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TASEKO ANNOUNCES FINANCIAL RESULTS FOR TWELVE MONTHS ENDING SEPTEMBER 30, 2008

November 6, 2008, Vancouver, BC – Taseko Mines Limited (TSX: TKO; AMEX: TGB) ("Taseko" or the "Company") reports the results for the twelve months ended September 30, 2008. This release should be read with the Company's Financial Statements and Management Discussion & Analysis, available at www.tasekomines.com and filed on www.sedar.com. Currency is Canadian dollars unless otherwise indicated.

The Company reported an operating profit of $68.5 million and net earnings of $43.2 million or $0.31 per share. Sales for the period were 59.1 million pounds of copper at an average realized price of US$3.42 and 661,000 pounds of molybdenum at an average price of US$33.04 per pound.

A summary of the key results in the twelve months in fiscal 2008 compared to the same period in the prior year are:

	12 months ended September 30, 2008	12 months ended September 30, 2007
Revenue	$221.1 million	$218.4 million
Copper[1]	$200.4 million	$199.8 million
Molybdenum	$20.7 million	$18.6 million
Cash Flow[2]	$74.0 million	$86.0 million
Cash Flow per Share (basic)	$0.52	$0.67
Operating Profit[3]	$68.5 million	$105.7 million
Earnings before income tax	$44.9 million	$87.9 million
Earnings (after tax)	$43.2 million	$48.3 million
Earnings per share (basic)	$0.31	$0.37

[1] Copper revenue in 2008 includes proceeds from sales of copper concentrate and copper cathode.
[2] 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.
[3] Operating profit is comprised of revenues less cost of sales and depletion, depreciation and amortization.

Russell Hallbauer, President and CEO of Taseko commented, "Our 59 million pounds of copper production is a 12% increase over that achieved in the same 12-month period in 2007, with 31% of our metal production for the year coming in the last three months as the Gibraltar concentrator began to produce at 42,000 tons per day. Margins decreased during the last half of the year as we were faced with a strong Canadian dollar, higher input costs and increasing operating expenses related to preparations for accelerated mining rates.

The increase in concentrator throughput in the past few months and the resultant 7.8 million pounds of copper produced in September has had a dramatic effect on production costs, which were US$1.30/lb during the month. It is important to note that in September the Canadian dollar was at $0.94 per US dollar, and operations continued to experience high input costs for fuel, grinding media, explosives and reagents. These input costs, along with value of the Canadian dollar, have dropped even more dramatically in the last five weeks, and our operating costs continue to decrease on a month over month basis."

Mr. Hallbauer continued, "A thorough review of Gibraltar's operating costs has been undertaken during the past six weeks. Gibraltar engineering staff has optimized Gibraltar's mine plan in light of the current copper price retrenchment, which will reduce mining and milling costs by US$0.40/lb. The weakening of the Canadian dollar, along with the significant decrease in shipping and other off-property costs, is expected to further reduce our total cost of production in the coming months by another US$0.40/lb.

When we began construction on our mill expansions twenty months ago, we knew that modernization and development of Gibraltar's mining and milling facilities was the most important value-creating opportunity that we could provide for our shareholders. The premise of our business plan has been to ensure that Gibraltar will continue to generate cash flow and earnings at the bottom of the metal price cycle, which we felt would be approximately US$1.50/lb. In 2005, when copper averaged US$1.65/lb, our total site and off-site cost were US$1.15/lb. With the trend of input costs indicating a decrease to 2005 levels, in combination with our optimization plans, cost review and a nearly 50% expansion in copper production, we expect to achieve an operating cost structure consistent with or lower than what we achieved in 2005. The September results give a clear indication of our decreasing cost profile. With our Phase I expansion now complete, Phase II within months of completion and our immediate capital spending program winding down, we are positioned to weather these tumultuous times in the metal markets and come out of it a stronger and more productive company."

Recent Highlights

Gibraltar Mine

- 129 holes, totalling approximately 114,000 feet were drilled in and around the Gibraltar East Pit area. Geological modeling and engineering of the incoming data is ongoing and new mineral reserve estimates are expected in the next few weeks.
- Construction of the Phase II expansion, required to increase mill production capacity to 55,000 tons per day, is scheduled to be completed on budget by February 2009.
- Phase III mill expansion engineering has confirmed earlier capital cost and scheduling estimates.
- An engineering and construction schedule for the new molybdenum plant was finalized and dependent on market conditions, a decision will be made regarding moving forward with the project.

Prosperity Project

- In October 2008, the Canadian Environmental Assessment Agency and the BC Environmental Assessment Office issued a joint letter detailing how the provincial and federal processes will proceed in a coordinated manner. The coordinated process is currently underway and scheduled for completion in October 2009. Federal and provincial government decisions on the acceptability of the Project will be made following completion of the coordinated process.
- Detailed engineering was performed on machinery and infrastructure that requires securing long-lead delivery items. This work mitigates the impact of rapidly escalating capital costs being seen in other projects, worldwide.
- As a result of the changes that came from this engineering work, capital cost increases are well below those that would have been incurred on the basis of the 2007 design and are within the range of previously reported sensitivity analysis.
- The revised designs improve energy and operational efficiency in order to improve operating costs.
- The mine plan was re-done in order to achieve a much more operationally efficient pit that will minimize operating costs while maintaining the revenue profile.

Gibraltar Quarterly Operating Costs

Total tons mined in the twelve-month period ending September 30, 2008 increased by 7.8 million tons or 22% compared to 2007 and ore processed by 9% over twelve months in fiscal 2007, resulting in a 10% increase in metal production to 58.1 million pounds. The added material mined, combined with longer ore haul distances from the Granite pit, resulted in increased costs associated with truck hours at a time when diesel fuel and other mining costs escalated by 100% over the year. The combination of this with additional cost for stripping resulted in an overall increase in the cost per ton mined.

Tons milled increased as the new Semi Autogenous Grinding (SAG) mill performance improved dramatically in August and September, but this did not offset the surge in input costs during the year. However, site cash costs were reduced to US$1.30/lb in September as metal production increased to 7.8 million pounds.

Taseko will host a conference call on Friday, November 7, 2008 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. The conference call may be accessed by dialing 877 719-9786, or 719 325-4796 internationally. A live and archived audio webcast will also be available at www.tasekomines.com.

The conference call will be archived for later playback until November 14, 2008 and can be accessed by dialing 888 203-1112 in Canada and the United States, or 719 457-0820 internationally and using the passcode 4645387.

For further details on Taseko and its properties, please visit the Company's website at 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 accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Statements

This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include capital market conditions, commodities market prices, exploitation and exploration successes, lack of continuity of mineralization, completion of the mill upgrade on time estimated and at scheduled cost, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. For more information on the Company, Investors should review the Company's annual Form 20-F filing with the United States Securities and Exchange Commission or the Company's home jurisdiction filings at www.sedar.com.

Taseko Mines Limited

THREE AND TWELVE MONTHS ENDED SEPTEMBER 30, 2008

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THREE AND TWELVE MONTHS ENDED SEPTEMBER 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 twelve months ended September 30, 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.

In October 2008, the Company announced that it was changing its fiscal year end from September 30 to December 31. As a result, the following is a comparison of the three and twelve month periods ending September 30, 2008 to the same periods in 2007.

This MD&A is prepared as of November 6, 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 twelve months ending, September 30, 2008, Taseko has continued to focus on the expansion of the Gibraltar concentrator, long range planning and resource definition for the Gibraltar Mine, project approval for the Prosperity Project, and review of potential acquisitions to provide for further corporate growth.

During the twelve months ended September 30, 2008, Taseko had an operating profit of $68.5 million, and net earnings after tax of $43.1 million, as compared to an operating profit of $105.7 million, and net earnings after tax of $48.3 million for the same period in fiscal 2007.

During the three months ended September 30, 2008, Taseko had an operating profit of $5.1 million, and earnings after tax of $6.9 million, as compared to an operating profit of $31 million, and net earnings after tax of $12.6 million for the same period in fiscal 2007.

In recent weeks, the deterioration of global economic conditions has resulted in a significant weakening of base metal prices and high volatility in exchange traded commodity prices. The deterioration in credit market conditions have also increased the cost of obtaining capital and limited the availability of funds. In these conditions, it is difficult to forecast metal prices and customer demand for our products.

Accordingly, management is actively monitoring the effects of the current economic and credit conditions on our business and reviewing our discretionary capital spending, projects, and operating costs and implementing appropriate cash management strategies.

Plans to move forward with the Harmony and Aley Projects in 2008 have been deferred as the Company is currently focused on the expansion of the Gibraltar Mine and advancement of the Prosperity Project through the permitting process.

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.

Twelve Months ending September 30, 2008

Production, Sales and Inventory

Copper

- Total copper production for the twelve month period was 59.1 million pounds.
- Copper in concentrate sales for the twelve month period were 55.5 million pounds.
- Copper cathode sales for the twelve month period were 3.6 million pounds.
- Copper in concentrate inventory at September 30, 2008 was 3.8 million pounds, compared to 4.64 million pounds at the end of September 30, 2007.
- Copper cathode inventory at the end of September 30, 2008 was 0.38 million pounds, as compared to 0.33 million pounds at the end of September 30, 2007.
- The average price realized for sales of copper in the twelve-month period was US$3.42 per pound.

Molybdenum

- Molybdenum production for the twelve month period was 661,000 pounds.
- Molybdenum in concentrate sales for the twelve month period were 625,000 pounds.
- Molybdenum in concentrate inventory was 48,500 pounds at September 30, 2008, compared to 18,100 pounds at September 30, 2007.
- The average price realized for sales of molybdenum for the twelve-month period was US$33.04 per pound.
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***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.

The following table is a summary of the operating statistics for the twelve months ending September 30 2008 compared to the twelve months ending September 30 2007.

	12 months ending September 30, 2008	12 months ending September 30, 2007
Total tons mined (millions)[1]	43.2	35.4
Tons of ore milled (millions)	10.4	9.5
Stripping ratio	2.9	2.6
Copper grade (%)	0.347	0.328
Molybdenum grade (%Mo)	0.009	0.011
Copper recovery (%)	75.7	77.5
Molybdenum recovery (%)	33.0	29.6
Copper production (millions lb) [2]	58.1	51.8
Molybdenum production (thousands lb)	661	580
Copper production costs, net of by-product credits[3], per lb of copper	US$1.76	US$1.03
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US$0.47	US$0.35
Total cash costs of production per lb of copper	US$2.23	US$1.38

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 54.5 million lb in concentrate and 3.5 million lb in cathode. 2007 copper production includes 49.4 million lb in concentrate and 2.4 million lb in cathode
[3] 2008 by-product credit is based on pounds of molybdenum and ounces of silver sold.

Total tons mined in the twelve-month period ending September 30, 2008 increased by 7.8 million tons or 22% compared to 2007 and ore processed by 9% over twelve months in 2007, resulting in a 10% increase in metal production to 58.1 million pounds. The added material mined, combined with longer waste haulage distances from the Granite pit, resulted in increased costs associated with truck hours at a time when diesel fuel and other mining costs escalated by 100% . The combination of this and the additional cost for stripping resulted in an overall increase in the cost per ton mined and a consequent increase in copper metal production cost.

Operating margins were reduced as the Canadian dollar was effectively at par with the US dollar over the period of January to September 2008. Pit sequencing development resulted in long hauls at the same time that fuel prices spiked to over $140 per barrel and as prices for consumables also increased. The strength of the Canadian dollar affected all items paid for in US dollars, dramatically increasing costs from those experienced in 2007. It is estimated that approximately CDN$0.70/lb of the production cost in 2008 can be attributed to the increase in input costs.

Tons milled increased as the new Semi Autogenous Grinding (SAG) mill performance improved dramatically in August and September, though this did not offset the surge in input costs being experienced during the year. Unit costs were reduced to US$1.30/lb in September as metal production increased to 7.8 million pounds of copper.

Mining cost increased as operations focused on pre-production development areas in anticipation of future increases in concentrator throughput associated with both Phase I and Phase II expansions. The applicable costs for the work were expensed rather than capitalized from the time that the Granite pit became a source of ore in February.

Copper recoveries for the twelve months were lower than in fiscal 2007, primarily related to the ramp up of the SAG mill and in the flotation circuit. Metallurgical tests have shown that recovery rates of over 85% will be achievable when the new cleaner cells and regrind mill are operating at design capacity. The cells were operational subsequent to the end of the three-month period, in the last week of October, and the regrind mill is scheduled to be operational in February 2009.

Three Months Ending September 30, 2008

Sales

Copper

- Copper in concentrate sales for the quarter were 16.6 million pounds of copper.
- Copper cathode sales were 0.9 million pounds.
- The average price realized for sales of copper in the quarter was US$2.99 per pound.

Molybdenum

- Molybdenum concentrate sales in the quarter were 77,000 pounds of molybdenum.
- The average price realized for sales of molybdenum in the quarter was US$34.05 per pound.

Production

- 11.4 million tons were mined at a strip ratio of 2.4:1.
- 3.3 million tons were milled at a head grade of 0.339% copper and 0.008% Mo, with recoveries of 73.9% for copper and 22.4% for molybdenum.
- 16.8 million pounds of copper in concentrate was produced.
- 1.2 million pounds of copper cathode was produced.
- 118,000 pounds of molybdenum in concentrate was produced.

Concentrator Expansion Projects

Construction of the Phase I mill expansion was completed in February. The ramp up to the rated processing capacity of 46,000 tons per day ("tpd") has been ongoing since that time; a step change success was realized in August as the interface between the old and new circuits stabilized. September average mill throughput was 42,000 tpd and the rate has continued to increase into October.

The nearly complete Phase II expansion consists of modernizing and increasing the capacity of the regrind, cleaner flotation, and concentrate circuits and installation of a two-stage tailings pumping system. Phase II is designed to increase concentrator capacity from 46,000 to 55,000 tpd. The construction schedule for Phase II has been altered slightly to incorporate scope changes.

The Phase III expansion has been designed to increase throughput capacity by a further 30,000 tpd to 85,000 tpd. The engineering for Phase III is well advanced and the estimated capital cost has been confirmed at $300 million for mill infrastructure and $50 million for mining equipment. Initiation of the project is under review as a result of the current credit market conditions and copper market outlook. Once the economic conditions stabilize, a decision will be made on whether to move forward on this next phase of expansion.

Resource Definition

Taseko initiated drilling in June 2008 in an area located east of the Gibraltar East pit (in part, on the former Oakmont ground) in an area where mineralization was discovered by drilling in the 1970's. This area hosts potential extensions to the Gibraltar East and West deposits.

A total of 45 holes of core drilling, totaling approximately 36,560 feet, was completed between June and August 2008. Over the twelve months ending September 30, 2008, some 129 holes, totaling approximately 114,000 feet were drilled of which 67 holes, totaling approximately 55,525 feet were drilled on the former Oakmont ground. This information is currently being compiled and new estimates are underway.

Labour and Safety

The number of active personnel at the end of September 2008 was 458. There were 357 personnel at the site at the same period in fiscal 2007.

There was one lost time accident during the period.

Treatment and Refining Agreement

A six-year agreement with MRI Trading AG, a Swiss-based metal trading house, for the treatment and refining of Gibraltar copper concentrate commences at the end of December 2008. Under the terms of the agreement, Taseko has secured long-term, low cost rates for processing approximately 1.1 million tons of copper concentrate production into copper metal. The Company will maintain the ability to price payable copper, contained in the concentrate, based on a quotation period declared prior to, and covering each ensuing calendar year.

Within the framework of this treatment and refining agreement, Taseko is in the process of securing a US$30 million line of credit, to add to its $20.3 million cash on hand at the end of the quarter.

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.

Metallurgical test work continued on ore representative of mill feed scheduled in years one through four and confirms design parameters from the feasibility study. The metallurgical test program is scheduled to continue through locked-cycle testing on this material.

Engineering began in January 2008. Detailed engineering was performed in specific areas required to secure long-lead delivery items. In order to counteract the impact of rapidly escalating capital costs being seen in projects worldwide, engineering included a redesign of the plant site layout, concentrator, maintenance shop, primary crusher, camp/administration complex, miscellaneous infrastructure, and pit development.

Resulting capital cost increases are well below those of the 2007 design and are within the range of previously reported sensitivity analysis. The revised designs improve energy and operations efficiency to minimize operating costs. The pit redesign results in a much more operationally efficient pit that will minimize operating costs while maintaining the revenue profile.

Further engineering and procurement has be re-scheduled to commence once the environmental and mine permits are in place.

In July 2008, the Company was advised by the Ministry of Environment of British Columbia that the Province will be moving forward under provisions of the Environmental Assessment Act with an Environmental Assessment Office ("EAO")-led review of this Project. In October 2008, the EAO set out the formal scope, procedures and methods for the environmental assessment of the Project.

The Canadian Environmental Assessment Agency ("CEAA") and the B.C. EAO are collaborating on their respective federal and provincial environmental assessment processes. In October 2008, CEAA and the EAO issued a joint letter detailing how the provincial and federal processes will proceed in a coordinated manner. The coordinated process is currently underway and scheduled for completion in October 2009. Federal and provincial government decisions on the acceptability of the Project will be made following completion of the coordinated process.

Taseko continues to work closely with both federal and provincial regulatory agencies in the review of the Project.

1.2.3 Harmony Project

Taseko holds 100% of the Harmony gold project, located on the Queen Charlotte-Haida Gwaii on the northwest coast of British Columbia. The Company has undertaken property maintenance and environmental monitoring activities at Harmony since acquiring the project in 2001.

The Company initiated a review of engineering work on the project in late 2007 following the designation of the area as a mineral development zone under the Queen Charlotte-Haida Gwaii Land and Resource Management Plan. Plans to move forward with the Harmony Project are currently being deferred.

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. Plans to move forward with the Aley Project are currently being deferred.

1.2.6 Corporate

Peter Mitchell was appointed the Company's Chief Financial Officer on September 15, 2008. Mr Mitchell is a Chartered Accountant with degrees in Economics (BA) and Business Administration (MBA). He has extensive experience with private equity portfolio companies through acquisitions, integrations and greenfield initiatives and financing activities.

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

On April 2, 2008, NVI issued a notice to the Company to convert the principal amount of the debenture of $17 million at an effective conversion rate of $5.14 per common share, which would have resulted in 3,307,393 common shares of the Company being issued to NVI. However, the Company had already filed an action in BC Supreme Court in May 2006, seeking, among other relief, 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 common shares. The Company therefore withheld 694,422 shares otherwise issuable pursuant to the conversion provision of the Debenture and issued the remainder of the common shares to NVI.

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, or pay damages in lieu of issuing the shares.

On August 14, 2008, the Supreme Court of British Columbia rendered its judgment in favor of NVI and Taseko paid NVI a cash payment of $3.6 million in lieu of issuing the 694,422 common shares. Taseko continues to pursue its original claims against NVI in respect of damages owing from certain latent tax liabilities.

1.2.7 Market Trends

Copper prices have, largely, been increasing since late 2003. The average price in 2007 was US$3.22/lb. Prices continued to be strong in the third quarter, but have been volatile in October related to uncertainty in global financial markets. The average price in 2008 to November 6 is US$3.40/lb.

Gold prices have been on an uptrend for more than three years. The average gold price in 2007 was US$695/oz. Prices dropped for a two-week period in early September, and although volatile, have generally improved since that time. The average price in 2008, to November 6 is US$884/oz. As global economic conditions weaken and other market conditions are uncertain, gold prices are expected to remain strong.

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 have remained strong in 2008, averaging US$33.12/lb to November 6.

Metal price forecasts over the short terms are being adjusted as a result of uncertain economic conditions. Some analysts have increased their gold price forecasts for 2008 and 2009.

The Company sells its products in United States dollar but its expenses are denominated primarily in Canadian dollars. The Canadian dollar had strengthened significantly against the United States dollar over the two year period to June 30, 2008. The twelve-month average at June 30, 2008 for one United States dollar was 1.032 Canadian dollars; however, the Canadian dollar has weakened with respect to the US dollar since that time. At September 30, 2008, one United States dollar was equivalent to 1.0417 Canadian dollars. Current forecasts anticipate an average of one United States dollar to 1.17 Canadian dollars in the fourth quarter of calendar 2008 and 1.12 Canadian dollars in 2009.

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.

	As at September 30		
Balance Sheets	**2007**	**2006**	**2005**
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
Total assets	$ 377,263	$ 297,461	$ 190,997
Current liabilities	44,589	47,863	52,205
Other liabilities	169,014	148,664	109,682
Shareholders' equity	163,660	100,934	29,110
Total liabilities & shareholders' equity	$ 377,263	$ 297,461	$ 190,997

	Year ended September 30		
Statements of Operations	**2007**	**2006**	**2005**
Revenue	$ 218,426	$ 161,900	$ 87,638
Cost of sales	(109,533)	(103,628)	(71,348)
Amortization	(3,155)	(3,412)	(2,657)
Operating profit	$ 105,738	$ 54,860	$ 13,633
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	–	–
Earnings before income taxes	$ 87,866	$ 38,961	$ 5,768
Current income tax recovery (expense)	(3,959)	(4,397)	4,099
Future income tax recovery (expense)	(35,645)	(1,648)	13,423
Earnings for the year	$ 48,262	$ 32,916	$ 23,290
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)	–	–
Other comprehensive income	$ 2,338	$ –	$ –
Total comprehensive income	$ 50,600	$ 32,916	$ 23,290
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

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.

	Sept 30, 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006
Current assets	80,250	114,611	124,105	117,251	94,619	97,907	114,756	129,940
Mineral properties	32,095	29,916	19,142	18,941	18,407	15,986	5,468	3,554
Properties, plant and equipment	266,872	222,729	202,679	182,342	158,492	120,857	95,627	63,281
Other assets	132,977	113,159	112,926	106,873	105,745	104,781	104,677	104,051
Total assets	**512,194**	**480,415**	**458,852**	**425,407**	**377,263**	**339,531**	**320,528**	**300,826**
Current liabilities	65,663	41,484	29,976	22,439	44,589	35,225	36,426	37,411
Other liabilities	176,456	173,755	182,419	173,042	169,014	155,070	151,799	149,912
Shareholders' equity	270,075	265,176	246,457	229,926	163,660	149,236	132,303	113,503
Total liabilities and shareholders' equity	**512,194**	**480,415**	**458,852**	**425,407**	**377,263**	**339,531**	**320,528**	**300,826**
Revenue	57,615	53,206	65,357	44,924	53,998	55,907	51,624	56,897
Mine site operating costs	(40,924)	(29,633)	(28,854)	(19,810)	(17,062)	(21,399)	(18,962)	(30,809)
Transportation and treatment	(9,500)	(6,042)	(7,194)	(5,229)	(5,220)	(4,714)	(5,062)	(6,305)
Amortization	(2,029)	(1,563)	(1,091)	(701)	(667)	(1,374)	(677)	(437)
	5,162	15,968	28,218	19,184	31,049	28,420	26,923	19,346
Expenses:								
Accretion of reclamation obligation	326	322	313	307	760	339	339	339
Conference and travel	135	164	370	157	98	72	156	168
Consulting	68	66	52	78	198	138	167	80
Exploration	3,363	3,047	2,243	2,123	2,320	2,188	2,546	1,913
Interest expense and accretion charges	1,603	1,857	2,032	1,891	2,042	2,199	2,722	1,906
Ledcor termination fee	–	–	–	–	–	–	–	–
Legal, accounting and audit	101	277	326	219	443	130	484	163
Office and administration	1,753	1,566	1,454	1,250	975	833	905	762
Shareholder communications	77	78	165	136	99	140	134	113
Trust and filing	9	94	105	115	23	20	118	81
Interest and other income	(1,668)	(1,897)	(2,239)	(2,535)	(2,901)	(2,434)	(2,978)	(2,778)
Loss (gain) on sale of marketable securities	120	(586)	(568)	–	–	–	(1,509)	–
Asset retirement obligation change of estimates	–	–	–	(2,413)	(4,570)	–	–	–
Foreign exchange loss (gain)	1,142	600	(1,000)	40	756	1,454	(472)	(1,505)
Stock-based compensation	(85)	1,103	1,598	2,772	1,817	1,865	2,330	759
Loss on equipment disposal	–	161	–	–	–	–	–	–
Change in fair value of financial instruments	–	–	809	77	617	2,331	(995)	(28)
Earnings (loss) before income taxes	(1,782)	9,116	22,558	14,967	28,372	19,145	22,976	17,373
Income tax expense (recovery)	(8,653)	5,317	6,357	(1,315)	15,727	6,739	11,485	5,653
Earnings for the period	6,871	3,799	16,201	16,282	12,645	12,406	11,491	11,720
Earnings per share – basic	0.05	0.03	0.11	0.12	0.10	0.10	0.09	0.09

1.5 Results of Operations

Three months ended September 30, 2008vs. September 30, 2007

The Company's earnings for the quarter ended September 30, 2008 was $6.9 million, compared to earnings of $12.6 million for the three months ended September 30, 2007. The decrease in earnings was the result of declines in the prices of copper and molybdenum as well as an increase in production costs as outlined below.

The Company reported revenues of $57.6 million for the quarter, compared to $54.0 million in the fourth quarter of the prior year. The slight increase in revenue was the result of 17.5 million pounds of copper sold during the quarter compared to 13.3 million pounds of copper sold for the three months ended September 30, 2007. The increase in copper sales was offset by a decrease in molybdenum sales from 159,400 pounds for the three months ended September 30, 2007 to 77,000 pounds for the current quarter. Furthermore, a decline in the price of copper also affected the marginal increase in revenue despite the increase in copper shipments. The average price per pound of copper sold decreased to US$2.99 per pound, down from US$3.63 per pound for the same quarter in fiscal 2007. This was partially offset by an average price of US$34.05 per pound for molybdenum, which is higher than the US$28.88 realized for the same quarter in fiscal 2007.

Revenues of $57.6 million for the quarter consisted of copper concentrate sales of $50.7 million (2007 – $43.7 million), copper cathode sales of $3.1 million (2007 – $5.2 million) , silver credits of $1.1 million (2007 – $0.3 million) and molybdenum concentrate sales of $2.7 million (2007 – $4.8 million).

Cost of sales for the fourth quarter of fiscal 2008 was $50.4 million, compared to $22.3 million for the same period in fiscal 2007. Cost of sales was higher during the period mainly due to higher mine and mill operating and maintenance costs, increases in fuel and ocean freight charges and the expense of stripping costs which were capitalized in the same period in the prior year. Costs of sales consists of total production cost of $35.1 million (2007 – $23.4 million) for metal produced and sold during the quarter plus a concentrate inventory drawdown adjustment of $5.8 million (2007 – build-up adjustment of $6.3 million). Treatment and transportation costs totaling $9.5 million (2007 – $5.2 million) were also included in cost of sales for the fourth quarter of 2008.

Amortization expense for the quarter increased to $2.0 million compared to $0.7 million for the same period in fiscal 2007. The increase is the result of capital equipment additions as well as the utilization of several new pieces of equipment related to the concentrator expansion. The Company is also currently amortizing deferred stripping costs which had been capitalized in prior periods. Mining and milling assets are amortized using the units of production method based on tons mined and tons milled respectively and divided by the estimated tonnage to be mined and milled in the mine plan.

Exploration expenses increased to $3.4 million in the fourth quarter of fiscal 2008, compared to $2.3 million for the same period in fiscal 2007. This increase is due to a higher level of engineering activity at the Company's Prosperity Project in anticipation of proceeding with the environmental assessment review, and other related activities. During the quarter, the Company also capitalized $2.1 million (2007 – $2.3 million) of exploration expenses related to increasing the reserves and life of mine at Gibraltar.

General and administrative costs increased to $2.1 million in the fourth quarter of fiscal 2008 compared to $1.0 million for the same period in fiscal 2007. The increase was mainly attributable to higher staffing levels related to increased work for Prosperity, the Gibraltar mill expansion, and new corporate offices.

There was a stock-based compensation recovery of $0.09 million in the current quarter, compared to an expense of $1.9 million for the same period in fiscal 2007, as a result of a decrease in fair value of previously granted unvested options to consultants.

Interest and other income during the fourth quarter of fiscal 2008 was $1.7 million as compared to $2.9 million in the fourth quarter of 2007. The decrease was due to a lower average cash balance in Q4 2008 compared to the same period in the prior year. Interest expense and interest accretion decreased to $1.6 million compared to $2.9 million in the fourth quarter of 2007 as a result of the redemption of the NVI mining convertible debenture.

The Company had current income tax expense of $Nil in the current quarter compared to income tax expense of $5.3 million in the same period of fiscal 2007. Total current income tax expense is lower than the same period in the previous year due to accelerated tax depreciation available to the Company and a reduction in corporate tax rates announced by the federal government in December 2007 that were substantively enacted in 2008. The Company also realized a future income tax recovery of $8.6 million due to the ability to build additional tax shelters from exploration activities, compared to an expense of $21 million for the same quarter in 2007 due to utilizing accelerated depreciation.

The Company also has a tax liability provision of $26.5 million (2007 – $31.2 million) recorded on the Company's balance sheet as at September 30, 2008 in accordance with Canadian generally accepted accounting principles.

Twelve months ended September 30, 2008 vs. September 30, 2009

The Company's earnings for the twelve months ended September 30, 2008 were $43.2 million, compared to $48.3 million for the twelve months ended September 30, 2007. The decrease in earnings was due mainly to lower than expected commodity prices and higher production costs.

The Company reported revenues of $221.1 million for the twelve months ended September 30, 2008, compared to $218.4 million for the same twelve months in the prior year.

Cost of sales for the twelve months ended September 30, 2008 was $147.2 million, compared to $109.5 million for the same period in fiscal 2007. Cost of sales was higher during the period mainly due to higher mine operations costs resulting from the expense of deferred stripping costs which were capitalized in the prior twelve months ended September 30, 2007. Increases in fuel and ocean freight charges also contributed to higher cost of sales during the period. Amortization expense was $5.4 million compared to $3.2 million for the same period in fiscal 2007. The increase is the result of capital equipment additions 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.

Exploration expenses increased to $10.8 million for twelve months ended September 30, 2008, compared to $9.0 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 advancement of the project towards permitting.

General and administrative costs increased to $8.8 million for the twelve months ended September 30, 2008 compared to $6.5 million for the same period in fiscal 2007. The increase was mainly attributable to higher staffing levels relating to increased work for Prosperity, the mill expansion, additional new office facilities at the Company's corporate offices and an increase in corporate activities relating to the Company's acquisition and tax planning initiatives.

Interest and other income decreased to $8.3 million as compared to $11.0 million for the same twelve months in 2007. The decrease was due to a lower average cash balance and interest rates compared to the same period in the prior year.

The Company had a future income tax expense of $8.1 million for the twelve months ended September 30, 2008 compared to a future income tax expense of $35.6 million in the same period of fiscal 2007. The decrease in the future income tax expense is due to the Company not having to utilize as much tax shelter to offset taxable income as in prior years. The Company had a current tax recovery of $6.4 million compared to an expense of $8 million for the twelve months ended September 30, 2007 due to the ability to utilize accelerated tax depreciation pools.

1.6 Liquidity

At September 30, 2008, Taseko had working capital of $14.6 million, as compared to working capital of $45.6 million at September 30, 2007.

In connection with the copper concentrate treatment and refining agreement with MRI Trading AG discussed in *Section 1.2*, the Company is in the process of securing a US$30 million line of credit, to add to its $20.3 million cash on hand at the end of the quarter. In addition, the Company also signed an overdraft facility for up to $10 million as discussed in *Section 1.7.*

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.

Management anticipates that revenues from copper and molybdenum in concentrates and copper cathode, recent cash management measures implemented along with current cash balances and the Company's lines of credit, will be sufficient to cover operating costs, working capital, and the Gibraltar mill expansion.

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.

Other than those obligations disclosed in the notes to its unaudited financial statements for the period ended September 30, 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.

1.7 Capital Resources

Other than those obligations disclosed in the notes to its unaudited financial statements for the period ended September 30, 2008 and its audited annual financial statements for the year ended September 30, 2007, the Company had no material commitments for material capital expenditures as of September 30, 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 is in the process of securing 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.

During the period, the Company acquired mining equipment in the amount of $17.6 pursuant to three to four year capital lease agreements. These capital lease obligations are secured over plant and equipment and are repayable in monthly installments. Interest is charged at rates linked to the prevailing prime rate of the relative financial institution mentioned above.

During the period, the Company signed an overdraft facility with a Canadian financial institution for up to $10 million. The term of the facility bears interest at prime rate plus 1% and is secured against the Company’s accounts receivable.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Hunter Dickinson Services Inc. ("HDSI") (formerly Hunter Dickinson Inc.) is a private company owned equally by several public companies, one of which is Taseko. HDSI has certain directors in common with the Company and carries out geological, engineering, corporate development, administrative, financial management, investor relations, and other management activities for, and incurs fourth party costs on behalf of, the Company. The Company reimburses HDSI on a full cost-recovery basis.

Costs for services rendered and costs incurred on behalf of the Company by HDSI during the twelve months ended September 30, 2008 were $7.7 million, as compared to $4.9 million in the twelve 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 twelve months period ended September 30, 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 4 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.

1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue

Not applicable. The Company is not a Venture Issuer.

1.15.2 Disclosure of Outstanding Share Data

The following details the share capital structure as at November 6, 2008.

	Expiry date	Exercise price	Number	Number
Common shares				144,101,401
Share purchase option	March 27, 2009	$ 2.18	80,000	
	March 27, 2009	$ 2.68	102,500	
	February 24, 2010	$ 3.07	820,500	
	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	10,000	
	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	320,166	
	February 24, 2011	$ 4.50	1,361,000	
	February 24, 2012	$ 4.50	896,334	
	February 24, 2012	$ 3.07	1,818,000	
	February 24, 2012	$ 5.06	193,000	
	April 22, 2011	$ 5.45	60,000	
	May 16, 2013	$ 5.30	50,000	
	August 20, 2013	$2.95	405,000	8,336,834
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 period ended September 30, 2008 that could have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

1.15.4 Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information.

There have been no significant changes in the Company's disclosure controls and procedures during the period ended September 30, 2008 that could significantly affect disclosure controls and procedures subsequent to the date the Company carried out its evaluation.

Taseko Mines Limited

CONSOLIDATED FINANCIAL STATEMENTS

THREE AND TWELVE MONTHS ENDED SEPTEMBER 30, 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)

		September 30 2008 (unaudited) (note 1)		September 30 2007
ASSETS				
Current assets				
Cash and equivalents	$	20,282	$	37,636
Marketable securities and investments (note 5)		7,597		18,542
Accounts receivable		6,747		12,021
Advances to a related party (note 8)		–		807
Inventory (note 6)		31,116		18,058
Prepaid expenses		504		1,069
Advances for equipment		11,645		–
Current portion of promissory note		2,359		2,086
		80,250		90,219
Restricted cash		4,400		4,400
Advances for equipment		19,426		–
Reclamation deposits		35,541		33,396
Promissory note		73,610		72,350
Property, plant and equipment (note 7)		298,967		176,898
	$	**512,194**	**$**	**377,263**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	51,299	$	30,435
Advances from a related party (note 8)		518		–
Current portion of lease liability (note 9)		3,639		–
Current portion of deferred revenue		175		175
Current portion of royalty obligation		2,359		2,086
Income taxes payable		306		6,573
Current portion of future income taxes		7,367		5,320
		65,663		44,589
Income taxes		26,212		24,645
Royalty obligation		61,647		63,330
Deferred revenue		875		1,050
Convertible debt (note 10)		30,305		41,008
Capital leases (note 9)		13,896		–
Site closure and reclamation costs (note 11)		15,147		17,441
Future income taxes		28,374		21,540
		242,119		213,603
Shareholders' equity				
Share capital		279,715		205,040
Equity component of convertible debt (note 10)		3,832		13,655
Tracking preferred shares		26,642		26,642
Contributed surplus		13,507		8,633
Accumulated other comprehensive income		(4,126)		2,338
Deficit		(49,495)		(92,648)
		270,075		163,660
	$	**512,194**	**$**	**377,263**

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors

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

/s/ Ronald W. Thiessen
Ronald W. Thiessen
Director

TASEKO MINES LIMITED

Consolidated Statements of Operations and Comprehensive Income

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

	Three months ended September 30		Twelve months ended September 30	
	2008	2007	2008	2007
Revenue				
Copper	$ 54,880	$ 49,178	$ 200,409	$ 199,872
Molybdenum	2,735	4,820	20,693	18,554
	57,615	53,998	221,102	218,426
Cost of sales	(50,424)	(22,282)	(147,186)	(109,533)
Depletion, depreciation and amortization	(2,029)	(667)	(5,384)	(3,155)
Operating profit	5,162	31,049	68,532	105,738
Expenses (income)				
Accretion of reclamation obligation	326	761	1,268	1,777
Exploration	3,363	2,320	10,776	8,967
Foreign exchange	1,142	756	783	233
Asset retirement obligation change of estimates (note 11)	–	(4,570)	(2,413)	(4,570)
General and administration	2,143	951	8,814	6,501
Loss (gain) on sale of marketable securities	120	–	(1,034)	(1,508)
Loss on equipment disposal	–	–	161	–
Interest and other income	(1,668)	(2,902)	(8,339)	(11,093)
Interest expense	1,115	2,780	4,928	5,947
Interest accretion on convertible debt	488	146	2,455	2,922
Stock-based compensation (recovery)	(85)	1,817	5,388	6,771
Change in fair value of financial instruments	–	617	886	1,925
	6,944	2,676	23,673	17,872
Earnings (loss) before income taxes	(1,782)	28,373	44,859	87,866
Income tax recovery (expense)	–	5,331	6,377	(3,959)
Future income tax recovery (expense)	8,653	(21,059)	(8,083)	(35,645)
Net earnings for the period	$ 6,871	$ 12,645	$ 43,153	$ 48,262
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale reclamation deposit	(22)	342	369	(419)
Unrealized gain (loss) on available-for-sale marketable securities	(1,560)	1,199	(6,838)	4,710
Reclassification of realized gain on sale of marketable securities	(624)	(1,508)	(1,152)	(1,508)
Tax effect	319	(445)	1,157	(445)
Other comprehensive income (loss)	$ (1,887)	$ (412)	$ (6,464)	$ 2,338
Total comprehensive income	$ 4,984	$ 12,233	$ 36,689	$ 50,600

See accompanying notes to consolidated financial statements.

Earnings per share				
Basic	$ 0.05	$ 0.10	$ 0.31	$ 0.37
Diluted	0.05	0.09	0.30	0.36
Weighted average number of common shares outstanding				
Basic	144,101	129,371	141,202	129,218
Diluted	149,058	143,566	146,160	142,278

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian Dollars)

	Three months ended September 30		Twelve months ended September 30	
	2008	2007	2008	2007
Operating activities				
Net earnings for the period	$ 6,871	$ 12,645	$ 43,153	$ 48,262
Items not involving cash				
Asset retirement obligation change in estimate	–	(4,570)	(2,413)	(4,570)
Accretion of reclamation obligation	326	761	1,268	1,777
Depreciation, depletion and amortization	2,029	667	5,384	3,155
Interest accretion on convertible debt	488	146	2,455	2,922
Stock-based compensation	(85)	1,817	5,388	6,771
Future income taxes	(8,653)	18,279	8,083	35,645
Unrealized foreign exchange	1,212	(1,312)	1,901	(3,307)
Loss (gain) on sale of marketable securities	120	575	(1,034)	(1,508)
Change in fair value of financial instruments	–	617	886	1,925
Changes in non-cash operating working capital				
Accounts receivable	9,794	4,182	5,274	(2,679)
Advances to related parties	51	(833)	1,325	(833)
Inventories	1,528	(5,314)	(13,058)	6,160
Prepaids	2,825	1,572	565	152
Accrued interest income on promissory note	(1,100)	1,730	(1,533)	(1,270)
Accounts payable and accrued liabilities	18,914	9,814	20,864	8,499
Deferred revenue	(44)	(44)	(175)	(19,759)
Accrued interest recovery (expense) on royalty obligation	347	(2,445)	(1,410)	(1,371)
Income taxes	7,347	(4,470)	(2,788)	6,175
Site closure and reclamation expenditures	(159)	(40)	(159)	(167)
Cash provided by operating activities	41,811	33,777	73,976	85,979
Investing activities				
Purchase of property, plant and equipment	(30,575)	(34,951)	(105,546)	(127,032)
Purchase of mineral property interest	–	(1,800)	–	(1,800)
Reclamation deposits	–	(20)	(109)	(20)
Accrued interest income on reclamation deposits	(276)	(381)	(1,666)	(1,791)
Restricted cash	–	–	–	(4,400)
Investment in marketable securities	–	(3,094)	(254)	(21,564)
Proceeds from sale of marketable securities	944	(575)	3,360	16,999
Advance payments for equipment	(23,342)	–	(31,071)	–
Cash used for investing activities	(53,249)	(40,821)	(135,286)	(139,608)
Financing activities				
Common shares issued for cash, net of issue costs	–	374	47,623	1,857
Capital lease payments	(98)	–	(98)	–
Settlement of convertible debenture (note 10)	(3,569)	–	(3,569)	–
Cash provided by financing activities	(3,667)	374	43,956	1,857
Increase (decrease) in cash and equivalents	(15,105)	(6,670)	(17,354)	(51,772)
Cash and equivalents, beginning of period	35,387	44,306	37,636	89,408
Cash and equivalents, end of period	**$ 20,282**	**$ 37,636**	**$ 20,282**	**$ 37,636**

Supplemental Schedule for Non-Cash Investing and Financing Activities				
Share issued for the purchase of royalty interest (note 7(a))	$ –	$ –	$ 5,520	$ -
Shares and units issued for the purchase of mineral property interests	–	–		$ 3,805
Increase (decrease) in asset retirement costs included in mineral properties, plant and equipment	93	1,426	$ (990)	$ 1,426
Equipment under capital lease	17,855	–	$ 17,855	$ -
Fair value of stock options transferred to share capital from contributed surplus on exercise of options	–	615	$ 514	$ 1,786
Conversion of convertible debenture (note 10)	$ –	$ –	$ 21,318	$ -

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)

	Twelve months ended September 30, 2008 *(unaudited)*		Year ended September 30, 2007	
Common shares	Number of shares		Number of shares	
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	30,000	62	233,300	483
Share purchase options at $2.18 per share	145,500	317	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	78,500	241	48,000	147
Share purchase options at $4.09 per share	3,600	15	–	–
Share purchase options at $4.50 per share	5,000	23	–	–
Shares issued for the purchase of mineral property interest	–	–	1,134,730	3,805
Fair value of stock options allocated to shares issued on exercise	–	514	–	1,786
Shares issued for the purchase of royalty interest (note 7(a))	1,000,000	5,220	–	–
Shares issued for debt conversion (note 10)	2,612,971	21,318	–	–
Equity financings at $5.20 per share, net of issue costs (note 12)	9,637,792	46,945	–	–
Balance at end of the period	144,101,401	279,715	130,580,538	205,040
Equity component of convertible debt				
Balance at beginning of the period		13,655		13,655
Convertible debenture conversion adjustment (note 10)		(9,823)		–
Balance at end of the period		3,832		13,655
Tracking preferred shares				
Balance at beginning and end of the period		26,642		26,642
Contributed surplus				
Balance at beginning of the period		8,633		3,648
Stock-based compensation		5,388		6,771
Fair value of stock options allocated to shares issued on exercise		(514)		(1,786)
Balance at end of the period		13,507		8,633
Accumulated other comprehensive income				
Balance at beginning of the period		2,338		–
Unrealized gain (loss) on reclamation deposits		369		(419)
Unrealized gain (loss) on available-for-sale marketable securities		(6,838)		4,710
Reclassification of realized gain on sale of marketable securities		(1,152)		(1,508)
Tax effect		1,157		(445)
Balance at end of the period		(4,126)		2,338
Deficit				
Balance at beginning of the period		(92,648)		(140,603)
Adjustment to opening deficit		–		(307)
Net earnings for the period		43,153		48,262
Balance at end of the period		(49,495)		(92,648)
TOTAL SHAREHOLDERS' EQUITY		$ 270,075		$ 163,660

See accompanying notes to consolidated financial statements.

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.

In September 2008, the Company's Board of Directors approved a resolution to change the Company's year end from September 30, 2008 to December 31, 2008.

Operating results for the three and twelve months period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the full fifteen month fiscal period ending December 31, 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 11.

(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).

(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 change of fiscal year end to December 31, 2008, the transition date for the Company is January 1, 2011. Therefore, the IFRS adoption will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is currently in the process of developing an IFRS conversion plan and evaluating the impact of the transition to IFRS.

(iv) Section 3064 – Goodwill and Intangibles

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the impact of this new standard.

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 or repay debt. The Company is not subject to significant externally-imposed capital requirements.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are approved by the Board of Directors.

The Company’s investment policy is to invest its cash in highly liquid short-term interest-bearing investments, having maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash.

There were no changes to the Company's approach to capital management during the three and twelve months ended September 30, 2008 and the Company expects its current capital resources will be sufficient to carry out its plans of operations.

As at September 30, 2008 and September 30, 2007, the Company had no foreign currency hedges or commodity hedges in place, and consequently, hedge accounting is not used.

(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.

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

	Estimated fair value as at	
	September 30, 2008	September 30, 2007
Cash and equivalents	$ 20,282	$ 37,636
Restricted cash	4,400	4,400
Cash and equivalents	$ 24,682	$ 42,036
Accounts receivable	$ 6,747	$ 12,021
Advances to related party	–	807
Promissory note	75,969	74,436
Loans and receivables	$ 82,716	$ 87,264
Marketable securities and investments	$ 7,597	$ 18,542
Reclamation deposits	35,541	33,396
Available for sale financial assets	$ 43,138	$ 51,938
Total financial assets	$ 150,536	$ 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 as at	
	September 30, 2008	September 30, 2007
Accounts payable and accrued liabilities	$ 51,299	$ 30,435
Advances from related party	518	–
Capital leases	17,535	–
Convertible debt	30,305	41,008
Royalty obligation	64,006	65,416
	$ 163,663	$ 136,859

At September 30, 2008, all the Company's financial liabilities were classified as other financial liabilities and carried at amortized cost. 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 with respect to its operations.

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.

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

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.

At September 30, 2008, the Company's financial assets held in the US dollars were:

Carrying value	Held in United States dollars (stated in Canadian dollars)
Cash and equivalents	$ 15,573
Accounts receivable	1,678
Total financial assets	$ 17,251

At September 30, 2008, the Company's financial liabilities held in the US dollars were:

Carrying value	Held in United States dollars (stated in Canadian dollars)
Accounts payable and accrued liabilities	$ 16,387
Convertible debt	30,305
Total financial liabilities	$ 46,692

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

(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 royalty obligation is offset by an investment in a promissory note held by the Company. The convertible bonds carry a 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 September 30, 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	$ 100,651	3.9%	N/A
Financial assets subject to fixed interest rates	35,541	4.8%	5.5
Equity investments	7,597	N/A	N/A
Trade and other receivables	6,747	N/A	N/A
Total financial assets	$ 150,536		

The exposure of the Company's financial liabilities to interest rate risk at September 30, 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	$ 64,006	1.8%	N/A	20
Financial liabilities subject to fixed interest rates	47,840	7.1%	3.2	3.2
Other liabilities	51,817	N/A	N/A	N/A
Total financial liabilities	$ 163,663			

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

5. MARKETABLE SECURITIES AND INVESTMENTS

	As at September 30, 2008		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	$ 9,880	$ (3,696)	$ 6,184
Investment in other public companies	3,135	(1,722)	1,413
	$ 13,015	$ (5,418)	$ 7,597

	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
	$ 17,572	$ 970	$ 18,542

On February 20, 2008, the Continental Minerals Corporation ("Continental") warrants expired unexercised. To reflect this expiry, a mark-to-market loss of $886 (twelve months ended September 30, 2007 – loss of $2,232) was charged to operations.

As at September 30, 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

	As at September 30, 2008	As at September 30, 2007
Copper concentrate	$ 9,786	$ 6,623
Ore in-process	7,726	2,320
Copper cathode	526	605
Molybdenum	344	–
Product inventory	18,382	9,548
Materials and supplies	12,734	8,510
	$ 31,116	$ 18,058

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

7. PROPERTY, PLANT AND EQUIPMENT

	As at September 30, 2008		
	Cost	**Accumulated Amortization**	**Net book value**
Property, plant and equipment:			
Buildings and equipment	$ 6,114	$ 2,325	$ 3,789
Mine equipment	60,028	10,724	49,304
Plant and equipment	88,283	3,254	85,029
Vehicles	1,864	1,024	840
Computer equipment	3,390	2,796	594
Deferred pre-stripping costs	52,535	1,623	50,912
Construction in progress	63,751	–	63,751
Social assets	402	–	402
Assets under capital lease	17,633	2	17,631
Asset retirement costs	436	–	436
Property, plant and equipment – Gibraltar mine	$ 294,436	$ 21,748	$ 272,688
Other equipment and leasehold improvements	386	80	306
	$ 294,822	$ 21,828	$ 272,994
Mineral property interests:			
Gibraltar Copper Mine			$ 16,230
Aley Niobium Property			8,343
Oakmont Ventures Ltd. (note 7(a))			7,520
Prosperity and Harmony properties			2
Total mineral property interests			$ 32,095
Asset retirement costs			(6,122)
Property, plant and equipment			$ 298,967

As at September 30, 2008, approximately $67,031 (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.

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

	As at 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
Property, plant and equipment – Gibraltar mine	180,897	15,797	165,100
Other equipment	27	27	–
	$ 180,924	$ 15,824	165,100
Mineral property interests:			
Gibraltar Copper Mine			10,062
Aley Niobium Property			8,343
Prosperity and Harmony properties			2
Total mineral property interests			18,407
Asset retirement costs			(6,609)
Total property, plant and equipment			$ 176,898

(a) Purchase of Oakmont Ventures Ltd.

On May 2, 2008, the Company completed the acquisition of all the issued and outstanding shares in the capital of a private company, Oakmont Ventures Ltd. (“Oakmont”), whose sole asset is the 30% net profits interest in certain claims that are part of the Gibraltar mine property located adjacent to the Gibraltar East pit. The acquisition was completed through the issuance of 1,000,000 common shares of the Company at the value of $5.22 million. The acquisition was accounted for under the purchase method.

The following table summarizes the total purchase consideration of Oakmont:

	Amount
Issuance of 1,000,000 common shares	$5,220
Payment of Oakmont’s liabilities	302
Total purchase consideration	$5,522

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

The total acquisition price has been allocated to the net assets acquired and liabilities assumed as follows:

	Amount
Mineral property interests	$ 7,520
Current liabilities	(43)
Future income taxes	(1,955)
Total consideration paid, being cash, common shares and units	$ 5,522

The results of operations of this acquired company have been included in the Company's consolidated financial statements from the date of the acquisition.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions	**Three months ended September 30**		**Twelve months ended September 30**	
	2008	2007	2008	2007
Hunter Dickinson Services Inc.				
Services rendered to the Company and its subsidiaries and reimbursement of third party expenses	$ 2,006	$ 1,156	$ 7,731	$ 4,936

Advances to (from):	**As at September 30, 2008**	**As at September 30, 2007**
Hunter Dickinson Services Inc.	$ (518)	$ 807

Hunter Dickinson Services Inc. ("HDSI") (formerly Hunter Dickinson Inc.) is a private company owned equally by several public companies, one of which is Taseko. HDSI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis.

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

9. CAPITAL LEASE OBLIGATIONS

Included in property, plant and equipment are mining equipment that the Company acquired pursuant to three to four year capital lease agreements.

Capital lease obligations as detailed above are secured over plant and equipment and are repayable in monthly installments. Interest is charged at rates linked to the prevailing prime rate of the relative financial institution mentioned above.

Future minimum lease payments are as follows:

	As at September 30, 2008
2008	$ 1,504
2009	4,003
2010	4,003
2011	4,003
Thereafter until 2013	6,614
Total minimum lease payments	20,127
Less: interest portion	(2,592)
Present value of capital lease obligations	17,535
Current portion	(3,639)
Non-current portion	$ 13,896

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

10. CONVERTIBLE DEBT

	September 30 2008	September 30 2007
Liability Component		
Convertible Bonds – August 2006	$ 30,305	$ 26,693
Convertible Debenture – NVI (a)	–	14,315
Convertible Debt – Liability Component	$ 30,305	$ 41,008
Equity Component		
Convertible Bonds – August 2006	$ 3,832	$ 3,832
Convertible Debenture – NVI (a)	–	9,823
Convertible Debt – Equity Component	$ 3,832	$ 13,655

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

On July 21, 1999, in connection with the acquisition of the Gibraltar mine, the Company issued a $17,000 interest-free debenture to NVI Mining Ltd. (formerly Boliden Westmin Canada Limited) (“NVI”). The debenture was due on July 21, 2009 and was convertible into common shares of the Company over a 10 year period commencing at a price of $3.14 per share in year one and escalating by $0.25 per share per year thereafter. NVI had the right to convert, in part or in whole from time to time, the debenture into fully paid common shares of the Company from year one to year ten.

On April 2, 2008, NVI issued a notice to the Company to convert the principal amount of the debenture of $17 million at an effective conversion rate of $5.14 per common share, which would have resulted in 3,307,393 common shares of the Company being issued to NVI. However, the Company had already filed an action in the Supreme Court of British Columbia in May 2006, seeking, among other relief, 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 common shares. The Company therefore withheld 694,422 shares otherwise issuable pursuant to the conversion provision of the Debenture and issued the remainder of the common shares to NVI.

On April 28, 2008, NVI filed a Statement of Claim in the Supreme Court of British Columbia, naming Gibraltar and Taseko as defendants, and sought an order that Taseko issue the 694,422 common shares withheld from the conversion of the Debenture, or pay damages in lieu of issuing the shares.

On August 14, 2008, the Supreme Court of British Columbia rendered its judgment in favor of NVI and Taseko paid NVI a cash payment of $3.6 million in lieu of issuing the 694,422 common shares. Taseko continues to pursue its original claims against NVI in respect of damages owing from certain latent tax liabilities.

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

The continuity of the NVI convertible debenture is as follows:

Liability component:	
Present value of convertible promissory note at issuance, at September 30, 2007	$ 14,315
Accretion, net of interest, for the period to April 9, 2008	750
Balance, April 9, 2008	15,065
Conversion, April 9, 2008	15,065
Liability component, September 30, 2008	–
Equity component:	
Conversion right at September 30, 2007	9,823
Conversion, April 9, 2008	9,823
Equity component , September 30, 2008	–
Convertible debenture – NVI, September 30, 2008	$ –

11. SITE CLOSURE AND RECLAMATION OBLIGATIONS

The continuity of the provision for site closure and reclamation costs related to the Gibraltar mine is as follows:

Balance, September 30, 2007	$ 17,441
Changes during the period:	
Reclamation incurred	(159)
Accretion	1,268
Additional site closure and reclamation obligation recognized	436
Reduction in the present value of reclamation obligation due to a revision in mine life	(3,839)
Balance, September 30, 2008	$ 15,147

During the twelve months ended September 30, 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:

- a decrease of $3,839 (2007 – $7,593) in the present value of the reclamation obligation due to an extension in the mine life.
- a net increase of $436 (2007 – $4,449) in asset retirement costs included in property, plant and equipment.
- a gain of $2,413 (2007 – $4,570) 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 $77,000 (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 $14,881 (2007 – $17,441).

Accretion for the twelve months ended September 30, 2008 of $1,268 (2007 – $1,777) was charged to the statement of operations.

12. 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 $42.5 million.

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 $7.6 million.

13. TREATMENT AND REFINING AGREEMENT

In April 2008, the Company entered into a six-year agreement commencing in the first fiscal quarter of 2009 and ending on December 31, 2014, with MRI Trading AG ("MRI"), 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 with MRI.

14. OVERDRAFT FACILITY

During the period, the Company signed an overdraft facility with a Canadian financial institution for up to $10 million. The term of the facility bears interest at prime rate plus 1% and is secured against the Company's accounts receivable.