

**TASEKO MINES**  
**Moderator: Brian Bergot**  
**May 14, 2008**

*Note: All dollar amounts are expressed in Canadian dollars unless otherwise stated.*

Operator: Good day, ladies and gentlemen, and welcome to the second quarter 2008 Taseko Mines earnings conference call. This call is being recorded.

At this time, all participants are in a listen-only mode. We will conduct a question-and-answer session toward the end of the conference.

At this time, I would like to turn the conference over to Mr. Brian Bergot, Investor Relations. Please proceed, sir.

Brian Bergot: Thank you, Tabitha. Good morning, ladies and gentlemen, and welcome to Taseko Mines' second quarter 2008 results conference call. My name is Brian Bergot, and I am the investor relations manager for Taseko. With me today in Vancouver is Russ Hallbauer, President and CEO of Taseko; Jeffrey Mason, Secretary, CFO and Director of Taseko; and John McManus, our Senior VP of Operations.

After opening remarks by management, which will review second quarter business and operational results, we will open the phone lines to analysts and investors for a question-and-answer session.

I would also 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, President & CEO**

Thank you, Brian. Good morning everyone; thank you for joining us to discuss Taseko's second quarter 2008 results. I would like to break this call into three segments today, one to specifically talk about our Q2 results, secondly to discuss progress on our Prosperity project, and to briefly discuss our announcement about a further expansion of Gibraltar.

Firstly, the company generated record sales revenue this quarter of \$65.4 million, resulting in an operating profit of \$28 million, generating earnings of 12 cents per share. Realized price for our copper and molybdenum was US\$3.67 and US\$33.17 per pound, respectively and we continue to sell our unhedged production into rises on the spot copper market.

As I spoke about last quarter, we are transitioning to our new Gibraltar concentrator configuration. And as can be seen by our processing capability rates of 1,585 tons per hour, or 38,000 tons per day in March, we are on target to achieve concentrator throughputs as designed in our original flow sheets for the Phase I expansion during our six-month ramp up period, of which we were into the fourth month.

We've experienced a number of downstream issues with commissioning of the new concentrator, and that's a primary result of bottlenecks in the system, residual from the old concentrator design. But we are continuing to make daily advances in understanding the operating parameters of our new facility.

As it stands today, balancing the metallurgic conditions with throughput tonnage from the SAG mill to our ball mills has been a technical challenge. We're making significant headway in both these areas, and prior to the unexpected failure of a SAG mill transformer last week, the concentrator was operating at 2,000 tons per hour, or roughly 48,000 tons per day. As I said earlier, we are on target to achieve our annualized capacity during a six-month ramp up.

Turning to operating costs, I'm sure a number of you are concerned about the increase in this quarter over last quarter, and in comparison to last year's Q2 on our cost to concentrate. In the last quarter of 2007, production costs were US\$0.82 cents per pound when we produce 16.8 million pounds. In the first quarter of 2008, our production costs were US\$0.98 cents.

We continue to upgrade our models, and still believe that our copper production costs, net of byproduct credits will be in the US\$0.80 cent range, depending upon decreasing input costs for reagents, fuel and grinding media over the long term, and rising production costs – or rising production rates associated with our SAG mill ramp up.

As it stands today, we're seeing some significant increases in consumables that are evidenced throughout the world. This most recent quarter's costs were affected by the fact that we're now expensing our stripping to the tune of nearly four cents a pound. We had a one-time major shovel rebuild that affected costs by roughly US\$0.12 cents per pound. We have seen diesel fuel increases of roughly 40 percent, and grinding media increases based on the price of steel of nearly 40 percent as well for the SAG mill. And counted the U.S. exchange rates added roughly another 15 percent, or US\$0.15 cents per pound.

And in particular over last year, Canadian U.S. exchanges added US\$0.22 cents to our total costs.

If we add these and other miscellaneous consumable increases associated with the concentrator ramp up that have to be expensed, these added up to over US\$0.50 cents a pound.

In combination with lower production unit costs, with lower copper production, total unit cost rose to the level of US\$1.92, as illustrated in our release.

Operating costs can and will vary quite dramatically on a quarter over quarter basis as related to copper production. And fluctuations with respect to down time and one-time major expense items as I've illustrated above.

Correspondingly, because of the situation we find ourselves in with regards to the transformer failure that we had last week, we can see similar type production costs for Q3. But these will be the aberration, and not the norm. We believe our total operating costs on a long-term basis will fall in the US\$1.20 to US\$1.30 per pound range. We are – we still at site have a number of unfinished operational technology improvements ongoing that will result in significant cost per pound savings as we move forward.

We believe our new refining and treatment agreement, which we just signed a number of weeks back, will be a key component in achieving our long-term cost structure, as well as our continued and – as well as our continued ability to see better operating efficiencies from our moly circuit, and our cathode SX/EW plant. These will both provide us significant byproduct credits.

Rather than go into further specifics, I will await any questions you may have with respect to production and/or costs. I'm sure Jeffrey will discuss a number of these particulars in his financial review as well.

Moving to Prosperity. Since our last quarterly call, we've been involved in a process with both provincial and federal governments that I can best describe as discouraging, for the simple reason that is a process not to deal with social, environmental or project specific details, and moving the environmental assessment through to permitting, but rather a process about how the EA system should work. It is a process to deal with a process.

Mining companies such as ours with major projects in this province are stuck in needless bureaucratic rigmarole that works irrespective of sense of urgency and timeliness from both levels of government. Will we get a permit to build Prosperity is the next question. I believe we will. Why wouldn't we? A hundred miles from the Prosperity site, we have a mine, the Gibraltar mine, it has operated for nearly 30 years, it will likely operate for another 20.

What has Gibraltar done? We have a perfect environmental record, we employ over 400 people, we generate hundreds of millions of dollars in economic activity, both for the community and for our shareholders. This

activity pays for schools, roads, you name it. So why wouldn't the same be true for Prosperity? The only reason we aren't building this mine is because of government's inaction and its inability to move to a proper permitting process, plain and simple, in a very timely manner.

As I've said to most of our people in our organization, time is our most important ally and our worst enemy in this regard. If we speed up the process, we have a better chance of success in capturing the metal markets as we've seen them today. So we're continuing to push this point with both levels of government, let's get on with it. We're optimistic that they hear and understand our measures and our sense of urgency, which should be theirs as well.

I wish to now speak briefly about the 30,000 ton per day expansion at Gibraltar that we announced yesterday, and that our board approved. We as a management group have been working on this project very actively for a number of months. Our board is very supportive of management moving ahead on this project, and Jeffrey will speak to the compelling economics that convinced our board to approve this major capital project.

This company is in a unique position. We have a large reserve and resource base, and a stable political jurisdiction. We've just completed a major expansion on time and on budget. We have in front of us a forward copper price curve that is extremely attractive for quick line project developments. We have sourced equipment that will allow us to get the expansion up and running very quickly.

Most of you have likely heard of the long lead times regarding SAG mill purchases, shovel purchases, truck purchases and other operational equipment purchases. Because of the applicable tonnage that we've chosen for our expansion, i.e. 30,000 tons per day, and this has been generated from the ability of our ore body to release ore consistently over a long period of time at what we believe is a reasonable cost. We were able to go to a slightly smaller SAG mill as a function of those considerations, as well as the hardness of the Gibraltar ore, otherwise referred to work index.

Meaning we could go to a 28 foot SAG mill, which instead of requiring cast heads, which the larger mills do, which would take up to 40 months to receive, we could go to a machine head SAG mill and have our SAG mill delivered and on site in 24 months. That's a significant advantage for us.

Mining equipment, including trucks, shovels and drills can be on site and operating by next summer, a full year in advance of concentrator completion. We believe we have a very good handle on our capital cost structure, from concentrator equipment through the truck shovel fleet, as well as delivery schedules, as I just illustrated.

A very important component of this expansion is not only a significant increase in copper production, we're depending on grades in the mine plan, we will be able to produce nearly 220 million pounds of copper. But as importantly as that, the moly production stream will increase from our present 1.5 million pounds per year to 3.5 million pounds per year, and will become a significant moly producer.

Our construction and engineering teams are excited about this next challenge. The important aspect of this expansion will it is – will be that it is not like the last two, which we had to be facilitated around our current production – current copper production. This expansion will not affect that, so our process and construction teams will not be encumbered by the inefficiencies that we've experienced over the last 16 months while trying to build a new facility, and continuing to generate significant cash flow.

I'd like to now turn the call over Jeffrey to speak more about the quarter, and particulars on the capital expansion, and then open the phone lines for calls.

**Jeffrey Mason, CFO & Director**

Thank you very much, Russell, good morning. Before we go to the specifics of the 2008 second fiscal quarter, let's look at the bigger picture. First, Taseko has reported 13 straight quarters of positive earnings per share. In Q2, Taseko reported earnings of 12 cents per share, consistent with last quarter, and 33 percent higher than the comparable quarter last year.

Taseko continues to take advantage of current copper and moly prices by being 100 percent unhedged. In the quarter, shareholders' equity increased by \$17 million to \$246 million, essentially due to net earnings. To note, of the \$66 million in cash and equivalents on hand, none of the monies are invested in asset backed securities, and capital development projects are on time and on budget.

Now turning to the balance sheet in millions of Canadian dollars. Current assets are up \$7 million in the quarter, almost entirely all explained by movements in cash whereby Taseko started the quarter with \$55 million, spent \$21.5 million on the Gibraltar expansion, and banked \$32.9 million from operations and other, to finish the quarter with \$66.4 million on hand. Mineral properties, plant and equipment are up by \$21.5 million in the quarter, and the additions during the quarter are mill expansion phase one and two, 6.9 million, grinding, quotation and other areas. Deferred stripping on the granite pit of \$8.9 million, which is now complete. Crusher project, a production drill and other, \$5.7 million, and some granite deferred – granite pit deferred expiration of \$0.2 million.

Moving to the liabilities, in the current liabilities section increased by \$3.5 million in the quarter, reflecting an increase in the current portion of future income taxes and accounts payable. With respect to other liabilities, the total increase of \$13 million is mostly accounted for by future income taxes, referred to as FIT.

The FIT increase resulted from Mill expansion equipment shifting from under construction to operations, and hence triggering an accelerated CCA pool, that's tax depreciation, which caused a deferral of current income taxes payable.

As mentioned, Taseko's 100 percent owned mineral properties plant equipment increased by \$21.5 million, and I'm just going to go over the – some of the more specific details. One, mill expansion, phase one SAG mill, grind circuit and flotation cells, \$4.7 million expended in Q2, compared to last quarter of \$9.6 million, for a project to date total of \$76 million. Which, and this is very important, is only three percent over the budget of \$74 million, phase one is now complete.

Moving to Phase II expansion, \$2.2 million in Q2, compared to \$2.5 million last quarter, with \$4.7 million expended to date, and is scheduled to complete in late 2008 at a cost of \$40 million. It will increase design mill production by 20 percent from 46,000 tons per day under phase one, to 55,000 tons in 2008.

Phase II is on budget and on time. Mine site equipment purchased in the quarter amount to \$5.7 million, and is composed of the crusher project, \$2.5 million, production drill, \$2 million, and some various others ones for one million.

Other equipment purchases planned for the remainder of fiscal 2008 include a crusher project, \$23.7 million, and new P&H 4100 shovel amounting to \$14.8 million. Both the shovel and crusher are expected to be operational in the second half of 2008.

Moving to number four, mine operations included capitalized pre-stripping of the granite pit that has been – that has an expected line life of about 12 years. Pre-stripping in the quarter amounted to \$8.9 million, compared to \$10.7 million last quarter. Project to date now is at \$52.5 million, and the capitalization ceased on February 29th, '08. It is not being amortized, commenced in March at \$160,000, and will be amortized over the 12 years of the granite pit.

It represents a non-cash amortized cost of about four million per year, or three and a half cents per pound of copper over the 12-year life, which hosts 1.5 billion pounds of copper. This pre-stripping has been financed out of cash flow, ongoing cash flow, it's a sunk cost, and will remain as a non-cash item going forward.

In the quarter, we had some exploration amounting to \$.2 million, compared to \$.5 million. The balance of exploration expenses related to the Prosperity project and other initiatives was expensed through the P&L. Subsequent to the end of Q2, Taseko commenced a 2008 drilling program, it is budgeted for approximately 100 holes at a cost of \$7.9 million, on the granite in fill, and the Gib east west in fill program, along with the Gib north. This extends onto the lands whereon Taseko recently purchased Oakmont's NPI for \$5 million by issuing one million common shares, and no cash. There were no other material changes on the balance sheet.

Now moving to the statement of operations. Net earnings for Q2, \$16.2 million, which is consistent with last quarter of \$16.3 million, and compares to Q2 fiscal '07 of 11.5 million, a 40 percent improvement over last year. Good earnings numbers, when considering the mill was in transition to new equipment. This has been the thirteenth straight quarter with positive earnings, despite that we're rebuilding the mill while maintaining operations.

Now let's look at some of the line item variances to understand the make up. Copper revenue was up by \$9.7 million due to three million more pounds copper sold in the quarter, as compared to second quarter fiscal '07. And an increase in copper prices realized at US\$3.67 versus US\$3.13 per pound. As compared to Q1 '08, copper revenue was up by \$18.3 million, due to 4.2 million pounds of copper sold, and an increase in copper prices from US\$3.26 to US\$3.67.

Moly sales of 257,000 pounds for revenue of \$8.8 million, compared to \$6.8 million in Q1 fiscal '08, and contributed enormously to the overall revenue.

On site property cost of sales were at US\$1.48 per pound, versus US\$0.98 cents in Q1, and US\$1.12 in second quarter fiscal 2007. The increase per pound was a result of the following factors, ceasing capitalization of the stripping costs, hence internal print stripping is now a mining cost. Lower production due to decreased mill availability, and SAG mill transition commissioning. Higher consumption and prices for steel grinding material.

Fuel consumption and price increases, and major equipment rebuild and higher maintenance. Most of these additional expenses are non-recurring, and are expected to stabilize and normalize, where upon achieving additional production, i.e. increasing the denominator will result in a decrease in production costs per pound as experienced in previous quarters already. And importantly, moving to a lower average cost per pound over time due to economies to scale.

Off site property costs in Q1 were US\$0.44 cents, and are unchanged from Q1 '08. Costs have remained consistent due to the following. Bulk ocean freights appear to be normalizing at higher levels, much higher than seen in the past. Foreign exchange, a relatively strong Canadian dollar appears to be stable at around par. And TC/RC rates are consistent under the existing contract.

As for the TC/RC contract and rates going forward, the company entered into a six-year agreement – six-year fixed agreement with a Swiss based metal trading house subsequent to the end of Q2. Under the terms of the agreement, Taseko has secured long-term, fixed, low-cost rates for processing approximately 1.1 million tons of copper concentrate.

The agreement becomes effective in the last calendar quarter of '08, and it extends to December 31, 2014. The company importantly has the right to price payable copper within the concentrate based on a quotational period declared prior to and covering each ensuing year.

Depreciation in Q2 was \$1.1 million, versus Q1 '07 at \$0.7 million. The increase is explained by the commencement of amortization of capitalized tripping the granite pit, and the amortization on the commissioned SAG mill. Total other expenses in Q2 are at \$5.6 million. Q1 '08 compares at \$4.2 million, and Q2 '07 at \$3.9 million.

The increase is explained by higher levels of staff and activity, and a change in the fair value of financial instruments, which reflects the expiration of the out of the money continental warrants, a non-cash expense.

Moving to income taxes, in Q2, Taseko filed on time its 2007 corporate tax returns, and was able to take advantage of certain accelerated tax deductions available, resulting in a recovery of tax installments totaling \$6.3 million that have been recorded as a current liability at September 30th, '07. This accounts for the income tax receivables \$6.3 million on the balance sheet.

The net taxes actually paid for '07 amount to \$0.3 million. Clearly the phase one and phase two deductions did their job, and deferred taxes, otherwise payable, to later years by creating tax shelter.

Income tax expense relating to Q2 earnings is about \$0.4 million, after taking into account the recovery of the '07 income taxes of \$6.3 million. This resulted in recovery for the six months to March 31 of \$6 million, as reflected on the income statement for the six months, of which \$7.2 million was the adjustment required in the quarter. The actual liability will only be determined after the completion of the '08 fiscal year, and hence at this point, it is simply an estimate.

Taseko's already working diligently with Ernst and Young to optimize tax deductions from capital additions, deferred mine stripping costs, and other initiatives to – in order to minimize '07 income – '08 income taxes, much like '07.

Moving to future income taxes, or FIT, FIT is a non-cash item that estimates future tax expenses and recoveries due to timing differences. For example, in tax, depreciation deductions can be accelerated, versus for accounting is calculated on units of production, or other basis. And there are numerous other permanent differences, such as equity costs are deductible over five years for tax, whereas for accounting purposes, they're netted out in shareholders' equity.

In summary terms, for Taseko in the six months ended March 31, '08, there was a FIT expense of \$11 million, primarily derived from the company's ability to deduct accelerated tax CCA, that's the depreciation, in excess of the accounting depreciation, resulting in increased FIT liability and expense.

The current quarter FIT expense was \$13.5 million in order to adjust for the year-to-date estimates. The overall – and this is important just to get an idea on the overall, the overall second quarter effective tax rate was about 28 percent, accounting for FIT and the current taxes. As it turns out, despite the timing differences, this is not far off the overall corporate tax rate, which is set at 31 percent for '08, moving down incrementally as it is enacted into law to 25 percent in 2012. And clearly, we want to defer taxes to the lower tax rates further out.

As to the period '08 through '12, Taseko could defer tax payments due to Gibraltar expansion, expenditure tax yield, Prosperity and exploration expenditures, other projects, acquisition targets materialized, and further optimized tax structures are put into place. Might I add, lesser tax is in fact good for governments, as well as companies. As Taseko continues to invest Gibraltar revenues into the Gibraltar and Prosperity project, saving income taxes, but significantly invigorating GDP, and increasing jobs and BC, particularly in North Central BC.

On M&A activity, Taseko continues to actively investigate and monitor several potential strategic alliances with mining companies that will be accretive to Taseko's enterprise value, while insuring to benchmark against organic growth opportunities, particularly advancing the Prosperity project, and the additional expansion at Gibraltar.

To date, organic growth shows the greatest potential for long-term shareholder wealth creation as higher production levels under Phase I and II provide capacity of 115 million pounds of copper per year, thereby providing internal generated funding to build out Gibraltar three. Furthermore, Taseko continues to advance the Prosperity copper gold project through the permitting process, as Russ has mentioned.

Prosperity has a positive feasibility study reserve of 480 million tons to be mined using conventional open pit milled processing, very similar to Gibraltar. Projected annual production of 247,000 ounces of gold and 108 million pounds of copper for 20 years is planned for Prosperity.

The Gibraltar III expansion has these following key ingredients to make it a success. The Hatch engineering firm has been retained and is working on engineering and procurement, leveraging off its experienced building Phase I and II. Ninety plus percent of the team, external and internal personnel that built Phase I and II are continuing and/or returning.

The team was responsible for building phase one within three percent of budget. Mine planning is well advanced based on developing reserves and resources, including Gibraltar north, much like our historic records date. The millionth facility will be separate, it will be integrated over – as it becomes on stream to the existing facilities, and thus will enjoy economies of scale, such as existing crushing, milling line, etc.

Importantly, the new facility will be built without interruption to existing operations, cash flow will be continuing. Estimated time to complete the construction is 27 months from now, by August 2010, or earlier.

And let's move to the metrics. Cost \$350 million Canadian, ROI greater than 30 percent, payback less than three years, NPV greater than \$100 million Canadian. Financing will be approximately 30 percent from conventional debt, and 70 percent from internal generated funding. There is no share equity raising plans.

Commodity prices were determined based on a discount to the price curve, and longer-term consensus. Other inputs and costs are as per historic operations to which we have lots of records, and/or as per contracted. Milling capacity increases by 30,000 tons per day.

Cathode copper and copper and concentrate production capacity moves up to 180 million pounds. Moly production capacity to 3.5 million pounds of moly.

In conclusion, Taseko continues to invest in Gibraltar property, plant and equipment, with the near-term goal of producing over 180 million pounds of copper, and 3.5 million pounds of moly per year from a modern updated mill.

And at March 31, '08, Taseko remains financially strong with \$94 million in working capital, with \$66 million in cash, and we have reclamation liabilities are funded with additional cash separate from the \$66 million of \$35 million on deposit. Gibraltar is a strong expanding core asset that generates predictable ongoing increasing cash flows, to springboard and finance future organic development projects, including the newly announced Gib III expansion.

Thank you very much, Russell.

Russ Hallbauer: Thank you Jeffrey. Thank you very much ladies and gentlemen for joining us. Have a good day, and we'll look forward to chatting with you the next quarter. Bye.

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