



2007 Annual General Meeting
Vancouver Convention and Exhibition Centre
Vancouver, BC
March 15, 2007

Russell Hallbauer, President and CEO

All dollar amounts are expressed in Canadian dollars, unless otherwise specified.

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Note: This transcript references the AGM presentation slides which are also available on the Taseko website.

Ronald Thiessen - Taseko Mines Limited - President, Co-Chairman

Taseko and Gibraltar have been a voyage for myself and for Hunter Dickinson. And typically all I get when I go on a voyage are air miles. This time I got a lot more. As we all know, Taseko went through a watershed when it acquired the Gibraltar mine with a view to becoming a production company. And that was a major change for the Hunter Dickinson Organization.

We were able to restart this mine in 2004 with a great deal of trepidation about how we were going to operate and develop Gibraltar into a long-term profitable mining company.

We were very fortunate in 2005 that Russ Hallbauer agreed to join us. And Russ has really done a yeoman's job on building a very solid operating and management team within Taseko and Gibraltar in times of tight availability of qualified and superior staff. So I just want to make sure that everybody understands that he's done a great job from our perspective.

Russ will take you through the presentation today. And I'm very proud of what we've done and accomplished at Taseko. I think that there's a lot more yet to come. You'll see from Russ's presentation that there are some significant things on the horizon for the company and its operations. Russ?

Russ Hallbauer - Taseko Mines Limited - President, CEO

Well, thanks, Ron. I feel a little humbled by that introduction. And the fact is I'm just one person out of countless many that make this organization run to the full efficiency that it has been.

I'd just like to take a moment to introduce some of the board of directors that are here today -- David Elliott, Bill Armstrong who joined us a number of months ago to fill out some of the areas that we thought we were a little bit deficient in. Bill's background in reserve evaluation and many facets of mine development is well appreciated on the board.

Jeffrey Mason, our CFO, who always does a fantastic job in terms of taking care of the assets of the company, as well as John McManus, our Vice President of Operations, and we were very fortunate that John was able to join us.

We've added a number of new members to our staff; Tom Broddy who is our Manager of Engineering. Tom and I have been associated for a long period of time.

As well, there's many other people in this room that -- Scott, I can't forget Scott. He's standing up at the back there. Scott Cousens is another director that helps on the financial side for the organization. So we have a very well rounded board. And I appreciate all the work that they put in to help make this company a success.

Like Ron said, we're just beginning the journey. The last year has gone very quickly and we've accomplished a huge amount of work with the resources of the Hunter Dickinson Group and the Taseko employees.

I'm very proud of where we find ourselves at this juncture. So without further ado, I'd just like to lead you through the presentation. And I'll take any questions afterwards.

I will be making some forward-looking statements. Our counsel requested that I should make sure that everybody really acknowledges this.

As you can see, 2006 was an excellent year. We had 33% return on equity, basically \$32.9 million worth of net earnings; 55 million in cash flow equating to \$42 million of EBITDA, which again, is another very significant milestone in the company's history.

And importantly as all of that, we have nearly \$90 million cash in the bank. Considering some of the capital expenditures we've taken on over the past year – the drilling program and equipment purchases are just two examples – those cash balances are very healthy.

The key attribute that I think all shareholders are interested in is how the share price of your company has performed. And over the last year, basically for the last 15 months, there's been 129% increase in our share value.

There was an aberration, obviously, in the summer, in May, when copper prices spiked to an all-time record high to over \$4 a pound. And I think these kind of variations with stock market pricing levels were consistent across the board.

But the trend line from a little over \$1 to where we find ourselves today is pretty clear in the period of time that we've been operating and producing copper.

Corporate achievements have been significant over the last year. We graduated to the TSX which was a big milestone. And that was a lot of work by a lot of individuals in the company to get us there.

We dissolved the Gibraltar joint venture with Ledcor in July of last year as well. We assumed the full operating responsibilities as of November 6th. And that was a lot of hard work by a large number of individuals, both in this organization and the Ledcor to make sure that that was a seamless transition.

In August, we appointed Bill, as I said, to our board of directors, and at the same time we completed a \$30-million convertible financing of the company which at that time was very opportunistically priced, thanks to the hard work of Ron.

Also in August, we made a strategic investment in Continental Minerals. Since then, we've converted that promissory note into a share position in Continental.

But probably one of the biggest achievements for us over the past year was the arbitration win over Glencore regarding the contract dispute with our off-take agreement. And again, a lot of hard work by a lot of individuals to make that happen, including the counsel from Lang Michener. So we really appreciate all their work.

Going forward, our expansion and modernization to increase Gibraltar production capacity to 100 million pounds in 2008 is well advanced. We estimated that that would be a \$65 million expenditure. In March of last year, the board approved that capital expenditure. In the interim between March and May, we did a large amount of detailed engineering work and put in our order for our grinding mill. That was very significant because since that time SAG mill purchases have gone up between 20% and 30%. So we spent roughly \$10 million on our SAG mill at the time. And now they're probably running the order of \$12 to \$13 million. At the same time, the delivery rates have been extended from 18 months to nearly 30 months. So the fact that we made that bold initiative during that period of time is going to add accretive value to the organization in terms of completing the expansion a year in advance than if we had delayed on our engineering.

As you'll see a little later, we commenced the excavation for the SAG mill last August and at the same time we added our first new float cell which was operating soon after. Here's a picture in the summer of last year, beginning of the excavation. And now you can see the completed foundation structure, where our SAG mill is going to be located, basically to the east of our present day concentrator.

As we move forward in this presentation, you'll see the size of this facility. Down in the lower right there, you can see a couple of men and the dimensions of this. If you can imagine, we've got a 13,000 horsepower motor that's going to be running this SAG mill and it needs a big concrete footprint to make sure that it doesn't topple over.

As you can see, again, to give you a little profile of the kind of work that's been going on in the last six or seven months, we're very happy with the management team from Hatch and our internal construction guys that are building this, Rob Rotzinger and his crew.

To give you a little idea of how big this SAG mill is, there's the circumference of it. There's a little better illustrated by the size of that ladder, that 12-foot ladder inside. The SAG mill is 16 feet high and 34 feet long. So it's a very significant piece of equipment.

Another significant accomplishment for the organization was getting the SX-EW plant up and running. This plant had been mothballed for nearly ten years. We started the refurbishment in April of 2006, stripping it and putting in new pumps and other equipment to make it operate properly. In December of this year, we got it up and running and the first cathode was harvested a little over a month ago. Since that time, we've produced nearly 400,000 pounds of cathode which is LME grade. We're very happy with the performance of this facility and we're looking forward to continue to ramp up production to the daily capacity rate of 15,000 pounds a day by the summertime.

Probably one of the most significant initiatives that has been taken on by this organization in the last year, is increasing our reserves. In 2006, our drill program completed 67 drill holes and extended our mine life from 15 years to 21 years. And we're continuing to drill today. The board was very supportive of this initiative. We had a \$2 million drilling program commenced in March of last year, basically about this time. We got the preliminary results from drilling at depth and indicating that there was significant mineralization beyond the boundaries of our existing resources and that these reserves and resources appeared to have higher copper and moly grades at depth. In December, this drilling resulted in 74 million tons added to our reserve base – which continues to grow as we speak.

I'll just give you a little idea of what's going on with our drilling program and where we're at. The blue holes are what we completed in 2005. The green holes were the 2006 drill holes that were completed and dictated current reserves, a 74 million ton increase. This is our new drilling program that was completed in early 2007. And now you can see where we're going over the next 100 days. We have a 100-day program to drill as many holes as we can, assay them, and come up with a new reserve model and a new expansion.

If you look at the Gib East pit, the large number of holes to the southwest of that pit, there is the likelihood of significant reserve growth in that area as well as to the west of the granite lake pit. So we're very optimistic that our reserves are going to continue to grow and that we are just beginning to tap the size of the Gibraltar ore body. So there's lots of blue sky still at Gibraltar. And coincidental with that, we'll continue to look at what we have to do in our concentrator in the way of another expansion.

Another important achievement in January, again, a result of hard work by a number of individuals, was bringing the Prosperity Project to a 43-101 compliant, pre-feasibility study level, 480 million tonne reserve. The 480 million tonne reserve grades 0.43 grams of gold per tonne and 0.22% copper. It's going to be roughly a 20-year mine life at a milling rate of 70,000 tonnes per day with annual production of 100 million pounds of copper and 235,000 ounces of gold and would probably make it one of the largest gold mines in Canada and certainly a major copper producer. Life of mine strip ratio is 0.8 to 1, which is significantly lower than what we're experienced at Gibraltar. So this will be a strategic advantage for us as we do our evaluation in terms of the overall project economics.

John McManus and his crew are working diligently on the environmental and social impact study. And the EA is scheduled for submission by the end of April this year. We're in ongoing discussions with the local communities.

You will see in the other room the Prosperity model that has been constructed to show the local native communities as well as the communities of William's Lake and others, what the mine will look like from a 3D perspective, in terms of its approach to the environment, and what the ultimate footprint will be.

It's been an excellent tool for educating people about the impact that a mine such as Prosperity's is going to have on the local environment. We've had open houses in William's Lake and a number of the communities in that area. Baseline studies and draft reports are complete. So we're diligently moving ahead.

I'll now focus on our goals and targets for 2007. First, from a corporate perspective, we'd like to initiate a strategic acquisition this year. You saw that we were very aggressive with the BC Metals acquisition in late 2006. Unfortunately, we were not successful in acquiring it, but we felt that we did what we needed to do to move forward in terms of acquiring that asset. And somebody else wanted to pay more money for it. So we decided to stop.

We're going to continue to improve our corporate and mine management by attracting experienced personnel. I think Ron alluded to it earlier, but I'm just part of the cog. And as a self-fulfilling prophecy, the better you do, the more people you attract. The more successful you are, the better people you're going to attract to the organization. I think we're seeing a lot of that now, attracting them to Hunter Dickinson and Taseko as well as attracting them to the mine site to be part of a growing and emerging story.

We're continuing to work on training initiatives because that's a very important aspect of our business. Certainly, a lot of our folks need training, both right from the ground floor right up through the mine management groups. You're finding that mining personnel are younger and less experienced than they used to be 10 or 15 years when there wasn't this ability to move around throughout the mining industry.

And a big thing that we want to do is unlock the value of Prosperity in the Taseko share price. Right now, it has zero value. This next slide is an interesting table to show you about what's going on with other gold companies in terms of resource evaluation out there. This is a report from Canaccord that gives the value for gold resources in the ground of roughly \$82 per ounce. And for Prosperity for our resources and our reserves, we are getting zero value.

If you look at the total resources at Prosperity, 9.2 million ounces, if you took that number and multiplied it the \$82, you come up with a value of \$755 million. So we have to do something about recognizing that in this organization.

And certainly, we know that the reserve is a reserve. It's not a hand waver. We know that we can economically mine Prosperity. We need to do some more work in terms of enhancing the project economics, but based on our preliminary pre-feasibility study, we know that there's an economic reserve.

With respect to Gibraltar, like I said, we've rehabilitated the SX-EW plant. We're continuing to work on the mill modernization. The phase I float cell has been completed and we're working on the second bank of cells as we speak. And by the third quarter of '07, we will be installing the second bank and ready to go for the mill expansion.

In 2007, we're going to complete another reserve update, we believe by the third quarter of this year. And we believe that we would probably have reserves in the neighborhood of 400 million tons.

Our engineering study will continue right now for expansion beyond 46,000 tons per day. I believe that John has started the process with respect to understanding where our bottlenecks are. When we ordered the SAG mill and size the motor for it, we believed that we could increase the SAG mill capacity to over 50,000 tons a day. And we believe that that capacity will be utilized through an additional ore reserve release. So over and above the 50,000 tons a day, we will look at further engineering to take it beyond that in terms of other bottlenecks throughout the mining system.

We're on schedule for the mill expansion to be completed by the end of 2007. We haven't seen any pitfalls with respect to equipment delivery or shortfalls in any of the construction schedules that we're facing.

To give everybody an idea of the mill modernization and where we're at, this is a very simplistic view. I don't think a lot of people truly understand what we're trying to accomplish here. But this is the present system we're operating at the mine site right now. Our Phase I was the addition of this new float cell just outside of the concentrator. The second phase is removing that line of float cells and replacing it with four cells that you can see on the screen right now. And this is where we are right now, beginning to strip those cells out and add the new cells. Then when that's done, we will put five more cells in to replace the other two remaining banks. And that will give us our capacity for our new SAG mill.

But as importantly as all that, which is really going to help on the recovery side, is we're going to eliminate the whole bottleneck system of the secondary crushing and just go from our coarse ore stockpile into our SAG mill and then into the mill.

And that's going to help considerably on our maintenance overhead cost, on our people cost, on our efficiency, and our throughput and productivities. We can't wait until we get that, really, because this poor old mill is giving us grief at times.

On the Prosperity side, we've completed our 43-101 reserve. We're going to complete the feasibility study update by Q2 2007, in just a couple months. And it's going very well. We're finding things there that we like. We're changing everyday in terms of both engineering and mine development and a whole gauntlet of things that really make the thing economic. And like I said, environmental and social impact studies that are ongoing.

If we look here at our increasing production profile, and I think that's what a lot of folks are interested in and how our business is going to grow over time, there we are 2006 producing 50 million pounds of copper per year. We restarted our SX-EW plant plus a 15% grade improvement so we're going to increase to approximately 60 million pounds this year. Then our 30% mill expansion, and when we talk about a 30% mill expansion, the nominal capacity when everything's going right is 70 million pounds a year through this concentrator. And we haven't achieved that. But if you take it from 50 million pounds, what we produced last year to 100 million pounds, that's 100% increase. So it's very significant for the cost structure and through the total production side.

Continue on through 2008, we gave John a little relief here, so we didn't want to have too many construction projects too quickly. So we're going to give him a little relief, the guys at the mine, say for a year or so. At the same time, we're going to look at that 20% Phase II expansion, and try to increase the production capabilities to over 100 million pounds a year up to the 120 million pounds a year range.

And then when Prosperity comes on, you can see our production profile changes dramatically again. We get the production from Prosperity in 2011, the production from Gibraltar plus the gold production. So we're becoming a very significant company in a very short period of time.

If we look forward, obviously everybody's interested in what forward price of copper is. And obviously it's changed pretty dramatically today. I think it went up \$0.16 today. Jeffrey was pretty excited in any case and I was pretty excited at 5:00 this morning when I looked at the Kitco LME copper price. I thought, boy, this is pretty good. So here, when we put this slide presentation together, it was \$2.86 cents in the present day. And today's it's \$3.00 or \$2.99, I think it is. And out 63 months, it's \$1.74 a pound.

But to look forward in terms of our production cash costs, there's our gross margin. And out nearly five years, we still have a significant margin moving forward. So we're turning this business--because of the forward price structure, the business is really turning from a sustainable business as opposed to a cyclical business. And I've spoken about that before.

But when we add Prosperity and the other facilities together, you can see our blended cash cost is dropping significantly, so both \$0.70, \$0.75 a pound. So there will be a significant margin as we move forward over past 2010 and into 2011.

That's my presentation. Thank you very much.

Russell Hallbauer
President and CEO