

TASEKO MINES
Moderator: Peter Mitchell
January 19, 2010

Operator: Good day to everyone. And welcome to the Taseko Mines Prosperity Project Update conference call. Today's call is being recorded.

At this time for opening remarks and introductions, I'd like to turn the call over to Mr. Peter Mitchell. Please go ahead, sir.

Peter Mitchell: Thank you, Operator. Good morning, ladies and gentlemen, and welcome to the Taseko Mines conference call to provide an update on Prosperity Gold-Copper Project.

My name is Peter Mitchell and I'm CFO of Taseko. With me here today is Russ Hallbauer, President and CEO of Taseko. After opening remarks by management, we'll open the phone lines to analysts and investors for a question and answer session. I would like to remind our listeners that our comments and answers to your questions may contain forward-looking information. This information by its nature is subject to risks and uncertainties that may cause the stated outcome to differ materially from the actual outcome. Please refer to the bottom of our latest news release for more information. I will now turn the call over to Russ for his remarks.

Russ Hallbauer: Thank you, Peter. Good morning everyone and thank you for joining us today to discuss the path forward on Prosperity now that the British Columbia Government has granted us the Environmental Assessment Certificate.

Before I begin the discussions on our next steps, I would want to say a few general words. The receipt of this EA for Taseko is not only important for this company but also to the people of the Cariboo and the province as a whole.

We've always maintained that if the project was evaluated on its merits across a broad spectrum of factors ranging from the project's impact on the environment, its support of economic activity and its intended ability to provide significant revenues to all levels of government which in turn support healthcare, education and social services, that the governments overseeing the evaluation process would come to the same conclusion that we as a company have always known – that the building of this mine would be in the best interest for the people of this province.

The granting of the EA Certificate last week after a rigorous in-depth evaluation came to that same conclusion. In British Columbia, we have the most rigorous environmental standards for project review of any jurisdiction on this planet. The ministry of environment has done an excellent job in addressing potential concerns and our undertaking as a company to the 103 various commitments to the terms of the EA Certificate is our top priority as we move forward.

Now to discuss the path forward; once a company such as ours receives its approval what are the next steps? And that is what many of you are interested in understanding today.

First, the provincial permits. After the granting of an EA Certificate we are now able to apply to the various provincial government agencies that oversee mine development with the primary ministry being the Energy Mines and Petroleum Resources Ministry.

Under the various legislative processes laid out under the Provincial Mines Act we will begin applying for the necessary permits to build the mine.

For sake of simplicity, assume you have just bought a building lot in a subdivision in your neighborhood and wish to build a new home. You would apply for your building permit, construction permit, permits to access sewer, water and whatever else is required in complying with applicable regulations in your town. This is essentially the same type of process we will now follow for mine development. We will convert our mining claims to leases. We'll apply for water license, right of occupancy licenses agreements, and many other permits that will allow us to move forward on mine development.

These various permits are a matter of process not approval. And we expect to move that process expeditiously and in fact we began work a number of weeks ago on the applications to expedite this process.

Second, the federal process. The Feds have particular jurisdictions over three main acts, the Navigable Water Act, the Explosives and Transportation Act, and the Fisheries and Fish Habitats Act.

Obviously the first two, the Navigable Water Act and the Explosives and Transportation Act, are mostly similar to the permitting process that I discussed earlier with respect to the provincial legislation.

Both the federal and the provincial Environment Assessments are identical. However the province is solely responsible for mine permitting. But these overarching EAs have to tie together. The federal panel reviewing the project will primarily focus on how fish habitat is affected and was there a commitment to establish a new, more productive lake for everyone to use. That should be enough to satisfy that legislative concern.

While the panel is undertaking its process we will actively advance any and all work under the province's responsibilities once we receive the necessary permits.

The next important consideration is how we plan on financing this project. As you know, we've committed to sell 25% of Gibraltar for \$180 million. In conjunction with that sale, cash on hand and cash flow generation of \$15 to \$20 million per quarter we will have over \$250 million in the bank in the very near future.

We have a number of financing's options open to us to consider. We can finance with a combination of debt equity, 60/40, of which we will have \$250 million as I spoke about of our cash flow from the Gibraltar Mine and other asset sales. And the project financing process has begun and we've had a number of general conversations with banks on that matter.

At the same time we're examining the sale of 20% of Prosperity's gold stream, which leads to a royalty group which we believe will have a value of \$350 to \$400 million. As well we could also sell a portion of the mine to a joint venture partner, say 10 to 20% of a direct interest in the portion of the equity.

So we have many, many options open to us and we'll evaluate each on its own merits in terms of value to this company.

In closing, for mine development in Canada the big issue is permitting risk unlike many other countries. But once that is behind a Canadian mining company the risks diminish dramatically and become very manageable. We have low cost power of 3.5 cents. We have skilled labour. We have railways and ports. We have rule of law. We aren't in a jungle. We aren't at 14,000 feet. There is no fear of nationalization. And we have the lowest corporate income tax in the world.

So once the permitting procedure is complete, as we have done, it becomes completion and implementation process, something that we believe as a company we are very competent at. So we're very excited about moving forward in this project and developing this asset for the people of British Columbia and our shareholders.

Operator, I'd now like to open the line to take questions. We have with us our Senior Vice President of Operations, John McManus, and our Vice President of Engineering, Scott Jones, as well as our Vice President of Corporate and Government Affairs, Brian Battison, who can answer particular questions should they arise.

We'll take our first question from Tom Meyer, Raymond James.

Tom Meyer: Could you give us maybe through an arm wave your best estimate on the timing of the completion of the federal process and if there is room for any potential room to draw out this process?

Russ Hallbauer: Do you want to answer that Brian, ten words or less?

Brian Battison: Ten words or less. A bit of a moving target but I can say that like the provincial government, the federal government has expressed its interest in seeing this project developed. There are a number of processes that they have to go through. But we're looking at something around this summer to have a conclusion of the process and the reports that follow.

Tom Meyer: And then with subsequent to the hearing that process, do they just give you a statement similar to the BC statement and will that occur soon after the completion of that process?

Brian Battison: The government of Canada will take 60 days to review the report and deliver a finding.

Tom Meyer: Okay. And then here - this has come up in the news that I was wondering if you can comment on it. Now some have stated given the resource or reserve increase due to the price changes and the assumption on the model, the resource model at Prosperity, the extension of the mine life to 33 years from 20, does that change anything? Does that impact anything within the federal process?

Russ Hallbauer: Who wants to answer that? John?

John McManus: Tom, it's John here. No, that doesn't change anything in the federal process. The Environment Assessment and the permits which will be written from the Environmental Assessment are the 20 year mine from the previous reserves. That reserve statement was put out in order to let people know what the value of the project is at current prices. And the fact that the province has gone ahead and issued their Environmental Assessment Certificate on that basis I think is pretty strong evidence that the province understands that.

Tom Meyer: Okay and then just final question on that. For expansion or extension of mine life say you're in year '19 and the economic suggests expansions, are additional permits, would they be required or can you continue operating for the balance with the existing permits granted, hopefully by the summer?

John McManus: What you actually do in that case which is normal in mine development is as you reach that decision point you apply for a permit amendment. And it's based on the current rules at the time. And this fact that a mine gets permitted at a certain size and level and then as it moves forward if the economics are correct and everything else works, that you amend the permit is - that's how it usually works. We would see something like that happening maybe in year 15.

Tom Meyer: Okay, perfect. Thank you very much. I'll pass it on.

Operator: And our next question comes from Orest Wowkodaw, Canaccord Adams.

Orest Wowkodaw: Good afternoon. A couple of questions, I was wondering if you could give us an update in terms of where you see the CAPEX and the operating cost for this project. Obviously the feasibility study is now over two years old. Just wondering if you've done any sort of re-cost.

Russ Hallbauer: Scott, do you want to talk to that for a second?

Scott Jones: Scott Jones speaking here. We did some re-costing in 2008 at the peak of equipment demand and commodity pricing. And since then we've reevaluated the numbers and we've closely evaluated our actual on the ground experience at Gibraltar. We're looking at long lead items that used to be 24 months dropping back to 14 months, low steel prices, strong dollar and availability of construction labor. We are confident that capex is still going to be at that same \$800 million mark.

Orest Wowkodaw: And what about on the operating cost level in terms of a cost per ton?

Scott Jones: Operating cost, we're pretty solid on that again, partly because of our operating experience at Gibraltar so we know the costs.

Orest Wowkodaw: Okay. And, you know, given if you get the federal permits this summer, can you sort of walk us through, you know, your timing expectations for construction and sort of startup?

Russ Hallbauer: As I said in my preamble we will work. We will do whatever we can to speed up the process while we wait for the federal approval. So anything that is not in the federal jurisdiction area we'll move forward to advance the project.

And if that means site clearing, site leveling, putting in associated infrastructure, upgrading the roads, doing all those kind of things that would be part and parcel of the ultimate build-out of the mining activity we would do. So we'd try to advance it as quickly as possible.

And I've always maintained and I've always said to the market at large and investors that, you know, in Canada you - there's a window of opportunity to begin construction projects and it sure isn't in October or November of the year as opposed to the spring. The spring you've got to be in there. You want to pour your concrete and have everything locked in before the fall so that you can continue working on your project over the wintertime.

So we will do, depending on where this process and that's why timing is so critical at this junctures on some of these projects is and I don't think it gets enough due consideration, but we will do whatever we can to advance it this spring and this summer. And depending on how things sort out with the Feds then we will see what we do in terms of actively moving forward by the fall or and then either doing the minimal amount of work across the winter and really getting going in the Spring of 2011.

Orest Wowkodaw: Okay and just final question for me. In terms of Gibraltar, the phase 3 expansion that was previously contemplated going up to 180 million pounds a year, where is that in sort of the planning stages right now? You know is it being weighed against the Prosperity Project or I'm just sort of wondering where that stands.

Russ Hallbauer: Yeah, it weighs against our best investment opportunities. And certainly Prosperity versus expanding Gibraltar, the best economic return in our opinion is completing the build-out of Prosperity.

Orest Wowkodaw: So does that sort of suggest that you wouldn't consider doing that expansion of Gibraltar until Prosperity was sort of up and running?

Russ Hallbauer: Yes I would think so. Taking on another \$800 million is going to be big enough for this organization so we wouldn't try and run ourselves skinny by trying to do two projects at the same time.

Operator: Our next question comes from Steve Parsons, Wellington West Capital Markets.

Steve Parsons: A couple questions for you. With the permitting decision now, do you feel comfortable putting deposits down on long lead time equipment or have you done that already or is that something you're thinking about in the next few months?

Russ Hallbauer: Yes. That's exactly what we're thinking about.

Steve Parsons: Okay, so where does that put you then if those are the critical paths in terms of sort of a commissioning date in your mind?

Russ Hallbauer: Two years ago equipment delivery was the critical time item and now it's not. Like Scott said, I think when we were looking at SAG mills a couple years ago it was a 40 month delivery not 24. So I think now it's down to 14 months or 15 months. That's certainly not going to be the issue. We've got to get more of our front end engineering done. We probably have about 15% of our engineering done, maybe a little less. We've got to get up to 30 or 40% of our engineering done before we can start building. So, you know, it's going to be on a pretty tight timeline now.

I still think the backend of 2012 or early 2013 for commissioning.

Steve Parsons: Okay. And secondly, I guess what sort of interests are you seeing on the - and clearly (Sojitz) were interested in Gibraltar. Are you seeing the same sort of interest in (Sojitz) Partners getting involved in Prosperity to the extent you can talk about that?

Russ Hallbauer: Yes. I think our perspective has changed a little bit. You know we stepped back and then looked at the Gibraltar as the key asset in terms of raising particular equity. And I think as we move forward now that we have the EA, it looks like we have the opportunity to build Prosperity. Then I think we'll see more interest from Sojitz because we've had significant interest from people wanting to take the off-take and what we wanted to do at the time. And certainly our financial condition has changed dramatically that we needed equity to help us build it. So now that it looks like we're going to have the equity now we can just focus on the proportion of the off-take that we want to sell so.

Operator: And we'll take our next question from Peter Campbell with Jennings Capital.

Peter Campbell: Good afternoon everybody. Tom, Orest and Steve have done a very good job of asking most of my questions for me. I guess the only one that I have outstanding here is is it fair to assume that some of your other projects might be up for sale? I'm thinking Harmony that kind of thing might be up for sale to help you like raise equity.

Russ Hallbauer: Well we'd always consider selling any assets that we think we could get a good price for them for. But I think there's not many mining companies certainly our size that own assets 100%. And certainly when you only have an ore body like Harmony with over 3 million ounces in it, certainly we'll have to evaluate the options. But we're mine builders so we think we could have the opportunity to build a mine here in the next few years or right on the heels of Prosperity if we do things properly. So we would consider it but we're certainly not going to get too excited because we think we've got enough abilities to finance the equity portion of Prosperity.

Operator: And once again, that is star 1 for questions. We'll go next with Tom Bishop, BI Research.

Tom Bishop: With regards to the financing, is that something that would pretty much be in place before you started pouring concrete for sure or like do you expect to do that in the next three months or is there a timeline for that?

Russ Hallbauer: I guess you could talk to that Peter.

Peter Mitchell: Sure. Yes, project financing will be well advanced in three months. Final closing on financing and being ready to draw down, etc will be subject to getting the project fully permitted. But, you know, we would expect to have things certainly in place notionally by the time we're pouring concrete though Tom.

Tom Bishop: Okay and you mentioned that the operating cost per ton wouldn't change. But I don't recall exactly what that was.

Russ Hallbauer: Approximately \$7 per tonne milled.

Tom Bishop: You'll be using the Gibraltar concentrate load out facility.

Russ Hallbauer: Yes.

Tom Bishop: How far are you from the port basically?

Russ Hallbauer: Well that's the same length as it is from the Gibraltar Mine which is approximately 220 miles by rail.

Russ Hallbauer: Okay, thank you very much, Operator. So I appreciate everybody joining the call today. And we look forward to updating you at the yearend quarterly conference call in a month or two. So stay tuned; regards.

Operator: And once again that does conclude today's conference call. Thank you for your participation.

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