Taseko Mines Limited
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TASEKO REPORTS THIRD QUARTER 2012 RESULTS AND PROVIDES OPERATIONAL UPDATE

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

October 31, 2012, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE MKT: TGB) ("Taseko" or the "Company") reports the results for the three months ended September 30, 2012.

Highlights

- Revenues for the third quarter 2012 were $61.0 million from the sale of 16.1 million pounds of copper and 209 thousand pounds of molybdenum (Taseko's 75% share).
- Total production at Gibraltar for the quarter ended September 30, 2012 was 23.7 million pounds of copper and 276 thousand pounds of molybdenum.
- Gibraltar Development Plan 3 (GDP3) is seven weeks from initial commissioning. During the third quarter, first phase commissioning of the conveyor system was completed.
- Spending on New Prosperity and Aley projects in the third quarter totalled $6.8 million.
- On September 20, 2012 Taseko submitted the Environmental Impact Statement for the New Prosperity Project to the Federal Review Panel established for the federal environmental assessment of the project.
- Gibraltar received the Mine Reclamation Award from the Provincial Government's Technical and Research Committee on Reclamation in recognition for its large-scale reclamation projects and progressive reclamation research trials.

For the three months ended September 30, 2012, Taseko had gross profit of $11.7 million, a net loss of $3.9 million and adjusted net earnings of $1.5 million. This compares to gross profit of $25.2 million, net earnings of $30.0 million and an adjusted net loss of $2.0 million for the three months ended September 30, 2011.

Russell Hallbauer, President and CEO of Taseko, commented, "With the ramp up of GDP2 effectively behind us and commissioning of GDP3 expected to commence later this quarter, we are in an enviable position heading into next year. 2013 will be a year of significant growth with the potential to nearly double our revenue with a commensurate increase in free cash flow and earnings. At the same time, exploration and evaluation expenditures will be approximately one half of 2012 levels as the majority of our project work is complete. This reduction in project expenditures will translate into near-term earnings improvements."

Mr. Hallbauer continued, "Current production has achieved steady state at very close to capacity. As previously disclosed, both the third and fourth quarter production will be somewhat impacted by GDP3 tie-ins, which will have a negative impact on operating costs. Taking into account downtime in the quarter, the concentrator operated at 95% of daily design capacity. Now that we have the mill running at consistent levels, we will focus on metal recoveries and other optimization initiatives."

Mill throughput is anticipated to be 12 to 14 million tons during the first half of 2013 while GDP3 is ramping up. For the second half of 2013, mill throughput is forecast to be 14 to 15 million tons.

Mr. Hallbauer concluded, “In the third quarter, we continued spending on both our New Prosperity and Aley projects. At Aley, most of the technical work that is required to upgrade the mineral resource to a 43-101 compliant reserve has been completed. Metallurgical tests and the process flowsheet are nearly finalized and we are encouraged by results to-date. For New Prosperity, our 2013 budget is comprised mainly of environmental assessment work and detailed engineering. Discussions are well advanced on marketing arrangements for both New Prosperity and Aley – we intend to conclude off-take agreements in the new year. Our expectation is that both projects will be construction ready in 2014, at which time we will determine optimal sequencing to effectively manage our future growth.”

Taseko will host a conference call on Thursday, November 1, 2012 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. The conference call may be accessed by dialing (877) 303-9079, or (970) 315-0461 internationally. Accompanying presentation slides will be available to download at tasekomines.com. Alternatively, a live and archived webcast will also be available at tasekomines.com. The conference call will be archived for later playback until November 8, 2012 and can be accessed by dialing (855) 859-2056 in Canada and the United States, or (404) 537-3406 internationally and using the passcode 37379760.

For further information contact: Brian Bergot, Investor Relations – 778-373-4554, toll free 1-800-667-2114

Russell Hallbauer
President and CEO

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

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

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

TASEKO MINES LIMITED

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the unaudited condensed consolidated interim financial statements and notes thereto, prepared in accordance with IFRS for the three-month and nine-month periods ended September 30, 2012 (collectively, the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this MD&A. This MD&A should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2011, prepared in accordance with IFRS, the related MD&A, and the most recent Form 40-F/Annual Information Form on file with the US Securities and Exchange Commission ("SEC") and Canadian provincial securities regulatory authorities.

This MD&A is prepared as of October 31, 2012. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Cautionary Statement on Forward-Looking Information

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploitation activities, and events or developments that the Company expects are forward-looking statements. Although we believe the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements. We disclaim any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable law. Further information concerning risks and uncertainties associated with these forward-looking statements and our business may be found in our most recent Form 40-F/Annual Information Form on file with the SEC and Canadian provincial securities regulatory authorities.

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FINANCIAL HIGHLIGHTS

(Cdn$ in thousands)	Three months ended September 30, 2012	2011	% Change	Nine months ended September 30, 2012	2011	% Change
Revenues	60,999	84,204	(28%)	190,729	191,354	0%
Gross profit	11,740	25,174	(53%)	44,873	67,024	(33%)
Net earnings (loss)	(3,851)	30,028	(113%)	(8,880)	34,668	(126%)
Per share ("EPS") [1]	(0.02)	0.15	(113%)	(0.05)	0.18	(126%)
Adjusted net earnings (loss) [2]	1,491	(1,991)	175%	5,805	7,842	(26%)
Per share ("adjusted EPS") [1,2]	0.01	(0.01)	175%	0.03	0.04	(26%)
Adjusted EBITDA [2]	6,216	13,667	(42%)	27,791	37,773	(26%)
Capital expenditures	56,892	16,313	249%	129,900	34,973	271%

	Sept. 30, 2012	Dec. 31, 2011	% Change
Cash and equivalents	200,754	277,792	(28%)
Dual currency deposits within other financial assets	-	40,602	>(100%)
Non-cash working capital [2]	(6,539)	98,117	(107%)
Net debt (cash) [2]	31,787	(86,139)	137%
Equity	471,516	496,817	(5%)

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

[2] Adjusted net earnings, adjusted EPS, EBITDA, adjusted EBITDA, non-cash working capital and net debt are non-GAAP financial performance measures with no standard definition under IFRS. See pages 16-19 of this MD&A.

Revenues for the third quarter 2012 were $61.0 million, a 28% decrease from the prior-year quarter as a result of a 26% reduction in copper sales volumes and a slight decrease in average realized copper prices. During the quarter, mill throughput and production were reduced due to significant planned downtime associated with GDP3 tie-ins and were noteworthy factors in the decline in sales volumes.

Gross profit for the third quarter was $11.7 million, compared to $25.2 million in the prior-year quarter. In addition to the above noted decrease in revenues, there was a 13% increase in per unit cost of sales in the quarter which combined for a 53% decrease in gross profit in the third quarter 2012 compared to the 2011. The GDP3 expansion has also impacted operating costs -- notably labour costs. Most of the required labour force to operate the GDP3 concentrator has already been hired.

Adjusted net earnings for the third quarter 2012 were $1.5 million or $0.01 per share compared to an adjusted net loss of $2.0 million or $0.01 per share in the prior-year quarter.

RECENT DEVELOPMENTS AND MARKET REVIEW

Market review

The spot market for copper based on London Metals Exchange (LME) demonstrated significant strength during the third quarter of 2012. The highest price level during the quarter was US$8,363 per tonne on September 14th which was 10% above the $7,635 per tonne level at the beginning of the quarter. Prices demonstrated modest volatility throughout the quarter and closed at US$8,301 per tonne on September 28th which was the last trading day of the quarter.

Copper markets were buoyed by a slightly improved global economic sentiment through the summer based partially on the perception that the European financial situation was stabilizing. In addition, broadly there was an acceptance that despite the slowing demand for copper in China, there is still support that current copper pricing levels and balanced supply and demand in the marketplace would prevail. The average realized price for copper during the third quarter of 2012 was US$3.64 per pound.

REVIEW OF OPERATIONS AND PROJECTS

Gibraltar mine

	Three months ended				
Operating Data (100% basis)	**Sept. 30, 2012**	**June 30, 2012**	**Mar. 31, 2012**	**Dec. 31, 2011**	**Sept. 30, 2011**
Tons mined (millions)	**16.8**	15.8	15.7	15.4	13.7
Tons milled (millions)	**4.3**	3.9	3.9	4.3	4.0
Strip ratio	**2.8**	3.4	2.9	2.7	2.9
Copper concentrate					
Grade (%)	**0.321**	0.334	0.305	0.292	0.293
Recovery (%)	**82.8**	88.1	87.0	86.5	87.2
Production (million pounds)	**22.9**	23.0	20.7	21.8	20.5
Sales (million pounds)	**20.5**	25.7	17.0	19.7	28.0
Inventory (million pounds) [5]	**4.3**	2.6	6.8	4.2	2.4
Copper cathode					
Production (million pounds)	**0.7**	0.9	0.1	0.5	0.8
Sales (million pounds)	**0.9**	0.7	-	0.9	1.2
Molybdenum					
Grade (%)	**0.009**	0.013	0.013	0.012	0.012
Recovery (%)	**33.7**	36.7	43.1	38.8	33.5
Production (thousand pounds)	**276**	379	438	388	324
Sales (thousand pounds)	**279**	361	472	358	319
Per unit data (US$ per pound) [1,4]					
Operating cash costs [1,2]	**$ 2.35**	$ 2.12	$ 2.38	$ 1.91	$ 1.91
By-product credits [3]	**(0.15)**	(0.23)	(0.39)	(0.25)	(0.28)
Net operating cash costs of production [1]	**$ 2.20**	$ 1.89	$ 1.99	$ 1.66	$ 1.64
Total cash costs of sales [1]	**$ 2.60**	$ 2.47	$ 2.23	$ 2.20	$ 2.33

[1] Operating cash costs, net operating cash costs of production and total cash costs of sales are non-GAAP financial performance measures with no standard definition under IFRS. See pages 16-19 of the Company's MD&A.

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

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

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

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

In third quarter 2012, Gibraltar mined 16.8 million tons of material, a 6% increase over tons mined in the second quarter and a 23% increase over the third quarter 2011. The strip ratio in the third quarter 2012 was 2.8, below the 3.4 strip ratio in the second quarter and slightly lower than the 2.9 strip ratio in the third quarter of 2011.

Gibraltar milled 4.3 million tons during the third quarter 2012, a 10% increase over the second quarter's tons milled and a 7% increase over third quarter 2011. Concentrator throughput continued to improve during the third quarter and during September, factoring in mill availability, operated at 95% of the designed capacity of 55,000 tons per day. Mill availability, however, was lower due to significant planned downtime associated with GDP3 tie-ins. Operating time during third quarter 2012 was 86.9% compared to 91.4% in the second quarter.

Copper concentrate production during third quarter 2012 was 22.9 million pounds, in line with the 23.0 million pounds produced in the second quarter and a 12% increase over the 20.5 million pounds produced in the third quarter 2011. The impact of the increase in tons milled in the third quarter compared to the second quarter was offset by lower quarter-over-quarter copper head grades and recoveries.

Molybdenum production during third quarter 2012 was 276 thousand pounds, down 27% compared to the second quarter as a result of lower molybdenum head grades and recoveries. Year over year, molybdenum production is lower primarily due to a decrease in head grade.

In the third quarter 2012, total net operating cash costs per pound of copper produced averaged US$2.20, a 16% increase over the US$1.89 per pound averaged in the second quarter and a 34% increase over the US$1.64 averaged during third quarter 2011. Negatively impacting cash costs per pound is the decline in recoveries from 88.1% in second quarter to 82.8% in the third quarter. This decrease in recoveries resulted in lost production of approximately 1.2 million pounds of copper in concentrate which equates to an increase in net operating cash costs US$0.14 per pound, all else equal. As mill operations focus during the third quarter was achieving design rates in mill throughput, the modifications implemented affected grind size reporting to flotation which adversely impacted copper recovery. Currently, the mill is maintaining the increased throughput while achieving design grind size and attendant improved copper recovery. Also impacting net operating cash costs was the decrease in by-products credits from US$0.23 per pound in the second quarter to US$0.15 per pound in the third quarter, due to a decrease in both molybdenum production and average realized molybdenum prices. The new molybdenum plant is planned for commissioning during the fourth quarter and molybdenum recovery is expected to reach design rates during the first half of 2013.

Gibraltar Development Plan (GDP3)

Construction activities continue to proceed as planned with the majority of the concrete and steelwork having been completed and major components such as the SAG and ball mill installed. The new reclaim barge is completed and was launched during October, and commissioning of the first phase of conveyors for the project was completed and turned over to operations and is now in production. Current work underway is mostly comprised of completion of installation of electrical and instrumentation wiring, pump and piping installation, and testing of circuits in preparation of wet commissioning. Wrap up work on structural and access features is also ongoing.

The project remains on time and on budget with commissioning of the molybdenum plant to begin in November and the main concentrator in December 2012.

New Prosperity project

The environmental assessment announced by CEAA remains in process under the timeline identified in their November 7, 2011 press release. On September 20, 2012, we submitted the Environmental Impact Statement (EIS) to the three-member Review Panel established for the federal environmental assessment of the project. The Review Panel terms of reference require that the Panel determine whether it has sufficient information to proceed to public hearings no later than December 11, 2012. The next stage in the federal environmental assessment process will be public hearings, followed by the Panel's preparation and submission of a report to the Federal Minister of the Environment.

Aley project

The Aley project continued to advance in the third quarter with good progress on metallurgical testing, engineering refinement on mine site components, tailings storage facility, and transmission line options. Field work consisted of environmental baseline data gathering, access upgrading, and geotechnical data gathering in the concentrator and tailings locations. We expect to advance engineering to enable an investment decision in early 2013.

FINANCIAL PERFORMANCE

Earnings

	Three months ended September 30,				Nine months ended September 30,			
(Cdn$ in thousands)	2012	2011	Change	% Change	2012	2011	Change	% Change
Net (loss) earnings	(3,851)	30,028	(33,879)	(113%)	(8,880)	34,668	(43,548)	(126%)
Unrealized loss (gain) on derivatives	8,468	(48,320)	56,788	(118%)	22,482	(44,873)	67,355	(150%)
Gain on sale of marketable securities and dividend income	-	-	-	-	(877)	(6,443)	5,566	(86%)
Changes in fair value of warrants	-	-	-	-	-	529	(529)	(100%)
Non-recurring consulting expenses	-	4,043	(4,043)	(100%)	-	4,043	(4,043)	(100%)
Unrealized (income) loss on DCDs	(43)	1,468	(1,511)	(103%)	(310)	1,319	(1,629)	(124%)
Loss on contribution to joint venture	-	183	(183)	(100%)	-	3,987	(3,987)	(100%)
FX translation (gains) losses	(977)	(230)	(747)	325%	(1,286)	3,701	(4,987)	(135%)
Estimated tax effect of adjustments	(2,106)	10,837	(12,943)	(119%)	(5,324)	10,911	(16,235)	(149%)
Adjusted net earnings (loss) [1]	1,491	(1,991)	3,482	(175%)	5,805	7,842	(2,038)	(26%)

[1] Adjusted net earnings is non-GAAP financial performance measures with no standard definition under IFRS. See pages 16-19 of this MD&A.

In the third quarter of 2012, we realized a net loss of $3.9 million, compared to net income of $30.0 million in the prior-year quarter. Included in net earnings are a number of items that management believes require adjustment in order to better measure the underlying performance of the business, and has presented these items in the table above.

Unrealized gains/losses on derivatives can vary significantly each period and have a significant impact on earnings. These swings are a result of changes in the derivatives comprising our hedge program at the balance sheet date, and marking-to-market this copper hedge position using the forward copper price at the balance-sheet date. The hedge position at the end of September 30, 2012 was comprised of collars hedging 17.2 million pounds of our share of Gibraltar's copper production for fourth quarter 2012 and put options hedging 59.6 million pounds of our share of Gibraltar's copper production for 2013. In contrast, the hedge position at the end of September 30, 2011 was comprised of put options on 18.5 million pounds of our share of Gibraltar's copper production for the remainder of 2011 as well as collars hedging 68.5 million pounds of our share of Gibraltar's production for all of 2012.

To arrive at adjusted net earnings, we removed the foreign currency translation impact, the unrealized gains/losses on the derivative instruments, and the unrealized income/losses on dual currency deposits (DCDs) from our adjusted net earnings measure as they are not indicative of a realized economic gain/loss or the underlying performance of the business in the period. The realized gains/losses on these monetary items and derivative and financial positions are reflected in net earnings in the period in which the position is settled.

The resultant adjusted net earnings are a non-GAAP performance measure that we believe is more representative of ongoing operations. Contributing to the $3.5-million increase in the quarterly adjusted net earnings year over year are the following changes:

- $9.8-million decrease in cost of sales;
- $5.2-million decrease in foreign exchange losses;
- $2.3-million decrease in finance expense;
- $1.3-million decrease in various other expenses;
- offset by a $23.2-million decrease in revenues;
- $0.9-million increase in exploration and evaluation expenses; and
- an estimated $9.1 million for the associated tax effects of these items.

Contributing to the $2.0-million decrease in the nine-month adjusted net earnings are the following changes:

- $21.5-million increase in cost of sales;
- $8.2-million increase in exploration and evaluation expenses;
- $0.6-million decrease in revenues;
- offset by a $7.1-million decrease in realized losses on copper derivative instruments;
- $5.1-million decrease in foreign exchange losses;
- $3.0-million increase in finance income;
- $2.9-million decrease in general and administrative and other expenses; and
- an estimated $10.5 million for the associated tax effects of these items.

Each of the above-noted changes is examined in further detail in the sections below.

Revenues

	Three months ended September 30,				Nine months ended September 30,			
(Cdn$ in thousands)	**2012**	**2011**	**Change**	**% Change**	**2012**	**2011**	**Change**	**% Change**
Copper concentrate	55,900	76,535	(20,635)	(27%)	173,591	173,142	449	0%
Copper cathode	2,391	3,314	(923)	(28%)	4,268	4,737	(469)	(10%)
	58,291	79,849	(21,558)	(27%)	177,859	177,879	(20)	0%
Molybdenum concentrate	1,919	3,192	(1,273)	(40%)	10,473	10,878	(405)	(4%)
Silver contained in copper concentrate	789	1,163	(374)	(32%)	2,397	2,597	(200)	(8%)
	60,999	84,204	(23,205)	(28%)	190,729	191,354	(625)	0%
(thousands of pounds, unless otherwise noted)								
Copper concentrate	15,409	20,989	(5,580)	(27%)	47,374	44,146	3,228	7%
Copper cathode	679	860	(182)	(21%)	1,202	1,193	9	1%
Total copper sales	16,088	21,849	(5,761)	(26%)	48,576	45,339	3,237	7%
Average realized copper price (US$ per pound) [1]	$3.64	$3.73	($0.08)	(2%)	$3.65	$4.01	($0.36)	(9%)
Average LME copper price (US$ per pound)	$3.50	$4.07	($0.58)	(14%)	$3.61	$4.20	($0.59)	(14%)

[1] The average exchange rate used for third quarter 2012 and nine months ended September 30, 2012 were CAD/USD $0.9949 and $1.0021, respectively (2011: $0.9807 and $0.9781).

Revenues for the third quarter 2012 decreased by $23.2 million, or 28%, compared to revenues in the prior-year period as a result of significantly lower copper sales. Our copper revenues during the third quarter decreased by 27% year over year as a result of a 26% decrease in copper sales volumes combined with a 2% decrease in average realized copper prices. The Company's average realized copper price of US$3.64 per pound for the third quarter 2012 was better than the LME average of US$3.50 per pound.

For the nine months ended September 30, 2012, revenues remained relatively constant compared to the prior-year period. Our copper revenues for the first nine months of 2012 also remained relatively constant compared to 2011 due to a 7% increase in copper sales volumes being offset by a 9% decrease in average realized copper prices. Our average realized copper price of US$3.65 per pound for the nine months ended September 30, 2012 was in line with the LME average for the period.

Cost of sales

	Three months ended September 30,				Nine months ended September 30,			
(Cdn$ in thousands)	2012	2011	Change	% Change	2012	2011	Change	% Change
Direct mining and processing costs	41,564	30,105	11,459	38%	117,128	92,364	24,764	27%
Depreciation	4,946	4,609	337	7%	13,449	9,945	3,504	35%
Treatment and refining costs	2,940	4,085	(1,145)	(28%)	9,530	8,659	871	10%
Transportation costs	3,421	4,325	(904)	(21%)	10,490	9,708	782	8%
Changes in inventories of finished goods and WIP	(3,612)	15,906	(19,518)	(123%)	(4,741)	3,654	(8,395)	(230%)
	49,259	59,030	(9,771)	(17%)	145,856	124,330	21,526	17%
(thousands of pounds)								
Copper production	17,771	15,994	1,777	11%	51,332	45,412	5,919	13%
Copper sales	16,088	21,849	(5,761)	(26%)	48,576	45,339	3,237	7%
(C$ per pound)								
Direct mining and processing costs per pound produced	$2.34	$1.88	$0.46	24%	$2.28	$2.03	$0.25	12%
Depreciation per pound produced	$0.28	$0.29	($0.01)	(3%)	$0.26	$0.22	$0.04	20%
Treatment and refining costs per pound sold	$0.18	$0.19	($0.01)	(2%)	$0.20	$0.19	$0.01	3%
Transportation costs per pound sold	$0.21	$0.20	$0.01	7%	$0.22	$0.21	$0.00	1%

Contributing to the year-over-year increase in direct mining and processing costs for the third quarter was a 23% increase in tons mined and a 7% increase in tons milled. In addition, direct mining and processing costs for the third quarter 2012 compared to the prior-year quarter were negatively impacted by higher labour, maintenance, external services and consumable costs.

Depreciation expenses during the third quarter have increased year over year, reflecting an increase in assets placed into service as well as an increase in production levels. Treatment and refining costs and transportation costs have decreased, consistent with the decrease in sales volumes.

For the nine months ended September 30, 2012, direct mining and processing costs increased by 27% over the prior-year period. Contributing to the year-over-year increase in direct mining and processing costs was a 15% increase in tons mined and 12% increase in tons milled. Also adversely impacting direct mining and processing costs for the nine months ended September 30, 2012 compared to the prior-year period were higher labour, maintenance and consumable costs.

Other expenses and income

	Three months ended September 30,				Nine months ended September 30,			
(Cdn$ in thousands)	2012	2011	Change	% Change	2012	2011	Change	% Change
General and administrative	3,695	4,233	(538)	(13%)	13,103	15,723	(2,620)	(17%)
Exploration and evaluation	6,789	5,909	880	15%	15,970	7,747	8,223	106%
Other operating expenses (income)	8,947	(42,645)	51,592	(121%)	25,118	(30,884)	56,002	(181%)
Loss on contribution to joint venture	-	183	(183)	(100%)	-	3,987	(3,987)	(100%)
Finance expenses	3,217	5,479	(2,262)	(41%)	11,481	11,372	109	1%
Finance income	3,316	2,216	1,100	50%	10,083	10,539	(456)	(4%)
Foreign exchange (gain) loss	(469)	5,479	(5,948)	109%	(435)	9,666	(10,101)	(105%)

The $0.5-million decrease in general and administrative expenses in third quarter 2012 is primarily due to a $0.6-million decrease in share-based compensation costs, offset by increases in various other expenses. For the nine months ended September 30, 2012, general and administrative expenses decreased by $2.6 million. Contributing to the variation was a $2.8-million decrease in share-based compensation costs, offset by increases in various other expenses.

The increase in third quarter exploration and evaluation expenses year over year reflects a significant increase in activity at both the Aley project and the New Prosperity project. During third quarter 2012, approximately $5.6 million was spent on Aley and approximately $1.2 million was spent on the New Prosperity project. For the nine months ended September 30, 2012, approximately $9.9 million was spent on Aley, approximately $5.9 million was spent on the New Prosperity project, and $0.2 million was spent on other projects.

The increase in other operating expenses in third quarter 2012 is primarily attributable to gains and losses associated with our copper hedge program. In third quarter 2012, we recognized $8.5 million in unrealized losses and $0.8 million in realized losses. This compares to $48.3 million in unrealized gains and $1.8 million in realized losses that were recognized in third quarter 2011. For the nine months ended September 30, 2012, there was a $56.0-million increase in other operating expenses compared to the prior-year period. We have recognized $22.5 million in unrealized losses and $3.4 million in realized losses year to date, compared to $44.9 million in unrealized gains and $10.5 million in realized losses that were recognized in the prior-year period. The amount of gain or loss on the copper hedge program is driven by changes in copper prices relative to the fixed price in our put and call option contracts.

Finance expenses for third quarter 2012 are net of $2.2 million of interest capitalized on the GDP3 project and this explains the decrease in finance expenses compared to third quarter 2011. After adjusting for capitalized interest, finance expenses in the third quarter have remained relatively constant year over year. For the nine months ended September 30, 2012, after adjusting for capitalized interest of $4.8 million, finance expenses have increased due to inclusion of a full nine months of interest expense on the senior notes in 2012 compared to five and a half month's interest in 2011 excluding the period prior to the transaction.

Finance income is primarily comprised of income earned on the promissory note and reclamation deposits, as well as gains and losses on the dual currency deposits. During third quarter 2012, income from these items increased $1.1 million compared to third quarter 2011. For the nine months ended September 30, 2012, interest income and the dual currency deposits contributed $4.6 million more to finance income when compared to the prior-year period. During the nine months ended September 30, 2011, we realized a $6.0-million gain on the sale of marketable securities which explains the net decrease in finance income compared to the nine-month period for 2012.

Foreign exchange gains and losses arise as a result of the significant transactions we undertake in US dollars. All of our revenue transactions are denominated in US dollars. We incur certain capital and operating expenditures in US dollars, as well as make interest payments on our senior notes in US dollars. As a result of movements in exchange rates between the date we initially record our transaction and the date payment is made/received, we incur foreign exchange gains and losses. In addition, we have significant monetary assets and liabilities denominated in US dollars that are translated to our functional currency, which is Canadian dollars, at each balance sheet date resulting in a foreign exchange gain or loss. These monetary assets and liabilities include cash, accounts receivable, interest payable and the senior notes.

Income tax

	Three months ended September 30,				**Nine months ended September 30,**			
(Cdn$ in thousands)	**2012**	**2011**	**Change**	**% Change**	**2012**	**2011**	**Change**	**% Change**
Current (recovery) expense	(2,816)	7,913	(10,729)	(136%)	3,876	8,842	(4,966)	(56%)
Deferred (recovery) expense	(456)	10,811	(11,267)	(104%)	(5,277)	16,442	(21,719)	(132%)
	(3,272)	18,724	(21,996)	(117%)	(1,401)	25,284	(26,685)	(106%)
Effective tax rate	45.9%	38.4%			13.6%	42.2%		
Canadian statutory rate	25.0%	26.5%			25.0%	26.5%		
BC Mineral tax rate	9.8%	9.8%			9.8%	9.8%		

The effective tax rate for third quarter 2012 is approximately 11.1 percentage points higher than the statutory rate primarily due to the BC Mineral tax, permanent differences and unrecognized tax benefits.

The effective tax rate for third quarter 2011 is higher than the statutory rate due to the mineral tax, permanent differences and unrecognized tax benefits. Certain items that are deductible for income tax purposes are not deductible for BC Mineral tax purposes as well as non-deductible share-based compensation contributed to a 2.1 percentage point increase over the statutory rate.

The effective tax rate for the nine months ended September 30, 2012 is in a recovery position when compared to the statutory rate. The difference from the statutory rate primarily due to the BC Mineral tax, permanent differences and unrecognized tax benefits account for the majority of the difference. Other items, including the impact of the reduction of corporate tax rates and benefits not recognized for tax purposes created minor impacts on the effective tax rate.

The effective tax rate for the nine months ended September 30, 2011 is higher than the statutory rate due to the mineral tax, permanent differences and unrecognized tax benefits. Certain items that are deductible for income tax purposes are not deductible for BC Mineral tax purposes which contributed to an increase over the statutory rate. In addition, permanent differences, such as non-deductible share-based compensation, accounted for the remaining differences from the statutory rate.

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	**As at September 30, 2012**	**As at December 31, 2011**
Cash and equivalents	200,754	277,792
Current assets excluding cash	81,526	159,131
Non-current assets	580,546	446,003
Other assets	117,244	111,806
Total assets	**980,070**	**994,732**
Current liabilities	88,065	61,014
Long-term debt	217,409	218,502
Other liabilities	203,080	218,399
Total liabilities	**508,554**	**497,915**
Equity	**471,516**	**496,817**
Non-cash working capital [1]	(6,539)	98,117
Net debt (cash) [1]	31,787	(86,139)
Total common shares outstanding (millions)	190.5	196.5

[1] Non-cash working capital and net debt (cash) are non-GAAP financial performance measures with no standard definition under IFRS. See pages 16-19 of this MD&A.

Our asset base is comprised principally of non-current assets including property, plant and equipment, reflecting the capital intensive nature of the mining business. Our current assets include cash, accounts receivable, other financial assets and inventories (supplies and production inventories), along with other current assets that are primarily prepaid expenses and deposits. Production inventories, accounts receivable and cash balances fluctuate in relation to our shipping and cash settlement schedules, which provide for payment typically one month after the month of arrival at the receiving port.

Current assets including cash have decreased by $154.6 million, offset by a $134.5-million increase in property, plant and equipment.

Total liabilities have increased from $497.9 million as at December 31, 2011 to $508.6 million at September 30, 2012. Current liabilities have increased by $27.1 million, offset by a $15.3-million decrease in other liabilities.

During the third quarter 2012, the Company moved into a net debt position. Previously, the Company's cash position more than offset its debt. The net debt position is primarily a result of the cumulative spending on GDP3 expansion outpacing the cash generated from operations.

As at October 31, 2012, there were 190,572,455 common shares outstanding. In addition, there were 12,897,500 director, employee and contractor stock options. More information on these instruments and the terms of their exercise is set out in note 21 of our 2011 annual financial statements.

Liquidity, cash flow and capital resources

At September 30, 2012, the Company had cash and equivalents of $200.8 million, as compared to $277.8 million at December 31, 2011. At December 31, 2011, an additional $40.6 million of highly-liquid money market instruments were recorded as current other financial assets, but were converted to cash and equivalents during first quarter 2012. We maintained our strategy of retaining significant liquidity to fund operations and the GDP3 expansion.

Operating cash flow for third quarter 2012 was an inflow of $30.1 million compared to an outflow of $7.2 million for the prior-year quarter. Adjusting for a $26.7-million increase in non-cash working capital, operations generated a cash inflow of $3.4 million during the third quarter of 2012. This compares to adjusted operating cash outflow of $2 million in the third quarter of 2011.

The principal use of operating cash flows during the quarter was capital expenditures, investment in financial assets (including the purchase of copper put options), and the repurchase of common shares. With the issuance of the senior notes, future uses of operating cash flow include the repayment of debt and interest.

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

Cash used for investing activities for third quarter 2012 was $61.2 million, of which $56.9 million was invested in property, plant and equipment. The prior-year quarter reflects $16.3 million invested in property, plant and equipment and $73.7 million invested in dual currency deposits.

Cash used for financing activities for third quarter 2012 was $8.8 million compared to $3.1 million for the prior-year quarter. Included in third quarter 2012 is the repurchase of common shares for $4.9 million and a combined $4.3 million for debt repayment and interest charges. Included in third quarter 2011 was a combined $3.3 million for debt repayment and interest charges.

Hedging strategy

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

The amount and duration of our hedge position is based on our assessment of business-specific risk elements combined with the copper pricing outlook. Currently we have 17.2 million pounds, or 90%, of our share of the estimated remaining 2012 Gibraltar production hedged at US$3.50 per pound. This increased hedging level is based on the potential risks associated with a copper price correction during the build-out of GDP3. This corresponds with a period of heightened vulnerability given the scope of the capital expenditure and working capital requirements during 2012. The project is scheduled to be completed and commissioned in late 2012.

We have also hedged 33.1 million pounds of our share of Gibraltar's production for the first half of 2013 at US$3.00 per pound and 26.5 million pounds for the second half of 2013 at US$2.75 per pound.

We review our copper price and quantity exposure at least quarterly to ensure that adequate revenue protection is in place. Our hedge positions are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

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

SUMMARY OF QUARTERLY RESULTS

	2012			2011				2010
($ in thousands, except per share amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	60,999	74,377	55,353	60,512	84,204	48,349	58,801	108,959
Net earnings (loss)	(3,851)	3,315	(8,344)	(7,694)	30,028	(1,113)	5,753	25,550
EPS [1]	(0.02)	0.02	(0.04)	(0.04)	0.15	(0.01)	0.03	0.14
Adjusted net earnings (loss) [2]	1,491	4,009	305	9,941	(1,991)	1,863	7,971	31,274
Adjusted EPS [1]	0.01	0.02	0.00	0.05	(0.01)	0.01	0.04	0.17
EBITDA [2, 3]	(1,232)	13,350	(4,337)	(4,830)	56,523	3,685	15,301	46,353
Adjusted EBITDA [2, 3]	6,216	13,492	8,081	19,220	13,667	7,488	16,617	52,491
(US$ per pound, except where indicated)								
Realized copper price [2]	3.64	3.52	3.87	3.56	3.73	4.25	4.28	4.09
Total cash costs of sales [2]	2.60	2.47	2.23	2.20	2.33	2.37	2.08	1.69
Copper sales (million pounds)	16.1	19.8	12.7	15.4	21.8	10.7	12.8	25.2

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

[2] Adjusted net earnings (loss), adjusted EPS, EBITDA, adjusted EBITDA, realized copper price and total cash costs of sales are non-GAAP financial performance measure with no standard definition under IFRS. See pages 16-19 of the Company's MD&A.

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

Our financial results for the last eight quarters reflect: volatile copper prices that impact realized prices; variability in the quarterly sales volumes due to timing of shipments which impacts revenue recognition; and a trend of increasing production costs caused by inflationary pressures on key input costs. In certain areas such as labour and mining operations, our operating costs are expected to remain elevated through the completion and commissioning of GDP3. Most of the required labour force to operate the GDP3 concentrator has already been hired and is currently training and job shadowing in order to facilitate an efficient ramp up. There are other cost elements in the mine and mill operations where we have identified significant opportunities for improvement and expect to see a downward trend starting in the first quarter of 2013. Our focus has always been on long-term reduction of unit costs and we believe further efficiencies will be gained once GDP3 achieves design capacity mid next year.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in note 2 of the 2011 annual financial statements. The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant areas where judgment is applied include reserve and resource estimation; asset valuations and the measurement of impairment charges or reversals; finished and in-process inventory quantities; plant and equipment lives; tax provisions; provisions for environmental rehabilitation; assessment of joint control in business combinations; and share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to the Financial Statements and the 2011 annual financial statements as appropriate.

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

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

In early 2012, the Company was advised by its auditors, KPMG LLP, that the Public Company Accounting Oversight Board (PCAOB) communicated to the auditors that based on their inspection results, that an alternative accounting treatment might be more appropriate for the Company's 2010 joint venture transaction with Cariboo. Pursuant to that transaction, Cariboo purchased a 25% joint venture interest in the Gibraltar mining operations for $187 million. This transaction implied a total value for the Gibraltar mining operations of approximately $748 million and in the Company's annual reconciliation of accounts from Canadian generally accepted accounting principles (GAAP) to United States GAAP, it recognized a gain calculated as 100% of the difference between the Company's carrying cost of the Gibraltar mining operations of $368 million and its implied value, for a reported gain of $380 million. Under US GAAP, 100% of the gain is recognized if the Company no longer controls the joint venture. The accounting identified by the PCAOB is dependent on whether a change of control of the Gibraltar mining operations occurred as a result of the joint venture transaction.

Depending on the outcome of anticipated discussions with the PCAOB and the SEC, it is possible that the Company may have to reverse the gain recognition for US GAAP purposes on 100% of the Gibraltar mining operations and recognize a gain only on the 25% actually sold or potentially recognize the gain as an equity transaction rather than through income. This would necessitate related restatements to the carrying value of the Gibraltar mining operations and the presentation of Cariboo's minority interest in the 2010 US GAAP reconciliation and would have no effect on cash flows in 2010 or thereafter. Based on the review of PCAOB's comments to date, the Company believes that the accounting approach taken on the joint venture transaction and subsequent accounting were and continue to be appropriate.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

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

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

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

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

There have been no changes in our internal control over financial reporting and disclosure controls and procedures during the period ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RELATED PARTY TRANSACTIONS

Key management personnel

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

During third quarter 2012, the Company incurred total compensation expenses of $1.5 million for its key management personnel.

Other related parties

Hunter Dickinson Services Inc. ("HDSI") is a private company which has certain directors in common with the Company. HDSI carries out geological, engineering, corporate development, administrative, financial management, investor relations, and other management activities for the Company. The terms and conditions of the transactions are similar to transactions conducted on an arm's length basis. During third quarter 2012, the Company incurred general and administrative expenses of $0.3 million and exploration and evaluation expenses of $0.1 million with HDSI. This compares to general and administrative expenses of $0.5 million and exploration and evaluation expenses of $0.2 million in third quarter 2011.

The Gibraltar joint venture pays a management fee to the Company for services rendered as operator of the Gibraltar mine. In addition, the Company pays compensation expenses for certain individuals providing services to the Gibraltar joint venture and invoices the joint venture for reimbursement of these expenses. During the third quarter 2012, the Company has recognized $0.3 million of income for these services rendered, compared to $0.2 million in third quarter 2011.

NON-GAAP PERFORMANCE MEASURES

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

Total cash costs per pound

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

($ in thousands, unless otherwise indicated)	**Three months ended September 30, 2012**	**2011**	**Nine months ended September 30, 2012**	**2011**
Cost of sales	**49,259**	**59,030**	**145,856**	**124,330**
Less non-cash items:				
Depreciation	(4,946)	(4,609)	(13,449)	(9,945)
Share-based compensation	(18)	(92)	(86)	(178)
Less by-product credits:				
Molybdenum	(1,919)	(3,192)	(10,473)	(10,878)
Silver	(789)	(1,163)	(2,397)	(2,597)
Total cash costs of sales	**41,587**	**49,974**	**119,451**	**100,732**
Total copper sold (thousand pounds)	16,088	21,849	48,576	45,339
Total cash costs per pound sold	2.59	2.29	2.46	2.22
Average exchange rate for the period (CAD/USD)	0.9949	0.9807	1.0021	0.9781
Total cash costs of sales (US$ per pound)	**2.60**	**2.33**	**2.45**	**2.27**
Total cash costs of sales	**41,587**	**49,974**	**119,451**	**100,732**
Net change in inventory	3,612	(15,906)	4,741	(3,654)
Total cash costs of production	**45,199**	**34,068**	**124,192**	**97,078**
Less offsite costs:				
Treatment and refining costs	(2,940)	(4,085)	(9,530)	(8,659)
Transportation costs	(3,421)	(4,325)	(10,490)	(9,708)
Net operating cash costs	**38,838**	**25,658**	**104,172**	**78,711**
Total copper produced (thousand pounds)	17,771	15,994	51,332	45,412
Total cash costs per pound produced	2.19	1.60	2.03	1.73
Average exchange rate for the period (CAD/USD)	0.9949	0.9807	1.0021	0.9781
Net operating cash costs of production (US$ per pound)	**2.20**	**1.64**	**2.03**	**1.78**

Adjusted net earnings

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

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

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

	Three months ended September 30,		Nine months ended September 30,	
($ in thousands, except per share amounts)	**2012**	**2011**	**2012**	**2011**
Net (loss) earnings	**(3,851)**	**30,028**	**(8,880)**	**34,668**
Unrealized loss (gain) on derivative instruments	8,468	(48,320)	22,482	(44,873)
Gain on sale of marketable securities and dividend income	-	-	(877)	(6,443)
Changes in fair value of warrants	-	-	-	529
Unrealized (income) loss on DCDs	(43)	1,468	(310)	1,319
Loss on the contribution to JV	-	183	-	3,987
Non-recurring consulting expenses	-	4,043	-	4,043
Foreign currency translation losses (gains)	(977)	(230)	(1,286)	3,701
Estimated tax effect of adjustments	(2,106)	10,837	(5,324)	10,911
Adjusted net earnings (loss)	**1,491**	**(1,991)**	**5,805**	**7,842**
Adjusted EPS	**0.01**	**(0.01)**	**0.03**	**0.04**

EBITDA and adjusted EBITDA

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

We present adjusted EBITDA as a further supplemental measure of our performance and ability to service debt. We prepare adjusted EBITDA by adjusting EBITDA to eliminate the impact of a number of items we consider non-recurring or do not consider indicative of our ongoing operating performance. You are encouraged to evaluate each adjustment and the reasons we consider them appropriate for supplemental analysis.
Adjusted EBITDA is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that we believe are not likely to recur or are not indicative of our future operating performance consisting of:

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

While recurring in nature, we believe unrealized gains/losses on derivative instruments are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended September 30,		Nine months ended September 30,	
($ in thousands, except per share amounts)	**2012**	**2011**	**2012**	**2011**
Net (loss) earnings	**(3,851)**	**30,028**	**(8,880)**	**34,668**
Add:				
Depreciation	5,109	4,804	13,950	10,458
Interest expense	2,690	4,752	9,836	9,760
Interest income	(1,908)	(1,785)	(5,723)	(4,660)
Income tax (recovery) expense	(3,272)	18,724	(1,401)	25,284
EBITDA	**(1,232)**	**56,523**	**7,782**	**75,510**
Adjustments:				
Gain on sale of marketable securities and dividend income	-	-	(877)	(6,443)
Changes in fair value of warrants	-	-	-	529
Unrealized (income) loss on DCDs	(43)	1,468	(310)	1,319
Foreign currency translation (gains) losses	(977)	(230)	(1,286)	3,701
Non-recurring consulting expenses	-	4,043	-	4,043
Loss on contribution to JV	-	183	-	3,987
Unrealized loss (gain) on derivative instruments	8,468	(48,320)	22,482	(44,873)
Adjusted EBITDA	**6,216**	**13,667**	**27,791**	**37,773**

TASEKO MINES LIMITED

Consolidated Statements of Comprehensive Income (Loss)
(unaudited)

(Cdn$ in thousands, except per share amounts)	Note	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Revenues	3	$ 60,999	$ 84,204	$ 190,729	$ 191,354
Cost of sales	4	(49,259)	(59,030)	(145,856)	(124,330)
Gross profit		11,740	25,174	44,873	67,024
General and administrative		(3,695)	(4,233)	(13,103)	(15,723)
Exploration and evaluation		(6,789)	(5,909)	(15,970)	(7,747)
Other operating income (expenses)	5	(8,947)	42,645	(25,118)	30,884
Loss on contribution to joint venture		-	(183)	-	(3,987)
		(7,691)	57,494	(9,318)	70,451
Finance expenses	6	(3,217)	(5,479)	(11,481)	(11,372)
Finance income	7	3,316	2,216	10,083	10,539
Foreign exchange gain (loss)		469	(5,479)	435	(9,666)
Earnings (loss) before income taxes		(7,123)	48,752	(10,281)	59,952
Income tax recovery (expense)	8	3,272	(18,724)	1,401	(25,284)
Net earnings (loss) for the period		**$ (3,851)**	**$ 30,028**	**$ (8,880)**	**$ 34,668**
Other comprehensive income (loss):					
Unrealized gains (losses) on available-for-sale financial assets, net of tax		(218)	(2,974)	274	(918)
Realized gains on available-for-sale financial assets, net of tax		-	-	(767)	(5,246)
Total other comprehensive loss for the period		**$ (218)**	**$ (2,974)**	**$ (493)**	**$ (6,164)**
Total comprehensive income (loss) for the period		**$ (4,069)**	**$ 27,054**	**$ (9,373)**	**$ 28,504**
Earnings (loss) per share					
Basic		$ (0.02)	$ 0.15	$ (0.05)	$ 0.18
Diluted		$ (0.02)	$ 0.15	$ (0.05)	$ 0.18
Weighted average shares outstanding (thousands)					
Basic		190,882	195,349	193,240	192,351
Diluted		194,188	200,993	196,547	197,995

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

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows
(unaudited)

(Cdn$ in thousands)	Note	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Operating activities					
Net earnings (loss) for the period		$ (3,851)	$ 30,028	$ (8,880)	$ 34,668
Adjustments for:					
Depreciation		5,109	4,804	13,950	10,458
Income tax expense (recovery)	8	(3,272)	18,724	(1,401)	25,284
Income tax paid		(450)	(8,675)	(1,855)	(33,485)
Income tax received		-	-	5,402	-
Share-based compensation		807	1,451	3,787	6,651
Unrealized loss (gain) on derivatives	5	8,468	(48,320)	22,482	(44,873)
Finance expenses		(2,260)	2,916	11,967	10,757
Finance income		(246)	(1,212)	(9,992)	(16,509)
Unrealized foreign exchange loss (gain)		(1,448)	(2,638)	(1,222)	3,721
Other operating activities	16	565	1,113	3,373	8,304
Net change in non-cash working capital	16	26,676	(5,393)	28,261	(2,422)
Cash provided by (used for) operating activities		30,098	(7,202)	65,872	2,554
Investing activities					
Purchase of property, plant and equipment		(56,892)	(16,313)	(129,900)	(34,973)
Investment in financial assets		(5,255)	(73,728)	(22,627)	(212,829)
Interest received		249	1,495	1,102	4,117
Proceeds from financial assets		904	89,232	54,377	100,884
Proceeds from sale of property, plant and equipment		76	-	203	-
Other investing activities	16	(320)	(400)	(1,145)	(595)
Cash used for investing activities		(61,238)	286	(97,990)	(143,396)
Financing activities					
Repayment of debt		(3,681)	(2,746)	(10,507)	(7,829)
Interest paid		(621)	(526)	(9,491)	(1,713)
Repurchase of common shares		(4,872)	-	(20,897)	-
Common shares issued for cash		326	151	1,182	7,347
Proceeds from debt issuance		-	-	-	192,020
Debt issuance cost		-	-	-	(6,052)
Cash provided by (used for) financing activities		(8,848)	(3,121)	(39,713)	183,773
Effect of exchange rate changes on cash and equivalents		(5,204)	18,861	(5,207)	13,359
Increase (decrease) in cash and equivalents		(45,192)	8,824	(77,038)	56,290
Cash and equivalents, beginning of period		245,946	259,259	277,792	211,793
Cash and equivalents, end of period		**$ 200,754**	**$ 268,083**	**$ 200,754**	**$ 268,083**

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

TASEKO MINES LIMITED

Consolidated Balance Sheets

(unaudited)

(Cdn$ in thousands)	Note	September 30, 2012	December 31, 2011
ASSETS			
Current assets			
Cash and equivalents		$ 200,754	$ 277,792
Accounts receivable		30,897	39,909
Other financial assets	9	17,051	86,147
Inventories	10	29,324	23,290
Current tax receivable		–	7,437
Prepaids		4,254	2,348
		282,280	436,923
Other financial assets	9	117,244	111,641
Property, plant and equipment	11	575,108	440,565
Intangible assets		5,438	5,438
Prepaids		–	165
		$ 980,070	**$ 994,732**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 56,625	$ 33,005
Current portion of long-term debt	13	15,132	13,753
Interest payable		6,985	3,284
Current tax payable		864	–
Other financial liabilities	12	8,284	10,797
Deferred revenue - royalty obligation		175	175
		88,065	61,014
Long-term debt	13	217,409	218,502
Other financial liabilities	12	37,392	45,980
Provision for environmental rehabilitation		101,295	96,022
Deferred tax liabilities		64,218	76,091
Deferred revenue - royalty obligation		175	306
		508,554	497,915
EQUITY			
Share capital	14	367,435	378,393
Contributed surplus		36,155	33,040
Accumulated other comprehensive income (loss) ("AOCI")		(1,891)	(1,398)
Retained earnings		69,817	86,782
		471,516	496,817
		$ 980,070	**$ 994,732**
Commitments and contingencies	15		
Subsequent events	19		

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

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity

(unaudited)

(Cdn$ in thousands)	Note	Share capital	Contributed surplus	AOCI	Retained earnings	Total
Balance at January 1, 2011		$ 365,553	$ 26,193	$ 6,249	$ 60,409	$ 458,404
Exercise of options		2,705	(917)	–	–	1,788
Preferred shares redemption		(26,642)	–	–	(2,939)	(29,581)
Shares issued		35,254	–	–	–	35,254
Share-based compensation		–	6,651	–	–	6,651
Total comprehensive income for the period		–	–	(6,164)	34,668	28,504
Balance at September 30, 2011		**$ 376,870**	**$ 31,927**	**$ 85**	**$ 92,138**	**$ 501,020**
Balance at January 1, 2012		$ 378,393	$ 33,040	$ (1,398)	$ 86,782	$ 496,817
Exercise of options		1,854	(672)	–	–	1,182
Share-based compensation		–	3,787	–	–	3,787
Repurchase of common shares	14b	(12,812)	–	–	(8,085)	(20,897)
Total comprehensive income for the period		–	–	(493)	(8,880)	(9,373)
Balance at September 30, 2012		**$ 367,435**	**$ 36,155**	**$ (1,891)**	**$ 69,817**	**$ 471,516**

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

(Cdn$ in thousands - unaudited)

1. REPORTING ENTITY

Taseko Mines Limited (the Company) is a corporation governed by the *British Columbia Business Corporations Act.* The consolidated financial statements of the Company as at and for the period ended September 30, 2012 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia. Seasonality does not have a significant impact on the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2011 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed interim consolidated financial statements were authorized for issue by the Audit Committee on October 31, 2012.

3. REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Copper concentrate	$ 55,900	$ 76,535	$ 173,591	$ 173,142
Copper cathode	2,391	3,314	4,268	4,737
	$ 58,291	$ 79,849	$ 177,859	$ 177,879
Molybdenum concentrate	1,919	3,192	10,473	10,878
Silver contained in copper concentrate	789	1,163	2,397	2,597
	$ 60,999	$ 84,204	$ 190,729	$ 191,354

4. COST OF SALES

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Direct mining and processing costs	$ 41,564	$ 30,105	$ 117,128	$ 92,364
Depreciation	4,946	4,609	13,449	9,945
Treatment and refining costs	2,940	4,085	9,530	8,659
Transportation costs	3,421	4,325	10,490	9,708
Changes in inventories of finished goods and work in process	(3,612)	15,906	(4,741)	3,654
	$ 49,259	$ 59,030	$ 145,856	$ 124,330

(Cdn$ in thousands - unaudited)

5. OTHER OPERATING EXPENSES (INCOME)

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Realized loss on copper derivative instruments	$ 784	$ 1,820	$ 3,378	$ 10,509
Unrealized loss (gain) on copper derivative instruments	8,468	(48,320)	22,482	(44,873)
(Gain) loss on sale of property, plant and equipment	(50)	-	23	-
Consulting expenses	-	4,043	-	4,043
Management fee income	(255)	(188)	(765)	(563)
	$ 8,947	$ (42,645)	$ 25,118	$ (30,884)

6. FINANCE EXPENSES

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Interest expense	$ 2,690	$ 4,752	$ 9,836	$ 9,760
Accretion on provision for environmental rehabilitation (PER)	527	727	1,645	1,612
	$ 3,217	$ 5,479	$ 11,481	$ 11,372

7. FINANCE INCOME

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Interest income	$ 1,908	$ 1,785	$ 5,723	$ 4,660
Realized gain on dual currency deposits	1,365	1,899	3,173	1,284
Unrealized gain (loss) on dual currency deposits	43	(1,468)	310	(1,319)
Dividend income	-	-	-	448
Change in fair value of warrants	-	-	-	(529)
Gain on sale of marketable securities	-	-	877	5,995
	$ 3,316	$ 2,216	$ 10,083	$ 10,539

8. INCOME TAX

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Current (recovery) expense	$ (2,816)	$ 7,913	$ 3,876	$ 8,842
Deferred (recovery) expense	(456)	10,811	(5,277)	16,442
	$ (3,272)	$ 18,724	$ (1,401)	$ 25,284

(Cdn$ in thousands - unaudited)

9. OTHER FINANCIAL ASSETS

	September 30, 2012	December 31, 2011
Current:		
Copper put option contracts	$ 5,854	$ 25,407
Promissory note	8,213	8,190
Marketable securities – available for sale	2,934	11,898
Short-term investments	50	50
Dual currency deposits > 3-month term	-	40,602
	$ 17,051	$ 86,147
Long-term:		
Capped floating rate notes	$ 20,141	$ 20,055
Subscription receipts [1]	10,000	-
Reclamation deposits	25,661	24,962
Promissory note	61,442	66,624
	$ 117,244	$ 111,641

[1] During the second quarter, the Company invested a total of $10,000 in subscription receipts of a private company which holds mineral property interests in a copper-molybdenum project. The subscription receipts will be convertible into units comprised of shares or shares and warrants.

10. INVENTORIES

	September 30, 2012	December 31, 2011
Work in process	$ 2,814	$ 1,154
Finished goods:		
Copper concentrate	8,911	6,063
Copper cathode	417	179
Molybdenum concentrate	238	244
Materials and supplies	16,944	15,650
	$ 29,324	$ 23,290

(Cdn$ in thousands - unaudited)

11. PROPERTY, PLANT & EQUIPMENT

	Mineral properties[1]	Plant and equipment	CIP[3]	Total
Cost				
At December 31, 2011	$ 143,305	$ 303,672	$ 50,705	$ 497,682
Additions	30	80	146,487	146,597
Capitalized interest	-	-	4,827	4,827
Disposals	-	(473)	-	(473)
Rehabilitation cost asset[2]	3,820	-	-	3,820
New Mine Allowance credit	-	(6,526)	-	(6,526)
Transfers between categories[3]	-	22,405	(22,405)	-
At September 30, 2012	$ 147,155	$ 319,158	$ 179,614	$ 645,927
Accumulated depreciation and impairments				
At December 31, 2011	$ 17,783	$ 39,334	$ -	$ 57,117
Depreciation	3,221	10,729	-	13,950
Disposals	-	(248)	-	(248)
At September 30, 2012	$ 21,004	$ 49,815	$ -	$ 70,819
Carrying amounts				
At December 31, 2011	$ 125,522	$ 264,338	$ 50,705	$ 440,565
At September 30, 2012	$ 126,151	$ 269,343	$ 179,614	$ 575,108

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

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

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

12. OTHER FINANCIAL LIABILITIES

	September 30, 2012	**December 31, 2011**
Current:		
Royalty obligations	$ 8,213	$ 8,190
Copper call option contracts	71	2,607
	$ 8,284	$ 10,797
Long-term:		
Royalty obligations	$ 37,116	$ 44,594
Income tax obligations	276	1,386
	$ 37,392	$ 45,980

(Cdn$ in thousands - unaudited)

13. DEBT

	September 30, 2012	December 31, 2011
Current:		
Capital leases	$ 10,208	$ 6,925
Secured equipment loans	4,924	6,828
	$ 15,132	$ 13,753
Long-term:		
Senior notes	$ 191,478	$ 197,409
Capital leases	21,411	14,862
Secured equipment loans	4,520	6,231
	$ 217,409	$ 218,502

14. EQUITY

(a) Share capital

The Company's authorized share capital consists of an unlimited number of common shares with no par value. As at September 30, 2012, there were 190,534,455 common shares issued and outstanding.

(b) Normal course issuer bid

Effective February 3, 2012, the Company commenced a normal course issuer bid for up to 10 million common shares of the Company. All shares will be purchased on the open market through the facilities of the Toronto Stock Exchange at the market price at the time of purchase. The Company's normal course issuer bid will terminate on February 2, 2013 or earlier if the number of shares sought in the issuer bid has been obtained. The Company reserves the right to terminate the bid earlier at any time. Purchases under the normal course issuer bid are subject to the restricted payment limitations in the Company's senior notes indenture.

During the three-month period ended September 30, 2012, 1,802,340 common shares have been repurchased for $4,872. As at September 30, 2012, a total of 6,644,440 common shares have been repurchased under the normal course issuer bid for $20,897.

15. COMMITMENTS AND CONTINGENCIES

(a) Commitments

At September 30, 2012, capital commitments totaled $34,224and operating lease commitments totaled $7,269.

(b) Contingencies

The Company has guaranteed the full amount of certain debt entered into by the Gibraltar joint venture in which it holds a 75% interest. As at September 30, 2012, this debt totaled $42,159 on a 100% basis. The Company has also guaranteed its share of additional debt in the Gibraltar joint venture totaling $9,444 on 75% basis.

(Cdn$ in thousands - unaudited)

16. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Change in non-cash working capital				
Accounts receivable	$ 16,135	$(12,383)	$ 9,012	$ (14,567)
Inventories	(4,823)	17,566	(6,034)	869
Prepaids	(2,536)	(997)	(1,906)	(1,606)
Accounts payable and accrued liabilities	14,246	257	23,619	5,566
Interest payable	3,697	4,332	3,701	7,447
Deferred revenue – royalty obligation	(43)	(43)	(131)	(131)
Deferred revenue – copper	-	(14,125)	-	-
	$ 26,676	$ (5,393)	$ 28,261	$ (2,422)
Operating cash flows – other items				
Realized loss on copper derivative instruments	$ 784	$ 1,820	$ 3,378	$ 10,509
(Gain) loss on sale of property, plant and equipment	(50)	-	23	-
Reclamation expenditures	(169)	(886)	(193)	(1,915)
Long-term prepaids	-	179	165	(290)
	$ 565	$ 1,113	$ 3,373	$ 8,304
Investing cash flows – other items				
Net cash reinvested in reclamation deposit	$ (320)	$ (400)	$ (1,105)	$ (583)
Other	-	-	(40)	(12)
	$ (320)	$ (400)	$ (1,145)	$ (595)
Non-cash investing and financing activities				
Assets acquired under capital lease	$ 1,932	$ 6,559	$ 16,697	$ 7,241
Interest earned on promissory note	$ (1,007)	$ (1,067)	$ (3,030)	$ (3,188)
Interest expense on royalty obligation	$ 245	$ 284	$ 735	$ 851
Royalty obligation settled by promissory note	-	-	$ (8,190)	$ (7,248)
Shares issued for preferred shares redemption	-	-	-	$ 26,642

17. FINANCIAL RISK MANAGEMENT

(a) Overview

In the normal course of business, the Company is inherently exposed to market, liquidity and credit risk through its use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Board approves and monitors risk management processes, including treasury policies, counterparty limits, and reporting structures.

(Cdn$ in thousands - unaudited)

(b) Summary of derivatives and financial assets containing embedded derivatives

	Notional amount	Strike price[1]	Term to maturity	Fair value
At September 30, 2012				
Commodity contracts				
Copper put option contracts	17.2 million lbs	US$3.50	Q4 2012	$ 1,360
Copper call option contracts	17.2 million lbs	US$5.02 to 5.12	Q4 2012	$ (71)
Copper put option contracts	33.1 million lbs	US$3.00	Q1-Q2 2013	$ 2,450
Copper put option contracts	26.5 million lbs	US$2.75	Q3-Q4 2013	$ 2,044
Dual currency deposits				
USD/CAD (5% to 5.17%)	US$65 million	0.9785 to 0.9930	< 3 months	$ 63,805
Capped floating rate notes				
3-month BA rate + 25 bps	C$10 million	5.00%	Q4 2013	$ 10,069
3-month BA rate + 45 bps	C$10 million	5.50%	Q4 2014	$ 10,072

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

18. RELATED PARTIES

	Transaction value for the three months ended September 30,		Transaction value for the nine months ended September 30	
	2012	**2011**	**2012**	**2011**
Hunter Dickinson Services Inc.:				
General and administrative expenses	$ 324	$ 526	$ 1,218	$ 1,432
Exploration and evaluation expenses	121	243	398	675
Prepaid rent	-	-	-	995
	$ 445	$ 769	$ 1,616	$ 3,102
Gibraltar joint venture:				
Other operating income (management fee)	$ 255	$ 188	$ 765	$ 563
Reimburseable compensation expenses	19	6	91	77
	$ 274	$ 194	$ 856	$ 640

	Balance due from (to) as at	
	September 30, 2012	**December 31, 2011**
Hunter Dickinson Services Inc.	$ (81)	$ (44)
Gibraltar joint venture	91	241

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

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

19. SUBSEQUENT EVENTS

Subsequent to period end, the Company entered into purchase obligations totalling $16,385.