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TASEKO ANNOUNCES SECOND QUARTER FINANCIAL RESULTS

August 11, 2009, Vancouver, BC - Taseko Mines Limited (TSX: TKO; NYSE Amex: TGB) ("Taseko" or the "Company") reports the results for the three and six months ended June 30, 2009. This release should be read with the Company's Financial Statements and Management Discussion & Analysis, available at www.tasekomines.com and filed on www.sedar.com. Currency is Canadian dollars unless otherwise indicated.

For the quarter ended June 30, 2009, the Company reports an operating profit of \$16.7 million and net earnings of \$11.4 million or \$0.07 per share (\$0.06 per share fully diluted). This compares to an operating profit of \$6.6 million and net earnings of \$3.5 million for the quarter ended March 31, 2009. Revenue for the quarter was \$52.6 million from the sale of 21.0 million pounds of copper and 216,000 pounds of molybdenum at an average realized price of US\$2.10 per pound for copper and US\$10.56 per pound for molybdenum.

Russell Hallbauer, President and CEO of Taseko commented, "Since the beginning of the year our operating margins have increased on a month over month basis, as a result of cost containment initiatives and the strengthening copper price.

With our balance sheet in very good shape, and growing cash flows, we are aggressively working to complete the few remaining capital expenditures required to boost our concentrator throughput capacity to 55,000 tons per day.

Our newly installed Vertimill, along with additional flotation capacity, will give immediate copper recovery improvements. We expect to increase the ore crushing capacity by mid-2010, with the commissioning of our new in-pit crusher and overland conveyor system. The combination of the additional flotation capacity and increased crushing and grinding capabilities will increase our metal production capacity at Gibraltar to an estimated 115 million pounds per year by the middle of 2010.

As well, Gibraltar's management team recently completed a Business Improvement Initiative. This initiative has identified \$20 million worth of annual cost saving improvements that we are presently engaged in addressing.

In conjunction with increased concentrator throughput, improved metal recoveries, a reduction of mining costs as we maximize the productive capacity of our new mining fleet and our focus on the Business Improvement Initiative, Gibraltar's management team will continue to push Gibraltar down the cost curve enhancing our profitability."

Mr. Hallbauer concluded, "We are also extremely pleased with the progress of the Environmental Review of our Prosperity Project over the past three months. The Provincial and Federal agencies are progressing with their work as we had envisioned.

The Federal Department of Fisheries and Oceans has provided clarification on its evaluation of our compensation plan for Fish Lake and is harmonizing those efforts with Provincial agencies. This is a very important step for the Project.

We anticipate receiving our Environmental Assessment and we see no obvious encumbrances that would prevent Prosperity from becoming a long life mine, like Gibraltar, contributing economic returns to our shareholders and creating thousands of direct and indirect jobs in the Cariboo region."

Gibraltar Production and Sales

- In the six months ended June 30, 2009, copper in concentrate sales was 39.5 million pounds and 0.71 million pounds of copper cathode was sold. Molybdenum in concentrate sales was 445,000 pounds.
- Taseko has established a hedging program for 50% of its targeted copper production, approximately 30 million pounds of copper, within a price range of US\$1.88-2.36 per pound from May to December 2009. The Company subsequently extended the program on half of the targeted production per month to May 2010: the price range is US\$2.00-2.61 per pound in January and February 2010, US\$2.00-2.61 per pound in March 2010 and US\$2.15-2.73 per pound in April and May 2010.

The following table illustrates detail on Gibraltar's six-month performance in fiscal 2009:

	Three months ended March 31 2009	Three months ended June 30 2009	Six months ended June 30 2009
Total tons mined (millions) ¹	6.9	7.9	14.8
Tons of ore milled (millions)	3.2	3.3	6.5
Stripping ratio	1.0	1.4	1.2
Copper grade (%)	0.37	0.33	0.35
Molybdenum grade (%Mo)	0.010	0.011	0.011
Copper recovery (%)	82.3	83.7	83.0
Molybdenum recovery (%)	30.8	30.3	30.6
Copper production (millions lb) ²	19.9	19.1	39.0
Molybdenum production (thousands lb)	187	217	404
Copper production costs, net of by-product credits, per lb of copper ³	US\$0.90	US\$0.96	US\$0.94
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US\$0.28	US\$0.34	US\$0.29
Total cash costs of production per lb of copper ⁴	US\$1.18	US\$1.30	US\$1.23

Notes to table:

- 1 Total tons mined includes sulphide ore, oxide ore, low grade stockpile material, overburden, and waste rock which were moved from within pit limit to outside pit limit during the period.
- 2 2009 copper production includes 38.3 million lb in concentrate and 0.7 million lb in cathode.
- 3 By-product credit is based on pounds of molybdenum and ounces of silver sold.
- 4 Cash costs of production is a non-GAAP measure. This non-GAAP measure is intended to provide additional information to investor and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.
Cash costs of production is a common performance measure in the copper industry and includes direct cost of operations and related costs through to refined metal, excluding amortization.

The Gibraltar mine operated for the first six months of 2009 under a plan initiated in November 2008, based on 45,000 tons per day ("tpd") mill throughput and mining at a significantly reduced strip ratio. This new operational plan, along with declining input costs and the realization of the Phase 1 expansion, resulted in substantially reduced costs compared to prior years. The mine is currently reviewing a return to deposit average strip ratio based on recent strength in copper and molybdenum demand and corresponding increases in metal prices.

Copper in concentrate production during the three-month period ended June 30, 2009 was 19.1 million pounds, a decrease from the 19.7 million pounds produced in the first quarter of 2009 as a result of lower copper grade, partially offset by improved recovery. Three-month molybdenum in concentrate production increased from the first quarter of 2009 because of higher grades.

Copper in concentrate production was 38.3 million pounds and molybdenum in concentrate production was 404,000 pounds in the six months ended June 30, 2009. Copper cathode produced over the six

months has been 700,000 pounds. These figures are in line with annual production guidance of 80 million pounds of copper and 800 thousand pounds of molybdenum.

Cash costs of production during the quarter ended June 30, 2009 was US\$1.30 per pound, a 60% decrease in cost from the same quarter of 2008, and a 10% increase over the first quarter of 2009. Over the six months of 2009, the average cost of production has been US\$1.23 per pound.

Fixed Infrastructure Upgrades and Installations

Construction of the Phase 1 mill upgrade was completed in February 2008. The ramp up to the rated processing capacity of 46,000 tons per day has been essentially achieved during the first half of 2009 as mill operations personnel continue to refine the metallurgical performance relating to grind size at higher mill throughput rates and metal recovery. Copper recoveries have increased from 73.2% in October 2008 to average 83.0% in the first half of 2009.

Current upgrade construction work consists of modernizing and increasing the capacity of the regrind and cleaner flotation circuits to increase throughput capacity and improve metal recovery. This portion of the work will be completed in August and recovery improvements are expected to be realized quite quickly. Further planned upgrades consist of improvements to ancillary circuits along with installation of a two-stage tailings pumping system, designed to increase concentrator capacity from 46,000 to 55,000 tpd. In the fall of 2009, work is expected to resume on the installation of an in-pit crusher and conveyor system and a Semi-Autogenous Grinding ("SAG") mill direct feed system, which will eliminate the materials handling issues in the secondary crusher circuit. Ramp up to 55,000 tpd will occur following completion of the above infrastructure upgrades and installations.

Taseko will host a conference call on Wednesday, August 12, 2009 at 12:30 p.m. Eastern Time (9:30 a.m. Pacific) to discuss these results. The conference call may be accessed by dialing (877) 440-5796, or (719) 325-4872 internationally. A live and archived audio webcast will also be available at www.tasekomines.com.

The conference call will be archived for later playback until August 19, 2009 and can be accessed by dialing (888) 203-1112 in Canada and the United States, or (719) 457-0820 internationally and using the passcode 9945444.

For further information, contact Brian Bergot, Investor Relations – 778-373-4545, toll free 1-800-667-2114

Russell Hallbauer
President and CEO

No regulatory authority has approved or disapproved of the information contained in this news release.

Forward Looking Statements

This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, 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 capital market conditions, commodities market prices, exploitation and exploration successes, lack of continuity of mineralization, completion of the mill upgrade on time estimated and at scheduled cost, 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. For more information on the Company, Investors should review the Company's annual Form 40-F filing with the United States Securities and Exchange Commission or the Company's home jurisdiction filings at www.sedar.com.



**THREE AND SIX MONTHS ENDED JUNE 30, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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THREE AND SIX MONTHS ENDED JUNE 30, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS

1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements of Taseko Mines Limited ("Taseko", or the "Company") for the three and six months ended June 30, 2009 and the audited financial statements for the fiscal period ended December 31, 2008, prepared in accordance with Canadian generally accepted accounting principles, and publicly available on SEDAR at www.sedar.com.

This MD&A is prepared as of August 10, 2009. 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 actual results or developments may differ materially from those projected in the forward-looking statements.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This discussion uses the terms "measured resources" and "indicated resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This discussion uses the term "inferred resources". The Company advises investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of economic studies, except in rare cases. **Investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.**



Taseko Mines Limited
THREE AND SIX MONTHS ENDED JUNE 30, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS

1.2 Overview

Taseko is a mining and mineral exploration company with one operating mine and three exploration projects, all located in British Columbia, Canada. These are the Gibraltar copper-molybdenum mine, the Prosperity gold-copper property, the Harmony gold property and the Aley niobium property.

In 2009, Taseko is focusing on production performance and operating cost improvements at the Gibraltar mine, advancing the attainment of a Project Approval for the Prosperity project, and reviewing potential acquisitions to provide for further corporate growth.

During the second quarter of 2009, the Company's Gibraltar mine produced 19.1 million pounds of copper and 217 thousand pounds of molybdenum. For the first six months of 2009, Gibraltar has produced 39.0 million pounds of copper and 404 thousand pounds of molybdenum. These figures are in line with annual production guidance of 80 million pounds of copper and 800 thousand pounds of molybdenum.

Total (on-site and off-site) cash costs for the second quarter at Gibraltar were US\$1.30 per pound. For the first six months of 2009, total cash costs¹ averaged US\$1.23 per pound.

Taseko had an operating profit of \$16.7 million, and net earnings after tax of \$11.4 million for the three months ending June 30, 2009, compared to an operating profit of \$16.0 million, and net earnings after tax of \$3.8 million for the three months ended June 30, 2008.

In April 2009, the Company established a hedging program for 50% of its targeted copper production from May to December 2009 from the Gibraltar mine, or approximately 30 million pounds of copper, with a price range of US\$1.88-US\$2.36 per pound. Under this facility, Taseko will receive the prevailing copper price while within the price range and a minimum of US\$1.88 per pound and a maximum of US\$2.36 per pound when the market price is outside of the range. As opportunities arose during subsequent months, Taseko extended this hedge program on half of the targeted production per month so that January and February 2010 have price range of US\$2.00-US\$2.51, March 2010 has a price range of US\$2.00-US\$2.61, and April and May 2010 have a price range of US\$2.15-US\$2.73 on the hedged portion of production.

Taseko also completed a \$28 million equity financing in April 2009.

The Prosperity Project is currently undergoing both a provincial and federal Environmental Assessment process. The Government of British Columbia process, being conducted by the Provincial Environmental Assessment Office, is expected to conclude by the end of October 2009. The Government of Canada process, a Federal Review Panel coordinated by the Canadian Environmental Assessment Agency, is expected to be completed in early 2010.

1. Cash costs of production is a non-GAAP measure. This non-GAAP measure is intended to provide additional information to investor and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Cash costs of production is a common performance measure in the copper industry and includes direct cost of operations and related costs through to refined metal, excluding amortization.

1.2.1 Gibraltar Mine

Taseko's 100% owned Gibraltar mine is located north of the City of Williams Lake in south-central British Columbia.

Three-Month Sales

- Copper in concentrate sales volume increased to 21.0 million pounds in the three months ended June 30, 2009 from the 12.4 million pounds of copper in concentrate sold during the three months ended June 30, 2008.
- There were no sales of copper cathode in the three months ended June 30, 2009 compared to 0.6 million pounds in the three months ended June 30, 2008.
- The average price realized for sales of copper during the period was US\$2.10 per pound, compared to US\$3.86 per pound realized in the three months ended June 30, 2008.
- Molybdenum in concentrate sales volume increased to 216,000 pounds in the three months ended June 30, 2009 from 78,000 pounds sold in the three months ended June 30, 2008.
- The average price realized for sales of molybdenum for the three months ended June 30, 2009 was US\$10.56 per pound, compared to US\$33.57 per pound realized in the three months ended June 30, 2008.

Six-Month Sales

- Copper in concentrate sales volume increased to 39.6 million pounds in the six months ended June 30, 2009 from the 27.2 million pounds of copper in concentrate sold during the six months ended June 30, 2008.
- Copper cathode sales volume decreased in the six months ended June 30, 2009 to 0.71 million pounds compared to 2.2 million pounds in the six months ended June, 2008.
- Molybdenum in concentrate sales volume increased to 445,000 pounds in the six months ended June 30, 2009 from 335,000 pounds sold in the six months ended June 30, 2008.

Inventory

- Copper concentrate inventory at June 30, 2009 was 3.0 million pounds. Copper in concentrate in inventory at June 30, 2008 was 3.6 million pounds.
- Copper cathode inventory at June 30, 2009 was 0.50 million pounds. Copper cathode in inventory at June 30, 2008 was 0.08 million pounds.
- Molybdenum in concentrate inventory at June 30, 2009 was 37,000 pounds. Molybdenum in concentrate inventory at June 30, 2008 was 8,821 pounds.



**THREE AND SIX MONTHS ENDED JUNE 30, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Three and Six Month Production

The following table is a summary of the operating statistics for the three months ended March 31, 2009, June 30, 2009 and the six months ended June 30, 2009.

	Three months ended March 31 2009	Three months ended June 30, 2009	Six months ended June 30, 2009
Total tons mined (millions) ¹	6.9	7.9	14.8
Tons of ore milled (millions)	3.2	3.3	6.5
Stripping ratio	1.0	1.4	1.2
Copper grade (%)	0.37	0.33	0.35
Molybdenum grade (%Mo)	0.010	0.011	0.011
Copper recovery (%)	82.3	83.7	83.0
Molybdenum recovery (%)	30.8	30.3	30.6
Copper production (millions lb) ²	19.9	19.1	39.0
Molybdenum production (thousands lb)	187.	217	404
Copper production costs, net of by-product credits, per lb of copper ³	US\$0.90	US\$0.96	US\$0.94
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US\$0.28	US\$0.34	US\$0.29
Total cash costs of production per lb of copper ⁴	US\$1.18	US\$1.30	US\$1.23

Notes to table:

- 1 Total tons mined includes sulphide ore, oxide ore, low grade stockpile material, overburden, and waste rock which were moved from within pit limit to outside pit limit during the period.
- 2 2009 copper production includes 38.3 million lb in concentrate and 0.7 million lb in cathode.
- 3 By-product credit is based on pounds of molybdenum and ounces of silver sold.
- 4 Cash costs of production is a non-GAAP measure. This non-GAAP measure is intended to provide additional information to investor and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Cash costs of production is a common performance measure in the copper industry and includes direct cost of operations and related costs through to refined metal, excluding amortization.

The Gibraltar mine operated for the first six months of 2009 under a plan initiated in November 2008, based on 45,000 tons per day (“tpd”) mill throughput and mining at a significantly reduced strip ratio. This new operational plan along with declining input costs, and the realization of the Phase 1 expansion, resulted in substantially reduced costs compared to prior years. The mine is currently reviewing a return to deposit average strip ratio based on recent strength in copper and molybdenum demand and corresponding increases in metal prices.

Tons mined during the three months ended June 30, 2009 increased compared to the first quarter of 2009 as planned.

Copper in concentrate production during the three-month period ended June 30, 2009 was 18.6 million pounds, a decrease from the 19.7 million pounds produced in the first quarter of 2009 as a result of lower copper grade and partially offset by improved recovery. Copper in concentrate production was 38.3 million pounds in the six months ended June 30, 2009.

Copper cathode production was 0.7 million pounds for the six months of 2009. The Solvent Extraction/Electrowinning plant was shutdown in February, March and April to reduce costs during cold weather months and to allow the oxide dumps to recharge.

Three-month molybdenum in concentrate production increased from the first quarter of 2009 because of higher grades. Molybdenum in concentrate production was 404,000 pounds in the six months ended June 30, 2009.

Cost of production during the quarter ended June 30, 2009 was US\$1.30 per pound, a 60% decrease in cost from the same quarter of 2008, and a 10% increase over the first quarter of 2009. Over the six months of 2009, the average cost of production has been US\$1.23 per pound.

Fixed Infrastructure Upgrades and Installations

Construction of the Phase 1 mill upgrade was completed in February 2008. The ramp up to the rated processing capacity of 46,000 tons per day ("tpd") has been essentially achieved during the first half of 2009 as mill operations personnel continue to refine the metallurgical performance relating to grind size at higher mill throughput rates and metal recovery. Copper recoveries have increased from 73.2% in October 2008 to average 83.0% in the first half of 2009.

Current active mill upgrade construction work consists of modernizing and increasing the capacity of the regrind and cleaner flotation to increase throughput capacity and improve metal recovery. This portion of the work will be completed in August and recovery improvements are expected to be realized quite quickly. Further planned mill upgrades consist of improvements to ancillary circuits along with installation of a two-stage tailings pumping system, designed to increase concentrator capacity from 46,000 to 55,000 tpd. In the fall of 2009, work is expected to resume on the installation of an in-pit crusher and conveyor system and a Semi-Autogenous ("SAG") mill direct feed system, which will eliminate the materials handling issues in the secondary crusher circuit. Ramp up to 55,000 tpd will occur following completion of the above infrastructure upgrades and installations.

Labour and Safety

Labour at site was reduced as a result of the 24-month plan to reduce costs in response to significant decreases in metal prices. The number of active personnel at the site at the end of June 2009 was 347, compared to 330 personnel at the end of March 2009.

There have been 5 lost time accidents in the six months of fiscal 2009. There were no environmental incidents.

1.2.2 Prosperity Project

Taseko holds a 100% interest in the Prosperity property, located 125 kilometers southwest of the City of Williams Lake. The property hosts a large porphyry gold-copper deposit amenable to open pit mining. In September 2007, the Company announced the positive results of a feasibility study for the Project.

The Ministry of Environment of British Columbia accepted Taseko's Environmental Assessment report as complete on March 13, 2009 and is moving forward under provisions of the Environmental Assessment Act with an Environmental Assessment Office ("EAO") led review of this Project. The

Canadian Environmental Assessment Agency (“CEAA”) and the B.C. EAO are collaborating on their respective federal and provincial environmental assessment processes in a coordinated manner. The Provincial EA review is mandated by law to be completed 180 calendar days after the acceptance date noted above. As part of the review process both CEAA and the EAO have asked Taseko to submit further information, which the Company is now providing. The request for additional information is not expected to significantly alter the review schedules. Federal and provincial government decisions on proceeding with the Project will be made following completion of the Environmental Assessment process.

1.2.3 Harmony Project

Taseko holds 100% of the Harmony gold project, located on the Queen Charlotte-Haida Gwaii on the northwest coast of British Columbia. The Company has undertaken property maintenance and environmental monitoring activities at Harmony since acquiring the project in 2001.

The Company initiated a review of engineering work on the project in late 2007 following the designation of the area as a mineral development zone under the Queen Charlotte-Haida Gwaii Land and Resource Management Plan. Plans to move forward with the Harmony Project are currently on hold.

1.2.4 Aley Project

Taseko holds 100% of the Aley niobium project in northern British Columbia. Niobium is a metal used in making high-strength steels required in the manufacture of automobiles, bridges, pipes, jet turbines and other high technology applications. Plans to move forward with the Aley Project are currently on hold.

1.2.5 Market Trends

Copper prices had been on an overall upward trend between late 2003 and October 2008, but decreased significantly in the fourth quarter of 2008 as a result of uncertainty in global financial markets. The average price in 2008 was US\$3.15/lb, compared to an average price of US\$3.22/lb in 2007. There was an unprecedented 70% drop in prices over the six months from July to December 2008. Prices stabilized in January 2009, then began to improve. In 2009, to the date of this report, copper prices have averaged US\$1.95/lb.

Precious metals prices also showed some volatility during the period of September to December 2008, after being on an uptrend for more than three years. The gold price averaged US\$871/oz in 2008. As global economic and other market conditions have remained uncertain, market experts have forecasted strong gold prices through 2009. Prices in 2009 to the date of this report have averaged US\$920/oz.

Average annual molybdenum prices increased from US\$7.60/lb in 2003 to peak at US\$34/lb in 2005. Prices averaged US\$25.53/lb in 2006 and US\$30.47/lb in 2007. Molybdenum prices dropped significantly in late 2008, but averaged US\$28.98/lb over the twelve months based on strength earlier in the year. The average price in 2009 to the date of this report is US\$10.05/lb.

The Company sells its products in United States dollars but its expenses are denominated primarily in Canadian dollars. The twelve-month average at December 31, 2008 for one United States dollar was 1.067 Canadian dollars. At June 30, 2009, one United States dollar was equivalent to 1.163 Canadian dollars.



**THREE AND SIX MONTHS ENDED JUNE 30, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS**

1.3 Selected Annual Information

Not applicable. Please refer to the MD&A for the fiscal period ended December 31, 2008.

1.4 Summary of Quarterly Results

Expressed in thousands of Canadian dollars, except per-share amounts. Small differences are due to rounding.

	Jun 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007
Current assets	75,950	58,357	41,283	80,250	114,611	124,105	117,251	94,619
Mineral properties	32,617	32,619	32,610	32,095	29,916	19,142	18,941	18,407
Plant and equipment	301,891	295,094	292,390	266,872	222,729	202,679	182,342	158,492
Other assets	107,707	112,321	111,962	132,977	113,159	112,926	106,873	105,745
Total assets	518,165	498,391	478,245	512,194	480,415	458,852	425,407	377,263
Current liabilities	61,503	91,195	112,053	65,663	41,484	29,976	22,439	44,589
Other liabilities	165,341	166,596	131,285	176,456	173,755	182,419	173,042	169,014
Shareholders' equity	291,321	240,600	234,907	270,075	265,176	246,457	229,926	163,660
Total liabilities and shareholders' equity	518,165	498,391	478,245	512,194	480,415	458,852	425,407	377,263
Revenue	52,632	40,172	10,576	57,615	53,206	65,357	44,924	53,998
Mine site operating costs	(26,203)	(25,454)	(42,021)	(40,924)	(29,633)	(28,854)	(19,810)	(17,062)
Transportation and treatment	(7,609)	(6,202)	(7,054)	(9,500)	(6,042)	(7,194)	(5,229)	(5,220)
Amortization	(2,142)	(1,910)	(1,979)	(2,029)	(1,563)	(1,091)	(701)	(667)
Operating profit (loss)	16,678	6,606	(40,478)	5,162	15,968	28,218	19,184	31,049
Expenses:								
Accretion of reclamation obligation	239	234	183	326	322	313	307	760
General and administration	2,104	2,329	2,220	2,143	2,245	2,472	1,955	1,836
Exploration	549	534	1,088	3,363	3,047	2,243	2,123	2,320
Interest expense and accretion charges	2,765	2,784	3,839	1,603	1,857	2,032	1,891	2,042
Interest and other income	(1,987)	(2,184)	(1,362)	(1,668)	(1,897)	(2,239)	(2,535)	(2,901)
Loss (gain) on sale of marketable securities	–	–	–	120	(586)	(568)	–	–
Asset retirement obligation change of estimates	–	–	(4,504)	–	–	–	(2,413)	(4,570)
Foreign exchange loss (gain)	(7,941)	2,930	3,249	1,142	600	(1,000)	40	756
Stock-based compensation	1,581	657	1,054	(85)	1,103	1,598	2,772	1,817
Loss on equipment disposal	–	–	701	–	161	–	–	–
Gain on convertible bond repurchase	(682)	–	–	–	–	–	–	–
Change in fair value of derivative instruments	2,709	–	–	–	–	809	77	617
Earnings (loss) before income taxes	17,341	(678)	(46,946)	(1,782)	9,116	22,558	14,967	28,372
Income tax expense (recovery)	5,936	(4,186)	(7,303)	(8,653)	5,317	6,357	(1,315)	15,727
Earnings (loss) for the period	11,405	3,508	(39,643)	6,871	3,799	16,201	16,282	12,645
Earnings (loss) per share – basic	0.07	0.02	(0.29)	0.05	0.03	0.11	0.12	0.10
Earnings (loss) per share –diluted	0.06	0.02	(0.26)	0.05	0.02	0.10	0.11	0.09

1.5 Results of Operations

Three months ended June 30, 2009

The Company's pre-tax earning for the quarter ended June 30, 2009 was \$17.3 million compared to pre-tax earnings of \$9.1 million for the three months ended June 30, 2008 ("2008"). Net earnings after tax for the quarter increased to \$11.4 million compared to \$3.8 million for the same period a year ago as a result of an increase in production and sales volume. The increase also results from foreign exchange gain recorded due to the weakening of the U.S. dollar and the revaluation of certain US-dollar denominated liabilities at June 30, 2009.

The Company reported revenues of \$52.6 million for the current quarter in 2009, compared to \$53.2 million for the similar period in 2008. The decrease in revenue was the result of a decrease in copper and molybdenum prices, partially offset by increases in sales volumes. The average price per pound of copper sold was US\$2.10 per pound for the current quarter compared to US\$3.86 per pound in the same quarter of 2008. Volume of copper concentrate sales for the quarter was 21.0 million pounds (2008 – 12.4 million pounds). There were no copper cathode sales during the current quarter (2008 – 0.6 million pounds). Moly concentrate sales were 0.2 million pounds (2008 – 0.1 million pounds). Revenues for the quarter consisted of copper concentrate sales of \$49.9 million (2008 – \$48.8 million), copper cathode of \$nil million (2008 – \$2.1 million), and molybdenum concentrate sales of \$2.7 million (2008 – \$2.3 million).

Cost of sales for the quarter in 2009 was \$33.8 million, compared to \$35.7 million for the same period in fiscal 2008. Costs of sales consists of total production costs of \$24.6 million (2008 – \$36.4 million) for metal produced and sold during the quarter and a concentrate inventory adjustment of \$1.6 million (2008 – negative adjustment of \$6.8 million). Treatment and transportation costs totaling \$7.6 million (2008 – \$6.1 million) were also included in cost of sales for the second quarter of 2009.

Amortization expense for the quarter in 2009 was \$2.1 million compared to \$1.6 million for the same period in fiscal 2008. The increase in amortization is the result of more capital equipment compared to the prior year as well as the utilization of several new pieces of equipment related to the concentrator expansion. The Company is also amortizing deferred stripping which had been capitalized in prior periods. Mining and milling assets are amortized using the units of production method based on tons mined and tons milled respectively and divided by the estimated tonnage to be mined and milled in the mine plan.

Exploration expenses were \$0.5 million for the quarter in 2009, compared to \$3.0 million for the same period in 2008. This decrease is due to a lower level of exploration activity at the Company's Prosperity project.

General and administrative costs were \$2.1 million for the quarter in 2009 which is comparable to \$2.2 million for the same period in fiscal 2008.

Stock-based compensation increased to \$1.6 million for the quarter in 2009, compared to \$1.1 million in the same period in fiscal 2008, as a result of the amortization of stock based compensation on options granted during prior periods.



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Interest and other income was \$2.0 million for the quarter in 2009 which is comparable to \$1.9 million in the same quarter 2008.

Interest expense and accretion charges increased to \$2.8 million for the quarter in 2009 from \$1.9 million in the same quarter 2008 due to the interest expense related to the Credit Suisse Term Facility.

The Company recorded a foreign exchange gain for the quarter of \$7.9 million, compared to a loss of \$0.6 million in the same quarter 2008. As the Company reports in Canadian dollars, the gain is due to the weakening of the U.S. dollar and the revaluation of certain US dollar denominated liabilities at June 30, 2009.

The Company recorded an unrealized loss of \$2.7 million (2008 – \$Nil) on derivative instruments as a result of the decrease in fair value of the producer call and put option contract with Credit Suisse which commenced during the quarter.

The Company recorded a gain of \$0.6 million (2008 – \$Nil) on the repurchase of US\$7.5 million of its convertible bonds during the quarter.

The Company had a future income tax expense of \$7.1 million in the current quarter compared to a future income tax expense of \$5.7 million in the same period of 2008. The change in the future income tax liability is due in part to a reversal of a temporary difference related to partnership income from one of the entities in the group offset by the recognition of a future income tax asset related to the Company's copper hedging contract with Credit Suisse.

The current tax recovery of \$1.2 million (2008 – income tax recovery of \$0.4 million) is due to less current tax owing as the result of a deduction related to partnership income accrued in the quarter. The balance payable is comprised of the Company's estimate of corporate tax of \$2.0 million and BC mineral tax estimate of \$0.5 million for the quarter ending June 30, 2009.

The Company also has a long term income tax liability of \$31.7 million (2008 – \$30.7 million) recorded on the Company's balance sheet in accordance with Canadian generally accepted accounting principles.

Six months ended June 30, 2009

The Company's pre-tax earnings for the six months ended June 30, 2009 were \$16.7 million, compared to \$31.7 million for the six months ended June 30, 2008. Despite the increases in sales volumes, the decrease in earnings is primarily due to a drop in copper and molybdenum prices.

The Company reported revenues of \$92.8 million for the first two quarters of 2009, compared to \$118.6 million for the same six months in the prior year.

Cost of sales for the first two quarters of fiscal 2009 was \$65.5 million, compared to \$71.7 million for the same period in fiscal 2008. Costs of sales consists of total production costs of \$50.1 million (2008 – \$64.8 million) for metal produced and sold during the period and a concentrate inventory adjustment of \$1.6 million (2008 – negative adjustment of \$6.3 million). Treatment and transportation costs totaling \$13.8 million (2008 – \$13.3 million) were also included in cost of sales for the first two quarters of 2009.

Amortization expense for the first two quarters of 2009 was \$4.0 million compared to \$2.7 million for the same period in fiscal 2008. The increase in amortization is the result of more capital equipment compared to the prior year as well as the utilization of several new pieces of equipment related to the concentrator expansion. The Company is also amortizing deferred stripping which had been capitalized in prior periods. Mining and milling assets are amortized using the units of production method based on tons mined and tons milled respectively and divided by the estimated tonnage to be mined and milled in the mine plan.

Exploration expenses were \$1.1 million, compared to \$5.3 million for the same period in 2008. This decrease is due to a lower level of exploration activity at the Company's Prosperity project.

General and administrative costs were \$4.4 million in the first two quarters of fiscal 2009 which is comparable to \$4.7 million for the same period in fiscal 2008. The slight decrease is due to the reduction of corporate activities.

Stock-based compensation for the six months ended June 30, 2009 was \$2.2 million, compared to \$2.7 million in the same period in fiscal 2008. The decrease is a result of a greater portion of stock based compensation expenses having been realized in prior periods.

Interest and other income during the first two quarters of fiscal 2009 was \$4.2 million which is comparable to \$4.1 million in the same quarter 2008.

Interest expense and accretion charges increased to \$5.5 million for first two quarters in 2009 from \$3.9 million in the same period in 2008 due to the interest expense related to the Credit Suisse Term Facility.

The Company recorded a foreign exchange gain of \$5.0 million for the six months ended June 30, 2009, compared to a gain of \$0.4 million in the same quarter 2008. The gain is due to the weakening of the U.S. dollar and the revaluation of certain US-dollar denominated liabilities at June 30, 2009.

The Company recorded an unrealized loss of \$2.7 million (2008 – \$Nil) on derivative instruments as a result of the decrease in fair value of the producer call and put option contract with Credit Suisse which commenced during the period.

The Company recorded a gain of \$0.6 million (2008 – \$Nil) on the repurchase of US\$7.5 million of its convertible bonds during the period.

The Company had a future income tax recovery of \$1.0 million for the six months ended June 30, 2009 compared to a future income tax expense of \$19.3 million in the same period of fiscal 2008. Future tax expense was significantly higher in 2008 due to the Company taking accelerated tax depreciation against taxable income. In fiscal 2009 the Company has built up significant tax attributes in certain entities which results in a recovery of future income tax offset by the utilization of tax pools in other entities in the corporate group.

1.6 Liquidity

At June 30, 2009, the Company had cash and equivalents of \$33.1 million, as compared to \$4.6 million at December 31, 2008. In addition, the Company had working capital of \$14.4 million, as compared to

**THREE AND SIX MONTHS ENDED JUNE 30, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS**

working capital deficiency of \$70.7 million at December 31, 2008. The increase in working capital was primarily a result of additional funding raised from financing activities discussed in Section 1.7 *Capital Resources* as well as increase in both copper and molybdenum prices and sales volume since December 2008.

Management anticipates that sales from copper and molybdenum concentrate and copper cathode, along with the various financing activities disclosed in Section 1.7 *Capital Resources*, the new 24-month mine plan and implemented cash management strategies will be sufficient to fund current operations and satisfy obligations as they come due. Management is actively monitoring all commitments and planned expenditures necessary to maintain operational objectives for the upcoming fiscal year.

A 24-month mining plan was implemented in November 2008 for the Gibraltar mine, which includes a significantly reduced strip ratio and lower equipment hours and manpower requirements. This plan, along with declining input costs, a weaker Canadian dollar and the completion of the remaining Phase 2 expansion items will reduce operating costs and ensure there is sufficient liquidity and working capital to manage the effects of the current economic downturn.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash and equivalents are invested in business accounts and bankers acceptances with a major Canadian financial institution, and are available on demand for the Company's programs.

The following are the principal maturities of contractual obligations (in thousands of Canadian dollars):

As at June 30, 2009	Carrying amount	2009	2010	2011	Over 3 years
Accounts payable and accrued liabilities	\$ 15,559	\$ 15,559	\$ –	\$ –	\$ –
Amounts due to a related party	537	537	–	–	–
Convertible debt	26,040	26,040	–	–	–
Long term credit facility	34,054	–	14,538	17,445	2,071
Capital lease obligations	15,143	1,835	3,389	3,601	6,318
Long term equipment loan	3,197	344	733	799	1,321
Total liabilities	\$ 94,530	\$ 44,315	\$ 18,660	\$ 21,845	\$ 9,710

The Company has US\$22.5 million in convertible bonds that have a “put” right to be redeemed at 100.6% by the Bondholders in August 2009. Due to this “put” right, the bonds have been accordingly classified as current liabilities as at June 30, 2009.

During the period, the Company repurchased of US\$7.5 million of the convertible bonds from one of its Bondholders for the purpose of cancellation. Subsequent to period end, the Company repurchased another US\$12.5 million of the bonds for the purpose of cancellation. In addition, the Company has received a notice from the remaining Bondholders of their intention to exercise the “put” right on the remaining US\$10 million.

During the period, the Company secured a US\$30 million 36-month term facility agreement as well as a \$3.2 million long-term equipment loan. The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of \$16 million.

The Company also has purchase orders in the normal course of operations for capital equipment required for the Gibraltar expansion project. The orders have specific delivery dates and financing of this equipment will be through existing cash resources.

Other than those obligations disclosed in the notes to the financial statements for the period ended June 30, 2009, the Company has no other material capital commitments for capital expenditures, long term debt, capital lease obligations, operating leases or any other long term obligations.

Although the Company has implemented the necessary plans to ensure sufficient financial liquidity, the Company's ability to repay or refinance its financial liabilities to their contractual maturities depends on a number of factors, some of which are beyond the Company's control. There is no assurance that our expected cash flows from operations in combination with other steps being taken will allow us to meet these obligations as they become due.

1.7 Capital Resources

The Company's primary sources of liquidity and capital resources are our cash flow provided from operations as well as equity and debt financings.

Debt Financings

(i) Credit Suisse Term Facility

In February 2009 ("Utilization Date"), the Company entered into and drew upon a US\$30 million 36-month term facility agreement (the "Facility") with Credit Suisse. The Facility is repayable commencing April 2010 and every second month thereafter in equal installments of US\$2.5 million until February 2012. The Facility bears interest at LIBOR plus 4 percent which is paid bi-monthly. Pursuant to security agreements entered into in connection with the Facility, the Company has ceded, as security, certain equipment of the Gibraltar Mine and the treatment and refining offtake agreement along with a corporate guarantee

The Facility requires maintenance of certain financial covenants as well as production cost thresholds. The financial covenants under the Facility include maintaining a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of \$150 million and certain production cost thresholds. Total debt is generally defined as all interest bearing liabilities, plus any guarantees of debt. Total equity is defined as total shareholder's equity including share capital, equity component of convertible debt, tracking preferred shares, contributed surplus, and accumulated other comprehensive income (loss) and deficit. Tangible net worth is defined as total equity less amounts attributable to goodwill and other intangible assets and reserves attributable to interest of minority shareholders of the Company. As at June 30, 2009, the Company is compliant with these covenants. The Company's debt to equity ratio was 26.92%, its tangible net worth was \$291 million and its productions costs were within the threshold set by the covenant.

The Company has the option, at any time after 18 months of the Utilization Date, to prepay the whole or any part of the Facility.

(ii) Long-Term Equipment Loan

During the three month period ended June 30, 2009, the Company entered into a 36-month term equipment loan agreement to finance the purchase of equipment for the Gibraltar Mine. The principal amount of the loan is \$3.2 million and is secured by the underlying equipments at the Gibraltar Mine.

The equipment loan is repayable commencing one month after inception in 35 equal monthly installments in the amount of \$79,000 until June 2012. The last installment is payable in June 2012 in the amount of \$974,000. The equipment loan bears a fixed interest rate at 8.545% per annum.

Equity Financings

On April 15, 2009, the Company completed a “bought deal” short form prospectus offering (the “Offering”) of 13,793,104 common shares at a price of \$1.45 per common share (the “Offering Price”). A syndicate of underwriters led by Raymond James Ltd. and including Wellington West Capital Markets Inc., Canaccord Capital Corporation, Jennings Capital Inc. and Paradigm Capital Inc. (collectively, the “Underwriters”) acted as Underwriters in connection with the Offering.

The Company granted to the Underwriters an over-allotment option to purchase up to an additional 2,068,965 common shares at the Offering Price. The Underwriters elected to exercise the over-allotment option in full, resulting in aggregate gross proceeds to the Company of \$23 million. The net proceeds from the Offering were used for discharge of accounts payable and general working capital.

In addition, the Company also completed a private placement financing of 3,628,015 shares at \$1.45 per common share for gross proceeds of \$5.3 million. A finder's fee of 6% of the proceeds of the private placement financing was paid.

During the six month period ended June 30, 2009, 9,085,715 warrants issued in December 2008 were exercised for total proceeds of \$7.7 million and 300,500 options were exercised for the total proceeds of \$0.3 million.

Other Sources

During the six month period ended, the Company was permitted by the Government of British Columbia to release \$3.9 million (in addition to \$5.0 million in 2008) from the Gibraltar Mine reclamation deposit in exchange for security on certain equipment of the Gibraltar Mine.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Hunter Dickinson Services Inc. (“HDSI”) is a private company owned equally by several public companies, one of which is Taseko. HDSI has certain directors in common with the Company and carries out geological, engineering, corporate development, administrative, financial management, investor

relations, and other management activities for, and incurs third party costs on behalf of, the Company. The Company reimburses HDSI on a full cost-recovery basis per agreement dated June 1, 2008.

Costs for services rendered and costs incurred on behalf of the Company by HDSI during the quarter ended June 30, 2009 were \$0.8 million, as compared to \$2.1 million in the same quarter of 2008. Costs for six month period ended June 30, 2009 were \$1.5 million, as compared to \$4.0 million in the same period of 2008. The decrease over prior year is due to lower staffing levels required from HDSI as Taseko Mines Limited has added additional full time employees to its staff.

1.10 Fourth Quarter

Not applicable.

1.11 Proposed Transactions

None.

1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in notes 3 and 4 of the audited consolidated statements for the fiscal period ended December 31, 2008 and note 3 of the interim consolidated financial statements for the three and six months ended June 30, 2009. 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 consolidated financial statements. These estimates include:

- mineral resources and reserves,
- the carrying values of concentrate inventories and supplies inventories
- the carrying values of mineral properties,
- the carrying values of property, plant and equipment,
- rates of amortization of property, plant and equipment
- the carrying values of the reclamation liability,
- the carrying values of the convertible debentures and conversion rights,
- income taxes,
- the valuation allowances for future income taxes,
- the carrying values of the receivables from sales of concentrate,
- the carrying values of deferred revenue,
- the assumptions used in determining the reclamation obligation, and
- the valuation of stock-based compensation expense.

Actual amounts could differ from the estimates used and, accordingly, affect the results of operations.

1.13 Change in Accounting Policies including Initial Adoption

Effective January 1, 2009, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(a) Section 3064 – Goodwill and Intangibles

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The Company evaluated the impact of this new standard and concluded that this standard did not have a significant impact on the financial statements.

(b) EIC 173 – Credit Risk and the Fair value of Financial Assets and Financial Liabilities

The AcSB issued EIC-173 which requires the Corporation to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities of the Company.

(c) EIC 174 – Mining Exploration Costs

The AcSB issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of the Company's mineral properties.

New Accounting Standards Not Yet Adopted

i) Transition to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011.

Accordingly, the Company will be required to present its financial statements in accordance with IFRS for its fiscal year beginning January 1, 2011. As the comparative period ending December 31, 2010 will also require presentation in accordance with IFRS, the Company's transition date for converting to IFRS is January 1, 2010 (the "transition date"). The following discussion provides further information about the Company's IFRS convergence activities.

Management of IFRS Convergence Project

The Company has begun the process of transitioning from GAAP to IFRS. It has established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a Steering Committee to manage the transition from GAAP to IFRS reporting. The Steering Committee regularly updates the Audit Committee and the Board of Directors with the progress of the convergence project through communication and meetings.

The Company is in the process of evaluating its overall readiness to transition from GAAP to IFRS including the readiness of its staff, Board of Directors, Audit Committee and auditors.

The IFRS convergence project instituted consists of three primary phases, which in certain cases will occur concurrently as IFRS is applied to specific areas:

- Initial Scoping and Impact Assessment Analysis: to isolate key areas that will be impacted by the transition to IFRS.
- Evaluation and Design: to identify specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements.
- Implementation and Review: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the Company's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the financial statements.

A detailed timetable has been prepared to manage the transition and the monitor the progress of the convergence project. At the date of preparing this MD&A, the Steering Committee has presented the project plan to the Audit Committee and the Company has begun its initial scoping and impact assessment.

First-time Adoption of International Financial Reporting Standards

IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), sets forth guidance for the initial adoption of IFRS. Commencing for the period ended March 31, 2011 the Company will restate its comparative fiscal 2010 financial statements for annual and interim periods to be consistent with IFRS. In addition, the Company will reconcile equity and net earnings from the previously reported fiscal 2010 GAAP amounts to the restated 2010 IFRS amounts.

IFRS 1 generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and optional exemptions to this general principle. The Company is currently examining the all of the IFRS 1 optional exemptions available under IFRS to determine which exemptions are applicable to the Company.

Changes to estimates previously made are not permitted. The estimates previously made by the Company under GAAP will not be revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

IFRS Impact on Our Organization

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS (i.e. interim financial statements for the three months ended March 31, 2011) will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

The Company has obtained an understanding of IFRS from intensive training of its finance personnel. Further, our finance personnel include employees who have prepared financial statements under IFRS previously.

The Company is still evaluating the impact of the conversion on its accounting systems and has not determined whether significant changes to its accounting systems are required.

In addition, the Company will evaluate its internal and disclosure control processes as a result of its conversion to IFRS, assess the impacts of adopting IFRS on its contractual arrangements to identify any material compliance issues and consider the impacts the transition will have on its internal planning process and compensation arrangements.

ii) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

The AcSB adopted CICA Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current Sections 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These new sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Corporation is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

1.14 Financial Instruments and Other Instruments

Please refer to note 6 of the Company's audited consolidated financial statements for the fifteen months ended December 31, 2008 and note 4 of the interim financial statements for the three and six months ended June 30, 2009.

1.15 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.

1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue

Not applicable. The Company is not a Venture Issuer.

1.15.2 Disclosure of Outstanding Share Data

The following details the share capital structure as at August 10, 2009, 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				182,103,415
Share purchase option	14-Feb-10	\$3.07	46,000	
	03-Jul-10	\$4.03	60,000	
	28-Sep-10	\$1.15	348,334	
	28-Sep-10	\$1.15	780,000	
	28-Sep-10	\$2.07	70,000	
	24-Feb-11	\$4.50	93,000	
	28-Mar-11	\$2.18	442,000	
	28-Mar-11	\$2.63	40,000	
	22-Aug-11	\$4.09	15,000	
	10-Dec-11	\$1.00	1,881,550	
	24-Feb-12	\$3.07	165,000	
	24-Feb-12	\$4.50	135,000	
	10-Dec-13	\$1.00	3,177,000	
	12-Jan-14	\$1.15	2,175,000	
	21-Apr-14	\$1.71	1,580,500	
	07-Jul-12	\$1.90	21,000	
	30-Jul-12	\$2.17	57,000	11,086,384
Convertible bonds	29-Aug-11	US\$3.35	2,985,075	2,985,075
Preferred shares redeemable into Taseko Mines Limited common shares				12,483,916

1.15.3 Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no significant changes in internal controls over financial reporting during the period ended June 30, 2009 that could have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

1.15.4 Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information.



CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2009

(Expressed in thousands of Canadian Dollars)
(Unaudited)

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

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Unaudited - Expressed in thousands of Canadian Dollars)

	June 30 2009 <i>(unaudited)</i>	December 31 2008
ASSETS		
Current assets		
Cash and equivalents	\$ 33,067	\$ 4,587
Restricted cash (note 14)	2,326	4,400
Marketable securities and investments (note 5)	9,864	3,138
Accounts receivable	7,941	4,606
Inventory (note 6)	17,475	20,340
Prepaid expenses	2,651	329
Advances for equipment (note 17(a))	-	499
Current portion of promissory note	2,626	3,384
	75,950	41,283
Advances for equipment (note 17(a))	5,677	5,882
Reclamation deposits	28,788	32,396
Promissory note	73,242	73,684
Mineral property interests, plant and equipment (note 7)	334,508	325,000
	\$ 518,165	\$ 478,245
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 10)	\$ -	\$ 5,737
Accounts payable and accrued liabilities	15,559	53,036
Amounts due to a related party (note 8)	537	1,772
Current portion of long-term credit facility (notes 15)	5,815	-
Convertible debt (note 11)	26,040	35,219
Current portion of capital lease and & long-term loan obligations (note 9)	4,207	3,324
Current portion of deferred revenue	175	175
Current portion of royalty obligation	2,626	3,384
Derivative liability (note 16)	2,709	-
Income taxes payable	2,347	937
Current portion of future income taxes	1,488	8,469
	61,503	112,053
Income taxes	31,667	30,685
Royalty obligation	59,016	60,973
Deferred revenue	744	831
Long-term credit facility (note 15)	28,239	-
Capital lease and long-term loan obligations (note 9)	14,133	13,100
Site closure and reclamation obligation (note 13)	9,901	10,366
Future income taxes	21,641	15,330
	226,844	243,338
Shareholders' equity		
Share capital	320,619	285,690
Equity component of convertible debt (note 11)	2,874	3,832
Tracking preferred shares	26,642	26,642
Contributed surplus	17,235	14,561
Accumulated other comprehensive loss	(1,824)	(6,680)
Deficit	(74,225)	(89,138)
	291,321	234,907
Basis of presentation and going concern (note 1)		
Commitments (note 17)		
Subsequent events (notes 11 and 16)		
	\$ 518,165	\$ 478,245

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors

/s/ Ronald W. Thiessen
Ronald W. Thiessen
Director

/s/ Russell E. Hallbauer
Russell E. Hallbauer
Director

TASEKO MINES LIMITED

Consolidated Statements of Operations and Comprehensive Income (Loss)

(Unaudited - Expressed in thousands of Canadian Dollars, except per share amounts)

	Three months ended		Six months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenue				
Copper	\$ 49,969	\$ 50,872	\$ 87,749	\$ 107,366
Molybdenum	2,663	2,334	5,055	11,197
	52,632	53,206	92,804	118,563
Cost of sales	(33,812)	(35,675)	(65,468)	(71,723)
Depletion, depreciation and amortization	(2,142)	(1,563)	(4,052)	(2,654)
Operating profit	16,678	15,968	23,284	44,186
Expenses (income)				
Accretion of reclamation obligation (note 13)	239	322	473	635
Change in fair value of derivative instruments (note 16)	2,709	–	2,709	809
Exploration	549	3,047	1,083	5,290
Foreign exchange loss (gain)	(7,941)	600	(5,011)	(399)
Gain on sale of marketable securities	–	(586)	–	(1,154)
General and administration	2,104	2,245	4,433	4,715
Interest accretion on convertible debt (note 11)	538	467	1,104	1,225
Loss on equipment disposal	–	161	–	161
Interest and other income	(1,987)	(1,897)	(4,171)	(4,136)
Interest expense	2,227	1,390	4,445	2,665
Gain on convertible bond repurchase (note 11)	(682)	–	(682)	–
Stock-based compensation	1,581	1,103	2,238	2,701
	(663)	6,852	6,621	12,512
Earnings before income taxes	17,341	9,116	16,663	31,674
Current income tax expense (recovery)	(1,181)	(397)	2,762	(7,601)
Future income tax expense (recovery)	7,117	5,714	(1,012)	19,275
Net earnings for the period	\$ 11,405	\$ 3,799	\$ 14,913	\$ 20,000
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale reclamation deposit	(346)	(527)	(1,005)	225
Unrealized gain (loss) on available-for-sale marketable securities	4,149	(2,783)	6,726	(5,343)
Reclassification of realized gain on sale of marketable securities	–	(439)	–	(528)
Tax effect	(476)	554	(865)	875
Other comprehensive income (loss)	\$ 3,327	\$ (3,195)	\$ 4,856	\$ (4,771)
Total comprehensive income	\$ 14,732	\$ 604	\$ 19,769	\$ 15,229
Earnings per share				
Basic	\$ 0.07	\$ 0.03	\$ 0.09	\$ 0.14
Diluted	0.06	0.02	0.09	0.13
Weighted average number of common shares outstanding				
Basic	174,377	143,475	163,841	141,878
Diluted	179,822	158,197	169,285	155,537

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian Dollars)

	Three months ended		Six months ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Operating activities				
Net earnings for the period	\$ 11,405	\$ 3,799	\$ 14,913	\$ 20,000
Items not involving cash				
Accretion of reclamation obligation	239	322	473	635
Depreciation, depletion and amortization	2,142	1,563	4,052	2,654
Interest accretion on convertible debt	538	465	1,104	1,223
Stock-based compensation	1,581	1,103	2,238	2,701
Future income taxes	7,117	5,714	(1,012)	19,275
Unrealized foreign exchange loss (gain)	(5,609)	(184)	(3,826)	783
Loss (gain) on sale of marketable securities	-	(586)	-	(1,154)
Gain on re-purchase of convertible debt (note 11)	(682)	-	(682)	-
Change in fair value of financial instruments	2,709	-	2,709	809
Changes in non-cash operating working capital				
Accounts receivable	(761)	(4,332)	(3,336)	(2,690)
Amounts due to a related party	(1,663)	349	(1,235)	1,274
Inventory	2,488	(9,920)	2,865	(12,387)
Prepaid expenses	(425)	(10,218)	(2,323)	(9,883)
Accrued interest income on promissory note	(1,103)	(1,088)	1,199	645
Accounts payable and accrued liabilities	(26,891)	5,351	(37,474)	9,945
Deferred revenue	(44)	(43)	(88)	(87)
Accrued interest recovery (expense) on royalty obligation	335	346	(2,714)	(2,116)
Income taxes	(1,349)	1,949	1,870	(5,076)
Site closure and reclamation expenditures	(843)	-	(979)	-
Cash provided by (used for) operating activities	(10,816)	(5,410)	(22,246)	26,551
Investing activities				
Purchase of property, plant and equipment	(4,291)	(26,942)	(12,558)	(48,459)
Reclamation deposits	-	-	-	(75)
Funds released from reclamation deposits	-	-	3,900	-
Accrued interest income on reclamation deposits	(274)	(345)	(1,296)	(819)
Funds (allocated to) released from restricted cash	(2,326)	-	2,074	-
Proceeds from sale of marketable securities	-	1,372	-	2,416
Cash used for investing activities	(6,891)	(25,915)	(7,880)	(46,937)
Financing activities				
Payment of bank indebtedness	-	-	(5,737)	-
Common shares issued for cash, net of issue costs	34,841	297	34,841	605
Proceeds from payments loan obligations, net	2,416	-	1,658	-
Re-purchase of convertible debt (note 11)	(8,408)	-	(8,408)	-
Proceeds from long term credit facility (note 15)	-	-	36,252	-
Cash provided by financing activities	28,849	297	58,606	605
Increase (decrease) in cash and equivalents	11,142	(31,028)	28,480	(19,781)
Cash and equivalents, beginning of period	21,925	66,416	4,587	55,169
Cash and equivalents, end of period	\$ 33,067	\$ 35,388	\$ 33,067	\$ 35,388

Supplemental Schedule for Non-Cash Investing and Financing Activities

Acquisition of assets under capital lease	\$ 258	\$ -	\$ 258	\$ -
Share issued for financing fees	\$ 261	\$ -	\$ 261	\$ -
Share issued for the purchase of royalty interest	\$ -	\$ 5,220	\$ -	\$ 5,220
Conversion of convertible debenture	\$ -	\$ 24,887	\$ -	\$ 24,887

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Shareholders' Equity

(Expressed in thousands of Canadian Dollars, except for per share and share amounts)

	Six months ended June 30, 2009 <i>(unaudited)</i>		Year ended December 31, 2008	
Common shares				
	<u>Number of shares</u>		<u>Number of shares</u>	
Balance at beginning of the period	153,187,116	\$ 285,690	130,580,538	\$ 205,040
Share purchase options at \$1.00 per share	300,500	301	–	–
Share purchase options at \$2.07 per share	–	–	30,000	62
Share purchase options at \$2.18 per share	–	–	145,500	317
Share purchase options at \$2.68 per share	–	–	7,500	20
Share purchase options at \$3.07 per share	–	–	78,500	241
Share purchase options at \$4.09 per share	–	–	3,600	15
Share purchase options at \$4.50 per share	–	–	5,000	23
Fair value of stock options allocated to shares issued on exercise	–	88	–	514
Shares issued for the purchase of royalty interest	–	–	1,000,000	5,220
Shares issued for debt conversion	–	–	2,612,971	21,318
Equity financings at \$5.20 per share, net of issue costs	–	–	9,637,792	46,945
Equity financings at \$0.70 per share, net of issue costs	–	–	9,085,715	5,975
Equity financings at \$1.45 per share, net of issue costs (note 12)	19,490,084	26,817	–	–
Warrants exercised (note 12)	9,085,715	7,723	–	–
Balance at end of the period	182,063,415	320,619	153,187,116	285,690
Equity component of convertible debt				
Balance at beginning of the period		3,832		13,655
Repurchase of convertible bond (note 11)		(958)		–
Convertible debenture conversion adjustment		–		(9,823)
Balance at end of the period		2,874		3,832
Tracking preferred shares				
Balance at beginning and end of the period		26,642		26,642
Contributed surplus				
Balance at beginning of the period		14,561		8,633
Stock-based compensation		2,238		6,442
Repurchase of convertible bond (note 11)		524		–
Fair value of stock options allocated to shares issued on exercise		(88)		(514)
Balance at end of the period		17,235		14,561
Accumulated other comprehensive income (loss)				
Balance at beginning of the period		(6,680)		2,338
Unrealized gain (loss) on reclamation deposits		(1,004)		1,859
Unrealized gain (loss) on available-for-sale marketable securities		6,725		(11,295)
Reclassification of realized gain on sale of marketable securities		–		(1,152)
Tax effect		(865)		1,570
Balance at end of the period		(1,824)		(6,680)
Deficit				
Balance at beginning of the period		(89,138)		(92,648)
Net earnings for the period		14,913		3,510
Balance at end of the period		(74,225)		(89,138)
TOTAL SHAREHOLDERS' EQUITY		\$ 291,321		\$ 234,907

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

1. BASIS OF PRESENTATION AND GOING CONCERN

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. They do not include all the disclosures as required for annual financial statements under generally accepted accounting principles. These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the fifteen month fiscal period ended December 31, 2008, which are available through the internet on SEDAR at www.sedar.com.

Operating results for the six months ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2009.

The consolidated financial statements are prepared on the basis that the Company will continue as a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of operations as they come due.

At December 31, 2008, the Company had a working capital deficit of \$70,770 as a result of the substantial decline in commodity prices in the latter half of the year resulting in price adjustments to provisionally priced commodity sales and due to US\$30,000 in bonds that were redeemable at the option of the holders and thus, classified as current liabilities. In the six months ended June 30, 2009, the Company strengthened its balance sheet significantly by issuing \$34,841 in common shares, receiving \$36,252 from a new long-term credit facility and incurring a positive \$20 million in cash flow from operations before changes in working capital. As a result of these activities, as at June 30, 2009, the Company has cash and cash equivalents of \$33,067 and a positive working capital of \$14,447.

The improvement in commodity prices in the first six months of the 2009 fiscal year from the severe decline in commodity prices in the last six months of 2008 has improved the Company's operating results and financial position. The Company continues to monitor all expenditures and has implemented appropriate cash management strategies to ensure that it has adequate cash resources to fund identified commitments. The Company had implemented a new 24-month operational mine plan in early 2009 which will sustain current mill throughput while mining at a reduced strip ratio, resulting in reduced operating costs. Furthermore, certain expansion projects have been deferred until improvements occur in the credit and commodity markets. While there can be no assurances that the Company's plans to address the current economic events will be successful, management believes that there is sufficient funding through our current resources, credit facilities and cash flow from operations to continue as a going concern.

If the Company is unable to maintain profitable operations and generate sufficient cash flows to meet obligations as they come due, the Company may have to reduce or curtail its operations and exploration activities or obtain financing at unfavorable terms. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

2. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements for the financial year ended December 31, 2008, except as described in note 3.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(a) *Section 3064 – Goodwill and Intangibles*

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The Company evaluated the impact of this new standard and concluded that this standard did not have a significant impact on the financial statements.

(b) *EIC 173 – Credit Risk and the Fair value of Financial Assets and Financial Liabilities*

The AcSB issued EIC-173 which requires the Corporation to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities of the Company.

(c) *EIC 174 – Mining Exploration Costs*

The AcSB issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of the Company's mineral properties.

(d) *New Accounting Standards Not Yet Adopted:*

i) *International Financial Reporting Standards ("IFRS")*

The Canadian Accounting Standards Board ("AcSB") has announced its decision to replace Canadian generally accepted accounting principles ("Canadian GAAP") with International Financial Reporting Standards ("IFRS") for all Canadian publicly-listed companies. The AcSB

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

announced that the changeover date will commence for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company to changeover to IFRS will be January 1, 2011. Therefore, the IFRS adoption will require the restatement for comparative purposes of amounts reported by the Company for the year ending December 31, 2010. During the period, the Company has established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a steering Committee to manage the transition from Canadian GAAP to IFRS reporting.

ii) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

The AcSB adopted CICA sections 1582, “Business Combinations”, 1601, “Consolidated Financial Statements”, and 1602, “Non-Controlling Interests” which superseded current sections 1581, “Business Combinations” and 1600 “Consolidated Financial Statements”. These new sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These Sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these Sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Corporation is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

4. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital Management Objectives

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and cash equivalents, credit facilities, convertible debt and long-term equipment loan as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt.

As at June 30, 2009, the Company is subject to externally-imposed capital requirements in the form of covenants relating to the long-term credit facility (note 15) requiring a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of \$150,000 and production cost thresholds. Total debt is generally defined as all interest bearing liabilities, plus any guarantees of debt. Total equity is defined as total shareholder's equity including share capital, equity component of convertible debt, tracking preferred shares, contributed surplus, accumulated other comprehensive income (loss) and deficit. Tangible net worth is defined as total equity less amounts attributable to goodwill and other intangible assets and reserves attributable to interest of

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

minority shareholders of the Company. As at June 30, 2009, the Company's is in compliance with these covenants. The Company's debt to equity was 26.92%, its tangible net worth was \$291,321 and its production costs were within the threshold set by the covenant.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are approved by the Board of Directors. Management also actively monitors its financial covenants to ensure compliance.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments, having maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash.

There were no changes to the Company's approach to capital management during the six months ended June 30, 2009 and the Company expects it will be able to raise sufficient capital resources to carry out its plan of operations for fiscal 2009.

(b) *Carrying Amounts and Fair Values of Financial Instrument*

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instrument from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

The fair values of 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 value of the investment and advances from related parties because of the related party nature of such amounts and the absence of a secondary market for such instruments. The fair values of the promissory note are not readily determinable with sufficient reliability due to the uncertainty around the maturities and the future cash flows associated with the promissory note.

Aside from the financial assets mentioned above, the carrying amounts of the Company's other financial assets approximate their fair values. The following tables show the estimated fair values of the financial assets:

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

	Estimated fair value as at	
	June 30, 2009	December 31, 2008
Cash and cash equivalents	\$ 33,067	\$ 4,587
Restricted cash (note 14)	2,326	4,400
Held for trading	35,393	8,987
Accounts receivable	7,941	4,606
Loans and receivables	7,941	4,606
Marketable securities and investments (note 5)	9,864	3,138
Reclamation deposits	28,788	32,396
Available for sale financial assets	38,652	35,534
Total financial assets	\$ 81,986	\$ 49,127

The fair value of marketable securities and investments and reclamation deposits represents the market value of quoted investments.

The fair values of financial liabilities are as follows:

	Estimated fair value as at	
	June 30, 2009	December 31, 2008
Bank indebtedness	\$ –	\$ 5,737
Accounts payable and accrued liabilities	15,559	53,036
Advances due to a related party	537	1,772
Derivative liability (note 16)	2,709	–
Convertible debt (note 11)	26,040	35,219
Long-term credit facility (note 15)	34,054	–
Long-term equipment loan (note 9)	3,197	–
	\$ 82,096	\$ 95,764

At June 30, 2009, all the Company's financial liabilities were classified as other financial liabilities and carried at amortized cost. The fair values of the convertible debt were determined by discounting the stream of future payments of interest and principal at 10.5% which approximates the Company's current borrowing rate. The fair values of the long-term credit facility were determined by discounting the stream of future payments of interest and principal at 5.8%.

(c) *Financial Instrument Risk Exposure and Risk Management*

The Company is exposed in varying degrees of financial instrument related risks. The Board approves and monitors the risk management processes, including treasury policies, counterparty limits, controlling and reporting structures. The types of risk exposure and the way in which such exposure is managed are provided as follows.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

(i) Liquidity Risk

The Company has US\$22,500 in convertible bonds that have a “put” right to be redeemed at 100.6% by the Bondholders in August 2009. Due to this “put” right, the bonds have been accordingly classified as current liabilities as at June 30, 2009 (note 11). During the period, the Company secured a US\$30,000 36-month term facility agreement (note 15) as well as a \$3,197 long-term equipment loan (note 9). The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of \$15,948 (note 17).

The following are the principal contractual maturities of financial liabilities:

As at June 30, 2009	Carrying amount	2009	2010	2011	Over 3 years
Accounts payable and accrued liabilities	\$ 15,559	\$ 15,559	\$ –	\$ –	\$ –
Amounts due to a related party	537	537	–	–	–
Convertible debt (note 11)	26,040	26,040	–	–	–
Long-term credit facility (note 15)	34,054	–	14,538	17,445	2,071
Long-term equipment loan (note 9)	3,197	344	733	799	1,321
Total liabilities	\$ 79,387	\$ 42,480	\$ 15,271	\$ 18,244	\$ 3,392

As at December 31, 2008	Carrying amount	2009	2010	2011	Over 3 years
Accounts payable and accrued liabilities	\$ 53,036	\$ 53,036	\$ –	\$ –	\$ –
Bank overdraft facility	5,737	5,737	–	–	–
Amounts due to a related party	1,772	1,772	–	–	–
Convertible debt (note 11)	35,219	–	–	35,219	–
Total liabilities	\$ 95,764	\$ 60,545	\$ –	\$ 35,219	\$ –

(ii) Market Risk

The significant market risk exposures to which the Company is exposed are commodity price risk, foreign exchange risk, and interest rate risk.

(a) Commodity Price Risk

During the period, the Company entered into a producer put and call option contract with Credit Suisse AG (“Credit Suisse”) for approximately 50% of its targeted copper production to the end of 2009 from its wholly-owned Gibraltar Mine (note 16).

(b) Foreign Exchange Risk

During the period, the Company had no foreign currency hedges in place, and consequently, hedge accounting is not used.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

The Company's financial assets held in the US dollars (stated in Canadian dollars) were:

Carrying value	June 30, 2009	December 31, 2008
Cash and cash equivalents	\$ 29,396	\$ 2,169
Restricted cash	2,326	–
Accounts receivable	6,198	–
Total financial assets	\$ 37,920	\$ 2,169

The Company's financial liabilities held in the US dollars (stated in Canadian dollars) were:

Carrying value	June 30, 2009	December 31, 2008
Accounts payable and accrued liabilities	\$ 336	\$ 13,227
Derivative liability (note 16)	2,709	–
Convertible debt (note 11)	26,040	35,219
Long-term credit facility (note 15)	34,054	–
Total financial liabilities	\$ 63,139	\$ 48,446

The following exchange rates applied during the periods ended June 30, 2009 and June 30, 2008:

	Average rate		Period end spot rate	
	June 30 2009	June 30 2008	June 30 2009	June 30 2008
CAD vs. USD	1.2058	1.0073	1.1630	1.0197

A 10 percent weakening of the Canadian dollar against the US dollar at June 30, 2009 and June 30, 2008 would have affected six months net earnings by the amounts shown below. This analysis assumes that all other variables remain constant.

	June 30, 2009	June 30, 2008
Net Earnings	\$ 2,139	\$ 8,895

A 10 percent strengthening of the Canadian dollar against the US dollar at June 30, 2009 would have had the equal and opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(c) *Interest Rate Risk*

The convertible bonds (note 11) and long-term equipment loan (note 9b) carry a fixed interest rate of 7.125% and 8.545% per annum respectively and as such are not subject to fluctuations in interest rate. The long-term credit facility (note 15) carries a floating interest of LIBOR plus 4%.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

The exposure of the Company's financial assets to interest rate risk as at June 30, 2009 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)
Financial assets subject to floating interest rates	\$ 35,393	0.50%	N/A
Financial assets subject to fixed interest rates	104,656	5.60%	6.80
Equity investments	9,864	N/A	N/A
Trade and other receivables	7,941	N/A	N/A
Total financial assets	\$ 157,854		

The exposure of the Company's financial assets to interest rate risk as at December 31, 2008 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)
Financial assets subject to floating interest rates	\$ 8,987	4.0%	N/A
Financial assets subject to fixed interest rates	109,464	6.3%	7.02
Equity investments	3,138	N/A	N/A
Trade and other receivables	4,606	N/A	N/A
Total financial assets	\$ 126,195		

The exposure of the Company's financial liabilities to interest rate risk at June 30, 2009 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)	Weighted average period until maturity (years)
Financial liabilities subject to floating interest rates	\$ 34,054	4.30%	N/A	2.58
Financial liabilities subject to fixed interest rates	29,237	7.28%	2.13	2.22
Derivative liability	2,709	N/A	N/A	N/A
Other liabilities	16,096	N/A	N/A	N/A
Total financial liabilities	\$ 82,096			

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

The exposure of the Company's financial liabilities to interest rate risk at December 31, 2008 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)	Weighted average period until maturity (years)
Financial liabilities subject to floating interest rates	\$ 5,737	4.0%	N/A	N/A
Financial liabilities subject to fixed interest rates	35,219	7.1%	2.6	2.6
Other liabilities	54,808	N/A	N/A	N/A
Total financial liabilities	\$ 95,764			

A 10 percent decrease of the LIBOR rate for the six months ended June 30, 2009 and June 30, 2008 would have affected three months net earnings by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	June 30, 2009	June 30, 2008
Net earnings	\$ 0.9	N/A

A 10 percent increase of the LIBOR rate for the six months ended June 30, 2009 and June 30, 2008 would have had the equal and opposite effect on net earnings on the basis that all other variables remain constant.

TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three and six months ended June 30, 2009

(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

5. MARKETABLE SECURITIES AND INVESTMENTS

	As at June 30, 2009		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	\$ 9,880	\$ (1,583)	\$ 8,297
Investment in other public companies	409	1,158	1,567
	\$ 10,289	\$ (425)	\$ 9,864

	As at December 31, 2008		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	\$ 9,880	\$ (7,297)	\$ 2,583
Investment in other public companies	409	146	555
	\$ 10,289	\$ (7,151)	\$ 3,138

As at June 30, 2009, the Company held 7,827,726 (2008 – 7,827,726) shares of Continental Mineral Corporation, a public company with certain directors in common with the Company.

6. INVENTORY

	As at June 30, 2009	As at December 31, 2008
Copper concentrate		\$ 6,114
Ore in-process	890	1,120
Copper cathode	654	612
Molybdenum	182	394
Materials and supplies	10,977	12,100
	\$ 17,475	\$ 20,340

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(Unaudited – Expressed in thousands of Canadian dollars, unless stated otherwise)

7. MINERAL PROPERTY INTERESTS, PLANT AND EQUIPMENT

Plant and equipment – Gibraltar Mine

	June 30, 2009			December 31, 2008		
	Cost	Accumulated Amortization	Net book value	Cost	Accumulated Amortization	Net book value
Buildings and equipment	\$ 6,281	\$ 2,614	\$ 3,667	\$ 6,115	\$ 2,421	\$ 3,694
Mine equipment	81,251	10,360	70,891	58,659	9,900	48,759
Plant and equipment	98,435	5,419	93,016	97,867	4,126	93,741
Vehicles	2,737	1,327	1,410	1,864	1,086	778
Computer equipment	3,390	3,000	390	3,390	2,870	520
Social assets	402	–	402	402	–	402
Deferred pre-stripping costs	52,535	3,927	48,608	52,535	2,358	50,177
Construction in progress	65,425	–	65,425	82,542	–	82,542
Assets under capital lease	23,795	205	23,590	17,521	13	17,508
Asset retirement costs	40	–	40	–	–	–
Total Gibraltar mine	\$ 34,291	\$ 26,852	\$ 307,439	\$ 20,895	\$ 22,774	\$ 298,121
Other equipment and leasehold improvements	\$ 423	\$ 159	\$ 264	\$ 386	\$ 103	\$ 283
Mineral property interests						
Gibraltar Copper Mine			16,752			16,743
Harmony property			1			1
Aley Niobium property			8,343			8,343
Oakmont royalty interest			7,520			7,520
Prosperity property			1			1
Total mineral property interests			32,617			32,608
Net asset retirement obligation adjustment			(5,812)			(6,012)
Mineral properties, plant and equipment			\$ 334,508			\$ 325,000

As at June 30, 2009, approximately \$65,425 (December 31, 2008 – \$82,542) of plant and equipment is under construction and not being amortized. Amortization recorded during the period reflected changes in accounting estimates during the period resulting from the increase in the life of the Gibraltar mine.

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8. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Hunter Dickinson Services Inc.				
Services rendered to the Company and its subsidiaries and reimbursement of third party expenses	\$ 777	\$ 2,090	\$ 1,529	\$ 3,981

Due to (from):	As at June 30, 2009	As at December 31, 2008
Hunter Dickinson Services Inc.	\$ 537	\$ 1,772

Hunter Dickinson Services Inc. ("HDSI") is a private company owned equally by several public companies, one of which is Taseko. HDSI has certain directors in common with the Company and 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 per agreement dated June 1, 2008. Advances are interest bearing and due on demand.

9. CAPITAL LEASE AND LONG-TERM LOAN OBLIGATIONS

Future obligations are as follows:

As at June 30, 2009	Capital Lease Obligations (a)	Long-Term Equipment Loan (b)	Total Long-Term Loan Obligations
2009	\$ 2,327	\$ 474	\$ 2,671
2010	4,100	949	4,833
2011	4,100	949	4,899
Thereafter until 2013	6,651	1,370	7,972
Total payments	\$ 17,178	\$ 3,742	\$ 20,920
Less: interest portion	(2,035)	(545)	(2,580)
Present value of obligations	\$ 15,143	\$ 3,197	\$ 8,340
Current portion	(3,504)	(703)	(4,207)
Non-current portion	\$ 11,639	\$ 2,494	\$ 14,133.

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As at December 31, 2008	Capital Lease Obligations (a)	Long-Term Equipment Loan (b)	Total Long-Term Loan Obligations
2009	\$ 4,280	\$ –	\$ 4,280
2010	4,003	–	4,003
2011	4,003	–	4,003
Thereafter until 2013	6,614	–	6,614
Total payments	\$ 18,900	\$ –	\$ 18,900
Less: interest portion	(2,476)	–	(2,476)
Present value of obligations	\$ 16,424	\$ –	\$ 16,424
Current portion	(3,324)	–	(3,324)
Non-current portion	\$ 13,100	\$ –	\$ 13,100

(a) Capital Lease Obligations

Included in property, plant and equipment are mining equipment that the Company acquired pursuant to three to four year capital lease agreements.

Capital lease obligations as detailed above are secured over plant and equipment and are repayable in monthly installments with fixed interest rates.

(b) Long-term Equipment Loan

During the period, the Company entered into 36-month term equipment loan agreement to finance the purchase of equipment for the Gibraltar Mine. The principal amount of the loan is \$3,197 and is secured by the underlying equipment at the Gibraltar Mine.

The equipment loan is repayable commencing one month after inception in 35 equal monthly installments in the amount of \$79 until June 2012. The last installment is payable in June 2012 in the amount of \$974. The equipment loan bears a fixed interest rate at 8.545% per annum.

10. BANK INDEBTEDNESS

During the six months ended June 30, 2009, the Company repaid an overdraft facility held with a Canadian financial institution in full.

11. CONVERTIBLE DEBT

Convertible Bonds – August 2006

On August 29, 2006 (the “Closing”), the Company issued US\$30,000 in principal amount of five year convertible bonds due in 2011 (the “Bonds”) to qualified institutional buyers (the “Bondholders”). The Bonds are convertible into the Company’s common shares. The Bonds constitute direct, unsubordinated, unsecured, general and unconditional obligations of the Company.

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For the three and six months ended June 30, 2009

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The Bonds were issued at 100% and, if not converted, will be redeemed at maturity at 101%. The Bonds carry coupon interest rates of 7.125% per annum. The Bonds have a “put” right in August 2009 to be redeemed at 100.6%. Due to this “put” right, the Bonds have been accordingly classified as current liabilities as at June 30, 2009.

During the period, the Company repurchased of US\$7,500 of the Bonds from one of its Bondholders for the purpose of cancellation. The Company allocated the consideration paid on the extinguishment of the convertible bond to the liability and equity elements of the security based on their relative fair values at the date of the transaction. A gain of \$682 was recorded in the Company’s statement of operations as a result of the convertible bond repurchase.

Subsequent to period end, the Company repurchased another US\$12,500 of the bonds for the purpose of cancellation. In addition, the Company has received a notice from the remaining Bondholders of their intention to exercise the “put” right on the remaining US\$10,000.

The continuity of the Bonds is as follows:

Convertible Bonds	6 months ended June 30, 2009	15 months ended December 31, 2008
Present value of convertible bonds		
Beginning of period	\$ 35,219	\$ 26,693
Repurchase of US\$7.5 million of convertible bonds	(8,655)	–
Unrealized foreign exchange loss (gain)	(1,628)	6,328
Accretion for the period	1,104	2,198
End of period	26,040	35,219
Conversion right		
Beginning of period	3,832	3,832
Repurchase of US\$7.5 million of convertible bonds	(958)	–
End of period	2,874	3,832
Convertible Bonds	\$ 28,914	\$ 39,051

Convertible Bonds	June 30, 2009	December 31, 2008
Summary of the convertible bond terms:		
Principal amount of convertible debenture	US\$ 22,500	US\$ 30,000
Price per common share of the unexercised conversion right	US\$ 3.35	US\$ 3.35
Number of common shares potentially issuable under unexercised conversion right	6,716,418	8,955,224

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12. EQUITY FINANCINGS

On April 15, 2009, the Company completed a “bought deal” short form prospectus offering (the “Offering”) of 13,793,104 common shares at a price of \$1.45 per common share (the “Offering Price”). A syndicate of underwriters led by Raymond James Ltd. and including Wellington West Capital Markets Inc., Canaccord Capital Corporation, Jennings Capital Inc. and Paradigm Capital Inc. (collectively, the “Underwriters”) acted as Underwriters in connection with the Offering.

The Company granted to the Underwriters an over-allotment option to purchase up to an additional 2,068,965 common shares at the Offering Price. The Underwriters elected to exercise the over-allotment option in full, resulting in aggregate gross proceeds to the Company of \$23,000.

In addition, the Company also completed a private placement financing of 3,628,015 shares at \$1.45 per common share for gross proceeds of \$5,261. A finder's fee of 6% of the proceeds of the private placement financing was paid.

The Company incurred \$1,443 in financing fees related to the Offering and the private placement. The net proceeds of \$26,817 from the Offering were used for discharge of accounts payable and general working capital.

During the period, 9,085,715 warrants issued in December 2008 were exercised for total proceeds of \$7,723 and 300,500 options were exercised for the total proceeds of \$301.

13. SITE CLOSURE AND RECLAMATION OBLIGATIONS

The continuity of the provision for site closure and reclamation costs related to the Gibraltar mine is as follows:

Balance, December 31, 2008	\$ 10,366
Changes during the period:	
Reclamation incurred	(979)
Accretion	473
Additional site closure and reclamation obligation recognized	41
Balance, June 30, 2009	\$ 9,901

Accretion for the six months ended June 30, 2009 of \$473 (2008 – \$234) was charged to the statement of operations.

14. RESTRICTED CASH

As part of the copper hedging contract (note 16), the Company was required to set aside cash in the amount of \$2,326 (US\$2,000) to Credit Suisse as security for the producer call and put option agreement (note 16).

In February 2007, Taseko issued a standby letter of credit, collateralized by cash in the amount of \$4,400, to British Columbia Hydro and Power Authority (“B.C. Hydro”) to provide security for costs to be incurred by BC Hydro relating to the electrical system reinforcements required for the

TASEKO MINES LIMITED

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Gibraltar Expansion Project in accordance with “Credit Support Agreement” between Gibraltar and B.C. Hydro. Under the agreement, the Company was required to submit a standby letter of credit as a guarantee in the amount of \$4,400 in order for B.C. Hydro to initiate procurement of major equipment as part of systems reinforcements. The letter of credit was released during the period with the cash security being now reduced based on Gibraltar’s consumption of power.

15. LONG-TERM CREDIT FACILITY

In February 2009 (“Utilization Date”), the Company entered into and drew upon a US\$30,000 36-month term facility agreement (the “Facility”) with Credit Suisse. The Facility is repayable commencing April 2010 and every second month thereafter in equal installments of US\$2,500 until February 2012. The Facility bears interest at LIBOR plus 4 percent which is due and payable bi-monthly. Pursuant to security agreements entered into in connection with the Facility, the Company has ceded, as security, certain equipment of the Gibraltar Mine and the treatment and refining offtake agreement along with a corporate guarantee.

The Facility requires maintenance of certain financial covenants as well as production cost thresholds. As at June 30, 2009, the Company is in compliance with its financial covenants (note 4a). The Company has the option, at any time after 18 months of the Utilization Date, to prepay the Facility.

The Company incurred financing fees of \$1,067 to obtain the Facility. The unamortized fees totaled \$1,067 is being amortized using the effective interest rate method.

Future principal payments are as follows:

	As at June 30, 2009
2009	\$ —
2010	14,538
2011	17,445
2012	2,071
Present value of credit facility obligations	\$ 34,054
Current portion	(5,815)
Non-current portion	\$ 28,239

16. DERIVATIVE INSTRUMENT

On May 1, 2009, the Company entered into a producer put and call option contract (“the Contract”) with Credit Suisse for approximately 50% of its targeted copper production (approximately 30 million pounds of copper) to the end of 2009 from its wholly-owned Gibraltar Mine. Under the Contract, the Company will receive the prevailing market copper price while within the price range. Should the market price be outside the price range, the Company will receive a minimum of US\$1.88 per pound and a maximum of US\$2.36 per pound for the hedged copper.

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In June 2009, the Company entered into a new contract that is effective from January 2010 to March 2010 (“Q1 2010”) with a new price range of US\$2.00 – US\$2.61 per pound for 50% of its targeted copper production at its Gibraltar Mine during Q1 2010.

Subsequent to period end, the Company entered into a new contract that is effective from April 2010 to May 2010 (“Q2 2010”) with a new price range of US\$2.15 – US\$2.73 per pound for 50% of its targeted copper production at its Gibraltar Mine during Q2 2010.

For accounting purposes, the Company determined that the Contract is a financial derivative financial instrument that should be measured at fair value at each reporting date with all changes in fair value included in the net earnings (loss) in the period in which they arise.

Contracts outstanding at June 30, 2009 are as follows:

Contract Period	Floor Price Price US\$/lb	Cap Price Price US\$/lb	Purchased metric tonne (mt) of copper
May to December 2009	\$ 1.88	\$ 2.36	11,900
January to March 2010	\$ 2.00	\$ 2.61	4,500

The fair value of contracts outstanding at June 30, 2009:

Option	Strike Price US\$/lb	Notional Quantity mt of copper	Due Date	Fair Value (Liability)/Asset US\$
Call option	\$ 2.36	11,900	Dec 31, 2009	\$ (3,336)
Call option	\$ 2.51	3,000	Feb 26, 2010	(1,434)
Call option	\$ 2.61	1,500	Mar 31, 2010	N/A
				\$ (4,770)
Put option	\$ 1.88	11,900	Dec 31, 2009	\$ 1,255
Put option	\$ 2.00	3,000	Feb 26, 2010	\$ 1,186
Put option	\$ 2.00	1,500	Mar 31, 2010	N/A
				\$ 2,441
			Total Fair Value of Contracts (in USD)	\$ (2,329)
			Total Fair Value of Contracts (in CAD)	\$ (2,709)

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17. COMMITMENTS

(a) Advances for equipment

As at June 30, 2009, the Company paid \$5,677 in advance deposits for equipment to be received in next periods, none of which has been classified as current. The Company is further committed to equipment purchases in relation to its expansion activities in the amount of \$15,948.

(b) Treatment and refining agreement

The Company commenced its six-year agreement with MRI Trading AG (“MRI”), a Swiss-based metal trading company, for the treatment and refining of Gibraltar copper concentrate during the period. Under the terms of the agreement, the Company has secured long-term and fixed rates for processing approximately 1.1 million tons of copper concentrate until December 31, 2014. The Company has the right to price payable copper within the concentrate based on a quotational period, declared prior to, and covering each ensuing calendar year.