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TASEKO ANNOUNCES FIRST QUARTER 2013 GROSS PROFIT OF $13.2 MILLION

This release should be read with the Company's Financial Statements and Management Discussion & Analysis ("MD&A"), available at www.tasekomines.com and filed on www.sedar.com. Except where otherwise noted, all currency amounts are stated in Canadian dollars. Taseko's 75% owned Gibraltar Mine is located north of the City of Williams Lake in south-central British Columbia. Production volumes stated in this release are on a 100% basis unless otherwise indicated.

May 2, 2013, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE MKT: TGB) ("Taseko" or the "Company") reports the results for the three months ended March 31, 2013.

Highlights

- Revenues for the first quarter 2013 were $60.2 million from the sale of 16.8 million pounds of copper and 253 thousand pounds of molybdenum.
- Total production at Gibraltar (100%), for the first quarter was 23.2 million pounds of copper and 355 thousand pounds of molybdenum.
- In April 2013, Taseko announced a Participation and Cooperation Agreement has been finalized between the Gibraltar Mine and the Williams Lake Indian Band, which included provisions for the establishment of an implementation committee, community engagement, education and training initiatives as well as economic development initiatives.
- On March 28, 2013, concentrator #2 (GDP3) produced first concentrate and commenced ramp up after a planned 10 week commissioning schedule.
- Taseko continues to take a strategic approach to ensuring a minimum revenue stream, with the purchase of copper put options for the Company's share of production. For 2013, put options are in place for approximately 50% of production at a strike price of US$3.00 per pound in the first half of the year and US$2.75 per pound in the second half. In addition options were purchased for approximately 40% of production for the first quarter 2014 at a strike price of US$3.00 per pound.

For the three months ended March 31, 2013, Taseko had gross profit of $13.2 million, a net loss of $10.5 million and adjusted net loss of $2.9 million. This compares to gross profit of $20.3 million, net loss of $6.3 million and adjusted net earnings of $3.1 million for the three months ended March 31, 2012.

Russell Hallbauer, President and CEO of Taseko commented, "This first quarter of 2013 will be the last quarter that Gibraltar will operate as a single line facility. With concentrator #2 now operating at approximately 75% of design capacity after only 35 days of operation, the site will no longer be as dramatically impacted by mill downtime as it has in the past. In April, concentrator #2 processed approximately 600,000 tons of ore and averaged an 83% copper recovery. Overall the site processed just under two million tons of ore over the same period, nearly a 30% increase over March."

"In the last two weeks of April, excluding a scheduled two day maintenance down, concentrator #2 averaged in excess of 28,000 tons per day and copper recoveries averaged 85%."

Mr. Hallbauer continued, "In the first quarter of 2013, an additional 4.7 million tons were mined, compared to the fourth quarter 2012. Even with the increase in tons moved, Gibraltar's net operating cost of production decreased by $0.23 per pound compared to the fourth quarter 2012. While a portion of this is related to the capitalization of some of the mining costs as a result of new accounting policies, most of the cost savings were associated with the increased copper production. Going forward, we expect unit costs to continue to decline as copper production increases and mining operations benefit from significantly shorter waste hauls."

Taseko will host a conference call on Friday, May 3, 2013 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) 303-9079, or (970) 315-0461 internationally. Accompanying presentation slides will be available to download at tasekomines.com. Alternatively, a live and archived webcast will also be available at tasekomines.com.

The conference call will be archived for later playback until May 9, 2013 and can be accessed by dialing (855) 859-2056 in Canada and the United States, or (404) 537-3406 internationally and using the passcode 45756422.

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

Russell Hallbauer
President and CEO

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document contains "forward-looking statements" that were based on Taseko's expectations, estimates and projections as of the dates as of which those statements were made. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should" and similar expressions.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These included but are not limited to:

- uncertainties and costs related to the Company's exploration and development activities, such as those associated with continuity of mineralization or determining whether mineral resources or reserves exist on a property;
- uncertainties related to the accuracy of our estimates of mineral reserves, mineral resources, production rates and timing of production, future production and future cash and total costs of production and milling;
- uncertainties related to feasibility studies that provide estimates of expected or anticipated costs, expenditures and economic returns from a mining project;
- uncertainties related to our ability to complete the mill upgrade on time estimated and at the scheduled cost;
- uncertainties related to the ability to obtain necessary licenses permits for development projects and project delays due to third party opposition;
- uncertainties related to unexpected judicial or regulatory proceedings;
- changes in, and the effects of, the laws, regulations and government policies affecting our exploration and development activities and mining operations, particularly laws, regulations and policies;
- changes in general economic conditions, the financial markets and in the demand and market price for copper, gold and other minerals and commodities, such as diesel fuel, steel, concrete, electricity and other forms of energy, mining equipment, and fluctuations in exchange rates, particularly with respect to the value of the U.S. dollar and Canadian dollar, and the continued availability of capital and financing;
- the effects of forward selling instruments to protect against fluctuations in copper prices and exchange rate movements and the risks of counterparty defaults, and mark to market risk;
- the risk of inadequate insurance or inability to obtain insurance to cover mining risks;
- the risk of loss of key employees; the risk of changes in accounting policies and methods we use to report our financial condition, including uncertainties associated with critical accounting assumptions and estimates;
- environmental issues and liabilities associated with mining including processing and stock piling ore; and
- labour strikes, work stoppages, or other interruptions to, or difficulties in, the employment of labour in markets in which we operate mines, or environmental hazards, industrial accidents or other events or occurrences, including third party interference that interrupt the production of minerals in our mines.

For further information on Taseko, investors should review the Company's annual Form 40-F filing with the United States Securities and Exchange Commission www.sec.gov and home jurisdiction filings that are available at www.sedar.com.

TASEKO MINES LIMITED

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the unaudited condensed consolidated interim financial statements and notes thereto, prepared in accordance with IFRS for the three-month period ended March 31, 2013 (collectively, the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this MD&A. This MD&A should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2012, prepared in accordance with IFRS, the related MD&A, and the most recent Form 40-F/Annual Information Form on file with the US Securities and Exchange Commission ("SEC") and Canadian provincial securities regulatory authorities.

This MD&A is prepared as of May 1, 2013. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Cautionary Statement on Forward-Looking Information

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 we believe 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. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements. We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and our business may be found in our most recent Form 40-F/Annual Information Form on file with the SEC and Canadian provincial securities regulatory authorities.

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HIGHLIGHTS

(Cdn$ in thousands, except per share amounts)	Three months ended March 31, 2013	2012	Change
Revenues	60,150	55,353	4,797
Gross profit	13,214	20,327	(7,113)
Net loss	(10,482)	(6,253)	(4,229)
Per share ("EPS") [1]	(0.05)	(0.03)	(0.02)
Adjusted net earnings (loss) [2]	(2,858)	3,060	(5,918)
Per share ("adjusted EPS") [1,2]	(0.01)	0.02	(0.03)
Adjusted EBITDA [2]	7,969	11,333	(3,364)
Capital expenditures	53,742	37,695	16,047
	As at Mar. 31, 2013	**As at Dec. 31, 2012**	**Change**
Cash and equivalents	69,145	134,995	(65,850)
Non-cash working capital [2]	45,501	18,500	27,001
Net debt [2]	193,831	117,865	75,966
Equity	466,286	469,808	(3,522)

[1] Calculated using weighted average number of shares outstanding under the basic method.

[2] Adjusted net earnings (loss), adjusted EPS, adjusted EBITDA, and net debt are non-GAAP financial performance measures with no standard definition under IFRS. See pages 17-20 of this MD&A.

Q1 2013 and Q1 2012 Comparison

- Increased revenues were driven by increased production allowing an increase in sales partially offset by lower realized copper prices;
- Decline in gross profit was driven by an increase in operating costs related to GDP3;
- Decline in cash and equivalents balance was due to GDP3 capital expenditure requirements. Cash outflow is expected to decline going forward due to the completion of construction of GDP3;
- Increase in non-cash working capital was due to the increases in accounts receivable and ending inventory for the period; and
- Net debt has increased due to decreased cash balances as well as additional capital lease financings for the expanded mining fleet.

REVIEW OF OPERATIONS

Gibraltar mine

Operating Data (100% basis)	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**	**Q1 2012**
Tons mined (millions)	22.6	17.9	16.8	15.8	15.7
Tons milled (millions)	4.3	4.2	4.3	3.9	3.9
Strip ratio	3.3	2.9	2.8	3.4	2.9
Copper concentrate					
Grade (%)	0.318	0.298	0.321	0.334	0.305
Recovery (%)	84.8	84.8	82.8	88.1	87.0
Production (million pounds Cu)	23.2	21.2	22.9	23.0	20.7
Sales (million pounds Cu) [6]	22.4	23.0	21.2	27.2	18.1
Inventory (million pounds Cu) [5]	3.3	2.5	4.3	2.6	6.8
Copper cathode					
Production (million pounds)	-	0.2	0.7	0.9	0.1
Sales (million pounds)	-	0.5	0.9	0.7	-
Molybdenum concentrate					
Grade (%)	0.011	0.009	0.009	0.013	0.013
Recovery (%)	38.2	31.0	33.7	36.7	43.1
Production (thousand pounds Mo)	355	223	276	379	438
Sales (thousand pounds Mo)	337	215	279	361	472
Per unit data (US$ per pound) [1,4]					
Operating costs of production[1,2]	$2.28	$2.47	$ 2.29	$ 1.85	$ 2.20
By-product credits [3]	(0.21)	(0.17)	(0.15)	(0.23)	(0.39)
Net operating costs of production [1]	$2.07	$2.30	$ 2.14	$ 1.62	$ 1.81
Off-property costs	0.38	0.42	0.36	0.43	0.38
Total operating costs [1, 7]	$2.45	$2.72	$ 2.50	$ 2.05	$ 2.19

[1] Operating costs of production, net operating costs of production and total operating costs are non-GAAP financial performance measures with no standard definition under IFRS. See pages 17-20 of this MD&A.

[2] Operating costs of production are comprised of direct mining and processing costs which include personnel costs, mine site general & administrative costs, non-capitalized stripping costs, maintenance & repair costs, operating supplies and external services. It excludes capitalized stripping cost per IFRIC 20. Non-cash costs such as share-based compensation and depreciation have been also excluded.

[3] By-product credits are calculated based on actual sales of molybdenum and silver for the period divided by the total pounds of copper produced during the period.

[4] Per unit data may not sum due to rounding.

[5] Balance of finished goods inventory as at the end of the period.

[6] Copper pounds sold reflect total copper pounds sold to our customers. A net smelter payable deduction of approximately 3.5% is applied to derive net pounds of copper sold.

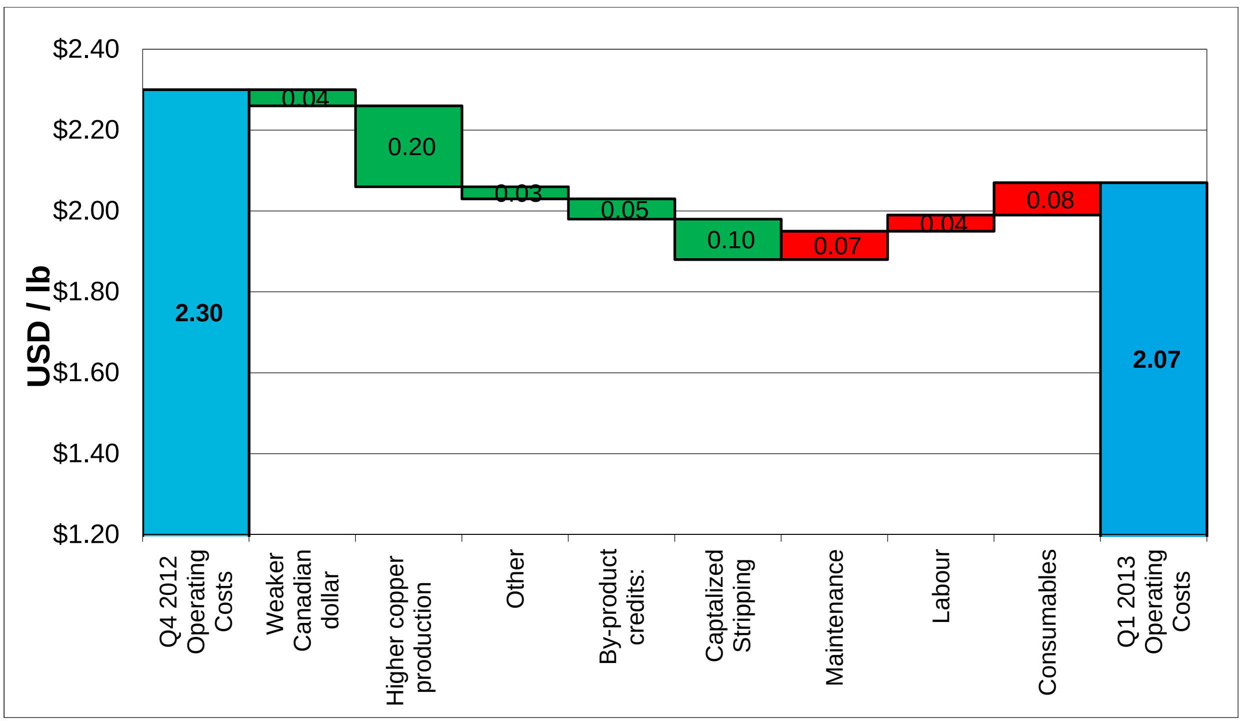
[7] These numbers have been restated due to the impact of IFRIC 20. See note 21 of our condensed consolidated interim financial statements.

In the first quarter 2013, Gibraltar mined 22.6 million tons of material, a 26% increase over tons mined in the fourth quarter of 2012 and a 44% increase over tons mined in the first quarter of 2012. Gibraltar milled 4.3 million tons in the first quarter of 2013, which was comparable to the 4.2 million tons milled during the fourth quarter of 2012 and a 10% increase over the 3.9 million tons milled during the first quarter of 2012. The average copper head grade was 0.318%. Copper recovery of 84.8% was consistent with the fourth quarter of 2012. Target mill hourly throughput rates were achieved during the quarter but operating time was below target as a result of GDP3 tie-ins. Progress has been made on circuit restrictions and feed distribution to the secondary grinding circuit.

Copper concentrate production during the first quarter of 2013 was in line with the production in previous three quarters despite mill availability being 15% below historical levels due to the impact of GDP3 tie-ins. Copper concentrate production during the first quarter of 2013 was 23.2 million pounds, an increase of 10% and 12% compared to the production the fourth quarter of 2012 and first quarter of 2012, respectively. Operating costs improved over the previous quarter, but continued to be impacted by the additional personnel required for the GDP3 ramp-up and a 26% increase in total tons mined over the prior quarter.

The GDP3 project was completed on time and on budget and the new concentrator officially became operational in late March 2013.

Figure 5: Net operating costs of production[1,2] per pound (Q4 2012 compared to Q1 2013)



[1] Net operating costs of production is a non-GAAP financial performance measure with no standard definition under IFRS. See pages 17-20 of this MD&A.
[2] Per unit costs of production may not sum due to rounding.

In the first quarter 2013, net operating costs per pound of copper produced averaged US$2.07, a 10% decrease over the US$2.30 per pound averaged in the fourth quarter 2012. Positively impacting net operating costs per unit of production period over period was a 9% increase in copper pounds produced, capitalized stripping, partially offset by higher maintenance, labour and consumable costs.

MARKET REVIEW

After remaining relatively flat over the early part of the first quarter of 2013, the spot market for copper prices based on London Metals Exchange (LME) began to weaken due to disappointing global economic data and continued growth uncertainty in China. After hitting a peak level of US$3.75 per pound in early February, the price dropped by nearly ten percent at the end of the first quarter. Much of the demand concern from China results from intensified government controls being placed on its property market. Construction accounts for an estimated 60 percent of copper demand in China. Additionally, China's industrial output has had the weakest start to a year since 2009 and copper imports into China dropped to a two year low in February. Despite the slowing demand for copper in China, there is still support at current copper pricing levels and relatively balanced supply and demand.

LME copper inventories climbed in the first quarter rising to their highest levels since 2002. Although inventories are high, cancelled warrants reached an all-time high in the quarter as well. Cancelled warrants represent tonnes of copper still in LME warehouses, but no longer available for trade as it is tonnage waiting for the owner's instructions to the warehouse company for removal from the warehouse.

Results of operations are affected by the Canadian dollar/US dollar exchange rate. Product sales are denominated in US dollars while the majority of operating expenses are denominated in Canadian dollars. Fluctuations in the Canadian dollar/US dollar exchange rate can have a significant effect on operating results; however, changes in this rate have historically been correlated with offsetting changes in copper prices which have mitigated this effect. Fluctuations in the Canadian dollar/US dollar exchange rate will also have an effect on the net operating cash costs of production as reported in US$ per pound.

REVIEW OF PROJECTS

New Prosperity project

On September 20, 2012, the Environmental Impact Statement (EIS) was submitted to the three-member Review Panel established for the federal environmental assessment of the project and, following a review period, the panel responded with a list of information requests that they considered necessary prior to proceeding to public hearings. The Company submitted responses to these requests on February 28, 2013. The panel responded with a short list of supplemental information requests on March 28, 2013. The Company is reviewing and preparing responses to those requests. The next stage in the federal environmental assessment process will be public hearings. This will be followed by the panel's preparation and submission of a report to the Federal Minister of the Environment.

Aley project

The current focus on the Aley niobium project is upgrading the resources announced in March 2012 to a NI 43-101 compliant reserve. Ore reserve definition drilling was completed in 2012 and metallurgical, process, and construction engineering requirements are scheduled to be concluded in the first half of 2013. Baseline environmental studies are ongoing.

FINANCIAL PERFORMANCE

Earnings

	Three months ended March 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
Net loss	(10,482)	(6,253)	(4,229)
Unrealized loss (gain) on derivatives	(1,985)	15,484	(17,469)
Gain on sale of marketable securities	(34)	(235)	201
Write-down of marketable securities	9,387	-	9,387
Unrealized (income) loss on DCDs	-	(171)	171
Non-recurring other expenses (income)	(430)	-	(430)
FX translation (gains) losses	3,227	(2,660)	5,887
Estimated tax effect of adjustments	(2,541)	(3,105)	564
Adjusted net (loss) earnings [1]	(2,858)	3,060	(5,918)

[1] Adjusted net earnings is non-GAAP financial performance measures with no standard definition under IFRS. See pages 17-20 of this MD&A.

In the first quarter of 2013, the Company realized a net loss of $10.5 million, compared to a net loss of $6.3 million in the prior-year quarter. Included in net earnings are a number of items that management believes require adjustment in order to better measure the underlying performance of the business, and has presented these items in the table above.

Unrealized gains/losses on derivatives can vary materially each period and have a significant impact on earnings. These swings are a result of the derivatives comprising our hedge program at the balance sheet date, and marking-to-market this copper hedge position using the forward copper price as at the balance sheet date. The hedge position at the end of March 2013 consisted of put options for approximately 50% of Taseko's share of Gibraltar's estimated copper production for 2013.

The foreign currency translation impact and the unrealized gains and losses on the derivative instruments are removed from the adjusted net earnings measure as they are not indicative of a realized economic gain/loss or the underlying performance of the business in the period. The realized gains/losses on these monetary items and derivative positions are reflected in net earnings in the period in which the position is settled.

It should also be noted that 2012 comparative figures have been adjusted to reflect a change in International Financial Reporting Standards ("IFRS") regarding stripping costs in the production plans of a surface mine. Prior to the change, there was no standard in IFRS on this matter and we followed the standard that existed under Canadian GAAP, which limited capitalization of such costs. The change should improve conformity and comparability between mining companies subject to IFRS and places us on the same footing as our international peers.

As a result of the new accounting standards for deferred stripping, $10.9 million of stripping costs were capitalized in 2012. Figures for 2012 have been restated so that all figures are presented on a comparable basis. This new standard results in a decrease in production costs and an increase in depreciation and amortization expense. The effect of the new standard on the first quarter 2013 results is set out in the table below:

(Cdn$ in thousands)	
Additional amounts capitalized	4,032
Additional depreciation	(525)
Inventory change	(1,398)
Effect on gross profit	2,109
Tax effect (35%)	(733)
Net effect on profit attributable to shareholders	1,376

Revenues

	Three months ended March 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
Copper concentrate	56,426	49,241	7,185
Copper cathode	33	72	(39)
Total copper sales	56,459	49,313	7,146
Molybdenum concentrate	2,735	5,290	(2,555)
Silver contained in copper concentrate	956	750	206
	60,150	55,353	4,797
(thousands of pounds, unless otherwise noted – 75% basis)			
Copper in concentrate[1]	16,145	12,736	3,409
Average realized copper price (US$ per pound) [2]	3.47	3.87	(0.40)
Average LME copper price (US$ per pound)	3.60	3.77	(0.17)

[1] Copper pounds sold reflect net copper pounds sold to our customers. A net smelter payable deduction of approximately 3.5% is applied to derive net pounds of copper sold.

[2] The average exchange rate for first quarter 2013 was CAD/USD $1.0086 (2012: $1.0013).

Copper sales volumes during the first quarter increased 27% over the first quarter 2012. However, the increase in revenues was only 14% year over year, due to lower realized copper prices. London Metals Exchange (LME) copper prices averaged US$3.60 per pound in first quarter 2013, down 4.5% compared to US$3.77 per pound in first quarter 2012. The Company's average realized copper price of US$3.47 for the first quarter 2013 is lower than the London Metals Exchange average price of US$3.60 per pound, due to the provisional sale of 9.2 million pounds of Gibraltar's (75%) copper at quarter end. Provisional sales are priced using the LME copper forward curve, based upon the month in which they are scheduled to settle, which has declined hence yielding a lower copper sales price. Molybdenum revenues have decreased 48%, due to a 29% reduction in sales volumes and the impact of the decline in molybdenum prices year over year.

Cost of sales

	Three months ended March 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
Direct mining costs	40,014	34,362	5,652
Depreciation	6,379	3,743	2,636
Treatment and refining costs	3,412	2,761	651
Transportation costs	3,333	3,134	199
Changes in inventories of finished goods and WIP	(6,202)	(8,974)	2,772
	46,936	35,026	11,910
(thousands of pounds – 75% basis)			
Copper production	17,420	15,638	1,782
Copper sales	16,145	12,736	3,409
(Cdn$ per pound)			
Direct mining costs per pound produced	2.30	2.20	0.10
Depreciation per pound produced	0.37	0.24	0.13
Treatment and refining costs per pound sold	0.21	0.22	(0.01)
Transportation costs per pound sold	0.21	0.25	(0.04)

The 34% increase in cost of sales reflects the 27% increase in copper sales volumes in first quarter of 2013 compared to the prior-year quarter. For the first quarter of 2013, direct mining and processing costs increased by 16% over the first quarter of 2012. Contributing to the period-over-period increase in direct mining and processing costs for the first quarter was a 44% increase in tons mined. Direct mining and processing costs for the first quarter 2013 compared to the prior-year quarter were negatively impacted by higher labour and consumable costs and lower by-product credits. The increase in direct mining costs on a 'per-unit of production' basis was also affected by the decrease in recovery period-over-period.

Depreciation expenses have increased period-over-period, reflecting an increase in assets placed into service, an increase in production levels and the increased levels of amortized stripping costs under IFRIC 20. See note 21 of the Company's condensed consolidated interim financial statements.

Total treatment and refining costs and transportation costs have slightly increased, consistent with the increase in pounds sold.

Other operating expenses (income)

	Three months ended March 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
General and administrative	4,977	5,384	(407)
Exploration and evaluation	2,637	4,319	(1,682)
Other operating expenses (income):			
Realized loss on copper derivative instruments	3,073	1,689	1,384
Unrealized (gain) loss on copper derivative instruments	(1,985)	15,484	(17,469)
Loss on disposition of property, plant and equipment	-	73	(73)
Management fee income	(281)	(255)	(26)
Other income	(430)	-	(430)
	377	16,991	(16,614)

The $0.4 million decrease in general and administrative expenses during the first quarter 2013 is primarily due to a $0.8 million decrease in share-based compensation costs, partially offset by increases in other expenses.

Decreased exploration and evaluation expenses period over period reflects the reduced level of activity at both the Aley and the New Prosperity projects during the first quarter of 2013. During first quarter 2013, approximately $1.1 million was spent on Aley and approximately $1.5 million was spent on the New Prosperity project, compared to $1.9 million and $2.4 million, respectively, for the first quarter of 2012.

The Company purchased put options for 59.6 million pounds of 2013 copper production. The puts were purchased at a premium of US$0.18 per pound for the first half of 2013 and US$0.17 per pound for the second half of 2013. These costs will be realized over the course of 2013, $3.1 million of which was recognized in the first quarter of 2013. The outstanding copper derivatives are also marked-to-market each period end to fair value with any changes in fair value recognized in income as unrealized gains or losses. In the first quarter 2013, $2.0 million was recognized in unrealized gains as a result of the movement in copper prices since 2012 year end, as well as the expiry of contracts during the quarter. The amount of gain or loss on the copper hedge program is driven by changes in copper prices relative to the fixed price in the put option contracts.

For 2012, the Company purchased put options for 68.8 million pounds of copper, partially financed by selling calls for an equivalent amount of copper, for a net cost of US$0.10 per pound. The $1.7 million realized loss on copper derivatives reflects the net cost of the put options that expired during the first quarter 2012. The unrealized losses of $15.5 million were a result of the mark-to-market, as well as the expiry of the contracts during the first quarter 2012.

Marketable securities

During the period, the Company reviewed the value of its marketable securities for objective evidence of impairment based on both quantitative and qualitative criteria and determined that a write down was required. Accordingly, the Company recorded a pre-tax charge of $9,387 (2012 – nil) in profit or loss to reflect this write down.

Finance expenses

	Three months ended March 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
Interest expense	1,742	3,777	(2,035)
Accretion on PER	551	596	(45)
	2,293	4,373	(2,080)

Finance expenses for the first quarter of 2013 are net of $3.4 million of interest capitalized on the GDP3 project, which caused the decrease in finance expenses compared to the first quarter of 2012. After adjusting for capitalized interest, finance expenses have remained relatively constant period over period. The Company expects to cease capitalizing interest expense in the second quarter of 2013 now that GDP3 has completed commissioning.

Finance income

	Three months ended March 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
Interest income	1,441	1,901	(460)
Realized income on dual currency deposits	267	112	155
Unrealized income (loss) on dual currency deposits	-	171	(171)
Gain on sale of marketable securities	34	235	(201)
	1,742	2,419	(677)

Finance income is primarily comprised of income earned on the promissory note and reclamation deposits, gains and losses on the dual currency deposits, as well as gains on sale of marketable securities. During the first quarter 2013, income from these items decreased compared to the first quarter 2012 due to the lower levels of cash invested in these instruments.

Income tax

	Three months ended March 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
Current expense	300	4,070	(3,770)
Deferred expense (recovery)	1,167	(4,688)	5,855
	1,467	(618)	2,085
Effective tax rate	(16.2%)	8.9%	
Canadian statutory rate	25.0%	25.0%	
BC Mineral tax rate	9.8%	9.8%	

In first quarter 2013, we realized an income tax expense, compared to an income tax recovery in the first quarter 2012. Current cash taxes were relatively constant year over year.

The effective tax rate for first quarter 2013 was lower than the statutory rate of 34.8%. Permanent differences related to non-deductible share-based compensation and impairments on securities in addition to adjustments to foreign exchange on debt had the effect of reducing the effective tax rate by 45.1% and included the impact of BC Mineral taxes. In addition, there were adjustments for unrecognized tax benefits that reduced the effective tax rate by 5.9%.

The effective tax rate for the first quarter 2012 was lower than the statutory rate primarily due to BC Mineral tax, permanent differences and unrecognized tax benefits. Certain items that are deductible for income tax purposes are not deductible for BC Mineral tax purposes and permanent differences, such as share based compensation contributed to a 37.8% reduction from the statutory rate. Unrecognized tax benefits related to unrealized foreign exchange gain on debt contributed to an additional 7% increase of the tax rate. When these differences are applied to the net income, they impact the effective tax rate significantly. Other items including the impact of the reduction of corporate tax rates created minor impacts on the effective tax rate of approximately 5%.

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	**As at March 31, 2013**	**As at December 31 2012**	**Change**
Cash and equivalents	69,145	134,995	(65,850)
Current assets excluding cash	104,739	93,713	11,026
Non-current assets	682,536	647,542	34,994
Other assets	121,070	120,198	872
Total assets	**977,490**	**996,448**	**(18,958)**
Current liabilities	59,238	75,213	(15,975)
Long-term debt	242,958	234,793	8,165
Other liabilities	209,008	216,634	(7,626)
Total liabilities	**511,204**	**526,640**	**(15,436)**
Equity	**466,286**	**469,808**	**(3,522)**
Non-cash working capital [1]	45,501	18,500	27,001
Net debt [1]	193,831	117,865	75,966
Total common shares outstanding (millions)	191.1	190.9	0.20

[1] Non-cash working capital and net debt are non-GAAP financial performance measures with no standard definition under IFRS. See pages 17-20 of this MD&A.

Taseko's asset base is comprised principally of non-current assets including property, plant and equipment, reflecting the capital intensive nature of the mining business. The current assets include cash and equivalents, accounts receivable, other financial assets and inventories (supplies and production inventories), along with prepaid expenses and deposits. Production inventories, accounts receivable and cash balances fluctuate in relation to shipping and cash settlement schedules.

Current assets including cash have decreased by $54.8 million, primarily as a result of a $34.9 million increase in property, plant and equipment.

Total liabilities decreased from $526.6 million as at December 31, 2012 to $511.2 million as at March 31, 2013. This decrease reflects the reduction in accounts payable and accrued liabilities as at March 31, 2013 over

December 31, 2012. Current liabilities have decreased by $16.0 million and long-term debt has increased by $8.2 million, offset by a $7.6 million decrease in other liabilities.

The PER valuation was adjusted during the first quarter 2013 for changes in estimated cash flows required to discharge the liability, along with a change in the discount rates. The Bank of Canada long-term benchmark bond rate used as a proxy for long-term discount rates increased to 2.5% at March 31, 2013 compared to 2.4% at December 31, 2012. Given the long timeframe over which environmental rehabilitation expenditures are expected to be incurred (over 100 years), the amounts of the provision and asset are sensitive to even the slightest change in discount rates.

As at May 1, 2013, there were 192,144,955 common shares outstanding. In addition, there were 11,661,500 director and employee stock options. More information on these instruments and the terms of their exercise is set out in note 21 of our 2012 annual financial statements.

Liquidity, cash flow and capital resources

At March 31, 2013, the Company had cash and equivalents of $69.1 million, as compared to $135.0 million at December 31, 2012. As at March 31, 2013, an additional $20.1 million of highly-liquid money market instruments are recorded as current other financial assets ($10.0 million) and long-term other financial assets ($10.1 million), respectively, as these instruments have maturity dates greater than three months from the date of acquisition.

Operating cash flow for the first quarter 2013 was an outflow of $7.5 million compared to an inflow of $48.7 million for the prior-year quarter. A $52.3 million decrease in non-cash working capital was the primary contributor to the significant swing in operating cash flow period over period. The principal use of net operating cash flows has been capital expenditures.

Future changes in copper and molybdenum market prices could impact the timing and amount of cash available for future investment in capital projects and/or other uses of capital. To partially mitigate these risks, copper hedges are entered into on our share of Gibraltar copper production. Alternative sources of funding for future capital or other liquidity needs include future operating cash flow, strategic partnerships, such as the Gibraltar joint venture and the Franco-Nevada gold stream transaction, and debt or equity financings. These alternatives are continually evaluated to determine the optimal mix of capital resources to address capital needs and minimize the weighted average cost of capital.

Cash used in investing activities for first quarter 2013 was $53.8 million, which was mostly due to the purchase of property, plant and equipment for the GDP3 expansion. Cash provided by investing activities for the prior-year quarter was $4.9 million from the maturity of financial assets of $42.2 million in dual currency deposits ("DCD") with terms greater than three months and $0.6 million of interest received, offset by $37.7 million invested in property, plant and equipment. A DCD is a financial instrument which combines a money market deposit with a currency option to provide a higher yield than that available for a standard deposit.

Cash used for financing activities for the first quarter 2013 was $4.9 million, primarily due to a combined debt repayment and interest charges of $5.9 million, offset by $0.3 million in proceeds on the issuance of common shares. This compares to cash used for financing activities of $10.9 million for the prior-year quarter comprised of the repurchase of common shares for $7.5 million and a combined $3.9 million for debt repayment and interest charges, offset by $0.5 million in proceeds from share issuance.

Hedging strategy

The hedging program was implemented in 2009 as copper prices were recovering from the commodity pricing collapse that occurred in late 2008 and early 2009. Since that time, the Company's strategy has been to hedge at least 50% of copper production using put options that are either purchased outright or funded by the sale of calls that are significantly out of the money using either a zero-cost basis or funded basis.

The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Currently, approximately 50% of the Company's share of Gibraltar's estimated production for the second quarter of 2013 is hedged at US$3.00 per pound and for the second half of 2013 at US$2.75 per pound. Recently we hedged 40% of Taseko's share of Gibraltar's estimated production for the first quarter of 2014 at US$3.00 per pound.

Copper price and quantity exposure are reviewed at least quarterly to ensure that adequate revenue protection is in place. Hedge positions are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

Considerations on the cost of the hedging program include an assessment of Gibraltar's estimated production costs, anticipated copper prices and estimated gross margins during the relevant period.

Commitments and contingencies

At March 31, 2013, capital commitments associated with GDP3 totaled $8.6 million on a 100% basis. Capital commitments for all other projects were $5.5 million. The Company's share of total commitments was $10.6 million at March 31, 2013.

SUMMARY OF QUARTERLY RESULTS

	2013	2012				2011		
(Cdn$ in thousands, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	60,150	62,878	60,999	74,377	55,353	60,512	84,204	48,349
Net earnings (loss)	(10,482)	(5,514)	(3,133)	5,761	(6,253)	(7,694)	30,028	(1,113)
EPS [1]	(0.05)	(0.03)	(0.02)	0.03	(0.03)	(0.04)	0.15	(0.01)
Adjusted net earnings (loss) [2]	(2,858)	(2,679)	2,453	5,867	3,060	9,941	(1,991)	1,863
Adjusted EPS [1]	(0.01)	(0.01)	0.01	0.03	0.02	0.05	(0.01)	0.01
EBITDA [2, 3]	(2,196)	1,302	137	17,219	(1,085)	(4,828)	56,523	3,685
Adjusted EBITDA [2, 3]	7,969	5,082	7,585	17,361	11,333	19,222	13,667	7,488

(US$ per pound, except where indicated)								
Realized copper price [2]	3.47	3.48	3.64	3.52	3.87	3.56	3.73	4.25
Total cash costs of sales [2]	2.26	2.65	2.51	2.28	1.98	2.20	2.33	2.37
Copper sales (million pounds - 75% basis)	16.1	17.4	16.1	19.8	12.7	15.4	21.8	10.7

[1] Calculated using weighted average number of shares outstanding under the basic method. Sum of all the quarters may not add up to the yearly total due to rounding.

[2] Adjusted net earnings (loss), adjusted EPS, EBITDA, adjusted EBITDA, realized copper price and total cash costs of sales are non-GAAP financial performance measure with no standard definition under IFRS. See pages 17-20 of the Company's MD&A.

[3] Certain prior-period measures have been recalculated to conform to the presentation adopted for the current period.

Financial results for the last eight quarters reflect: volatile copper prices that impact realized prices; variability in the quarterly sales volumes due to timing of shipments which impacts revenue recognition; and a trend of increasing production costs caused by inflationary pressures on key input costs. There are other cost elements in the mine and mill operations where we have identified significant opportunities for improvement and expect to see a downward trend in 2013. Continued focus remains on long-term reduction of unit costs and further efficiencies will be gained once GDP3 achieves design capacity in 2013.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in note 2 of the 2012 annual financial statements. The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas where judgment is applied include reserve and resource estimation; asset valuations and the measurement of impairment charges or reversals; finished and in-process inventory quantities; plant and equipment lives; tax provisions; provisions for environmental rehabilitation; assessment of joint control in business combinations; and share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to the Financial Statements and the 2012 annual financial statements as appropriate.

The accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions made and judgment used in the engineering and geological interpretation, and may be subject to revision based on various factors. Changes in reserve and resource estimates may impact the carrying value of property, plant and equipment; the calculation of depreciation expense; the capitalization of stripping costs incurred during production; and the timing of cash flows related to the provision for environmental rehabilitation.

Changes in forecast prices of commodities, exchange rates, production costs and recovery rates may change the economic status of reserves and resources. Forecast prices of commodities, exchange rates, production costs and recovery rates, and discount rates assumptions, either individually or collectively, may impact the carrying value of derivative financial instruments, inventory, property, plant and equipment, and intangibles, as well as the measurement of impairment charges or reversals.

CHANGE IN ACCOUNTING POLICIES

Joint Arrangements

In May 2011, the IASB issued IFRS 11, *Joint Arrangements*, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method. Proportionate consolidation is no longer permitted.

This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has completed its assessment of these amendments and concluded that the Company's interest in the Gibraltar joint arrangement is a joint operation. The Company arrived at this conclusion through assessing the

Joint Venture and Operating agreements in place. There was no material impact on the Company's financial statements upon adopting IFRS 11.

Production Stripping Costs

The IFRS Interpretations Committee issued IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (IFRIC 20), effective January 1, 2013.

Previously, the Company only capitalized stripping costs incurred in order to provide initial access to the ore body. IFRIC 20 now provides specific guidance on how to account for stripping costs. It requires such costs to be capitalized where the recognition criteria set out in IFRIC 20 are met.

IFRIC 20 requires the Company to identify specific components of the ore body to which stripping costs will relate. A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity. It is considered that a mine may have several components, which are identified based on the mine plan. Stripping costs are then capitalized when stripping activities occur in excess of the average expected for the component. Stripping costs are depreciated over the life of the component based on units of production.

IFRIC 20 is to be applied prospectively to production stripping costs incurred on or after the beginning of the earliest period presented. The financial impacts of the Company's transition to IFRIC 20 can be found in note 21 and the 2012 comparative information contained in these financial statements has been restated.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures.

The Company's internal control system over financial reporting is designed to provide reasonable assurance to management and the Board of Directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's internal control system over disclosure controls and procedures is designed to provide reasonable assurance that material information relating to the Company is made known to management and disclosed to others and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined effective can provide only reasonable assurance with respect to financial reporting and disclosure.

There have been no changes in our internal control over financial reporting and disclosure controls and procedures during the period ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

The Company's management, at the direction of our chief executive officer and chief financial officer, have evaluated the effectiveness of the design and operation of the internal controls over financial reporting and disclosure controls and procedures as of the end of the period covered by this report, and have concluded that they were effective.

RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include the members of the Board of Directors and executive officers of the Company.

During the first quarter 2013, the Company incurred total compensation expenses of $2.6 million for its key management personnel compared to $2.8 million in the first quarter 2012.

The Company has adopted a Deferred Share Unit ("DSU") Plan (the "DSU Plan") for non-employee directors, effective February 15, 2013. The DSU Plan provides for an annual grant to each non-employee director of the Company, or an equivalent cash payment in lieu thereof, which participants have agreed would in first instance be used to assist in complying with the Company's share ownership guidelines. DSUs vest immediately upon grant and are paid out in cash when a participant ceases to be a director of the Company.

During the first quarter of 2013, the Company issued 133,333 DSU's to directors. The DSU's were valued at $3.18 per unit based upon the underlying share price at grant date and are fair valued based upon the market price every period end. The total number of deferred and restricted share units outstanding at March 31, 2013 was 133,333 units.

Other related parties

Hunter Dickinson Services Inc. ("HDSI") is a private company which has certain directors in common with the Company. HDSI carries out geological, engineering, corporate development, administrative, financial management, investor relations, and other management activities for the Company. The terms and conditions of the transactions are similar to transactions conducted on an arm's length basis. During the first quarter 2013, the Company incurred general and administrative expenses and exploration and evaluation expenses of $0.5 million with HDSI compared to $0.6 million for the first quarter of 2012.

The Gibraltar joint venture pays a management fee to Taseko for services rendered as operator of the Gibraltar mine. During the first quarter of 2013, the Company has earned $0.28 million of other operating income for these services rendered, compared to $0.25 million in the first quarter of 2012.

NON-GAAP PERFORMANCE MEASURES

This document includes certain non-GAAP performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Company's financial statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-GAAP measures to the most directly comparable IFRS measure.

Total operating costs per pound

Total costs of sales include all costs absorbed into inventory, as well as by-product credits, treatment & refining costs and transportation costs, less non-cash items such as depreciation and share-based compensation. Total cash costs per pound sold are calculated by dividing the aggregate of the applicable costs by copper pounds sold. Total operating costs of production are total cash costs of sales adjusted for the net movement in inventory during the period. Total operating costs per pound produced are calculated by dividing the aggregate of the applicable costs by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

	Three months ended March 31,	
(Cdn$ in thousands, unless otherwise indicated)	**2013**	**2012**
Cost of sales	**46,936**	**35,026**
Less non-cash items:		
Depreciation	(6,379)	(3,743)
Share-based compensation	-	(50)
Less by-product credits:		
Molybdenum	(2,735)	(5,290)
Silver	(956)	(750)
Total cash costs of sales	**36,866**	**25,193**
Total copper sold (thousand pounds – 75% basis)	16,145	12,736
Total cash costs per pound sold	2.28	1.98
Average exchange rate for the period (CAD/USD)	1.0086	1.0013
Total cash costs of sales (US$ per pound)	**2.26**	**1.98**

	Three months ended March 31,	
(Cdn$ in thousands, unless otherwise indicated)	**2013**	**2012**
Total cash costs of sales	36,866	25,193
Net change in inventory	6,202	8,975
Total operating costs of production	**43,068**	**34,168**
Less offsite costs:		
Treatment and refining costs	(3,412)	(2,761)
Transportation costs	(3,333)	(3,133)
Net operating costs	**36,323**	**28,273**
Total copper produced (thousand pounds – 75% basis)	17,420	15,638
Total costs per pound produced	2.09	1.81
Average exchange rate for the period (CAD/USD)	1.0086	1.0013
Net operating costs of production (US$ per pound)	**2.07**	**1.81**

Adjusted net earnings

Adjusted net earnings removes the effect of the following transactions from net earnings as reported under IFRS:

- Unrealized gains/losses on derivative instruments;
- Gains/losses on the sale of financial instruments;
- Changes in the fair value of financial instruments;
- Foreign currency translation gains/losses; and
- Non-recurring transactions, including non-recurring tax adjustments.

Management believes these transactions do not reflect the underlying operating performance of our core mining business and are not necessarily indicative of future operating results. Furthermore, unrealized gains/losses on derivative instruments, changes in the fair value of financial instruments, and foreign currency translation gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended March 31,	
(Cdn$ in thousands, except per share amounts)	**2013**	**2012**
Net loss	**(10,482)**	**(6,253)**
Unrealized loss (gain) on derivatives	(1,985)	15,484
Gain on sale of marketable securities and dividend income	(34)	(235)
Write-down of marketable securities	9,387	-
Unrealized (income) loss on DCDs	-	(171)
Non-recurring other expenses (income)	(430)	-
FX translation losses (gains)	3,227	(2,660)
Estimated tax effect of adjustments	(2,541)	(3,105)
Adjusted net (loss) earnings	**(2,858)**	**3,060**
Adjusted EPS	**(0.01)**	**0.02**

EBITDA and adjusted EBITDA

EBITDA represents net earnings before interest, income taxes, and depreciation. EBITDA is presented because it is an important supplemental measure of our performance and is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the industry, many of which present EBITDA when reporting their results. Issuers of "high yield" securities also present EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations. The Company believes EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation is a non-cash charge.

Adjusted EBITDA is presented as a further supplemental measure of the Company's performance and ability to service debt. Adjusted EBITDA is prepared by adjusting EBITDA to eliminate the impact of a number of items that are not considered indicative of ongoing operating performance.

Adjusted EBITDA is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that are not likely to recur or are not indicative of the Company's future operating performance consisting of:

- Unrealized gains/losses on derivative instruments;
- Gains/losses on the sale of marketable securities;
- Foreign currency translation gains/losses; and
- Non-recurring transactions.

While some of the adjustments are recurring, loss on the extinguishment of debt, and gains/losses on the sale of marketable securities do not reflect the underlying performance of the Company's core mining business and are not necessarily indicative of future results. Furthermore, unrealized gains/losses on derivative instruments, foreign currency translation gains/losses and changes in the fair value of financial instruments are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended March 31,	
(Cdn$ in thousands, except per share amounts)	**2013**	**2012**
Net loss	**(10,482)**	**(6,253)**
Add:		
Depreciation	6,518	3,910
Interest expense	1,742	3,777
Interest income	(1,441)	(1,901)
Income tax expense (recovery)	1,467	(618)
EBITDA	**(2,196)**	**(1,085)**
Adjustments:		
Unrealized (gain)/loss on derivative instruments	(1,985)	15,484
Gain on sale of marketable securities	(34)	(235)
Write-down of marketable securities	9,387	-
Non-recurring other expenses (income)	(430)	-
Foreign currency translation (gains) losses	3,227	(2,660)
Unrealized (income) loss on DCDs	-	(171)
Adjusted EBITDA	**7,969**	**11,333**

TASEKO MINES LIMITED

Condensed Consolidated Interim Statements of Comprehensive Loss
(unaudited)

		Three months ended March 31,	
	Note	2013	2012
(Cdn$ in thousands, except per share amounts)			(Restated-note 21)
Revenues	3	60,150	55,353
Cost of sales	4	(46,936)	(35,026)
Gross profit		13,214	20,327
General and administrative		(4,977)	(5,384)
Exploration and evaluation		(2,637)	(4,319)
Other operating expenses	5	(377)	(16,991)
Write-down of marketable securities	6	(9,387)	-
Loss before financing costs and income taxes		(4,164)	(6,367)
Finance expenses	7	(2,293)	(4,373)
Finance income	8	1,742	2,419
Foreign exchange (loss) gain		(4,300)	1,450
Loss before income taxes		(9,015)	(6,871)
Income tax recovery (expense)	9	(1,467)	618
Net loss for the period		**(10,482)**	**(6,253)**
Other comprehensive income (loss) :			
Unrealized losses on available-for-sale financial assets		(2,530)	(1,135)
Permanent impairment included in the net loss	6	8,213	-
Realized gains on available-for-sale financial assets		(30)	(205)
Total other comprehensive income (loss) for the period		**5,653**	**(1,340)**
Total comprehensive loss for the period		**(4,829)**	**(7,593)**
Loss per share			
Basic		(0.05)	(0.03)
Diluted		(0.05)	(0.03)
Weighted average shares outstanding (thousands)			
Basic		191,060	196,029
Diluted		191,060	196,029

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TASEKO MINES LIMITED

Condensed Consolidated Interim Statements of Cash Flows
(unaudited)

(Cdn$ in thousands)	Note	Three months ended March 31, 2013	2012 (Restated-note 21)
Operating activities			
Net loss for the period		(10,482)	(6,253)
Adjustments for:			
Depreciation		6,518	3,910
Income tax expense (recovery)	9	1,467	(618)
Income tax paid		(150)	(955)
Share-based compensation		1,355	2,202
Unrealized loss (gain) on copper derivatives	5	(1,985)	15,484
Finance expenses		1,169	1,518
Finance income		(1,136)	(2,180)
Unrealized foreign exchange loss (gain)		4,140	(1,589)
Write-down of marketable securities	6	9,387	-
Other operating activities	17	(723)	1,876
Net change in non-cash working capital	17	(17,054)	35,296
Cash provided by (used for) operating activities		(7,494)	48,691
Investing activities			
Purchase of property, plant and equipment		(53,742)	(37,695)
Investment in financial assets		(15)	-
Interest received		162	550
Proceeds from financial assets		-	42,236
Proceeds from sale of property, plant and equipment		-	128
Other investing activities	17	(216)	(280)
Cash provided by (used for) investing activities		(53,811)	4,939
Financing activities			
Repayment of debt		(5,073)	(3,374)
Interest paid		(816)	(514)
Repurchase of common shares		-	(7,538)
Common shares issued for cash		329	507
Proceeds from debt issuance		597	-
Cash used for financing activities		(4,963)	(10,919)
Effect of exchange rate changes on cash and equivalents		418	(2,196)
Increase (decrease) in cash and equivalents		(65,850)	40,515
Cash and equivalents, beginning of period		134,995	277,792
Cash and equivalents, end of period		69,145	318,307

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TASEKO MINES LIMITED

Condensed Consolidated Interim Balance Sheets

(unaudited)

(Cdn$ in thousands)	Note	March 31, 2013	December 31, 2012 (Restated-note 21)
ASSETS			
Current assets			
Cash and equivalents		69,145	134,995
Accounts receivable		38,169	28,966
Other financial assets	10	19,832	29,865
Inventories	11, 21	36,251	27,450
Current tax receivable		2,159	2,309
Prepaids		8,328	5,123
		173,884	228,708
Other financial assets	10	99,136	102,737
Property, plant and equipment	12, 21	677,098	642,104
Intangible assets		5,438	5,438
Prepaids		8,193	4,500
Other receivable		13,741	12,961
		977,490	**996,448**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		28,618	42,938
Current portion of long-term debt	14	20,018	18,067
Interest payable		7,218	3,213
Other financial liabilities	13	3,384	10,995
		59,238	75,213
Long-term debt	14	242,958	234,793
Other financial liabilities	13	32,478	35,162
Provision for environmental rehabilitation		99,600	106,517
Deferred tax liabilities		76,930	74,955
		511,204	526,640
EQUITY			
Share capital	15	368,610	368,128
Contributed surplus		38,312	37,487
Accumulated other comprehensive loss ("AOCI")		288	(5,365)
Retained earnings	21	59,076	69,558
		466,286	469,808
		977,490	**996,448**
Commitments and contingencies	16		

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

TASEKO MINES LIMITED

Condensed Consolidated Interim Statements of Changes in Equity

(unaudited)

(Cdn$ in thousands)	Note	Share capital	Contributed surplus	AOCI	Retained earnings	Total
Balance at January 1, 2012		378,393	33,040	(1,398)	86,782	496,817
Exercise of options		819	(312)	-	-	507
Share-based compensation		-	2,202	-	-	2,202
Repurchase of common shares		(3,991)	-	-	(3,547)	(7,538)
Total comprehensive loss for the period	21	-	-	(1,340)	(6,253)	(7,593)
Balance at March 31, 2012 (Restated)	21	**375,221**	**34,930**	**(2,738)**	**76,982**	**484,395**
Balance at January 1, 2013 (Restated)	21	368,128	37,487	(5,365)	69,558	469,808
Exercise of options		482	(153)	-	-	329
Share-based compensation		-	978	-	-	978
Total comprehensive loss for the period		-	-	5,653	(10,482)	(4,829)
Balance at March 31, 2013		**368,610**	**38,312**	**288**	**59,076**	**466,286**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. REPORTING ENTITY

Taseko Mines Limited (the Company) is a corporation governed by the *British Columbia Business Corporations Act.* The consolidated financial statements of the Company as at and for the period ended March 31, 2013 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint arrangement since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia. Seasonality does not have a significant impact on the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements except as disclosed in note 2(b). These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2012 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed interim consolidated financial statements were authorized for issue by the Board on May 1, 2013.

(b) Changes in accounting policies and disclosures

Joint Arrangements

In May 2011, the IASB issued IFRS 11, *Joint Arrangements*, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method. Proportionate consolidation is no longer permitted.

This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has completed its assessment of these amendments and concluded that the Company's interest in the Gibraltar joint arrangement should be classified as a joint operation. The Company arrived at this conclusion through assessing the Joint Venture and Operating agreements in place.

Due to the terms of the Gibraltar Joint Venture formation and Operating agreements the Company includes in its financial information 75% of all assets, liabilities, revenue and expenses, including associated financial information, of the joint venture. There was no material impact on the Company's financial statements.

Production Stripping Costs

The IFRS Interpretations Committee issued IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* (IFRIC 20), effective January 1, 2013.

Previously, the Company only capitalized stripping costs incurred in order to provide initial access to the ore body. IFRIC 20 now provides specific guidance on how to account for stripping costs during the production phase. It requires such costs to be capitalized where the recognition criteria set out in IFRIC 20 are met.

IFRIC 20 requires the Company to identify specific components of the ore body to which stripping costs will relate. A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity. It is considered that a mine may have several components, which are identified based on the mine plan. Stripping costs are then capitalized when stripping activities occur in excess of the average expected for the component. Stripping costs are capitalized within Mineral Properties and depreciated over the life of the respective component based on units of production.

Based on the Company's analysis, the identified components of the ore body are to be phases, pits or sub-pits depending on the ore body being analyzed. These components align with the mine and how the Company plans its mining activities. Under IFRIC 20, the Company recognizes stripping assets when the following three criteria are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

IFRIC 20 is to be applied prospectively to production stripping costs incurred on or after the beginning of the earliest period presented. The financial impacts of the Company's transition to IFRIC 20 can be found in note 21. The 2012 comparative information contained in these financial statements has been restated for the adoption of IFRIC 20.

Disclosures of interest in other entities

The Company adopted IFRS 12, *Disclosures of Interests in Other Entities* ("IFRS 12") on January 1, 2013. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for any period presented that precedes the first annual period for which IFRS 12 is applied. Accordingly, we will include additional disclosures about interests in other entities in our annual consolidated financial statements for the year ended December 31, 2013.

Fair value measurement

The Company adopted IFRS 13, *Fair Value Measurement* ("IFRS 13") with prospective application from January 1, 2013. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements for fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value.

(Cdn$ in thousands)

The adoption of IFRS 13 did not have an effect on the consolidated financial statements for the current period except for additional disclosures in note 22.

Consolidated financial statements

The Company adopted IFRS 10, Consolidated Financial Statements ("IFRS 10") on January 1, 2013 with retrospective application. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's financial statements. IFRS 10 sets out three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of the investors' return; and the requirements on how to apply the control principle. IFRS 10 supersedes International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements and Standing Interpretations Committee ("SIC") 12, Consolidation – Special Purpose Entities.

Based on the Company's analysis, IFRS 10 did not have an impact on the consolidated financial statements for the current period or prior periods presented as the adoption did not result in a change in the consolidation status of any of the Company's subsidiaries or investees.

3. REVENUE

	Three months ended March 31,	
	2013	**2012**
Copper concentrate	56,426	49,241
Copper cathode	33	72
Total copper sales	56,459	49,313
Molybdenum concentrate	2,735	5,290
Silver contained in copper concentrate	956	750
	60,150	55,353

4. COST OF SALES

	Three months ended March 31,	
	2013	**2012 (Restated note 21)**
Direct mining costs	40,014	34,362
Depreciation	6,379	3,743
Treatment and refining costs	3,412	2,761
Transportation costs	3,333	3,134
Changes in inventories of finished goods and work in process	(6,202)	(8,974)
	46,936	35,026

Cost of sales consists of direct mining costs (which include personnel costs, mine site general & administrative costs, non-capitalized stripping costs, repair & maintenance costs, operating supplies and external services), depreciation, and offsite costs comprised of treatment & refining costs and transportation costs.

(Cdn$ in thousands)

5. OTHER OPERATING EXPENSES (INCOME)

	Three months ended March 31,	
	2013	**2012**
Realized loss on copper derivative instruments	3,073	1,689
Unrealized loss (gain) on copper derivative instruments	(1,985)	15,484
Loss on disposition of property, plant and equipment	-	73
Management fee income	(281)	(255)
Other income	(430)	-
	377	16,991

6. WRITE DOWN OF MARKETABLE SECURITIES

During the period, the Company reviewed the value of its marketable securities and subscription receipts for objective evidence of impairment based on both quantitative and qualitative criteria and determined that a write down was required. Accordingly, the Company recorded a pre-tax charge of $9,387 (2012 – nil) in profit or loss to reflect this write down. These marketable securities are classified as available-for-sale financial assets and therefore previous cumulative losses of $9,387 were reclassed from other comprehensive loss.

7. FINANCE EXPENSES

	Three months ended March 31,	
	2013	**2012**
Interest expense	1,742	3,777
Accretion on PER	551	596
	2,293	4,373

8. FINANCE INCOME

	Three months ended March 31,	
	2013	**2012**
Interest income	1,441	1,901
Realized income on dual currency deposits	267	112
Unrealized income on dual currency deposits	-	171
Gain on sale of marketable securities	34	235
	1,742	2,419

(Cdn$ in thousands)

9. INCOME TAX

	Three months ended March 31, 2013	2012
Current expense	300	4,070
Deferred expense (recovery)	1,167	(4,688)
	1,467	(618)

10. OTHER FINANCIAL ASSETS

	March 31, 2013	December 31, 2012
Current:		
Capped floating rate notes	10,017	10,023
Copper put option contracts	687	1,776
Marketable securities – available for sale	5,869	7,196
Promissory note	3,209	10,820
Short-term investments	50	50
	19,832	29,865
Long-term:		
Capped floating rate notes	10,069	10,067
Subscription receipts	5,500	7,100
Reclamation deposits	25,997	25,728
Promissory note	57,570	59,842
	99,136	102,737

11. INVENTORIES

	March 31, 2013	December 31, 2012 (Restated note 21)
Work in process	9,042	4,065
Finished goods:		
Copper concentrate	6,504	5,288
Molybdenum concentrate	274	265
Materials and supplies	20,431	17,832
	36,251	27,450

(Cdn$ in thousands)

12. PROPERTY, PLANT & EQUIPMENT

	Mineral properties[1]	Plant and equipment	CIP [3]	Total
Cost				
At December 31, 2012 (Restated – note 21)	162,772	379,400	181,596	723,768
Additions	4,033	72	42,217	46,322
Rehabilitation cost asset [2]	(7,364)	-	-	(7,364)
Capitalized interest	-	-	3,351	3,351
Disposals	-	(2,162)	-	(2,162)
New Mine Allowance credit	-	(648)	-	(648)
Transfers between categories [3]	-	11,218	(11,218)	-
At March 31, 2013	159,441	387,880	215,946	763,267
Accumulated depreciation and impairments				
At December 31, 2012 (Restated – note 21)	23,043	58,621	-	81,664
Depreciation	2,071	4,596	-	6,667
Disposals	-	(2,162)	-	(2,162)
At March 31, 2013	25,114	61,055	-	86,169
Carrying amounts				
At December 31, 2012	139,729	320,779	181,596	642,104
At March 31, 2013	134,327	326,825	215,946	677,098

[1] Mineral properties consists of the cost of acquiring and developing mineral properties. Development costs include capitalized stripping costs, capitalized exploration and evaluation costs, capitalized interest, and rehabilitation cost asset.

[2.] Represents movements in the rehabilitation cost asset as a result of changes in estimates during the period.

[3.] Construction in process (CIP) is transferred to the relevant category of property, plant and equipment once the asset is available for use.

13. OTHER FINANCIAL LIABILITIES

	March 31, 2013	**December 31, 2012**
Current:		
Royalty obligations	3,209	10,820
Deferred revenue – royalty obligation	175	175
	3,384	10,995
Long-term:		
Royalty obligations	31,741	34,759
Income tax obligations	272	272
Restricted share units	377	-
Deferred revenue – royalty obligation	88	131
	32,478	35,162

(Cdn$ in thousands)

14. DEBT

	March 31, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Current:				
Capital leases	11,942	11,844	10,755	10,700
Secured equipment loans	8,076	7,801	7,312	7,276
	20,018	19,645	18,067	17,976
Long-term:				
Senior notes	198,345	205,943	193,970	190,897
Capital leases	30,059	29,813	24,486	24,359
Secured equipment loans	14,554	14,164	16,337	16,256
	242,958	249,920	234,793	231,512

Fair value of capital leases and equipment loans has been measured through discounting future cashflows at a rate of 6%. All debt instruments are classified as a level 2 instrument, note 22.

15. EQUITY

(a) Share capital

The Company's authorized share capital consists of an unlimited number of common shares with no par value. As at March 31, 2013, there were 191,104,955 common shares issued and outstanding.

(b) Normal course issuer bid

Effective February 3, 2012, the Company commenced a normal course issuer bid for up to 10 million common shares of the Company. All shares were purchased on the open market through the facilities of the Toronto Stock Exchange at the market price at the time of purchase. The Company's normal course issuer bid terminated on February 2, 2013. A total of 6,644,440 common shares were repurchased during 2012 under the normal course issuer bid for $20,897. There were no additional repurchases in 2013.

(c) Share-Based Compensation

The Company has adopted a Deferred Share Unit ("DSU") Plan (the "DSU Plan") for non-employee directors, effective February 15, 2013. The DSU Plan provides for an annual grant to each non-employee director of the Company, or an equivalent cash payment in lieu thereof, which participants have agreed would in first instance be used to assist in complying with the Company's share ownership guidelines. DSUs vest immediately upon grant and are paid out in cash when a participant ceases to be a director of the Company.

During the first quarter of 2013, the Company issued 133,333 DSU's to directors. The DSU's were valued at $3.18 per unit based upon the underlying share price at grant date and are fair valued based upon the market price every period end. The total number of deferred and restricted share units outstanding at March 31, 2013 was 133,333 units. An expense of $377 has been recognized for the period.

(Cdn$ in thousands)

16. COMMITMENTS AND CONTINGENCIES

(a) Commitments

At March 31, 2013, capital commitments associated with GDP3 totaled $8.6 million on a 100% basis. Capital commitments for all other projects were $5.5 million. At March 31, 2013, the Company's share of total capital commitments was $10.6 million and operating commitments totaled $15.2 million.

(b) Contingencies

The Company has guaranteed 100% of certain debt entered into by the Gibraltar joint venture in which it holds a 75% interest. As at March 31, 2013, this debt totaled $76,821 on a 100% basis. The Company has also guaranteed its share of additional debt totaling $7,016 on a 75% basis.

17. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31, 2013	2012
Change in non-cash working capital items		
Accounts receivable	(9,244)	28,410
Inventories	(8,801)	(9,586)
Prepaids	(3,205)	603
Accounts payable and accrued liabilities	235	12,111
Interest payable	4,005	3,802
Deferred revenue – royalty obligation	(44)	(44)
	(17,054)	35,296
Operating cash flows – other items		
Non cash items		
Realized loss on copper derivative instruments	3,073	1,689
(Gain) loss on sale of property, plant and equipment	-	73
Reclamation expenditures	(104)	(7)
Change in Long-term prepaids	(3,692)	121
	(723)	1,876
Investing cash flows – other items		
Net cash reinvested in reclamation deposit	(216)	(280)
Non-cash investing and financing activities		
Assets acquired under capital lease	9,872	8,081
Interest earned on promissory note	(937)	(1,026)
Interest expense on royalty obligation	191	245
Royalty obligation settled by promissory note	(10,820)	(8,190)

(Cdn$ in thousands)

18. FINANCIAL RISK MANAGEMENT

Summary of derivatives and financial assets containing embedded derivatives

	Notional amount	Strike price[1]	Term to maturity	Fair value
At March 31, 2013				
Commodity contracts				
Copper put option contracts	16.5 million lbs	US$3.00	Q2 2013	93
Copper put option contracts	26.5 million lbs	US$2.75	Q3-Q4 2013	594
Capped floating rate notes				
3-month BA rate + 25 bps	$10 million	5.00%	Q4 2013	10,017
3-month BA rate + 45 bps	$10 million	5.50%	Q4 2014	10,069

[1] For the floating rate notes, this value represents the cap level for the coupon rate.

19. RELATED PARTIES

Related party transactions

	Transaction value for the three months ended March 31,		Due from (to) related parties as at March 31,	
	2013	**2012**	**2013**	**2012**
Hunter Dickinson Services Inc.:				
General and administrative expenses	401	391		
Exploration and evaluation expenses	116	155		
	517	546	(21)	(89)
Gibraltar joint venture:				
Other operating income (management fee)	281	255		
Reimburseable compensation expenses	45	33		
	326	288	42	37

Hunter Dickinson Services Inc. (HDSI) is a private company, which employs some members of the executive management of the Company and invoices the Company for their executive services as well as other services.

Under the terms of the joint venture operating agreement, the Gibraltar joint venture pays the Company a management fee for services rendered by the Company as operator of the Gibraltar mine. In addition, the Company pays compensation expenses for certain individuals providing services to the Gibraltar joint venture and invoices the joint venture for these expenses.

(Cdn$ in thousands)

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

The Company has a 75% interest in the Gibraltar Joint Venture, the principal activity of which is the production of copper and molybdenum from the Gibraltar mine in British Columbia, Canada. Due to the terms of the Gibraltar Joint Venture formation and Operating agreements, the Company includes in its financial information 75% of all assets, liabilities, revenue and expenses, including associated financial information, of the joint arrangement.

Summarized financial statement information (75% share) of the joint arrangement is disclosed below:

	Three months ended March 31,	
	2013	**2012**
Revenues	60,150	55,353
Cost of sales	(48,643)	(36,490)
Other operating (expenses) income	(844)	(838)
Finance expenses	(585)	(616)
Finance income	347	298
Foreign exchange loss	(428)	(609)
Profit for the period	9,997	17,098

	March 31, 2013	**December 31, 2012**
Current assets	116,145	112,830
Non-current assets	988,433	952,867
	1,104,578	1,065,697
Current liabilities	47,011	59,062
Non-current liabilities	144,214	147,341
	191,225	206,403

(Cdn$ in thousands)

21. TRANSITION TO IFRIC 20 – STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE

In accordance with the transitional provisions of IFRIC 20, this new policy has been applied prospectively from the start of the comparative period, being January 1, 2012. As a result of the adoption of the interpretation, the adjustments outlined below were made to the financial statements.

As at December 31, 2012

Description	As previously reported	IFRIC 20 adjustments	Adjusted balance
Property, Plant & Equipment – Mineral Properties			
December 31, 2012 closing balance	631,997	-	-
Additions under IFRIC 20	-	10,908	-
Amortization under IFRIC 20	-	(801)	-
Adjusted December 31, 2012 closing balance	631,997	10,107	642,104
Inventory			
December 31, 2012 closing balance	27,556	-	-
IFRIC 20 capitalization and amortization impact	-	(106)	-
Adjusted December 31, 2012 closing balance	27,556	(106)	27,450
For the three month period ended March 31, 2012 Consolidated Statements of Comprehensive Loss			
Loss after tax	(8,344)	-	-
Additional capitalized stripping	-	2,886	-
Capitalized stripping amortization	-	(47)	-
Cost of sales	-	366	-
Sub-total	(8,344)	3,205	-
Tax effect of adjustments at 35%	-	(1,114)	-
Adjusted earnings/(Loss) after tax	(8,344)	2,091	(6,253)

The effect on earnings per share related to the March 2012 restatement was an increase of $0.01 per share.

For the twelve month period ended December 31, 2012 Consolidated Statements of Comprehensive Loss			
Loss after tax	(15,665)		-
Additional capitalized stripping		10,908	-
Capitalized stripping amortization		(801)	-
Cost of sales		(106)	-
Sub-total	(15,665)	10,001	-
Tax effect of adjustments at 35%		(3,475)	-
Adjusted earnings/(Loss) after tax	(15,665)	6,526	(9,139)

(Cdn$ in thousands)

The effect on earnings per share related to the December 2012 restatement was an increase of $0.03 per share. There was no impact on the January 1, 2012 consolidated balance sheet from the adoption of IFRIC 20. The impact, post tax, on net loss and earnings per share for the three month period ended March 31, 2013 was $1.4 million decrease and $0.01 increase respectively.

22. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has certain financial assets and liabilities that are measured at fair value on a recurring basis and uses the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority.

	Level 1	Level 2	Level 3	Total
March 31, 2013				
Financial assets designated at FVTPL				
Copper put option contracts	-	687	-	687
Available-for-sale financial assets				
Shares	5,868	-	-	5,868
Capped floating rate notes	-	20,086	-	20,086
Subscription receipts	-	-	5,500	5,500
Reclamation deposits	25,997	-	-	25,997
	31,865	20,773	5,500	58,138
December 31, 2012				
Financial assets designated at FVTPL				
Copper put option contracts	-	1,776	-	1,776
Available-for-sale financial assets				
Shares	7,196	-	-	7,196
Capped floating rate notes	-	20,090	-	20,090
Subscription receipts	-	-	7,100	7,100
Reclamation deposits	25,728	-	-	25,728
	32,924	21,866	7,100	61,890

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable and payable approximate their fair value as at March 31, 2013.