

## TASEKO ANNOUNCES SECOND QUARTER FISCAL 2008 RESULTS

**May 13, 2008, Vancouver, BC** – Taseko Mines Limited (“Taseko” or the “Company”) (TSX: TKO; AMEX: TGB) announces its financial results including production and sales for the **Gibraltar Mine** located near the City of Williams Lake in south-central British Columbia. Dollar amounts are in Canadian currency unless otherwise indicated.

For the three months ended March 31, 2008, Taseko reported an operating profit of \$28.2 million, and net earnings of \$16.2 million or \$0.12 per share (\$0.10 per share fully diluted). Sales for the quarter were 14.8 million pounds of copper at an average realized price of US\$3.67, and 257,000 pounds of molybdenum at an average price of US\$33.17 per pound.

Financial results from operating activities during the quarter compared to the same period in the prior year are shown in the table below:

	Quarter Ended March 31, 2008	Quarter Ended March 31, 2007
Revenue	\$65.4 million	\$51.6 million
Copper <sup>1</sup>	\$56.5 million	\$46.8 million
Molybdenum	\$ 8.9 million	\$4.8 million
Cash Flow <sup>2</sup>	\$32.0 million	\$12.3 million
Cash Flow per Share (basic)	\$0.23	\$0.10
Operating profit <sup>3</sup>	\$28.2 million	\$26.9 million
Earnings before income tax	\$22.6 million	\$23.0 million
Earnings after income tax	\$16.2 million	\$11.5 million
Earnings per share (basic)	\$0.12	\$0.09

<sup>1</sup> Copper revenue in 2008 includes proceeds from sales of copper concentrate and copper cathode.

<sup>2</sup> Cash flow and cash flow per share are numbers used by the Company to assess its performance. They are not terms recognized under generally accepted accounting principles. Cash flow is defined as cash flow from operations including net change in working capital balances and cash flow per share is the same measure divided by the number of common shares outstanding during the period.

<sup>3</sup> Operating profit is comprised of revenues less cost of sales and depletion, depreciation and amortization.

### Gibraltar Mine

- Monthly copper production steadily increased from 3.3 million pounds in January, to 5.5 million pounds in March as SAG mill commissioning proceeded on schedule. For the quarter, Gibraltar produced 13.4 million pounds of copper and 176,000 pounds of molybdenum.
- Also trending higher, mill throughput rates in December averaged 1,300 tons increasing to 1,480 tons per hour in March. More recently, mill throughput rates have averaged 1,585 tons per hour, equivalent to 38,000 tons per day.
- Both copper and molybdenum recoveries increased quarter over quarter to 81% (copper) and 40% (molybdenum), up from 78% and 33%, respectively.
- Cash costs for the quarter were affected by foreign exchange, waste stripping, diesel fuel, grinding media and extraordinary items involved with the start-up of the SAG mill.

## *Second Quarter Fiscal 2008 Production*

The following is a summary of the operating statistics for the first quarter of 2008 (Q2 2008) compared to the same quarter in fiscal 2007 (Q2 2007).

	Q2 - Fiscal 2008	Q2 - Fiscal 2007
Total tons mined (millions) <sup>1</sup>	9.7	8.7
Tons of ore milled (millions)	2.2	2.3
Stripping ratio	3.2	2.6
Copper grade (%)	0.349	0.315
Molybdenum grade (%Mo)	0.009	0.010
Copper recovery (%)	81.0	78.2
Molybdenum recovery (%)	40.2	33.8
Copper production (millions lb) <sup>2</sup>	13.4	11.8
Molybdenum production (thousands lb)	176	160
Copper production costs, net of by-product credits <sup>3</sup> , per lb of copper	US\$1.48	US\$0.96
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US\$.44	US\$0.37
Total cash costs of production net of by-product credits <sup>3</sup> , per lb of copper	US\$1.92	US\$1.33

<sup>1</sup> 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.

<sup>2</sup> 2008 copper production includes 12.6 million lb in concentrate and 0.8 million lb in cathode.

2007 copper production includes 11.2 million lb in concentrate and 0.6 million lb in cathode

<sup>3</sup> 2008 by-product credit is based on pounds of molybdenum and ounces of silver sold.

Tons mined were higher in the second quarter of fiscal 2008 compared to fiscal 2007 as mine operations in 2008 continued to concentrate on waste stripping to offset shortfalls in prior years, resulting from low equipment availability issues and the world-wide shortage of haulage truck tires. Ore milled in Q2 2008 and Q2 2007 were essentially the same. In Q2 2008, the Phase 1 concentrator expansion was completed and the early stages of ramp up to full production began.

Copper recovery was higher in fiscal Q2 2008 compared with the same quarter in 2007 as a result of improved performance of the new flotation system. Molybdenum production also improved as a result of a 19% increase in recovery over the same period in fiscal 2007.

Cost per pound of copper produced was higher than in the same quarter in 2007 as a result of the strength of Canadian currency and cost increases associated with initial SAG and ball mill start-ups, a major shovel re-build, the price of diesel fuel and steel (grinding media), as well as activities such as additional stripping and long haul pit development.

Off-property costs during the quarter were higher than in the comparable quarter in 2007 as a result of higher transportation charges.

### *Concentrator Expansion Project*

The two phase expansion underway at the concentrator facility at Gibraltar is continuing on time and on budget. The first phase, which was completed in February, involved the installation of a new thirty-four foot diameter Semi Autogenous Grinding (SAG) mill as well as installation of ten new flotation cells and various upgrades to increase the ore processing capacity to 46,000 tons per day (tpd). Daily milling rates of 46,000 tpd are expected to be achieved in the summer of 2008.

The Phase Two expansion consists of modernizing and increasing the capacity of the regrind, cleaner flotation, and concentrate circuits, installing a two stage tailings pumping system and adding a pebble crusher to the SAG mill circuit. Phase two is designed to increase concentrator capacity from 46,000 to 55,000 tpd. Design work and procurement is on schedule for project completion by late 2008.

### ***Treatment and Refining Agreement***

In April 2008, Taseko entered into a six-year agreement commencing in the first fiscal quarter of 2009 and ending on December 31, 2014, with MRI Trading AG, a Swiss-based metal trading company, for the treatment and refining of Gibraltar copper concentrate. Under the terms of the agreement, Taseko has secured long-term, fixed, low cost rates for processing approximately 1.1 million tons of copper concentrate. The 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.

Pursuant to this agreement, the Company also secured a US\$30 million line of credit.

Convertible Debenture – NVI Mining Ltd ("NVI") (formerly Boliden Westmin (Canada) Limited)

Pursuant to a Notice of Conversion dated April 2, 2008, the convertible debenture (the "Debenture") principal amount of \$17 million was converted, effective at \$5.14 per common share, which would have resulted in 3,307,393 shares of the Company being transferred to NVI. However, the Company had already filed an action in BC Supreme Court in May 2006, seeking a right of set-off against the Debenture in respect of damages owing from certain latent income tax liabilities that have been provisionally and conservatively quantified as the equivalent of 694,422 shares. The Company therefore took a set off of such shares otherwise issuable pursuant to the conversion provision of the Debenture.

On April 28, 2008, NVI filed a Statement of Claim in the Supreme Court of British Columbia, naming Gibraltar and Taseko as defendants, and seeking an order that Taseko issue the 694,422 common shares withheld from the conversion of the Debenture. Taseko has entered an appearance, will be filing a Statement of Defense and Counterclaim shortly, and will be defending this action vigorously, while at the same time pursuing its original claim against NVI.

### **Financial Results**

The Company reported revenues of \$65.4 million for the quarter, compared to \$51.6 million in the second quarter of the prior year. The increase in revenue was the result of an increase in copper concentrate sales to 14.8 million pounds in Q2 2008 from 11.8 million pounds in Q2 2007. The average price per pound of copper sold increased to US\$3.67 per pound, up from US\$3.13 per pound in the same quarter in fiscal 2007.

Revenues for the quarter consisted of copper concentrate sales of \$50.8 million (2007 – \$46.3 million), copper cathode of \$5.7 million and molybdenum concentrate sales of \$8.9 million (2007 – \$4.8 million).

Cost of sales for Q2 fiscal 2008 was \$36.0 million, compared to \$24.0 million for the same period in fiscal 2007. Costs of sales consists of total production cost of \$28.9 million (2007 – \$19.4 million) for metal produced and sold during the quarter and a concentrate inventory adjustment of \$0.5 million (2007 – \$0.5 million). Treatment and transportation costs totalling \$7.2 million (2007 – \$5.1 million) were also included in cost of sales for Q2 2008.

Amortization expense for the quarter was \$1.1 million compared to \$0.7 million for the same period in fiscal 2007. The increase is the result of capital equipment additions during the quarter as well as the start of utilization of several pieces of equipment related to the concentrator expansion and start of expensing of deferred stripping. 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. An increase in recoverable reserves during the period resulted in higher estimated tonnage to be recovered in the mine plan and hence, a reduced annual amortization rate.

Exploration expenses increased to \$2.2 million in the second quarter of fiscal 2008, compared to \$1.9 million for the same period in fiscal 2007. This increase is due to a higher level of exploration activity at the Company's Prosperity project, and related activities. During the quarter, the Company also capitalized \$0.2 million (2007 – \$2.0 million) of exploration expenses related to increasing the reserves and life of mine at Gibraltar.

General and administrative costs decreased to \$2.5 million in the second quarter of fiscal 2008 compared to \$2.8 million for the same period in fiscal 2007.

Stock-based compensation decreased to \$1.6 million in the current quarter, compared to \$2.3 million in the same period in fiscal 2007, as a result of a greater portion of stock based compensation expense having been realized in prior fiscal periods.

Interest and other income were \$2.2 million as compared to \$3.0 million in 2007. The decrease was due to a lower average cash balance in Q2 2008 compared to the same period in the prior year. Interest expense and interest accretion were approximately the same as in the first quarter of 2007.

The Company had a future income tax expense of \$13.5 million in the current quarter compared to a future income tax expense of \$9.0 in the same period of fiscal 2007. The increase in the future income tax liability is due mainly to the additional book-to-tax differences created by the Company's ability to take accelerated tax depreciation on certain mining assets. This is offset partially by future tax recoveries due mainly to a reduction in corporate tax rates announced by the federal government in December 2007 that were substantively enacted as at March 31, 2008. The Company has a tax receivable of \$6.3 million (2007 – payable of \$6.6 million). The receivable relates to a refund of taxes previously paid in installments to the taxation authorities due to the Company's ability to realize certain tax pools. This also accounts for the current tax recovery of \$7.2 million (2007 – income tax expense of \$2.5 million). The Company also has a tax liability provision of \$25.5 million (2007 – \$24.6 million) recorded on the Company's balance sheet recorded in fiscal 2004 in accordance with Canadian generally accepted accounting principles.

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 release its second quarter results after market close on Tuesday, May 13, 2008 and will host a telephone conference call on Wednesday, May 14 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) 604-9671, or (719) 325-4912 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, 2008 and can be accessed by dialing (888) 203-1112 in Canada and the United States, or (719) 457-0820 and using the passcode 2419228.

For further information on the Company, please visit [www.tasekomines.com](http://www.tasekomines.com) or contact Investor Services at (604) 684-6365 or within North America at 1-800-667-2114.

Russell Hallbauer  
*President and CEO*

No regulatory authority has approved or disapproved 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 estimated resource quantities, grades and contained gold, possible future mining, exploration and development activities, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as 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 for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of reserves or resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all. The Company is subject to the specific risks inherent in the mining business as well as general economic and business conditions. 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 and its home jurisdiction filings that are available at [www.sedar.com](http://www.sedar.com).

#### Non-GAAP Measures

This document includes certain non-GAAP performance measures including "total cash cost of production" that do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company believes that these measures are commonly used, in conjunction with conventional GAAP measures, by certain investors to enhance their understanding of the Company's performance. The Company's use of these non-GAAP measures is intended to provide additional information that should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.



**THREE AND SIX MONTHS ENDED MARCH 31, 2008**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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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 unaudited consolidated financial statements of Taseko Mines Limited ("Taseko", or the "Company") for the three months and six months ended March 31, 2008 and the audited financial statements for the year ended September 30, 2007, prepared in accordance with Canadian generally accepted accounting principles, which are publicly available on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A is prepared as of May 12, 2008. 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 that 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 four properties located in British Columbia, Canada. These are the Gibraltar copper-molybdenum mine and three exploration projects: the Prosperity gold-copper property, the Harmony gold property and the Aley niobium property.

In the second quarter of fiscal 2008, Taseko continued to focus on expansion of the concentrator and other production improvements at the Gibraltar mine, project approval for the Prosperity project, and review of potential acquisitions to provide for further corporate growth.

During the three months ended March 31, 2008, Taseko had an operating profit of \$28.2 million, and net earnings after tax of \$16.2 million, as compared to an operating profit of \$26.9 million, and net earnings after tax of \$11.5 million for the same period in fiscal 2007.



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All stages of the Phase One expansion were complete in February 2008 and ramp up to full production is underway. The Phase Two expansion is on schedule for completion by late 2008.

### **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.

#### *Second Quarter 2008 Sales and Inventory*

##### *Copper*

- Copper in concentrate sales for the quarter were 14.8 million pounds of copper, an increase from the 11.8 million pounds of copper sold during the same quarter in fiscal 2007. Copper in concentrate inventory at March 31, 2008 was 4.1 million pounds (September 30, 2007 – 4.64 million pounds).
- Copper cathode sales were 1.6 million pounds compared to nil in the same quarter of fiscal 2007. Copper cathode in inventory at March 31, 2008 was 0.08 million pounds. (September 30, 2007 – 0.33 million pounds).
- The average price realized for sales of copper in the quarter was US\$3.67 per pound compared to US\$3.13 per pound in the same quarter of the previous year.

##### *Molybdenum*

- Molybdenum concentrate sales in the quarter were 257,000 pounds of molybdenum, an increase from the 155,395 pounds sold in the same quarter of fiscal 2007. Molybdenum in concentrate inventory at March 31, 2008 was 15,300 pounds (September 30, 2007 – 18,100 pounds).
- The average price realized for sales of molybdenum in the quarter was US\$33.17 per pound compared to US\$26.60 per pound received during the second quarter of fiscal 2007.

#### *Second Quarter 2008 Production*

The following is a summary of the operating statistics for the second quarter of 2008 (Q2 2008) compared to the same quarter in fiscal 2007 (Q2 2007).

	Q2 – Fiscal 2008	Q2 – Fiscal 2007
Total tons mined (millions) <sup>1</sup>	9.7	8.7
Tons of ore milled (millions)	2.2	2.3
Stripping ratio	3.2	2.6

Copper grade (%)	0.349	0.315
Molybdenum grade (%Mo)	0.009	0.010
Copper recovery (%)	81.0	78.2
Molybdenum recovery (%)	40.2	33.8
Copper production (millions lb) <sup>2</sup>	13.4	11.8
Molybdenum production (thousands lb)	176	160
Copper production costs, net of by-product credits <sup>3</sup> , per lb of copper	US\$1.48	US\$0.96
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US\$0.44	US\$0.37
Total cash costs of production* per lb of copper	US\$1.92	US\$1.33

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 2008 copper production includes 12.6 million lb in concentrate and 0.8 million lb in cathode. 2007 copper production includes 11.2 million lb in concentrate and 0.6 million lb in cathode. 2008 by-product credit is based on pounds of molybdenum and ounces of silver sold.

**\*Non-GAAP Measures**

This document includes certain non-GAAP performance measures including "total cash cost of production" that do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company believes that these measures are commonly used, in conjunction with conventional GAAP measures, by certain investors to enhance their understanding of the Company's performance. The Company's use of these non-GAAP measures is intended to provide additional information that should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

Tons mined were higher in the second quarter of fiscal 2008 compared to fiscal 2007 as mine operations in 2008 continued to concentrate on waste stripping to offset shortfalls in prior years, resulting from low equipment availability issues and the world-wide shortage of haulage truck tires. Ore milled in Q2 2008 and Q2 2007 were essentially the same. In Q2 2008, the Phase 1 concentrator expansion was completed and the early stages of ramp up to full production began.

Copper recovery was higher in fiscal Q2 2008 compared with the same quarter in 2007 as a result of improved performance of the new flotation system. Molybdenum production also improved as a result of a 19% increase in recovery over the same period in fiscal 2007.

Cost per pound of copper produced was higher than in the same quarter in 2007 as a result of the influence of the strength of Canadian currency and cost increases in several areas:

- Canadian to US dollar exchange rate \$0.22/lb
- Non-capital items associated with initial SAG and ball mill start-ups \$0.11/lb
- Diesel fuel \$0.07/lb
- Price of steel (grinding media) \$0.05/lb
- Additional stripping and long haul pit development \$0.05/lb



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- Major shovel re-build \$0.05/lb

Off-property costs during the quarter were higher than in the comparable quarter in 2007 as a result of lower applicable pounds of metal moved and higher transportation charges.

*Treatment and Refining Agreement*

In April 2008, Taseko entered into a six-year agreement commencing in the first fiscal quarter of 2009 and ending on December 31, 2014 with MRI Trading AG, a Swiss-based metal trading house, for the treatment and refining of Gibraltar copper concentrate. 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 production into copper metal. The Company has the right to price payable copper within the concentrate based a quotational period declared prior to, and covering each ensuing calendar year.

Within the framework of this treatment and refining agreement, Taseko has also secured a US\$30 million line of credit, to add to its \$66 million cash on hand at the end of the quarter.

*Concentrator Expansion Project*

The two phase expansion underway at the concentrator facility at Gibraltar is continuing on time and on budget. The first phase, which was completed in February, involved the installation of a new 34-foot diameter Semi Autogenous Grinding ("SAG") mill as well as installation of ten new flotation cells and various upgrades to increase the ore processing capacity to 46,000 tons per day ("tpd"). Ramp up to the full rate is expected to occur over the next six months.

The Phase Two expansion consists of modernizing and increasing the capacity of the regrind, cleaner flotation, and concentrate circuits, installing a two stage tailings pumping system and adding a pebble crusher to the SAG mill circuit. Phase two is designed to increase concentrator capacity from 46,000 to 55,000 tpd. Design work and procurement is on schedule for project completion by late 2008.

*Labour and Safety*

The number of active personnel at the end of the second quarter of fiscal 2008 was 414, compared to 311 at the same period in fiscal 2007.

There were no lost time accidents during the quarter.

*Equipment*

On May 8, 2008, an electrical transformer supplying power to the concentrator facility at the Gibraltar Mine failed. A replacement transformer has been sourced and is being readied for shipment to the Gibraltar Mine. Production is expected to be curtailed for approximately two weeks until the new transformer is operational.

### 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 Company is actively advancing opportunities for improved economic performance through further metallurgical testing and optimization of the concentrator flowsheet, applying the most up-to-date facility designs and construction techniques, and reducing indirect costs. Basic engineering began in January 2008.

The Project is currently in the joint Federal/Provincial Environmental Assessment process. The federal responsible authorities, the Department of Fisheries and Oceans, Transport Canada, and Natural Resources Canada, have recommended to the Federal Minister of Environment that the project be referred to a Joint Panel Review. Provincially, the Executive Director of the Environmental Assessment Office has also referred the project to the Provincial Minister of Environment for a decision regarding a Joint Panel Review. Taseko is actively engaged with federal and provincial regulatory agencies in the review of the Project and is also engaged in discussions with local First Nations and other communities.

### 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. The review is continuing and plans to move the project forward in 2008 are being evaluated.

### 1.2.4 Aley Project

Taseko acquired 100% of the Aley niobium project in northern British Columbia in fiscal 2007. 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. Currently, the world supply is dominated by only two producers: CBMM, a Brazilian miner, and Iamgold, which operates the Niobec Mine in Quebec.

Taseko is evaluating plans to move the project forward in 2008.

### 1.2.5 Corporate

*Convertible Debenture – NVI Mining Ltd (formerly Boliden Westmin (Canada) Limited) ("NVI")*

Pursuant to a Notice of Conversion dated April 2, 2008, the convertible debenture (the "Debenture") principal amount of \$17 million was converted, effective at \$5.14 per common share, which would have resulted in 3,307,393 shares of the Company being transferred to NVI. However, the Company had already filed an action in BC Supreme Court in May 2006, seeking a right of set-off against the Debenture



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in respect of damages owing from certain latent income tax liabilities that have been provisionally and conservatively quantified as the equivalent of 694,422 shares. The Company therefore took a set off of such shares otherwise issuable pursuant to the conversion provision of the Debenture.

On April 28, 2008, NVI filed a Statement of Claim in the Supreme Court of British Columbia, naming Gibraltar and Taseko as defendants, and seeking an order that Taseko issue the 694,422 common shares withheld from the conversion of the Debenture. Taseko has entered an appearance, will be filing a Statement of Defense and Counterclaim shortly, and will be defending this action vigorously, while at the same time pursuing its original claim against NVI.

### **1.2.6 Market Trends**

Overall, copper prices have been increasing since late 2003 and averaged US\$3.22/lb in 2007. Prices have continued to be strong in 2008, averaging US\$3.60/lb to April 30. Forecasts suggest that there will be continued strong demand over the medium term, keeping prices above US\$2.50/lb, and growing demand over the longer term.

Gold prices have been increasing for more than three years. The gold price averaged approximately US\$695/oz in 2007. Prices have continued to be strong in 2008, averaging US\$922/oz to April 30. Gold prices are forecast to show continued strength over the medium to long term.

Molybdenum prices increased from US\$7.60/lb in 2003 and peaked in 2005 at an average price of US\$34/lb. Prices decreased in 2006, averaging US\$25.53/lb over the year, and strengthened again in 2007, averaging US\$30.47/lb for the year. Molybdenum prices averaged US\$33.77/lb to April 30, 2008. Molybdenum prices are expected to moderate but average at or above US\$18/lb through 2010.

Over the past two years, the Canadian dollar has strengthened significantly against the United States dollar. The Company sells its products in United States dollar but its expenses are denominated primarily in Canadian dollars. The twelve-month average at March 31, 2007 for one United States dollar was 1.1386 Canadian dollars. The twelve-month average at March 31, 2008 for one United States dollar was 1.032 Canadian dollars. At March 31, 2008, one United States dollar was equivalent to 1.0265 Canadian dollar. The Canadian dollar is expected to remain strong over the next two years, with forecasts anticipating an average of one United States dollar to 1.02 Canadian dollars in 2008 and 1.08 Canadian dollars in 2009.



THREE AND SIX MONTHS ENDED MARCH 31, 2008

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 September 30</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Current assets	\$ 94,619	\$ 149,447	\$ 58,380
Mineral properties	18,407	2,628	3
Property, plant and equipment	158,492	43,817	9,914
Other assets	105,745	101,569	122,700
<b>Total assets</b>	<b>\$ 377,263</b>	<b>\$ 297,461</b>	<b>\$ 190,997</b>
Current liabilities	44,589	47,863	52,205
Other liabilities	169,014	148,664	109,682
Shareholders' equity	163,660	100,934	29,110
<b>Total liabilities &amp; shareholders' equity</b>	<b>\$ 377,263</b>	<b>\$ 297,461</b>	<b>\$ 190,997</b>

  

<b>Statements of Operations</b>	<b>Year ended September 30</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>
Revenue	\$ 218,426	\$ 161,900	\$ 87,638
Cost of sales	(109,533)	(103,628)	(71,348)
Amortization	(3,155)	(3,412)	(2,657)
<b>Operating profit</b>	<b>\$ 105,738</b>	<b>\$ 54,860</b>	<b>\$ 13,633</b>
Accretion of reclamation obligation	1,777	1,732	1,574
Exploration	8,967	3,544	506
Foreign exchange loss (gain)	233	(289)	34
Gain on asset retirement obligation change of estimates	(4,570)	–	–
Loss on sale of equipment	–	–	2,161
Loss on extinguishment of capital leases	–	240	–
General and administration	6,501	5,286	2,412
Ledcor termination fee	–	3,500	–
Gain on sale of marketable securities	(1,508)	–	–
Interest and other income	(11,093)	(7,170)	(10,548)
Interest expense	5,947	4,594	3,175
Interest accretion on convertible debt	2,922	1,280	1,075
Restart project	–	–	6,347
Stock-based compensation	6,771	3,182	1,129
Change in fair market value of financial instruments	1,925	–	–
<b>Earnings before income taxes</b>	<b>\$ 87,866</b>	<b>\$ 38,961</b>	<b>\$ 5,768</b>
Current income tax recovery (expense)	(3,959)	(4,397)	4,099
Future income tax recovery (expense)	(35,645)	(1,648)	13,423
<b>Earnings for the year</b>	<b>\$ 48,262</b>	<b>\$ 32,916</b>	<b>\$ 23,290</b>
Other comprehensive income (loss):			
Unrealized loss on reclamation deposits	(419)	–	–
Unrealized gain (loss) on marketable securities/investments	4,710	–	–
Reclassification of realized gain (loss) on sale of marketable securities	(1,508)	–	–
Tax effect	(445)	–	–
<b>Other comprehensive income</b>	<b>\$ 2,338</b>	<b>\$ –</b>	<b>\$ –</b>
<b>Total comprehensive income</b>	<b>\$ 50,600</b>	<b>\$ 32,916</b>	<b>\$ 23,290</b>
Basic earnings per share	\$ 0.37	\$ 0.29	\$ 0.23
Diluted earnings per share	\$ 0.36	\$ 0.26	\$ 0.21
Basic weighted average number of common shares outstanding	129,218	113,554	100,022
Diluted weighted average number of common shares outstanding	142,278	126,462	110,733



**THREE AND SIX MONTHS ENDED MARCH 31, 2008**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.4 Summary of Quarterly Results**

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

	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006	Mar 31 2006
Current assets	124,105	117,251	94,619	97,907	114,756	129,940	149,447	68,651	64,839
Mineral properties	19,142	18,941	18,407	15,986	5,468	3,554	2,628	3	3
Properties, plant and equipment	202,679	182,342	158,492	120,857	95,627	63,281	43,817	31,266	10,022
Other assets	112,926	106,873	105,745	104,781	104,677	104,051	101,569	103,193	122,691
<b>Total assets</b>	<b>458,852</b>	<b>425,407</b>	<b>377,263</b>	<b>339,531</b>	<b>320,528</b>	<b>300,826</b>	<b>297,461</b>	<b>203,113</b>	<b>197,555</b>
Current liabilities	29,976	22,439	44,589	35,225	36,426	37,411	47,863	39,330	40,815
Other liabilities	182,419	173,042	169,014	155,070	151,799	149,912	148,664	97,588	109,158
Shareholders' equity	246,457	229,926	163,660	149,236	132,303	113,503	100,934	66,195	47,582
<b>Total liabilities and shareholders' equity</b>	<b>458,852</b>	<b>425,407</b>	<b>377,263</b>	<b>339,531</b>	<b>320,528</b>	<b>300,826</b>	<b>297,461</b>	<b>203,113</b>	<b>197,555</b>
Revenue	65,357	44,924	53,998	55,907	51,624	56,897	23,196	59,922	37,511
Mine site operating costs	(28,854)	(19,810)	(17,062)	(21,399)	(18,962)	(30,809)	(8,829)	(31,866)	(22,574)
Transportation and treatment	(7,194)	(5,229)	(5,220)	(4,714)	(5,062)	(6,305)	7,581	(8,973)	(6,643)
Amortization	(1,091)	(701)	(667)	(1,374)	(677)	(437)	(898)	(812)	(852)
	28,218	19,184	31,049	28,420	26,923	19,346	21,050	18,271	7,442
<b>Expenses:</b>									
Accretion of reclamation obligation	313	307	760	339	339	339	433	433	433
Conference and travel	370	157	98	72	156	168	223	39	84
Consulting	52	78	198	138	167	80	137	104	78
Exploration	2,243	2,123	2,320	2,188	2,546	1,913	(155)	2,958	471
Interest expense and accretion charges	2,032	1,891	2,042	2,199	2,722	1,906	1,678	2,311	1,043
Ledcor termination fee	–	–	–	–	–	–	3,500	–	–
Legal, accounting and audit	326	219	443	130	484	163	(81)	1,061	334
Office and administration	1,454	1,250	975	833	905	762	(107)	1,047	665
Shareholder communications	165	136	99	140	134	113	101	183	97
Trust and filing	105	115	23	20	118	81	55	23	215
Interest and other income	(2,239)	(2,535)	(2,901)	(2,434)	(2,978)	(2,778)	(2,418)	(1,579)	(1,546)
Gain on sale of marketable securities	(568)	–	–	–	(1,509)	–	–	–	–
Income taxes expense (recovery)	6,357	(1,315)	15,727	6,739	11,485	5,653	(1,968)	5,603	2,410
Asset retirement obligation change of estimates	–	(2,413)	(4,570)	–	–	–	–	–	–
Foreign exchange loss (gain)	(1,000)	40	756	1,454	(472)	(1,505)	(132)	323	(448)
Stock-based compensation	1,598	2,772	1,817	1,865	2,330	759	731	1,685	535
Change in fair value of financial instruments	809	77	617	2,331	(995)	(28)	–	–	–
<b>Earnings for the period</b>	<b>16,201</b>	<b>16,282</b>	<b>12,645</b>	<b>12,406</b>	<b>11,491</b>	<b>11,720</b>	<b>19,053</b>	<b>4,080</b>	<b>3,071</b>
Earnings per share – basic	0.11	0.12	0.10	0.10	0.09	0.09	0.16	0.04	0.03

## **1.5 Results of Operations**

The Company's pre-tax earnings for the quarter ended March 31, 2008 were \$22.6 million which is comparable to the similar \$23.0 million for the three months ended March 31, 2007.

The Company reported revenues of \$65.4 million for the quarter, compared to \$51.6 million in the second quarter of the prior year. The increase in revenue was the result of an increase in copper concentrate sales to 14.8 million pounds in Q2 2008 from 11.8 million pounds in Q2 2007. The average price per pound of copper sold increased to US\$3.67 per pound, up from US\$3.13 per pound in the same quarter in fiscal 2007. In addition, copper cathode sales were 1.6 million pounds compared to nil in the same quarter of 2007.

Revenues for the quarter consisted of copper concentrate sales of \$50.8 million (2007 – \$46.3 million), copper cathode of \$5.7 million and molybdenum concentrate sales of \$8.9 million (2007 – \$4.8 million).

Cost of sales for the second quarter of fiscal 2008 was \$36.0 million, compared to \$24.0 million for the same period in fiscal 2007. Costs of sales consists of total production cost of \$28.9 million (2007 – \$19.4 million) for metal produced and sold during the quarter and a concentrate inventory adjustment of \$0.5 million (2007 – \$0.5 million). Treatment and transportation costs totaling \$7.2 million (2007 – \$5.1 million) were also included in cost of sales for the second quarter of 2008.

Amortization expense for the quarter was \$1.1 million compared to \$0.7 million for the same period in fiscal 2007. The increase is the result of capital equipment additions during the quarter as well as the utilization of several new pieces of equipment related to the concentrator expansion. The Company also began to amortize 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. An increase in recoverable reserves during the period resulted in a reduced annual amortization rate.

Exploration expenses increased to \$2.2 million in the second quarter of fiscal 2008, compared to \$1.9 million for the same period in fiscal 2007. This increase is due to a higher level of exploration activity at the Company's Prosperity project, and related activities. During the quarter, the Company also capitalized \$0.2 million (2007 – \$2.0 million) of exploration expenses related to increasing the reserves and life of mine at Gibraltar.

General and administrative costs decreased to \$2.5 million in the second quarter of fiscal 2008 compared to \$2.8 million for the same period in fiscal 2007.

Stock-based compensation decreased to \$1.6 million in the current quarter, compared to \$2.3 million in the same period in fiscal 2007, as a result of a greater portion of stock based compensation expense having been realized in prior periods.

Interest and other income during the second quarter of fiscal 2008 was \$2.2 million as compared to \$3.0 million in the second quarter of 2007. The decrease was due to a lower average cash balance in Q2 2008 compared to the same period in the prior year. Interest expense and interest accretion were approximately the same as in the first quarter of 2007.



**THREE AND SIX MONTHS ENDED MARCH 31, 2008**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Company had a future income tax expense of \$13.5 million in the current quarter compared to a future income tax expense of \$9.0 million in the same period of fiscal 2007. The increase in the future income tax liability is due mainly to additional book-to-tax differences due to the Company's ability to take accelerated tax depreciation on certain mining assets. This is offset partially by future tax recoveries due primarily to a reduction in corporate tax rates announced by the federal government in December 2007 that were substantively enacted during the quarter ended March 31, 2008.

The Company has a tax receivable of \$6.3 million (2007 – payable of \$6.6 million). The receivable relates to a refund of taxes, previously paid in installments to the taxation authorities, and also accounts for the current tax recovery of \$7.2 million (2007 – income tax expense of \$2.5 million).

The Company also has a tax liability provision of \$25.5 million (2007 – \$24.6 million) recorded on the Company's balance sheet in fiscal 2004 in accordance with Canadian generally accepted accounting principles.

## **1.6 Liquidity**

At March 31, 2008, Taseko had working capital of \$94.1 million, as compared to a \$50.0 million at September 30, 2007. The increase in working capital was primarily a result of the financings discussed below and an increase in taxes receivable.

Management anticipates that revenues from copper and molybdenum in concentrates and copper cathode, along with current cash balances, will be sufficient to cover operating costs, working capital, and the Gibraltar mill expansion.

On October 30, 2007, the Company closed a "bought deal" short form prospectus offering of 7,115,385 common shares at a price of \$5.20 per common share. The Company granted to the underwriters an over-allotment option to purchase up to an additional 1,067,307 common shares at \$5.20. The underwriters elected to exercise the over-allotment option in full at the closing, resulting in aggregate gross proceeds to the Company of \$42.5 million.

On November 13, 2007, the Company completed a private placement financing by issuing 1,455,100 common shares at a price of \$5.20 per share for gross proceeds of \$7.6 million.

Other than those obligations disclosed in the notes to its unaudited financial statements for the period ended March 31, 2008 and its audited annual financial statements for the year ended September 30, 2007, the Company has no other long term debt, capital lease obligations, operating leases or any other long term obligations.

The Company's cash and equivalents are invested in business accounts and banker's acceptances with a major Canadian bank, which are available on demand for the Company's programs, and are not invested in any asset backed deposits or similar investments.

Subsequent to the quarter end, in April 2008, the Company converted the convertible debenture held by NVI Mining Ltd (formerly Boliden Westmin (Canada) Limited), by the issuance of common shares (see section 1.2.5 above).



**THREE AND SIX MONTHS ENDED MARCH 31, 2008**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **1.7 Capital Resources**

The Company had no commitments for material capital expenditures as of March 31, 2008.

The Company 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.

Taseko has secured a US\$30 million line of credit pursuant to its treatment and refining agreement, but to date has not drawn any amounts against this facility.

### **1.8 Off-Balance Sheet Arrangements**

None.

### **1.9 Transactions with Related Parties**

Hunter Dickinson Inc. ("HDI") is a private company owned equally by several public companies, one of which is Taseko. HDI 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 HDI on a full cost-recovery basis.

Costs for services rendered and costs incurred on behalf of the Company by HDI during the six months ended March 31, 2008 were \$3.8 million, as compared to \$2.7 million in the first six months of 2007. The increase over prior fiscal year is due to higher staffing levels required to support the increase in general corporate development and exploration activities.

### **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 year ended September 30, 2007. 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.

During the six months period ended March 31, 2008, the Company increased its mineral reserves at the Company's Gibraltar mine, thereby extending the life of the mine. Consequently, the rates of amortization of the Company's property, plant and equipment, the carrying values of the reclamation liability, and the Company's future income taxes have been revised to reflect the extended mine life.

Mining and milling assets are amortized using the units of production method based on tons mined and milled divided by the estimated tonnage to be recovered in the mine plan. An increase in recoverable reserves results in higher estimated tonnage to be recovered in the mine plan and hence a reduced annual amortization rate.

### **1.13 Change in Accounting Policies including Initial Adoption**

Please refer to note 3 of the accompanying unaudited consolidated financial statements.

### **1.14 Financial Instruments and Other Instruments**

Please refer to note 3 of the accompanying unaudited consolidated financial statements.

### **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.



**THREE AND SIX MONTHS ENDED MARCH 31, 2008**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**1.15.2 Disclosure of Outstanding Share Data**

The following details the share capital structure as at May 12, 2008.

	Expiry date	Exercise price	Number	Number
Common shares				144,091,401
Share purchase option	March 27, 2009	\$ 2.18	85,000	
	March 27, 2009	\$ 2.68	102,500	
	February 24, 2010	\$ 3.07	846,500	
	July 3, 2010	\$ 4.03	130,000	
	September 28, 2010	\$ 1.15	1,128,334	
	September 28, 2010	\$ 2.07	70,000	
	September 28, 2010	\$ 2.18	40,000	
	March 28, 2011	\$ 2.18	442,000	
	March 28, 2011	\$ 2.63	360,000	
	March 28, 2011	\$ 2.68	90,000	
	August 22, 2011	\$ 4.09	320,233	
	February 24, 2011	\$ 4.50	1,370,000	
	February 24, 2012	\$ 4.50	919,000	
	February 24, 2012	\$ 3.07	1,818,000	
	February 24, 2012	\$ 5.06	193,000	
	April 22, 2011	\$ 5.45	60,000	7,974,567
Convertible bonds	August 29, 2011	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 control over financial reporting. Any system of internal control 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 occurred during the quarter ended March 31, 2008 that could have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.



**THREE AND SIX MONTHS ENDED MARCH 31, 2008**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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 during the quarter ended March 31, 2008 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.



CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED MARCH 31, 2008

(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

(Expressed in thousands of Canadian Dollars)

	March 31 2008 (unaudited)	September 30 2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents	\$ 66,416	\$ 37,636
Restricted cash (note 11)	–	4,400
Marketable securities and investments (note 5)	14,850	18,542
Accounts receivable	12,209	12,021
Income taxes receivable	6,344	–
Advances to related party (note 8)	–	807
Inventory (note 6)	22,724	18,058
Prepaid expenses	839	1,069
Current portion of promissory note	723	2,086
	124,105	94,619
<b>Restricted cash (note 11)</b>	4,400	–
<b>Reclamation deposits</b>	35,468	33,396
<b>Promissory note</b>	73,058	72,350
<b>Property, plant and equipment (note 7)</b>	221,821	176,898
	<b>\$ 458,852</b>	<b>\$ 377,263</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 27,032	\$ 30,435
Advances from related party (note 8)	118	–
Current portion of deferred revenue	175	175
Current portion of royalty obligation	723	2,086
Income taxes payable	–	6,573
Current portion of future income taxes	1,928	5,320
	29,976	44,589
<b>Income taxes</b>	25,478	24,645
<b>Royalty obligation</b>	62,590	63,330
<b>Deferred revenue</b>	963	1,050
<b>Convertible debt</b>	43,383	41,008
<b>Site closure and reclamation costs (note 9)</b>	14,334	17,441
<b>Future income taxes</b>	35,671	21,540
	212,395	213,603
<b>Shareholders' equity</b>		
Share capital	252,668	205,040
Equity component of convertible debt	13,655	13,655
Tracking preferred shares	26,642	26,642
Contributed surplus	12,701	8,633
Accumulated other comprehensive income	956	2,338
Deficit	(60,165)	(92,648)
	246,457	163,660
Subsequent events (note 12)		
	<b>\$ 458,852</b>	<b>\$ 377,263</b>

See accompanying notes to consolidated financial statements.

### Approved by the Board of Directors

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

/s/ Jeffrey R. Mason  
Jeffrey R. Mason  
Director

# TASEKO MINES LIMITED

## Consolidated Statements of Operations and Comprehensive Income

(Unaudited - Expressed in thousands of Canadian Dollars, except per share amounts)

	Three months ended March 31		Six months ended March 31	
	2008	2007	2008	2007
<b>Revenue</b>				
Copper	\$ 56,494	\$ 46,759	\$ 94,657	\$ 100,398
Molybdenum	8,863	4,865	15,624	8,123
	65,357	51,624	110,281	108,521
<b>Cost of sales</b>	(36,048)	(24,024)	(61,087)	(61,138)
<b>Amortization</b>	(1,091)	(677)	(1,792)	(1,114)
<b>Operating profit</b>	28,218	26,923	47,402	46,269
<b>Expenses (income)</b>				
Accretion of reclamation obligation	313	339	620	677
Exploration	2,243	2,546	4,366	4,459
Foreign exchange	(999)	(472)	(959)	(1,977)
Asset retirement obligation change of estimates (note 9)	–	–	(2,413)	–
General and administration	2,470	2,848	4,426	4,216
Gain on sale of marketable securities	(568)	(1,511)	(568)	(1,511)
Interest and other income	(2,239)	(2,975)	(4,774)	(5,753)
Interest expense	1,275	1,098	2,423	2,289
Interest accretion on convertible debt	758	739	1,500	1,455
Stock-based compensation	1,598	2,330	4,370	3,089
Change in fair value of financial instruments	809	(995)	886	(1,023)
	5,660	3,947	9,877	5,921
Earnings before income taxes	22,558	22,976	37,525	40,348
Income tax recovery (expense)	7,204	(2,462)	5,980	(4,270)
Future income tax expense	(13,561)	(9,023)	(11,022)	(12,868)
<b>Net earnings for the period</b>	\$ 16,201	\$ 11,491	\$ 32,483	\$ 23,210
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale reclamation deposit	752	(65)	918	(86)
Unrealized loss on available-for-sale marketable securities	(2,560)	6,380	(2,495)	6,579
Reclassification of realized gain on sales of marketable securities	(89)	(1,508)	(89)	(1,508)
Tax effect	321	–	284	–
<b>Other comprehensive loss</b>	\$ (1,576)	\$ 4,807	\$ (1,382)	\$ 4,985
<b>Total comprehensive income</b>	\$ 14,625	\$ 16,298	\$ 31,101	\$ 28,195

See accompanying notes to consolidated financial statements.

### Earnings per share

Basic	\$ 0.12	\$ 0.09	\$ 0.23	\$ 0.18
Diluted	0.10	0.08	0.21	0.16

### Weighted average number of common shares outstanding

Basic	140,280	128,547	138,615	128,491
Diluted	154,310	144,882	152,644	144,443

# TASEKO MINES LIMITED

## Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian Dollars)

	Three months ended March 31		Six months ended March 31	
	2008	2007	2008	2007
<b>Operating activities</b>				
Net earnings for the period	\$ 16,201	\$ 11,491	\$ 32,483	\$ 23,210
Items not involving cash				
Asset retirement obligation change in estimate	–	–	(2,413)	–
Accretion of reclamation obligation	313	339	620	677
Amortization	1,091	677	1,792	1,114
Interest accretion on convertible debt	758	739	1,500	1,455
Stock-based compensation	1,597	2,330	4,370	3,089
Future income taxes	13,561	9,023	11,022	12,868
Unrealized foreign exchange	971	(292)	875	931
Gain on sale of marketable securities	(568)	(1,511)	(568)	(1,511)
Change in fair value of financial instruments	809	(629)	886	(1,023)
Changes in non-cash operating working capital				
Accounts receivable	2,155	(8,003)	(188)	(2,102)
Advances to related parties	412	(539)	925	(542)
Inventories	(2,467)	(2,398)	(4,666)	9,770
Prepays	335	165	230	79
Accrued interest income on promissory note	1,732	(1,044)	655	(1,926)
Accounts payable and accrued liabilities	4,594	6,328	(3,401)	5,221
Deferred revenue	(44)	(7,833)	(88)	(19,672)
Accrued interest expense on royalty obligation	(2,463)	354	(2,103)	721
Income taxes	(7,026)	3,117	(12,084)	5,505
Site closure and reclamation expenditures	–	(24)	–	(52)
Cash provided by operating activities	31,961	12,290	29,847	37,812
<b>Investing activities</b>				
Purchase of property, plant and equipment	(21,517)	(34,938)	(48,029)	(58,764)
Reclamation deposits	(75)	–	(109)	–
Accrued interest income on reclamation deposits	(473)	(348)	(1,045)	(738)
Restricted cash	–	(4,400)	–	(4,400)
Investment in marketable securities	–	(11,039)	(254)	(12,999)
Proceeds from sale of marketable securities	1,044	–	1,044	(12,999)
Proceeds from redemption of Continental promissory note	–	12,011	–	12,011
Cash used for investing activities	(21,021)	(38,714)	(48,393)	(77,889)
<b>Financing activities</b>				
Common shares issued for cash, net of issue costs	307	280	47,326	392
Cash provided by financing activities	307	280	47,326	392
<b>Increase (decrease) in cash and equivalents</b>	11,247	(26,144)	28,780	(26,686)
Cash and equivalents, beginning of period	55,169	88,866	37,636	89,408
<b>Cash and equivalents, end of period</b>	<b>\$ 66,416</b>	<b>\$ 62,722</b>	<b>\$ 66,416</b>	<b>\$ 62,722</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)

	Six months ended March 31, 2008 <i>(unaudited)</i>		Year ended September 30, 2007	
<b>Common shares</b>				
	<u>Number of shares</u>		<u>Number of shares</u>	
Balance at beginning of the period	130,580,538	\$ 205,040	128,388,175	\$ 197,592
Share purchase options at \$1.15 per share	–	–	409,833	471
Share purchase options at \$1.29 per share	–	–	75,000	97
Share purchase options at \$2.07 per share	–	–	233,300	483
Share purchase options at \$2.18 per share	80,500	175	244,000	532
Share purchase options at \$2.63 per share	–	–	20,000	53
Share purchase options at \$2.68 per share	7,500	20	27,500	74
Share purchase options at \$3.07 per share	56,500	173	48,000	147
Share purchase options at \$4.09 per share	3,600	15	–	–
Share issued for the purchase of mineral property interest	–	–	1,134,730	3,805
Fair value of stock options allocated to shares issued on exercise	–	302	–	1,786
Private placement at \$5.20 per share, net of issue costs	9,637,792	46,943	–	–
Balance at end of the period	140,366,430	252,668	130,580,538	205,040
<b>Equity component of convertible debt</b>				
Balance at beginning and end of the period		13,655		13,655
<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		8,633		3,648
Stock-based compensation		4,370		6,771
Fair value of stock options allocated to shares issued on exercise		(302)		(1,786)
Balance at end of the period		12,701		8,633
<b>Accumulated other comprehensive income</b>				
Balance at beginning of the period		2,338		–
Unrealized gain (loss) on reclamation deposits		918		(419)
Unrealized gain (loss) on available-for-sale marketable securities		(2,495)		4,710
Reclassification of realized gain on sale of marketable securities		(89)		(1,508)
Tax effect		284		(445)
Balance at end of the period		956		2,338
<b>Deficit</b>				
Balance at beginning of the period		(92,648)		(140,603)
Adjustment to opening deficit		–		(307)
Net earnings for the period		32,483		48,262
Balance at end of the period		(60,165)		(92,648)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		\$ 246,457		\$ 163,660

See accompanying notes to consolidated financial statements.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

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## 1. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

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 year ended September 30, 2007, which are available through the internet on SEDAR at [www.sedar.com](http://www.sedar.com).

Operating results for the six months period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year ending September 30, 2008.

## 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 year ended September 30, 2007, except as described in note 3.

## 3. CHANGES IN ACCOUNTING POLICIES

Effective October 1, 2007, 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) *Accounting Changes (Section 1506)*

This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. As a result, changes in accounting policies are only permitted when required by a primary source of GAAP or when the change will result in more reliable and more relevant information. Changes in accounting estimates during the period resulting from the increase in the life of the Gibraltar mine are disclosed in notes 7 and 9.

### (b) *Capital Disclosures (Section 1535)*

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any externally imposed capital requirements and, if it has not complied, the consequences of such non-compliance. These are presented in note 4(a).

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

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(c) *Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)*

These standards replace CICA 3861, "*Financial Instruments – Disclosure and Presentation*". They increase the disclosures currently required, which will enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. These are presented in note 4(b).

(d) *New Accounting Standards Not Yet Adopted:*

(i) *Inventories (Section 3031)*

This standard replaces the existing Section 3030 with the same title and will harmonize accounting for inventories under Canadian GAAP with International Financial Reporting Standards ("IFRS"). This standard requires that inventories be measured at the lower of cost and net realizable value, and includes guidance on the determination of cost, including the allocation of overheads and other costs. The standard also requires that similar inventories within a consolidated group be measured using the same method. It also requires the reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories. This new section is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the impact of this new standard.

(ii) *Going Concern – Amendments to Section 1400*

CICA Section 1400, "*General Standards of Financial Statement Presentation*", was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company does not expect the adoption of these changes to have a material impact on its financial statements.

(iii) *International Financial Reporting Standards ("IFRS")*

In 2006, the Canadian Accounting Standards Board ("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 September 30 fiscal year end, the transition date for the Company is October 1, 2011. Therefore, the IFRS adoption will require the

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

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restatement for comparative purposes of amounts reported by the Company for the year ended September 30, 2011. While the Company has begun assessing the impact of adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## 4. 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 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 new debt. The Company is not subject to significant externally-imposed capital requirements.

There were no changes to the Company's approach to capital management during the six months ended March 31, 2008. As at March 31, 2008 and September 30, 2007, the Company had no foreign currency hedges or commodity hedges in place, and consequently, hedge accounting is not used.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

## (b) Carrying Amounts and Fair Values of Financial Instrument

The carrying amounts of the Company's financial instruments approximate their fair values. 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 following tables show the estimated fair values of the Company's financial instruments.

	Estimated fair value	
	March 31 2008	September 30 2007
Cash and equivalents	\$ 66,416	\$ 37,636
Restricted cash	4,400	4,400
Cash and equivalents	\$ 70,816	\$ 42,036
Accounts receivable	\$ 12,209	\$ 12,021
Advances to related party	–	807
Promissory note	73,781	74,436
Loans and receivables	\$ 85,990	\$ 87,264
Marketable securities and investments	\$ 14,850	\$ 18,542
Reclamation deposits	35,468	33,396
Available for sale financial assets	\$ 50,318	\$ 51,938
Total financial assets	\$ 207,124	\$ 181,238

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

The fair values of financial liabilities are as follows:

	Estimated fair value	
	March 31 2008	September 30 2007
Accounts payable and accrued liabilities	\$ 27,032	\$ 30,435
Advances from related party	118	–
Convertible debt	43,383	41,008
Royalty obligation	63,313	65,416
	\$ 133,846	\$ 136,859

At March 31, 2008, all the Company's financial liabilities were classified as other financial liabilities carried at amortized cost.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

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The fair values of the convertible debt and royalty obligation were determined by discounting the stream of future payments of interest and principal at 14%, which approximates the estimated prevailing market rates for comparable debt instruments.

(c) *Financial Instrument Risk Exposure and Risk Management*

The Company is exposed in varying degrees to a variety 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 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. 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 one major Canadian financial institution and its subsidiaries. The reclamation trust and the promissory note are each held at different financial institutions from the cash and equivalents.

(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 in order 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. The Company's cash and equivalents are invested in business accounts and bankers acceptances, and which are available on demand for the Company's programs, and which are not invested in any asset backed deposits/investments.

(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.

(iv) *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. The Company does not have any hedging or other commodity based risks respecting its operations.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

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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. There are certain other factors related specifically to gold.

The profitability of the Company's operations currently 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.

(v) *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.

The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

At March 31, 2008, the Company's financial assets were held in the following currencies:

Carrying value	Held in Canadian dollars	Held in United States dollars (stated in Canadian dollars)	Total
Cash and equivalents	\$ 8,732	\$ 57,684	\$ 66,416
Restricted cash	4,400	–	4,400
Cash and equivalents	\$ 13,132	\$ 57,684	\$ 70,816
Accounts receivable	\$ 2,872	\$ 9,337	\$ 12,209
Promissory note	73,781	–	73,781
Loans and receivables	\$ 76,653	\$ 9,337	\$ 85,990
Marketable securities and investments	\$ 14,850	–	\$ 14,850
Reclamation deposits	35,468	–	35,468
Available for sale financial assets	\$ 50,318	–	\$ 50,318
Total financial assets	\$ 140,103	\$ 67,021	\$ 207,124

At March 31, 2008, the Company's financial liabilities were held in the following currencies:

Carrying value	Held in Canadian dollars	Held in United States dollars (stated in Canadian dollars)	Total
Accounts payable and accrued liabilities	\$ 26,784	\$ 248	\$ 27,032
Advances from related party	118	–	118
Convertible debt	15,029	28,354	43,383
Royalty obligation	63,313	–	63,313
Total financial liabilities	\$ 105,244	\$ 28,602	\$ 133,846

(vi) *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 maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates impact on the value of cash equivalents and reclamation deposits, which are invested in Canadian provincial bonds.

In respect of financial liabilities, the Boliden convertible debenture is not subject to interest rate risk, since it is non-interest bearing. The royalty obligation is offset by an investment in a promissory note held by the Company. The convertible bonds carry a

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

fixed interest rate of 7.125% per annum and as such are not subject to fluctuations in interest rate.

Reclamation deposits are held in Canadian provincial bonds with maturities of five years.

The exposure of the Company's financial assets to interest rate risk as at March 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 floating interest rates	\$ 144,597	5.1%	N/A
Financial assets subject to fixed interest rates	35,468	4.6%	5
Equity investments	14,850	N/A	N/A
Trade and other receivables	12,209	N/A	N/A
<b>Total financial assets</b>	<b>\$ 207,124</b>		

The exposure of the Company's financial liabilities to interest rate risk at March 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 floating interest rates	\$ 63,313	1.8%	N/A	20
Financial liabilities subject to fixed interest rates	28,354	7.1%	3.3	3.3
Non-interest-bearing debt	15,029	N/A	N/A	N/A
Other liabilities	27,150	N/A	N/A	N/A
<b>Total financial liabilities</b>	<b>\$ 133,846</b>			

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

## 5. MARKETABLE SECURITIES AND INVESTMENTS

	As at March 31, 2008		
	Cost	Unrealized gain	Fair value
Continental Minerals Corporation – common shares	\$ 9,880	\$ 687	\$ 10,567
Investment in other public companies	3,920	363	4,283
	<u>\$ 13,800</u>	<u>\$ 1,050</u>	<u>\$ 14,850</u>

	As at September 30, 2007		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	\$ 9,880	\$ 2,566	\$ 12,446
Continental Minerals Corporation – warrants	3,118	(2,232)	886
Investment in other public companies	4,574	636	5,210
	<u>\$ 17,572</u>	<u>\$ 970</u>	<u>\$ 18,542</u>

On February 20, 2008, the Continental Minerals Corporation ("Continental") warrants expired unexercised. To reflect this expiry, a mark-to-market loss of \$809 (six months ended March 31, 2007 – gain of \$387) was charged to operations.

As at March 31, 2008, the Company held 7,827,726 (2007 – 7,827,726) shares of Continental, a public company with certain directors in common with the Company.

## 6. INVENTORY

	March 31 2008	September 30 2007
Copper concentrate	\$ 7,807	\$ 6,623
Ore in-process	3,781	2,320
Copper cathode	115	605
Molybdenum	62	–
Product inventory	11,765	9,548
Materials and supplies	10,959	8,510
	<u>\$ 22,724</u>	<u>\$ 18,058</u>

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

## 7. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2008		
	Cost	Accumulated Amortization	Net book value
Property, plant and equipment			
Buildings and equipment	\$ 6,115	\$ 2,117	\$ 3,998
Mine equipment	55,572	9,895	45,677
Plant and equipment	88,000	2,327	85,673
Vehicles	1,586	878	708
Computer equipment	3,388	2,516	872
Land	402	–	402
Deferred pre-stripping costs	52,520	160	52,360
Construction in progress	19,244	–	19,244
Asset retirement costs	112	–	112
Property, plant and equipment – Gibraltar mine	\$ 226,939	\$ 17,893	209,046
Mineral property interests			
Gibraltar Copper Mine			10,797
Aley Niobium Property			8,343
Other			2
Total mineral property interests			19,142
Asset retirement costs			(6,367)
Property, plant and equipment			\$ 221,821

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

	September 30, 2007		
	Cost	Accumulated amortization	Net book value
Property, plant and equipment			
Buildings and equipment	\$ 6,115	\$ 1,905	\$ 4,210
Mine equipment	55,529	9,216	46,313
Plant and equipment	26,900	1,698	25,202
Vehicles	1,511	753	758
Computer equipment	3,178	2,225	953
Land	402	–	402
Deferred pre-stripping costs	32,949	–	32,949
Construction in progress	52,887	–	52,887
Asset retirement costs	1,426	–	1,426
Plant and equipment – Gibraltar mine	180,897	15,797	165,100
Other plant and equipment	27	27	–
	<b>\$ 180,924</b>	<b>\$ 15,824</b>	<b>165,100</b>
Mineral property interests			
Gibraltar Copper Mine			10,062
Aley Niobium Property			8,343
Other			2
Total mineral property interests			18,407
Asset retirement costs			(6,609)
Property, plant and equipment			<b>\$ 176,898</b>

As at March 31, 2008, approximately \$19,244 (September 30, 2007 – \$52,887) of plant and equipment was 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 six months ended March 31, 2008

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

## 8. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions	Three months ended March 31		Six months ended March 31	
	2008	2007	2008	2007
Hunter Dickinson Inc.				
Services rendered to the Company and its subsidiaries and reimbursement of third party expenses	\$ 1,985	\$ 1,251	\$ 3,834	\$ 2,527
Advances to (from):		March 31 2008		September 30 2007
Hunter Dickinson Inc.		\$ (118)		\$ 807

Hunter Dickinson Inc. ("HDI") is a private company owned equally by several public companies, one of which is Taseko. HDI 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 pursuant to an agreement which was finalized subsequent to the period end.

## 9. 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, September 30, 2007	\$ 17,441
Changes during the period:	
Reclamation incurred	–
Accretion	620
Additional site closure and reclamation obligation recognized	112
Reduction in the present value of reclamation obligation due to a revision in mine life	(3,839)
Balance, March 31, 2008	\$ 14,334

During the six months ended March 31, 2008, the value of the underlying site closure and reclamation obligation was revised to reflect an increase in the life of the Gibraltar mine as well as an increased area of disturbance during the period. This change resulted in a revision to the timing of undiscounted cash flows associated with the carrying amount of the liability and a reduction in the present value of the site closure and reclamation obligation. The impact of these changes in estimates is as follows:

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

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- a decrease of \$3,839 (2007 – \$nil) in the present value of the reclamation obligation due to an extension in the mine life.
- a net decrease of \$1,314 (2007 - \$nil) in asset retirement costs included in property, plant and equipment
- a gain of \$2,413 (2007 – \$nil) resulting from a decrease in the asset retirement cost in excess of its carrying value.

The revised estimated reclamation costs, adjusted for estimated inflation at rates ranging from 2.2% to 2.5% per year, in 2026 dollars, are \$75,500 (2007 – \$68,400) and are expected to be spent over a period of approximately three years beginning in 2026. The credit-adjusted risk free rates at which the estimated future cash flows have been discounted are 7.1% to 10%, resulting in a net present value of \$14,334 (2007 – \$19,600).

Accretion for the six months ended March 31, 2008 of \$620 (2007 – \$677) was charged to the statement of operations.

## 10. EQUITY FINANCINGS

In October 2007, the Company completed a short form prospectus offering of 7,115,385 common shares at a price of \$5.20 per common share, and also granted to the underwriters an over-allotment option to purchase up to an additional 1,067,307 common shares at the same price, which over-allotment option was exercised in full, for aggregate gross proceeds to the Company of \$42,550.

In November 2007, the Company completed a private placement financing of 1,455,100 common shares at a price of \$5.20 per share for gross proceeds of \$7,600.

## 11. RESTRICTED CASH

In February 2007, the Company issued a standby letter of credit, collateralized by cash in the amount of \$4,400, to the British Columbia Hydro and Power Authority ("BC Hydro") to provide security for costs to be incurred by BC Hydro relating to electrical system reinforcements required for the Gibraltar Expansion Project in accordance with a "Credit Support Agreement" between Gibraltar and B.C. Hydro. Under the agreement, the Company was required to provide 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 these electrical system infrastructure upgrades. The letter of credit will be released over time, as Gibraltar consumes power.

# TASEKO MINES LIMITED

Notes to Consolidated Financial Statements

For the six months ended March 31, 2008

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

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## 12. SUBSEQUENT EVENTS

### (a) *Treatment and Refining Agreement*

In April 2008, Taseko entered into a six-year agreement commencing in the first fiscal quarter of 2009 and ending on December 31, 2014, with MRI Trading AG, a Swiss-based metal trading company, for the treatment and refining of Gibraltar copper concentrate. Under the terms of the agreement, Taseko has secured long-term, fixed, low cost rates for processing approximately 1.1 million tons of copper concentrate. The 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.

Pursuant to this agreement, the Company also secured a US\$30 million line of credit.

### (b) *Convertible Debenture – NVI Mining Ltd (formerly Boliden Westmin (Canada) Limited) ("NVI")*

Pursuant to a Notice of Conversion dated April 2, 2008, the convertible debenture (the "Debenture") principal amount of \$17 million was converted, effective at \$5.14 per common share, which would have resulted in 3,307,393 shares of the Company being transferred to NVI. However, the Company had already filed an action in BC Supreme Court in May 2006, seeking a right of set-off against the Debenture in respect of damages owing from certain latent income tax liabilities that have been provisionally and conservatively quantified as the equivalent of 694,422 shares. The Company therefore took a set off of such shares otherwise issuable pursuant to the conversion provision of the Debenture.

On April 28, 2008, NVI filed a Statement of Claim in the Supreme Court of British Columbia, naming Gibraltar and Taseko as defendants, and seeking an order that Taseko issue the 694,422 common shares withheld from the conversion of the Debenture. Taseko has entered an appearance, will be filing a Statement of Defense and Counterclaim shortly, and will be defending this action vigorously, while at the same time pursuing its original claim against NVI.

### (c) *Purchase of Royalty Interest*

In April 2008, the Company purchased a 30% net profits interest in certain claims that are part of the Gibraltar mine property, located adjacent to the Gibraltar East pit for \$5 million by issuing 1,000,000 common shares of the Company. The purchase was structured as the acquisition of a privately held company whose sole asset was the 30% net profits interest. The acquired property is now 100% owned by the Company.