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## TASEKO ANNOUNCES STRENGTHENING FINANCIAL RESULTS ON IMPROVING PRODUCTION PERFORMANCE

**May 13, 2009, Vancouver, BC** – Taseko Mines Limited (TSX: TKO; NYSE Amex: TGB) (“Taseko” or the “Company”) reports the results for the three months ended March 31, 2009. This release should be read with the Company’s Financial Statements and Management Discussion & Analysis, available at [www.tasekomines.com](http://www.tasekomines.com) and filed on [www.sedar.com](http://www.sedar.com). Currency is Canadian dollars unless otherwise indicated.

For the quarter ended March 31, 2009, the Company reports an operating profit of \$6.6 million and net earnings of \$3.5 million or \$0.02 per share. This compares to an operating loss of \$40.5 million and a net loss of \$39.6 million for the quarter ended December 31, 2008. Revenue for the quarter was \$40.2 million from the sale of 18.5 million pounds of copper and 230,000 pounds of molybdenum at an average realized price of US\$1.61 per pound for copper and US\$8.38 per pound for molybdenum.

Russell Hallbauer, President and CEO of Taseko commented, “During the first quarter of 2009, our Gibraltar Mine management team continued on its rigorous cost cutting program and by the end of March we had reduced total site cash costs of production to US\$0.85 per pound, down US\$0.12 per pound from that achieved in January 2009. Our total cost structure, including off property costs of US\$1.18 per pound clearly demonstrates our ability to operate Gibraltar through all phases of the copper cycle. While we are extremely pleased with these operating results, particularly as they relate to our ability to contain costs and operate the upgraded concentrator at design recovery rates for copper, mine management recognizes that further upside exists with improved recovery rates from our molybdenum circuit and increased reliability and throughput of the SAG mill. These two important operating metrics will be the focus of our attention now that winter is over and operating conditions have improved.”

Mr. Hallbauer continued, “Copper prices averaged US\$1.46 per pound in January, US\$1.50 per pound in February and US\$1.70 per pound in March. As a result of the increasing copper price, approximately 60% of our operating profit, or \$4 million, was generated in March. With copper trading at over US\$2.00 per pound since that time, we have initiated a copper hedge program to ensure we capitalize on this recent copper price strength, securing solid operating cash flows. From May to December, we have secured a minimum price of US\$1.88 per pound for 50% of our production, approximately 30 million pounds. The zero-cost facility we have established also sets a maximum price of US\$2.36 per pound; however, we will maintain upside potential on the 50% of our production that remains unhedged.”

Mr. Hallbauer concluded, “In addition to the many initiatives taking place at Gibraltar, significant progress has been made on our Prosperity Gold-Copper Project. On March 16, 2009, the Environmental Assessment Report for Prosperity was filed with the BC Provincial Government. The report consists of 3,000 pages of expert opinion supported by scientific data, technical analysis and includes more than 10 years of examination in the areas of geography, ecology, sociology and archaeology. The review process must be completed by the Provincial Government within 180 days from the date the Environmental Assessment Report was filed.”

### Financial Results and Current Market Conditions

- The average realized price of copper for the three months ending March 31, 2009 was US\$1.61 per pound and US\$8.38 per pound of molybdenum
- Copper in concentrate sales for the quarter were 17.8 million pounds, copper in cathode sales were 0.7 million pounds.
- Molybdenum in concentrate sales during the quarter were 230,000 pounds.
- In February 2009, a US\$30 million term loan facility was completed with Credit Suisse to fund completion of key capital projects.
- In April 2009, Taseko established a hedging program for approximately 50% of targeted copper production to the end of 2009.

### Gibraltar Production

The following table is a summary of the operating statistics for the three months ended March 31, 2009 (Q1 - 2009) compared to the three months ended March 31, 2008 (Q2 - 2008).

	Three months ended March 31, 2009	Three months ended March 31, 2008
Total tons mined (millions) <sup>1</sup>	6.9	9.7
Tons of ore milled (millions)	3.2	2.2
Stripping ratio	1.0	3.2
Copper grade (%)	0.368	0.349
Molybdenum grade (%Mo)	0.010	0.009
Copper recovery (%)	82.3	81.0
Molybdenum recovery (%)	30.8	40.2
Copper production (millions lb) <sup>2</sup>	19.9	13.4
Molybdenum production (thousands lb)	187	176
Copper production costs, net of by-product credits <sup>3</sup> , per lb of copper	US\$0.90	US\$1.48
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US\$0.28	US\$0.44
Total cash costs of production <sup>4</sup> per lb of copper	US\$1.18	US\$1.92

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 19.7 million lb in concentrate and 0.2 million lb in cathode. 2008 copper production includes 12.6 million lb in concentrate and 0.8 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.

Tons mined during the three months ended March 31, 2009 decreased compared to the same period in 2008 as a result of implementation of the revised mine plan.

Copper in concentrate production during the three-month period ended March 31, 2009 was 19.7 million pounds, an increase from the 12.6 million pounds produced in the three-month period ended March 31, 2008.

Copper cathode production decreased from 0.8 million pounds in 2008 to 0.2 million pounds in 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 pads to recharge.

Cost of production during the quarter ended March 31, 2009 was US\$1.18 per pound, a nearly 40% decrease in costs from the three months ending March 31, 2008, and the result of a number of factors. Over the past six months, management has successfully implemented cost reduction measures and a new two-year mine plan which includes a reduced strip ratio and operation of only the most cost effective mining equipment. In addition, the cumulative effects of new technology, increased recoveries and throughput from the Phase 1 expansion and upgrade to the mill, and reduced costs of consumables and purchased services such as steel, fuel and ocean freight, and effect of foreign exchange, have supported the significant drop in operating costs.

#### *Gibraltar Expansion Project*

Construction of the Phase 1 mill expansion was completed in February 2008. The ramp up to the rated processing capacity of 46,000 tons per day (“tpd”) has been ongoing since completion of the construction phase with sustained periods of operation at the rated capacity becoming more frequent and of longer duration as mill operations personnel continue to refine the metallurgical performance relating to grind size at higher mill throughput rates and metal recovery. The improved performance is evidenced by the change in copper recovery from 73.2% in October 2008 to 83.3% in March 2009, a 14% increase.

The Phase 2 expansion program consists of modernizing and increasing the capacity of the regrind, cleaner flotation, and ancillary circuits along with installation of a two-stage tailings pumping system, designed to increase concentrator capacity from 46,000 to 55,000 tpd. Under the modified construction schedule established after a review of capital spending, the regrind mill and cleaner flotation circuits that are expected to substantially improve copper and molybdenum recoveries will be completed in the summer of 2009. Ramp up to 55,000 tpd will occur following completion of the rest of the Phase 2 program and completion of the in-pit crusher and conveyor.

#### *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 (“EA”) report as complete in March 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 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 within 180 calendar days of March 16, 2009. Federal and provincial government decisions on proceeding with the Project will be made following completion of the Environmental Assessment process.

#### *Near-Term Outlook*

- Forecasted production for 2009 is approximately 80 million pounds of copper and 800,000 pounds of molybdenum.
- Total cash costs are expected to average US\$1.15 per pound for 2009 as cost saving initiatives take full effect.
- Prosperity Environmental Assessment approvals expected in October 2009.

Additional details can be found in the Company's Financial Statements and Management Discussion and Analysis which are filed on [www.sedar.com](http://www.sedar.com).

Taseko will host a conference call on Thursday, May 14, 2009 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. The conference call may be accessed by dialing (877) 879-6201, or (719) 325-4830 internationally. A live and archived audio webcast will also be available at [www.tasekomines.com](http://www.tasekomines.com).

The conference call will be archived for later playback until May 21, 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 3624601.

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](http://www.sedar.com).



**THREE MONTHS ENDED MARCH 31, 2009  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## 1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Taseko Mines Limited ("Taseko", or the "Company") for the three months ended March 31, 2009 and three months ended March 31, 2008, prepared in accordance with Canadian generally accepted accounting principles, and is publicly available on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is prepared as of May 11, 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.**

## 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 the three months ending March 31, 2009, Taseko focused on cost containment and production performance 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.

A new 24-month mine plan implemented in November 2008 for the Gibraltar mine allowed a 45,000 tons per day (“tpd”) mill throughput while mining at a significantly reduced strip ratio, which resulted in lower mine equipment hours and manpower requirements. Maintaining mill feed at planned grades and reduced strip ratio is possible as a result of the pre-stripping investment that was made during 2007 and early 2008. This new operational plan along with declining input costs, a weaker Canadian dollar and the finalization of remaining Phase 2 expansion items has led to substantially reduced costs. The total cost of copper production over the three months ended March 31, 2009 was US\$1.18 per pound.

The Gibraltar mine achieved production of 19.9 million pounds of copper in the three months ended March 31, 2009, which represented a 43% increase over the 13.4 million pounds produced in the same three months in 2008 as a result of significantly improved mill throughput. Molybdenum production was 187 thousand pounds for the quarter ended March 31, 2009 as compared to 176 thousand pounds in the quarter ended March 31, 2008.

In April 2009, the Company announced that it established a hedging program for 50% of its targeted copper production for 2009 from the Gibraltar mine from May to December 2009. Approximately 30 million pounds of copper has been hedged with a price range of US\$1.88-US\$2.36 per pound. 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.

During the three months ended March 31, 2009, Taseko had an operating profit of \$6.6 million, and net earnings after tax of \$3.5 million, as compared to an operating profit of \$28.2 million, and net earnings after tax of \$16.2 million for the three months ended March 31, 2008. The decrease was the result of lower revenues related to the decrease in metal prices, partially offset by increased production and sales.

The Prosperity Project continues to have robust economics considering current and expected future gold and copper prices and the Environmental Assessment process is entering its final stages. The Provincial Environmental Assessment is mandated by law to be completed 180 days following its acceptance as complete, which occurred on March 13, 2009.

In April 2009, the Company completed a \$28 million equity financing.

### **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 and Inventory*

##### *Copper*

- Copper in concentrate sales volume increased to 17.8 million pounds in the three months ended March 31, 2009 from the 14.8 million pounds of copper in concentrate sold during the three months ended March 31, 2008.
- Copper cathode sales volume decreased in the three months ended March 31, 2009 to 0.7 million pounds compared to 1.6 million pounds in the three months ended March 31, 2008.
- Copper concentrate inventory at March 31, 2009 was 5.0 million pounds. Copper in concentrate in inventory at March 31, 2008 was 4.1 million pounds.
- Copper cathode inventory at March 31, 2009 was nil pounds. Copper cathode in inventory at March 31, 2008 was 0.08 million pounds.
- The average price realized for sales of copper during the period was US\$1.61 per pound, compared to US\$3.67 per pound realized in the three months ended March 31, 2008.

##### *Molybdenum*

- Molybdenum in concentrate sales volume decreased to 230,000 pounds in the three months ended March 31, 2009 from 257,000 pounds sold in the three months ended March 31, 2008.
- Molybdenum in concentrate inventory at March 31, 2009 was 36,000 pounds. Molybdenum in concentrate inventory at March 31, 2008 was 15,300 pounds.
- The average price realized for sales of molybdenum for the three months ended March 31, 2009 declined to US\$8.38 per pound, compared to US\$33.17 per pound realized in the three months ended March 31, 2008.



**THREE MONTHS ENDED MARCH 31, 2009  
MANAGEMENT'S DISCUSSION AND ANALYSIS**
*Three-Month Production*

The following table is a summary of the operating statistics for the three months ended March 31, 2009 (Q1 - 2009) compared to the three months ended March 31, 2008 (Q2 - 2008).

	Three months ended March 31, 2009	Three months ended March 31, 2008
Total tons mined (millions) <sup>1</sup>	6.9	9.7
Tons of ore milled (millions)	3.2	2.2
Stripping ratio	1.0	3.2
Copper grade (%)	0.368	0.349
Molybdenum grade (%Mo)	0.010	0.009
Copper recovery (%)	82.3	81.0
Molybdenum recovery (%)	30.8	40.2
Copper production (millions lb) <sup>2</sup>	19.9	13.4
Molybdenum production (thousands lb)	187	176
Copper production costs, net of by-product credits <sup>3</sup> , per lb of copper	US\$0.90	US\$1.48
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US\$0.28	US\$0.44
Total cash costs of production <sup>4</sup> per lb of copper	US\$1.18	US\$1.92

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 19.7 million lb in concentrate and 0.2 million lb in cathode. 2008 copper production includes 12.6 million lb in concentrate and 0.8 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.

Tons mined during the three months ended March 31, 2009 decreased compared to the same period in 2008 as a result of implementation of the revised mine plan.

Copper in concentrate production during the three-month period ended March 31, 2009 was 19.7 million pounds, an increase from the 12.6 million pounds produced in the three-month period ended March 31, 2008.

Copper cathode production decreased from 0.8 million pounds in 2008 to 0.2 million pounds in 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.

Cost of production during the quarter ended March 31, 2009 was US\$1.18 per pound, a nearly 40% decrease in costs from the three months ending March 31, 2008, and the result of a number of factors. Over the past six months, management has successfully implemented cost reduction measures and a new two-year mine plan which includes a reduced strip ratio and operation of only the most cost effective

mining equipment. In addition, the cumulative effects of new technology, increased recoveries and throughput from the Phase 1 expansion and upgrade to the mill, and reduced strip ratio and operation of only the most cost effective mining equipment, and reduced costs of consumables and purchased services such as steel, fuel and ocean freight, and effect of foreign exchange, have supported the significant drop in operating costs.

### **Concentrator Expansion Project**

Construction of the Phase 1 mill expansion was completed in February 2008. The ramp up to the rated processing capacity of 46,000 tons per day (“tpd”) has been ongoing since completion of the construction phase with sustained periods of operation at the rated capacity becoming more frequent and of longer duration as mill operations personnel continue to refine the metallurgical performance relating to grind size at higher mill throughput rates and metal recovery. The improved performance is evidenced by the change in copper recovery from 73.2% in October 2008 to 83.3% in March 2009, a 14% increase.

The Phase 2 expansion program consists of modernizing and increasing the capacity of the regrind, cleaner flotation, and ancillary circuits along with installation of a two-stage tailings pumping system, designed to increase concentrator capacity from 46,000 to 55,000 tpd. Under the modified construction schedule established after a review of capital spending, the regrind mill and cleaner flotation circuits that are expected to substantially improve copper and molybdenum recoveries will be completed in the summer of 2009. Ramp up to 55,000 tpd will occur following completion of the rest of the Phase 2 program and completion of the in-pit crusher and conveyor.

### **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 March 2009 was 330, compared to 414 personnel at the end of September 2008.

There were three lost time accidents during the three-month period ending March 31, 2009.

#### **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. 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, and have averaged US\$1.68/lb to May 7.

Precious metals prices also showed some volatility during the period of September to December 2008, after being on an uptrend for more 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 May 7 have averaged US\$905/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 based on strength earlier in the year. The average price in 2009 to May 7, 2009 is US\$8.95/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 March 31, 2009, one United States dollar was equivalent to 1.2613 Canadian dollars. Forecasters anticipate an average of one United States dollar to 1.246 Canadian dollars in 2009.



# Taseko Mines Limited

## THREE MONTHS ENDED MARCH 31, 2009 MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in thousands of Canadian dollars except per share amounts.

<b>Balance Sheets</b>	<b>As at December 31</b>	<b>As at September 30</b>	
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Current assets	\$ 41,283	\$ 94,619	\$ 149,447
Mineral properties	32,610	18,407	2,628
Plant and equipment	292,390	158,492	43,817
Other assets	111,962	105,745	101,569
<b>Total assets</b>	<b>\$ 478,245</b>	<b>\$ 377,263</b>	<b>297,461</b>
Current liabilities	112,053	44,589	47,863
Other liabilities	131,285	169,014	148,664
Shareholders' equity	234,907	163,660	100,934
<b>Total liabilities &amp; shareholders' equity</b>	<b>\$ 478,245</b>	<b>\$ 377,263</b>	<b>\$ 297,461</b>

  

<b>Statements of Operations</b>	<b>Fifteen months</b>	<b>Year ended September 30</b>	
	<b>ended December 31</b>	<b>2007</b>	<b>2006</b>
	<b>2008</b>		
Revenue	\$ 231,678	\$ 218,426	\$ 161,900
Cost of sales	(196,261)	(109,533)	(103,628)
Amortization	(7,363)	(3,155)	(3,412)
<b>Operating profit</b>	<b>28,054</b>	<b>105,738</b>	<b>54,860</b>
Accretion of reclamation obligation	1,451	1,777	1,732
Exploration	11,864	8,967	3,544
Foreign exchange loss (gain)	4,032	233	(289)
Gain on asset retirement obligation change of estimates	(6,917)	(4,570)	–
Loss on advances on equipment	862	–	–
Loss on extinguishment of capital leases	–	–	240
General and administration	11,034	6,501	5,286
Ledcor termination fee	–	–	3,500
Gain on sale of marketable securities	(1,034)	(1,508)	–
Interest and other income	(9,701)	(11,093)	(7,170)
Interest expense	8,284	5,947	4,594
Interest accretion on convertible debt	2,938	2,922	1,280
Stock-based compensation	6,442	6,771	3,182
Change in fair market value of financial instruments	886	1,925	–
<b>Earnings (loss) before income taxes</b>	<b>\$ (2,087)</b>	<b>\$ 87,866</b>	<b>\$ 38,961</b>
Current income tax recovery (expense)	2,151	(3,959)	(4,397)
Future income tax recovery (expense)	3,446	(35,645)	(1,648)
<b>Earnings for the period</b>	<b>\$ 3,510</b>	<b>\$ 48,262</b>	<b>\$ 32,916</b>
Other comprehensive income (loss):			
Unrealized gain (loss) on reclamation deposits	1,859	(419)	–
Unrealized gain (loss) on marketable securities/investments	(11,295)	4,710	–
Reclassification of realized gain on sale of marketable securities	(1,152)	(1,508)	–
Tax effect	1,570	(445)	–
<b>Other comprehensive income (loss)</b>	<b>\$ (9,018)</b>	<b>\$ 2,338</b>	<b>\$ –</b>
<b>Total comprehensive income (loss)</b>	<b>\$ (5,508)</b>	<b>\$ 50,600</b>	<b>\$ 32,916</b>
Basic earnings per share	\$ 0.02	\$ 0.37	\$ 0.29
Diluted earnings per share	\$ 0.02	\$ 0.36	\$ 0.26
Basic weighted average number of common shares outstanding	142,062	129,218	113,554
Diluted weighted average number of common shares outstanding	156,928	142,278	126,462



# Taseko Mines Limited

## THREE MONTHS ENDED MARCH 31, 2009 MANAGEMENT'S DISCUSSION AND ANALYSIS

### 1.4 Summary of Quarterly Results

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

	Mar 31 2009	Dec 31 2008	Sept 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007
Current assets	58,357	41,283	80,250	114,611	124,105	117,251	94,619	97,907
Mineral properties	32,619	32,610	32,095	29,916	19,142	18,941	18,407	15,986
Plant and equipment	295,094	292,390	266,872	222,729	202,679	182,342	158,492	120,857
Other assets	112,321	111,962	132,977	113,159	112,926	106,873	105,745	104,781
<b>Total assets</b>	<b>498,391</b>	<b>478,245</b>	<b>512,194</b>	<b>480,415</b>	<b>458,852</b>	<b>425,407</b>	<b>377,263</b>	<b>339,531</b>
Current liabilities	91,195	112,053	65,663	41,484	29,976	22,439	44,589	35,225
Other liabilities	166,596	131,285	176,456	173,755	182,419	173,042	169,014	155,070
Shareholders' equity	240,600	234,907	270,075	265,176	246,457	229,926	163,660	149,236
<b>Total liabilities and shareholders' equity</b>	<b>498,391</b>	<b>478,245</b>	<b>512,194</b>	<b>480,415</b>	<b>458,852</b>	<b>425,407</b>	<b>377,263</b>	<b>339,531</b>
Revenue	40,172	10,576	57,615	53,206	65,357	44,924	53,998	55,907
Mine site operating costs	(25,454)	(42,021)	(40,924)	(29,633)	(28,854)	(19,810)	(17,062)	(21,399)
Transportation and treatment	(6,202)	(7,054)	(9,500)	(6,042)	(7,194)	(5,229)	(5,220)	(4,714)
Amortization	(1,910)	(1,979)	(2,029)	(1,563)	(1,091)	(701)	(667)	(1,374)
Operating profit (loss)	6,606	(40,478)	5,162	15,968	28,218	19,184	31,049	28,420
<b>Expenses:</b>								
Accretion of reclamation obligation	234	183	326	322	313	307	760	339
General and administration	2,329	2,220	2,143	2,245	2,472	1,955	1,836	1,333
Exploration	534	1,088	3,363	3,047	2,243	2,123	2,320	2,188
Interest expense and accretion charges	2,784	3,839	1,603	1,857	2,032	1,891	2,042	2,199
Interest and other income	(2,184)	(1,362)	(1,668)	(1,897)	(2,239)	(2,535)	(2,901)	(2,434)
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)	2,930	3,249	1,142	600	(1,000)	40	756	1,454
Stock-based compensation	657	1,054	(85)	1,103	1,598	2,772	1,817	1,865
Loss on equipment disposal	–	701	–	161	–	–	–	–
Change in fair value of financial instruments	–	–	–	–	809	77	617	2,331
Earnings (loss) before income taxes	(678)	(46,946)	(1,782)	9,116	22,558	14,967	28,372	19,145
Income tax expense (recovery)	(4,186)	(7,303)	(8,653)	5,317	6,357	(1,315)	15,727	6,739
<b>Earnings (loss) for the period</b>	<b>3,508</b>	<b>(39,643)</b>	<b>6,871</b>	<b>3,799</b>	<b>16,201</b>	<b>16,282</b>	<b>12,645</b>	<b>12,406</b>
Earnings (loss) per share – basic	0.02	(0.29)	0.05	0.03	0.11	0.12	0.10	0.10

## **1.5 Results of Operations**

The Company's pre-tax loss for the quarter ended March 31, 2009 was \$0.7 million compared to pre-tax earnings of \$22.6 million for the three months ended March 31, 2008 ("2008"). Net earnings after tax for the quarter was \$3.5 million compared to \$16.2 million for the same period a year ago. The decrease in earnings is primarily due to a drop in copper and molybdenum prices.

The Company reported revenues of \$40.2 million for the quarter, compared to \$65.4 million in 2008. The decrease in revenue was the result of a decrease in metal prices. The average price per pound of copper sold dropped to US\$1.61 per pound from US\$3.67 per pound in the same quarter of 2008. Volume of copper concentrate sales for the quarter was 17.8 million pounds (2008 – 14.8 million pounds). In addition, copper cathode sales were 0.7 million pounds (2008 – 1.6 million pounds). Moly concentrate sales were 0.2 million pounds (2008 – 0.2 million pounds). Revenues for the quarter consisted of copper concentrate sales of \$36.4 million (2008 – \$50.8 million), copper cathode of \$1.4 million (2008 – \$5.7 million), and molybdenum concentrate sales of \$2.4 million (2008 – \$8.9 million).

Cost of sales for the first quarter of fiscal 2009 was \$31.6 million, compared to \$36.0 million for the same period in fiscal 2008. Costs of sales consists of total production costs of \$25.5 million (2008 – \$28.9 million) for metal produced and sold during the quarter and a negative concentrate inventory adjustment of \$0.004 million (2008 – positive adjustment of \$0.5 million). Treatment and transportation costs totaling \$6.2 million (2008 – \$7.2 million) were also included in cost of sales for the first quarter of 2009.

Amortization expense for the quarter was \$1.9 million compared to \$1.1 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 in the quarter were \$0.5 million, compared to \$2.2 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 \$2.3 million in the quarter of fiscal 2009 which is comparable to \$2.5 million for the same period in fiscal 2008.

Stock-based compensation decreased to \$0.7 million in the current quarter, compared to \$1.6 million in the same period in fiscal 2008, as a result of a greater portion of stock based compensation expense having been realized in prior periods.

Interest and other income during the quarter of fiscal 2009 was \$2.2 million which is comparable to \$2.2 million in the same quarter 2008.

The Company recorded a foreign exchange loss for the quarter of \$2.9 million, compared to a gain of \$1.0 million in the same quarter 2008. As the Company reports in Canadian dollars, the loss is due to the strengthening of the U.S. dollar and the revaluation of certain US-dollar denominated liabilities at March 31, 2009.

The Company had a future income tax recovery of \$8.1 million in the current quarter compared to a future income tax expense of \$13.6 million in the same period of 2008. The decrease in the future income tax liability is due in part to a reduction in corporate tax rates that became substantively enacted in the quarter and the reversal of a temporary difference related to partnership income from one of the entities in the group.

The majority of the current tax expense of \$3.9 million (2008 – income tax recovery of \$7.2 million) consist of taxes payable of \$3.8 million (2008 – taxes payable of \$0.9 million). The balance payable is comprised of the Company's estimate of corporate tax of \$3.3 million and BC mineral tax estimate of \$0.5 million for the quarter ending March 31, 2009.

The Company also has a long term income tax liability of \$31.3 million (2008 – \$30.7 million) recorded on the Company's balance sheet in accordance with Canadian generally accepted accounting principles.

## **1.6 Liquidity**

At March 31, 2009, the Company had cash and equivalents of \$21.9 million, as compared to \$4.6 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*.

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 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, which are available on demand for the Company's programs.



**THREE MONTHS ENDED MARCH 31, 2009  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

<b>2009</b>	<b>Carrying amount</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Over 3 years</b>
Accounts payable and accrued liabilities	\$ 22,107	\$ 22,107	\$ –	\$ –	\$ –
Accrued quotational payments	20,342	20,342			
Bank overdraft facility (repaid in Feb 2009)	–	–			
Amounts due to related parties	2,200	2,200	–	–	–
Capital lease obligation	17,899	3,279	4,003	4,003	6,614
Convertible debt	37,045	–	–	37,045	–
Royalty obligation	61,307	4,805	5,862	6,880	43,760
<b>Total contractual obligations</b>	<b>\$ 160,900</b>	<b>\$ 52,733</b>	<b>\$ 9,865</b>	<b>\$ 47,928</b>	<b>\$ 50,374</b>

During the period, the Company secured a US\$30 million 36-month term facility agreement and subsequently to the period end, completed a \$23 million “bought-deal” equity financing and \$5 million equity private placement. The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of \$15,442.

The Company has US\$30,000 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 classified as current liabilities as at March 31, 2009. The Company is actively investigating alternatives to re-finance the convertible bonds in anticipation of the possibility that the put option is exercised.

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 three months ended March 31, 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*

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 14 months after the Utilization Date in equal bi-monthly installments in the amount 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, the treatment and refining offtake agreement along with a corporate guarantee (note 13).

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% and a minimum tangible net worth of \$150 million. 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 March 31, 2009, the Company was in compliance with its financial covenants as defined in the Facility with a total debt to total equity of 37.2% and a tangible net worth is \$240.6 million.

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.

#### *Equity Financings Subsequent to Period End*

On April 15, 2009, the Company closed 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 for the closing, resulting in aggregate gross proceeds to the Company of \$23 million. The net proceeds from the Offering will be 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.

Subsequent to March 31, 2009, 8,371,430 warrants issued in December 2008 were also exercised for total proceeds of \$7.1 million and 28,500 options were exercised for the total proceeds of \$0.03 million.

#### *Other Sources*

During the quarter ended March 31, 2009, the Company was permitted by the Government of British Columbia to release \$3.9 million (in addition to \$5 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**

Please refer to note 4(c) of the financial statements for the three months ended March 31, 2009.

### **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 March 31, 2009 were \$0.8 million, as compared to \$1.9 million in the same quarter of 2008. The decrease over prior year is due to lower staffing levels required from HDSI to support the increase in general corporate development and exploration activities as Taseko Mines Limited has implemented its own payroll effective January 01, 2009.

### **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. 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) International Financial Reporting Standards ("IFRS")*

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five

year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Due to the Company's change of fiscal year end to December 31, 2008, the transition date for the Company is January 1, 2011. Therefore, the IFRS adoption will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is currently in the process of developing an IFRS conversion plan and evaluating the impact of the transition to IFRS.

*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 months ended March 31, 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](http://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 May 11, 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				181,077,130
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	1,992,550	
	24-Feb-12	\$3.07	165,000	
	24-Feb-12	\$4.50	135,000	
	10-Dec-13	\$1.00	3,387,000	
	12-Jan-14	\$1.15	2,175,000	
	21-Apr-14	\$1.71	1,580,500	11,329,384
Warrants	17-Dec-10	\$0.85	714,284	714,284
Convertible bonds	29-Aug-11	US\$3.35	8,955,224	8,955,224
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 March 31, 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.

There have been no significant changes in the Company's disclosure controls and procedures during the period ended March 31, 2009 that could significantly affect disclosure controls and procedures subsequent to the date the Company carried out its evaluation.



CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 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)

	March 31 2009	December 31 2008
	<i>(unaudited)</i>	
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 21,925	\$ 4,587
Restricted cash (note 12)	-	4,400
Marketable securities and investments (note 5)	5,714	3,138
Accounts receivable	7,181	4,606
Inventory (note 6)	19,963	20,340
Prepaid expenses	2,226	329
Advances for equipment (note 14(a))	-	499
Current portion of promissory note	1,348	3,384
	<u>58,357</u>	<u>41,283</u>
<b>Advances for equipment</b> (note 14(a))	10,044	5,882
<b>Reclamation deposits</b>	28,859	32,396
<b>Promissory note</b>	73,418	73,684
<b>Mineral property interests, plant and equipment</b> (note 7)	327,713	325,000
	<u>\$ 498,391</u>	<u>\$ 478,245</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Bank indebtedness (note 10)	\$ -	\$ 5,737
Accounts payable and accrued liabilities	42,449	53,036
Amounts due to a related party (note 8)	2,200	1,772
Convertible debt	37,045	35,219
Current portion of lease liability (note 9)	3,374	3,324
Current portion of deferred revenue	175	175
Current portion of royalty obligation	1,348	3,384
Income taxes payable	3,822	937
Current portion of future income taxes	782	8,469
	<u>91,195</u>	<u>112,053</u>
<b>Income taxes</b>	31,274	30,685
<b>Royalty obligation</b>	59,959	60,973
<b>Deferred revenue</b>	788	831
<b>Long term credit facility</b> (note 13)	36,777	-
<b>Capital leases</b> (note 9)	12,292	13,100
<b>Site closure and reclamation obligation</b> (note 11)	10,484	10,366
<b>Future income taxes</b>	15,022	15,330
	<u>257,791</u>	<u>243,338</u>
<b>Shareholders' equity</b>		
Share capital	285,690	285,690
Equity component of convertible debt	3,832	3,832
Tracking preferred shares	26,642	26,642
Contributed surplus	15,218	14,561
Accumulated other comprehensive loss	(5,152)	(6,680)
Deficit	(85,630)	(89,138)
	<u>240,600</u>	<u>234,907</u>
Basis of presentation (note 1)		
Commitments (note 14)		
Subsequent events (notes 4c(iii)(a) and 15)		
	<u>\$ 498,391</u>	<u>\$ 478,245</u>

See accompanying notes to consolidated financial statements.

### Approved by the Board of Directors

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

/s/ Ronald W. Thiessen  
Ronald W. Thiessen  
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	
	March 31, 2009	March 31, 2008
<b>Revenue</b>		
Copper	\$ 37,780	\$ 56,494
Molybdenum	2,392	8,863
	40,172	65,357
<b>Cost of sales</b>	(31,656)	(36,048)
<b>Depletion, depreciation and amortization</b>	(1,910)	(1,091)
<b>Operating profit</b>	6,606	28,218
<b>Expenses (income)</b>		
Accretion of reclamation obligation	234	313
Change in fair value of financial instruments	–	809
Exploration	534	2,243
Foreign exchange loss (gain)	2,930	(999)
Gain on sale of marketable securities	–	(568)
General and administration	2,329	2,470
Interest accretion on convertible debt	566	758
Interest and other income	(2,184)	(2,239)
Interest expense	2,218	1,275
Stock-based compensation	657	1,598
	7,284	5,660
Earnings (loss) before income taxes	(678)	22,558
Current income tax expense (recovery)	3,943	(7,204)
Future income tax expense (recovery)	(8,129)	13,561
<b>Net earnings for the period</b>	\$ 3,508	\$ 16,201
Other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale reclamation deposit	(659)	752
Unrealized gain (loss) on available-for-sale marketable securities	2,577	(2,560)
Reclassification of realized gain on sale of marketable securities	–	(89)
Tax effect	(389)	321
<b>Other comprehensive income (loss)</b>	\$ 1,529	\$ (1,576)
<b>Total comprehensive income</b>	\$ 5,037	\$ 14,625
<b>Earnings/(loss) per share</b>		
Basic	\$ 0.02	\$ 0.12
Diluted	0.02	0.10
<b>Weighted average number of common shares outstanding</b>		
Basic	153,187	140,280
Diluted	160,698	154,310

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	
	March 31, 2009	March 31, 2008
<b>Operating activities</b>		
Net earnings for the period	\$ 3,512	\$ 16,201
Items not involving cash		
Accretion of reclamation obligation	234	313
Depreciation, depletion and amortization	1,910	1,091
Interest accretion on convertible debt	566	758
Stock-based compensation	657	1,597
Future income taxes	(8,129)	13,561
Unrealized foreign exchange loss (gain)	1,783	971
Loss (gain) on sale of marketable securities	–	(568)
Change in fair value of financial instruments	–	809
Changes in non-cash operating working capital		
Accounts receivable	(2,575)	2,155
Advances to a related party	428	412
Inventory	377	(2,467)
Prepaid expenses	(1,898)	335
Accrued interest income on promissory note	2,302	1,732
Accounts payable and accrued liabilities	(10,587)	4,594
Deferred revenue	(44)	(44)
Accrued interest recovery (expense) on royalty obligation	(3,049)	(2,463)
Income taxes	3,219	(7,026)
Site closure and reclamation expenditures	(136)	–
Cash provided by (used for) operating activities	(11,430)	31,961
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,604)	(21,517)
Reclamation deposits	–	(75)
Funds released from reclamation deposits	3,900	–
Accrued interest income on reclamation deposits	(1,022)	(473)
Funds released from restricted cash	4,400	–
Proceeds from sale of marketable securities	–	1,044
Advance payments for equipment	(3,663)	–
Cash used for investing activities	(989)	(21,021)
<b>Financing activities</b>		
Payment of bank indebtedness	(5,737)	–
Common shares issued for cash, net of issue costs	–	307
Capital lease payments	(758)	–
Proceeds from long term credit facility	36,252	–
Cash provided by financing activities	29,757	307
<b>Increase in cash and equivalents</b>	<b>17,338</b>	<b>11,247</b>
Cash and equivalents, beginning of period	4,587	55,169
<b>Cash and equivalents, end of period</b>	<b>\$ 21,925</b>	<b>\$ 66,416</b>

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)

	Three months ended March 31, 2009 <i>(unaudited)</i>		Year ended December 31, 2008	
<b>Common shares</b>				
	<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 \$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	–	–	–	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
Balance at end of the period	153,187,116	285,690	153,187,116	285,690
<b>Equity component of convertible debt</b>				
Balance at beginning of the period		3,832		13,655
Convertible debenture conversion adjustment		–		(9,823)
Balance at end of the period		3,832		3,832
<b>Tracking preferred shares</b>				
Balance at beginning and end of the period		26,642		26,642
<b>Contributed surplus</b>				
Balance at beginning of the period		14,561		8,633
Stock-based compensation		657		6,442
Fair value of stock options allocated to shares issued on exercise		–		(514)
Balance at end of the period		15,218		14,561
<b>Accumulated other comprehensive income (loss)</b>				
Balance at beginning of the period		(6,680)		2,338
Unrealized gain (loss) on reclamation deposits		(659)		1,859
Unrealized gain (loss) on available-for-sale marketable securities		2,576		(11,295)
Reclassification of realized gain on sale of marketable securities		–		(1,152)
Tax effect		(389)		1,570
Balance at end of the period		(5,152)		(6,680)
<b>Deficit</b>				
Balance at beginning of the period		(89,138)		(92,648)
Net earnings for the period		3,508		3,510
Balance at end of the period		(85,630)		(89,138)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		\$ 240,600		\$ 234,907

See accompanying notes to consolidated financial statements.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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## 1. BASIS OF PRESENTATION

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 months fiscal period ending December 31, 2008, which are available through the internet on SEDAR at [www.sedar.com](http://www.sedar.com).

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

These interim 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. As at March 31, 2009, the Company had cash and equivalents of \$21,925 and a working capital deficit of \$32,838.

Although the Company has had a history of operating profit, recent economic events have also impacted the profitability of the Company's operations. The Company is monitoring all expenditures and implementing appropriate cash management strategies to ensure that it has adequate cash resources to fund identified commitments. The Company has implemented a new 24-month operational mine plan 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. The Company has also been able to secure sufficient funding through its credit facility (note 13) and equity financings (note 15). 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.

## 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.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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## 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")*

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Due to the Company's change of fiscal year end to December 31, 2008, the transition date for the Company is January 1, 2011. Therefore, the IFRS adoption will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31,

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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2010. The Company is currently in the process of developing an IFRS conversion plan and evaluating the impact of the transition to IFRS.

## *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 equivalents, credit facilities and convertible debt 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 March 31, 2009, the Company is subject to externally-imposed capital requirements in the form of covenants relating to the long term credit facility (note 13) requiring a maximum total debt to total equity ratio of 55% and a minimum tangible net worth of \$150,000. 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 minority shareholders of the Company. As at March 31, 2009, the Company's total debt to equity was 37.2% and its tangible net worth is \$240,600.

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.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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 three months ended March 31, 2009 and the Company expects it will be able to raise sufficient capital resources to carry out its plans of operations for fiscal 2009 as disclosed in note 1.

(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:

	Estimated fair value as at	
	March 31, 2009	December 31, 2008
Cash and equivalents	\$ 21,925	\$ 4,587
Restricted cash	–	4,400
Held for trading	21,925	8,987
Accounts receivable	7,181	4,606
Loans and receivables	7,181	4,606
Marketable securities and investments	5,714	3,138
Reclamation deposits	28,859	32,396
Available for sale financial assets	34,573	35,534
Total financial assets	\$ 63,679	\$ 49,127

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

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

The fair values of financial liabilities are as follows:

	Estimated fair value as at	
	March 31, 2009	December 31, 2008
Bank Indebtedness	\$ —	\$ 5,737
Accounts payable and accrued liabilities	42,449	53,036
Advances due to a related party	2,200	1,772
Convertible debt	37,045	35,219
Long term credit facility (note 13)	36,777	—
	\$ 118,471	\$ 95,764

At March 31, 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 12.5% 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%.

(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.

(i) *Credit Risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, restricted cash, reclamation deposits, promissory note and accounts receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents, restricted cash and reclamation deposits with high-credit quality financial institutions. Accounts receivable consist mainly of goods and services tax receivable and trade receivables from customers with good credit ratings. The Company does not have financial assets that are invested in asset backed commercial paper.

Substantially all the Company's cash and equivalents are held with several major Canadian financial institution and its subsidiaries. The reclamation deposits and the promissory note are each held at different financial institutions.

(ii) *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there is sufficient capital to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements.



# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

The Company's cash and equivalents are invested in business accounts and bankers acceptances, and are available on demand for the Company's programs.

The Company has US\$30,000 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 March 31, 2009. During the period, the Company secured a US\$30,000 36-month term facility agreement (note 13) and subsequently to the period end completed a \$23 million “bought-deal” equity financing and \$5 million equity private placement (note 15). The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of \$15,442 (note 14).

The following are the contractual maturities of financial liabilities:

<b>As at March 31, 2009</b>	<b>Carrying amount</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Over 3 years</b>
Accounts payable and accrued liabilities	\$ 42,449	\$ 42,449	\$ –	\$ –	\$ –
Amounts due to a related party	2,200	2,200	–	–	–
Convertible debt	37,045	–	–	37,045	–
Long term credit facility (note 13)	36,777	–	15,766	18,920	2,091
<b>Total liabilities</b>	<b>\$118,471</b>	<b>\$ 44,649</b>	<b>\$ 15,766</b>	<b>\$ 55,965</b>	<b>\$ 2,091</b>

<b>As at December 31, 2008</b>	<b>Carrying amount</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Over 3 years</b>
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	35,219	–	–	35,219	–
<b>Total liabilities</b>	<b>\$ 95,764</b>	<b>\$ 60,545</b>	<b>\$ –</b>	<b>\$ 35,219</b>	<b>\$ –</b>

(iii) *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*

The value of the Company's mineral resource properties is dependent on the price of copper, gold, molybdenum and niobium and the outlook for these minerals. Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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The profitability of the Company's operations is highly correlated to the market price of copper and molybdenum. If copper prices decline for a prolonged period below the cost of production of the Company's operating mine, it may not be economically feasible to continue production.

Subsequent to the three months ended March 31, 2009, the Company has established a hedging program for approximately 50% of targeted copper production to the end of 2009 from its wholly-owned Gibraltar Mine. The Company used a producer put and call option – a zero premium cost strategy. Approximately 30 million pounds of copper has been hedged with a price range of US\$1.88 – US\$2.36 per pound. Under the hedging program, Taseko will receive the prevailing market copper price while within the price range. Should the market price be outside the price range, Taseko will receive a minimum of US\$1.88 and a maximum of US\$2.36 for the hedged copper. The remaining estimated 30 million pounds of production is unhedged.

(b) *Foreign Exchange Risk*

The Company's revenues from the production and sale of copper and molybdenum are denominated in US dollars. The Company's concentrate treatment, refining, and transportation costs are substantially denominated in US dollars. However the Company's operating expenses are incurred primarily in Canadian dollars and its liabilities are denominated primarily in Canadian dollars. Consequently, the Company's operations are subject to currency transaction risk and currency translation risk.

The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuation of the US dollar in relation to the Canadian dollar will, consequently, have an impact upon the reported profitability of the Company and may also affect the value of the Company's assets and liabilities.

As at March 31, 2009, the Company had no foreign currency hedges in place, and consequently, hedge accounting is not used.

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

<b>Carrying value</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Cash and equivalents	\$ 6,579	\$ 2,169
Accounts receivable	4,793	–
<b>Total financial assets</b>	<b>\$ 11,372</b>	<b>\$ 2,169</b>

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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

<b>Carrying value</b>	<b>March 31, 2009</b>	<b>December 31, 2008</b>
Accounts payable and accrued liabilities	\$ 16,346	\$ 13,227
Convertible debt	37,045	35,219
Long term credit facility (note 13)	36,777	–
<b>Total financial liabilities</b>	<b>\$ 90,168</b>	<b>\$ 48,446</b>

The following exchange rates applied during the periods ended March 31, 2009 and March 31, 2008:

	<b>Average rate</b>		<b>Period end spot rate</b>	
	<b>March 31 2009</b>	<b>March 31 2008</b>	<b>March 31 2009</b>	<b>March 31 2008</b>
CAD vs. USD	1.2645	1.0020	1.2613	1.0265

A 10 percent weakening of the Canadian dollar against the US dollar at March 31, 2009 and March 31, 2008 would have affected three months net earnings by the amounts shown below. This analysis assumes that all other variables remain constant.

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Net Earnings	\$ (3,184)	\$ 3,866

A 10 percent strengthening of the Canadian dollar against the US dollar at March 31, 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*

In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in cash equivalents in order to provide liquidity while achieving a satisfactory return for shareholders. Fluctuations in interest rates impact the value of cash equivalents and reclamation deposits, which are invested in Canadian provincial bonds.

The convertible bonds carry a fixed interest rate of 7.125% per annum and as such are not subject to fluctuations in interest rate. The long term credit facility (note 13) carries a floating interest of LIBOR plus 4%.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

The exposure of the Company's financial assets to interest rate risk as at March 31, 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 fixed interest rates	\$ 21,925	5.30%	N/A
Financial assets subject to fixed interest rates	103,625	5.33%	6.99
Equity investments	5,714	N/A	N/A
Trade and other receivables	7,181	N/A	N/A
<b>Total financial assets</b>	<b>\$ 138,445</b>		

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 fixed 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
<b>Total financial assets</b>	<b>\$ 126,195</b>		

The exposure of the Company's financial liabilities to interest rate risk at March 31, 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 fixed interest rates	\$ 36,777	4.96	N/A	2.83
Financial liabilities subject to fixed interest rates	37,045	7.13	2.38	2.38
Other liabilities	44,649	N/A	N/A	N/A
<b>Total financial liabilities</b>	<b>\$ 118,471</b>			

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

(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 fixed 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 prime rate for the three months ended March 31, 2009 and March 31, 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.

	Mar. 31, 2009	Mar. 31, 2008
Net earnings	\$ 3	\$ 96

A 10 percent increase of the prime rate for the three months ended March 31, 2009 and March 31, 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 months ended March 31, 2009 and 2008

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

## 5. MARKETABLE SECURITIES AND INVESTMENTS

	As at March 31, 2009		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	\$ 9,880	\$ (5,183)	\$ 4,697
Investment in other public companies	409	608	1,017
	\$ 10,289	\$ (4,575)	\$ 5,714

  

	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 March 31, 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 March 31, 2009	As at December 31, 2008
Copper concentrate	\$ 6,650	\$ 6,114
Ore in-process	1,479	1,120
Copper cathode	8	612
Molybdenum	109	394
Materials and supplies	11,717	12,100
	\$ 19,963	\$ 20,340

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

## 7. MINERAL PROPERTY INTERESTS, PLANT AND EQUIPMENT

### Plant and equipment – Gibraltar Mine

	March 31, 2009			December 31, 2008		
	Cost	Accumulated Amortization	Net book value	Cost	Accumulated Amortization	Net book value
Buildings and equipment	\$ 6,281	\$ 2,518	\$ 3,763	\$ 6,115	\$ 2,421	\$ 3,694
Mine equipment	85,409	10,138	75,271	58,659	9,900	48,759
Plant and equipment	98,412	4,757	93,655	97,867	4,126	93,741
Vehicles	2,737	1,203	1,534	1,864	1,086	778
Computer equipment	3,390	2,935	455	3,390	2,870	520
Social assets	402	–	402	402	–	402
Deferred pre-stripping costs	52,535	3,162	49,373	52,535	2,358	50,177
Construction in progress	58,798	–	58,798	82,542	–	82,542
Assets under capital lease	17,521	45	17,476	17,521	13	17,508
Asset retirement costs	20	–	20	–	–	–
<b>Total Gibraltar mine</b>	<b>\$ 325,505</b>	<b>\$ 24,759</b>	<b>\$ 300,747</b>	<b>\$ 320,895</b>	<b>\$ 22,774</b>	<b>\$ 298,121</b>
<b>Other equipment and leasehold improvements</b>	<b>\$ 386</b>	<b>\$ 125</b>	<b>\$ 261</b>	<b>\$ 386</b>	<b>\$ 103</b>	<b>\$ 283</b>
<b>Mineral property interests</b>						
Gibraltar Copper Mine			16,753			16,742
Gibraltar and Harmony properties			2			2
Aley Niobium property			8,343			8,343
Oakmont Ventures Ltd.			7,520			7,520
Prosperity property			1			1
<b>Total mineral property interests</b>			<b>32,619</b>			<b>32,608</b>
Net asset retirement obligation adjustment			(5,914)			(6,012)
<b>Mineral properties, plant and equipment</b>			<b>\$ 327,713</b>			<b>\$ 325,000</b>

As at March 31, 2009, approximately \$58,798 (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.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions:	Three months ended March 31	
	2009	2008
Hunter Dickinson Services Inc.		
Services rendered to the Company and its subsidiaries and reimbursement of third party expenses	\$ 752	\$ 1,891

Due to (from):	As at March 31, 2009	As at December 31, 2008
Hunter Dickinson Services Inc.	\$ 2,200	\$ 1,772

Hunter Dickinson Services Inc. ("HDSI") (formerly Hunter Dickinson Inc.) 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 non-interest bearing and due on demand.

## 9. 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. Interest is charged at rates linked to the prevailing prime rate of the relative financial institution mentioned above.

Future minimum lease payments are as follows:

	As at March 31, 2009
2009	\$ 3,278
2010	4,003
2011	4,003
Thereafter until 2013	6,614
Total minimum lease payments	\$ 17,898
Less: interest portion	(2,232)
Present value of capital lease obligations	\$ 15,666
Current portion	(3,374)
Non-current portion	\$ 12,292



# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

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## 10. BANK INDEBTEDNESS

During the three months ended March 31, 2009, the Company repaid an overdraft facility held with a Canadian financial institution in full.

## 11. 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	(136)
Accretion	234
Additional site closure and reclamation obligation recognized	20
Reduction in the present value of reclamation obligation due to a revision in mine life	—
Balance, March 31, 2009	\$ 10,484

Accretion for the three months ended March 31, 2009 of \$234 (2008 – \$313) was charged to the statement of operations.

## 12. RESTRICTED CASH

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 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.

## 13. 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 14 months after the Utilization Date in equal bi-monthly installments in the amount 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

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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Facility, the Company has ceded, as security, certain equipment of the Gibraltar Mine, the treatment and refining offtake agreement along with a corporate guarantee.

The Facility requires maintenance of certain financial covenants (Note 4(a)) as well as production cost thresholds. As at March 31, 2008, the Company is in compliance with its financial covenants.

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:

	<b>As at March 31, 2009</b>
2009	\$ —
2010	15,766
2011	18,920
2012	2,091
Present value of capital lease obligations	\$ 36,777
Current portion	—
Non-current portion	\$ 36,777

## 14. COMMITMENTS

### (a) *Advances for equipment*

As at March 31, 2009, the Company paid \$10,044 in advance deposits for equipment to be received in next fiscal year, 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 \$15,442.

### (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, Taseko has secured long-term, fixed, low cost 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.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the three months ended March 31, 2009 and 2008

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

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## 15. SUBSEQUENT EVENTS

### (a) *Equity Financings*

On April 15, 2009, the Company closed 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 for the closing, resulting in aggregate gross proceeds to the Company of \$23,000. The net proceeds from the Offering will be 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 \$5,261. A finder's fee of 6% of the proceeds of the private placement financing was paid.

### (b) *Exercise of Warrants and Options*

Subsequent to March 31, 2009, 8,371,430 warrants issued in December 2008 were exercised for total proceeds of \$7,116 and 28,500 options were exercised for the total proceeds of \$28.5.

### (c) *Stock Options Issued*

Subsequent to March 31, 2009, 1,580,500 options were issued with an exercise price of \$1.71 expiring in April 21, 2014.