a violation of this Section 5.1(a)(iii)); or



- (iv) make or propose publicly to make a Change of Recommendation; or
- (v) accept, enter into, or propose publicly to accept or enter into, any agreement, understanding or arrangement effecting or related to any Acquisition Proposal or potential Acquisition Proposal (other than an Acceptable Confidentiality Agreement permitted by and in accordance with Section 5.1(c)); or
- (vi) make any public announcement or take any other action inconsistent with, or that could reasonably be likely to be regarded as detracting from, the approval, recommendation or declaration of advisability of the Board of the transactions contemplated hereby.

(b) Yellowhead and its Representatives and its subsidiaries and their Representatives will immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any person (other than Taseko and its subsidiaries) conducted heretofore by Yellowhead or any of its Representatives or its subsidiaries or any of their Representatives with respect to any Acquisition Proposal and, in connection therewith, Yellowhead will discontinue access to any of its confidential information, including access to any data room, virtual or otherwise, to any person (other than access by Taseko and its Representatives).

(c) Notwithstanding anything to the contrary contained in Section 5.1(a), in the event that Yellowhead receives a *bona fide* written Acquisition Proposal from any person after the date hereof and prior to the Meeting that was not solicited by Yellowhead, that did not otherwise result from a breach of this Section 5.1 and where such person making the Acquisition Proposal was not restricted from making such Acquisition Proposal pursuant to an existing standstill or similar restriction, and subject to Yellowhead's compliance with Section 5.1(d), Yellowhead and its Representatives may (i) furnish information with respect to it to such person pursuant to an Acceptable Confidentiality Agreement, provided that (x) Yellowhead provides a copy of such Acceptable Confidentiality Agreement to Taseko promptly upon its execution and prior to furnishing any such information provides Taseko with one Business Day prior written notice stating Yellowhead's intention to furnish such information to such person and (y) Yellowhead contemporaneously provides to Taseko any non-public information concerning Yellowhead that is provided to such person which was not previously provided to Taseko or its Representatives, and (ii) participate in any discussions or negotiations regarding such Acquisition Proposal; provided, however, that, prior to taking any action described in clauses (i) or (ii) above, the Board determines in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal would be reasonably likely, if consummated in accordance with its terms, to be a Superior Proposal and that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties.

(d) Yellowhead will promptly (and, in any event, within 24 hours) notify Taseko, at first orally and thereafter in writing, of any Acquisition Proposal (whether or not in writing) received by Yellowhead, any inquiry received by Yellowhead that could reasonably be expected to lead to an Acquisition Proposal, or any request received by Yellowhead for non-public information relating to Yellowhead in connection with an Acquisition Proposal

or for access to the properties, books or records of Yellowhead by any person that informs Yellowhead that it is considering making an Acquisition Proposal, and such notice will include a copy of the Acquisition Proposal, a description of the material terms and conditions of such inquiry or request and the identity of the person making such Acquisition Proposal, inquiry or request, and promptly provide to Taseko such other information concerning such Acquisition Proposal, inquiry or request as Taseko may reasonably request. Yellowhead will keep Taseko promptly and fully informed of the status and details (including all amendments) of any such Acquisition Proposal, inquiry or request.

(e) Except as expressly permitted by this Section 5.1, neither the Board, nor any committee thereof will permit Yellowhead to accept or enter into any Acquisition Agreement providing for the payment of any break, termination or other fees or expenses to any person proposing an Acquisition Proposal in the event that Yellowhead completes the transactions contemplated hereby with Taseko, either pursuant to this Agreement or any amendment of this Agreement or the Arrangement contemplated in Section 5.1(f).

(f) In the event Yellowhead receives a *bona fide* written Acquisition Proposal from any person after the date hereof and prior to the Meeting, then the Board may, prior to the Meeting, withdraw, modify, qualify or change in a manner adverse to Taseko its approval or recommendation of the Arrangement and/or approve or recommend such Acquisition Proposal or enter into an Acquisition Agreement with respect to such Acquisition Proposal but only if:

(i) Yellowhead has given written notice to Taseko that it has received such Acquisition Proposal and that the Board has determined that (x) such Acquisition Proposal constitutes a Superior Proposal and (y) the Board intends to withdraw, modify, qualify or change in a manner adverse to Taseko its approval or recommendation of the Arrangement (including the recommendation that the Shareholders vote in favour of the Arrangement Resolution), and/or enter into an Acquisition Agreement with respect to such Superior Proposal in each case promptly following the making of such determination, together with a summary of the material terms of any proposed Acquisition Agreement or other agreement relating to such Superior Proposal (together with a copy of such agreement and any ancillary agreements) to be executed with the person making such Superior Proposal, and, if applicable, a written notice from the Board regarding the value or range of values in financial terms that the Board has, in consultation with its financial advisors, determined should be ascribed to any non-cash consideration offered in the Superior Proposal;

(ii) a period of five full Business Days (such period being the “**Superior Proposal Notice Period**”) will have elapsed from the date Taseko received the notice from Yellowhead referred to in Section 5.1(f)(i), including, if applicable, the notice from the Board with respect to any non-cash consideration as contemplated in Section 5.1(f)(i), together with the summary of material terms and copies of agreements referred to therein. During the Superior Proposal Notice Period, Taseko

will have the right, but not the obligation, to propose to amend the terms of this Agreement and the Arrangement;

(iii) Yellowhead did not breach any provision of this Section 5.1 in connection with the preparation or making of such Acquisition Proposal and Yellowhead has complied with the other terms of this Section 5.1(f);

(iv) the Board will have determined in accordance with Section 5.1(g) that such Acquisition Proposal remains a Superior Proposal compared to the Arrangement as proposed to be amended by Taseko prior to the expiration of the Superior Proposal Notice Period;

(v) Yellowhead concurrently terminates this Agreement pursuant to Section 6.1(d)(i); and

(vi) Yellowhead has previously, or concurrently will have, paid to Taseko the Termination Fee.

(g) The Board will review in good faith any offer made by Taseko during the Superior Proposal Notice Period to amend the terms of this Agreement and the Arrangement in order to determine, in consultation with its financial advisors and outside legal counsel, whether the proposed amendments would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal. Yellowhead agrees that, subject to Yellowhead's disclosure obligations under applicable Securities Laws, the fact of the making of, and each of the terms of, any such proposed amendments will be kept strictly confidential and will not be disclosed to any person (including without limitation, the person having made the Superior Proposal), other than Yellowhead's Representatives, without Taseko's prior written consent. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal as a result of the amendments proposed by Taseko, Yellowhead will forthwith so advise Taseko and will promptly thereafter accept the offer by Taseko to amend the terms of this Agreement and the Arrangement and the Parties agree to take such actions and execute such documents as are necessary to give effect to the foregoing. If the Board continues to believe in good faith, after consultation with its financial advisors and outside legal counsel, that such Acquisition Proposal remains a Superior Proposal and therefore rejects Taseko's offer to amend this Agreement and the Arrangement, if any, Yellowhead may, subject to compliance with the other provisions hereof, terminate this Agreement in accordance with Section 6.1(d)(i) to enter into an Acquisition Agreement in respect of such Superior Proposal.

(h) Each successive modification of any Superior Proposal will constitute a new Superior Proposal for the purposes of Section 5.1(f) and will require a new five full Business Day Superior Proposal Notice Period from the date described in Section 5.1(f)(ii) with respect to such new Superior Proposal. If the Meeting is scheduled to occur during a Superior Proposal Notice Period, upon the request of Taseko, Yellowhead will, adjourn or postpone the Meeting to (i) a date specified by Taseko that is not later than six Business Days after the date on which the Meeting was originally scheduled to be held, or (ii) if

Taseko does not specify such date to the sixth Business Day after the date on which the Meeting was originally scheduled to be held.

(i) The Board will reaffirm its recommendation in favour of the Arrangement by news release promptly after (A) the Board has determined that any Acquisition Proposal is not a Superior Proposal if the Acquisition Proposal has been publicly announced or made; or (B) the Board makes the determination referred to in Section 5.1(g) that an Acquisition Proposal that has been publicly announced or made and which previously constituted a Superior Proposal has ceased to be a Superior Proposal. Taseko will be given a reasonable opportunity to review and comment on the form and content of any such news release. Such news release will state that the Board has determined that such Acquisition Proposal is not a Superior Proposal.

(j) Yellowhead will not become a party to any Contract with any person subsequent to the date hereof that limits or prohibits Yellowhead from (x) providing or making available to Taseko and its affiliates and Representatives any information provided or made available to such person or its officers, directors, employees, consultants, advisors, agents or other representatives (including solicitors, accountants, investment bankers and financial advisors) pursuant to any confidentiality agreement described in this Section 5.1 or (y) providing Taseko and its affiliates and Representatives with any other information required to be given to it by Yellowhead under this Section 5.1.

(k) Yellowhead agrees (i) not to release any persons from, or terminate, modify, amend or waive the terms of, any confidentiality agreement or standstill agreement or standstill provisions in any such confidentiality agreement that Yellowhead entered into prior to the date hereof, (ii) to promptly and diligently enforce all standstill, non-disclosure, non-disturbance, non-solicitation and similar covenants that it has entered into prior to the date hereof or enter into after the date hereof (it being acknowledged and agreed that the automatic termination of any standstill provisions of any such agreement as the result of entering into and announcement of this Agreement will not be a violation of this Section 5.1(k)). Yellowhead will forthwith, if provided for in a confidentiality agreement with such person, request the return or destruction of all information provided to any third party that, has entered into a confidentiality agreement with Yellowhead to the extent that such information has not previously been returned or destroyed, and will use all commercially reasonable efforts to ensure that such requests are honoured.

(l) Notwithstanding any of the provisions of this Section 5.1, the Board will have the right to respond, within the time and in the manner required by applicable Securities Laws, to any take-over bid or tender or exchange offer made for the Shares that it determines is not a Superior Proposal.

(m) Yellowhead will ensure that its Representatives are aware of the provisions of this Section 5.1, and Yellowhead will be responsible for any breach of this Section 5.1 by any of its Representatives.

5.2 **Expenses and Termination Fee**

(a) **“Termination Fee Event”** means any of the following events:

(i) an Acquisition Proposal will have been made public or proposed publicly to Yellowhead or the Shareholders after the date hereof and prior to the Meeting, and

(A) either Yellowhead or Taseko will have exercised its respective termination right under Section 6.1(b)(i) or Section 6.1(b)(ii), and

(B) Yellowhead will have (x) completed any Acquisition Proposal within twelve months after this Agreement is terminated or (y) entered into an Acquisition Agreement in respect of any Acquisition Proposal or the Board will have recommended any Acquisition Proposal, in each case, within twelve months after this Agreement is terminated, which Acquisition Proposal in either case, as it may be modified or amended, is subsequently completed (whether before or after the expiry of such twelve-month period);

provided, however, that for the purposes of this Section 5.2(a)(i) all references to “20%” in the definition of Acquisition Proposal will be changed to “50%”;

(ii) this Agreement will have been terminated by Taseko pursuant to Section 6.1(c)(i) (other than a Change in Recommendation due to the occurrence of a Material Adverse Effect with respect to Taseko) or Section 6.1(c)(ii); or

(iii) this Agreement will have been terminated by Yellowhead pursuant to Section 6.1(d)(i).

(b) If a Termination Fee Event occurs, Yellowhead will pay to Taseko a termination fee of \$1,000,000 (the **“Termination Fee”**) by wire transfer in immediately available funds to an account specified by Taseko. Yellowhead will pay the Termination Fee to Taseko on or prior to completion of the applicable Acquisition Proposal (in the case of a Termination Fee Event referred to in Section 5.2(a)(i), within one Business Day following termination of this Agreement (in the case of a Termination Fee Event referred to in Section 5.2(a)(ii)), or prior to or concurrent with termination of this Agreement (in the case of a Termination Fee Event referred to in Section 5.2(a)(iii)). If Yellowhead does not have sufficient financial resources to pay the Termination Fee, then it will be a condition of (i) any Superior Proposal, and (ii) any share or asset acquisition referred to in Section 5.2(a)(i)(B) where Yellowhead has entered into any agreement to support such share acquisition or to transfer such assets, as applicable, that the person making such Superior Proposal or acquisition, as applicable, will advance or otherwise provide to Yellowhead the cash required for Yellowhead to pay the Termination Fee, which amount will be so advanced or provided prior to the date on which Yellowhead is required to pay the Termination Fee. Taseko acknowledges that in no event will Yellowhead be obligated to pay more than one Termination Fee pursuant to this Section 5.2.

(c) Subject to Section 5.2(d) and except as otherwise specified herein, each Party will pay its respective legal and accounting costs, fees and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement and any other costs, fees and expenses whatsoever and howsoever incurred, and will indemnify and save harmless the other party from and against any claim for any broker's, finder's or placement fee or commission alleged to have been incurred as a result of any action by it in connection with the transactions hereunder.

(d) In addition to Taseko's rights under Section 5.2(d), if applicable, if this Agreement is terminated by Taseko pursuant to Section 6.1(c)(iii), then Yellowhead will, within two Business Days of such termination, pay or cause to be paid to Taseko by wire transfer of immediately available funds an expense reimbursement fee of \$100,000 (the "**Expense Reimbursement Fee**"), which amount will be deducted from any Termination Fee that may be payable to Taseko pursuant to this Agreement.

(e) If this Agreement is terminated by Yellowhead pursuant to Section 6.1(d)(ii), then Taseko will within two Business Days of such termination, pay or cause to be paid to Yellowhead by wire transfer of immediately available funds an expense reimbursement fee of \$100,000.

(f) Each Party acknowledges that all of the payment amounts set out in this Section 5.2 are payments in consideration for the disposition of each Party's rights under this Agreement and represent liquidated damages which are a genuine pre-estimate of the damages which each Party will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each of the Party's irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that the payment of an amount pursuant to this Section 5.2 in the manner provided herein is the sole and exclusive remedy of the other Party in respect of the event giving rise to such payment, provided, however, that nothing contained in this Section 5.2, and no payment of any such amount, will relieve or have the effect of relieving the other Party in any way from liability for damages incurred or suffered by such Party as a result of an intentional or wilful breach of this Agreement, including the intentional or wilful making of a misrepresentation in this Agreement and nothing contained in this Section 5.2 will preclude the Parties from seeking injunctive relief in accordance with Section 8.14 to restrain the breach or *threatened* breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such acts, covenants or agreements, without the necessity of posting a bond or security in connection therewith.

**ARTICLE 6**  
**TERMINATION**

6.1 **Termination**

(a) Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Effective Time by mutual written consent of Yellowhead and Taseko.

(b) Termination by either Yellowhead or Taseko. This Agreement may be terminated by either Yellowhead or Taseko at any time prior to the Effective Time:

(i) if the Effective Time does not occur on or before the Outside Date, except that the right to terminate this Agreement under this Section 6.1(b)(i) will not be available to any Party whose failure to fulfil any of its obligations or breach of any of its representations and warranties under this Agreement has been a principal cause of, or resulted in, the failure of the Effective Time to occur by such date;

(ii) if the Meeting is held and the Arrangement Resolution is not approved by the Shareholders in accordance with applicable Laws and the Interim Order; or

(iii) if any Law makes the completion of the Arrangement or the transactions contemplated by this Agreement illegal or otherwise prohibited, and such Law has become final and non-appealable.

(c) Termination by Taseko. This Agreement may be terminated by Taseko at any time prior to the Effective Time if:

(i) either (A) the Board fails to publicly make a recommendation that the Shareholders vote in favour of the Arrangement Resolution as contemplated in Section 2.3(c), Section 2.6(c) and Section 5.1(i) or Yellowhead or the Board withdraws, modifies, qualifies or changes in a manner adverse to Taseko its approval or recommendation of the Arrangement (it being understood that publicly taking no position or a neutral position by Yellowhead and/or the Board with respect to an Acquisition Proposal for a period exceeding five Business Days after an Acquisition Proposal has been publicly announced will be deemed to constitute such a withdrawal, modification, qualification or change), (B) Taseko requests that the Board reaffirm its recommendation that the Shareholders vote in favour of the Arrangement Resolution and the Board will not have done so by the earlier of (x) the fifth Business Day following receipt of such request and (y) the Meeting (each of the foregoing a “**Change of Recommendation**”), (C) Yellowhead and/or the Board accepts, approves, endorses or recommends any Acquisition Proposal, (D) Yellowhead enters into an Acquisition Agreement in respect of any Acquisition Proposal (other than an Acceptable Confidentiality Agreement permitted by Section 5.1(c)) or (E) Yellowhead or the Board publicly proposes or announces its intention to do any of the foregoing;

(ii) Yellowhead breaches any of its material obligations or material covenants set forth in Section 5.1 provided that such right of termination will not be available

if Taseko is, at such time, in material breach of this Agreement and the condition precedent in this clause (ii) would have otherwise been satisfied but for Taseko's material breach of this Agreement;

(iii) subject to compliance with Section 6.3, Yellowhead breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied, provided, however, that Taseko is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied;

(iv) a Material Adverse Effect has occurred;

(v) Yellowhead delivers written notice as contemplated in Section 5.1(f)(i).

(d) Termination by Yellowhead. This Agreement may be terminated by Yellowhead at any time prior to the Effective Time if:

(i) the Board approves, and authorizes Yellowhead to enter into, an Acquisition Agreement providing for the implementation of a Superior Proposal prior to the Meeting, subject to Yellowhead complying with the terms of Section 5.1 and payment of the Termination Fee; or

(ii) subject to compliance with Section 6.3, Taseko breaches any of its representations, warranties, covenants or agreements contained in this Agreement, which breach would cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied, provided, however, that Yellowhead is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied.

## 6.2 Void upon Termination

If this Agreement is terminated pursuant to Section 6.1, this Agreement will become void and of no force and effect and no Party will have any liability or further obligation to the other Party hereunder, except that the provisions of this Section 6.2, Section 5.2 and Article 8 (other than Section 8.5 and Section 8.9) will survive any termination hereof pursuant to Section 6.1, provided, however, that neither the termination of this Agreement nor anything contained in Section 5.2 or this Section 6.2 will relieve any Party from any liability for any intentional or wilful breach by it of this Agreement, including any intentional or wilful making of a misrepresentation in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the Confidentiality Agreement will survive any termination hereof pursuant to Section 6.1.

## 6.3 Notice and Cure Provisions

If any Party determines at any time prior to the Effective Time that it intends to refuse to complete the transactions contemplated hereby because of any unfilled or unperformed condition contained in this Agreement, such Party will so notify the other Party forthwith upon making such determination in order that the other Party will have the right and opportunity to take such steps,



at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Outside Date. Neither Yellowhead nor Taseko may elect not to complete the transactions contemplated hereby pursuant to the conditions precedent contained in Article 7 hereof or exercise any termination right arising therefrom and no payments will be payable as a result of such election pursuant to Article 7 unless forthwith and in any event prior to the Effective Time the Party intending to rely thereon has given a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party giving such notice is asserting as the basis for the non-fulfillment of the applicable condition precedent or the exercise of the termination right, as the case may be. If any such notice is given, provided that the other Party is proceeding diligently to cure such matter, if such matter is susceptible to being cured, the Party giving such notice may not terminate this Agreement as a result thereof until the earlier of the Outside Date and the expiration of a period of 10 Business Days from such notice. If such notice has been given prior to the date of the Meeting, such meeting, unless the Parties otherwise agree, will be postponed or adjourned until the expiry of such period (without causing any breach of any other provision contained herein).

## **ARTICLE 7**

### **CONDITIONS PRECEDENT**

#### **7.1 Mutual Conditions Precedent**

The respective obligations of the Parties to complete the Arrangement are subject to the satisfaction, or mutual waiver by the Parties, on or before the Effective Date, of each of the following conditions, each of which are for the mutual benefit of the Parties and which may be waived, in whole or in part, by Taseko and Yellowhead at any time:

- (a) the Arrangement Resolution will have been approved by the Shareholders at the Meeting in accordance with the Interim Order and applicable Laws;
- (b) each of the Interim Order and Final Order will have been obtained in form and substance satisfactory to each of Yellowhead and Taseko, each acting reasonably, and will not have been set aside or modified in any manner unacceptable to either Yellowhead or Taseko, each acting reasonably, on appeal or otherwise;
- (c) the Regulatory Approvals will have been obtained;
- (d) no Law will have been enacted, issued, promulgated, enforced, made, entered, issued or applied and no Proceeding will otherwise have been taken under any Laws or by any Governmental Authority (whether temporary, preliminary or permanent) that makes the Arrangement illegal or otherwise directly or indirectly cease trades, enjoins, restrains or otherwise prohibits completion of the Arrangement; and
- (e) this Agreement will not have been terminated in accordance with its terms.

## 7.2 **Additional Conditions Precedent to the Obligations of Yellowhead**

The obligation of Yellowhead to complete the Arrangement will be subject to the satisfaction, or waiver by Yellowhead, on or before the Effective Date, of each of the following conditions, each of which is for the exclusive benefit of Yellowhead and which may be waived by Yellowhead at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that Yellowhead may have:

- (a) Taseko will have complied in all material respects with its obligations, covenants and agreements in this Agreement to be performed and complied with on or before the Effective Date, except where the failure to comply with such covenants, individually or in the aggregate, would not materially impede completion of the Arrangement;
- (b) the representations and warranties of Taseko in Schedule D which are qualified by references to materiality will be true and correct as of the Effective Date as if made on and as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case such representations and warranties will have been true and correct as of that date) and except (i) as affected by transactions, changes, conditions, events or circumstances expressly permitted by this Agreement or (ii) for breaches of representations and warranties (other than those contained in Sections 5 (Capitalization), 9 (Undisclosed Liabilities) and 16 (Property Rights), of Schedule D), which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or prevent or significantly impede or materially delay the completion of the Arrangement, it being understood that it is a separate condition precedent to the obligations of Yellowhead hereunder that the representations and warranties made by Taseko in Sections 5 (Capitalization), 9 (Undisclosed Liabilities) and 16 (Property Rights), of Schedule D must be accurate in all respects when made and as of the Effective Date;
- (c) since the date of this Agreement, there has not occurred a Material Adverse Effect with respect to Taseko;
- (d) Taseko will have complied with its obligations under Section 2.13 and the Depositary will have confirmed receipt of the Consideration Shares payable pursuant to the Plan of Arrangement (other than payments to Shareholders exercising Dissent Rights and who have not withdrawn their notice of objection);
- (e) The Consideration Shares shall be listed and posted for trading on the TSX; and
- (f) Yellowhead will have received a certificate of Taseko signed by a senior officer of Taseko and dated the Effective Date certifying that the conditions set out in Section 7.2(a), Section 7.2(b) and Section 7.2(c) have been satisfied, which certificate will cease to have any force and effect after the Effective Time.

## 7.3 **Additional Conditions Precedent to the Obligations of Taseko**

The obligation of Taseko to complete the Arrangement will be subject to the satisfaction, or waiver by Taseko, on or before the Effective Date, of each of the following conditions, each of which is

for the exclusive benefit of Taseko and which may be waived by Taseko at any time, in whole or in part, in its sole discretion and without prejudice to any other rights that Taseko may have:

- (a) Yellowhead will have complied in all material respects with its obligations, covenants and agreements in this Agreement to be performed and complied with on or before the Effective Date;
- (b) the representations and warranties of Yellowhead in Schedule C will be true and correct (disregarding for this purpose all materiality or Material Adverse Effect qualifications contained therein) as of the Effective Date as if made on and as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case such representations and warranties will have been true and correct as of that date) except (i) as affected by transactions, changes, conditions, events or circumstances expressly permitted by this Agreement or (ii) for breaches of representations and warranties (other than those contained in Sections 2 (Subsidiaries), 7 (Capitalization), 10 (Undisclosed Liabilities), 17 (Property Rights), and 18 (Expropriation) of Schedule C) [which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or prevent or significantly impede or materially delay the completion of the Arrangement, it being understood that it is a separate condition precedent to the obligations of Taseko hereunder that the representations and warranties made by Yellowhead in Sections 2 (Subsidiaries), 7 (Capitalization), 10 (Undisclosed Liabilities), 17 (Property Rights) and 18 (Expropriation) of Schedule C must be accurate in all respects when made and as of the Effective Date;
- (c) Taseko will have received a certificate of Yellowhead signed by a senior officer of Yellowhead and dated the Effective Date certifying that the conditions set out in Section 7.3(a), Section 7.3(b), Section 7.3(d) and Section 7.3(e) have been satisfied, which certificate will cease to have any force and effect after the Effective Time;
- (d) Shareholders will not have exercised Dissent Rights, or have instituted proceedings to exercise Dissent Rights, in connection with the Arrangement (other than Shareholders representing not more than 10% of the Shares then outstanding);
- (e) since the date of this Agreement, there has not occurred a Material Adverse Effect with respect to Yellowhead;
- (f) all waivers, consents, permits, approvals, releases, licences or authorizations under or pursuant to any Material Contract which Taseko has determined, acting reasonably, are necessary in connection with the completion of the Arrangement, will have been obtained on terms which are satisfactory to Taseko, acting reasonably;
- (g) the Plan of Arrangement will not have been modified or amended in a manner adverse to Taseko without Taseko's consent in its sole and absolute discretion; and
- (h) none of the Support Agreements will have been terminated and none of the Supporting Shareholders will have breached, in any material respect, any of the representations, warranties and covenants thereof.

**ARTICLE 8**  
**GENERAL**

8.1 **Notices**

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and will be given by personal delivery or by facsimile or email addressed to the recipient as follows:

- (a) if to Taseko as follows:

Taseko Mines Limited  
Suite 1500  
1040 West Georgia Street  
Vancouver, British Columbia  
Canada V6C 0B3

Attention: Stuart McDonald  
Facsimile: 604-684-8092  
Email: smcdonald@tasekomines.com  
Telephone: 778-373-4533

with a copy (which will not constitute notice) to:

McMillan LLP  
Royal Centre  
1055 West Georgia Street, Suite 1500  
Vancouver, British Columbia  
Canada V6E 4N7

Attention: Cory Kent  
Email: cory.kent@mcmillan.ca

- (b) if to Yellowhead:

Yellowhead Mining Inc.  
4900, 525 – 8<sup>th</sup> Avenue SW  
Calgary, Alberta  
Canada T2P 1G1

Attention: Darryl Coates  
Email: dcoates@yellowheadmining.com

with a copy (which will not constitute notice) to:

Fasken Martineau DuMoulin LLP

2900 - 550 Burrard Street  
Vancouver, British Columbia  
Canada V6C 0A3

Attention: Georald Ingborg  
Email: gingborg@fasken.com

or to such other street address, individual or electronic communication number or address as may be designated by notice given by either Party to the other. Any demand, notice or other communication given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day.

## 8.2 **Assignment**

Yellowhead agrees that upon written notice, Taseko may assign all or any part of its rights under this Agreement to, and its obligations under this Agreement may be assumed by, a wholly-owned direct or indirect subsidiary of Taseko, provided that Taseko will continue to be liable jointly and severally with such subsidiary for all obligations hereunder. Subject to the foregoing, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Party.

## 8.3 **Benefit of Agreement**

This Agreement will enure to the benefit of and be binding upon the respective successors (including any successor by reason of amalgamation or statutory arrangement) and permitted assigns of the Parties.

## 8.4 **Time of Essence**

Time is of the essence of this Agreement.

## 8.5 **Public Announcements**

No Party will issue any press release or otherwise make written public statements with respect to the Arrangement or this Agreement without the consent of the other Parties (which consent will not be unreasonably withheld, conditioned or delayed). Yellowhead will not make any filing with any Governmental Authority with respect to the Arrangement or the transactions contemplated hereby without prior consultation with Taseko, and Taseko will not make any filing with any Governmental Authority with respect to the Arrangement or the transactions contemplated hereby without prior consultation with Yellowhead, provided, however, that the foregoing will be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws, and the Party making the disclosure will use commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity for the other Party to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not possible, to give notice immediately following the making of any such disclosure or filing, and provided further, however, that, except

as otherwise required by Section 5.1, Yellowhead will have no obligation to obtain the consent of or consult with Taseko prior to any press release, public statement, disclosure or filing by Yellowhead with regard to an Acquisition Proposal or a Change of Recommendation.

8.6 **Governing Law; Attornment; Service of Process**

This Agreement will be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement or the Arrangement and waives, to the fullest extent possible, the defence of an inconvenient forum or any similar defence to the maintenance of proceedings in such courts.

8.7 **Entire Agreement**

This Agreement constitutes, together with the Confidentiality Agreement, the entire agreement between the Parties with respect to the subject matter thereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Parties with respect thereto except as expressly set forth in this Agreement and the Confidentiality Agreement.

8.8 **Third Party Beneficiaries**

(a) Except as provided in Section 2.16 which, without limiting its terms, is intended as stipulations for the benefit of the Indemnified Parties, the Parties intend that this Agreement will not benefit or create any right or cause of action in favour of any person, other than the Parties and that no person, other than the Parties, will be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(b) Despite the foregoing, the Parties acknowledge to each of the Indemnified Parties their direct rights against the applicable Party under Section 2.16, which are intended for the benefit of, and will be enforceable by, each Indemnified Party, his or her heirs and his or her legal representatives, and for such purpose, Yellowhead confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf.

8.9 **Amendment**

(a) This Agreement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the Shareholders, and any such amendment may, without limitation:

- (i) change the time for performance of any of the obligations or acts of the Parties;
- (ii) waive any inaccuracies or modify any representation, term or provision contained herein or in any document delivered pursuant hereto; or

(iii) waive compliance with or modify any of the conditions precedent referred to in Article 7 or any of the covenants herein contained or waive or modify performance of any of the obligations of the Parties,

provided, however, that no such amendment may reduce or materially affect the consideration to be received by the Shareholders under the Arrangement without their approval at the Meeting or, following the Meeting, without their approval given in the same manner as required by applicable Laws for the approval of the Arrangement as may be required by the Court.

(b) Notwithstanding the foregoing, the Plan of Arrangement may only be supplemented or amended in accordance with the provisions thereof.

#### 8.10 **Waiver and Modifications**

Either Party may (a) waive, in whole or in part, any inaccuracy of, or consent to the modification of, any representation or warranty made to it hereunder or in any document to be delivered pursuant hereto, (b) extend the time for the performance of any of the obligations or acts of the other Party (c) waive or consent to the modification of any of the covenants herein contained for its benefit or waive or consent to the modification of any of the obligations of the other Party hereto or (d) waive the fulfillment of any condition to its own obligations contained herein. No waiver or consent to the modifications of any of the provisions of this Agreement will be effective or binding unless made in writing and signed by the Party or Parties purporting to give the same and, unless otherwise provided, will be limited to the specific breach or condition waived. The rights and remedies of the Parties hereunder are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at Law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects any further exercise of such right or remedy or the exercise of any other right or remedy to which that Party may be entitled. No waiver or partial waiver of any nature, in any one or more instances, will be deemed or construed a continued waiver of any condition or breach of any other term, representation or warranty in this Agreement.

#### 8.11 **Severability**

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated herein is not affected in any material manner or would prevent or significantly impede or materially delay the completion of the Arrangement.

#### 8.12 **Mutual Interest**

Notwithstanding the fact that any part of this Agreement has been drafted or prepared by or on behalf of one of the Parties, the Parties confirm that they and their respective counsel have reviewed and negotiated this Agreement and that the Parties have adopted this Agreement as the joint agreement and understanding of the Parties, and the language used in this Agreement will be deemed to be the language chosen by the Parties to express their mutual intent, and the Parties waive the application of any Laws or rule or construction providing that ambiguities in any

agreement or other document will be construed against the Party drafting such agreement or other document and agree that no rule of construction providing that a provision is to be interpreted in favour of the person who contracted the obligation and against the person who stipulated it will be applied against any Party.

8.13 **Further Assurances**

Subject to the provisions of this Agreement, the Parties will, from time to time, do all acts and things and execute and deliver all such further documents and instruments, as the other Party may, either before or after the Effective Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement and, in the event the Arrangement becomes effective, to document or evidence any of the transactions or events set out in the Plan of Arrangement.

8.14 **Injunctive Relief**

Subject to Section 5.2(e), the Parties agree that irreparable harm would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached for which money damages would not be an adequate remedy at Law. It is accordingly agreed that the Parties will be entitled to an injunction or injunctions and other equitable relief to prevent breaches of this Agreement, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

8.15 **No Personal Liability**

(a) No director, officer or employee of Taseko will have any personal liability to Yellowhead under this Agreement or any other document delivered in connection with this Agreement or the Arrangement on behalf of Taseko.

(b) No director, officer or employee of Yellowhead will have any personal liability to Taseko under this Agreement or any other document delivered in connection with this Agreement or the Arrangement on behalf of Yellowhead.

8.16 **Counterparts**

This Agreement may be executed and delivered in any number of counterparts (including by facsimile or electronic transmission), each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

*[Remainder of page has been left intentionally blank]*



**IN WITNESS WHEREOF** the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**TASEKO MINES LIMITED**

By: (Signed) "Russell Hallbauer"  
Name: Russell Hallbauer  
Title: Chief Executive Officer

**YELLOWHEAD MINING INC.**

By: (Signed) Darryl Coates"  
Name: Darryl Coates  
Title: Interim Chief Executive Officer

**SCHEDULE A**

**FORM OF PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT UNDER SECTION 288  
OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the respective meanings set out below and grammatical variations of those terms will have corresponding meanings:

- (a) “**Arrangement Agreement**” means the arrangement agreement made as of December 3, 2018 between Taseko and Yellowhead, including the schedules thereto, as the same may be supplemented or amended from time to time in accordance with its terms;
- (b) “**Arrangement Resolution**” means the special resolution of the Shareholders approving the Arrangement to be considered at the Meeting;
- (c) “**Arrangement**” means the arrangement under Part 9, Division 5 of the BCBCA, on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 8.9 of the Arrangement Agreement or Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Yellowhead and Taseko, each acting reasonably;
- (d) “**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time
- (e) “**Business Day**” means a day other than a Saturday, a Sunday or any other day on which commercial banking institutions in Vancouver, British Columbia or in Toronto, Ontario are authorized or required by applicable Law to be closed;
- (f) “**Consideration Shares**” means the Taseko Shares to be issued to Shareholders in exchange for the Shares, on the basis of 1.1484 Taseko Shares for each Share;
- (g) “**Court**” means the Supreme Court of British Columbia;
- (h) “**CRA**” means the Canada Revenue Agency;
- (i) “**Depository**” means any trust company, bank or other financial institution agreed to in writing by each of the Parties for the purpose of, among other things, exchanging

certificates representing Shares for the Consideration Shares in connection with the Arrangement;

- (j) “**Dissent Rights**” has the meaning ascribed thereto in Section 4.1;
- (k) “**Dissenting Shareholder**” means a registered holder of Shares who has duly and validly exercised the Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (l) “**Dissenting Shares**” means the Shares held by Dissenting Shareholders;
- (m) “**Effective Date**” means the date Taseko and Yellowhead agree upon, acting reasonably, as the effective date of the Arrangement after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived, including that the Final Order has been granted by the Court;
- (n) “**Effective Time**” means such time on the Effective Date as Yellowhead and Taseko may agree upon in writing;
- (o) “**Final Order**” means the order of the Court approving the Arrangement, in form and substance acceptable to Yellowhead and Taseko, each acting reasonably, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both Yellowhead and Taseko, each acting reasonably) at any time prior to the Effective Date or, if appealed, as affirmed or amended (provided that any such amendment is acceptable to both Yellowhead and Taseko, each acting reasonably) on appeal unless such appeal is withdrawn, abandoned or denied;
- (p) “**Former Shareholders**” means the holders of Shares immediately prior to the Effective Time;
- (q) “**Governmental Authority**” means any multinational, federal, provincial, territorial, state, regional, municipal, local or other government or governmental body and any division, agent, official, agency, commission, board or authority of any government, governmental body, quasi-governmental or private body (including any stock exchange) exercising any statutory, regulatory, expropriation or taxing authority under the authority of any of the foregoing and any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator acting under the authority of any of the foregoing;
- (r) “**holder**”, when used with reference to any securities of Yellowhead, means the holder of such securities shown from time to time in the central securities register maintained by or on behalf of Yellowhead in respect of such securities;
- (s) “**Interim Order**” means the interim order of the Court to be issued following the application therefor contemplated by Section 2.3(a) of the Arrangement Agreement, in a form acceptable to Yellowhead and Taseko, each acting reasonably, providing for, among

other things, the calling and holding of the Meeting, as such order may be affirmed, amended, modified, supplemented or varied by the Court with the consent of both Yellowhead and Taseko, each acting reasonably;

(t) “**Letter of Transmittal**” means the letter of transmittal to be delivered by Yellowhead to the Shareholders providing for the delivery of Shares to the Depositary;

(u) “**Liens**” means any mortgage, hypothec, claim, lien, pledge, assignment for security, security interest, option, right of first offer or first refusal or other charge or encumbrance of any kind and adverse claim;

(v) “**Meeting**” means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order for the purpose of considering and, if thought fit, approving the Arrangement Resolution;

(w) “**Plan of Arrangement**” means this plan of arrangement, including any appendices hereto, and any amendments, modifications or supplements hereto made from time to time in accordance with the terms hereof or made at the direction of the Court in the Final Order, with the consent of Yellowhead and Taseko, each acting reasonably;

(x) “**Shareholder**” means a holder of one or more Shares;

(y) “**Shares**” means the common shares in the capital of Yellowhead;

(z) “**Tax Act**” means the *Income Tax Act* (Canada) including all regulations thereunder;

(aa) “**Taseko**” means Taseko Mines Limited, a corporation existing under the laws of British Columbia;

(bb) “**Taseko Shares**” means common shares in the capital of Taseko;

(cc) “**U.S. Tax Code**” means the *United States Internal Revenue Code of 1986*, as amended; and

(dd) “**Yellowhead**” means Yellowhead Mining Inc., a corporation existing under the laws of British Columbia.

Any capitalized terms used but not defined herein will have the meaning ascribed to such terms in the Arrangement Agreement. In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein or in the Arrangement Agreement will have the same meaning herein as in the BCBCA unless the context otherwise requires.

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and will not affect the

construction or interpretation hereof. Unless otherwise indicated, all references to an “Article”, “Section” or “paragraph” followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

### **1.3 Number**

In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa.

### **1.4 Date of Any Action**

In the event that any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

### **1.5 Time**

Time will be of the essence in every matter or action contemplated hereunder. All times expressed herein or in any letter of transmittal contemplated herein are local time (British Columbia) unless otherwise stipulated herein or therein.

### **1.6 Currency**

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

## **ARTICLE 2** **EFFECT OF THE ARRANGEMENT**

### **2.1 Arrangement Agreement**

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms a part of the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which will occur in the order set forth herein.

### **2.2 Binding Effect**

This Plan of Arrangement will become effective at the Effective Time and will be binding upon Taseko, Yellowhead, the Shareholders and all beneficial owners of Shares in each case without any further act or formality required on the part of any person.

## **ARTICLE 3** **ARRANGEMENT**

### **3.1 The Arrangement**

Commencing at the Effective Time, each of the events set out below will occur and be deemed to occur in the following sequence, in each case without any further authorization, act or formality of or by Yellowhead, Taseko or any other person:

- (a) each Share held by a Dissenting Shareholder will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to Taseko and Taseko will thereupon be obliged to pay the amount therefor determined and payable in accordance with Article 4 hereof, and the name of such holder will be removed from the central securities register of Yellowhead as a holder of Shares and the Shares so transferred will be cancelled;
- (b) immediately following the steps in Sections 3.1(a) each issued Share held by a Former Shareholder (other than a Dissenting Shareholder or Taseko or any subsidiary of Taseko) will be transferred to Taseko (free and clear of any Liens) and in consideration therefor Taseko will pay 1.1484 Consideration Shares for each Share, subject to Article 5 hereof;
- (c) at the same time as each of the steps in Section 3.1(b), with respect to each Share,
  - (i) the holder thereof will cease to be the holder thereof or to have any rights as a holder in respect of such Share and the name of the holder thereof will be removed from the central securities register of Yellowhead with respect to such Share; and
  - (ii) legal and beneficial title to such Share will vest in Taseko and Taseko will be and be deemed to be the transferee and legal and beneficial owner of such Share (free and clear of any Liens) and will be entered in the central securities register of Yellowhead as the sole holder thereof; and
- (d) each holder of Shares, with respect to each step set out above applicable to such holder, will be deemed, at the time such step occurs, to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer such Share, as the case may be, in accordance with such step.

### **3.2 Post Effective Time Procedures**

- (a) Following the receipt of the Final Order and prior to the Effective Date, Taseko will deposit or arrange to be deposited the Consideration Shares with the Depositary in the aggregate amount equal to payments in respect of Shares required by this Plan of Arrangement, which Consideration Shares will be held by the Depositary as agent and nominee for such Former Shareholders for distribution to such Former Shareholders in accordance with the provisions of Article 5 hereof.
- (b) Subject to the provisions of Article 5 hereof, and upon return of a properly completed Letter of Transmittal by a registered Former Shareholder together with certificates representing Shares and such other documents as the Depositary may require, Former Shareholders will be entitled to receive delivery of the Consideration to which they are entitled pursuant to Section 3.1 hereof.

**ARTICLE 4**  
**DISSENT RIGHTS**

**4.1 Rights of Dissent**

Each registered Shareholder may exercise rights of dissent (“**Dissent Rights**”) pursuant to and in the manner set forth under Division 2 of Part 8 of the BCBCA, as modified by the Interim Order and this Article 4 in connection with the Arrangement, provided that notwithstanding Section 242 of the BCBCA the written objection to the Arrangement Resolution contemplated by Section 242 of the BCBCA must be received by Yellowhead at least two days before the Meeting. Shareholders who duly exercise such Dissent Rights and who:

- (a) are ultimately determined to be entitled to be paid fair value by Taseko for the Dissenting Shares in respect of which they have exercised Dissent Rights, will be deemed to have irrevocably transferred such Dissenting Shares to Taseko pursuant to Section 3.1(a) in consideration of such fair value; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for the Dissenting Shares in respect of which they have exercised Dissent Rights, will be deemed to have participated in the Arrangement on the same basis as a Shareholder who has not exercised Dissent Rights, as at and from the time specified in Section 3.1(a) and be entitled to receive only the consideration set forth in Section 3.1(b);

but in no case will Yellowhead or Taseko or any other person be required to recognize such holders as holders of Shares after the completion of the steps set forth in Section 3.1, and each Dissenting Shareholder will cease to be entitled to the rights of a Shareholder in respect of the Shares in relation to which such Dissenting Shareholder has exercised Dissent Rights and the central securities register of Yellowhead will be amended to reflect that such Former Shareholder is no longer the holder of such Shares as and from the completion of the steps in Section 3.1. For greater certainty, and in addition to any other restriction under Section 242 of the BCBCA, neither:

- (i) beneficial owners of Shares; nor
- (ii) Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution;

will be entitled to exercise Dissent Rights.

**ARTICLE 5**  
**CERTIFICATES**

**5.1 Payment of Consideration**

- (a) As soon as practicable following the later of the Effective Date and the surrender to the Depositary for cancellation of a certificate that immediately prior to the Effective Time represented outstanding Shares that were transferred under Section 3.1, together with a duly completed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require and such other documents and instruments as would

have been required to effect such transfer under the BCBCA and the articles of Yellowhead after giving effect to Section 3.1 the Former Shareholder will be entitled to receive in exchange therefor, and the Depositary will deliver to such holder following the Effective Time, or, if requested by such Former Shareholder in the Letter of Transmittal, make available for pick up at its offices during normal business hours, the Consideration Shares, comprised of a share certificate evidencing the number of Consideration Shares that such holder is entitled to receive in accordance with Section 3.1 hereof, less any amounts withheld pursuant to Section 5.4.

(b) Subject to Section 5.3, until surrendered as contemplated by this Section 5.1, each certificate which immediately prior to the Effective Time represented Shares will be deemed after the time described in Section 3.1 to represent only the right to receive from the Depositary upon such surrender the Consideration Shares, comprised of a share certificate evidencing the number of Consideration Shares that such holder is entitled to receive in accordance with Section 3.1 hereof, less any amounts withheld pursuant to Section 5.4.

(c) Yellowhead and Taseko will cause the Depositary, as soon as a Former Shareholder becomes entitled to the Consideration Shares in accordance with Section 3.1, to:

- (i) forward or cause to be forwarded by first class mail (postage paid) to such Former Shareholder at the address specified in the Letter of Transmittal;
- (ii) if requested by such Former Shareholder in the Letter of Transmittal make available at the offices of the Depositary specified in the Letter of Transmittal; or
- (iii) if the Letter of Transmittal neither specifies an address as described in Section 5.1(c)(i) nor contains a request as described in Section 5.1(c)(ii), forward or cause to be forwarded by first class mail (postage paid) to such Former Shareholder at the address of such Former Shareholder as shown on the applicable securities register maintained by or on behalf of Yellowhead immediately prior to the Effective Time;

a share certificate evidencing the number of Consideration Shares (less any amounts withheld pursuant to Section 5.4) payable to such Former Shareholder in accordance with the provisions hereof.

(d) No holder of Shares will be entitled to receive any consideration or entitlement with respect to such Shares other than any consideration or entitlement to which such holder is entitled to receive in accordance with Sections 3.1 and this Section 5.1 and the other terms of this Plan of Arrangement and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any dividends declared prior to the Effective Time but remaining unpaid.

## **5.2 Loss of Certificates**

In the event that any share certificate representing Shares held by a Former Shareholder has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Former Shareholder,



the Depository will deliver to such person or make available for pick up at its offices in exchange for such lost, stolen or destroyed certificate, the Consideration Shares, comprised of a share certificate evidencing the number of Consideration Shares which such Former Shareholder is entitled to receive pursuant to Section 3.1 hereof in accordance with such holder's Letter of Transmittal. When authorizing such payment in relation to any lost, stolen or destroyed certificate, the Former Shareholder will, as a condition precedent to the delivery of such Consideration Shares, give a bond satisfactory to Yellowhead, Taseko and the Depository in such sum as Taseko may direct or otherwise indemnify Yellowhead and Taseko in a manner satisfactory to Yellowhead and Taseko against any claim that may be made against Yellowhead or Taseko with respect to the certificate alleged to have been lost, stolen or destroyed.

### **5.3 Extinction of Rights**

If any Former Shareholder fails to deliver to the Depository the certificates, documents or instruments required to be delivered to the Depository under Section 5.1 or Section 5.2 in order for such Former Shareholder to receive the Consideration Shares which such Former Shareholder is entitled to receive pursuant to Section 3.1, on or before the sixth anniversary of the Effective Date, on the sixth anniversary of the Effective Date (i) such Former Shareholder will be deemed to have donated and forfeited to Taseko or its successor any Consideration Shares held by the Depository in trust for such Former Shareholder to which such Former Shareholder is entitled and (ii) any certificate representing Shares formerly held by such Former Shareholder will cease to represent a claim of any nature whatsoever and will be deemed to have been surrendered to Taseko and will be cancelled. Neither Yellowhead nor Taseko, or any of their respective successors, will be liable to any person in respect of any Consideration Shares (including any consideration previously held by the Depository in trust for any such Former Shareholder) which is forfeited to Yellowhead or Taseko or delivered to any public official pursuant to any applicable abandoned property, escheat or similar Law.

### **5.4 Withholding Rights**

Subject to the provisions of any applicable income tax treaty between Canada and the country where the recipient is resident, Yellowhead, Taseko and the Depository will be entitled to deduct and withhold from any consideration otherwise payable to any Shareholder or under this Plan of Arrangement (including any payment to Dissenting Shareholders) such amounts as Yellowhead, Taseko or the Depository may be required or permitted to deduct and withhold with respect to such payment or deliverable under the Tax Act, the U.S. Tax Code and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax Law with respect to Taxes. For the purposes hereof, all such withheld amounts will be treated as having been paid to the person in respect of which such deduction and withholding was made on account of the obligation to make payment to such person hereunder, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority by or on behalf of Yellowhead, Taseko or the Depository, as the case may be.

### **5.5 No Liens**

Any exchange or transfer of securities pursuant to this Plan of Arrangement will be free and clear of any Liens or other claims of third parties of any kind.

## **5.6 Paramountcy**

From and after the Effective Time: (a) this Plan of Arrangement will take precedence and priority over any and all Shares issued prior to the Effective Time, (b) the rights and obligations of the Shareholders, Yellowhead, Taseko, the Depositary and any transfer agent or other depositary therefor in relation thereto, will be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Shares will be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

## **ARTICLE 6** **AMENDMENTS**

### **6.1 Amendments to Plan of Arrangement**

(a) Yellowhead reserves the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification or supplement must be (i) set out in writing, (ii) approved by Taseko, (iii) filed with the Court and, if made following the Meeting, approved by the Court and (iv) communicated to or approved by the Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Yellowhead at any time prior to the Meeting (provided that Taseko has consented thereto) with or without any other prior notice or communication and, if so proposed and accepted by the Shareholders at the Meeting (other than as may be required under the Interim Order), will become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting will be effective only if such amendment, modification or supplement (i) is consented to by each of Yellowhead and Taseko and (ii) if required by the Court or applicable Law, is consented to by Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Taseko provided that it concerns a matter which, in the reasonable opinion of Taseko, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any Former Shareholder.

(e) Taseko will be entitled to propose an amendment, modification or supplement to this Plan of Arrangement at any time prior to the Effective Time and, unless such proposal will be adverse to the financial or economic interests of any Yellowhead Shareholder, Yellowhead will propose and implement such amendment, modification or supplement in accordance with the process described in paragraphs (a) to (c) of this Section 6.1, as may be applicable.

**ARTICLE 7**  
**FURTHER ASSURANCES**

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Yellowhead and Taseko will make, do and execute, or cause to be made, done and executed, any such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

**SCHEDULE B**

**ARRANGEMENT RESOLUTION**

**RESOLUTION OF THE SECURITYHOLDERS  
OF YELLOWHEAD MINING INC. (the “Company”)**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

A. The arrangement (as it may be modified or amended, the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) involving the Company and holders of its shares (collectively, “**Shareholders**”), all as more particularly described and set forth in the plan of arrangement (as it may be modified or amended, the “**Plan of Arrangement**”) attached as an appendix to the Management Information Circular of the Company dated ●, 2018 (the “**Circular**”), is hereby authorized, approved and agreed to (the “**Arrangement Resolution**”).

B. The Arrangement Agreement dated as of December 3, 2018 between the Company and Taseko Mines Limited, as it may be amended from time to time (the “**Arrangement Agreement**”), the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and causing the performance by the Company of its obligations thereunder are hereby confirmed, ratified, authorized and approved.

C. The Company be and is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the “**Court**”) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).

D. Notwithstanding that the Arrangement Resolution has been passed (and the Arrangement approved and agreed to) by Shareholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered without further approval of any Shareholders of the Company (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or Plan of Arrangement, or (ii) not to proceed with the Arrangement at any time prior to the Effective Time (as defined in the Arrangement Agreement).

E. Any one director or officer of the Company is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person’s opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

## SCHEDULE C

### REPRESENTATIONS AND WARRANTIES OF YELLOWHEAD

1. Organization and Qualification. Yellowhead was duly incorporated and is validly existing and in good standing under the BCBCA, and has full corporate power and authority to own, lease and operate its assets and conduct its business as now owned, leased, operated and conducted. Yellowhead is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary. True and complete copies of the constating documents of Yellowhead, as amended to the date of this Agreement, have been delivered or made available to Taseko, and Yellowhead has not taken any action to amend or supersede such documents.

2. Subsidiaries.

(a) Yellowhead does not have any subsidiaries except HCM;

(b) All of the outstanding shares in the capital of HCM are owned directly or indirectly by Yellowhead. All such shares of HCM are: (A) validly issued and fully-paid and all such shares are owned free and clear of all Liens of any kind or nature whatsoever; (B) except as set out in the constating documents of HCM, free of any other restrictions including any restriction on the right to vote, sell or otherwise dispose of shares; and (C) no person has any right for the purchase of any interest in such shares or for the issue or allotment of any unissued shares or other securities of HCM.

(c) HCM is duly incorporated, validly existing and in good standing under the Laws of the jurisdiction of its incorporation, and has full corporate power and authority to own, lease and operate its assets and conduct its business as now owned, leased, operated and conducted.

(d) HCM is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary. True and complete copies of the constating documents of HCM has been delivered or made available to Taseko, and neither Yellowhead nor HCM has taken any action to amend or supersede such documents.

(e) neither Yellowhead nor HCM owns any capital stock, or other equity interests in any person.

3. Authority Relative to this Agreement. Yellowhead has the requisite power and authority to enter into this Agreement, to perform its obligations hereunder and (subject to obtaining the Shareholder Approval of the Arrangement Resolution and the Final Order) to complete the Arrangement. The execution and delivery of this Agreement by Yellowhead and the consummation by Yellowhead of the transactions contemplated by this Agreement have been duly authorized by the Board, and no other corporate proceedings on the part of Yellowhead are necessary to authorize this Agreement other than obtaining the Shareholder Approval and Final Order. This Agreement has been duly executed and delivered by Yellowhead and constitutes a valid and binding obligation of Yellowhead, enforceable by Taseko against it in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other

applicable Laws affecting the enforcement of creditors' rights generally, and subject to general principles of equity and public policy, and to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

4. Required Approvals and Consent. Other than the Interim Order, the Final Order, such filings and other actions required under the BCBCA and applicable Securities Laws and the approval of the TSX-V, no material Authorization or approval of, or filing with, any Governmental Authority is necessary on the part of Yellowhead in connection with the execution and delivery of this Agreement or the performance by it of its obligations hereunder or for the completion of the Arrangement.

5. No Violation. Subject to obtaining the Authorizations and approvals and making the filings referred to in Section 4 above, the execution and delivery by Yellowhead of this Agreement and the performance by it of its covenants hereunder and the completion of the Arrangement do not and will not violate, conflict with or result in a breach of any provision of the constating documents of Yellowhead or those of HCM, and will not:

- (a) violate, conflict with or result in a breach of:
  - (i) any Material Contract or Authorization to which Yellowhead or HCM is a party, or by which Yellowhead or HCM is bound; or
  - (ii) any Law to which Yellowhead or HCM is subject or by which Yellowhead or HCM is bound;
- (b) give rise to any right of termination, or the acceleration of any indebtedness, under any such Material Contract or Authorization;
- (c) result in the creation or imposition of any Liens upon any of the properties or assets of Yellowhead or HCM or restrict, hinder, impair or limit the ability of Yellowhead or HCM to conduct its business as and where it is now being conducted; or
- (d) give rise to any rights of first refusal or rights of first offer, trigger any change in control or influence provisions or any restriction or limitation under any such Material Contract, or Authorization.

6. No Rights to Purchase Assets. No person has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase the whole or part of the material assets of Yellowhead or HCM, and there are no active areas of mutual interest provisions or areas of exclusion in any contracts binding upon Yellowhead or HCM, or otherwise to which the assets of Yellowhead or HCM are subject.

7. Capitalization.

- (a) The authorized share capital of Yellowhead consists of an unlimited number of Shares. As at the date of this Agreement there are 19,079,213 Shares validly issued and outstanding as fully-paid and non-assessable shares of Yellowhead.

(b) There are no options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments, or obligations of Yellowhead to issue or sell any Shares, and there are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments of Yellowhead, and other than Taseko and Matco, no person is entitled to any pre-emptive or other similar right to acquire Shares.

(c) There are no outstanding contractual obligations of Yellowhead to repurchase, redeem or otherwise acquire any Shares.

8. Reporting Issuer Status and Securities Laws Matters. Yellowhead is a “reporting issuer” within the meaning of applicable Securities Laws in the provinces of British Columbia, Alberta and Ontario. Yellowhead is not on the list of reporting issuers in default under applicable Securities Laws, and no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Yellowhead, and Yellowhead is not in default of any material provision of applicable Securities Laws. Trading in the Shares on the TSX-V is not currently halted or suspended. No delisting, suspension of trading or cease trading order with respect to any securities of Yellowhead is pending or, to the knowledge of Yellowhead, threatened. To the knowledge of Yellowhead, Yellowhead is not subject to any inquiry, review or investigation (formal or informal) by any securities commission or similar regulatory authority under applicable Securities Laws. The documents and information comprising the Disclosure Record, as at the respective dates they were filed, were in compliance in all material respects with applicable Securities Laws and did not contain any misrepresentation. Since January 1, 2017, Yellowhead has timely filed or furnished to all applicable Governmental Authorities all material forms, reports, statements and documents required to be filed or furnished by Yellowhead under applicable Securities Laws. Yellowhead has not filed any confidential material change report that at the date hereof remains confidential.

9. Yellowhead’s Financial Statements.

(a) Yellowhead’s Financial Statements have been prepared in accordance with IFRS applied on a basis consistent with those of previous periods and in accordance with applicable Laws except (A) as otherwise stated in the notes to such statements or, in the case of Yellowhead’s Annual Financial Statements, in the auditor’s report thereon and (B) except that Yellowhead’s Interim Financial Statements are subject to normal period-end adjustments and may omit notes which are not required by applicable Securities Laws or IFRS. Yellowhead’s Financial Statements present fairly, in all material respects, the assets, liabilities and consolidated financial position of Yellowhead as at the respective dates thereof for the periods covered thereby (subject, in the case of Yellowhead’s Interim Financial Statements, to normal period end adjustments).

(b) There are no outstanding loans made by Yellowhead or HCM to any executive officer or director of Yellowhead or HCM. As of October 31, 2018, the aggregate cash balance of Yellowhead and HCM is as described in Section 9 of the Disclosure Letter.

(c) There are no, nor are there any commitments to become a party to, any:

(i) off-balance sheet transaction; or

(ii) arrangement, obligation (including contingent obligations) or other relationship of Yellowhead or HCM, with unconsolidated entities or other persons.

(d) To the knowledge of Yellowhead, since December 31, 2017, neither Yellowhead nor HCM nor any director, officer, employee, consultant, auditor, accountant or representative of Yellowhead or HCM has received or otherwise had or obtained knowledge of any complaint, allegation, assertion, or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any complaint, allegation, assertion, or Claim that Yellowhead or HCM has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of the Board.

10. Undisclosed Liabilities. Except for: (i) liabilities and obligations that are specifically presented on the condensed consolidated interim statement of financial position of Yellowhead as of September 30, 2018 or disclosed in the notes thereto; and (ii) liabilities and obligations (A) incurred in the ordinary course of business consistent with past practice since September 30, 2018; (B) pursuant to the terms of this Agreement or otherwise in connection with this Arrangement; or (C) disclosed in the Disclosure Record prior to the date hereof, neither Yellowhead nor HCM has incurred any material liabilities or obligations of any nature, whether or not accrued, contingent or otherwise.

11. Auditors. There has not been a reportable disagreement (within the meaning of Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*) with Yellowhead's auditors.

12. Absence of Certain Changes. Except as disclosed in Yellowhead's Interim Financial Statements or otherwise in connection with the Arrangement and the transactions contemplated by this Agreement since December 31, 2017:

(a) Yellowhead and HCM have conducted their respective businesses only in the ordinary course of business;

(b) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have a Material Adverse Effect;

(c) Yellowhead has not incurred any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) which has had or is reasonably likely to have a Material Adverse Effect;

(d) Yellowhead has not effected any change in the accounting practices except as required by applicable Laws;

(e) there has not been any redemption, repurchase or other acquisition of Shares by Yellowhead, or any declaration, setting aside or payment of any dividend or other distribution (whether in cash, shares or property) with respect to the Shares;

(f) there has not been a material change in the level of accounts receivable or payable, inventories or employees, other than those changes in the ordinary course of business;



- (g) there has not been any entering into, or an amendment of, any Material Contract;
- (h) there has not been any satisfaction or settlement of any material Claims or material liabilities that were not reflected in Yellowhead's Financial Statements, other than the settlement of Claims or liabilities incurred in the ordinary course of business; and
- (i) except as set out in the Disclosure Record, there has not been any material increase in the salary, bonus, or other remuneration payable to any officers or senior or executive officers of Yellowhead or HCM.

13. Compliance with Laws.

- (a) The business of Yellowhead and HCM has been and is currently conducted in material compliance with all applicable Laws.
- (b) Neither Yellowhead nor HCM and, to Yellowhead's knowledge, none of their respective directors, officers, managers, employees or agents has: (A) violated any applicable anti-bribery, export control, and economic sanctions Laws, including the *Corruption of Foreign Public Officials Act* (Canada) and the *United States Foreign Corrupt Practice Act*, (B) made or authorized any contribution, payment or gift of funds, property or anything else of value to any official, employee or agent of any Governmental Authority or any other jurisdiction other than in accordance with applicable Laws, (C) used any corporate funds, or made any direct or indirect unlawful payment from corporate funds, to any foreign or domestic government official or employee or for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; or (D) violated or is in violation of any provision of the *Criminal Code* (Canada) relating to foreign corrupt practices, including making any contribution to any candidate for public office, in either case, where either the payment or gift or the purpose of such contribution payment or gift was or is prohibited under the foregoing .
- (c) The operations of Yellowhead and HCM are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court, Governmental Authority or any arbitrator or non-Governmental Authority involving Yellowhead or HCM with respect to the Money Laundering Laws is pending or, to the knowledge of Yellowhead, threatened.

14. Material Authorizations. The Authorizations set out in Section 14 of the Yellowhead Disclosure Letter represent all of the material Authorizations currently held by Yellowhead or HCM for the operation of its business (the "**Material Authorizations**"). The Material Authorizations represent all of the Authorizations required by applicable Laws necessary to conduct the current business and operations of Yellowhead and HCM as now being conducted (as described in Yellowhead's Disclosure Record) or contemplated to be conducted as disclosed in any Material Authorization. Yellowhead and HCM are in material compliance with all Material Authorizations and such Material Authorizations are in full force and effect. There is no action, investigation or proceeding pending or, to the knowledge of Yellowhead, threatened regarding any

of the Material Authorizations and neither Yellowhead nor HCM has received any notice, whether written or oral, of revocation or non-renewal of any such Material Authorizations, or of any intention of any person to revoke or refuse to renew any of such Material Authorizations.

15. Litigation. There are no Proceedings against or involving Yellowhead or HCM (whether in progress or, to the knowledge of Yellowhead, threatened) and there is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against Yellowhead or HCM in respect of its business, properties or material assets.

16. Insolvency. No act or proceeding has been taken by or against Yellowhead or HCM in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Yellowhead or HCM or for the appointment of a trustee, receiver, manager or other administrator of Yellowhead or HCM or any of its properties or assets nor is any such act or proceeding, to the knowledge of Yellowhead, threatened. Neither Yellowhead nor any of its subsidiaries has sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation. Neither Yellowhead nor HCM nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of Yellowhead or HCM to conduct its business in all material respects as it has been carried on prior to the date hereof.

17. Property Rights.

(a) Section 17 of the Yellowhead Disclosure Letter provides a listing of all Harper Creek Properties.

(b) Yellowhead or HCM is the legal and beneficial owner of 100% right, title and interest in and to the Harper Creek Properties, free and clear of any Liens, except Permitted Liens, and has valid and sufficient right, title and interest, free and clear of any title defect or Lien in all material respects to the Harper Creek Properties, in each case, as are necessary to perform the operation of its business as presently owned and conducted.

(c) Neither Yellowhead nor HCM own or have any interest in any real property or hold any mineral rights or interests other than the Harper Creek Properties.

(d) The material mineral claims comprising the Harper Creek Properties have been validly located and recorded/registered in compliance with applicable Laws in all material respects, are subject to the paramount title of the Province of British Columbia, and are valid and subsisting in all material respects.

(e) The Harper Creek Properties are in good standing under and comply with all applicable Laws and all:

(i) work required to be performed has been performed;

(ii) taxes, fees, expenditures and all other payments in respect thereof have been paid or incurred; and

(iii) filings in respect thereof have been made,

with only such exceptions as do not materially interfere with the use made by the Yellowhead or HCM of the rights or interests so held.

(f) Yellowhead and HCM have the exclusive right to deal with the Harper Creek Properties in all material respects.

(g) Except as disclosed in the Disclosure Record of Yellowhead, neither Yellowhead nor HCM has any liability or obligation to pay any commission, royalty, licence fee or similar payment to any person with respect to the mineral claims comprising the Harper Creek Properties.

(h) There are no material adverse Claims that have been commenced or are pending or, to the knowledge of Yellowhead, that are threatened, affecting or which could affect the Yellowhead's or HCM's:

(i) right, title or interest in the Harper Creek Properties; or

(ii) the ability of the Yellowhead or HCM to explore or develop the Harper Creek Properties.

(i) Each of Yellowhead and HCM has all necessary material surface rights, access rights and other rights and interests relating to its mineral claims granting Yellowhead or HCM the right and ability to conduct its business as currently conducted as disclosed in the Disclosure Record, with only such exceptions as do not materially interfere with the use made by Yellowhead or HCM of the rights or interests so held.

(j) No person or entity of any nature whatsoever other than Yellowhead or HCM has any material interest in the Harper Creek Properties or any right to acquire or otherwise obtain any such interest.

(k) There are no back-in rights, earn-in rights, rights of first refusal or similar provisions that would materially affect Yellowhead's or HCM's interest in the Harper Creek Properties.

(l) Yellowhead has made all option payments and advance royalty payments, and complied with all other material obligations under any agreement relating to or affecting the Harper Creek Properties to make the representations and warranties of Yellowhead true and correct in all material respects;

(m) Neither Yellowhead nor HCM has received any notice, whether written or oral, from any Governmental Authority of any revocation or intention to revoke or amend any of Harper Creek Properties and there is no reasonable basis to expect that such a revocation or amendment of any of their respective interests in any of the Harper Creek Properties may occur.

18. Expropriation. The Harper Creek Properties have not been taken or expropriated by any Governmental Authority nor has any notice or proceeding in respect thereof been given or

commenced nor, to the knowledge of Yellowhead, is there any intent or proposal to give any such notice or to commence any such proceeding.

19. Aboriginal Matters. Except as set out in the Yellowhead Disclosure Letter:

(a) Neither Yellowhead nor HCM has received any written notice of any Aboriginal Claim made by any Aboriginals, nor to the knowledge of Yellowhead, is any Aboriginal Claim threatened, which could reasonably be expected to materially affect or impair Yellowhead's or HCM's right, title or interest in Harper Creek Properties or the current operations as currently conducted (as disclosed in the Disclosure Record).

(b) There is no memorandum of agreement, exploration, impact and benefit or any other agreement between Yellowhead or HCM and any Aboriginals respecting the Harper Creek Properties.

(c) No Aboriginal Information has been received by Yellowhead or HCM which could reasonably be expected to have a Material Adverse Effect.

(d) Yellowhead has disclosed to Taseko all known and material Aboriginal Information in its possession or control together with the nature and substance of any verbal communication, negotiation or consultation with any Aboriginals with respect to the Harper Creek Project.

20. Taxes.

(a) Each of Yellowhead and HCM has filed all income and other material Returns required to be filed by it with any Governmental Authority and each such Return was:

(i) filed on or before the applicable due date; and

(ii) complete and correct in all material respects at the time of filing.

(b) Each of Yellowhead and HCM has paid to the appropriate Governmental Authority, at the prescribed time, all Taxes which are due and payable, including pursuant to all assessments and reassessments, and all other Taxes due and payable by it, on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in Yellowhead's Interim Financial Statements.

(c) Each of Yellowhead and HCM has provided adequate accruals in accordance with IFRS in Yellowhead's most recently published Interim Financial Statements for any Taxes of Yellowhead and HCM for the period covered by such financial statements that have not been paid whether or not shown as being due on any Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, or to the knowledge of Yellowhead proposed to be assessed, incurred or accrued, other than in the ordinary course of business.

(d) No audit, action, investigation, material deficiency, litigation, or proposed adjustment is pending or, to the knowledge of Yellowhead, has been threatened with respect to Taxes or Returns of Yellowhead or HCM.

(e) No written Claim with respect to Taxes has been made by any Governmental Authority in a jurisdiction where Yellowhead and HCM does not file Returns that Yellowhead or HCM is or may be subject to Tax by that jurisdiction.

(f) No Lien for Taxes has been filed or exists with respect to any assets or properties of Yellowhead or HCM other than for Taxes not yet due and payable.

(g) Yellowhead and HCM has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Authority when required by Law to do so.

(h) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any Claim with respect to Taxes for, or the period for the collection or assessment or reassessment of, Taxes due from Yellowhead or any of its subsidiaries or affiliates for any taxable period and no request for any such waiver or extension is currently pending.

(i) There are no circumstances existing which could result in the application of Section 78 or Sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial Law, to Yellowhead or HCM.

(j) Except as disclosed in Yellowhead's Financial Statements, neither Yellowhead nor HCM has claimed any reserves in computing its income for purposes of the Tax Act or for purposes of any equivalent provincial Law applying to Yellowhead or HCM for any period ending after the Effective Time.

21. Contracts.

(a) Except as disclosed in the Yellowhead Disclosure Letter, there is no Contract (or amendment thereto) to which Yellowhead or HCM is a party or by which its respective assets are bound that:

(i) is material to the operational activities of Yellowhead or HCM;

(ii) if terminated by the other party, would reasonably be expected to result in a Material Adverse Effect; or

(iii) is a Contract that contains any non-competition obligations restricting in any material way the business of the Yellowhead or HCM,

(collectively, the "**Material Contracts**").

(b) Yellowhead or HCM, as applicable, has performed in all material respects all respective obligations required to be performed by it to date under the Material Contracts and is not, and is not to the knowledge of Yellowhead, alleged to be (with or without the lapse of time or the giving of notice, or both) in breach or default in any material respect thereunder. Neither Yellowhead nor HCM knows of, or has received written notice of, any breach or default under nor, to the knowledge of Yellowhead, does there exist any condition which with the passage

of time or the giving of notice or both would result in such a breach or default under any Material Contract by any other party to such Material Contract.

(c) Each Material Contract is legal, valid, binding and in full force and effect and is enforceable by Yellowhead or HCM, as applicable, in accordance with their respective terms (subject to bankruptcy, insolvency and other applicable Laws affecting creditors' rights generally, and to general principles of equity).

22. Employment Agreements.

(a) Neither Yellowhead nor HCM has any employees or is a party to any collective bargaining agreement.

(b) Except as disclosed in the Yellowhead Disclosure Letter, neither Yellowhead nor HCM has any employment, consulting, retention or change of control agreement with, or any written or oral agreement, arrangement or understanding providing for retention, severance or termination payments to, any officer or consultant of Yellowhead or HCM in connection with the termination of their position as a direct result of a change in control of Yellowhead (including as a result of the Arrangement);

(c) Neither Yellowhead nor HCM is subject to any actual, or to the knowledge of Yellowhead, threatened Claim for wrongful dismissal, constructive dismissal or any other tort Claim, or actual or, to the knowledge of Yellowhead, threatened litigation relating to employment or termination of employment of employees or independent contractors.

(d) Neither Yellowhead nor HCM has ever sponsored, maintained, contributed to or incurred any liability under a "registered pension plan" or a "retirement compensation arrangement", each as defined under the Tax Act, a "pension plan" as defined under applicable pension benefits standards legislation, or any other plan organized and administered to provide pensions.

(e) Each of Yellowhead and HCM has complied in all material respects all applicable Laws respecting employment, employment compensation and benefit obligations and neither Yellowhead nor HCM is subject to any outstanding Claim, or, to the knowledge of Yellowhead, threatened Claim, under such Laws.

23. Pension and Employee Benefits.

(a) Neither Yellowhead nor HCM has any:

(i) pension or retirement income plans; or

(ii) other material employee compensation or benefit plans, agreements, policies, programs, arrangements or practices,

whether written or oral, which are maintained by or binding upon Yellowhead or HCM.

(b) All amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits and other similar accruals under benefits plans for former employees have been paid.

(c) Although Yellowhead has the Stock Option Plan, there are no outstanding options under such Plan.

24. Environment.

(a) The operations of Yellowhead and HCM have been conducted, and are now being conducted, in material compliance with all Environmental Laws.

(b) Neither Yellowhead nor HCM is subject to any material contingent or other liability relating to:

(i) the restoration or rehabilitation of land, water or any other part of the Environment;

(ii) mine closure, reclamation, remediation or other post-operational requirements; or

(iii) non-compliance with Environmental Laws.

(c) Neither Yellowhead nor HCM has received from any person or Governmental Authority any notice, formal or informal, of any Claim, liability or potential liability arising under any Environmental Law that is pending, or to the knowledge of Yellowhead, threatened, against Yellowhead or HCM as of the date of this Agreement;

(d) Neither Yellowhead nor HCM have not used the Harper Creek Properties to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with all Environmental Laws. Neither Yellowhead nor HCM has caused or permitted the release of any Hazardous Substances at, in, on, under or from any the Harper Creek Properties, except in material compliance with all Environmental Laws;

(e) all Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of the Harper Creek Properties have been handled, recycled, disposed of, treated and stored in material compliance with all Environmental Laws;

(f) there are no Hazardous Substances at, in, on, under or migrating from the Harper Creek Properties, except in material compliance with all Environmental Laws; and

(g) to the knowledge of Yellowhead, neither Yellowhead nor HCM is subject to any past or present fact, condition or circumstance that could reasonably be expected to result in a Claim under any Environmental Laws and have a Material Adverse Effect.

25. Insurance.

(a) Yellowhead has in place reasonable and prudent insurance policies appropriate for its size, nature and stage of development. All premiums due and payable prior to the date hereof under such policies of insurance have been paid and neither Yellowhead nor HCM has received any notice of cancellation or termination with respect to any such policy.

(b) All insurance policies of Yellowhead are disclosed in Section 25 of the Yellowhead Disclosure Letter and each of such policies and other forms of insurance is in full force and effect on the date hereof.

26. Books and Records. The corporate records and minute books of Yellowhead and HCM have been maintained in accordance with all applicable Laws in all material respects and are complete and accurate in all material respects. The financial books and records and accounts of Yellowhead and HCM: (i) have been maintained in accordance with good business practices and in accordance with IFRS and with the accounting principles generally accepted in Canada, on a basis consistent with prior years; (ii) in the case of HCM, accurately and fairly reflect the transactions and dispositions of assets of Yellowhead and HCM and the basis for Yellowhead's consolidated financial statements.

27. Non-Arm's Length Transactions. Except as set out in the Disclosure Record of Yellowhead, there are no current Contracts or other transactions (including relating to indebtedness by Yellowhead or HCM) between Yellowhead or HCM, on the one hand, and any (i) officer or director of Yellowhead or HCM, (ii) any holder of record or beneficial owner of five percent or more of the voting securities of Yellowhead, or (iii) any affiliate or associate of any officer, director or beneficial owner, on the other hand.

28. Financial Advisors or Brokers. Yellowhead has not incurred any obligation or liability, contingent or otherwise, or agreed to pay or reimburse any broker, finder, financial adviser or investment banker, for any brokerage, finder's, advisory or other fee or commission, or for the reimbursement of expenses, in connection with this Agreement, the transactions contemplated hereby or any alternative transaction in relation to Yellowhead, other than with respect to the Financial Advisor. Yellowhead has provided to Taseko correct and complete copies of each of the agreements under which the Financial Advisor has agreed to provide services to Yellowhead.

29. Fairness Opinion. The Board received the Fairness Opinion in oral form, which opinion has not been modified, amended, qualified or withdrawn. A true and complete copy of the Fairness Opinion will be provided by Yellowhead to Taseko promptly following delivery by the Financial Advisor.

30. Board Approval. The Board, at a meeting duly called and held, upon consultation with legal and financial advisors, has unanimously determined that this Agreement and the Arrangement are fair from a financial point of view to the Shareholders and are in the best interests of Yellowhead, have unanimously approved the execution and delivery of this Agreement and the transactions contemplated by this Agreement and have unanimously resolved to recommend that the Shareholders vote in favour of the Arrangement Resolution. Each director and executive



officer of Yellowhead intends to vote all Shares held by him or her in favour of the Arrangement Resolution and has agreed that the news release referred to in Section 2.1(b) may so state and that references to such intention may be made in the Circular and other documents relating to the Arrangement.

31. Shareholder Rights Plan. As of the date hereof, there is no shareholder rights plan, “poison pill” antitakeover plan, or similar device in effect to which Yellowhead is subject, party or otherwise bound, and Yellowhead is not party to any shareholder, pooling, voting trust or other similar agreement relating to the issued and outstanding Shares in the capital of Yellowhead.

32. Arrangements with Shareholders. Other than the Support Agreements and this Agreement, Yellowhead does not have any agreement, arrangement or understanding (whether written or oral) with respect to Taseko or any of its securities, businesses or operations, with any shareholder of Taseko, any interested party of Taseko or any related party of any interested party of Taseko, or any joint actor with any such persons (and for this purpose, the terms “interested party”, “related party” and “joint actor” will have the meaning ascribed to such terms in MI 61-101).

33. Relationships with Customers, Suppliers, Distributors and Sales Representatives. To the knowledge of Yellowhead, Yellowhead has not received any written notice that any material customer, supplier, service provider, distributor or sales representative intends to cancel, terminate or otherwise modify or not renew its relationship with Yellowhead or any subsidiary, and to the knowledge of Yellowhead, no such action has been threatened.

34. No “Collateral Benefit”. Other than Taseko, no “related party” of Yellowhead together with its “associated entities” (as such terms are defined in MI 61-101) beneficially owns or exercises control or direction over 1% or more of the outstanding Shares, except for related parties who will not receive a “collateral benefit” (as such term is defined in MI 61-101) as a consequence of the transactions contemplated by this Agreement.

35. United States Matters.

(a) There is no class of securities of Yellowhead which is registered pursuant to Section 12 of the U.S. Exchange Act, nor is Yellowhead subject to any reporting obligation (whether active or suspended) pursuant to Section 15(d) of the U.S. Exchange Act. Yellowhead is not, and has never been, subject to any requirement to register any class of its equity securities pursuant to Section 12(g) of the U.S. Exchange Act.

(b) Yellowhead is a “foreign private issuer” within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.

(c) Yellowhead is not registered and is not required to be registered as an “investment company” pursuant to the United States Investment Company Act of 1940, as amended.

36. Restrictions on Business Activities. There is no agreement, judgment, injunction, order or decree binding upon Yellowhead or HCM that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing any business practice of Yellowhead or HCM, any acquisition of property by Yellowhead or HCM, or the conduct of business by

Yellowhead or HCM as currently conducted (including following the transactions contemplated by this Agreement).

37. Confidentiality Agreements. Yellowhead has not waived or released the applicability of any “standstill” or other provisions of any confidentiality agreements entered into by Yellowhead.

38. Data Room Information. To the knowledge of Yellowhead, all Diligence Information provided is true and correct in all material respects and does not contain any material omissions which would cause such Diligence Information to be misleading.

## SCHEDULE D

### REPRESENTATIONS AND WARRANTIES OF TASEKO

1. Organization and Qualification. Taseko was duly incorporated and is validly existing and in good standing under the BCBCA, and has full corporate power and authority to own, lease and operate its assets and conduct its business as now owned, leased, operated and conducted. Taseko is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary. Taseko's Disclosure Record includes complete and correct copies of the constating documents of Taseko, as amended to the date of this Agreement, and Taseko has not taken any action to amend or supersede such documents.
2. Authority Relative to this Agreement. Taseko has the requisite power and authority to enter into this Agreement, to perform its obligations hereunder and to complete the Arrangement. The execution and delivery of this Agreement by Taseko and the consummation by Taseko of the transactions contemplated by this Agreement have been duly authorized by the board of directors of Taseko, and no other corporate proceedings on the part of Taseko are necessary to authorize this Agreement. This Agreement has been duly executed and delivered by Taseko and constitutes a valid and binding obligation of Taseko, enforceable by Yellowhead against it in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally, and subject to general principles of equity and public policy, and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
3. Required Approvals and Consent. Other than the approval of the TSX and the NYSE American, no material Authorization or approval of, or filing with, any Governmental Authority is necessary on the part of Taseko in connection with the execution and delivery of this Agreement or the performance by it of its obligations hereunder or for the completion of the Arrangement.
4. No Violation. The execution, delivery and performance by Taseko of its obligations under this Agreement and the consummation of the Arrangement and the transactions contemplated hereby do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) contravene, conflict with, or result in any violation or breach of the constating documents of Taseko or those of any of its subsidiaries or affiliates, and will not violate, conflict with or result in a breach of:
  - (a) any agreement, Contract, indenture, deed of trust, mortgage, bond, instrument, Authorization, licence or permit to which Taseko or any of its subsidiaries or affiliates is a party, or by which Taseko or any of its subsidiaries or affiliates is bound; or
  - (b) any Law to which Taseko or any of its subsidiaries or affiliates is subject or by which Taseko or any of its subsidiaries or affiliates is bound;

5. Capitalization.

(a) The authorized share capital of Taseko consists of an unlimited number of Taseko Shares. As at the date of this Agreement there are 228,400,834 Taseko Shares validly issued and outstanding as fully-paid and non-assessable shares of Taseko.

(b) Except as set out in the Taseko Disclosure Record, there are no options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments, or obligations of Taseko to issue or sell any Taseko Shares, and there are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments of Taseko, and no person is entitled to any pre-emptive or other similar right to acquire Taseko Shares.

(c) There are no outstanding contractual obligations of Taseko to repurchase, redeem or otherwise acquire any Taseko Shares.

6. Reporting Issuer Status and Securities Laws Matters. Taseko is a “reporting issuer” within the meaning of applicable Securities Laws in each of the provinces of Canada. Taseko is not on the list of reporting issuers in default under applicable Securities Laws, and no securities commission or similar regulatory authority has issued any order preventing or suspending trading of any securities of Taseko. Trading in the Taseko Shares on the TSX is not currently halted or suspended. No delisting, suspension of trading or cease trading order with respect to any securities of Taseko is pending or, to the knowledge of Taseko, threatened. No inquiry, review or investigation (formal or informal) of Taseko by any securities commission or similar regulatory authority under applicable Securities Laws, or to the TSX is in effect or ongoing or expected to be implemented or undertaken. The documents and information filed by or on behalf of Taseko on SEDAR comprising its Disclosure Record, as at the respective dates they were filed, were in compliance in all material respects with applicable Securities Laws and, where applicable, the rules and policies of the TSX and were true, correct and complete in all material respects and did not contain any misrepresentation. Taseko is up-to-date in all forms, reports, statements and documents, including financial statements and management’s discussion and analysis, required to be filed by Taseko under applicable Securities Laws and the rules and policies of the TSX. Taseko has not filed any confidential material change report that at the date hereof remains confidential.

7. Issuance of Taseko Shares under the Arrangement. All Taseko Shares to be issued pursuant to the Arrangement, upon issuance, shall be validly issued as fully paid and non-assessable, shall be listed for trading on the TSX, and shall not be subject to any contractual or other restrictions on transferability or voting.

8. Taseko’s Financial Statements.

(a) Taseko’s Financial Statements have been prepared in accordance with IFRS applied on a basis consistent with those of previous periods and in accordance with applicable Laws except (A) as otherwise stated in the notes to such statements or, in the case of Taseko’s Annual Financial Statements, in the auditor’s report thereon and (B) except that Taseko’s Interim Financial Statements are subject to normal period-end adjustments and may omit notes which are not required by applicable Securities Laws or IFRS. Taseko’s Financial Statements present

fairly, in all material respects, the assets, liabilities and consolidated financial position of Taseko as at the respective dates thereof for the periods covered thereby (subject, in the case of Taseko's Interim Financial Statements, to normal period end adjustments).

(b) There are no outstanding loans made by Taseko or its subsidiaries or affiliates to any executive officer or director of Taseko or its subsidiaries or affiliates.

(c) Other than as disclosed in Taseko's Financial Statements and the notes thereto, there are no, nor are there any commitments to become a party to, any:

(i) off-balance sheet transaction; or

(ii) arrangement, obligation (including contingent obligations) or other relationship of Taseko or its subsidiaries or affiliates, with unconsolidated entities or other persons.

(d) To the knowledge of Taseko, since December 31, 2017, neither Taseko nor its subsidiaries nor any director, officer, employee, consultant, auditor, accountant or representative of Taseko or its subsidiaries has received or otherwise had or obtained knowledge of any complaint, allegation, assertion, or claim, whether written or oral, regarding accounting, internal accounting controls or auditing matters, including any complaint, allegation, assertion, or Claim that Taseko or its subsidiaries has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the audit committee of the Board.

9. Undisclosed Liabilities. Except for: (i) liabilities and obligations that are specifically presented on the condensed consolidated interim statement of financial position of Taseko as of September 30, 2018 or disclosed in the notes thereto; and (ii) liabilities and obligations (A) incurred in the ordinary course of business consistent with past practice since September 30, 2018; (B) pursuant to the terms of this Agreement or otherwise in connection with this Arrangement; or (C) disclosed in the Disclosure Record prior to the date hereof, neither Taseko nor its subsidiaries has incurred any material liabilities or obligations of any nature, whether or not accrued, contingent or otherwise.

10. Auditors. There has not been a reportable disagreement (within the meaning of Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*) with Taseko's auditors.

11. Absence of Certain Changes. Except as disclosed in Taseko's Interim Financial Statements or otherwise in connection with the Arrangement and the transactions contemplated by this Agreement since December 31, 2017:

(a) Taseko and its subsidiaries have conducted their respective businesses only in the ordinary course of business; and

(b) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have a Material Adverse Effect.

12. Compliance with Laws.

(a) The business of Taseko and its subsidiaries has been and is currently conducted in material compliance with all applicable Laws.

(b) Neither Taseko nor its subsidiaries and, to Taseko's knowledge, none of their respective directors, officers, managers, employees or agents has: (A) violated any applicable anti-bribery, export control, and economic sanctions Laws, including the *Corruption of Foreign Public Officials Act* (Canada) and the *United States Foreign Corrupt Practice Act*, (B) made or authorized any contribution, payment or gift of funds, property or anything else of value to any official, employee or agent of any Governmental Authority or any other jurisdiction other than in accordance with applicable Laws, (C) used any corporate funds, or made any direct or indirect unlawful payment from corporate funds, to any foreign or domestic government official or employee or for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; or (D) violated or is in violation of any provision of the *Criminal Code* (Canada) relating to foreign corrupt practices, including making any contribution to any candidate for public office, in either case, where either the payment or gift or the purpose of such contribution payment or gift was or is prohibited under the foregoing .

(c) The operations of Taseko and its subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Money Laundering Laws and no action, suit or proceeding by or before any court, Governmental Authority or any arbitrator or non-Governmental Authority involving Taseko or its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of Taseko, threatened.

13. Authorizations. Taseko and its subsidiaries has obtained, acquired or entered into, and is in material compliance with all material Authorizations required by applicable Laws necessary to conduct operations at the Gibraltar Mine as they are now being conducted (as described in the Taseko's Disclosure Record), and such Authorizations are in full force and effect. There is no action, investigation or proceeding pending or, to the knowledge of Taseko, threatened regarding any of such Authorizations and neither Taseko nor its subsidiaries has received any notice, whether written or oral, of revocation or non-renewal of any such Authorizations, or of any intention of any person to revoke or refuse to renew any of such Authorizations.

14. Litigation.

(a) Except as disclosed in its Disclosure Record:

(i) there is no Proceeding against or involving Taseko or its subsidiaries (whether in progress or, to the knowledge of the Taseko, threatened).; and

(ii) there is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against Taseko or its subsidiaries in respect of its businesses, operations, properties or assets

that could have a Material Adverse Effect.

15. Insolvency. No act or proceeding has been taken by or against Taseko or its subsidiaries in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Taseko or its subsidiaries or for the appointment of a trustee, receiver, manager or other administrator of Taseko or its subsidiaries or any of its properties or assets nor is any such act or proceeding, to the knowledge of Taseko, threatened. Neither Taseko nor any of its subsidiaries has sought protection under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or similar legislation. Neither Taseko nor its subsidiaries nor any of their respective properties or assets is subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict, the right or ability of Taseko or its subsidiaries to conduct its business in all material respects as it has been carried on prior to the date hereof.

16. Property Rights.

(a) Taseko or one of its subsidiaries holds freehold title, concessions, mining leases, mining claims or other conventional proprietary interests or rights recognized in the jurisdiction in which each property described in Taseko's Disclosure Record is located, in the ore bodies and mineral inventories and the milling, smelting and refining facilities as described in the Taseko's Disclosure Record (and all properties respectively relating thereto) under valid, subsisting and enforceable title documents, contracts, leases, licenses of occupation, mining concessions, permits, or other recognized and enforceable instruments and documents, sufficient to permit Taseko or one of its subsidiaries, as the case may be, to explore for, extract, exploit, remove, process or refine the minerals relating thereto, as applicable, except where the failure to so hold such interests or rights would not have a Material Adverse Effect.

(b) Taseko or one of its subsidiaries has all necessary surface rights, water rights and rights in water, rights of way, licenses, easements, ingress, egress and access rights, and all other presently required rights and interests granting Taseko or one of its subsidiaries, as the case may be, the rights and ability to explore for, mine, extract, remove or process, as applicable, the minerals derived from each material mining property described in the Taseko's Disclosure Record, with only such exceptions as are described in Taseko's Disclosure Record or as do not have a Material Adverse Effect.

(c) Each of the aforementioned interests and rights is currently in good standing except for those interests and rights which, if not kept in good standing, would not have a Material Adverse Effect.

(d) Except as would not, individually or in the aggregate, be reasonably expected to result in a Material Adverse Effect, all rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect assets of Taseko, have been:

- (i) duly paid;
- (ii) duly performed; or
- (iii) provided for prior to the date hereof.

17. Environment.

- (a) No written notice, order, complaint or penalty has been received by Taseko or any of its subsidiaries alleging that Taseko or any of its subsidiaries is in violation of, or has any material liability or potential material liability under, any Environmental Law.
- (b) There are no judicial, administrative or other actions, suits or Proceedings pending or threatened against Taseko or any of its subsidiaries which allege a material violation of any Environmental Laws and, to the knowledge of Taseko, no facts or circumstances exist that reasonably could be expected to give rise to any such notice, claim, order, complain or penalty.
- (c) The operations of Taseko and each of its subsidiaries are in material compliance with Environmental Laws.

18. Taxes.

- (a) Each of Taseko and its subsidiaries has filed all income and other material Returns required to be filed by it with any Governmental Authority and each such Return was:
  - (i) filed on or before the applicable due date; and
  - (ii) complete and correct in all material respects at the time of filing.
- (b) Each of Taseko and its subsidiaries has paid to the appropriate Governmental Authority, at the prescribed time, all Taxes which are due and payable, including pursuant to all assessments and reassessments, and all other Taxes due and payable by it, on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in Taseko's Interim Financial Statements.
- (c) Each of Taseko and its subsidiaries has provided adequate accruals in accordance with IFRS in Taseko's most recently published Interim Financial Statements for any Taxes of Taseko and its subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, or to the knowledge of Taseko proposed to be assessed, incurred or accrued, other than in the ordinary course of business.
- (d) Since the publication date of the most recently published consolidated financial statements of Taseko, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business.
- (e) None of Taseko or its subsidiaries has received a refund to which it was not entitled.