Taseko Mines Limited

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TASEKO REPORTS FIRST QUARTER RESULTS

February 18, 2005, Vancouver, BC – Taseko Mines Limited (TSX Venture: TKO; AMEX: TGB) announces its financial results for the three months ended December 31, 2004, and update of activities at the Gibraltar copper mine in south-central British Columbia.

Taseko restarted the Gibraltar copper-molybdenum mine during the quarter. Pre-production activities, including pre-stripping at the Pollyanna deposit and mill and site refurbishments, were completed in the four months from June to September 2004. Milling operations began with the copper circuit in October 2004. Monthly copper production increased from 2.5 million pounds in October to 5.2 million pounds in December (the plan is 5.7 million pounds per month). The first copper concentrate was loaded on rail and shipped from the mine site in mid October, and was shipped to Asian smelters in early December.

In order to take advantage of the improving commodity prices and higher molybdenum grades in the Pollyanna deposit, a major upgrade to the molybdenum circuit was implemented. Construction was completed during the quarter, and commissioning began in January 2005. The molybdenum circuit is expected to reach its planned output of 78,000 pounds of molybdenum in concentrate per month in the second quarter (January 1 - March 30, 2005).

The first quarter results reflect the re-start and re-commissioning activities that were underway throughout the period. Although the start-up costs could have been deferred or capitalized, management has chosen to expense them, which accounts for the loss in this quarter. Advance payment was received for copper concentrate shipped in early December, and this off-set some of the re-start costs.

The Company reported a net loss for the first quarter of fiscal 2005 (ending December 31, 2004) of $10,400,400 as compared to a loss of $3,285,828 in the same period of the previous year (losses of $0.11 per share and $0.06 per share, respectively). Expenses totalled $13,573,512, including project restart expenses of $12,699,993, offset by pre-production revenues and other income of $3,173,112. The complete financial statements with the Management Discussion and Analysis are available at the Company’s website and at www.sedar.com.

To the end of December, 9.8 million tons were mined, compared to planned production of 10.6 million tons. The variations from the plan were due, in part, to the late arrival of a new shovel and trucks at site, which impacted pre-production activities.

Approximately 12.1 million pounds of copper were produced in 21,300 wet metric tonnes (WMT) of concentrate over the three month period. Of this, 8,100 wet metric tonnes (WMT) of copper concentrate was ocean shipped during the quarter in early December. Two additional shipments, totalling 16,000 WMT of copper concentrate were made during January and February subsequent to the end of the first quarter.

The Gibraltar mine is operated under a joint venture arrangement with Ledcor Mining Ltd. Taseko is responsible for concentrate sales, certain aspects of administration and off-site activities, and Ledcor is responsible for on-site mining and milling operations. More than 250 people are employed at the mine.

On February 16, 2005, Taseko and Ledcor received a British Columbia Labour Relations Board ruling that confirms the joint venture is bonafide and is the successor employer over the Gibraltar operation. As a result, the ballots from a representation vote held in November 2004 are expected be counted immediately to determine which union, the Canadian Auto Workers or the Christian Labour Association of Canada, will represent the employees.

About Taseko Mines Limited

Taseko Mines Limited is a copper-molybdenum producer with a mine and exploration properties located in British Columbia, Canada. The company's principal asset is the Gibraltar mine, a 35,000 tonnes per day open pit operation with a 12-year mine plan, plus mineral resources for additional years of production. The mine is closely leveraged to copper prices and restarted mining activities in late 2004. Taseko is listed on the American Stock Exchange ("TGB") in the U.S.A. and on the TSX Venture Exchange ("TKO") in Canada.

For additional details on Taseko and its properties, please visit the company's web site at www.tasekomines.com or contact Investor Services at 604-684-6365 or in North America at 1-800-667-2114.

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The TSX Venture Exchange and the American Stock Exchange have not approved or disapproved of the contents of this press release.

TASEKO MINES LIMITED
THREE MONTHS ENDED DECEMBER 31, 2004

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TASEKO MINES LIMITED
THREE MONTHS ENDED DECEMBER 31, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited financial statements of Taseko Mines Limited ("Taseko", or the "Company") for the three months ended December 31, 2004.

This MD&A is prepared as of February 8, 2005. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

1.2 Overview

Taseko Mines Limited ("Taseko" or the "Company") is a mineral exploration and mining company with three projects located in British Columbia, Canada. These are the Gibraltar copper mine and two exploration projects: the Prosperity gold-copper project and the Harmony gold project.

On October 4, 2004, Taseko began trading on the American Stock Exchange under the symbol “TGB”.

The Gibraltar mine is a 35,000 tonnes per day mine and mill facility with a 27-year operating history that had been maintained on standby by the Company since 1999, awaiting higher copper prices. With the improvement in copper markets in late 2003 and early 2004, the Company began planning for restart. The restart plan called for six months of pre-production mining and mill commissioning activities, which was condensed to four months of pre-production mining and by focusing on refurbishment of the copper circuit.

Copper circuit operations in the mill were initiated during the first fiscal quarter in October 2004. The copper circuit reached planned capacity and the first concentrate was sold during the first quarter.

Construction upgrades to the molybdenum circuit and a copper cleaner circuit were carried out during the quarter from October to December. Molybdenum production is expected to reach planned levels during the second fiscal quarter.

Gibraltar mine

The Gibraltar mine is operated under a Joint Venture Operating Agreement (“the Joint Venture”) with Ledcor CMI Ltd. (“Ledcor”). Taseko (through its wholly owned operating subsidiary Gibraltar Mines Ltd., “Gibraltar”) has an 85% interest in the residual profits of the Joint Venture (i.e. profits after payment of usage fees to the participants for contributed assets and services) and Ledcor has a 15% interest in the residual profits. The Joint Venture holds rights to operate the mine as well as leases on certain mining equipment, such as mechanical shovel and trucks, but the mill and other mine assets, including mineral titles belong to Gibraltar. The Joint Venture pays usage fees to each of Gibraltar and Ledcor for use of their respectively contributed assets as well as for services they respectively contribute to the Joint Venture. Taseko is responsible for concentrate sales, off-site activities and certain aspects of administration, and Ledcor, as Operator of the Joint Venture, has primary responsibility for carrying out all mining and milling activities as well as recruitment of personnel and maintenance of the equipment and facilities. More than 250 people are currently employed at the mine.

The current Gibraltar mine plan is based on the extraction of 163.5 million tons (148 million tonnes) of sulphide material over 12 years, producing an estimated average of 70 million pounds of copper and 980,000 pounds of molybdenum per year in concentrate. Oxide mineralization has also been outlined in several areas at Gibraltar. A 10 million pound per year solvent extraction-electrowinning plant is on-site to produce copper cathode from oxide mineralization when accessed.

Prior to the beginning of the quarter, approximately 5.56 million tons of overburden material was stripped to expose mineralization at the Pollyanna pit in preparation for mining. During pre-stripping, approximately 600,000 tons of additional oxidized ore was encountered near the surface that was processed during the quarter. Restart began in early October.

Daily mine production increased from 89,800 tons per day in October to 120,600 tons per day in December (the plan is 120,000 tons per day) for a total of 9.8 million tons for the quarter (the plan was 10.6 million tons).

By the end of the first quarter, the copper circuit reached planned production targets. Monthly copper production increased from 2.5 million pounds in October to 5.2 million pounds in December (the plan is 5.7 million pounds per month). The total quarterly production was 12.1 million pounds of copper in 21,300 wet metric tonnes (WMT) of concentrate averaging 28% copper.

The variations from the mining plan for the quarter were due, in part, to the late arrival of a new shovel and trucks at site, and changes to the restart plan which impacted pre-production activities. Planned mill production was affected by commissioning of the copper circuit, and by some difficulties in processing the additional oxidized material encountered during stripping.

An ocean shipment of approximately 8,100 WMT of copper concentrate was sold during the quarter in early December. Two additional shipments of copper concentrate – 10,000 WMT and 6,000 WMT – were made in January and February, and subsequent to the end of the quarter.

Work on the molybdenum and copper cleaner circuits were completed by the end of the quarter. The molybdenum circuit is being commissioned in the second fiscal quarter (January to March 2005). Some production delays were experienced because of extreme weather conditions in January, however, the circuit is expected to reach the planned monthly production of 78,000 pounds of molybdenum concentrate by the end of the quarter.

Other site Activities

In fiscal 2003, the Company developed, in partnership with the Cariboo Regional District, a community landfill at the Gibraltar site. The landfill operates in an area where mining is completed. In December 2004, the Gibraltar Landfill had been in full operation for fourteen months. The landfill project has received several sustainability awards, including the "Strengthening Communities" award by the Fraser Basin Council, a group that advises on multiple land use in south and central BC, in October 2004.

Labour Relations Board Issue

The Company and its former union, the National Automobile, Aerospace, Transportation and General Workers Union of Canada (the "CAW"), appeared before the British Columbia Labour Relations Board ("LRB"), which ruled on June 29, 2004 (the "Original Decision") that the Company was entitled to contract with Ledcor to commission and start up the Gibraltar mine. Further, the LRB ruled that once the majority of workers on the Gibraltar site consist of the longer term mining and mill operating personnel, a vote would be held to determine which union would represent those employees – the CAW, or the Christian Labour Association of Canada ("CLAC"), which represent Ledcor's employees.

The CAW applied for leave and reconsideration of the Original Decision, on the basis that the JV formed to operate the Gibraltar mine had not proceeded in a manner represented to the original LRB panel. A representation vote was held on November 15 and 16, 2004, but before the vote can be counted, the LRB must be satisfied that the terms of the JV Agreement have been implemented and the necessary elements of a successorship have been established. The ballot boxes were ordered sealed by the LRB, and the original LRB panel, pending those determinations, will decide whether the vote results will be counted.

A series of submissions were made by the unions and the JV in December 2004 and January 2005. On February 16, 2005, the LRB ruled that the Taseko-Ledcor JV had proceeded as represented to the original LRB panel and that Taseko-Ledcor is the successor employer at Gibraltar. As a result, the ballots will be counted to determine which union will represent the employees.

Market Trends

Copper prices strengthened throughout 2004. The average price for the year was about US$1.30 per pound, compared to US$0.81 per pound in 2003. The price of molybdenum oxide also increased from US$7.60 per pound early in 2004 to US$34.00 per pound by calendar year end, averaging US$16.88 per pound for the year, well above its long term price of US$4.00 per pound.

Gold prices continued an overall uptrend in 2004. The average gold price for 2004 was US$410 per ounce, compared to US$364 per ounce in 2003.

1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in Canadian dollars except common shares outstanding.

Balance Sheet	As at September 30 2004	As at September 30 2003	As at September 30 2002
Current assets	$ 20,341,400	$ 6,110,155	$ 2,761,936
Mineral properties	3,000	28,813,296	28,813,296
Other assets	121,579,070	26,311,460	28,735,049
Total assets	141,923,470	61,234,911	60,310,281
Current liabilities	40,179,912	3,851,136	7,038,456
Other liabilities	101,807,000	32,700,000	32,700,000
Shareholders' equity (deficit)	(63,442)	24,683,775	20,571,825
Total shareholders' equity & liabilities	141,923,470	61,234,911	60,310,281

Operations	Year ended September 30 2004	Year ended September 30 2003	Year ended September 30 2002
Conference and travel	$ 93,071	$ 43,398	$ 44,429
Consulting	251,790	178,104	133,672
Corporation taxes	45,352	76,135	577,228
Depreciation	723,249	711,170	714,065
Exploration	4,457,600	2,029,529	2,071,885
Interest and finance charges	499,294	201,942	507,790
Legal, accounting and audit	458,238	169,356	334,492
Office and administration	599,450	292,853	247,061
Premium paid for acquisition of Gibraltar Reclamation Trust Limited Partnership	5,095,249	–	–
Property investigation	141,067	–	–
Refinery project	–	500,000	1,698,826
Restart project	14,982,008	–	–
Shareholder communication	657,342	74,687	90,835
Trust and filing	88,530	21,113	36,802
Interest and other (income)	(5,154,209)	(721,480)	(551,842)
Gain on sale of property, plant and equipment	–	(131,638)	(1,314)
Income taxes	23,744,000	–	–
Write down of mineral property acquisition costs	28,810,296	–	600,000
Stock-based compensation	5,172,244	65,344	–
Loss for the period	80,664,571	3,510,513	6,503,929
Accretion expense	977,705	888,823	808,021
Basic and diluted loss per share	$ (1.09)	$ (0.09)	$ (0.24)
Weighted average number of common shares outstanding	75,113,426	46,984,378	30,338,098

1.4 Results of Operations

The Company's loss for the first quarter of fiscal 2005 is $5.6 million, which is a decrease from the previous quarter ($64.0 million), but an increase from the $3.2 million incurred in the first quarter of fiscal 2004. The loss is mainly related to restart costs for Gibraltar. It decreased from the previous quarter when restart costs and accounting for a writedown and other year end corporate tax were incurred. There is $8.5 million in copper concentrate in inventory, which was treated but not shipped during the quarter.

During the quarter, $8.2 million was spent on Mine Restart Project expenses, a decrease from $13.1 million spent in the previous quarter. As the mine was on still standby in the first quarter of fiscal 2004, there were no expenditures of this kind. Although restart costs were still being incurred during the quarter, the Company also received its first payment for copper concentrate, totaling $8.1 million, which offset some of these costs.

Administrative costs decreased from the previous quarter. The main decreases were in the areas of legal accounting and audit (Q4 2004 – $325,567; Q1 2005 – $97,146) and stock based compensation (Q4 2004 – $2.04 million; Q1 2005 – $164,549). Costs were higher in the previous quarter because of legal and labor issues related to the re-start of the Gibraltar mine.

1.5 Summary of Quarterly Results

The following summary is presented in Canadian dollars except common shares outstanding.

	Dec 31, 2004	Sep 30, 2004	Jun 30, 2004	Mar 31, 2004	Dec 31, 2003	Sep 30, 2003	Jun 30, 2003	Mar 31, 2003
Current assets	27,719,860	20,341,400	22,503,985	31,197,299	12,393,240	6,110,155	6,931,542	4,590,814
Mineral properties	3,000	3,000	28,813,296	28,813,296	28,813,296	28,813,296	28,813,296	28,813,296
Other assets	104,633,455	121,579,070	37,453,575	29,025,131	26,258,435	26,311,460	26,232,419	26,069,484
Total assets	**132,356,315**	**141,923,470**	**88,770,856**	**89,035,726**	**67,464,971**	**61,234,911**	**61,977,257**	**59,473,594**
Current liabilities	34,756,552	40,179,912	4,082,614	1,411,538	3,786,070	3,851,136	3,490,173	3,571,875
Other liabilities	101,935,034	101,807,000	32,700,000	32,700,000	32,700,000	32,700,000	32,700,000	32,700,000
Shareholders' equity	(4,335,271)	(63,442)	51,988,242	54,924,188	30,978,901	24,683,775	25,787,084	23,201,719
Total shareholders' equity and liabilities	**132,356,315**	**141,923,470**	**88,770,856**	**89,035,726**	**67,464,971**	**61,234,911**	**61,977,257**	**59,473,594**
Expenses:								
Conference and travel	12,995	11,689	19,062	22,051	40,269	4,449	12,492	6,962
Consulting	63,760	56,450	94,875	(10,462)	110,927	30,118	40,309	58,011
Corporation taxes	554	14,184	20,000	11,168	–	101,308	(44,911)	11,594
Deprecation	302,702	181,430	181,434	180,407	179,978	179,559	176,617	176,617
Exploration	32,047	(2,587,961)	3,939,477	975,538	2,130,546	607,301	449,458	687,681
Interest and finance charges	41,785	18,138	452,616	9,201	19,339	124,213	25,952	28,590
Laboratory and other services	–	732,054	–	–	(732,054)	–	–	–
Legal, accounting and audit	97,146	325,567	92,940	22,913	16,818	40,526	53,960	18,272
Office and administration	164,316	88,512	199,224	189,976	121,738	98,580	78,827	63,676
Premium paid for GRTLP	–	–	–	5,095,249	–	–	–	–
Property investigation	–	4	–	–	141,063	(47,805)	37,071	10,734
Refinery project	–	–	–	–	–	–	500,000	–
Restart project	8,172,814	14,982,008	–	–	–	–	500,000	–
Salaries and benefits	–	–	–	–	–	–	–	–
Shareholder communications	52,822	34,142	18,694	530,704	73,802	7,833	4,223	39,104
Trust and filing	6,114	53,052	13,842	17,241	4,395	1,250	8,421	10,698
Interest and other (income)	(5,735,716)	(4,464,851)	(228,670)	(325,399)	(135,289)	(129,811)	(353,537)	64,623
Gain on sale of property plant and equipment	2,177,992	–	–	–	–	–	–	(131,638)
Income taxes	–	23,744,000	–	–	–	–	–	–
Foreign exchange	51,448	–	–	–	–	–	–	–
Write down of mineral property acquisition costs	–	28,810,296	–	–	–	–	–	–
Stock-based compensation	164,549	2,035,178	1,526,084	296,686	1,314,296	65,344	–	–
Loss for the period	**5,605,328**	**64,033,892**	**6,329,578**	**7,015,273**	**3,285,828**	**1,082,865**	**988,882**	**1,044,924**
Accretion expense on convertible debenture	269,975	245,431	244,091	242,752	245,431	888,823	–	–
Basic and diluted loss per share	(0.06)	(0.74)	(0.08)	(0.10)	(0.06)	(0.04)	(0.02)	(0.02)
Weighted average number of common shares outstanding (thousands)	95,774	87,368	71,384	65,005	57,481	46,984	44,660	40,173

1.6 Liquidity

Historically Taseko's sole source of funding was the sale of equity securities for cash primarily through private placements to sophisticated investors and institutions. As a consequence of the acquisition of the Gibraltar mine in 1999, Taseko received funding pursuant to a $17 million non-interest-bearing convertible debenture financing by Boliden Westmin (Canada) Ltd. As Taseko has the right and the intention to convert the debenture into common shares, the $17 million debenture is classified as equity rather than as a liability on the Company's balance sheet.

Reclamation deposits totaling approximately $17.7 million, including interest, are to be used at a later date for reclamation purposes at Gibraltar, Prosperity and Harmony.

The reclamation liability of $32.7 million is secured by reclamation deposits and plant and equipment. The $26.6 million liability shown as tracking preferred shares of subsidiary, Gibraltar, is the net book value of 12,483,916 shares issued as part of the cost to acquire the Harmony gold project. As Taseko has the right and the intention to settle these preferred shares with common shares of the Company, they have been included in shareholders' equity on the balance sheet.

At December 31, 2004, Taseko had a working capital deficiency of $5.0 million, as compared to positive working capital of $19.8 million at the end of September 2004, and positive working capital of $8.6 million at December 31, 2003. The increase in working capital from the end of the previous quarter was primarily a result of proceeds received on copper shipments during the quarter, and from funds received relating to the sale and lease back of a mining shovel and five mine haul trucks. The working capital deficiency is caused primarily by a tax provision.

The Company has accrued a tax provision of a subsidiary company of $23.7 million in the accompanying financial statements. This provision reflects an amount which management believes is less than likely of ever becoming payable. The subsidiary has a June 30, 2005 taxation year end. Prior to making its ultimate tax calculations, the subsidiary will consider tax planning strategies which might be put in place subsequent to the Company's financial reporting date of September 30, 2004. In addition, the Company would exhaust all appeals if any taxes were actually assessed against the subsidiary. The amount represents a potential liability which has been recognized in a conservative manner in accordance with Canadian generally accepted accounting principles. It does not represent a payable amount based on any filed, or expected to be filed, tax return. It does not arise from a transaction in any completed taxation year, nor has any taxation authority assessed the amount or any portion thereof as payable. Accordingly there is no immediate impact on liquidity.

Management anticipates that revenues from copper and molybdenum sales along with the funds from a yet to be completed $7.5 million financing announced in February 2005, will be sufficient to cover operating costs and working capital during 2005.

1.7 Capital Resources

In March 2004, the Company entered into an agreement to purchase a mining shovel for approximately US$10.1 million, of which US$6.4 million has been paid as an initial deposit. Subsequent to June 30, 2004, the Company paid an additional US$2.7 million towards this purchase.

In May 2004, the Company entered into an agreement to purchase five mining trucks for approximately US$8.2 million. Subsequent to September 30, 2004, the Company entered into arrangement with Ledcor whereby the shovel and trucks were sold to a third party leasing company. Ledcor has leased the equipment and will be reimbursed, at Ledcor's cost, as consideration for making the equipment available to the joint venture in order to facilitate the operation of the Gibraltar mine.

The Company has an unsecured $2 million operating line of credit with a Canadian chartered bank at an interest rate of prime, with no fixed terms of repayment. At December 31, 2004, there was $1.09 million outstanding on this operating line of credit.

The Company has various loans on its on-road vehicles totaling approximately $310,000.

1.8 Off-Balance Sheet Arrangements

Gibraltar Reclamation Trust Limited Partnership

On December 31, 2003, the Company reached agreements with Gibraltar Reclamation Trust Limited Partnership (the "GRT Partnership"), a largely arm's-length private Vancouver-based mining investment partnership which completed a financing to raise proceeds of $18.6 million to partially fund a planned re-start of the Gibraltar copper mine. As part of the financing the GRT Partnership entered into a Joint Venture arrangement with Gibraltar Mines Ltd. to proceed towards restarting the Gibraltar open pit copper mine. Gibraltar Mines Ltd., as its contribution to the Joint Venture, agreed to contribute the use of its mine assets and fund the start-up expenses of the Gibraltar mine, and the GRT Partnership funded a qualifying environmental trust ("QET") with the $18.6 million, which has allowed Gibraltar to access other funds currently held by the Government of British Columbia as a security for the mine's environmental reclamation obligations. Under the Joint Venture agreement, the GRT Partnership became entitled to certain revenues or production share from the Gibraltar mine following the resumption of production.

To facilitate the start-up transactions, five directors and officers of the Company personally guaranteed certain obligations (each as to one fifth) to third parties on behalf of the Company to the extent of $4.5 million. In consideration of the guarantee, they each received compensation equal to 10% of the amount guaranteed, calculated as 45,000 shares having a value of $2.00 each.

In March 2004 Taseko elected to exercise its call rights for the GRT Partnership and issued 7,967,742 shares valued at $2.79 each. Certain directors and officers participated as investors in the GRT Partnership in the aggregate amount of $1,300,000, or about 8% of the financing. These directors and officers received shares as a consequence of Taseko exercising the call right. The acquisition of the GRT Partnership provides Taseko with 100% control of those elements necessary for a mine restart decision and will eliminate the royalty entitlement held by the GRT Partnership.

1.9 Transactions with Related Parties

Hunter Dickinson Inc. ("HDI") carries out investor relations, geological, corporate development, administrative and other management activities for, and incurs third party costs on behalf of the Company. Taseko reimburses HDI on a full cost-recovery basis.

Costs for services rendered by HDI to the Company decreased to $138,017 in the third quarter of fiscal 2004, as compared to $203,317 in the previous quarter and decreased as compared to $159,502 in the second quarter of 2003.

To facilitate the startup of the Gibraltar Mine, certain directors and officers of the Company have personally guaranteed certain obligations on behalf of the Company, for which they each received 45,000 shares of the Company (see item 1.8 above).

Certain directors and officers participated as investors in the GRT Partnership in the aggregate amount of $1.3 million (see item 1.8 above).

Tom Milner Enterprises Inc. is a private company controlled by a director of the Company that provides consulting services to the Company. During the three months ended December 31, 2004, the Company paid approximately $58,000 to this private company.

1.10 Fourth Quarter

No applicable.

1.11 Proposed Transactions

There are no proposed asset or business acquisitions or dispositions, other than those in the ordinary course, before the board of directors for consideration.

1.12 Critical Accounting Estimates

The Company's accounting policies are presented in note 3 of the accompanying financial statements. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the financial statements. These include:

- the estimation of mineral resources and reserves,
- the carrying values of mineral properties,
- the carrying values of property, plant and equipment,
- reclamation obligation, and
- the valuation of stock-based compensation expense.

Actual amounts could differ from the estimates used and, accordingly, effect the results of operation.

Mineral resources and reserves, and the carrying values of mineral properties, and of property, plant and equipment

Mineral resources and reserves are estimated by professional geologists and engineers in accordance with recognized industry, professional and regulatory standards. These estimates require inputs such as future metals prices, future operating costs, and various technical geological, engineering, and construction parameters. Changes in any of these inputs could cause a significant change in the resources and reserves determined, which in turn could have a material effect on the carrying value of property, plant and equipment.

The carrying value of mineral properties is also dependant on the valuation used for the common shares and warrants of the Company issued for the acquisition of mineral properties. The value of the common shares issued is the price of the common shares of the Company at the date of issuance to effect the acquisition.

The carrying value of property, plant, and equipment is dependant on rates used for depreciation, which themselves are estimates.

Stock-based compensation expense

From time to time, the Company may grant share purchase options to employees, directors, and service providers. The Company uses the Black-Scholes option pricing model to estimate a value for these options. This model, and other models which are used to value options, require inputs such as expected volatility, expected life to exercise, and interest rates. Changes in any of these inputs could cause a significant change in the stock-based compensation expense charged in a period.

Reclamation obligation

The Company has an obligation to reclaim its properties, and has estimated the costs necessary to comply with existing reclamation standards. At September 30, 2004, the Company has estimated total reclamation costs to be $32.7 million for its current properties, which it has fully accrued. The estimates are reviewed both in-house and by outside consultants and government authorities on a routine basis as to the accuracy of remaining costs to be incurred. Estimates are adjusted as necessary and reflected on a prospective basis. Changes in this estimate could cause a significant charge to the reclamation expense recorded during a period.

1.13 Changes in Accounting Policies including Initial Adoption

The Company anticipates that it will change its accounting policy for asset retirement obligations, in accordance with new Canadian guidance, in the upcoming quarter.

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1.14 Financial Instruments and Other Instruments

None.

1.15 Other MD&A Requirements

1.15.1 Other MD&A Requirements

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

1.15.2 Additional Disclosure for Venture Issuers Without Significant Revenue

Not applicable – the Company is not a "Venture Issuer".

1.15.3 Disclosure of Outstanding Share Data

The following details the share capital structure as at February 8, 2005, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry date	Exercise price	Number	Number
Common shares				97,120,452
Share purchase options	May 9, 2005	$ 0.38	20,000	
	July 29, 2005	0.25	50,000	
	September 29, 2006	0.55	2,235,000	
	September 20, 2005	0.81	35,000	
	September 20, 2005	1.40	68,000	
	September 20, 2005	1.65	60,000	
	September 20, 2006	1.40	3,580,000	
	September 29, 2006	1.36	1,973,200	
	September 29, 2006	1.50	10,000	8,031,200
Warrants	January 8, 2006	0.40	375,000	
	December 31, 2005	0.75	4,463,335	
	March 10, 2005	2.25	3,900,000	
	September 28, 2006	1.40	8,000,000	16,738,335
Preferred shares redeemable into Taseko Mines Limited common shares				12,483,916

The Company's auditors have not reviewed this MD&A or the unaudited quarterly financial statements to which this MD&A relates.

TASEKO MINES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2004

(Expressed in Canadian Dollars)
(Unaudited)

These financial statements have not been reviewed by the Company's auditors

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

(Unaudited)

	December 31 2004	September 30 2004
Assets		
Current assets		
Cash and equivalents	$ 8,218,684	$ 14,892,947
Restricted cash (note 6(a))	5,000,000	–
Amounts receivable	1,661,620	2,766,184
Advances to related parties (note 11)	–	194,857
Concentrate inventory	8,500,881	–
Supplies inventory	4,176,921	2,277,397
Prepaid expenses	161,754	210,015
	27,719,860	20,341,400
Prepaid lease payments (note 5)	4,410,460	–
Property, plant and equipment (note 5)	14,002,851	35,759,634
Reclamation deposits (notes 4, 6(a) and 6(d))	17,706,902	17,647,056
Promissory note (note 6(f))	68,513,242	68,172,380
Mineral property interests (note 6)	3,000	3,000
	$ 132,356,315	**$ 141,923,470**
Liabilities and Shareholders' Equity		
Current liabilities		
Operating line of credit (note 7)	$ 1,090,724	$ 1,857,740
Accounts payable and accrued liabilities	9,702,946	14,578,172
Advances from related parties (note 11)	80,624	–
Current portion of vehicle loans (note 7)	138,258	–
Income taxes (note 9)	23,744,000	23,744,000
	34,756,552	40,179,912
Vehicle loans (note 7)	171,784	–
Royalty obligation (note 6(f))	67,357,000	67,357,000
Deferred revenue (note 6(f))	1,706,250	1,750,000
Reclamation liability (note 5)	32,700,000	32,700,000
	136,691,586	141,986,912
Shareholders' equity (deficiency)		
Share capital (note 8)	151,650,379	150,481,429
Convertible debenture (note 8(c))	20,847,200	20,577,225
Tracking preferred shares (note 4)	26,641,948	26,641,948
Contributed surplus (note 8(f))	5,112,137	4,947,588
Deficit	(208,586,935)	(202,711,632)
	(4,335,271)	(63,442)
Nature of operations (note 1)		
Commitments (note 6)		
Subsequent events (notes 8 and 12)		
	$ 132,356,315	**$ 141,923,470**

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors

/s/ Ronald W. Thiessen	*/s/ Jeffrey R. Mason*
Ronald W. Thiessen	Jeffrey R. Mason
Director	Director

TASEKO MINES LIMITED

Consolidated Statements of Operations
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended December 31	
	2004	2003
Expenses		
Conference and travel	$ 12,995	$ 40,269
Consulting	63,760	110,927
Corporation taxes	554	–
Depreciation	302,702	179,978
Exploration (schedule)	32,047	1,398,492
Interest and finance charges	41,785	19,339
Legal, accounting and audit	97,146	$ 16,818
Office and administration	164,316	121,738
Property investigation	–	141,063
Restart project (schedule)	8,172,814	–
Shareholder communication	52,822	73,802
Stock-based compensation (note 8(d))	164,549	1,314,296
Trust and filing	6,114	4,395
	9,111,604	3,421,117
Other items		
Interest and other income	5,735,716	135,289
Foreign exchange	(51,448)	–
Loss on sale of equipment	(2,177,992)	–
	3,506,276	135,289
Loss for the period	$ (5,605,328)	$ (3,285,828)
Basic and diluted loss per common share (notes 3(i) and 8)	$ (0.06)	$ (0.06)
Weighted average number of common shares outstanding	95,773,608	57,481,236

Consolidated Statements of Deficit
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended December 31	
	2004	2003
Deficit, beginning of period	$ (202,711,632)	$ (121,069,356)
Loss for the period	(5,605,328)	(3,285,828)
Accretion expense on convertible debenture	(269,975)	(245,431)
Deficit, end of period	$ (208,586,935)	$ (124,600,615)

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended December 31	
Cash provided by (used for):	2004	2003
Operating activities		
Loss for the period	$ (5,605,328)	$ (3,285,828)
Items not involving cash		
Loss on sale of equipment	2,177,992	-
Accrued interest on reclamation deposits	(400,708)	(111,720)
Depreciation	302,702	179,978
Stock-based compensation	164,549	1,314,296
Deferred revenue	(43,750)	-
Changes in non-cash operating working capital		
Amounts receivable and prepaids	1,152,825	(4,565)
Inventories	(10,400,405)	(10,662)
Accounts payable and accrued liabilities	(4,875,226)	(15,674)
	(17,527,349)	(1,934,175)
Investing activities		
Purchase of property, plant and equipment	(2,774,622)	(15,233)
Proceeds received on sale of property, plant and equipment	22,050,711	-
Restricted cash	(5,000,000)	-
	14,276,089	(15,233)
Financing activities		
Bank operating loan	(767,016)	(280,038)
Advances from related parties	275,481	455,184
Vehicle loans	310,042	-
Common shares issued for cash, net of issue costs	1,168,950	8,266,658
Prepaid lease payments	(4,410,460)	-
	(3,423,003)	8,441,804
Increase (decrease) in cash and equivalents	(6,674,263)	6,492,396
Cash and equivalents, beginning of period	14,892,947	2,424,221
Cash and equivalents, end of period	$ 8,218,684	$ 8,916,617

Supplementary cash flow disclosures (note 9)

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Schedules of Exploration Expenses
(Expressed in Canadian Dollars)
(Unaudited)

Three months ended December 31, 2004	Property			
	Prosperity	Gibraltar	Harmony	Total
Exploration expenses				
Assays and analysis	$ 4,487	$ –	$ –	$ 4,487
Equipment rentals	1,788	–	–	1,788
Geological	1,351	–	–	1,351
Mine planning	6,341	–	18,080	24,421
Exploration expenses during the period	13,967	–	18,080	32,047
Cumulative expenses, beginning of period	41,646,184	15,979,154	70,338	57,695,676
Cumulative expenses, end of period	$ 41,660,151	$ 15,979,154	$ 88,418	$ 57,727,723

Three months ended December 31, 2003	Property			
	Prosperity	Gibraltar	Harmony	Total
Exploration expenses				
Assays and analysis	$ 4,351	$ 826,051	$ 236	$ 830,638
Drilling	–	397,596	–	397,596
Equipment rentals	844	26,198	–	27,042
Geological	–	179,557	2,480	182,037
Mine planning	16,698	64,965	4,368	86,031
Site activities	930	606,272	–	607,202
Exploration expenses during the period	22,823	2,100,639	7,084	2,130,546
Cumulative expenses, beginning of period	41,576,410	10,902,295	27,317	52,506,022
Cumulative expenses, end of period	$ 41,599,233	$ 13,002,934	$ 34,401	$ 54,636,568

TASEKO MINES LIMITED

Consolidated Schedules of Gibraltar Mine Restart Project Expenses
(Expressed in Canadian Dollars)
(Unaudited)

Mine Restart Project Expenses	Three months ended December 31 **2004**	**2003**
Administration	$ 79,035	$ –
Environmental	37,856	–
Mill	1,947,646	–
Mine	1,021,406	–
Mineral production, treatment and transportation	12,673,208	–
Sales of concentrate during restart period	(8,101,845)	–
Site services	468,438	–
Warehouse	47,070	–
Expenses during the period	8,172,814	–
Cumulative expenses, beginning of period	14,982,008	–
Cumulative expenses, end of period	$ 23,154,822	$ –

Consolidated Schedules of Mineral Production, Treatment and Transportation
(Expressed in Canadian Dollars)
(Unaudited)

Mineral Production, Treatment and Transportation Expenses	Three months ended December 31 **2004**	**2003**
Administration	$ 1,642,604	$ –
Environmental/water treatment	163,023	–
Landfill operations	(28,114)	–
Mill	5,533,519	–
Mine	10,338,836	–
Mine planning	77,249	–
Other	876,280	–
Plant services	1,183,241	–
Transportation and treatment	1,387,451	–
Less: Inventory	(8,500,881)	–
Expenses during the period	$ 12,673,208	$ –

1. Nature of operations

Taseko Mines Limited ("Taseko" or the "Company") is a public company incorporated under the laws of the Province of British Columbia. At December 31, 2004, the Company's principal business activities related to the restart of operations of the Gibraltar Copper Mine, and exploration on the Company's 100% owned Gibraltar-area exploration properties, the Prosperity Gold-Copper Property, and the Harmony Gold Property. The Gibraltar mine and the Prosperity Gold Property are located in south central British Columbia, Canada, near the City of Williams Lake. The Harmony Gold Property is located on Graham Island, Queen Charlotte Islands - Haida Gwaii, British Columbia.

The recoverability of the amounts shown for the Gibraltar mine and related plant and equipment and supplies inventory is dependent upon the existence of economically recoverable mineral resources and future profitable production or proceeds from the disposition of the mine. The Company is exploring its Prosperity and Harmony mineral properties and has not yet determined the existence of economically recoverable reserves.

The Company's continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and upon future profitable production or proceeds from the disposition of its mineral property interests.

These financial statements are prepared on the basis that the Company will continue as a going concern. The Company has recorded significant losses and operating cash flow deficiencies in each of the last three fiscal years. Management recognizes that the Company must generate additional financial resources in order to meet liabilities as they come due and to enable it to continue operations. The Company is actively pursuing restart of the Company's operations at the Gibraltar mine and is continuing with its exploration programs. However, there can be no assurances that the Company will obtain sufficient financial resources and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing or successful restart, the Company will be required to curtail operations and exploration activities. These financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

2. Basis of presentation and principles of consolidation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). These consolidated financial statements include the accounts of Taseko, its wholly-owned private company subsidiaries, Gibraltar Mines Ltd. (note 6(a)), 688888 BC Ltd., and Cuisson Lake Mines Ltd., and its interest in Gibraltar Reclamation Trust Limited Partnership ("GRT Partnership") (note 6(d)). All material intercompany accounts and transactions have been eliminated.

3. Significant accounting policies

(a) Cash and equivalents

Cash and equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash.

(b) Inventory

Copper and molybdenum concentrates are reported at the lower of budgeted cost and net realizable value. Supplies inventory is reported at the lower of moving average cost and net realizable value.

(c) Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded over the estimated economic life of the plant and equipment on a straight line basis at annual rates ranging from 1.3% to 16.5%, except for the solvent extraction/electrowinning plant and equipment included in Gibraltar mine plant and equipment (note 5), which are depreciated on a straight line basis at rates from 20% to 50% per annum.

(d) Mineral property interests

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

All costs incurred by the Company during the standby care and maintenance period and restart at the Gibraltar mine are expensed as incurred.

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

Costs related to feasibility work and the development of processing technology are expensed as incurred. Costs incurred subsequent to the determination of the feasibility of the processing technology will be capitalized and amortized over the life of the related plant.

Administrative expenditures are expensed as incurred.

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

(e) Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date the agreement to issue shares was reached.

The proceeds, net of issue costs, from common shares issued pursuant to flow-through share financing agreements are credited to share capital and the tax benefits of these exploration expenditures are transferred to the purchaser of the shares.

(f) Stock-based compensation

The Company has a share option plan which is described in note 8(d). The Company accounts for all non-cash stock-based payments and awards that are direct awards of stock, that call for settlement in cash or other assets, or that are share appreciation rights which call for settlement by the issuance of equity instruments, granted on or after October 1, 2002, using the fair value based method.

Under the fair value based method, stock-based payments are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of non-cash stock-based payments is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of non-cash stock-based payments that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Under the fair value based method, compensation cost attributable to awards that are direct awards of shares, or share appreciation rights which call for settlement by the issuance of equity instruments, is measured at fair value at the grant date and recognized over the vesting period. Compensation cost attributable to awards which call for settlement in cash or other assets is measured at fair value at the grant date and recognized over the vesting period. For awards that vest at the end of a vesting period, compensation cost is recognized on a straight-line basis; for awards that vest on a graded basis, compensation cost is recognized on a pro-rata basis over the vesting period.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(g) *Income taxes*

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, generally using the substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets also result from unused loss carry forwards, resource-related pools, and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(h) *Loss per common share*

Basic loss per common share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. For all periods presented, loss available to common shareholders equals the reported loss.

Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted loss per share for all periods presented is the same as basic loss per share as the effect of the outstanding options and warrants would be anti-dilutive.

(i) *Fair value of financial instruments*

The carrying amounts of cash and equivalents, amounts receivable, prepaids, restricted cash, reclamation deposits, bank operating loan and accounts payable and accrued liabilities, approximate their fair values due to their short term nature.

At December 31, 2004, the carrying values of the promissory note and the royalty obligation approximate their fair values.

The fair values of the convertible debenture and the tracking preferred shares are not readily determinable with sufficient reliability due to the difficulty in obtaining appropriate market information. It is not practicable to determine the fair values of the advances due to/from related parties because of the related party nature of such amounts and the absence of a secondary market for such instruments. Details of the terms of these financial instruments are disclosed in these notes to the financial statements.

(j) *Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of mineral property interests and plant and equipment, the balance of reclamation liability, income taxes, rates for depreciation and the assumptions used in computing share-based compensation. Actual results could differ from these estimates.

(k) *Segment disclosures*

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

(l) *Comparative figures*

Certain of the prior periods' comparative figures have been restated to conform with the presentation adopted for the current period.

4. Arrangement agreement

In October 2001, the Company and its subsidiary Gibraltar Mines Ltd. (“Gibraltar") completed the acquisition of the Harmony Gold Property and related assets from Continental Minerals Corporation ("Continental"), a British Columbia company with certain directors in common with Taseko, for 12,483,916 series "A" non-voting tracking preferred shares of Gibraltar and $2.23 million cash. The tracking preferred shares are designed to track and capture the value of the Harmony Gold Property and will be redeemed for common shares of Taseko upon a realization event, such as a sale to a third party or commercial production at the Harmony Gold Property, or at the option of Gibraltar, if a realization event has not occurred within ten years. Accordingly, the tracking preferred shares have been classified within shareholders’ equity on the consolidated balance sheet.

(Expressed in Canadian Dollars)

As this acquisition was a related party transaction not in the normal course of business and did not result in the culmination of an earnings process, the acquisition was recorded by the Company at the net book value of the assets transferred, net of cash consideration, as follows:

Assets acquired		**Amount**
Property and equipment	$	8,488
Reclamation deposit		175,000
Mineral property interests		28,811,296
	$	28,994,784
Consideration given		
Cash	$	2,230,000
12,483,916 tracking preferred shares of Gibraltar		26,641,948
114,800 common shares of the Company to a dissenting shareholder		122,836
	$	28,994,784

As previously noted, the Gibraltar tracking preferred shares are redeemable for common shares of Taseko upon the occurrence of certain value realization events for the Harmony Gold Property. The tracking preferred shares are redeemable at specified prices per common share of Taseko starting at $3.39 and escalating by $0.25 per year. If a realization event does not occur on or before October 16, 2011, Gibraltar has the right to redeem the tracking preferred shares for Taseko common shares at a deemed price equal to the greater of the average 20 day trading price of the common shares of Taseko and $10.00. The Taseko common shares to be issued to Continental upon a realization event will in turn be distributed pro-rata, after adjustment for any taxes, to the holders of redeemable preferred shares of Continental that were issued to Continental shareholders at the time of the Arrangement Agreement.

(Expressed in Canadian Dollars)

5. Property, plant and equipment

	December 31, 2004			September 30, 2004		
Equipment - Prosperity Property and Harmony Property	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Field	$ 11,879	$ 10,767	$ 1,112	$ 11,879	$ 10,677	$ 1,202
Computer and office	15,172	14,330	842	15,172	14,262	910
Total Prosperity Property and Harmony Property	$ 27,051	$ 25,097	$ 1,954	$ 27,051	$ 24,939	$ 2,112
Gibraltar Mine Plant and equipment	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Buildings and equipment	$ 5,931,580	$ 510,980	$ 5,420,600	$ 5,931,580	$ 492,030	$ 5,439,550
Mine equipment	10,604,461	2,772,159	7,832,302	32,458,793	2,544,160	29,914,633
Plant and equipment	975,493	697,584	277,909	975,493	666,369	309,124
Vehicles	598,770	135,633	463,137	198,519	115,426	83,093
Computer equipment	101,162	94,213	6,949	101,162	90,040	11,122
Total Gibraltar mine	$ 18,211,466	$ 4,210,569	$ 14,000,897	$ 39,665,547	$ 3,908,025	$ 35,757,522
Total property, plant and equipment	$ 18,238,517	$ 4,235,666	$ 14,002,851	$ 39,692,598	$ 3,932,964	$ 35,759,634

In accordance with the Gibraltar mine permit, the Company has pledged the mine's plant and certain equipment which, when taken at market value and combined with reclamation deposits (approximately $17.7 million at December 31, 2004), provide the Government of British Columbia with the required security for the estimated reclamation liability on the Gibraltar mine of $32.7 million.

In March 2004, the Company purchased a mining shovel for approximately US$10.1 million ($13.0 million). In May 2004, the Company purchased five mine haul trucks for approximately US$8.2 million ($10.7 million).

During the period ended December 31, 2004, the Company sold the mining shovel and the five haul trucks for approximately US$18.3 million ($22.0 million), of which approximately US$14.7 million ($17.5 million) was received in November 2004, net of a 20% down payment (US$3.7 million, or $4.4 million) which was funded by the Company and represent prepaid lease payments. The purchaser leased the shovel and trucks to a subsidiary of Ledcor CMI Ltd. ("Ledcor"), the Company's joint venture partner at the Gibraltar mine (note 6(a)), and this equipment forms part of Ledcor's contribution to the joint venture.

The Company has also guaranteed residual values totaling US$7.1 million ($8.5 million) on this equipment at the end of the lease term in November 2008.

(Expressed in Canadian Dollars)

6. Mineral property interests

		December 31, 2004		September 30, 2004
Gibraltar Copper Mine (note 6(a))	$	1,000	$	1,000
Prosperity Gold-Copper Property (note 6(b))		1,000		1,000
Harmony Gold Property (note 6(c))		1,000		1,000
	$	**3,000**	**$**	**3,000**

(a) Gibraltar Copper Mine

In July 1999, the Company acquired a 100% interest in the Gibraltar Copper Mine mineral property, located near Williams Lake, British Columbia, Canada from Boliden Westmin (Canada) Limited ("BWCL") for $3.3 million. The acquisition included plant and equipment and supplies inventory of the Gibraltar mine, and $8 million of funds set aside for future reclamation. As part of its 1999 operating permits, the Company had agreed to incur a total of $4 million on reclamation and environmental programs during the six year period July 1999 to July 2005. The Gibraltar mine final reclamation and closure plan is updated every five years. The most recent reclamation plan and closure report was approved by the British Columbia Ministry of Energy and Mines in 2004. Pursuant to this approved closure plan, the Ministry agreed that the Company had satisfied the $4 million reclamation obligation required under the 1999 operating permits.

The agreement contained certain indemnification clauses. The $8 million of funds set aside for future reclamation were considered a "Qualified Environmental Trust" for Canadian income tax purposes. During the year ended September 30, 2003, the Government of British Columbia released these funds from the Trust, which resulted in an income inclusion to the Company, and consequently resulted the Company utilizing $3.57 million of tax pools otherwise available to it. The Company has made claim to BWCL for this estimated tax liability under the indemnification terms of the agreement.

During the year ended September 30, 2001, Gibraltar Mines Ltd., Gibraltar Engineering Services Limited Partnership (the "GESL Partnership") (see note 6(d)), and Cominco Engineering Services Ltd. ("CESL") concluded a Memorandum of Agreement ("MOA") to jointly complete an evaluation for a potential hydrometallurgical copper refinery (using CESL technology) at the Gibraltar mine. Expenses incurred in excess of the $2.7 million agreed to in the original MOA were funded by the Company and the GESL Partnership. During fiscal 2002 and 2003, the Company acquired the business carried on by the GESL Partnership (note 6(d)).

The Company retained Procorp Services Limited Partnership ("Procorp") to provide technical, financial, management and marketing services related to all facets of the start-up, expansion and development of the Gibraltar mine and the proposed hydrometallurgical refinery. Procorp is a mining services, financing and marketing partnership comprised of experienced, specialized independent contractors as well as members who are also directors and officers of the Company. Compensation to Procorp included an initial payment of US$0.9 million for services rendered in fiscal 2001 and 2002 (which has been paid) and a second payment of US$0.9 million upon successful recommencement of commercial production of the Gibraltar mine using the CESL technology prior to October 31, 2005. In addition, the Company agreed, subject to regulatory approval, to issue to Procorp 3.5 million warrants to purchase common shares of the Company at a price of $1.70 per share for two years and a royalty of US$0.01 per pound of copper sold, upon successful recommencement of commercial production using the hydrometallurgical refinery by October 31, 2005.

The Gibraltar mine had been on care and maintenance since being acquired in 1999 and commenced restart activities during the year ended September 30, 2004. During fiscal 2001, due to continued uncertainty regarding start-up and an extended cycle of depressed metal prices, the Company wrote down the accumulated mineral property interest acquisition costs of $5.9 million to a nominal amount of $1,000.

Part of the Gibraltar mine consists of waste rock dumps which the Company has an obligation to reclaim. On November 1, 2002, the Company entered into a Landfill Management Agreement and an associated Partnering Agreement with the Cariboo Regional District ("CRD"), whereby the CRD funded the Company to construct (which was completed by the Company), operate, manage and maintain, on an ongoing basis, a municipal landfill on certain of the waste rock dumps for the CRD for the life of the landfill, expected to be in excess of 80 years. As a result of these agreements, the Company's reclamation obligation was reduced and accordingly, during fiscal 2003, the Government of British Columbia released $2.5 million of the reclamation deposits held.

During the year ended September 30, 2004, the Company formed a joint venture with Ledcor CMI Ltd. ("Ledcor"), whereby Ledcor would commission, restart, and operate the Gibraltar mine. As operator, Ledcor's primary responsibility would be commissioning and operating the mine in addition to other aspects of mine operations, including drilling, blasting, loading and hauling of ore and waste as well as the recruitment of personnel and the maintenance of equipment and facilities. Ledcor will contribute to the joint venture its own mine equipment and will purchase or lease additional equipment as necessary. Taseko would contribute to the joint venture certain mineral rights and usage rights to the existing mill and equipment.

Pursuant to the joint venture agreement, the Company is required to maintain a bank account with a balance of at least $5 million in a joint "product revenue account", for the purposes of providing working capital for operations and general administrative costs.

(b) *Prosperity Gold-Copper Property*

The Company owns 100% of the Prosperity Gold-Copper Property, consisting of 196 mineral claims covering the mineral rights for approximately 85 square km in the Clinton Mining Division in south central British Columbia, Canada. The $28.66 million cash and share consideration to acquire the Prosperity property was written down to a nominal $1,000 value in fiscal 2001, to reflect the extended depressed conditions in the metals markets.

(c) Harmony Gold Property

Under the terms of an arrangement agreement (note 4), the Company acquired a 100% interest in the Harmony Gold Property in fiscal 2002.

The Company does not believe there has been a fundamental change in the nature of the Harmony Gold Property; however, as the Company had not conducted significant exploration or development on the property in the last several years the Harmony Gold Property was written down to a nominal value of $1,000 during the year ended September 30, 2004.

(d) Acquisition agreements

Gibraltar Engineering Services Limited Partnership

In December 2001, the GESL Partnership completed a private placement of limited partnership units for aggregate proceeds of $1.85 million. In February 2002, the Company issued 4,966,659 Taseko common shares at $0.44 per share to acquire Gibraltar Refinery (2002) Ltd., which had acquired certain of the private placement units of the GESL Partnership. The Company also issued 50,000 Taseko common shares to its financial adviser in connection with this acquisition. A further $3 million of expenditures were incurred by the GESL Partnership, which were financed by a separate partnership, the GESL Refinery Process ("GRP") Partnership, for a total financing amount of $4.85 million. In December 2002, a general partnership interest in the GRP Partnership was acquired and financed by a third party for $3.0 million. In April 2003, under a plan of arrangement, the Company issued 7,446,809 Taseko common shares for total consideration of $3.5 million to complete the acquisition of Gibraltar Engineering Services Limited ("GESL"), which had acquired the remaining business of the GESL Partnership.

Gibraltar Reclamation Trust Limited Partnership

In December 2003, the GRT Partnership completed a private placement of limited partnership units for aggregate proceeds of $18.6 million, and entered into a joint venture arrangement with Gibraltar Mines Ltd. to proceed towards restarting the Gibraltar mine with the funds raised. Gibraltar Mines Ltd., as its contribution to the joint venture, was to contribute the use of its mine assets and fund the start-up expenses of the Gibraltar mine, and the GRT Partnership funded a qualifying environmental trust (“QET”), which consequently allowed Gibraltar Mines Ltd. to access other funds then held by the Government of British Columbia as a security for the mine’s environmental reclamation obligations. Under the joint venture agreement, the GRT Partnership was to be entitled to certain revenues or production share from the Gibraltar mine following the resumption of production. In March 2004, the Company issued 7,967,742 common shares at $2.79 per share for total consideration of $22.23 million to acquire all of the units of the GRT Partnership. In conjunction with this agreement, certain directors and officers of the Company personally guaranteed certain obligations to third parties on behalf of the Company to the extent of $4.5 million. In consideration for the guarantee, the Company issued 225,000 common shares at $2.00 per share to those directors and officers.

(e) *Farmout Agreement*

In December 2003, the Company entered into a Farmout Agreement (the "Agreement") with Northern Dynasty Minerals Ltd. ("Northern Dynasty") and Rockwell Ventures Inc. ("Rockwell"), each public companies with certain directors in common with the Company. Under the terms of the Agreement, the Company granted to Northern Dynasty, and to Rockwell, rights to earn joint venture working interests, subject to a maximum of $650,000 in the case of Northern Dynasty and $200,000 in the case of Rockwell, on certain exploration properties located in the vicinity of the Gibraltar mine property. For a period of 150 days after Northern Dynasty and Rockwell earned their working interests, the Company had the right to purchase their interests at 110% in cash or in common shares of the Company, at the Company's option. If the Company elected to issue common shares, the common shares to be issued were to have been valued at the weighted average ten-day trading price as traded on the TSX Venture Exchange.

In December 2003, Northern Dynasty earned an interest in these properties to the extent of $650,000 and Rockwell earned an interest in these properties to the extent of $200,000. In March 2004, Taseko exercised its right to purchase the interests earned by Northern Dynasty and Rockwell by issuing 256,272 common shares to Northern Dynasty and 78,853 common shares to Rockwell.

(f) *Royalty Agreement*

In September 2004, the Company entered into agreements with an unrelated investment partnership, the Red Mile Resources No. 2 Limited Partnership ("Red Mile"). Gibraltar Mines Ltd. sold to Red Mile a royalty for $67.357 million cash, which cash was received on September 29, 2004. These funds were subsequently loaned to a financial institution (and a promissory note received) and the Company has pledged these funds to secure its obligations under the agreements.

Pursuant to the agreements, the Company received an aggregate of $10.5 million in fees and interest for services performed in relation to the Red Mile transaction, of which $5.25 million was received on each of September 2004 and in December 2004.

The amount of $5.25 million received in September 2004 included $1.75 million for indemnifying an affiliate of Red Mile from any claims relating to a breach by Gibraltar Mines Ltd. under the royalty agreement. The funds received in respect of the indemnification are presented as deferred revenue, and are recognized over the expected remaining life of the royalty agreement.

Annual royalties will be payable by Gibraltar Mines Ltd. at rates ranging from $0.01 per pound to $0.14 per pound of copper produced during the period from the commencement of commercial production (as defined in the agreement) to December 2014. Gibraltar Mines Ltd. is entitled to have released to it funds held under the promissory note to fund its royalty obligations to the extent of its royalty payments.

(Expressed in Canadian Dollars)

The Company has a pre-emptive option to effectively purchase ("call") the royalty interest by acquiring the Red Mile partnership units at a future date in consideration of a payment commensurate with the funds received by the Company. Under certain circumstances, the investors in Red Mile also have a right to sell ("put") their Red Mile partnership units to the Company; however such right is subject to the Company's pre-emptive right to exercise the "call" in advance of any "put" being exercised and completed.

The Company has granted to Red Mile a net profits interest ("NPI"), which survives any "put" or "call" of the Red Mile units. For the years 2011 to 2014, the NPI is 2% if the price of copper averages US$2.50 to US$2.74 per pound, 3% if the price of copper averages US$2.75 to US$2.99 per pound and 4% if the price of copper averages US$3.00 per pound or greater for any year during that period. The US-dollar pricing amounts specified above are based upon an exchange rate of US$0.75 for CDN$1.00, and shall be adjusted from time to time by any variation of such exchange rates. No NPI is payable until the Company reaches a pre-determined aggregate level of revenues less defined operating costs and expenditures.

7. Operating line of credit and vehicle loans

The Company has an unsecured $2 million operating line of credit with a Canadian chartered bank at an interest rate of prime, due on demand, with no fixed terms of repayment. At December 31, 2004, approximately $1.09 million was outstanding on this line of credit. This operating line of credit is guaranteed by a director of the Company.

The Company has a series of loans related to certain of the on-road vehicles used at the mine site, at interest rates ranging from 0% to 9.75%. Most of these loans have a term of 36 months, and are secured by the vehicles to which they relate. The required payments on these loans over the next five years is as follows:

	Remainder of 2005	2006	2007	2008	2009
Principal	$ 103,290	$ 141,563	$ 53,386	$ 11,803	$ -
Interest	8,142	7,013	2,836	152	-
Total	$ 111,432	$ 148,576	$ 56,222	$ 11,955	$ -

(Expressed in Canadian Dollars)

8. Share capital

(a) Authorized

Authorized share capital of the Company consists of 200,000,000 common shares without par value.

(b) Issued and outstanding

Common shares	Number of Shares	Amount
Balance, September 30, 2003	**53,880,973**	**$ 99,446,319**
Issued during the year		
Share purchase options at $0.50 per share	4,265,000	2,132,500
Share purchase options at $0.40 per share	152,500	61,000
Share purchase options at $0.25 per share	75,000	18,750
Share purchase options at $0.55 per share	380,000	209,000
Share purchase options at $0.65 per share	25,500	16,575
Fair value of stock options allocated to shares issued on exercise		290,000
Share purchase warrants at $0.58 per share	276,596	160,426
Share purchase warrants at $0.55 per share	414,850	228,168
Share purchase warrants at $0.40 per share	302,250	120,900
Share purchase warrants at $0.50 per share	7,393,751	3,696,876
Share purchase warrants at $0.75 per share	473,332	354,999
Private placement at $0.60 per share, net of issue costs	6,700,000	3,910,728
Private placement at $2.00 per share, net of issue costs	3,900,000	7,323,943
Private placement at $1.25 per share, net of issue costs	8,000,000	9,533,206
For acquisition of Gibraltar Reclamation Trust Limited Partnership at $2.79 per share, net of issue costs (note 6(d))	7,967,742	22,193,039
Loan guarantee at $2.00 per share (note 6(d))	225,000	450,000
Farmout agreement at $2.79 per share (note 6(e))	335,125	935,000
Balance, September 30, 2004	**94,767,619**	**$ 151,081,429**
Issued during the period		
Share purchase options at $0.40 per share	22,500	9,000
Share purchase options at $0.81 per share	10,000	8,100
Share purchase options at $1.65 per share	10,000	16,500
Share purchase options at $1.36 per share	60,000	81,600
Share purchase warrants at $0.75 per share	1,405,001	1,053,750
Balance, December 31, 2004	**96,275,120**	**$ 152,250,379**

(c) Convertible debenture

On July 21, 1999, in connection with the acquisition of the Gibraltar mine, the Company issued a $17 million interest-free debenture to BWCL, which is due on July 21, 2009, but is convertible into common shares of the Company over a 10 year period commencing at a price of $3.14 per share in year one and escalating by $0.25 per share per year thereafter ($4.39 per share as at December 31, 2004). BWCL's purchase of the convertible debenture was receivable as to $4,000,000 in July 1999, $1,000,000 on October 19, 1999, $3,500,000 on July 21, 2000, and $8,500,000 by December 31, 2000, all of which were received. BWCL has the right to convert, in part or in all from time to time, the debenture into fully paid common shares of the Company from year one to year ten.

(Expressed in Canadian Dollars)

From the commencement of the sixth year to the tenth year, the Company has the right to automatically convert the debenture into common shares at the then-prevailing market price. Since the Company has the right and the intention to settle the convertible debenture through the issuance of common shares, notwithstanding the Company's right to settle the debenture with cash, it has been included as a separate component of shareholders' equity on the balance sheet.

Accounting standards in Canada for compound financial instruments require the Company to allocate the proceeds received from the convertible debenture between (i) the fair value of the option to convert the debenture into common shares and (ii) the fair value of the future cash outflows related to the debenture. At issuance, the Company estimated the fair value of the conversion option by deducting the present value of the future cash outflows of the convertible debenture, calculated using a risk-adjusted discount rate of 10%, from the face value of the principal of the convertible debenture. The residual carrying value of the convertible debenture is required to be accreted to the face value of the convertible debenture over the life of the debenture by, in the Company's case, a direct charge to deficit. During the year ended September 30, 2003, the Company restated the prior years' convertible debenture and deficit balances within shareholders' equity on the balance sheet and the statements of deficit for the years ended September 30, 2002 and 2001 to reflect the required accretion of the convertible debenture.

	Three months ended December 31, 2004	Year ended September 30, 2004
Present value of convertible debenture		
Beginning of period	$ 10,754,763	$ 9,777,058
Accretion for the period	269,975	977,705
End of period	11,024,738	10,754,763
Conversion right	9,822,462	9,822,462
	$ 20,847,200	$ 20,577,225

(Expressed in Canadian Dollars)

	December 31, 2004	September 30, 2004
Summary of the convertible debenture terms		
Principal amount of convertible debenture	$17,000,000	$17,000,000
Price per common share of the unexercised conversion right	$ 4.39	$ 4.39
Number of common shares potentially issuable under unexercised conversion right	3,872,437	3,872,437

(d) *Share purchase option plan*

The Company has a share purchase option plan approved by the shareholders that allows it to grant a maximum of 10% of the issued and outstanding common shares of the Company at the time an option is granted, less common shares reserved or issued in the plan, subject to regulatory terms and approval, to its employees, officers, directors and consultants. The exercise price of each option may be set equal to or greater than the closing market price of the common shares on the TSX Venture Exchange on the day prior to the date of the grant of the option, less any allowable discounts. Options have a maximum term of ten years and terminate 30 to 90 days following the termination of the optionee's employment or term of engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

The continuity of share purchase options is as follows:

	For the three month period ended December 31, **2004**		For the years ended September 30, **2004**		**2003**	
	Number of shares	Average Price	Number of shares	Average Price	Number of shares	Average Price
Opening balance	8,627,500	$ 1.13	4,685,000	$ 0.48	4,145,000	$ 0.50
Granted during the period	–	0.58	8,855,500	1.12	770,000	0.41
Exercised during the period	(102,500)	1.12	(4,898,000)	0.50	(40,000)	0.50
Expired/cancelled during period	–	–	(15,000)	1.36	(190,000)	0.50
Closing balance	8,525,000	$ 1.13	8,627,500	$ 1.13	4,685,000	$ 0.48
Contractual remaining life (years)		1.68		1.93		1.03
Range of exercise prices	$0.25-$1.65		$0.25-$1.65		$0.25-$0.50	

As at December 31, 2004, 8,177,500 of the options outstanding had vested with optionees.

Subsequent to December 31, 2004, to February 8, 2005, a total of 487,000 options were exercised for gross proceeds of $436,100.

(Expressed in Canadian Dollars)

The exercise prices of all share purchase options granted during the period were equal to the market price at the grant date. Using an option pricing model with the assumptions noted below, the estimated fair value of all options granted during the period have been reflected in the statement of operations as follows:

	Three months ended December 31, 2004	Year ended September 30, 2004
Total compensation cost recognized in operations, credited to contributed surplus	**$ 164,549**	**$ 5,172,244**

The weighted average assumptions used to estimate the fair value of options granted during the year were:

Risk free interest rate	3%
Expected life	2.4 years
Volatility	94%
Expected dividends	nil

(e) *Share purchase warrants*

The continuity of share purchase warrants is as follows:

Expiry dates	Exercise price	Outstanding September 30, 2004	Issued	Exercised	Outstanding December 31, 2004
January 8, 2006	$0.40	375,000	–	–	375,000
December 31, 2005	$0.75	6,226,668	–	1,405,001	4,821,667[i]
March 10, 2005	$2.25	3,900,000	–	–	3,900,000[ii]
September 28, 2006	$1.40	8,000,000	–	–	8,000,000[iii]
		18,501,668	–	1,405,001	17,096,667

(*i*) Subject to a 45-day accelerated expiry upon notice if, at any time after the regulatory four-month hold period, the closing price of the Company's common shares, as traded on the TSX Venture Exchange, is at least $1.50 for ten consecutive trading days. As at December 31, 2004, management had not given notice of this accelerated expiry.

(ii) Subject to a 45-day accelerated expiry upon notice if, at any time after the regulatory four-month hold period, the closing price of the Company's common shares, as traded on the TSX Venture Exchange, is at least $4.50 for ten consecutive trading days.

(Expressed in Canadian Dollars)

(iii) Subject to a 45-day accelerated expiry upon notice if, at any time after the regulatory four-month hold period, the closing price of the Company's common shares, as traded on the TSX Venture Exchange, is at least $2.80 for ten consecutive trading days.

Subsequent to December 31, 2004, to February 8, 2005, a total of 358,333 warrants were exercised for gross proceeds of $268,750.

The continuity of share purchase warrants during the previous fiscal year is as follows:

Expiry dates	Exercise price	Outstanding September 30, 2003	Issued	Exercised	Outstanding September 30, 2004
October 19, 2003	$0.58	276,596	–	(276,596)	–
December 27, 2003	$0.55	414,850	–	(414,850)	–
January 8, 2006	$0.40	375,000	–	–	375,000
December 31, 2003	$0.40	302,250	–	(302,250)	–
December 31, 2004	$0.50	7,393,751	–	(7,393,751)	–
December 31, 2005	$0.75	–	6,700,000	(473,332)	6,226,668
March 10, 2005	$2.25	–	3,900,000	–	3,900,000
September 28, 2006	$1.40	–	8,000,000	–	8,000,000
		8,762,447	18,600,000	(8,860,779)	17,096,667

(f) *Contributed surplus*

Balance, September 30, 2003	$	65,344
Changes during fiscal 2004:		
Non-cash stock-based compensation (note 8(d))		5,172,244
Fair value of stock options allocated to shares issued on exercise		(290,000)
Contributed surplus, September 30, 2004		4,947,588
Changes during fiscal 2004:		
Non-cash stock-based compensation (note 8(d))		164,549
Contributed surplus, December 31, 2004	$	5,112,137

(Expressed in Canadian Dollars)

9. Income taxes

As at September 30, 2004 and 2003, the tax effect of the significant components within the Company's future tax assets were as follows:

		2004		2003
Mineral properties	$	7,472,000	$	–
Loss carry forwards		1,412,000		1,778,000
Equipment		15,000		1,085,000
Reclamation obligation		5,359,000		–
Royalty obligation		23,979,000		–
Other tax pools		740,000		775,000
		38,977,000		3,638,000
Valuation allowance		(38,977,000)		(3,638,000)
Future income tax asset	**$**	**–**	**$**	**–**

The Company has accrued a tax provision of a subsidiary company of $23.7 million. This provision reflects an amount which management believes is less than likely of ever becoming payable. The subsidiary has a June 30, 2005 taxation year end. Prior to making its ultimate tax calculations, the subsidiary will consider tax planning strategies which might be put in place subsequent to the Company's financial reporting date of September 30, 2004. In addition, the subsidiary would exhaust all appeals if any taxes in connection with this accrual were actually assessed against the subsidiary. The amount represents a potential liability which has been recognized in a conservative manner in accordance with Canadian generally accepted accounting principles. It does not represent a payable amount based on any filed, or expected to be filed, tax return. It does not arise from a transaction in any completed taxation year, nor has any taxation authority assessed the amount or any portion thereof as payable.

At September 30, 2004, the Company's tax attributes include non-capital losses for income tax purposes in Canada totaling approximately $3,063,000 expiring in various periods from 2005 to 2014.

10. Supplementary cash flow disclosures

In addition to the non-cash operating, financing and investing activities primarily disclosed, the Company's non-cash operating, financing and investing activities were as follows:

(Expressed in Canadian Dollars)

	December 31, 2004	September 30, 2004	September 30, 2003
Issuance of common shares on acquisition of remaining business of GESL Partnership	–	–	3,500,000
Issuance of common shares on acquisition of Gibraltar Reclamation Trust Limited Partnership	–	22,230,000	–
Issuance of common shares for loan guarantee (note 7)	–	450,000	–
Accretion of convertible debenture (note 8(c))	269,975	977,705	888,823
Fair value of stock options allocated to shares issued on exercise	–	290,000	–

	December 31, 2004	September 30, 2004	September 30, 2003
Supplemental cash flow information			
Cash paid during the period for			
Interest	$ 41,785	$ 49,294	$ 101,942
Taxes	$ 554	$ 45,352	$ 6,135

11. Related party transactions and advances

Transactions	Three months ended December 31, 2004	Year ended September 30, 2004
Hunter Dickinson Inc.		
Services rendered to the Company and its subsidiaries and reimbursement of third party expenses (a)	$ 177,357	$ 806,970
Hunter Dickinson Group Inc.		
Consulting services rendered to the Company (b)	$ 3,200	$ 12,800
Tom Milner Enterprises Inc.		
Consulting services rendered to the Company (c)	$ 58,073	$ 115,155

Advances	December 31, 2004	September 30, 2004
Advances to (from) (d)		
Hunter Dickinson Inc. (a)	$ (77,200)	$ 198,281
Hunter Dickinson Group Inc. (b)	(3,424)	(3,424)
Advances to (from) related parties	$ (80,624)	$ 194,857

(a) Hunter Dickinson Inc. ("HDI") is a private company with certain directors in common that provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis pursuant to an agreement dated December 31, 1996.

(b) Hunter Dickinson Group Inc. is a private company with certain directors in common that provides consulting services to the Company.

(c) Tom Milner Enterprises Inc. is a private company controlled by a director of the Company that provides consulting services to the Company.

(d) Advances are non-interest bearing and due on demand.

12. Subsequent events

Subsequent to December 31, 2004, to February 8, 2005:

(a) 487,000 options were exercised for gross proceeds of $436,100 (note 8(d)).

(b) 358,333 warrants were exercised for gross proceeds of $268,750 (note 8(e)).