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TASEKO ANNOUNCES THIRD QUARTER FINANCIAL RESULTS

November 12, 2009, Vancouver, BC - Taseko Mines Limited (TSX: TKO; NYSE Amex: TGB) ("Taseko" or the "Company") announces the results for the three and nine months ended September 30, 2009. 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.

For the quarter ended September 30, 2009, the Company reports an operating profit of $9.4 million and earnings before tax and other items of $4.7 million, compared to an operating profit of $5.2 million and a loss before tax and other items of $1.8 million for the three months ended September 30, 2008. Other items include unrealized (non cash) loss attributable to derivative instruments. For nine months ended September 30, 2009, the operating profit was $32.7 million and earnings before tax and other items were $24.0 million, compared to an operating profit of $49.3 million and earnings before tax and other items of $29.9 million for the nine months ended September 30, 2008.

Revenue was $40.1 million from the sale of 12.7 million pounds of copper and 149,000 pounds of molybdenum at an average realized price of US$2.65 per pound for copper and US$12.37 per pound for molybdenum.

Russell Hallbauer, President and CEO of Taseko commented, "Taseko ended the third quarter in excellent financial shape, with over $40 million in cash on hand. The US$20 million added to our debt facility, which was funded in September, will provide the required cash to complete Gibraltar expansion plans.

The newly installed tower regrind mill is being integrated into the concentrator circuit and the Gibraltar operations team is making steady progress on its optimization. Construction continues on the remaining projects which will increase Gibraltar production capacity to 115 million pounds of copper per year. We expect to increase the ore crushing capacity by mid-2010 with the completion of the new in-pit crusher and overland conveyor system. To better optimize the Semi-Autogenous Grinding ("SAG") mill performance, design is underway to bypass the current stockpile feed system, eliminating the expensive secondary crushing system. We expect to start construction in the spring of 2010."

Mr Hallbauer continued, "In regards to the Prosperity project, the reserve increase just announced[1] affirms the inherent value and importance of the project to all Taseko stakeholders. With 7.7 million ounces of recoverable gold and 3.6 billion pounds of recoverable copper, Prosperity has the largest gold reserve of any mining project in Canada and will be one of the largest mines built in the last decade.

The Environmental Review of our Prosperity Project is very close to completion. We remain extremely confident that the Environmental Assessment Office will not find any obvious encumbrances with the project and that the Provincial government will make their decision early in 2010. The Federal government review process also continues and the Panel will hold public hearings as early as mid-January. Following conclusion of the hearings, the Panel has 45 days to submit their findings to the Federal Minister of Environment for a decision."

Highlights

Gibraltar Production and Sales

- Year to date production to September 30, 2009 was 53 million pounds of copper and 516,000 pounds of molybdenum, 21 percent and 39 percent higher than the same period in 2008, respectively.

- In the nine months ended September 30, 2009, copper in concentrate sales were 49.8 million pounds and 1.6 million pounds of copper cathode was sold. Molybdenum in concentrate sales was 595,000 pounds.

The following table is a summary of operating statistics:

	3 months ended September 30, 2009	**9 months ended September 30, 2009**
Total tons mined (millions)	8.7	23.5
Tons of ore milled (millions)	3.3	9.8
Stripping ratio	2.8	1.6
Copper grade (%)	0.26	0.32
Molybdenum grade (%Mo)	0.011	0.011
Copper recovery (%)	79.1	81.7
Molybdenum recovery (%)	15.5	25.5
Copper production (millions lb)	14.0	53.0
Molybdenum production (thousands lb)	112	516
Copper production costs, net of by-product credits, per lb of copper[1]	US$1.56	US$1.08
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US$0.30	US$0.30
Total cash costs of production per lb of copper	US$1.86	US$1.38

Notes to table:

1 By-product credit is based on pounds of molybdenum and ounces of silver sold.

Total cash costs for the quarter ended September 30, 2009 increased by approximately US$0.45/lb as a result of reduced production caused by a geotechnical event at the edge of the Granite Pit. Surface soil instability at the edge of the pit forced mining operations to deviate from the mine plan for most of the quarter. Ore release could only be achieved from mining faces that were significantly below the Granite Pit average grade. Metal production was effectively reduced by four million pounds as a result of lower head grade and metal recoveries associated with lower head grades. The geotechnical issue was resolved in October.

As well, costs increased quarter over quarter as the Canadian dollar strengthened against the U.S. dollar and the strip ratio returned to mine site average based on increasing margins due to higher copper and molybdenum prices.

Gibraltar Fixed Infrastructure Upgrades and Installations

Improvements to the concentrator and ore handling facilities at Gibraltar continued through the third quarter. Installation of a higher capacity cleaner flotation circuit and a modern regrind tower mill unit were completed in August. These two new sections in the concentrator will improve metal recovery when their full operating capabilities are integrated into the concentrator. Both circuits are designed to handle additional volume as mill throughput increases.

Construction is approximately 80% complete on the new in-pit 60-inch by 89-inch crusher and conveyor system which, when completed in the first quarter of 2010, will reduce operating costs and improve mine productivity by replacing the much smaller original Gibraltar crusher and supplanting approximately three Diesel powered haulage trucks with an electrically driven overland conveyor belt.

Replacement of the current single-line tailings system with a two-line system and substitution of the natural gas fired concentrate dryer with a filter press are planned to be completed in the second quarter of 2010. Changing out this equipment reduces operating cost, provides a more stable operating platform, and will be able to manage increased volume as mill throughput increases.

Detailed engineering has been initiated on a SAG mill direct feed system which is designed to improve mill availability, increase throughput and reduce costs by eliminating the complicated secondary crusher and fine ore feed system. The new direct feed system will also allow larger mill feed more appropriate for autogenous grinding than can be achieved with the current system. Completion of construction of the direct feed system is expected in the fourth quarter of 2010.

It is worth noting that utilizing an overland conveyor in favor of haulage trucks and replacing the natural gas fired concentrate dryer will both result in significant reductions to the amount of carbon dioxide that is emitted during the production process at Gibraltar.

Prosperity

The Company announced a 70% increase in mineral reserves at its 100% owned Prosperity Project, from 487 million tonnes to 830 million tonnes. The reserve increase will added 3.0 million ounces of recoverable gold and 1.6 billion lbs of recoverable copper to the Prosperity reserve base, bringing total recoverable metal to 7.7 million ounces of gold and 3.6 billion lbs of copper. The reserves (tabulated below) are based on a $5.50 net smelter return (“NSR”) cut-off using gold and copper prices of $650/oz and $1.65/lb, respectively.

Prosperity Project[1]
November 2009 Mineral Reserves
at C$5.50 NSR/t Cut-Off[1]

Category	Size	Grade		Recoverable Metal		Contained Metal	
		Au	Cu	Au	Cu	Au	Cu
	M Tonnes	(g/t)	(%)	(M oz)	(B lbs)	(M oz)	(B lbs)
Proven	481	0.46	0.26	5.0	2.4	7.1	2.8
Probable	350	0.35	0.18	2.7	1.2	3.9	1.4
Total	**831**	**0.41**	**0.23**	**7.7**	**3.6**	**11.0**	**4.2**

Note: Recoveries for Cu and Au are 87% and 69% respectively

Remaining measured and indicated resources are grading 0.40% grams per tonne gold and 0.30% copper containing 2.3 million ounces of gold and 1.2 billion pounds of copper (no recoveries applied).

[1] For further details, see Company’s news release dated November 5, 2009.

Taseko will host a conference call on Friday, November 13, 2009 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. The conference call may be accessed by dialing (888) 523-1225, or (719) 785-1759 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 20, 2009 and can be accessed by dialing (888) 203-1112 in Canada and the United States, or (719) 457-0820 internationally and using the passcode 5290249.

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

Russell Hallbauer
President and CEO

Forward Looking Statements

This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include capital market conditions, commodities market prices, exploitation and exploration successes, lack of continuity of mineralization, completion of the mill upgrade on time estimated and at scheduled cost, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. For more information on the Company, Investors should review the Company's annual Form 40-F filing with the United States Securities and Exchange Commission or the Company's home jurisdiction filings at www.sedar.com.

Taseko Mines Limited

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS

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Taseko Mines Limited

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009
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 and nine months ended September 30, 2009 and the audited financial statements for the fiscal period ended December 31, 2008, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and publicly available on SEDAR at www.sedar.com.

This MD&A is prepared as of November 10, 2009. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This discussion uses the terms "measured resources" and "indicated resources". The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. **Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This discussion uses the term "inferred resources". The Company advises investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of economic studies, except in rare cases. **Investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.**

1.2 Overview

Taseko is a mining and mine development company with one operating mine, two advanced stage projects and one exploration project, all located in British Columbia, Canada. These are the Gibraltar copper-molybdenum mine, the Prosperity gold-copper project, the Harmony gold project and the Aley niobium property.

For 2009, Taseko has focused on production and operating cost improvements, completing the remaining capital upgrades at the Gibraltar mine as well as attaining Environmental Assessment approvals for its Prosperity project.

Taseko had an operating profit of $9.4 million and earnings before tax and other items of $4.7 million for the three months ended September 30, 2009, compared to an operating profit of $5.2 million and a loss before tax and other items of $1.8 million for the three months ended September 30, 2008. Other items include unrealized (non-cash) marked-to-market loss attributable to derivative instruments. The Company had an operating profit of $32.7 million and earnings before tax and other items of $24.0 million for the nine months ended September 30, 2009, compared to an operating profit of $49.3 million and earnings before tax and other items of $29.9 million over the nine months ended September 30, 2008.

During the third quarter, the Gibraltar mine produced 14 million pounds of copper and 112 thousand pounds of molybdenum. In the nine months of 2009, Gibraltar has produced 53 million pounds of copper and 516 thousand pounds of molybdenum. For the nine months of 2009, total cash costs[1] averaged US$1.38 per pound.

Subsequent to the end of the quarter in November 2009, Taseko announced a 70% increase in proven and probable mineral reserves at its 100% owned Prosperity Project, from 487 million tonnes to 830 million tonnes based on a $5.50 Net Smelter Return cut-off. Under present mine design criteria, these reserves extend Prosperity's estimated mine life from 20 to 33 years. Further details are provided in section 1.2.2.

The Prosperity Project is currently undergoing both a provincial and federal Environmental Assessment review. The Government of British Columbia process, being conducted by the Provincial Environmental Assessment Office, is in its final phase, and a decision by the Ministers of Environment and Energy, Mines and Petroleum Resources is expected on or before January 20, 2010. The Government of Canada process is conducted by a three-person Panel. The earliest the Panel hearings could commence is mid-January, with the defined Terms of Reference committing the Panel to make best efforts to conclude the public hearings within a 30-day period, after which the federal Ministers would make a final decision.

During the quarter ended September 30, 2009, the Company repurchased the remaining US$22.5 million of Convertible Bonds, completing repurchase of the entire US$30 million in Convertible Bonds that it had outstanding. The Company also completed two debt financings, totaling $28.0 million, including a US$20.0 million increase in its credit facility with Credit Suisse, adding Investec Bank PLC to its lender group, and completing a $6.5 million royalty financing which pays a 6% royalty.

1. Cash costs of production is a non-GAAP measure. This non-GAAP measure is intended to provide additional information to investor and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Cash costs of production is a common performance measure in the copper industry and includes direct cost of operations and related costs through to refined metal, excluding amortization.

1.2.1 Gibraltar Mine

Taseko's 100% owned Gibraltar mine is located north of the City of Williams Lake in south-central British Columbia.

Three-Month Sales

- Copper in concentrate sales were 11.8 million pounds in the three months ended September 30, 2009 compared to 16.6 million pounds sold during the three months ended September 30, 2008.
- There were 0.9 pounds of copper in cathode sold in the three months ended September 30, 2009 compared to 0.9 million pounds sold in the three months ended September 30, 2008.
- The average price realized for sales of copper during the period was US$2.65 per pound, compared to US$2.99 per pound realized in the three months ended September 30, 2008.
- Molybdenum in concentrate sales were 149,000 pounds in the three months ended September 30, 2009 compared to 77,000 pounds sold in the three months ended September 30, 2008.
- The average price realized for sales of molybdenum for the three months ended September 30, 2009 was US$12.37 per pound, compared to US$34.05 per pound realized in the three months ended September 30, 2008.

Nine-Month Sales

- Copper in concentrate sales were 49.8 million pounds in the nine months ended September 30, 2009 compared to 43.8 million pounds sold during the nine months ended September 30, 2008.
- Copper cathode in the nine months ended September 30, 2009 was 1.6 million pounds, compared to 3.0 million pounds in the nine months ended September 30, 2008.
- Molybdenum in concentrate sales volume increased to 595,000 pounds in the nine months ended September 30, 2009 from 415,000 pounds sold in the nine months ended September 30, 2008.

Inventory

- Copper concentrate inventory at September 30, 2009 was 4.1 million pounds. Copper in concentrate in inventory at September 30, 2008 was 3.8 million pounds.
- Copper cathode inventory at September 30, 2009 was 0.44 million pounds. Copper cathode in inventory at September 30, 2008 was 0.38 million pounds.
- Molybdenum in concentrate inventory at September 30, 2009 was nil pounds. Molybdenum in concentrate inventory at September 30, 2008 was 48,500 pounds.

Three and Nine Month Production

The following table is a summary of operating statistics:

	3 months ended September 30, 2009	9 months ended September 30, 2009
Total tons mined (millions)	8.7	23.5
Tons of ore milled (millions)	3.3	9.8
Stripping ratio	2.8	1.6
Copper grade (%)	0.26	0.32
Molybdenum grade (%Mo)	0.011	0.011
Copper recovery (%)	79.1	81.7
Molybdenum recovery (%)	15.5	25.5
Copper production (millions lb)	14.0	53.0
Molybdenum production (thousands lb)	112	516
Copper production costs, net of by-product credits, per lb of copper[1]	US$1.56	US$1.08
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US$0.30	US$0.30
Total cash costs of production per lb of copper	US$1.86	US$1.38

Notes to table:

1 By-product credit is based on pounds of molybdenum and ounces of silver sold.

Total cash costs for the quarter ended September 30, 2009 increased by approximately US$0.45/lb as a result of reduced production caused by a geotechnical event at the edge of the Granite Pit. Surface soil instability at the edge of the pit forced mining operations to deviate from the mine plan for most of the quarter. Ore release could only be achieved from mining faces that were significantly below the Granite Pit average grade. Metal production was effectively reduced by four million pounds as a result of lower head grade and metal recoveries associated with lower head grades. The geotechnical issue was resolved in October.

As well, costs increased quarter over quarter as the Canadian dollar strengthened against the U.S. dollar and the strip ratio returned to mine site average based on increasing margins due to higher copper and molybdenum prices.

Fixed Infrastructure Upgrades and Installations

Improvements to the concentrator and ore handling facilities at Gibraltar continued through the third quarter. Installation of a higher capacity cleaner flotation circuit and a modern regrind tower mill unit were completed in August. These two new sections in the concentrator will improve metal recovery when their full operating capabilities are integrated into the concentrator. Both circuits are designed to handle additional volume as mill throughput increases.

Construction is approximately 80% complete on the new in-pit 60-inch by 89-inch crusher and conveyor system which, when completed in the first quarter of 2010, will reduce operating costs and improve mine productivity by replacing the much smaller original Gibraltar crusher and supplanting approximately three Diesel powered haulage trucks with an electrically driven overland conveyor belt.

Replacement of the current single-line tailings system with a two line system and substitution of the natural gas fired concentrate dryer with a filter press are planned to be completed in the second quarter of 2010. Changing out this equipment reduces operating cost, provides a more stable operating platform, and will be able to manage increased volume as mill throughput increases.

Detailed engineering has been initiated on a SAG mill direct feed system which is designed to improve mill availability, increase throughput and reduce costs by eliminating the complicated secondary crusher and fine ore feed system. The new direct feed system will also allow larger mill feed more appropriate for autogenous grinding than can be achieved with the current system. Completion of construction of the direct feed system is expected in the fourth quarter of 2010.

It is worth noting that utilizing an overland conveyor in favor of haulage trucks and replacing the natural gas fired concentrate dryer will both result in significant reductions to the amount of carbon dioxide that is emitted during the production process at Gibraltar.

Labour and Safety

The number of active personnel at the site at the end of September 2009 was 365, compared to 347 personnel at the end of June 2009.

There were no lost time accidents during the quarter and five in the first nine months of fiscal 2009. There were no environmental incidents during the quarter or in the year to date.

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.

Mineral Reserves

Subsequent to quarter end, the Company announced the results of a review of the mineral reserves for the Prosperity Project. The reserves (tabulated below) are based on a $5.50 net smelter return (“NSR”) cut-off using gold and copper prices of $650/oz and $1.65/lb, respectively.

Prosperity Project **November 2009 Mineral Reserves** **at C$5.50 NSR/t Cut-Off**							
Category	**Size**	**Grade**		**Recoverable Metal**		**Contained Metal**	
		Au	**Cu**	**Au**	**Cu**	**Au**	**Cu**
	M Tonnes	**(g/t)**	**(%)**	**(M oz)**	**(B lbs)**	**(M oz)**	**(B lbs)**
Proven	481	0.46	0.26	5.0	2.4	7.1	2.8
Probable	350	0.35	0.18	2.7	1.2	3.9	1.4
Total	**831**	**0.41**	**0.23**	**7.7**	**3.6**	**11.0**	**4.2**

Note: Recoveries for Cu and Au are 87% and 69% respectively

The reserves are contained within 1,011 million tonnes of measured and indicated resources. The remaining measured and indicated resources are 180 million tonnes grading 0.37 g/t gold and 0.32% copper containing 2.1 million ounces of gold and 1.3 billion lb of copper (no recoveries applied).

Prosperity Project **November 2009 Remaining Mineral Resources** **at C$5.50 NSR/t Cut-Off**			
Category	**Size**	**Grade**	
	M tonnes	**Au**	**Cu**
		(g/t)	**(%)**
Measured	60	0.45	0.38
Indicated	120	0.32	0.28
Total	**180**	**0.37**	**0.32**

The mineral resource and reserve estimations were completed by Taseko staff under the supervision of Scott Jones, P.Eng., Vice-President, Engineering and a Qualified Person under National Instrument 43-101. A technical report will be filed on www.sedar.com.

Cautionary regarding differences in US and Canadian Criteria for Reserves

The mineralized material at the Prosperity project is currently classified as a measured and indicated resource, and a portion of it qualifies under Canadian mining disclosure standards as a proven and probable reserve. Readers are cautioned that no part of the Prosperity project's mineralization is yet considered to be a reserve under US mining standards as all necessary mining permits and project financing would be required in order to classify the project's mineralized material as an economically exploitable reserve.

Permitting

The Ministry of Environment of British Columbia accepted Taseko's Environmental Assessment report on March 13, 2009 and is moving forward under provisions of the Environmental Assessment Act with an Environmental Assessment Office ("EAO") led review of this Project. The Canadian Environmental Assessment Agency ("CEAA") and the B.C. EAO are collaborating on their respective federal and provincial environmental assessment processes in a coordinated manner.

On or before December 7, 2009, the EAO will refer the application to the Minister of Environment and Minister of Energy, Mines and Petroleum Resources for a decision. The Ministers will then have 45 days to render their final decision on the project. Barring any unforeseen process delays, we expect a decision by the Government of British Columbia before January 21, 2010. A provincial Environmental

Assessment Certificate will be an important milestone as it is the provincial government which is responsible for mine development in British Columbia.

The federal process, conducted by a three-person Panel operating under defined Terms of Reference are required to complete their work in a timely and efficient manner. The hearings are expected to commence is mid-January and the Terms of Reference commits the Panel to make best efforts to conclude those public hearings within a 30-day period. Following conclusion of the hearings, the Panel will submit their findings to the Federal Minister of Environment for a decision.

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.

Taseko will be initiating a pre-feasibility level study in 2010 of Harmony to further evaluate the project. 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.

1.2.4 Aley Project

Taseko holds 100% of the Aley niobium project in northern British Columbia. The Company is considering additional exploration work in 2010 to advance this project.

Niobium is a metal used in making high-strength steels required in the manufacture of automobiles, bridges, pipes, jet turbines and other high technology applications. Plans to move forward with the Aley Project are currently on hold.

1.2.5 Market Trends

Copper prices had been on an overall upward trend between late 2003 and October 2008; in mid-2008, the copper market deficit, caused by strong demand growth and struggling production and a lack of new development projects, reached its peak. There was an unprecedented 70% drop in prices over the six months from July to December 2008 as a result of uncertainty in global financial markets. The average copper price in 2008 was US$3.15/lb.

Prices stabilized in January 2009 and then began to increase. Copper has been trading at or above US$2.00/lb since mid April. The average copper price in 2009 to the date of this report is US$2.22/lb.

Gold prices were volatile in late 2008, dropping below US$800/oz for a two-week period in September, and again from mid October through November. The average gold price for 2008 was US$871/oz. The price of gold in 2009 to the date of this report has averaged approximately US$947/oz. As global economic and other market conditions are uncertain, market experts have forecast strong gold prices through 2009.

Molybdenum prices increased from US$7.60/lb in 2003 to peak at US$34/lb in 2005. Prices averaged US$25.53/lb in 2006 and US$30.47/lb in 2007. Molybdenum prices dropped significantly in late 2008, but averaged US$28.98/lb based on strength earlier in the year. Molybdenum prices continued to drop in 2009 to about US$8.00/lb in early May, but have been increasing since that time. The average price in 2009 to the date of this report is US$11.29/lb.

1.3 Selected Annual Information

Not applicable. Please refer to the MD&A for the fiscal period ended December 31, 2008.

1.4 Summary of Quarterly Results

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

	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	Mar 31 2008	Dec 31 2007
Current assets	90,209	75,950	58,357	41,283	80,250	114,611	124,105	117,251
Mineral properties	32,617	32,617	32,619	32,610	32,095	29,916	19,142	18,941
Plant and equipment	303,434	301,891	295,094	292,390	266,872	222,729	202,679	182,342
Other assets	107,686	107,707	112,321	111,962	132,977	113,159	112,926	106,873
Total assets	**533,946**	**518,165**	**498,391**	**478,245**	**512,194**	**480,415**	**458,852**	**425,407**
Current liabilities	58,949	61,503	91,195	112,053	65,663	41,484	29,976	22,439
Other liabilities	183,856	165,341	166,596	131,285	176,456	173,755	182,419	173,042
Shareholders' equity	291,141	291,321	240,600	234,907	270,075	265,176	246,457	229,926
Total liabilities and shareholders' equity	**533,946**	**518,165**	**498,391**	**478,425**	**512,194**	**480,415**	**458,852**	**425,407**
Revenue	40,132	52,632	40,172	10,576	57,615	53,206	65,357	44,924
Mine site operating costs	24,528	26,203	25,454	42,021	40,924	29,633	28,854	19,810
Transportation and treatment	4,554	7,609	6,202	7,054	9,500	6,042	7,194	5,229
Amortization	1,677	2,142	1,910	1,979	2,029	1,563	1,091	701
Operating profit (loss)	**9,373**	**16,678**	**6,606**	**(40,478)**	**5,162**	**15,968**	**28,218**	**19,184**
Expenses:								
Accretion of reclamation obligation	245	239	234	183	326	322	313	307
Asset retirement obligation change of estimates	–	–	–	(4,504)	–	–	–	(2,413)
Exploration	805	549	534	1,088	3,363	3,047	2,243	2,123
Foreign exchange loss (gain)	(3,108)	(7,941)	2,930	3,249	1,142	600	(1,000)	40
Gain on convertible bond repurchase	(948)	(682)	–	–	–	–	–	–
General and administration	1,752	2,104	2,329	2,220	2,143	2,245	2,472	1,955
Interest expense and accretion charges	2,041	2,765	2,784	3,839	1,603	1,857	2,032	1,891
Interest and other income	(1,529)	(1,987)	(2,184)	(1,362)	(1,668)	(1,897)	(2,239)	(2,535)
Loss (gain) on sale of marketable securities	816	–	–	–	120	(586)	(568)	–
Loss on equipment disposal	–	–	–	701	–	161	–	–
Realized loss on derivative instrument	3,568	–	–	–	–	–	809	77
Stock-based compensation	1,073	1,581	657	1,054	(85)	1,103	1,598	2,772
	4,715	(3,372)	7,284	6,468	6,944	6,852	5,660	4,217
Earnings (loss) before other items	4,658	20,050	(678)	(46,946)	(1,782)	9,116	22,558	14,967
Other Items:								
Unrealized loss on derivative instruments	8,829	2,709	–	–	–	–	–	–
Earnings (loss) before income taxes	(4,171)	17,341	(678)	(46,946)	(1,782)	9,116	22,558	14,967
Income tax expense (recovery)	(1,822)	5,936	(4,186)	(7,303)	(8,653)	5,317	6,357	(1,315)
Earnings (loss) for the period	**(2,349)**	**11,405**	**3,508**	**(39,643)**	**6,871**	**3,799**	**16,201**	**16,282**
Earnings (loss) per share – basic	(0.01)	0.07	0.02	(0.29)	0.05	0.03	0.11	0.12
Earnings (loss) per share –diluted	(0.01)	0.06	0.02	(0.26)	0.05	0.02	0.10	0.11

1.5 Results of Operations

Three months ended September 30, 2009

The Company's pre-tax loss for the quarter ended September 30, 2009 was $4.2 million compared to pre-tax loss of $1.8 million for the three months ended September 30, 2008 (“2008”). Net loss after tax for the quarter was $2.3 million compared to net earnings after tax of $6.9 million for the same period a year ago as a result of a decrease in production and sales volume. The loss after tax was also due to the geotechnical problem encountered during the period (See Section 1.21 – Gibraltar Mine) In addition, realized and unrealized losses on derivative instruments related to a copper hedging program, were also recognized during the period. No such losses were recognized in 2008 as the Company did not participate in a copper hedging program during the comparative period.

The Company reported revenues of $40.1 million for the current quarter in 2009, compared to $57.6 million for the similar period in 2008. The decrease in revenue was the result of a decrease in copper and molybdenum prices and sales volumes. The average price per pound of copper sold was US$2.65 per pound for the current quarter compared to US$2.99 per pound in the same quarter of 2008. Copper concentrate sales for the quarter were 11.8 million pounds (2008 – 16.6 million pounds). Copper cathode sales during the current quarter were 0.9 million (2008 – 0.9 million pounds). Molybdenum concentrate sales were 0.1 million pounds (2008 – 0.1 million pounds). Revenues for the quarter consisted of copper concentrate sales of $34.7 million (2008 – $51.8 million), copper cathode of $2.4 million (2008 – $3.1 million), and molybdenum concentrate sales of $3.0 million (2008 – $2.7 million).

Cost of sales for the quarter in 2009 was $29.1 million, compared to $50.4 million for the same period in fiscal 2008. Costs of sales consists of total production costs of $27.7 million (2008 – $35.1 million) for metal produced and sold during the quarter and a negative concentrate inventory adjustment of $3.2 million (2008 – positive adjustment of $5.8 million). Treatment and transportation costs totaling $4.6 million (2008 – $9.5 million) were also included in cost of sales for the third quarter of 2009.

Amortization expense for the quarter in 2009 was $1.7 million compared to $2.0 million for the same period in fiscal 2008. 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 were $0.8 million for the quarter in 2009, compared to $3.4 million for the same period in 2008. This decrease is due to a lower level of exploration activity at the Company's Prosperity project.

General and administrative costs were $1.8 million for the quarter in 2009 which is comparable to $2.1 million for the same period in fiscal 2008. A slight decrease is due to the Company’s cost cutting initiatives as well as lower staffing levels related to Prosperity and the Gibraltar mill expansion during the comparative period.

Stock-based compensation increased to $1.1 million for the quarter in 2009, compared to a recovery of $0.09 million in the same period in fiscal 2008, as a result of the amortization of stock based compensation on options granted during prior periods. The recovery during the comparative period resulted from a decrease in fair value of previously granted unvested options to consultants.

Interest and other income was $1.5 million for the quarter in 2009 which is comparable to $1.7 million in the same quarter 2008. The slight decrease is mainly due to lower interest earned on reclamation trust deposit and bank interest income due to lower interest rates during the period.

Interest expense and accretion charges increased to $2.0 million for the quarter in 2009 from $1.6 million in the same quarter 2008 due to the interest expense related to the Credit Suisse Term Facility, capital lease obligations and equipment loan.

The Company recorded a foreign exchange gain for the quarter of $3.1 million, compared to a loss of $1.1 million in the same quarter 2008. As the Company reports in Canadian dollars, the gain is due to the weakening of the U.S. dollar and the revaluation of certain US dollar denominated liabilities at September 30, 2009.

The Company recorded a realized loss of $3.6 million (2008 – $Nil) and unrealized loss of $8.8 million (2008 – $Nil) on derivative instruments as a result of the decrease in fair value of the producer call and put option contract with Credit Suisse which commenced during the prior quarter.

The Company recorded a gain of $0.9 million (2008 – $Nil) on the repurchase/redemption of the remaining US$22.5 million of its convertible bonds during the quarter.

The Company had future income tax recoveries of $0.6 million in the current quarter compared to future income tax recoveries of $8.7 million in the same period of 2008. The change in the future income tax liability is due to a reversal of a temporary difference related to partnership income from one of the entities in the group offset by the recognition of a future income tax asset related to the Company's copper hedging contract with Credit Suisse and the Gibraltar Royalty Limited Partnership entered into during the quarter, among other things.

The current tax recovery of $1.2 million (2008 – nil) is due to less current tax owing as the result of royalties paid in the quarter. The balance payable is comprised of the Company's estimate of corporate tax of $1.1 million and certain tax reserves of $0.4m for the quarter ended September 30, 2009.

The Company also has a long term income tax liability of $32.1 million (2008 – $30.7 million) recorded on the Company's balance sheet in accordance with Canadian generally accepted accounting principles.

Nine months ended September 30, 2009

The Company's pre-tax earnings for the nine months ended September 30, 2009 were $12.5 million, compared to $29.9 million for the nine months ended September 30, 2008. Despite the increases in sales volumes, the decrease in earnings is primarily due to a drop in copper and molybdenum prices.

In addition, the Company recognized realized and unrealized losses on derivative instruments related to Copper hedging program. No such losses were recognized in 2008 as the Company did not participate in a copper hedging program during the comparative period.

The Company reported revenues of $132.9 million for the first three quarters of 2009, compared to $176.2 million for the same nine months in the prior year.

Cost of sales for the first three quarters of fiscal 2009 was $94.5 million, compared to $122.2 million for the same period in fiscal 2008. Costs of sales consists of total production costs of $77.7 million (2008 – $99.9 million) for metal produced and sold during the period and a negative concentrate inventory adjustment of $1.6 million (2008 – negative adjustment of $0.5 million). Treatment and transportation costs totaling $18.4 million (2008 – $22.8 million) were also included in cost of sales for the first three quarters of 2009.

Amortization expense for the first three quarters of 2009 was $5.7 million compared to $4.7 million for the same period in fiscal 2008. The increase in amortization is the result of added capital equipment compared to the prior comparative period as well as the utilization of several new pieces of equipment related to the concentrator expansion. 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 were $1.9 million, compared to $8.7 million for the same period in 2008. This decrease is due to a lower level of exploration activity at the Company's Prosperity project.

General and administrative costs were $6.2 million in the first three quarters of fiscal 2009 which is comparable to $6.9 million for the same period in fiscal 2008. The decrease is due to the Company's cost cutting initiatives as well as lower staffing levels related to Prosperity and the Gibraltar mill expansion during the comparative period.

Stock-based compensation for the nine months ended September 30, 2009 was $3.3 million, compared to $2.7 million in the same period in fiscal 2008. The increase is a result of additional stock-based compensation recognized on options granted during the nine months ended September 30, 2009.

Interest and other income during the first three quarters of fiscal 2009 was $5.7 million which is comparable to $5.8 million in the same period in 2008.

Interest expense and accretion charges increased to $7.6 million for first three quarters in 2009 from $5.5 million in the same period in 2008 due to the interest expense related to increased debt levels including the Credit Suisse Term Facility, capital lease obligations and equipment loan.

The Company recorded a foreign exchange gain of $8.1 million for the nine months ended September 30, 2009, compared to a loss of $0.7 million in the same period in 2008. The gain is due to the weakening of the U.S. dollar and the revaluation of certain US-dollar denominated liabilities at September 30, 2009.

The Company recorded a realized loss of $3.6 million (2008 – $Nil) and unrealized loss of $11.5 million (2008 – $0.8) on derivative instruments as a result of the decrease in fair value of the producer call and put option contract with Credit Suisse which commenced during the prior quarter.

The Company recorded a gain of $1.6 million (2008 – $Nil) on the repurchase/redemption of all of its US$30.0 million convertible bonds during the period.

The Company had future income tax recoveries of $1.6 million for the nine months ended September 30, 2009 compared to a future income tax expense of $10.6 million in the same period of fiscal 2008. Future tax expense was significantly higher in 2008 due to the Company utilizing accelerated tax depreciation against taxable income. In fiscal 2009, the Company has built up significant tax attributes in certain entities which results in a recovery of future income tax offset by the utilization of tax pools in other entities in the corporate group.

1.6 Liquidity

At September 30, 2009, the Company had cash and equivalents of $41.6 million, as compared to $4.6 million at December 31, 2008. In addition, the Company had working capital of $31.3 million, as compared to working capital deficiency of $70.7 million at December 31, 2008. The increase in working capital was primarily a result of additional funding raised from financing activities discussed in Section *1.7 Capital Resources* as well as increase in both copper and molybdenum prices and sales volume since December 2008.

Management anticipates that sales from copper and molybdenum concentrate and copper cathode, along with the various financing activities disclosed in Section *1.7 Capital Resources*, the new 24-month mine plan and implemented cash management strategies will be sufficient to fund current operations and satisfy obligations as they come due. Management is actively monitoring all commitments and planned expenditures necessary to maintain operational objectives for the upcoming fiscal year.

Liquidity Risk

The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash and equivalents are invested in business accounts with a major Canadian financial institution and are available on demand for the Company's programs.

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

As at September 30, 2009	Carrying amount	2009	2010	2011	Over 3 years
Accounts payable and accrued liabilities	$ 16,638	$ 16,638	$ –	$ –	$ –
Amounts due to a related party	901	901	–	–	–
Long-term credit facility	52,249	–	22,306	26,768	3,175
Capital lease obligations	14,849	1,082	3,529	3,750	6,488
Long-term equipment loan	5,016	275	1,163	1,267	2,311
Total liabilities	$ 89,653	$ 18,896	$ 26,998	$ 31,785	$ 11,974

During the period, the Company completed repurchase/redemption of the US$30 million in convertible bonds that it had outstanding. In second quarter of 2009, the Company repurchased US$7.5 million of the convertible bonds from one of its bondholders for the purpose of cancellation. During this third quarter, the Company repurchased another US$12.5 million of the convertible bonds for the purpose of cancellation. In addition, the remaining bondholders exercised the “put” right on the final US$10 million.

The Company currently has a US$50 million 36-month term credit facility with Credit Suisse. In addition, the Company also increased its long-term equipment loan from $3.2 million to $5.0 million. The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of $14 million.

The Company also has purchase orders in the normal course of operations for capital equipment required for the Gibraltar expansion project. The orders have specific delivery dates and financing of this equipment will be through existing cash resources.

Other than those obligations disclosed in the notes to the unaudited interim consolidated financial statements of the Company for the period ended September 30, 2009, the Company has no other material capital commitments for capital expenditures, long term debt, capital lease obligations, operating leases or any other long term obligations.

Although the Company has implemented the necessary plans to ensure sufficient financial liquidity, the Company's ability to repay or refinance its financial liabilities to their contractual maturities depends on a number of factors, some of which are beyond the Company's control. There is no assurance that our expected cash flows from operations in combination with other steps being taken will allow us to meet these obligations as they become due.

1.7 Capital Resources

The Company's primary sources of liquidity and capital resources are our cash flow provided from operations as well as equity and debt financings.

Debt Financings

(i) Credit Suisse Term Facility

In February 2009, the Company entered into and drew upon a US$30 million 36-month term facility agreement (the "Facility") with Credit Suisse. During the three months ended September 30, 2009, the Company and Credit Suisse, as Facility Agent, and Investec Bank plc amended the Facility to increase the existing Facility by an additional US$20 million and the Company drew these additional funds. Under the amended facility agreement, the US$50 million Facility is repayable commencing April 2010 and every second month thereafter in equal installments of US$4.2 until February 2012. The Facility bears interest at LIBOR plus 5 percent which is due and payable bi-monthly. The long-term credit facility security provided under the terms of the relevant agreements includes certain equipment of the Gibraltar Mine, a general security pledge, and the treatment and refining off-take agreement in addition to a corporate guarantee.

The Facility requires a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of $150 million and production cost thresholds. As at September 30, 2009, the Company is in compliance with its financial covenants. The Company has the option at any time after 18 months from February, 2009 to prepay the Facility.

The Company incurred financing fees of $1.7 million to obtain the Facility. This amount is being amortized to interest expense using the effective interest rate method.

(ii) Long-Term Equipment Loan

During the period, the Company entered into a 36-month term equipment loan agreement to finance the purchase of equipment for the Gibraltar Mine. The principal amount of the loan is $5 million (increased by an additional $1.8 million during the current quarter from $3.2 million in the previous quarter). The loan is secured by the underlying equipment at the Gibraltar Mine.

The equipment loan is repayable commencing one month after inception in 35 equal monthly installments in the amount of $0.1 million until August 2012. The last installment is payable in August 2012 in the amount of $1.5 million. The equipment loan bears a fixed interest rate at 8.63% per annum.

Equity Financings

On April 15, 2009, the Company completed a "bought deal" short form prospectus offering (the "Offering") of 13,793,104 common shares at a price of $1.45 per common share (the "Offering Price"). A syndicate of underwriters led by Raymond James Ltd. and including Wellington West Capital Markets Inc., Canaccord Capital Corporation, Jennings Capital Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") acted as Underwriters in connection with the Offering.

The Company granted to the Underwriters an over-allotment option to purchase up to an additional 2,068,965 common shares at the Offering Price. The Underwriters elected to exercise the over-allotment option in full, resulting in aggregate gross proceeds to the Company of $23 million.

In addition, the Company also completed a private placement financing of 3,628,015 shares at $1.45 per common share for gross proceeds of $5.3 million. A finder's fee of 6% of the proceeds of the private placement financing was paid.

The net proceeds from the Offering were used for discharge of accounts payable and general working capital.

During the period, 9,085,715 warrants issued in December 2008 were exercised for total proceeds of $7.7 million and 608,000 options were exercised for the total proceeds of $0.6 million.

Other Financings

During the quarter, the Company entered into an agreement with an unrelated investment partnership, Gibraltar Royalty Limited Partnership ("GRLP"). Gibraltar sold to GRLP a royalty for $6.5 million.

Annual royalties will be payable by Gibraltar to GRLP at rates ranging from $0.003 per pound to $0.004 per pound of copper produced during the period from September 1, 2009 to December 31, 2012 (the "Royalty Period"). These royalty payments are recognized as an expense during the period.

The Company classified the principal balance of royalty obligation as a financial liability to be settled in a future period. The Company has a pre-emptive option to repurchase ("call") the royalty obligation by acquiring the GRLP partnership units after March 1, 2010 to December 31, 2010 in consideration of a payment which is equal to the funds received by the Company plus a 20% premium payable in the Company's shares or cash. GRLP also has a right to sell ("put") its GRLP partnership units to the Company at fair value after April 1, 2010 to December 31, 2012. However, this "put" right is subject to the Company's pre-emptive right to exercise the "call" in advance of any "put" being exercised and completed.

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

Hunter Dickinson Services Inc. ("HDSI") is a private company owned equally by several public companies, one of which is Taseko. HDSI has certain directors in common with the Company and carries out geological, engineering, corporate development, administrative, financial management, investor relations, and other management activities for, and incurs third party costs on behalf of, the Company. The Company reimburses HDSI on a full cost-recovery basis per agreement dated June 1, 2008.

Costs for services rendered and costs incurred on behalf of the Company by HDSI during the three months ended September 30, 2009 were $0.6 million, as compared to $2.0 million in the same quarter of 2008. Costs for nine-month period ended September 30, 2009 were $2.1 million, as compared to $6.0 million in the same period of 2008. The decrease over prior year is due to lower staffing levels required from HDSI as Taseko Mines Limited has added additional full time employees to its staff.

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 of the Company for the fiscal period ended December 31, 2008 and note 3 of the unaudited interim consolidated financial statements for the three and nine months ended September 30, 2009. 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,

- 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,
- the carrying value of the liability under derivative instruments, and
- the valuation of stock-based compensation expense.

Actual amounts could differ from the estimates used and, accordingly, affect the results of operations.

1.13 Change in Accounting Policies including Initial Adoption

During the nine-months period ended September 30, 2009, the Company adopted the accounting policy below pertaining to its derivative instruments:

Derivative Instruments

Derivative instruments are recorded at fair value. Changes in the fair values of derivative instruments are recognized in net income for the period. The Company may enter into derivative instruments to manage exposure to fluctuations in metal prices, primarily copper. These derivative instruments are a part the Company's risk management strategy, and, they do not meet the hedging requirements of CICA Section 3865 – "*Hedges*", therefore the changes in fair value are recorded in earnings.

Effective January 1, 2009, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(a) Section 3064 – Goodwill and Intangibles

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The Company evaluated the impact of this new standard and concluded that this standard did not have a significant impact on the financial statements.

(b) EIC 173 – Credit Risk and the Fair value of Financial Assets and Financial Liabilities

The AcSB issued EIC-173 which requires the Corporation to consider its own credit risk as well as the credit risk of its counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities of the Company.

(c) EIC 174 – Mining Exploration Costs

The AcSB issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of the Company's mineral properties.

New Accounting Standards Not Yet Adopted

i) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

The AcSB adopted CICA Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current Sections 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These new sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Company is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

ii) Transition to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises for financial periods beginning on and after January 1, 2011.

Accordingly, the Company will be required to present its financial statements in accordance with IFRS for its fiscal year beginning January 1, 2011. As the comparative period ending December 31, 2010 will also require presentation in accordance with IFRS, the Company's transition date for converting to IFRS is January 1, 2010 (the "transition date"). The following discussion provides further information about the Company's IFRS convergence activities.

Management of IFRS Convergence Project

The Company has begun the process of transitioning from GAAP to IFRS. It has established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a Steering Committee to manage the transition from GAAP to IFRS reporting. The Steering Committee regularly updates the Audit Committee and the Board of Directors with the progress of the convergence project through communication and meetings.

The Company is in the process of evaluating its overall readiness to transition from GAAP to IFRS including the readiness of its staff, Board of Directors, Audit Committee and auditors.

The IFRS convergence project instituted consists of three primary phases, which in certain cases will occur concurrently as IFRS is applied to specific areas:

- Initial Scoping and Impact Assessment Analysis: to isolate key areas that will be impacted by the transition to IFRS.
- Evaluation and Design: to identify specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements.
- Implementation and Review: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the Company's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the financial statements.

A detailed timetable has been prepared to manage the transition and to monitor the progress of the transition project. At the date of preparing this MD&A, the Steering Committee has presented the project plan and its initial scoping and impact assessment to the Audit Committee.

First-time Adoption of International Financial Reporting Standards

IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), sets forth guidance for the initial adoption of IFRS. Commencing for the period ended March 31, 2011 the Company will restate its comparative fiscal 2010 financial statements for annual and interim periods to be consistent with IFRS. In addition, the Company will reconcile equity and net earnings from the previously reported fiscal 2010 GAAP amounts to the restated 2010 IFRS amounts.

IFRS 1 generally requires that first-time adopters retrospectively apply all IFRS standards and interpretations in effect as at the first annual reporting date. IFRS 1 provides for certain mandatory exceptions and optional exemptions to this general principle.

The guidance for the first time adoption of IFRS is set out in IFRS 1, *First Time Adoption of International Financial Reporting Standards* ("IFRS 1"). IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

The Company expects to elect to take the following IFRS 1 optional exemptions:

- to apply the requirements of IFRS 3, *Business Combinations,* prospectively from January 1, 2008, the "Transition Date";
- to apply the requirements of IFRS 2, *Share-based payments,* to equity instruments granted which had not vested as of the Transition Date;
- to apply the borrowing cost exemption and apply IAS 23 –*Borrowing Costs* prospectively from the Transition Date; and
- to elect not to comply with IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* for changes in such liabilities that occurred before the Transition Date.

Changes to estimates previously made are not permitted. The estimates previously made by the Company under GAAP will not be revised for application of IFRS except where necessary to reflect any changes resulting from differences in accounting policies.

Impact of Adoption of IFRS on Financial Reporting

While GAAP is in many respects similar to IFRS, conversion will result in differences in recognition, measurement, and disclosure in the financial statements. Based on a high-level scoping assessment, the following financial statement areas are expected to be significantly impacted:

- Presentation of Financial Statements
- Plant, Property and Equipment
- Income Taxes
- Impairment of Assets
- Asset Retirement Obligations

IFRS Impact on Our Organization

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS (i.e. interim financial statements for the three months ended March 31, 2011) will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

The Company has obtained an understanding of IFRS from intensive training of its finance personnel. Further, our finance personnel include employees who have prepared financial statements under IFRS previously.

The Company is still evaluating the impact of the conversion on its accounting systems and has not determined whether significant changes to its accounting systems are required.

In addition, the Company will evaluate its internal and disclosure control processes as a result of its conversion to IFRS, assess the impacts of adopting IFRS on its contractual arrangements to identify any material compliance issues and consider the impacts the transition will have on its internal planning process and compensation arrangements.

1.14 Financial Instruments and Other Instruments

Please refer to note 6 of the Company's audited consolidated financial statements for the fifteen months ended December 31, 2008 and note 4 of the unaudited interim financial statements for the three and nine months ended September 30, 2009.

1.15 Other MD&A Requirements

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

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 10, 2009, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry date	Exercise price	Number	Number
Common shares				182,393,165
Share purchase option	14-Feb-10	$3.07	46,000	
	03-Jul-10	$4.03	60,000	
	28-Sep-10	$1.15	348,334	
	28-Sep-10	$1.15	780,000	
	28-Sep-10	$2.07	70,000	
	24-Feb-11	$4.50	93,000	
	28-Mar-11	$2.18	442,000	
	28-Mar-11	$2.63	40,000	
	22-Aug-11	$4.09	15,000	
	10-Dec-11	$1.00	1,695,300	
	24-Feb-12	$3.07	165,000	
	24-Feb-12	$4.50	135,000	
	07-Jul-12	$1.90	21,000	
	30-Jul-12	$2.17	57,000	
	10-Dec-13	$1.00	3,052,000	
	12-Jan-14	$1.15	2,175,000	
	21-Apr-14	$1.71	1,580,500	
				10,775,134
Preferred shares redeemable into Taseko Mines Limited common shares				12,483,916

1.15.3 Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no significant changes in internal controls over financial reporting during the period ended September 30, 2009 that could have materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting.

1.15.4 Disclosure Controls and Procedures

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

Taseko Mines Limited

CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009

(Expressed in thousands of Canadian Dollars)
(Unaudited)

These financial statements have not been reviewed by the Company's auditors

TASEKO MINES LIMITED

Consolidated Balance Sheets

(Unaudited - Expressed in thousands of Canadian Dollars)

	September 30 2009 *(unaudited)*	December 31 2008
ASSETS		
Current assets		
Cash and equivalents	$ 41,624	$ 4,587
Restricted cash (note 14)	–	4,400
Marketable securities and investments (note 5)	11,867	3,138
Accounts receivable	7,675	4,606
Inventory (note 6)	22,463	20,340
Prepaid expenses	3,049	329
Advances for equipment (note 18(a))	–	499
Current portion of promissory note	3,531	3,384
	90,209	41,283
Advances for equipment (note 18(a))	4,753	5,882
Reclamation deposits	29,481	32,396
Promissory note	73,452	73,684
Mineral property interests, plant and equipment (note 7)	336,051	325,000
	$ 533,946	**$ 478,245**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 10)	$ –	$ 5,737
Accounts payable and accrued liabilities	16,638	53,036
Amounts due to a related party (note 8)	901	1,772
Current portion of long-term credit facility (notes 15)	13,384	–
Convertible debt (note 11)	–	35,219
Current portion of long-term loan obligations (note 9)	4,846	3,324
Current portion of deferred revenue	4,171	175
Current portion of royalty obligation (note 17)	3,531	3,384
Liability under derivative instruments (note 16)	13,328	–
Income taxes payable	1,481	937
Current portion of future income taxes	669	8,469
	58,949	112,053
Income taxes	32,068	30,685
Royalty obligations (note 17)	64,957	60,973
Deferred revenue	700	831
Long-term credit facility (note 15)	38,865	–
Long-term loan obligations (note 9)	15,019	13,100
Site closure and reclamation obligation (note 13)	10,100	10,366
Future income taxes	22,147	15,330
	242,805	243,338
Shareholders' equity		
Share capital	321,735	285,690
Equity component of convertible debt (note 11)	–	3,832
Tracking preferred shares	26,642	26,642
Contributed surplus	19,144	14,561
Accumulated other comprehensive gain (loss)	194	(6,680)
Deficit	(76,574)	(89,138)
	291,141	234,907
Basis of presentation (note 1)		
Commitments (note 17 and 18)		
Subsequent events (note 5)		
	$ 533,946	**$ 478,245**

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors

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

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

TASEKO MINES LIMITED

Consolidated Statements of Operations and Comprehensive Income (Loss)

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

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Revenue				
Copper	$ 37,117	$ 54,880	$ 124,866	$ 162,246
Molybdenum	3,015	2,735	8,070	13,932
	40,132	57,615	132,936	176,178
Cost of sales	29,082	50,424	94,550	122,147
Depletion, depreciation and amortization	1,677	2,029	5,729	4,683
Operating profit	9,373	5,162	32,657	49,348
Expenses (income)				
Accretion of reclamation obligation (note 13)	245	326	718	961
Exploration	805	3,363	1,888	8,653
Foreign exchange loss (gain)	(3,108)	1,142	(8,119)	743
Gain on convertible bond repurchase (note 11)	(948)	–	(1,630)	–
General and administration	1,752	2,143	6,185	6,858
Interest accretion on convertible debt (note 11)	156	488	1,260	1,713
Interest and other income	(1,529)	(1,668)	(5,700)	(5,804)
Interest expense	1,885	1,115	6,330	3,780
Loss (gain) on sale of marketable securities	816	120	816	(1,034)
Loss on equipment disposal	–	–	–	161
Realized loss on derivative instruments (note 16)	3,568	–	3,568	809
Stock-based compensation	1,073	(85)	3,311	2,616
	4,715	6,944	8,627	19,456
Earnings (loss) before other items	4,658	(1,782)	24,030	29,892
Other items				
Unrealized loss on derivative instruments (note 16)	8,829	–	11,538	–
Earnings (loss) before income taxes	(4,171)	(1,782)	12,492	29,892
Current income tax expense (recovery)	(1,220)	–	1,542	(7,601)
Future income tax expense (recovery)	(602)	(8,653)	(1,614)	10,622
Net earnings (loss) for the period	$ (2,349)	$ 6,871	$ 12,564	$ 26,871
Other comprehensive income (loss)				
Unrealized gain (loss) on available-for-sale reclamation deposit	344	(22)	(661)	203
Unrealized gain (loss) on available-for-sale marketable securities	1,027	(1,560)	7,753	(6,903)
Reclassification of realized gain (loss) on sale of marketable securities	936	(624)	936	(1,152)
Tax effect	(289)	319	(1,154)	1,194
Other comprehensive income (loss)	$ 2,018	$ (1,887)	$ 6,874	$ (6,658)
Total comprehensive income (loss)	$ (331)	$ 4,984	$ 19,438	$ 20,213
Earnings (loss) per share				
Basic	$ (0.01)	$ 0.05	$ 0.07	$ 0.19
Diluted	(0.01)	0.05	0.07	$ 0.18
Weighted average number of common shares outstanding				
Basic	182,197	144,101	170,027	142,624
Diluted	188,471	149,058	176,301	147,582

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)

	Nine months ended September 30, 2009 *(unaudited)*		Year ended December 31, 2008	
Common shares	Number of shares		Number of shares	
Balance at beginning of the period	153,187,116	$ 285,690	130,580,538	$ 205,040
Share purchase options at $1.00 per share (note 12)	608,000	608	–	–
Share purchase options at $2.07 per share	–	–	30,000	62
Share purchase options at $2.18 per share	–	–	145,500	317
Share purchase options at $2.68 per share	–	–	7,500	20
Share purchase options at $3.07 per share	–	–	78,500	241
Share purchase options at $4.09 per share	–	–	3,600	15
Share purchase options at $4.50 per share	–	–	5,000	23
Fair value of stock options allocated to shares issued on exercise	–	897	–	514
Shares issued for the purchase of royalty interest	–	–	1,000,000	5,220
Shares issued for debt conversion	–	–	2,612,971	21,318
Equity financings at $5.20 per share, net of issue costs	–	–	9,637,792	46,945
Equity financings at $0.70 per share, net of issue costs	–	–	9,085,715	5,975
Equity financings at $1.45 per share, net of issue costs (note 12)	19,490,084	26,817	–	–
Warrants exercised (note 12)	9,085,715	7,723	–	–
Balance at end of the period	182,370,915	321,735	153,187,116	285,690
Equity component of convertible debt				
Balance at beginning of the period		3,832		13,655
Repurchase of convertible bond (note 11)		(3,832)		–
Convertible debenture conversion adjustment		–		(9,823)
Balance at end of the period		–		3,832
Tracking preferred shares				
Balance at beginning and end of the period		26,642		26,642
Contributed surplus				
Balance at beginning of the period		14,561		8,633
Stock-based compensation		3,311		6,442
Repurchase of convertible bond (note 11)		2,169		–
Fair value of stock options allocated to shares issued on exercise		(897)		(514)
Balance at end of the period		19,144		14,561
Accumulated other comprehensive income (loss)				
Balance at beginning of the period		(6,680)		2,338
Unrealized gain (loss) on reclamation deposits		(661)		1,859
Unrealized gain (loss) on available-for-sale marketable securities		7,753		(11,295)
Reclassification of realized loss on sale of marketable securities		936		(1,152)
Tax effect		(1,154)		1,570
Balance at end of the period		194		(6,680)
Deficit				
Balance at beginning of the period		(89,138)		(92,648)
Net earnings for the period		12,564		3,510
Balance at end of the period		(76,574)		(89,138)
TOTAL SHAREHOLDERS' EQUITY		$ 291,141		$ 234,907

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of Canadian Dollars)

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Operating activities				
Net earnings (loss) for the period	$ (2,349)	$ 6,871	$ 12,564	$ 26,871
Items not involving cash				
Accretion of reclamation obligation	245	326	718	961
Depreciation, depletion and amortization	1,677	2,029	5,729	4,683
Interest accretion on convertible debt	156	488	1,260	1,713
Interest accretion on long term Credit Suisse facility	128	–	293	–
Stock-based compensation	1,073	(85)	3,311	2,616
Future income taxes	(602)	(8,653)	(1,614)	10,622
Unrealized foreign exchange loss (gain)	(4,050)	1,212	(7,876)	1,993
Loss (gain) on sale of marketable securities	816	120	816	(1,034)
Gain on convertible debt repurchase (note 11)	(948)	–	(1,630)	–
Unrealized loss on derivative instruments (note 16)	8,829	–	11,538	809
Site closure and reclamation expenditures (note 13)	(66)	(159)	(1,045)	(159)
Changes in non-cash operating working capital				
Accounts receivable	266	9,794	(3,070)	7,104
Amounts due to a related party	364	51	(871)	1,325
Inventory	(4,988)	1,528	(2,123)	(10,859)
Prepaid expenses	(397)	2,825	(2,720)	670
Accrued interest income on promissory note	(1,114)	(1,100)	85	(455)
Accounts payable and accrued liabilities	1,076	18,914	(36,398)	28,859
Deferred revenue	3,953	(44)	3,865	(131)
Accrued interest recovery (expense) on royalty obligation	335	347	(2,379)	(1,769)
Income taxes payable	(464)	7,347	1,406	2,271
Liability under derivative instruments (note 16)	1,790	–	1,790	–
Cash provided by (used for) operating activities	5,730	41,811	(16,351)	76,090
Investing activities				
Purchase of property, plant and equipment	(1,769)	(30,575)	(14,327)	(79,034)
Reclamation deposits	(45)	–	(45)	(75)
Funds released from reclamation deposits	–	–	3,900	–
Accrued interest income on reclamation deposits	(305)	(276)	(1,601)	(1,095)
Funds released from restricted cash	2,326	–	4,400	–
Investment in marketable securities	(4,421)	–	(4,421)	–
Proceeds from sale of marketable securities	3,565	944	3,565	3,360
Advance payments for equipment	–	(23,342)	–	(31,071)
Cash used for investing activities	(649)	(53,249)	(8,529)	(107,915)
Financing activities				
Repayment of bank indebtedness	–	–	(5,737)	–
Capital lease payments	(802)	(98)	(2,340)	(98)
Common shares issued for cash, net of issue costs	307	–	35,148	605
Proceeds from loan obligations	1,820	–	5,016	–
Proceeds from royalty obligation (note 17)	6,511	–	6,511	–
Repurchase of convertible debt (note 11)	(25,270)	(3,569)	(33,678)	(3,569)
Proceeds from long term credit facility (note 15)	20,910	–	56,997	–
Cash provided by financing activities	3,476	(3,667)	61,917	(3,062)
Increase (decrease) in cash and equivalents	8,557	(15,105)	37,037	(34,887)
Cash and equivalents, beginning of period	33,067	35,387	4,587	55,169
Cash and equivalents, end of period	**$ 41,624**	**$ 20,282**	**$ 41,624**	**$ 20,282**

Supplemental Schedule for Non-Cash Investing and Financing Activities

Acquisition of assets under capital lease	$ 506	$ 17,855	$ 764	$ 17,855
Shares issued for financing fees	$ –	$ –	$ 261	$ –
Fair value of stock options transferred to share capital from contributed surplus on exercise of options	$ 809	$ –	$ 897	$ –
Shares issued for the purchase of Oakmont royalty interest	$ –	$ –	$ –	$ 5,220
Conversion of convertible debenture	$ –	$ –	$ –	$ 21,318

See accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTATION

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. They do not include all the disclosures as required for annual financial statements under generally accepted accounting principles. These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the fifteen month fiscal period ended December 31, 2008, which are available through the internet on SEDAR at www.sedar.com.

Operating results for the nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent audited annual financial statements for the financial year ended December 31, 2008, except as described below and in note 3.

Derivative Instruments

Derivative instruments are recorded at fair value. Changes in the fair values of derivative instruments are recognized in net income for the period. The Company may enter into derivative instruments to manage exposure to fluctuations in metal prices, primarily copper. These derivative instruments are a part the Company's risk management strategy, and, they do not meet the hedging requirements of CICA Section 3865 – "*Hedges*", therefore the changes in fair value are recorded in earnings.

3. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2009, the Company adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(a) Section 3064 – Goodwill and Intangibles

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company evaluated the impact of this new standard and concluded that this standard did not have a significant impact on the Company's consolidated financial statements.

(b) EIC 173 – Credit Risk and the Fair value of Financial Assets and Financial Liabilities

The AcSB issued EIC-173 which requires the Company to consider its own credit risk as well as the credit risk of its counterparties when determining the fair value of financial assets and liabilities, including derivative financial instruments. The standard is effective for the first quarter of 2009 and is required to be applied retrospectively without restatement of prior periods. The adoption of this standard did not have an impact on the valuation of financial assets or liabilities of the Company.

(c) EIC 174 – Mining Exploration Costs

The AcSB issued EIC-174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The accounting treatments provided in EIC-174 have been applied in the preparation of these financial statements and did not have an impact on the valuation of the Company's mineral properties.

(d) New Accounting Standards Not Yet Adopted:

i) International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has announced its decision to replace Canadian generally accepted accounting principles ("Canadian GAAP") with International Financial Reporting Standards ("IFRS") for all Canadian publicly-listed companies. The AcSB announced that the changeover date will commence for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Company to changeover to IFRS will be January 1, 2010. Therefore, the IFRS adoption will require the restatement for comparative purposes of amounts reported by the Company for the year ending December 31, 2010. During the period, the Company has established a formal project plan, allocated internal resources and engaged expert consultants, monitored by a steering Committee to manage the transition from Canadian GAAP to IFRS reporting.

ii) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

The AcSB issued CICA Sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current Sections 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These new Sections replace existing guidance on business combinations and consolidated financial statements to harmonize Canadian accounting for business combinations with IFRS. These Sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these Sections before January 1, 2011, it is required to disclose that fact and apply each of the new sections concurrently. The Company is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

4. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital Management Objectives

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the components of shareholders' equity, as well as its cash and cash equivalents, credit facilities, and long-term equipment loan as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue equity, sell assets, or return capital to shareholders as well as issue or repay debt.

As at September 30, 2009, the Company is subject to externally-imposed capital requirements in the form of covenants relating to the long-term credit facility (note 15) requiring a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of $150,000 and production cost thresholds. Total debt is generally defined as all interest bearing liabilities, plus any guarantees of debt. Total equity is defined as total shareholder's equity including share capital, equity component of convertible debt, tracking preferred shares, contributed surplus, accumulated other comprehensive income (loss) and deficit. Tangible net worth is defined as total equity less amounts attributable to goodwill and other intangible assets and reserves attributable to interest of minority shareholders of the Company. As at September 30, 2009, the Company's is in compliance with these covenants. The Company's debt to equity was 24.77%, its tangible net worth was $291,141and its production costs were within the threshold set by the covenant.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are approved by the Board of Directors. Management also actively monitors its financial covenants to ensure compliance.

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 nine months ended September 30, 2009.

(b) Carrying Amounts and Fair Values of Financial Instrument

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instrument from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

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

The fair values of the tracking preferred shares are not readily determinable with sufficient reliability due to the difficulty in obtaining appropriate market information. It is not practicable to determine the fair value of advances from related parties because of the related party nature of such amounts and the absence of a secondary market for such instruments. The fair values of the promissory note are not readily determinable with sufficient reliability due to the uncertainty around the maturities and the future cash flows associated with the promissory note.

Aside from the financial assets mentioned above and the financial instruments in the table below, the carrying amounts of the Company's other financial assets approximate their fair values. The following tables show the estimated fair values of the financial assets:

	Estimated fair value as at	
	September 30, 2009	**December 31, 2008**
Cash and cash equivalents	$ 41,624	$ 4,587
Restricted cash (note 14)	—	4,400
Held for trading	41,624	8,987
Accounts receivable	7,675	4,606
Loans and receivables	7,675	4,606
Marketable securities and investments (note 5)	11,867	3,138
Reclamation deposits	29,481	32,396
Available for sale financial assets	41,348	35,534
Total financial assets	$ 90,647	$ 49,127

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, 2009	**December 31, 2008**
Bank indebtedness	$ –	$ 5,737
Accounts payable and accrued liabilities	16,638	53,036
Advances due to a related party	901	1,772
Liability under derivative financial instruments (note 16)	13,328	–
Convertible debt (note 11)	–	35,219
Long-term credit facility (note 15)	52,249	–
Long-term equipment loan (note 9)	5,016	–
	$ 88,132	$ 95,764

At September 30, 2009, all the Company's financial liabilities were classified as other financial liabilities and carried at amortized cost. The fair value of the long-term credit facility was determined by discounting the stream of future payments of interest and principal at 6.93%.

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

(c) Financial Instrument Risk Exposure and Risk Management

The Company is exposed in varying degrees of financial instrument related risks. The Board approves and monitors the risk management processes, including treasury policies, counterparty limits, controlling and reporting structures. The types of risk exposure and the way in which such exposure is managed are provided as follows.

(i) Liquidity Risk

During the period, the Company secured a US$50,000 36-month term facility agreement (note 15) as well as a $5,016 long-term equipment loan (note 9(b)). The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of $14,385 (note 18(a)).

The following are the principal contractual maturities of financial liabilities:

As at September 30, 2009	**Carrying amount**	**2009**	**2010**	**2011**	**Over 3 years**
Accounts payable and accrued liabilities	$ 16,638	$ 16,638	$ –	$ –	$ –
Amounts due to a related party	901	901	–	–	–
Long-term credit facility (note 15)	52,249	–	22,306	26,768	3,175
Long-term equipment loan (note 9(b))	5,016	275	1,163	1,267	2,311
Total liabilities	$ 74,804	$ 17,814	$ 23,469	$ 28,035	$ 5,486

As at December 31, 2008	**Carrying amount**	**2009**	**2010**	**2011**	**Over 3 years**
Accounts payable and accrued liabilities	$ 53,036	$ 53,036	$ –	$ –	$ –
Bank overdraft facility	5,737	5,737	–	–	–
Amounts due to a related party	1,772	1,772	–	–	–
Convertible debt (note 11)	35,219	–	–	35,219	–
Total liabilities	$ 95,764	$ 60,545	$ –	$ 35,219	$ –

(ii) Market Risk

The significant market risk exposures to which the Company is exposed are commodity price risk, foreign exchange risk, and interest rate risk.

(a) Commodity Price Risk

During the period, the Company entered into producer put and call option contracts with Credit Suisse AG (“Credit Suisse”) for approximately 50% of its targeted copper production to May 2010 from its wholly-owned Gibraltar Mine (note 16).

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

(b) *Foreign Exchange Risk*

During the period, the Company had no foreign currency hedges in place.

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

Carrying value	September 30, 2009	December 31, 2008
Cash and cash equivalents	$ 30,989	$ 2,169
Restricted cash	–	–
Accounts receivable	6,560	–
Total financial assets	$ 37,549	$ 2,169

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

Carrying value	September 30, 2009	December 31, 2008
Accounts payable and accrued liabilities	$ 1,653	$ 13,227
Convertible debt (note 11)	–	35,219
Derivative liability (note 16)	13,328	–
Long-term credit facility (note 15)	52,249	–
Total financial liabilities	$ 67,230	$ 48,446

The following exchange rates applied during the periods ended September 30, 2009 and September 30, 2008:

	Average rate		Period end spot rate	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
CAD vs. USD	1.1697	1.0188	1.0707	1.0642

A 10 percent weakening of the Canadian dollar against the US dollar at September 30, 2009 and September 30, 2008 would have affected nine months net earnings by the amounts shown below. This analysis assumes that all other variables remain constant.

	September 30, 2009	September 30, 2008
Net Earnings	$ 6,893	$ 14,588

A 10 percent strengthening of the Canadian dollar against the US dollar at September 30, 2009 would have had the equal and opposite effect on the amounts shown above, on the basis that all other variables remain constant.

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

(c) *Interest Rate Risk*

The long-term equipment loan (note 9(b)) carries a fixed interest rate of 8.60% per annum and as such is not subject to fluctuations in interest rate. The long-term credit facility (note 15) carries a floating interest of LIBOR plus 5%.

The exposure of the Company's financial assets to interest rate risk as at September 30, 2009 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)
Financial assets subject to floating interest rates	$ 41,624	0.30%	N/A
Financial assets subject to fixed interest rates	106,464	5.89%	6.63
Equity investments	11,867	N/A	N/A
Trade and other receivables	7,675	N/A	N/A
Total financial assets	$ 167,630		

The exposure of the Company's financial assets to interest rate risk as at December 31, 2008 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)
Financial assets subject to floating interest rates	$ 8,987	4.0%	N/A
Financial assets subject to fixed interest rates	109,464	6.3%	7.02
Equity investments	3,138	N/A	N/A
Trade and other receivables	4,606	N/A	N/A
Total financial assets	$ 126,195		

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

The exposure of the Company's financial liabilities to interest rate risk at September 30, 2009 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)	Weighted average period until maturity (years)
Financial liabilities subject to floating interest rates	$ 52,249	6.93%	N/A	2.33
Financial liabilities subject to fixed interest rates	5,016	8.63%	2.86	2.86
Derivative liability	13,328	N/A	N/A	N/A
Other liabilities	16,962	N/A	N/A	N/A
Total financial liabilities	$ 87,555			

The exposure of the Company's financial liabilities to interest rate risk at December 31, 2008 is as follows:

	Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)	Weighted average period until maturity (years)
Financial liabilities subject to floating interest rates	$ 5,737	4.0%	N/A	N/A
Financial liabilities subject to fixed interest rates	35,219	7.1%	2.6	2.6
Other liabilities	54,808	N/A	N/A	N/A
Total financial liabilities	$ 95,764			

A 10 percent decrease of the LIBOR rate for the nine months ended September 30, 2009 and September 30, 2008 would have affected three months net earnings by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	September 30, 2009	**September 30, 2008**
Net earnings	$ (63)	N/A

A 10 percent increase of the LIBOR rate for the nine months ended September 30, 2009 and September 30, 2008 would have had the equal and opposite effect on net earnings on the basis that all other variables remain constant.

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

5. MARKETABLE SECURITIES AND INVESTMENTS

	As at September 30, 2009		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	$ 9,880	$ (565)	$ 9,315
Investment in other public companies	2,543	9	2,552
	$ 12,423	$ (556)	$ 11,867

	As at December 31, 2008		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	$ 9,880	$ (7,297)	$ 2,583
Investment in other public companies	409	146	555
	$ 10,289	$ (7,151)	$ 3,138

As at September 30, 2009, the Company held 7,827,726 (2008 – 7,827,726) shares of Continental Mineral Corporation, a public company with certain directors in common with the Company.

Subsequent to the period end, the Company sold 1,500,000 shares of Continental Mineral Corporation for proceeds of $2,193.

6. INVENTORY

	As at September 30, 2009	As at December 31, 2008
Copper concentrate	$ 8,717	$ 6,114
Ore in-process	475	1,120
Copper cathode	784	612
Molybdenum	–	394
Materials and supplies	12,487	12,100
	$ 22,463	$ 20,340

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

7. MINERAL PROPERTY INTERESTS, PLANT AND EQUIPMENT

Plant and equipment – Gibraltar Mine

	September 30, 2009			December 31, 2008		
	Cost	Accumulated Amortization	Net book value	Cost	Accumulated Amortization	Net book value
Buildings and equipment	$ 6,281	$ 2,711	$ 3,570	$ 6,115	$ 2,421	$ 3,694
Mine equipment	89,170	10,801	78,369	58,659	9,900	48,759
Plant and equipment	108,129	6,107	102,022	97,867	4,126	93,741
Vehicles	2,856	1,460	1,396	1,864	1,086	778
Computer equipment	3,390	3,065	325	3,390	2,870	520
Social assets	402	–	402	402	–	402
Deferred pre-stripping costs	52,535	4,473	48,062	52,535	2,358	50,177
Construction in progress	56,692	–	56,692	82,542	–	82,542
Assets under capital lease	18,221	215	18,006	17,521	13	17,508
Asset retirement costs	61	–	61	–	–	–
Total Gibraltar mine	$ 337,737	$ 28,832	$ 308,905	$ 320,895	$ 22,774	$ 298,121
Other equipment and leasehold improvements	$ 423	$ 183	$ 240		$ 103	$ 283
Mineral property interests						
Gibraltar Copper Mine			16,752			16,743
Harmony property			1			1
Aley Niobium property			8,343			8,343
Oakmont royalty interest			7,520			7,520
Prosperity property			1			1
Total mineral property interests			32,617			32,608
Net asset retirement obligation adjustment			(5,711)			(6,012)
Mineral properties, plant and equipment			**$ 336,051**			**$ 325,000**

As at September 30, 2009, approximately $56,692 (December 31, 2008 – $82,542) of plant and equipment is under construction and not being amortized. Amortization recorded during the period reflected changes in accounting estimates during the period resulting from the increase in the life of the Gibraltar mine.

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

8. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions	Three months ended September 30		Nine months ended September 30	
	2009	2008	2009	2008
Hunter Dickinson Services Inc.				
Services rendered to the Company and its subsidiaries and reimbursement of third party expenses	$ 574	$ 2,006	$ 2,103	$ 5,987

Due to (from):	**As at September 30, 2009**	**As at December 31, 2008**
Hunter Dickinson Services Inc.	$ 901	$ 1,772

Hunter Dickinson Services Inc. ("HDSI") is a private company owned equally by several public companies, one of which is Taseko. HDSI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis per agreement dated June 1, 2008. Advances are interest bearing and due on demand.

The Company also has an investment in common shares of a related party as described in note 5.

9. CAPITAL LEASES AND LONG-TERM LOAN OBLIGATIONS

In addition to obligations under the Company's long term credit facility as described in note 15, future obligations under capital leases and long-term loans are as follows:

As at September 30, 2009	**Capital Lease Obligations (a)**	**Long-Term Equipment Loan (b)**	**Total Long-Term Loan Obligations**
2009	$ 1,357	$ 381	$ 1,738
2010	4,266	1,525	5,791
2011	4,266	1,525	5,791
Thereafter until 2013	6,829	2,422	9,251
Total payments	$ 16,718	$ 5,853	$ 22,571
Less: interest portion	(1,869)	(837)	(2,706)
Present value of obligations	$ 14,849	$ 5,016	$ 19,865
Current portion	(3,708)	(1,138)	(4,846)
Non-current portion	$ 11,141	$ 3,878	$ 15,019.

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

As at December 31, 2008	Capital Lease Obligations (a)	Long-Term Equipment Loan (b)	Total Long-Term Loan Obligations
2009	$ 4,280	$ –	$ 4,280
2010	4,003	–	4,003
2011	4,003	–	4,003
Thereafter until 2013	6,614	–	6,614
Total payments	$ 18,900	$ –	$ 18,900
Less: interest portion	(2,476)	–	(2,476)
Present value of obligations	$ 16,424	$ –	$ 16,424
Current portion	(3,324)	–	(3,324)
Non-current portion	$ 13,100	$ –	$ 13,100

(a) 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 with fixed interest rates.

(b) Long-term Equipment Loan

During the period, the Company entered into a 36-month term equipment loan agreement to finance the purchase of equipment for the Gibraltar Mine. The principal amount of the loan is $5,016 (increased by an additional $1,820 during the current quarter from $3,196 in the previous quarter). The loan is secured by the underlying equipment at the Gibraltar Mine.

The equipment loan is repayable commencing one month after inception in 35 equal monthly installments in the amount of $127 until August 2012. The last installment is payable in August 2012 in the amount of $1,532. The equipment loan bears a fixed interest rate at 8.63% per annum.

10. BANK INDEBTEDNESS

During the nine months ended September 30, 2009, the Company repaid an overdraft facility held with a Canadian financial institution in full.

11. CONVERTIBLE DEBT

On August 29, 2006 (the “Closing”), the Company issued US$30,000 in principal amount of five year convertible bonds due in 2011 (the "Bonds") to qualified institutional buyers (the “Bondholders”). The Bonds were convertible into the Company’s common shares. The Bonds constituted direct, unsubordinated, unsecured, general and unconditional obligations of the Company.

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

The Bonds were issued at 100% and, if not converted, could be redeemed at maturity at 101%. The Bonds carried coupon interest rates of 7.125% per annum. The Bonds also had a "put" right in August 2009 to be redeemed at 100.6%.

During the nine months period ending September 30, 2009, the Company repurchased US$20,000 of the Bonds from its Bondholders for the purpose of cancellation. In addition, the remaining Bondholders exercised the "put" right on the remaining US$10,000 during the period. The Company allocated the consideration paid on the extinguishment of the convertible bond to the liability and equity elements of the security based on their relative fair values at the date of the transaction. A gain of $1,630 was recorded in the Company's statement of operations as a result of the convertible bond redemptions.

The continuity of the Bonds is as follows:

Convertible Bonds	**9 months ended September 30, 2009**	**15 months ended December 31, 2008**
Present value of convertible bonds		
Beginning of period	$ 35,219	$ 26,693
Repurchase/redemption of US$30 million of convertible bonds	(33,646)	–
Unrealized foreign exchange loss (gain)	(2,833)	6,328
Accretion for the period	1,260	2,198
End of period	–	35,219
Conversion right		
Beginning of period	3,832	3,832
Repurchase of convertible bonds	(3,832)	–
End of period	–	3,832
Convertible Bonds	$ –	$ 39,051

Convertible Bonds	September 30, 2009	December 31, 2008
Summary of the convertible bond terms:		
Principal amount of convertible debenture	Nil	US$ 30,000
Price per common share of the unexercised conversion right	Nil	US$ 3.35
Number of common shares potentially issuable under unexercised conversion right	Nil	8,955,224

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

12. EQUITY FINANCINGS

On April 15, 2009, the Company completed a "bought deal" short form prospectus offering (the "Offering") of 13,793,104 common shares at a price of $1.45 per common share (the "Offering Price"). A syndicate of underwriters led by Raymond James Ltd. and including Wellington West Capital Markets Inc., Canaccord Capital Corporation, Jennings Capital Inc. and Paradigm Capital Inc. (collectively, the "Underwriters") acted as Underwriters in connection with the Offering.

The Company granted to the Underwriters an over-allotment option to purchase up to an additional 2,068,965 common shares at the Offering Price. The Underwriters elected to exercise the over-allotment option in full, resulting in aggregate gross proceeds to the Company of $23,000.

In addition, the Company also completed a private placement financing of 3,628,015 shares at $1.45 per common share for gross proceeds of $5,261. A finder's fee of 6% of the proceeds of the private placement financing was paid.

The Company incurred $1,443 in financing fees related to the Offering and the private placement. The net proceeds of $26,817 from the Offering were used for discharge of accounts payable and general working capital.

During the period, 9,085,715 warrants issued in December 2008 were exercised for total proceeds of $7,723 and 608,000 options were exercised for the total proceeds of $608.

13. SITE CLOSURE AND RECLAMATION OBLIGATIONS

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

Balance, December 31, 2008	$ 10,366
Changes during the period:	
Reclamation incurred	(1,045)
Accretion	718
Additional site closure and reclamation obligation recognized	61
Balance, September 30, 2009	$ 10,100

Accretion for the nine months ended September 30, 2009 of $718 (2008 – $961) was charged to the statement of operations.

14. RESTRICTED CASH

As part of the copper hedging contracts (note 16), the Company was required to set aside cash in the amount of US$2,000 at the start of the hedging program to Credit Suisse as security for the initial producer call and put option agreement (note 16).

Under the amended facility agreement (note 15), any obligations resulting from copper hedging contracts were also secured by the general security agreement between Credit Suisse and the

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Company. Therefore, the Company was no longer required to set aside cash in the amount of US$2,000 to Credit Suisse as security of the producer call and put option agreement.

In February 2007, Taseko issued a standby letter of credit, collateralized by cash in the amount of $4,400, to British Columbia Hydro and Power Authority ("B.C. Hydro") to provide security for costs to be incurred by BC Hydro relating to the electrical system reinforcements required for the Gibraltar Expansion Project in accordance with "Credit Support Agreement" between Gibraltar and B.C. Hydro. Under the agreement, the Company was required to submit a standby letter of credit as a guarantee in the amount of $4,400 in order for B.C. Hydro to initiate procurement of major equipment as part of systems reinforcements. The letter of credit was released during the period with the cash security being now reduced based on Gibraltar's consumption of power.

15. LONG-TERM CREDIT FACILITY

In February 2009 ("Utilization Date"), the Company entered into and drew upon a US$30,000 36-month term facility agreement (the "Facility") with Credit Suisse. During the three months ended September 30, 2009, the Company and Credit Suisse, as Facility Agent, and Investec Bank plc amended the Facility to increase the existing Facility by an additional US$20,000 and the Company drew an additional US$20,000. Under the amended facility agreement, the US$50,000 Facility is repayable commencing April 2010 and every second month thereafter in equal installments of US$4,167 until February 2012. The Facility bears interest at LIBOR plus 5 percent which is due and payable bi-monthly. The long-term credit facility security provided under the terms of the relevant agreements includes certain equipment of the Gibraltar Mine, a general security pledge, and the treatment and refining off-take agreement (note 18(b)) in addition to a corporate guarantee.

The Facility requires a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of $150,000 and production cost thresholds. As at September 30, 2009, the Company is in compliance with its financial covenants (note 4(a)). The Company has the option at any time after 18 months from the Utilization Date to prepay the Facility.

The Company incurred financing fees of $1,709 to obtain the Facility. This amount is being amortized to interest expense using the effective interest rate method.

Future principal payments are as follows:

	As at September 30, 2009
2009	$ –
2010	22,306
2011	26,768
2012	4,461
Total payments	$ 53,535
Less: unamortized financing fees	(1,286)
Present value of credit facility obligations	52,249
Current portion	(13,384)
Non-current portion	$ 38,865

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

16. DERIVATIVE FINANCIAL INSTRUMENTS

In May 2009, the Company entered into a producer put and call option contract with Credit Suisse for approximately 50% of its targeted copper production to the end of 2009. Under the terms of the contract, the Company will receive the prevailing market copper price while within the price range. Should the market price be outside the price range, the Company will receive a minimum of US$1.88 per pound and a maximum of US$2.36 per pound.

In June 2009, the Company entered into a second contract with Credit Suisse that is effective from January 2010 to March 2010 with a new price range of US$2.00 – US$2.61 per pound for approximately 50% of its targeted copper production at its Gibraltar Mine.

In July 2009, the Company entered into a third contract that is effective from April 2010 to May 2010 with a new price range of US$2.15 – US$2.73 per pound for approximately 50% of its targeted copper production at its Gibraltar Mine.

For accounting purposes, the Company determined that these contracts are derivative financial instruments that should be measured at fair value at each reporting date with all changes in fair value included in the net earnings (loss) in the period in which they arise. During the nine months ended September 30, 2009, the Company recorded a mark-to-market loss of $15,106 of which $3,568 (paid or accrued) was realized during the period ended September 30, 2009.

Contracts outstanding at September 30, 2009 are as follows:

Contract Period	Floor Price Price US$/lb	Cap Price Price US$/lb	Purchased metric tonne (mt) of copper
May to December 2009	$ 1.88	$ 2.36	6,800
January to February 2010	$ 2.00	$ 2.51	3,000
February 2010 to March 2010	$ 2.00	$ 2.61	1,500
April to May 2010	$ 2.15	$ 2.73	3,000

The fair value of contracts outstanding at September 30, 2009 is as follows:

Option	Strike Price US$/lb	Notional Quantity mt of copper	Due Date	Fair Value (Liability)/Asset US$
Call option	$ 2.36	6,800	Dec 31, 2009	$ (6,771)
Call option	$ 2.51	3,000	Feb 26, 2010	(2,733)
Call option	$ 2.61	1,500	Mar 31, 2010	(1,282)
Call option	$ 2.73	3,000	May 31, 2010	(2,406)
				$ (13,192)
Put option	$ 1.88	6,800	Dec 31, 2009	$ 8
Put option	$ 2.00	3,000	Feb 26, 2010	114
Put option	$ 2.00	1,500	Mar 31, 2010	104
Put option	$ 2.15	3,000	May 31, 2010	518
				$ 744
			Total Fair Value of Contracts (in USD)	$ (12,448)
			Total Fair Value of Contracts (in CAD)	$ (13,328)

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17. ROYALTY OBLIGATIONS

	As at September 30, 2009	As at December 31, 2008
Royalty obligation – Red Mile No. 2 LP	$ 61,977	$ 64,357
Royalty offering – Gibraltar Royalty LP	6,511	–
Total royalty obligations	$ 68,488	$ 64,357

During the quarter, the Company entered into an agreement with an unrelated investment partnership, Gibraltar Royalty Limited Partnership ("GRLP"). Gibraltar sold to GRLP a royalty for $6,511 cash.

Annual royalties will be payable by Gibraltar to GRLP at rates ranging from $0.003 per pound to $0.004 per pound of copper produced during the period from September 1, 2009 to December 31, 2012 (the "Royalty Period"). For the period ended September 30, 2009, Gibraltar paid $32 in royalty payments. These royalty payments are recognized as an expense during the period.

The Company classified the principal balance of royalty obligation as a financial liability to be settled in a future period. The Company has a pre-emptive option to repurchase ("call") the royalty obligation by acquiring the GRLP partnership units after March 1, 2010 to December 31, 2010 in consideration of a payment which is equal to the funds received by the Company plus a 20% premium payable in the Company's shares or cash. GRLP also has a right to sell ("put") its GRLP partnership units to the Company at fair value after April 1, 2010 to December 31, 2012. However, this "put" right is subject to the Company's pre-emptive right to exercise the "call" in advance of any "put" being exercised and completed.

In accordance with AcG-15, the Company has determined that the royalty agreement created certain variable interest entities for which the Company holds a variable interest. However, as the Company is not the primary beneficiary under the agreement, it is not required to consolidate any of such entities.

18. COMMITMENTS

(a) Advances for equipment

As at September 30, 2009, the Company paid $4,753 in advance deposits for equipment to be received in next periods, none of which has been classified as current. The Company is further committed to equipment purchases in relation to its expansion activities in the amount of $14,385.

(b) Treatment and refining agreement

The Company commenced its six-year agreement with MRI Trading AG ("MRI"), a Swiss-based metal trading company, for the treatment and refining of Gibraltar copper concentrate during the period. Under the terms of the agreement, the Company has secured long-term and fixed rates for processing approximately 1.1 million tons of copper concentrate until December 31, 2014. The Company has the right to price payable copper within the concentrate based on a quotational period, declared prior to, and covering each ensuing calendar year.