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TASEKO REPORTS SECOND QUARTER 2015 RESULTS

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.

August 12, 2015, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE MKT: TGB) ("Taseko" or the "Company") reports the results for the three and six months ended June 30, 2015.

Second Quarter Highlights

- Second quarter 2015 earnings from mining operations before depletion and amortization* increased to $26.3 million and adjusted EBITDA increased to $23.4 million, from $2.3 million and $11.2 million in the first quarter 2015, respectively.
- Cash flows from operations were $35.2 million in the second quarter 2015 compared to ($3.3) million in the first quarter. This included a tax refund of $7.5 million, which was received in the second quarter.
- Cash and equivalents at June 30, 2015 were $74.9 million, up from $58.3 million at March 31, 2015.
- Site operating costs, net of by-product credits* for the second quarter declined to US$1.54 per pound and total operating costs (C1)* declined to US$1.97 per pound.
- Revenues for the second quarter 2015 were $103.3 million, up from $61.8 million in the first quarter.
- The Gibraltar Mine produced 39.8 million pounds of copper and 474 thousand pounds of molybdenum in the second quarter, a 40% and 18% increase, respectively, over first quarter 2015.
- Total sales for the quarter were 42.2 million pounds of copper and 391 thousand pounds of molybdenum.
- In July, the Company acquired additional copper put options for 15 million pounds for the fourth quarter of 2015 at a strike price of US$2.40 per pound.

Russell Hallbauer, President and CEO of Taseko, commented, "Concentrator throughput, head grade and recoveries all trended higher through the second quarter, with a corresponding decrease in site operating costs. We targeted site operating costs of roughly US$1.50-US$1.60 per pound by the end of 2015; however, through the efforts of our operations and maintenance teams, we have already achieved that level in May and June. This past quarter is a good indication of how we expect Gibraltar to perform on an on-going basis. Steady production has continued into the third quarter with approximately 14.5 million pounds of copper production in July. Due to planned mill maintenance in the third quarter, throughput will be slightly reduced from the previous quarter, although we still expect to average design rates for the quarter."

*Non-GAAP performance measure. See end of news release.

Mr. Hallbauer continued, “The improved financial results in the second quarter were a result of increased copper production and decreased operating costs per pound. The $35 million of cash flow from operations demonstrates the ability of Gibraltar to generate significant returns, even in times of weaker copper pricing. We remain focussed on the things we can control and it is imperative that we continuously look to improve our cornerstone operation to ensure it will generate positive cash flow at all points of the copper price cycle.”

The table below details monthly production statistics for the second quarter:

	Q1 Total	Apr-15	May-15	Jun-15	Q2 Total
Tons Milled (000s tons)	7,760	2,575	2,765	2,700	8,040
Tons Per Day	86,100	85,800	89,200	89,900	88,300
Strip Ratio	2.4	2.3	2.5	2.5	2.5
Grade	0.23%	0.26%	0.29%	0.30%	0.28%
Recovery	81.4%	82.7%	85.9%	87.9%	85.6%
Cu Production (000s lbs)	28,400	11,100	14,100	14,600	39,800
Cost Per Tonne Milled (C$)	$9.66	$10.72	$9.63	$9.37	$9.89
Site Operating Costs Net of By-Product Credits (US$/lb)	$2.00	$1.87	$1.46	$1.40	$1.54

Note: Numbers may not add up exactly due to rounding.

“We have also recently purchased 15 million pounds of copper put options for the fourth quarter with a strike price of US$2.40 per pound. These are in addition to the five million pounds per month that we have in place for the third quarter at a strike price of US$2.50 per pound. At today’s copper price, the options effectively reduce our operating costs by a further seven cents per pound in the third quarter,” concluded Mr. Hallbauer.

HIGHLIGHTS

Financial Data	**Three months ended June 30,**			**Six months ended June 30,**		
(Cdn$ in thousands, except for per share amounts)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenues	103,251	107,307	(4,056)	165,086	212,303	(47,217)
Earnings (loss) from mining operations before depletion and amortization*	26,267	26,665	(398)	28,596	46,104	(17,508)
Earnings (loss) from mining operations	14,010	13,334	676	6,031	22,121	(16,090)
Net earnings (loss)	4,017	2,628	1,389	(21,189)	(6,520)	(14,669)
Per share - basic ("EPS")	0.02	0.01	0.01	(0.10)	(0.03)	(0.07)
Adjusted net earnings (loss)*	1,601	(2,172)	3,773	(833)	(4,881)	4,048
Per share - basic ("adjusted EPS") *	0.01	(0.01)	0.02	-	(0.03)	0.03
EBITDA *	25,959	23,336	2,623	13,963	32,194	(18,231)
Adjusted EBITDA *	23,402	19,217	4,185	34,626	33,811	815
Cash flows provided by (used for) operations	35,212	13,551	21,661	32,482	36,852	(4,370)

Operating Data (Gibraltar - 100% basis)	**Three months ended June 30,**			**Six months ended June 30,**		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Tons mined (millions)	24.0	30.3	(6.3)	45.0	56.1	(11.1)
Tons milled (millions)	8.0	7.7	0.3	15.8	14.8	1.0
Production (million pounds Cu)	39.8	38.5	1.3	68.2	73.0	(4.8)
Sales (million pounds Cu)	42.2	38.7	3.5	67.7	78.7	(11.0)

- Second quarter earnings from mining operations before depletion and amortization* were $26.3 million, a significant improvement over the previous two quarters due to increased copper production and lower operating costs;

- The Company generated cash flow from operations of $35.2 million during the second quarter, and had a cash balance of $74.9 million at June 30, 2015;

- The Company has in place copper put options for 30 million pounds over the third and fourth quarters of 2015 at a strike price of US$2.50 and US$2.40 per pound, respectively;

- Total operating costs (C1)* were US$1.97 per pound produced, significantly lower than the previous three quarters and 7% lower than the second quarter of 2014 due to cost reductions and increased copper production;

- Site operating costs, net of by-product credits* were US$1.54 per pound produced, which is a 23% improvement on the first quarter of 2015 and a 13% improvement on the second quarter of 2014;

- Site operating cost per ton milled* was CAD$9.89 in the second quarter of 2015, comparable to the first quarter of 2015 and down 15% from $11.42 in the second quarter of 2014;

- Copper production at Gibraltar was 39.8 million pounds (100% basis), a 40% increase over the first quarter of 2015 primarily as a result of increased throughput and improved head grade and recoveries;

- Concentrator throughput for the quarter averaged 88,000 tons per day, which is 3,000 tons per day above design capacity; and

- In May 2015, an updated mine plan and reserve for Gibraltar was announced. The new plan results in a lower life of mine strip ratio and reduced unit operating costs.

*Non-GAAP performance measure. See page 20 of this MD&A

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

Operating results in the following table are presented on a 100% basis.

Operating Data (100% basis)	**Q2 2015**	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**
Tons mined (millions)	24.0	21.0	25.1	32.5	30.2
Tons milled (millions)	8.0	7.8	7.6	7.8	7.7
Strip ratio	2.5	2.4	3.1	3.0	3.1
Site operating cost per ton milled (CAD) *	$9.89	$9.66	$10.13	$12.10	$11.42
Copper concentrate					
Grade (%)	0.285	0.225	0.222	0.267	0.285
Recovery (%)	85.6	81.4	81.3	83.3	85.3
Production (million pounds Cu)	39.2	28.4	27.7	34.5	37.6
Sales (million pounds Cu)	41.8	25.4	26.0	37.1	38.1
Inventory (million pounds Cu)	3.6	6.2	3.2	1.4	3.9
Copper cathode					
Production (million pounds)	0.6	-	0.4	0.9	0.9
Sales (million pounds)	0.4	-	0.5	1.0	0.6
Molybdenum concentrate					
Grade (%)	0.009	0.006	0.008	0.011	0.011
Recovery (%)	33.7	40.0	38.8	38.0	41.4
Production (thousand pounds Mo)	474	404	445	654	667
Sales (thousand pounds Mo)	391	379	481	708	731
Per unit data (US$ per pound) *					
Site operating costs*	$1.63	$2.12	$2.43	$2.60	$2.11
By-product credits *	(0.09)	(0.12)	(0.11)	(0.25)	(0.35)
Site operating costs, net of by-product credits *	$1.54	$2.00	$2.32	$2.35	$1.76
Off-property costs	0.43	0.39	0.45	0.40	0.36
Total operating costs (C1) *	$1.97	$2.39	$2.77	$2.75	$2.12

*Non-GAAP performance measure. See page 20 of this MD&A

OPERATIONS ANALYSIS

During the second quarter of 2015, Gibraltar milled on average 88,000 tons per day, 3,000 tons per day over the design capacity of 85,000 tons per day. Gibraltar mined 24.0 million tons of material which reflects the strip ratio of the new mine plan released in May 2015.

Average head grade for the second quarter of 2015 was 0.285% compared to 0.225% in the first quarter of 2015. Head grades are expected to fluctuate between 0.25% and 0.28% for the remainder of 2015. Copper in concentrate production in the second quarter of 2015 was 39.2 million pounds, an increase of 38% from copper production in the first quarter of 2015 of 28.4 million pounds. Molybdenum production during the second quarter of 2015 was 0.5 million pounds, an increase of 25% over the first quarter of 2015.

OPERATIONS ANALYSIS - CONTINUED

Gibraltar's SX/EW plant was restarted for the 2015 season and produced 0.6 million pounds of copper in the second quarter of 2015.

In the second quarter of 2015, site operating costs, net of by-product credits per pound of copper produced was US$1.54, compared to US$2.00 during the first quarter of 2015 primarily due to increased copper production as a result of increased head grade and recoveries. Site operating cost per ton milled was $9.89 which is comparable to the first quarter of 2015 and 14% lower than the second quarter of 2014.

Off-property costs, including transportation, treatment and refining charges, for the second quarter of 2015 were US$0.43 per pound produced, compared to US$0.39 per pound produced in the first quarter of 2015. Off-property costs are driven by sales volumes, and therefore off-property cost per pound produced fluctuates based on differences between production and sales volumes. Off-property costs are continuing to benefit from low ocean freight costs. Treatment and refining costs are also declining which should provide further cost reductions in the future.

The total operating costs, including off-property costs, for the second quarter of 2015 were US$1.97 per pound produced, compared to US$2.39 per pound in the first quarter of 2015.

During the first six months of 2015, Gibraltar spent $1.2 million on capital expenditures, and incurred capitalized stripping of $6.0 million.

GIBRALTAR OUTLOOK

For the balance of 2015, copper grades are forecasted to fluctuate between 0.25% and 0.28%. Based on forecasted grades and subsequent improved recoveries, the Gibraltar Mine is expected to produce 130-140 million pounds of copper in 2015 (100% basis).

A number of cost control initiatives were completed during the first half of 2015 including mine plan modifications to reduce waste stripping requirements and a workforce reduction. Mine operating costs have also benefited from continued declines in the price of diesel, which has fallen 10% since the beginning of this year, and 41% over the last twelve months. As a result of these factors, Gibraltar's site operating cost per ton milled* has fallen to CAD$9.92 in the second quarter of 2015, a 15% reduction from the second quarter of 2014. This unit cost is expected to be sustainable going forward.

The Canadian dollar exchange rate has fallen approximately 17.5% relative to the US dollar since the beginning of 2014, and has continued to decline since the end of the second quarter. The weakening Canadian dollar is contributing to improved operating margins at Gibraltar as approximately 80% of mine operating costs are paid in Canadian dollars. Gibraltar's total operating costs (C1)* were $US 1.97 per pound produced for the second quarter of 2015, based on the average Canadian/US dollar exchange rate of 1.23 for the period. Assuming an exchange rate of 1.30, Gibraltar's total operating costs (C1)* would have been approximately $US 1.90 per pound for the second quarter of 2015.

Gibraltar's total operating costs (C1)* per pound in the second quarter include a by-product credit of $US 0.06/lb related to molybdenum revenues, which was offset by molybdenum off-property costs of $US 0.03/lb and site operating costs of $US 0.02/lb in the period. At current market prices there is no operating margin from molybdenum production at Gibraltar and, as a result, the molybdenum circuit has been temporarily idled. It will remain on care and maintenance until market conditions improve and a restart is warranted.

Capital expenditures at Gibraltar are expected to be between $8.0 million and $10.0 million for 2015, excluding capitalized stripping. Project development costs associated with the Florence copper and Aley niobium projects are being capitalized and make up the balance of the spending under Property, Plant and Equipment on the Statement of Cash Flows.

*Non-GAAP performance measure. See page 20 on this MD&A

REVIEW OF PROJECTS

Florence Copper Project

The Florence Copper Project is currently in the final stages of permitting for the Phase 1 Production Test Facility ("PTF"). The Company is working with Arizona Department of Environmental Quality ("ADEQ") in connection with the Temporary Aquifer Protection Permit ("APP"), and with the U.S. Environmental Protection Agency (EPA) in connection with the Underground Injection Control (UIC) permit. These are the final two remaining permits required for construction and operation of the PTF.

Aley Project

On September 19, 2014 the BC Environmental Assessment Office (EAO) issued a Section 10 Order under the BC Environmental Assessment Act, initiating the BC environmental assessment process for the Aley Niobium Project. On December 31, 2014 EAO issued a Section 11 Order establishing the scope, procedures and methods concerning the environmental assessment for the project.

New Prosperity Project

On January 14, 2015 the British Columbia Minister of Environment granted the Company a five-year extension to the Environmental Assessment Certificate.

The Company will host a telephone conference call and live webcast on Thursday, August 13 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 in Canada and the United States, or (970) 315-0461 internationally. The conference call will be archived for later playback until August 20, 2015 and can be accessed by dialing (855) 859-2056 in Canada and the United States, or (404) 537-3406 internationally and using the passcode 71746324.

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

Russell Hallbauer
President and CEO

No regulatory authority has approved or disapproved of the information in this news release.

NON-GAAP PERFORMANCE MEASURES

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

Total operating costs & Site operating costs, net of by-product credits

Total costs of sales include all costs absorbed into inventory, as well as treatment and refining costs and transportation costs. Site operating costs is calculated by removing net changes in inventory, depletion and amortization and off-property costs from cost of sales. Site operating costs, net of by-product credits is calculated by removing by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

	Three Months ended June 30,		Six Months ended June 30,	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2015**	**2014**	**2015**	**2014**
Cost of sales	**89,241**	**93,973**	**159,055**	**190,182**
Less Depletion and amortization	(12,257)	(13,331)	(22,565)	(23,983)
Net change in inventory	(1,653)	(3,113)	5,408	(11,735)
Less offsite costs:				
Treatment and refining costs	(10,497)	(7,287)	(17,267)	(14,989)
Transportation costs	(5,239)	(4,012)	(8,856)	(10,524)
Site operating costs	**59,595**	**66,230**	**115,775**	**128,951**
Less by-product credits:				
Molybdenum	(2,212)	(10,084)	(4,810)	(15,174)
Silver	(1,035)	(1,047)	(1,739)	(2,059)
Site operating costs, net of by-product credits	**56,348**	**55,099**	**109,226**	**111,718**
Total copper produced (thousand pounds)	29,857	28,858	51,130	54,764
Total costs per pound produced	1.89	1.90	2.14	2.03
Average exchange rate for the period (CAD/USD)	1.23	1.09	1.24	1.10
Site operating costs, net of by-product credits (US$ per pound)	**1.54**	**1.76**	**1.73**	**1.86**
Site operating costs, net of by-product credits	56,348	55,099	109,226	111,718
Add off property costs:				
Treatment and refining costs	10,497	7,287	17,267	14,989
Transportation costs	5,239	4,012	8,856	10,524
Total operating costs	72,084	66,398	135,349	137,231
Total operating costs (US$ per pound)	**1.97**	**2.12**	**2.14**	**2.28**

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;
- Write down of marketable securities;
- Unrealized foreign currency 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 unrealized foreign currency gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

NON-GAAP PERFORMANCE MEASURES - CONTINUED

	Three months ended June 30,		Six months ended June 30,	
($ in thousands, except per share amounts)	**2015**	**2014**	**2015**	**2014**
Net earnings (loss)	**4,017**	**2,628**	**(21,189)**	**(6,520)**
Unrealized loss (gain) on derivatives	490	2,660	2,241	(84)
Unrealized foreign exchange (gain) loss	(3,047)	(7,198)	18,422	1,282
Write down of marketable securities	-	419	-	419
Estimated tax effect of adjustments	141	(681)	(307)	22
Adjusted net earnings (loss)	**1,601**	**(2,172)**	**(833)**	**(4,881)**
Adjusted EPS	**0.01**	**(0.01)**	**(0.00)**	**(0.03)**

EBITDA and adjusted EBITDA

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

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

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

- Unrealized gains/losses on derivative instruments;
- Write down of marketable securities;
- Unrealized foreign exchange (gain) loss; and
- Non-recurring transactions.

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

NON-GAAP PERFORMANCE MEASURES - CONTINUED

	Three months ended June 30,		Six months ended June 30,	
($ in thousands, except per share amounts)	2015	2014	2015	2014
Net earnings (loss)	**4,017**	**2,628**	**(21,189)**	**(6,520)**
Add:				
Depletion and Amortization	12,277	13,380	22,611	24,115
Amortization of stock based compensation	1,144	478	1,350	2,561
Interest expense	6,247	6,535	12,609	13,182
Interest income	(167)	(942)	(824)	(2,064)
Income tax expense (recovery)	2,441	1,257	(594)	920
EBITDA	**25,959**	**23,336**	**13,963**	**32,194**
Adjustments:				
Unrealized (gain)/loss on derivative instruments	490	2,660	2,241	(84)
Write-down of marketable securities	-	419	-	419
Unrealized foreign exchange (gain) loss	(3,047)	(7,198)	18,422	1,282
Adjusted EBITDA	**23,402**	**19,217**	**34,626**	**33,811**

Earnings from mining operations before depletion and amortization

Earnings from mining operations before depletion and amortization is earnings from mining operations with depletion and amortization added back. The Company discloses this measure, which has been derived from our financial statements and applied on a consistent basis, to provide assistance in understanding the results of the Company's operations and financial position and it is meant to provide further information about the financial results to investors.

	Three months ended June 30,		Six months ended June 30,	
(Cdn$ in thousands, except per share amounts)	2015	2014	2015	2014
Earnings from mining operations	**14,010**	**13,334**	**6,031**	**22,121**
Add:				
Depletion and amortization	12,257	13,331	22,565	23,983
Earnings from mining operations before depletion and amortization	**26,267**	**26,665**	**28,596**	**46,104**

Site operating costs per ton milled

	Three months ended June 30,		Six months ended June 30,	
((Cdn$ in thousands, except per share amounts)	2015	2014	2015	2014
Direct mining and processing costs (included in cost of sales)	**59,595**	**66,230**	**115,775**	**128,951**
Tons milled (thousands) (75% basis)	6,028	5,800	11,841	11,066
Site operating costs per ton milled	**$9.89**	**$11.42**	**$9.78**	**$11.65**

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 IAS 34 *Interim Financial Reporting* for the three month and six month periods ended June 30, 2015 (collectively, the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this MD&A and the most recent Form 40-F/Annual Information Form, which is available on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the United States Securities and Exchange Commission's ("SEC") website at www.sec.gov.

This MD&A is prepared as of August 11, 2015. 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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TASEKO MINES LIMITED
Management's Discussion and Analysis

OVERVIEW

Taseko Mines Limited ("Taseko" or "Company") is a mining company that seeks to create shareholder value by acquiring, developing, and operating large tonnage mineral deposits which, under conservative forward metal price assumptions, are potentially capable of supporting a mine for ten years or longer. The Company's sole operating asset is the 75% owned Gibraltar Mine, a large copper mine located in central British Columbia. The Gibraltar Mine has undergone a major expansion in recent years and is now one of the largest copper mines in North America. Taseko also owns the New Prosperity gold-copper, Aley niobium, Florence copper and Harmony gold projects.

HIGHLIGHTS

Financial Data	**Three months ended June 30,**			**Six months ended June 30,**		
(Cdn$ in thousands, except for per share amounts)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Revenues	103,251	107,307	(4,056)	165,086	212,303	(47,217)
Earnings (loss) from mining operations before depletion and amortization*	26,267	26,665	(398)	28,596	46,104	(17,508)
Earnings (loss) from mining operations	14,010	13,334	676	6,031	22,121	(16,090)
Net earnings (loss)	4,017	2,628	1,389	(21,189)	(6,520)	(14,669)
Per share - basic ("EPS")	0.02	0.01	0.01	(0.10)	(0.03)	(0.07)
Adjusted net earnings (loss)*	1,601	(2,172)	3,773	(833)	(4,881)	4,048
Per share - basic ("adjusted EPS") *	0.01	(0.01)	0.02	-	(0.03)	0.03
EBITDA *	25,959	23,336	2,623	13,963	32,194	(18,231)
Adjusted EBITDA *	23,402	19,217	4,185	34,626	33,811	815
Cash flows provided by (used for) operations	35,212	13,551	21,661	32,482	36,852	(4,370)

Operating Data (Gibraltar - 100% basis)	**Three months ended June 30,**			**Six months ended June 30,**		
	2015	**2014**	**Change**	**2015**	**2014**	**Change**
Tons mined (millions)	24.0	30.3	(6.3)	45.0	56.1	(11.1)
Tons milled (millions)	8.0	7.7	0.3	15.8	14.8	1.0
Production (million pounds Cu)	39.8	38.5	1.3	68.2	73.0	(4.8)
Sales (million pounds Cu)	42.2	38.7	3.5	67.7	78.7	(11.0)

*Non-GAAP performance measure. See page 20 of this MD&A.

HIGHLIGHTS - CONTINUED

- Second quarter earnings from mining operations before depletion and amortization* were $26.3 million, a significant improvement over the previous two quarters due to increased copper production and lower operating costs;
- The Company generated cash flow from operations of $35.2 million during the second quarter, and had a cash balance of $74.9 million at June 30, 2015;
- The Company has in place copper put options for 30 million pounds over the third and fourth quarters of 2015 at a strike price of US$2.50 and US$2.40 per pound, respectively;
- Total operating costs (C1)* were US$1.97 per pound produced, significantly lower than the previous three quarters and 8% lower than the second quarter of 2014 due to cost reductions and increased copper production;
- Site operating costs, net of by-product credits* were US$1.54 per pound produced, which is a 23% improvement on the first quarter of 2015 and a 13% improvement on the second quarter of 2014;
- Site operating cost per ton milled* was CAD$9.89 in the second quarter of 2015, comparable to the first quarter of 2015 and down 15% from $11.42 in the second quarter of 2014;
- Copper production at Gibraltar was 39.8 million pounds (100% basis), a 40% increase over the first quarter of 2015 primarily as a result of increased throughput and improved head grade and recoveries;
- Concentrator throughput for the quarter averaged 88,000 tons per day, which is 3,000 tons per day above design capacity; and
- In May 2015, an updated mine plan and reserve for Gibraltar was announced. The new plan results in a lower life of mine strip ratio and reduced unit operating costs.

*Non-GAAP performance measure. See page 20 of this MD&A

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

Operating results in the following table are presented on a 100% basis.

Operating Data (100% basis)	**Q2 2015**	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**
Tons mined (millions)	24.0	21.0	25.1	32.5	30.2
Tons milled (millions)	8.0	7.8	7.6	7.8	7.7
Strip ratio	2.5	2.4	3.1	3.0	3.1
Site operating cost per ton milled (CAD) *	$9.89	$9.66	$10.13	$12.10	$11.42
Copper concentrate					
Grade (%)	0.285	0.225	0.222	0.267	0.285
Recovery (%)	85.6	81.4	81.3	83.3	85.3
Production (million pounds Cu)	39.2	28.4	27.7	34.5	37.6
Sales (million pounds Cu)	41.8	25.4	26.0	37.1	38.1
Inventory (million pounds Cu)	3.6	6.2	3.2	1.4	3.9
Copper cathode					
Production (million pounds)	0.6	-	0.4	0.9	0.9
Sales (million pounds)	0.4	-	0.5	1.0	0.6
Molybdenum concentrate					
Grade (%)	0.009	0.006	0.008	0.011	0.011
Recovery (%)	33.7	40.0	38.8	38.0	41.4
Production (thousand pounds Mo)	474	404	445	654	667
Sales (thousand pounds Mo)	391	379	481	708	731
Per unit data (US$ per pound) *					
Site operating costs*	$1.63	$2.12	$2.43	$2.60	$2.11
By-product credits *	(0.09)	(0.12)	(0.11)	(0.25)	(0.35)
Site operating costs, net of by-product credits *	$1.54	$2.00	$2.32	$2.35	$1.76
Off-property costs	0.43	0.39	0.45	0.40	0.36
Total operating costs (C1) *	$1.97	$2.39	$2.77	$2.75	$2.12

*Non-GAAP performance measure. See page 20 of this MD&A

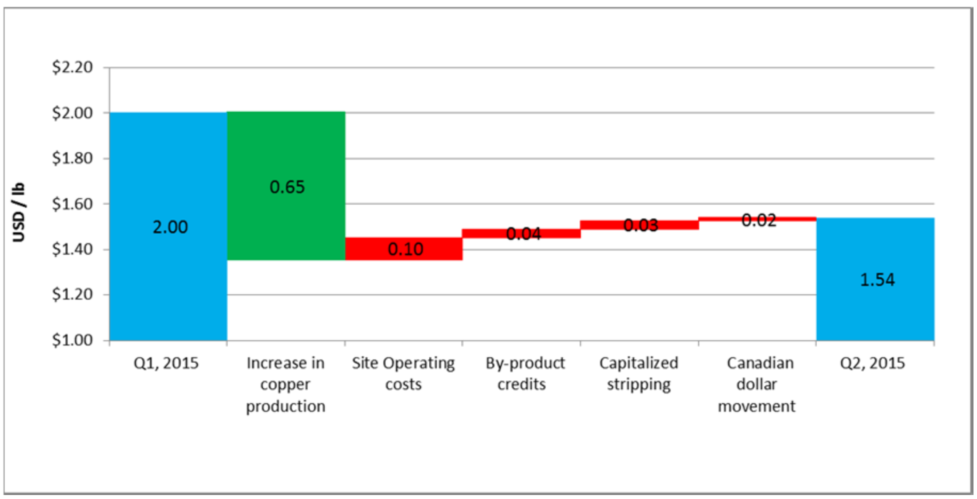
OPERATIONS ANALYSIS

During the second quarter of 2015, Gibraltar milled on average 88,000 tons per day, 3,000 tons per day over the design capacity of 85,000 tons per day. Gibraltar mined 24.0 million tons of material which reflects the strip ratio of the new mine plan released in May 2015.

Average head grade for the second quarter of 2015 was 0.285% compared to 0.225% in the first quarter of 2015. Head grades are expected to fluctuate between 0.25% and 0.28% for the remainder of 2015. Copper in concentrate production in the second quarter of 2015 was 39.2 million pounds, an increase of 38% from copper production in the first quarter of 2015 of 28.4 million pounds. Molybdenum production during the second quarter of 2015 was 0.5 million pounds, an increase of 25% over the first quarter of 2015.

Gibraltar's SX/EW plant was restarted for the 2015 season and produced 0.6 million pounds of copper in the second quarter of 2015.

Site operating costs, net of by-product credits,* per pound
(Q1 2015 compared to Q2 2015)



*Non-GAAP performance measure. See page 20 on this MD&A

In the second quarter of 2015, site operating costs, net of by-product credits per pound of copper produced was US$1.54, compared to US$2.00 during the first quarter of 2015 primarily due to increased copper production as a result of increased head grade and recoveries. Site operating cost per ton milled was $9.89 which is comparable to the first quarter of 2015 and 14% lower than the second quarter of 2014.

Off-property costs, including transportation, treatment and refining charges, for the second quarter of 2015 were US$0.43 per pound produced, compared to US$0.39 per pound produced in the first quarter of 2015. Off-property costs are driven by sales volumes, and therefore off-property cost per pound produced fluctuates based on differences between production and sales volumes. Off-property costs are continuing to benefit from low ocean freight costs. Treatment and refining costs are also declining which should provide further cost reductions in the future.

The total operating costs, including off-property costs, for the second quarter of 2015 were US$1.97 per pound produced, compared to US$2.39 per pound in the first quarter of 2015.

During the first six months of 2015, Gibraltar spent $1.2 million on capital expenditures,and incurred capitalized stripping of $6.0 million.

GIBRALTAR OUTLOOK

For the balance of 2015, copper grades are forecasted to fluctuate between 0.25% and 0.28%. Based on forecasted grades and subsequent improved recoveries, the Gibraltar Mine is expected to produce 130-140 million pounds of copper in 2015 (100% basis).

A number of cost control initiatives were completed during the first half of 2015 including mine plan modifications to reduce waste stripping requirements and a workforce reduction. Mine operating costs have also benefited from continued declines in the price of diesel, which has fallen 10% since the beginning of this year, and 41% over the last twelve months. As a result of these factors, Gibraltar's site operating cost per ton milled* has fallen to CAD$9.92 in the second quarter of 2015, a 15% reduction from the second quarter of 2014. This unit cost is expected to be sustainable going forward.

The Canadian dollar exchange rate has fallen approximately 17.5% relative to the US dollar since the beginning of 2014, and has continued to decline since the end of the second quarter. The weakening Canadian dollar is contributing to improved operating margins at Gibraltar as approximately 80% of mine operating costs are paid in Canadian dollars. Gibraltar's total operating costs (C1)* were $US 1.97 per pound produced for the second quarter of 2015, based on the average Canadian/US dollar exchange rate of 1.23 for the period. Assuming an exchange rate of 1.30, Gibraltar's total operating costs (C1)* would have been approximately $US 1.90 per pound for the second quarter of 2015.

Gibraltar's total operating costs (C1)* per pound in the second quarter include a by-product credit of $US 0.06/lb related to molybdenum revenues, which was offset by molybdenum off-property costs of $US 0.03/lb and site operating costs of $US 0.02/lb in the period. At current market prices there is no operating margin from molybdenum production at Gibraltar and, as a result, have temporarily idled the molybdenum circuit. It will remain on care and maintenance until market conditions improve and a restart is warranted.

Capital expenditures at Gibraltar are expected to be between $8.0 million and $10.0 million for 2015, excluding capitalized stripping. Project development costs associated with the Florence copper and Aley niobium projects are being capitalized and make up the balance of the spending under Property, Plant and Equipment on the Statement of Cash Flows.

*Non-GAAP performance measure. See page 20 on this MD&A

REVIEW OF PROJECTS

Florence Copper project

The Florence Copper Project is currently in the final stages of permitting for the Phase 1 Production Test Facility ("PTF"). The Company is working with Arizona Department of Environmental Quality ("ADEQ") in connection with the Temporary Aquifer Protection Permit ("APP"), and with the U.S. Environmental Protection Agency (EPA) in connection with the Underground Injection Control (UIC) permit. These are the final two remaining permits required for construction and operation of the PTF.

Aley project

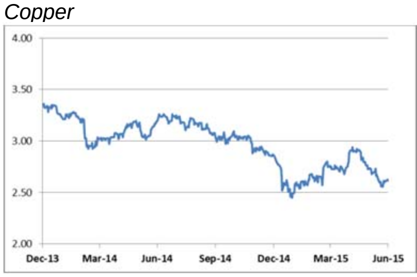
On September 19, 2014 the BC Environmental Assessment Office (EAO) issued a Section 10 Order under the BC Environmental Assessment Act, initiating the BC environmental assessment process for the Aley Niobium Project. On December 31, 2014 EAO issued a Section 11 Order establishing the scope, procedures and methods concerning the environmental assessment for the project.

New Prosperity project

On January 14, 2015 the British Columbia Minister of Environment granted the Company a five-year extension to the Environmental Assessment Certificate.

MARKET REVIEW

Copper



Molybdenum

Canadian/US Dollar Exchange

Prices (USD per pound for Commodities) (Source: Bloomberg)

While the copper price ended the second quarter slightly (5%) lower than the end of the first quarter, at US$2.61 per pound, the average price in the second quarter was 4% higher than the first quarter of 2015. In January, after hitting its lowest price since 2009, the price of copper rallied into the middle of May before its gains were pared as with most metals. The market continues to overlook the steadily mounting supply disruptions in South America, Africa and elsewhere. After the Canadian dollar dropped, relative to the US dollar, in the first quarter of 2015, it rallied during the second quarter. In Canadian dollar terms, the average price of copper was 3% higher in the second quarter, but the price was slightly lower at the end of the second quarter at C$3.27 per pound.

New molybdenum supply combined with a weak steel market put significant downward pressure on molybdenum pricing in the second quarter. During the quarter, pricing dropped by 25% to US$6.10 per pound.

FINANCIAL PERFORMANCE

Earnings

Earnings from mining operations increased to $14.0 million in the second quarter of 2015 from earnings of $13.3 million in the second quarter of 2014.

Revenues decreased by $4 million compared to the second quarter of 2014 as a 9% increase in copper sales volumes was offset by the overall decline in metal prices.

In the second quarter of 2015, the Company realized net income of $4.0 million ($0.02 per share), compared to $2.6 million in the prior period's quarter.

In the six month period ended June 30, 2015, the Company realized a net loss of $21.2 million ($0.10 per share), compared to a net loss of $6.5 million ($0.03 per share) in the prior year's period. The increase in net loss is driven by the decline in metal prices and lower sales volumes in the first quarter of 2015, offset by a decrease in production costs. An unrealized foreign exchange loss, partially offset by a gain on the sale of derivatives, has also increased the net loss period-to-period.

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. These items are in the table below:

	Three months ended June 30,			**Six months ended June 30,**		
(Cdn$ in thousands)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Net (loss) earnings	4,017	2,628	1,389	(21,189)	(6,520)	(14,669)
Unrealized loss (gain) on derivatives	490	2,660	(2,170)	2,241	(84)	2,325
Unrealized foreign exchange (gains)/losses	(3,047)	(7,198)	4,151	18,422	1,282	17,140
Write down of marketable securities	-	419	(419)	-	419	(419)
Estimated tax effect of adjustments	141	(681)	822	(307)	22	(329)
Adjusted net earnings (loss) *	1,601	(2,172)	3,773	(833)	(4,881)	4,048

*Non-GAAP performance measure. See page 20 of this MD&A

Unrealized gains/losses on derivatives can vary materially each period and have a significant impact on earnings. These amounts represent the change in fair value of our copper put options during the period.

The Canadian dollar strengthened slightly during the second quarter of 2015 which resulted in an unrealized foreign exchange gain of $3.0 million for the second quarter of 2015. Overall, the Canadian dollar weakened during the six month period ended June 30, 2015 leading to an unrealized foreign exchange loss of $18.4 million.

The unrealized foreign exchange (gain) loss and the unrealized gains and losses on the derivative instruments are removed from the adjusted net earnings (loss) measure as they are not indicative of a realized economic gain/loss or the underlying performance of the business in the period.

Revenues

(Cdn$ in thousands)	Three months ended June 30, 2015	2014	Change	Six months ended June 30, 2015	2014	Change
Copper in concentrate	98,905	94,755	4,150	157,568	193,649	(36,081)
Copper cathode	1,099	1,421	(322)	969	1,421	(452)
Total copper sales	100,004	96,176	3,828	158,537	195,070	(36,533)
Molybdenum concentrate	2,212	10,084	(7,872)	4,810	15,174	(10,364)
Silver contained in copper concentrate	1,035	1,047	(12)	1,739	2,059	(320)
	103,251	107,307	(4,056)	165,086	212,303	(47,217)
(thousands of pounds, unless otherwise noted)						
Copper in concentrate *	30,274	27,998	2,276	48,649	56,912	(8,263)
Copper cathode	332	424	(92)	332	424	(92)
Total copper sales	30,606	28,422	2,184	48,981	57,336	(8,355)
Average realized copper price (US$ per pound)	2.66	3.16	(0.50)	2.63	3.12	(0.49)
Average LME copper price (US$ per pound)	2.74	3.08	(0.34)	2.69	3.14	(0.45)
Average exchange rate (US$/CAD)	1.23	1.09	0.14	1.24	1.10	0.14

* This amount includes a net smelter payable deduction of approximately 3.5% to derive net pounds of copper sold.

Copper revenues for the second quarter of 2015 increased by $3.8 million, or 4%, over the second quarter of 2014, primarily due to an increase in copper sales volumes, which was partially offset by lower realized copper prices.

As copper sales are denominated in US dollars, the strengthening of the US dollar translates into increased Canadian dollar revenues. Comparing the average foreign exchange of the second quarter of 2014 and 2015, the US dollar strengthened by 13% in 2015, partially offsetting the 15% reduction in the US dollar realized price of copper. The Company's average realized copper price for the second quarter of 2015 was US$2.66 per pound, compared to US$3.16 for the second quarter of 2014. London Metals Exchange (LME) copper prices averaged US$2.74 in the second quarter of 2015 compared to US$3.08 in the prior year period. The Company's average realized copper price is lower than the LME's average due to a portion of the Company's receivables being revalued in a decreasing copper price environment.

Molybdenum revenues for the second quarter of 2015 totaled $2.2 million, down from $10.1 million in the corresponding last year's quarter. The decrease in revenues was due to a decrease in sales volumes as a result of lower production driven by grade, and the declining molybdenum price.

Copper revenues for the first six month period of 2015 decreased by $36.5 million, or 19%, over the prior year period, due to a 15% decrease in copper sales volumes combined with a 16% decrease in average realized copper prices.

Molybdenum revenues for the first six month period of 2015 decreased by $10.4 million, or 68%, over the second quarter of 2014, due to a 47% decrease in molybdenum sales volumes combined with a 33% decrease in average realized molybdenum prices.

Cost of sales

(Cdn$ in thousands)	Three months ended June 30, 2015	2014	Change	Six months ended June 30, 2015	2014	Change
Direct mining costs	59,595	66,230	(6,635)	115,775	128,951	(13,176)
Treatment and refining costs	10,497	7,287	3,210	17,267	14,989	2,278
Transportation costs	5,239	4,012	1,227	8,856	10,524	(1,668)
Changes in inventories of finished goods and WIP	1,653	3,113	(1,460)	(5,408)	11,735	(17,143)
Production costs	76,984	80,642	(3,658)	136,490	166,199	(29,709)
Depletion and amortization	12,257	13,331	(1,074)	22,565	23,983	(1,418)
Cost of sales	89,241	93,973	(4,732)	159,055	190,182	(31,127)
Site operating costs per ton milled*	$9.89	$11.42	($1.53)	$9.78	$11.38	($1.60)

*Non-GAAP performance measure. See page 20 of this MD&A

Direct mining and processing costs decreased by 10% compared to the second quarter of 2014 due to lower diesel prices, lower tons mined and decreased maintenance costs. Additionally, a grinding media recycling program is resulting in declining milling costs. As overall tons milled increased, cost per ton milled decreased 13% from the second quarter of 2014.

Total treatment and refining costs and transportation have increased over the second quarter of 2014, mostly due to the 8% increase in copper sales volumes and the impact of the strengthening of the US dollar.

Contributing to the period-over-period decrease in cost of sales for the first six months of 2015 was a 21% decrease in tons mined offset by a slight increase in tons milled. For the six month period ended 2015, direct mining costs decreased by 10% over the prior year period, resulting from reductions in mining tonnage and other cost control initiatives.

During the second quarter and for the six month period ending June 30, 2015, depletion and amortization was lower than the prior year's comparable periods by 8% and 6%, respectively, due to lower tons mined in both periods.

Other expenses (income)

(Cdn$ in thousands)	Three months ended June 30, 2015	2014	Change	Six months ended June 30, 2015	2014	Change
General and administrative	4,483	2,920	1,563	9,226	7,994	1,232
Exploration and evaluation	271	2,484	(2,213)	535	4,232	(3,697)
Other expenses (income):	(594)	(344)	(250)	(865)	(1,429)	564

General and administrative costs increased by $1.5 million compared to the second quarter of 2014, due in part to the grant of share based compensation during the second quarter of 2015 and other costs associated with the US based subsidiary acquired in November 2014.

Exploration and evaluation costs represent all costs associated with the New Prosperity project. Project development costs for the Aley and Florence Copper projects have been capitalized.

Gain on derivatives

During the first quarter of 2015, the Company received cash proceeds of $2.3 million on the settlement of the January copper put options and $15.2 million from the sale of the copper put options that were scheduled to mature in February to June, 2015. The Company recognized a realized gain of $13.5 million on these settlements, which was netted against the realized loss on the options that settled during the second quarter of 2015.

During the second quarter, the Company purchased copper put option contracts for 30 million pounds of copper divided equally between the second and third quarter of 2015 at a strike price of US$2.50 per pound, at a total cost of $1.4 million.

The Company's hedging strategy is designed to mitigate short term declines in copper prices. In July 2015, the Company acquired additional copper put options for 15 million pounds for the fourth quarter of 2015 at a strike price of US$2.40 per pound.

Finance income & expenses

Finance expenses for the second quarter of 2015 decreased by $0.3 million compared to the second quarter of 2014. For the six month period ended June 30, 2015 finance expenses decreased by $0.5 million compared to the prior-year period.

Finance income is primarily comprised of income earned on the reclamation deposits. During the second quarter and for the six month period ending June 30, 2015, finance income is lower than the prior year's comparable periods, mostly due to the extinguishment of the promissory note in October 2014 resulting in lower interest income for the current year.

Income tax

	Three months ended June 30,			**Six months ended June 30,**		
(Cdn$ in thousands)	**2015**	**2014**	**Change**	**2015**	**2014**	**Change**
Current (recovery) expense	454	143	311	454	(91)	545
Deferred (recovery) expense	1,987	1,114	873	(1,048)	1,011	(2,059)
	2,441	1,257	1,184	(594)	920	(1,514)
Effective tax rate	37.8%	32.4%	5.4%	2.7%	(16.4%)	19.1%
Canadian statutory rate	26%	26%	-	26%	26%	-
BC Mineral tax rate	9.62%	9.62%	-	9.62%	9.62%	-

The current tax expense in the quarter consists of BC Mineral taxes, based on production at the Gibraltar mine. The deferred income tax expense for the quarter was mainly driven by the increase in the deferred income tax liability for BC mineral taxes and by the drawdown of temporary differences for property plant and equipment for income tax purposes.

The effective tax rate for the second quarter was 37.8%, which is higher than the statutory rate of 35.6%. The difference is a result of permanent differences related to non-deductible share-based compensation and expenditures incurred that are not deductible for BC mineral tax, in addition to unrecognized tax benefits related to foreign exchange and marketable securities.

FINANCIAL CONDITION REVIEW

Balance sheet review

	As at June 30,	As at December 31	
(Cdn$ in thousands)	**2015**	**2014**	**Change**
Cash and equivalents	74,855	53,299	21,556
Other current assets	66,938	83,332	(16,394)
Non-current assets	786,383	793,659	(7,276)
Other assets	61,314	62,252	(938)
Total assets	**989,490**	**992,542**	**(3,052)**
Current liabilities	92,696	66,444	26,252
Long-term debt	281,412	293,506	(12,094)
Other liabilities	210,979	210,317	662
Total liabilities	**585,087**	**570,267**	**14,820**
Equity	**404,403**	**422,275**	**(17,872)**
Working capital	49,097	70,187	(21,090)
Net debt	255,799	260,364	(4,565)
Total common shares outstanding (millions)	221.8	221.8	-

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

Total liabilities increased from $570.3 million at December 31, 2014 to $585.1 million as at June 30, 2015 mainly due to unrealized foreign exchange losses related to the Company's US dollar denominated debt. The movement between current liabilities and long term liabilities is mostly due to the reclassification of the $36.6 million senior secured loan with RK Mine Finance Trust from long-term to current due to its maturity on May 31, 2016 and the rescheduling of the payments of certain capital leases.

Other long-term liabilities increased by $0.7 million primarily due to the increase of $0.5 million in the liability for the Company's Deferred Share Unit Plan, for the units that were granted during the second quarter of 2015.

As at August 11, 2015, there were 221,808,638 common shares outstanding. In addition, there were 12,032,000 director and employee stock options outstanding at August 11, 2015. More information on these instruments and the terms of their exercise is set out in note 21 of our 2014 annual financial statements.

Liquidity, cash flow and capital resources

At June 30, 2015, the Company had cash and equivalents of $74.9 million, a $21.6 million increase over the $53.3 million reported at December 31, 2014. The Company maintained a strategy of retaining significant liquidity to fund operations and to reflect the capital intensive nature of the business.

Cash provided by operations was $35.2 million for the second quarter of 2015 compared to $13.5 million cash provided for the second quarter of 2014.

Changes in non-cash working capital items resulted in cash provided of $11.5 million compared with $6.8 million used in the second quarter of 2014, mostly due to the receipt of tax refunds and slightly lower copper inventories, higher accounts payable, offset by an increase in receivable balances.

Cash used by investing activities for the second quarter of 2015 was $4.7 million compared to $6.4 million used in the prior period's quarter. Cash flow used by investing activities in the second quarter of 2015 primarily related to $4.2 million of capital expenditures and $1.4 million for the purchase of copper put options, offset by $0.8 million in proceeds from an asset disposition. Capital expenditures included $2.3 million of capitalized stripping, $0.3 million of capital expenditures at Gibraltar, $0.2 million for the Aley project and $1.0 million for the Florence Copper Project.

Cash used for financing activities for the second quarter of 2015 was $13.1 million, primarily due to debt repayment and interest paid, compared to $15.3 million for the prior period's quarter. Debt repayment and interest paid was $4.2 million lower than the second quarter of 2014 offset by $2.1 million received for share issuances in the prior year.

Future changes in copper and molybdenum market prices could impact the timing and amount of cash available for future investment in capital projects and/or other uses of capital. To partially mitigate these risks, copper put options are entered into for a portion of our share of Gibraltar copper production. In addition to operating cash flows generated by the Gibraltar mine, alternate sources of funding for future capital or other liquidity needs may include, strategic partnerships, such as the Gibraltar joint venture and the Franco-Nevada gold stream transaction for the New Prosperity project, and debt or equity financings. These alternatives are regularly evaluated to determine the optimal mix of capital resources to address capital needs and to minimize the weighted average cost of capital.

Hedging strategy

The Company's hedging strategy is to secure a minimum price for a portion of copper production using put options that are either purchased outright or funded by the sale of call options that are significantly out of the money. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper price and quantity exposure are reviewed at least quarterly to ensure that adequate revenue protection is in place. Hedge positions are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

Considerations on the cost of the hedging program include an assessment of Gibraltar's estimated production costs, anticipated copper prices and the Company's capital requirements during the relevant period. The following table shows the commodity contracts that were outstanding as at the date of this document.

	Notional amount	Strike price	Term to maturity	Original cost
At August 11, 2015				
Copper put options	15.0 million lbs	US$2.50	Q3 2015	$1.1 million
Copper put options	15.0 million lbs	US$2.40	Q4 2015	$1.8 million

Commitments and contingencies

Commitments

At June 30, 2015, capital and operating commitments totaled $0.8 million and $7.1 million respectively.

Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by the Gibraltar joint venture in which it holds a 75% interest. As at June 30, 2015, this debt totaled $39.6 million on a 100% basis. The Company has also guaranteed its share of additional capital lease and equipment loans totaling $17.8 million on a 75% basis.

SUMMARY OF QUARTERLY RESULTS

	2015		2014				2013	
(Cdn$ in thousands, except per share amounts)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	103,251	61,835	65,179	93,714	107,307	104,996	94,916	66,799
Net earnings (loss)	4,017	(25,206)	(26,427)	(20,937)	2,628	(9,148)	(9,756)	120
Basic EPS	0.02	(0.11)	(0.13)	(0.11)	0.01	(0.05)	(0.05)	0.00
Adjusted net earnings (loss) *	1,601	(2,434)	(20,983)	(11,221)	(2,172)	(2,710)	834	(1,851)
Adjusted basic EPS *	0.01	(0.01)	(0.10)	(0.06)	(0.01)	(0.01)	(0.00)	(0.01)
EBITDA *	25,959	(11,996)	(13,397)	(7,148)	23,336	8,858	11,869	15,173
Adjusted EBITDA *	23,402	11,224	(8,355)	2,385	19,217	14,594	17,716	12,545

(US$ per pound, except where indicated)								
Realized copper price *	2.66	2.57	2.82	3.07	3.16	3.10	3.18	3.33
Total operating costs *	1.97	2.39	2.77	2.75	2.12	2.48	2.14	2.21
Copper sales (million pounds)	30.6	19.1	19.6	26.0	28.4	28.9	27.0	18.9

*Non-GAAP performance measure. See page 19 of this MD&A

Financial results for the last eight quarters reflect: volatile copper prices and foreign exchange rates that impact realized sale prices; variability in the quarterly sales volumes due to timing of shipments which impacts revenue recognition.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in note 2.5 of the 2014 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.

In the process of applying the Company's accounting policies, significant areas where judgment is required include the determination of a joint arrangement and recovery of other receivables.

Other significant areas of estimation include reserve and resource estimation and asset valuations; finished and in-process inventory quantities; plant and equipment lives; tax provisions; provisions for environmental rehabilitation; valuation of financial instruments and derivatives; deferred stripping costs and share-based compensation. Key estimates and assumptions made by management with respect to these areas have been disclosed in the notes to these consolidated 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, inventories, property, plant and equipment, and intangibles, as well as the measurement of impairment charges or reversals.

CHANGE IN ACCOUNTING POLICIES

IFRS 2, Share-based Payments (effective for annual periods beginning on or after July 1, 2014) clarifies the definition of a vesting condition and separately defines performance and service conditions. Based on the Company's analysis, this clarification did not have an impact on the consolidated financial statements for the current or prior periods presented.

IFRS 3, Business Combinations (effective for annual periods beginning on or after July 1, 2014) requires that an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions of IAS 32. Additionally, it clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself. Based on the Company's analysis, this standard did not have an impact on the consolidated financial statements for the current or prior periods presented.

IAS 24 Related Party Disclosures (effective for annual periods beginning on or after July 1, 2014) requires a reporting entity to include as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Based on the Company's analysis, this standard did not have an impact on the consolidated financial statements for the current or prior periods presented.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

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

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

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

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

There have been no changes in our internal controls over financial reporting and disclosure controls and procedures during the period ended June 30, 2015 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.

The Company contributes to a post-employment defined contribution pension plan on the behalf of certain key management personnel. This retirement compensation arrangement (RCA Trust) was established to provide benefits to certain executive officers on or after retirement in recognition of their long service. Upon retirement, the participant is entitled to the distribution of the accumulated value of the contributions under the RCA Trust. Obligations for contributions to the defined contribution pension plan are recognized as compensation expense in profit or loss in the periods during which services are rendered by the executive officers.

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-month to 18-month's salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among other things, an amount ranging from 24-months salary and accrued bonus, and all stock options held by these individuals will fully vest.

During the three and six month periods ended June 30, 2015, the Company incurred total compensation expenses of $1.9 million and $4.3 million respectively for its key management personnel compared to $1.6 million and $4.8 million in the corresponding prior year periods.

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

The Company has established a Performance Share Unit ("PSU") Plan (the "PSU Plan") whereby PSUs are issued to executives as long term incentive compensation. PSUs issued under the Plan entitle the holder to a cash or equity payment at the end of a three-year performance period equal to the number of PSU's granted, adjusted for a performance factor and multiplied by the quoted market value of a Taseko common share on the completion of the performance period. The performance factor can range from 0% to 250% and is determined by comparing the Company's total shareholder return to those achieved by a peer group of companies.

During the second quarter of 2015, the Company issued 816,000 DSUs to directors (2014: 66,079) and 461,500 PSUs to senior executives (2014: Nil). A total share based expense of $1.1 million and $1.4 million has been recognized for the three and six month periods ended June 30, 2015 (2014: $0.5 million and $2.6 million).

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 and financial management services for the Company. The terms and conditions of the transactions are similar to transactions conducted on an arm's length basis.

During the second quarter of 2015, the Company incurred total costs of $0.6 million (Q2 2014: $1.0 million) in transactions with HDSI. Of these, $0.2 million (Q2 2014: $0.6 million) related to legal, tax, exploration, and business development services, $0.1 million related to reimbursements of office rent costs (Q2 2014: $0.1 million), and $ 0.3 million (Q2 2014: $0.3 million) related to compensation paid for Taseko directors and the Chief Executive Officer , who are also directors of HDSI.

For the six month period ended June 30, 2015, the Company incurred total costs of $1.8 million (2014: $1.8 million) in transactions with HDSI. Of these, $0.5 million (2014: $0.9 million) related to legal, tax, exploration, and business development services, $0.3 million related to reimbursements of office rent costs (2014: $0.3 million), and $1 million (2014: $0.6 million) related to compensation paid for Taseko directors and the Chief Executive Officer, who are also directors of HDSI.

The Gibraltar joint venture pays a management fee to Taseko for services rendered as operator of the Gibraltar mine. The second quarter of 2015, the Company earned $0.3 million of other operating income for these services rendered, which is comparable to the amounts earned in 2014.

NON-GAAP PERFORMANCE MEASURES

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

Total operating costs & Site operating costs, net of by-product credits

Total costs of sales include all costs absorbed into inventory, as well as treatment and refining costs and transportation costs. Site operating costs is calculated by removing net changes in inventory, depletion and amortization and off-property costs from cost of sales. Site operating costs, net of by-product credits is calculated by removing by-product credits from the site operating costs. Site operating costs, net of by-product credits per pound are calculated by dividing the aggregate of the applicable costs by copper pounds produced. Total operating costs per pound is the sum of site operating costs, net of by-product credits and off-property costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

	Three Months ended June 30,		**Six Months ended June 30,**	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2015**	**2014**	**2015**	**2014**
Cost of sales	**89,241**	**93,973**	**159,055**	**190,182**
Less Depletion and amortization	(12,257)	(13,331)	(22,565)	(23,983)
Net change in inventory	(1,653)	(3,113)	5,408	(11,735)
Less offsite costs:				
Treatment and refining costs	(10,497)	(7,287)	(17,267)	(14,989)
Transportation costs	(5,239)	(4,012)	(8,856)	(10,524)
Site operating costs	**59,595**	**66,230**	**115,775**	**128,951**
Less by-product credits:				
Molybdenum	(2,212)	(10,084)	(4,810)	(15,174)
Silver	(1,035)	(1,047)	(1,739)	(2,059)
Site operating costs, net of by-product credits	**56,348**	**55,099**	**109,226**	**111,718**
Total copper produced (thousand pounds)	29,857	28,858	51,130	54,764
Total costs per pound produced	1.89	1.90	2.14	2.03
Average exchange rate for the period (CAD/USD)	1.23	1.09	1.24	1.10
Site operating costs, net of by-product credits (US$ per pound)	**1.54**	**1.76**	**1.73**	**1.86**
Site operating costs, net of by-product credits	56,348	55,099	109,226	111,718
Add off property costs:				
Treatment and refining costs	10,497	7,287	17,267	14,989
Transportation costs	5,239	4,012	8,856	10,524
Total operating costs	72,084	66,398	135,349	137,231
Total operating costs (US$ per pound)	**1.97**	**2.12**	**2.14**	**2.28**

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;
- Write down of marketable securities;
- Unrealized foreign currency 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 unrealized foreign currency gains/losses are not necessarily reflective of the underlying operating results for the reporting periods presented.

	Three months ended June 30,		**Six months ended June 30,**	
($ in thousands, except per share amounts)	**2015**	**2014**	**2015**	**2014**
Net earnings (loss)	**4,017**	**2,628**	**(21,189)**	**(6,520)**
Unrealized loss (gain) on derivatives	490	2,660	2,241	(84)
Unrealized foreign exchange (gain) loss	(3,047)	(7,198)	18,422	1,282
Write down of marketable securities	-	419	-	419
Estimated tax effect of adjustments	141	(681)	(307)	22
Adjusted net earnings (loss)	**1,601**	**(2,172)**	**(833)**	**(4,881)**
Adjusted EPS	**0.01**	**(0.01)**	**(0.00)**	**(0.03)**

EBITDA and adjusted EBITDA

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

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

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

- Unrealized gains/losses on derivative instruments;
- Write down of marketable securities;
- Unrealized foreign exchange (gain) loss; and
- Non-recurring transactions.

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

	Three months ended June 30,		**Six months ended June 30,**	
($ in thousands, except per share amounts)	**2015**	**2014**	**2015**	**2014**
Net earnings (loss)	**4,017**	**2,628**	**(21,189)**	**(6,520)**
Add:				
Depletion and Amortization	12,277	13,380	22,611	24,115
Amortization of stock based compensation	1,144	478	1,350	2,561
Interest expense	6,247	6,535	12,609	13,182
Interest income	(167)	(942)	(824)	(2,064)
Income tax expense (recovery)	2,441	1,257	(594)	920
EBITDA	**25,959**	**23,336**	**13,963**	**32,194**
Adjustments:				
Unrealized (gain)/loss on derivative instruments	490	2,660	2,241	(84)
Write-down of marketable securities	-	419	-	419
Unrealized foreign exchange (gain) loss	(3,047)	(7,198)	18,422	1,282
Adjusted EBITDA	**23,402**	**19,217**	**34,626**	**33,811**

Earnings from mining operations before depletion and amortization

Earnings from mining operations before depletion and amortization is earnings from mining operations with depletion and amortization added back. The Company discloses this measure, which has been derived from our financial statements and applied on a consistent basis, to provide assistance in understanding the results of the Company's operations and financial position and it is meant to provide further information about the financial results to investors.

	Three months ended June 30,		**Six months ended June 30,**	
(Cdn$ in thousands, except per share amounts)	**2015**	**2014**	**2015**	**2014**
Earnings from mining operations	**14,010**	**13,334**	**6,031**	**22,121**
Add:				
Depletion and amortization	12,257	13,331	22,565	23,983
Earnings from mining operations before depletion and amortization	**26,267**	**26,665**	**28,596**	**46,104**

Site operating costs per ton milled

	Three months ended June 30,		Six months ended June 30,	
((Cdn$ in thousands, except per share amounts)	**2015**	**2014**	**2015**	**2014**
Direct mining and processing costs (included in cost of sales)	**59,595**	**66,230**	**115,775**	**128,951**
Tons milled (thousands) (75% basis)	6,028	5,800	11,841	11,066
Site operating costs per ton milled	**$9.89**	**$11.42**	**$9.78**	**$11.65**

Condensed Consolidated Financial Statements

June 30, 2015

(Unaudited)

TASEKO MINES LIMITED

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Cdn$ in thousands, except share and per share amounts)

(Unaudited)

	Note	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Revenues	3	103,251	107,307	165,086	212,303
Cost of sales	4				
Production costs		(76,984)	(80,642)	(136,490)	(166,199)
Depletion and amortization		(12,257)	(13,331)	(22,565)	(23,983)
Earnings from mining operations		14,010	13,334	6,031	22,121
General and administrative		(4,483)	(2,920)	(9,226)	(7,994)
Exploration and evaluation		(271)	(2,484)	(535)	(4,232)
Gain (loss) on derivatives	5	(773)	(4,161)	11,012	(3,079)
Other income (expenses)		594	344	865	1,429
Write-down of marketable securities		-	(419)	-	(419)
Income (loss) before financing costs and income taxes		9,077	3,694	8,147	7,826
Finance expenses	6	(6,247)	(6,535)	(12,609)	(13,182)
Finance income		167	942	824	2,064
Foreign exchange gain (loss)		3,461	5,784	(18,145)	(2,308)
Income (loss) before income taxes		6,458	3,885	(21,783)	(5,600)
Income tax recovery (expense)	7	(2,441)	(1,257)	594	(920)
Net income (loss) for the period		**4,017**	**2,628**	**(21,189)**	**(6,520)**
Other comprehensive income (loss), net of tax					
Unrealized gain (loss) on available-for-sale financial assets		(1,959)	(1,473)	(1,737)	2,036
Foreign currency translation reserve		(853)	-	4,225	-
Total other comprehensive income (loss) for the period		**(2,812)**	**(1,473)**	**2,488**	**2,036**
Total comprehensive income (loss) for the period		**1,205**	**1,155**	**(18,701)**	**(4,484)**
Earnings (loss) per share					
Basic		0.02	0.01	(0.10)	(0.03)
Diluted		0.02	0.01	(0.10)	(0.03)
Weighted average shares outstanding (thousands)					
Basic		221,809	194,855	221,809	194,285
Diluted		221,809	195,178	221,809	194,285

TASEKO MINES LIMITED

Condensed Consolidated Statements of Cash Flows

(Cdn$ in thousands)

(Unaudited)

	Note	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Operating activities					
Net income (loss) for the period		4,017	2,628	(21,189)	(6,520)
Adjustments for:					
Depletion and amortization		12,277	13,380	22,611	24,115
Income tax expense (recovery)	7	2,441	1,257	(594)	920
Share-based compensation expense		1,144	478	1,350	2,561
(Gain)/loss on derivatives	5	773	4,161	(11,012)	3,079
Finance expenses (income)		6,081	5,592	11,785	11,117
Unrealized foreign exchange loss (gain)		(3,047)	(7,198)	18,422	1,282
Write-down of marketable securities		-	419	-	419
Other operating activities		(17)	(330)	(21)	(348)
Net change in non-cash working capital	14	11,543	(6,836)	11,130	227
Cash provided by (used for) operating activities		35,212	13,551	32,482	36,852
Investing activities					
Purchase of property, plant and equipment	10	(4,223)	(6,448)	(10,093)	(12,092)
Investment in financial assets		(1,413)	-	(1,413)	(8,109)
Proceeds from the sale/settlement of derivatives	5	-	-	17,362	-
Interest received		64	79	242	171
Other investing activities		832	-	234	-
Cash provided by (used for) investing activities		(4,740)	(6,369)	6,332	(20,030)
Financing activities					
Repayment of debt		(2,762)	(7,953)	(7,130)	(14,095)
Interest paid		(10,354)	(9,399)	(11,008)	(10,405)
Common shares issued for cash		-	2,094	-	2,574
Cash provided by (used for) financing activities		(13,116)	(15,258)	(18,138)	(21,926)
Effect of exchange rate changes on cash and equivalents		(761)	(1,263)	880	(400)
Increase (decrease) in cash and equivalents		16,595	(9,339)	21,556	(5,504)
Cash and equivalents, beginning of period		58,260	86,700	53,299	82,865
Cash and equivalents, end of period		74,855	77,361	74,855	77,361

TASEKO MINES LIMITED

Condensed Consolidated Balance Sheets

(Cdn$ in thousands)

(Unaudited)

	Note	June 30, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and equivalents		74,855	53,299
Accounts receivable		20,404	12,618
Other financial assets	8	1,618	6,554
Inventories	9	42,857	36,094
Current tax receivable		199	27,153
Prepaids		1,860	913
		141,793	136,631
Other financial assets	8	40,179	41,484
Property, plant and equipment	10	786,383	793,659
Other receivables		15,985	15,985
Goodwill		5,150	4,783
		989,490	**992,542**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		39,421	42,541
Current portion of long-term debt	11	49,242	20,157
Interest payable		4,033	3,746
		92,696	66,444
Long-term debt	11	281,412	293,506
Other financial liabilities		632	110
Provision for environmental rehabilitation ("PER")		111,335	110,136
Deferred tax liabilities		99,012	100,071
		585,087	570,267
EQUITY			
Share capital	12	417,944	417,944
Contributed surplus		41,719	40,890
Accumulated other comprehensive income (loss) ("AOCI")		9,321	6,833
Retained earnings (deficit)		(64,581)	(43,392)
		404,403	422,275
		989,490	**992,542**

TASEKO MINES LIMITED

Condensed Consolidated Statements of Changes in Equity

(Cdn$ in thousands)

(Unaudited)

	Note	Share capital	Contributed surplus	AOCI	Retained earnings (deficit)	Total
Balance at January 1, 2014		372,274	38,507	4,943	10,492	426,216
Exercise of options		4,108	(1,534)	-	-	2,574
Share-based compensation			2,609	-	-	2,609
Total comprehensive income (loss) for the period		-	-	2,036	(6,520)	(4,484)
Balance at June 30, 2014		**376,382**	**39,582**	**6,979**	**3,972**	**426,915**
Balance at January 1, 2015		417,944	40,890	6,833	(43,392)	422,275
Share-based compensation		-	829	-	-	829
Total comprehensive income (loss) for the period		-	-	2,488	(21,189)	(18,701)
Balance at June 30, 2015		**417,944**	**41,719**	**9,321**	**(64,581)**	**404,403**

1. REPORTING ENTITY

Taseko Mines Limited (the Company) is a corporation governed by the *British Columbia Business Corporations Act.* The unaudited condensed consolidated interim financial statements of the Company as at and for the periods ended June 30, 2015 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint arrangement since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia, Canada and the state of Arizona, USA. Seasonality does not have a significant impact on the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. 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, 2014 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements were authorized for issue by the Audit and Risk Committee of the Board on August 11, 2015.

(b) Changes in accounting policies and disclosures

IFRS 2, Share-based Payments (effective for annual periods beginning on or after July 1, 2014) clarifies the definition of a vesting condition and separately defines performance and service conditions. Based on the Company's analysis, this clarification did not have an impact on the consolidated financial statements for the current or prior periods presented.

IFRS 3, Business Combinations (effective for annual periods beginning on or after July 1, 2014) requires that an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions of IAS 32. Additionally, it clarifies that IFRS 3 does not apply to the formation of any joint arrangement and that the scope exemption only applies in the financial statements of the joint arrangement itself. Based on the Company's analysis, this standard did not have an impact on the consolidated financial statements for the current or prior periods presented.

IAS 24 Related Party Disclosures (effective for annual periods beginning on or after July 1, 2014) requires a reporting entity to include as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Based on the Company's analysis, this standard did not have an impact on the consolidated financial statements for the current or prior periods presented.

(Cdn$ in thousands - unaudited)

3. REVENUE

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Copper concentrate	98,905	94,755	157,568	193,649
Copper cathode	1,099	1,421	969	1,421
Total copper sales	100,004	96,176	158,537	195,070
Molybdenum concentrate	2,212	10,084	4,810	15,174
Silver contained in copper concentrate	1,035	1,047	1,739	2,059
	103,251	107,307	165,086	212,303

4. COST OF SALES

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Direct mining costs	59,595	66,230	115,775	128,951
Treatment and refining costs	10,497	7,287	17,267	14,989
Transportation costs	5,239	4,012	8,856	10,524
Changes in inventories of finished goods and work in process	1,653	3,113	(5,408)	11,735
Production costs	76,984	80,642	136,490	166,199
Depletion and amortization	12,257	13,331	22,565	23,983
Cost of sales	89,241	93,973	159,055	190,182

Cost of sales consists of direct mining costs, which include personnel costs, mine site supervisory costs, non-capitalized stripping costs, repair & maintenance costs, depletion and amortization, operating supplies and external services.

5. DERIVATIVE INSTRUMENTS

During the second quarter of 2015, the Company purchased additional copper put option contracts for 30 million pounds of copper divided equally between the second and third quarter of 2015 at a strike price of US$2.50 per pound, at a total cost of $1,413. The fair value of the outstanding options at June 30, 2015 is summarized in the following table:

	Notional amount	Strike price	Term to maturity	Fair value
At June 30, 2015				
Commodity contracts				
Copper put option contracts	15.0 million lbs	US$2.50	Q3 2015	641

(Cdn$ in thousands - unaudited)

Subsequent to the quarter end, the Company purchased additional copper put option contracts for 15 million pounds of copper for the fourth quarter of 2015 at a strike price of US$2.40 per pound. The total cost of these put options was $1,813.

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Realized gain (loss) on copper put options	(283)	(1,501)	13,253	(3,163)
Unrealized gain (loss) on copper put options	(490)	(2,660)	(2,241)	84
	(773)	(4,161)	11,012	(3,079)

During the first quarter of 2015, the Company received proceeds of $17,362 on the settlement and sale of copper put option contracts. The Company recognized a realized gain of $13,536 on these settlements, which was netted against the realized loss on the options that settled during the second quarter of 2015.

6. FINANCE EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Interest expense	5,627	6,018	11,332	12,194
Accretion on PER	620	517	1,277	988
	6,247	6,535	12,609	13,182

7. INCOME TAX

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Current expense (recovery)	454	143	454	(91)
Deferred expense (recovery)	1,987	1,114	(1,048)	1,011
	2,441	1,257	(594)	920

8. OTHER FINANCIAL ASSETS

	June 30, 2015	December 31, 2014
Current:		
Copper put option contracts	641	5,577
Marketable securities – available for sale	977	977
	1,618	6,554
Long-term:		
Subscription receipts – available for sale	10,333	12,400
Reclamation deposits	29,846	29,084
	40,179	41,484

(Cdn$ in thousands - unaudited)

During the three and six month periodended June 30, 2015, the Company recorded an unrealized loss on its available-for-sale subscription receipts of $2,067 (2014-$Nil) in other comprehensive income .

9. INVENTORIES

	June 30, 2015	**December 31, 2014**
Work in process	8,453	2,095
Finished goods:		
Copper contained in concentrate	6,434	7,328
Copper cathode	258	-
Molybdenum concentrate	-	314
Materials and supplies	27,712	26,357
	42,857	36,094

Inventories are recorded at the lower of cost and net realizable value. During the three months period ended June 30, 2015, the Company has recorded a writedown of $622 (2014: nil) to adjust the carrying value of the molybdenum inventory to its net realizable value.

10. PROPERTY, PLANT & EQUIPMENT

During the three and six month period ended June 30, 2015, the Company capitalized stripping costs of $2,282 and $4,779 and incurred other capital expenditures for Gibraltar of $344 and $879 respectively. In addition, the Company capitalized development costs of $1,786 and $4,004 for the Florence Copper Project along with $250 and $554 for the Aley Niobium Project, during the three and six month period respectively.

The rehabilitation cost asset decreased by $24,368 and $255 for the three and six month period ended June 30, 2015, as a result of changes in estimates during the period including market driven discount rate changes. The Company incurred depletion and amortization in mining operations of $12,257 and $22,565 for the three and six month period ended June 30, 2015.

(Cdn$ in thousands - unaudited)

11. DEBT

	June 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Current:				
Capital leases	5,365	5,814	13,603	13,566
Secured equipment loans	7,242	5,766	6,554	6,540
Senior secured loan	36,635	36,635	-	-
	49,242	48,215	20,157	20,106
Long-term:				
Senior notes	246,491	177,796	228,343	206,127
Senior secured loan	-	-	32,245	32,245
Capital leases	24,347	26,380	19,723	19,670
Secured equipment loans	10,574	8,420	13,195	13,168
	281,412	212,596	293,506	271,210

As a result of the acquisition of Curis Resources Ltd. ("Curis") in November, 2014, the Company assumed Curis's senior secured loan agreement with RK Mine Finance Trust I. The total loan balance, including accrued interest at June 30, 2015 is US$29,332. Interest on the loan is being capitalized quarterly at a rate of 11% per annum. The outstanding principal and accrued interest can be prepaid at any time without penalty, and is otherwise repayable at maturity on May 31, 2016 and is now reported as a current liability.

All debt instruments are classified as a level 2 financial instrument (note 16).

12. EQUITY

(a) Share capital

(thousands of shares)	Common shares
Common shares outstanding at January 1, 2015	221,809
Exercise of share options	-
Common shares outstanding at June 30, 2015	221,809

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

(Cdn$ in thousands - unaudited)

(b) Share-Based Compensation

(thousands of options)	Options	Average price
Outstanding at January 1, 2015	11,908	3.28
Granted	2,680	0.98
Forfeited	(18)	2.27
Expired	(2,538)	4.34
Outstanding at June 30, 2015	12,032	2.55

During the six month period ended June 30, 2015, the Company granted 2,680,000 share options to employees. These options have a weighted-average exercise price of $0.98 per share option with a term of 3 to 5 years and vest in equal amounts over two years. The weighted-average fair value of the share options issued was estimated at $0.38 per share option using the Black Scholes Option Pricing Model with the following assumptions:

	Three Months Ended June 30, 2015	**Six Months Ended June 30, 2015**
Weighted Average Forfeiture Rate (%)	-	-
Weighted Average Market Price	0.95	0.95
Weighted Average Volatility (%)	48.73	48.66
Weighted Average Risk Free Interest Rate (%)	0.97	0.96
Weighted Average Dividend Yield (%)	-	-
Weighted Average Expected Life (years)	4.57	4.54

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

The Company has established a Performance Share Unit ("PSU") Plan (the "PSU Plan") whereby PSUs are issued to executives as long -erm incentive compensation. PSUs issued under the Plan entitle the holder to a cash or equity payment at the end of a three-year performance period equal to the number of PSU's granted, adjusted for a performance factor and multiplied by the quoted market value of a Taseko common share on the completion of the performance period. The performance factor can range from 0% to 250% and is determined by comparing the Company's total shareholder return to those achieved by a peer group of companies.

The continuity of DSUs and PSUs issued and outstanding is as follows:

	DSUs	PSUs
Outstanding at January 1, 2015	99,371	-
Granted	816,000	461,500
Outstanding at June 30, 2015	915,371	461,500

(Cdn$ in thousands - unaudited)

During the second quarter of 2015, the Company issued 816,000 DSUs to directors (2014: 66,079) and 461,500 PSUs to senior executives (2014: Nil). The DSUs were valued at $0.98 (2014: $2.27) per unit based upon the underlying share price at grant date and are recorded at fair value based upon the market price every period end.

A total share based compensation expense of $1,144 and $1,350 has been recognized for the three and six month periods ended June 30, 2015 (2014: $478 and $2,561).

13. COMMITMENTS AND CONTINGENCIES

(a) Commitments

At June 30, 2015, capital commitments totaled $797 on a 100% basis, of which the Company's share was $766. At June 30, 2015, the Company's share of operating commitments totaled $7,119.

(b) Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by the Gibraltar joint venture in which it holds a 75% interest. As at June 30, 2015, this debt totaled $39,617 on a 100% basis. The Company has also guaranteed its share of additional capital lease and equipment loans totaling $17,816 on a 75% basis.

14. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
Change in non-cash working capital items				
Accounts receivable	(2,071)	(10,704)	(7,786)	(23,764)
Inventories	1,816	3,012	(6,763)	11,707
Prepaids	(1,346)	(67)	(947)	1,657
Accounts payable and accrued liabilities	4,742	1,517	(300)	11,529
Interest payable	(48)	(144)	395	(2)
Income tax (paid) received	8,450	(450)	26,531	(900)
	11,543	(6,836)	11,130	227
Non-cash investing and financing activities				
Assets acquired under capital lease	-	-	-	11,106
Interest earned on promissory note	-	(699)	-	(1,489)
Interest expense on royalty obligation	-	731	-	1,462
Royalty obligation settled by promissory note	-	-	-	(16,784)

(Cdn$ in thousands - unaudited)

15. RELATED PARTIES

Related party transactions

	Transaction value for the three months ended June 30,		Transaction value for the six months ended June 30	
	2015	**2014**	**2015**	**2014**
Hunter Dickinson Services Inc.:				
General and administrative expenses	569	740	1,700	1,340
Exploration and evaluation expenses	22	241	123	467
	591	981	1,823	1,807
Gibraltar joint venture:				
Other operating income (management fees)	294	281	575	563
Reimburseable expenses	35	191	64	241
	329	472	639	804

	Balance due from (to) as at June 30,	
	2015	**2014**
Hunter Dickinson Services Inc.	(139)	(164)
Gibraltar Joint Venture	907	913

Hunter Dickinson Services Inc. (HDSI) is a private company, which employs some members of the executive management and directors of the Company. HDSI invoices the Company for their executive services as well as other services. During the second quarter of 2015, the Company incurred total costs of $591 (Q2 2014: $981) in transactions with HDSI. Of these, $158 (Q2 2014: $551) related to legal, tax, exploration, and business development services, $146 related to reimbursements of office rent costs (Q2 2014: $144), and $287 (Q2 2014: $286) related to compensation paid for Taseko directors and the Chief Executive Officer, who are also directors of HDSI.

For the six month period ended June 30, 2015, the Company incurred total costs of $1,823 (2014: $1,807) in transactions with HDSI. Of these, $525 (2014: $940) related to legal, tax, exploration, and business development services, $293 related to reimbursements of office rent costs (2014: $295), and $1,005 (2014: $572) related to compensation paid for Taseko directors and the Chief Executive Officer, who are also directors of HDSI.

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 certain expenses on behalf of the Gibraltar Joint Venture and invoices the Joint Venture for these expenses.

16. FAIR VALUE MEASUREMENTS

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

(Cdn$ in thousands - unaudited)

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

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

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
June 30, 2015				
Concentrate receivables	-	14,989	-	14,989
Financial assets designated at FVTPL				
Copper put option contracts	-	641	-	641
Available-for-sale financial assets				
Marketable Securities	977	-	-	977
Subscription receipts	-	-	10,333	10,333
Reclamation deposits	29,846	-	-	29,846
	30,823	15,630	10,333	56,786
December 31, 2014				
Concentrate receivables	-	3,867	-	3,867
Financial assets designated at FVTPL				
Copper put option contracts	-	5,577	-	5,577
Available-for-sale financial assets				
Marketable Securities	977	-	-	977
Subscription receipts	-	-	12,400	12,400
Reclamation deposits	29,084	-	-	29,084
	30,061	9,444	12,400	51,905

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable and payable approximate their fair value as at June 30, 2015.

The fair value of the senior notes, a Level 1 instrument, is determined based upon publicly available information. The fair value of the capital leases and secured equipment loans, level 2 instruments, are determined through discounting future cash flows at an interest rate of 5.14% to 5.49% based on the relevant loans effective interest rate.

The fair values of the level 2 instruments, copper put option contracts are based on broker quotes. Similar contracts are traded in an active market and the broker quotes reflect the actual transactions in similar instruments.

Some of the Company's metal concentrate sales contracts are subject to provisional pricing with the selling price adjusted at the end of the quotational period. At each reporting date, the Company's accounts receivable on these contracts are marked-to-market based on a quoted forward price for which there exists an active commodity market.

(Cdn$ in thousands - unaudited)

The subscription receipts, a level 3 instrument, are valued based on a third party transaction in the last twelve months or in the absence of a transaction, market comparison based on the average share value of comparable companies.

Commodity Price Risk

Provisional pricing mechanisms embedded within the Company's sales arrangements have the character of a commodity derivative and are carried at fair value as part of accounts receivables. The table below summarizes the impact on revenue and equity for changes in commodity prices on the fair value of derivatives and the provisionally invoiced sales volumes.

	As at June 30, 2015
Copper increase/decrease by US$0.27/lb (2014: US$0.31/lb) [1, 2]	5,827

[1]The analysis is based on the assumption that the period-end copper price increases 10% with all other variables held constant. The closing exchange rate for the quarter ended June 30, 2015 of CAD/USD 1.2490 was used in the analysis.

[2]At June 30, 2015, 17.2 million pounds of copper in concentrate were exposed to copper price movements.