UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 40-F

[ ] **REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

[x] **ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal period ended December 31, 2009

Commission File Number: 001-31965

TASEKO MINES LIMITED

(Exact name of Registrant as specified in its charter)

British Columbia Canada	**1040**	**Not Applicable**
(Province or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code)*	*(I.R.S. Employer Identification No.)*

Suite 300, 905 West Pender Street
Vancouver, British Columbia
Canada V6C 1L6
(778) 373-4534
(Address and telephone number of Registrant's principal executive offices)

Corporation Service Company
Suite 400, 2711 Centerville Road
Wilmington, Delaware 19808
(800) 927-9800
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to section 12(b) of the Act:

Title Of Each Class	Name Of Each Exchange On Which Registered
Common Shares, no par value	NYSE Amex Equities

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

[x] Annual Information Form [x] Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report: **182,924,664 Common Shares**

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.
Yes [ ] No [x]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).
Yes [ ] No [x]

INTRODUCTORY INFORMATION

In this annual report, references to the "Company" or "Taseko" mean Taseko Mines Limited and its subsidiaries, unless the context suggests otherwise.

Unless otherwise indicated, all amounts in this annual report are in Canadian dollars and all references to "$" mean Canadian dollars.

PRINCIPAL DOCUMENTS

The following documents that are filed as exhibits to this annual report are incorporated by reference herein:

- the Company's Annual Information Form for the year ended December 31, 2009;
- the Company's Audited Consolidated Financial Statements as at December 31, 2009 and 2008 and for year ended December 31, 2009, the 15 months ended December 31, 2008 and the year ended September 30, 2007; and
- the Company's Management Discussion and Analysis for the year ended December 31, 2009.

FORWARD-LOOKING STATEMENTS

This annual report includes or incorporates by reference certain statements that constitute "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act of 1995*. These statements appear in a number of places in this annual report and documents incorporated by reference herein and include statements regarding the Company's intent, belief or current expectations and those of the Company's management. These forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this annual report or in documents incorporated by reference in this annual report, words such as "believe," "anticipate," "estimate," "project," "intend," "expect," "may," "will," "plan," "should," "would," "contemplate," "possible," "attempts," "seeks" and similar expressions are intended to identify these forward-looking statements. These forward-looking statements are based on various factors and were derived utilizing numerous assumptions that could cause the Company's actual results to differ materially from those in the forward-looking statements. Accordingly, readers are cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements include, among others, statements regarding:

- the Company's acquisition plans;
- the Company's expected financial performance in future periods;
- the Company's plan of operations, including its plans to carry out exploration and development activities;
- the Company's expectations regarding the results of operations at its Gibraltar mine and exploration and development potential of the Company's properties; and
- the Company's statement of reserves;
- factors relating to the Company's investment decisions.

Certain of the assumptions the Company has made include assumptions regarding, among other things:

- future commodity prices;
- the cost of carrying out exploration and development activities on certain of the Company's mineral properties;
- the Company's ability to obtain and keep the necessary expertise in order to carry out its operating, exploration and development activities within the planned time periods; and
- the Company's ability to obtain adequate financing on acceptable terms.

Some of the risks and uncertainties that could cause the Company's actual results to differ materially from those expressed in the Company's forward-looking statements include:

- the speculative nature of the mining business;
- the exploration and development stages of certain of the Company's mineral projects;
- the Company's ability to recover the financial statement carrying values of its mineral property interests if it ceases to continue on a going concern basis;
- loss of the services of any of the Company's executive officers;
- the volatility of gold, copper and molybdenum prices;
- changes in, or the introduction of, government regulations relating to mining, including laws and regulations relating to the protection of the environment;
- potential claims by third parties to the Company's mining properties;
- the Company's ability to obtain adequate insurance for its operations;
- the highly competitive nature of the Company's business;
- fluctuations in exchange rates;
- the historical volatility in the Company's share price;
- potential legal claims relating to the Company's projects;
- the Company's ability to obtain adequate financing for the further exploration and development of its mineral properties and the potential dilution to the Company's shareholders from any future equity financings;
- the potential dilution to the Company's shareholders from the exercise of outstanding options and warrants to purchase its shares.

Readers are referred to the section entitled "Risk Factors" in the Company's Annual Information Form for a more detailed discussion of such risks and other important factors that could cause our actual results to differ materially from those in such forward-looking statements. Except as required by law, the Company assumes no obligation to update or to publicly announce the results of any change to any of the forward-looking statements contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements.

CAUTIONARY NOTE TO UNITED STATES INVESTORS CONCERNING
ESTIMATES OF RESERVES AND MEASURED, INDICATED AND INFERRED RESOURCES

The disclosure in this annual report, including the documents incorporated by reference herein, uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in or incorporated by reference in this annual report have been prepared in accordance with NI 43-101. These standards differ significantly from the requirements of the SEC, and reserve and resource information contained herein and incorporated by reference herein may not be comparable to similar information disclosed by U.S. companies.

This annual report includes mineral reserve estimates that have been calculated in accordance with NI 43-101, as required by Canadian securities regulatory authorities. For United States reporting purposes, SEC Industry Guide 7 (under the United States Securities Exchange Act of 1934 (the "Exchange Act")), as interpreted by Staff of the SEC, applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserve estimates contained in this annual report may not qualify as "reserves" under SEC standards.

In addition, this annual report uses the terms "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" to comply with the reporting standards in Canada. We advise investors that while those terms are recognized and required by Canadian regulations, the SEC does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility.

Further, "inferred resources" have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. Therefore, Investors are also cautioned not to assume that all or any part of the inferred resources exist. In accordance with Canadian rules, estimates of "inferred mineral resources" cannot form the basis of feasibility or other economic studies.

It cannot be assumed that all or any part of "measured mineral resources", "indicated mineral resources", or "inferred mineral resources" will ever be upgraded to a higher category. Investors are cautioned not to assume that any part of the reported "measured mineral resources", "indicated mineral resources", or "inferred mineral resources" in this annual report is economically or legally mineable.

In addition, disclosure of "contained ounces" in respect of resources that do not qualify as reserves is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report reserves in ounces and requires other mineralized material to be reported as in place tonnage and grade without reference to unit measures.

For the above reasons, information contained in this annual report and the documents incorporated by reference herein containing descriptions of our mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

NOTE TO UNITED STATES READERS REGARDING DIFFERENCES BETWEEN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted to prepare this annual report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") which principles differ in certain respects from those applicable in the United States ("U.S. GAAP") and from practices prescribed by the SEC. Therefore, the Company's financial statements incorporated by reference in this annual report may not be comparable to financial statements prepared in accordance with U.S. GAAP. You should refer to the discussion of the principal differences between our financial results determined under Canadian GAAP and under U.S. GAAP that is contained in Note 25 to our audited consolidated financial statements included herein which provides a reconciliation of the significant measurement differences between Canadian GAAP and U.S. GAAP.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act") to mean controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and includes, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures, as defined in Rule 13a-15(e), were effective.

While our Chief Executive Officer and our Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance of effectiveness, they do not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and the board of directors regarding the preparation and fair presentation of published financial statements. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and 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 GAAP, 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. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management has concluded that the Company's internal control over financial reporting, as defined in Rule 13a-15(f), was effective as of December 31, 2009.

No changes in internal controls over financial reporting occurred during the period covered by this report that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

The Company is required to provide an auditor's attestation report on internal control over financial reporting for the fiscal year ended December 31, 2009. In this report, the Company's independent registered auditor, KPMG LLP, must state its opinion as to the effectiveness of the Company's internal control over financial reporting for the fiscal year ended December 31, 2009. KPMG LLP has audited the Company's financial statements included in this Annual Report on Form 40-F and has issued an attestation report on the Company's internal control over financial reporting. The Auditor's Attestation Report is included as part of Exhibit 99.6.

AUDIT COMMITTEE

The Company's Board of Directors has established a separately-designated Audit Committee of the board in accordance with Section 3(a)(58)(A) of the Exchange Act for the purpose of overseeing the Company's accounting and financial reporting processes and the audits of the Company's annual financial statements. As at the date of this annual report, the Audit Committee was comprised of David Elliott, Wayne Kirk and Richard Mundie.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's Board of Directors has determined that David Elliott, a member of the Audit Committee of the board, is an audit committee financial expert (as that term is defined in Item 407 of Regulation S-K under the Exchange Act) and is an independent director under applicable laws and regulations and the requirements of the NYSE Amex Equities Exchange.

PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth information regarding amounts billed by the Company's independent auditors for each of the Company's last two fiscal periods:

Services:	Year ended December 31, 2009	Fiscal year (15 months) ended December 31, 2008
Audit Fees	$ 502,100	$ 526,500
Audit Related Fees	19,500	–
Tax Fees	–	–
All Other Fees	–	–
Total	$ 521,600	$ 526,500

Audit Fees

Audit fees are the aggregate fees billed by the Company's independent auditor for the audit of the Company's annual consolidated financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-related fees are fees charged by the Company's independent auditor for assurance and related services that are reasonably related to the performance of the audit of the Company's financial statements and are not reported under "Audit Fees." This category comprises fees billed for services rendered in connection with the Company's IFRS conversion project.

Tax Fees

Tax fees are fees for professional services rendered by the Company's independent auditors for tax compliance and tax advice on actual or contemplated transactions.

All Other Fees

All other fees relate to services other than the audit fees, audit-related fees and tax fees described above.

Audit Committee Pre-Approval Policies

The Company's management requests approval from the Audit Committee of the Company's board for non-audit services from the Company's independent auditors. The Audit Committee pre-approves all such services with set maximum dollar limits. In considering these requests, the Audit Committee assesses, among other things, whether the non-audit services requested would be considered prohibited services as contemplated by the SEC, and whether the non-audit services requested and related fees could impair the independence of the Company's auditors.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

CONTRACTUAL OBLIGATIONS

The following are the contractual maturities of contractual obligations (in thousands of Canadian dollars) at December 31, 2009.

Contractual obligations	Payments due by period in thousands of Canadian dollars				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-Term Debt Obligations	62,662	24,597	38,065	-	-
Capital Lease Obligations	15,636	4,543	8,481	2,612	-
Operating Lease Obligations	-	-	-	-	-
Purchase Obligations	-	-	-	-	-
Other Long-Term Liabilities	-	-	-	-	-
Total	78,298	29,140	46,546	2,612	

CODE OF ETHICS

The Company has adopted a Code of Ethics that applies to its officers, employees and directors and promotes, among other things, honest and ethical conduct. The code also promotes compliance by the Company's Chief Executive Officer, Chief Financial Officer and other senior finance staff with the Sarbanes-Oxley Act of 2002. Investors may view the Company's Code of Ethics, which is included as a part of the Company's Governance Policies and Procedures Manual, on the Company's web site at www.tasekomines.com.

NYSE AMEX EQUITIES CORPORATE GOVERNANCE

The Company's common shares are listed for trading on the NYSE Amex Equities Exchange ("NYSE Amex"). Section 110 of the NYSE Amex company guide permits NYSE Amex to consider the laws, customs and practices of foreign issuers in relaxing certain NYSE Amex listing criteria, and to grant exemptions from NYSE Amex listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NYSE Amex standards is contained on the Company's website at www.tasekomines.com.

Upon listing, the Company received an exemption from its quorum requirements for meetings of shareholders. Under the NYSE Amex listing standards, the quorum requirement is a minimum of one third of shareholders entitled to vote for U.S. domestic companies. The Company does not meet this requirement and has been granted relief from this listing standard.

Further, the Company's board of directors is presently not comprised of a majority of independent directors, as required by Section 802(a) of the NYSE Amex Company Guide. The Company has been granted relief from these requirements by NYSE Amex.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company previously filed an Appointment of Agent for Service of Process and Undertaking on Form F-X signed by the Company and its agent for service of process with respect to the class of securities in relation to which the obligation to file this annual report arises.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 31, 2010.

TASEKO MINES LIMITED

By: */s/ Peter Mitchell*
Peter Mitchell
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.5	Annual Information Form of the Company for the year ended December 31, 2009
99.6	Audited consolidated balance sheets as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows the year ended December 31, 2009, the fifteen months ended December 31, 2008 and the year ended September 30, 2007, including the notes thereto and report of our independent registered public accounting firm thereon
99.7	Management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2009
99.8	Consent of KPMG LLP
99.9	Consent of Scott Jones, P. Eng.

CERTIFICATION
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Russell E. Hallbauer, certify that:

(1) I have reviewed this annual report on Form 40-F of Taseko Mines Limited;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

(4) The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

(5) The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2010

By: /s/ R. Hallbauer

Name: Russell E. Hallbauer
Title: Chief Executive Officer

CERTIFICATION
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Peter C. Mitchell, certify that:

(1) I have reviewed this annual report on Form 40-F of Taseko Mines Limited;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

(4) The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

(5) The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 31, 2010

By: /s/ P. Mitchell

Name: Peter C. Mitchell
Title: Chief Financial Officer

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Russell E. Hallbauer, Chief Executive Officer of Taseko Mines Limited (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2009 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ R. Hallbauer

Name: Russell E. Hallbauer
Title: Chief Executive Officer

Date: March 31, 2010

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Company's Annual Report on Form 40-F. A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Annual Report on Form 40-F pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

CERTIFICATION
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter C. Mitchell, Chief Financial Officer of Taseko Mines Limited (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2009 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ P. Mitchell

Name: Peter C. Mitchell
Title: Chief Financial Officer

Date: March 31, 2010

This written statement is being furnished to the Securities and Exchange Commission as an exhibit to the Company's Annual Report on Form 40-F. A signed original of this statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies this Annual Report on Form 40-F pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.



ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR
ENDED DECEMBER 31, 2009

AS AT MARCH 31, 2010

ITEM 2. TABLE OF CONTENTS

ITEM 2. TABLE OF CONTENTS 1

ITEM 3. CORPORATE STRUCTURE 5

ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS 6

ITEM 5. DESCRIPTION OF BUSINESS 9
THE GIBRALTAR MINE 10
THE PROSPERITY PROJECT 19
NON MATERIAL PROJECTS 27
RISK FACTORS 30

ITEM 6. DIVIDENDS 33

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE 33
COMMON SHARES 33
GIBRALTAR TRACKING PREFERRED SHARES (EXCHANGEABLE FOR TASEKO COMMON SHARES) 33
CONVERTIBLE BONDS 34
CREDIT SUISSE TERM FACILITY 34
LONG-TERM EQUIPMENT LOAN 35
EQUITY FINANCINGS 35
OTHER FINANCINGS 35

ITEM 8. MARKET FOR SECURITIES 36

ITEM 9. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON ESCROW 37

ITEM 10. DIRECTORS AND OFFICERS 37
PRINCIPAL OCCUPATIONS AND OTHER INFORMATION ABOUT TASEKO'S DIRECTORS AND MANAGEMENT 38

ITEM 11. PROMOTERS 46

ITEM 12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS 47

ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 47

ITEM 14. TRANSFER AGENT AND REGISTRAR 47

ITEM 15. MATERIAL CONTRACTS 47

ITEM 16. INTERESTS OF EXPERTS 48

ITEM 17. ADDITIONAL INFORMATION 49

ITEM 18. DISCLOSURE FOR COMPANIES NOT SENDING INFORMATION CIRCULARS 49

ITEM 19. CONTROLS AND PROCEDURES 49
INTERNAL CONTROLS OVER FINANCIAL REPORTING PROCEDURES 49
DISCLOSURE CONTROLS AND PROCEDURES 50

ITEM 20. AUDIT COMMITTEE 50
AUDIT COMMITTEE CHARTER AND COMPOSITION OF AUDIT COMMITTEE 50
RELEVANT EDUCATION AND EXPERIENCE 51
RELIANCE ON CERTAIN EXEMPTIONS 51
PRE-APPROVAL POLICIES AND PROCEDURES FOR NON-AUDIT SERVICES 51
CODE OF ETHICS 51
PRINCIPAL ACCOUNTANT FEES AND SERVICES 51

ITEM 21. OFF BALANCE SHEET ARRANGEMENTS 52

FIGURES
FIGURE 1: LOCATION OF THE TASEKO'S PROPERTIES 10

TABLES
TABLE 1: MINERAL TENURES – GIBRALTAR MINE 11
TABLE 2: GIBRALTAR MINE MINERAL RESERVES AT 0.20% COPPER CUT-OFF 16
TABLE 3: GIBRALTAR MINE MINERAL RESOURCES AT 0.20% COPPER CUT-OFF 16
TABLE 4: GIBRALTAR MINE – OXIDE MINERAL RESERVES AS OF DECEMBER 31, 2009 AT 0.10% ASCU CUT-OFF 17
TABLE 5: GIBRALTAR PRODUCTION 18
TABLE 6: PROSPERITY MINERAL RESERVES AT CDN$5.50 NSR/T PIT -RIM CUT-OFF 24
TABLE 7: PROSPERITY MINERAL RESERVES AT 0.14% COPPER CUT-OFF – SEPTEMBER 2009 25

Preliminary Notes

Documents Incorporate by Reference

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

Incorporated by reference into this annual information form (the “Annual Information Form” or “AIF”) are the audited consolidated financial statements and Management Discussion and Analysis for Taseko Mines Limited (the “Company” or “Taseko”) for the fiscal year (twelve months) ended December 31, 2009 and the fiscal period ended December 31, 2008 together with the auditor’s report thereon. The financial statements are available for review on the SEDAR website located at www.sedar.com. All financial information in this Annual Information Form is prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) using Canadian dollars.

Also incorporated by reference is the technical report “Technical Report on the 105 Million Ton Increase in Mineral Reserves at the Gibraltar Mine” dated January 23, 2009, prepared by Scott Jones, P. Eng. and the technical report “Technical Report on the 344 Million Tonne Increase in Mineral Reserves at the Prosperity Gold-Copper Project” dated December 17, 2009 All technical reports have been filed on Taseko’s profile on SEDAR at www.sedar.com.

Currency and Metric Equivalents

The Company’s accounts are maintained in Canadian dollars and all dollar amounts herein are expressed in Canadian dollars unless otherwise indicated. .

The following factors for converting Imperial measurements into metric equivalents are provided:

To convert from Imperial	To metric	Multiply by
acres	hectares	0.405
feet	metres	0.305
miles	kilometres	1.609
tons (2000 pounds)	tonnes	0.907
ounces (troy)/ton	grams/tonne	34.286

In this AIF the following defined terms have the meanings set forth below:

NYSE Amex	The New York Stock Exchange which has incorporated the former American Stock exchange, being one of the two stock exchanges (together with the TSX) on which the Common Shares are listed.
Common Shares	The Company's common shares without par value, being the only class or kind of the Company's authorized capital.
Company	Taseko Mines Limited, including its subsidiaries, unless the context requires otherwise.
Carbonatite deposit	Carbonatites deposits are igneous rocks largely consisting of the carbonate minerals calcite and dolomite which contain the niobium mineral pyrochlore, rare earth minerals or copper sulphide minerals.
Epithermal deposit	A mineral deposit formed at low temperature (50-200°C), usually within one kilometer of the earth's surface, often as structurally controlled veins.
Flotation	Flotation is a method of mineral separation whereby after crushing and grinding ore, froth created in a slurry by a variety of reagents, causes some finely crushed minerals to float to the surface where they are skimmed off.
HQ	A letter name specifying the dimensions of bits, core barrels, and drill rods in the H-size and Q-group wireline diamond drilling system having a core diameter of 63.5 mm and a hole diameter of 96 mm.
Induced Polarization ("IP") Survey	A geophysical survey used to identify a feature that appears to be different from the typical or background survey results when tested for levels of electro- conductivity. IP detects both chargeable, pyrite-bearing rock and non-conductive rock that has high content of quartz.
Mineral Deposit	A deposit of mineralization, which may or may not be ore.
Mineral Symbols	Ag – silver; Au – gold; Cu – copper; Pb – lead; Zn – Zinc; Mo – molybdenum; Nb – niobium.
NQ	A letter name specifying the dimensions of bits, core barrels, and drill rods in the N-size and Q-group wireline diamond drilling system having a core diameter of 47.6 mm and a hole diameter of 75.7 mm.
Porphyry deposit	A type of mineral deposit in which ore minerals are widely disseminated, generally of low grade but large tonnage.

Solvent Extraction/ Electrowinning ("SX/EW")	Solvent extraction is the technique of transferring a solute from one solution to another; for example when copper oxide is dissolved into solution, copper becomes the solute. Electrowinning is the process in which an electric current flows between a pair of electrodes (anode & cathode) in a solution containing metal ions (electrolyte). Metal is deposited on the cathode in accordance with the metal's ability to gain or lose electrons. Since ion deposition is selective, the cathode product is generally high grade and requires little further refining.
TSX	The Toronto Stock Exchange, one of the two stock exchanges on which the Common Shares are listed, along with NYSE Amex.

Resource Category (Classifications) Used in this AIF

The discussion of mineral deposit classifications in this AIF adheres to the resource/reserve definitions and classification criteria developed by the Canadian Institute of Mining and Metallurgy in 2005. Estimated mineral resources fall into two broad categories dependent on whether the economic viability of them has been established and these are namely "resources" (economic viability not established) and ore "reserves" (viable economic production is feasible). Resources are sub-divided into categories depending on the confidence level of the estimate based on level of detail of sampling and geological understanding of the deposit. The categories, from lowest confidence to highest confidence, are inferred resource, indicated resource and measured resource. Reserves are similarly sub-divided by order of confidence into probable (lowest) and proven (highest). These classifications can be more particularly described as follows:

A "**Mineral Resource**" is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

An "**Inferred Mineral Resource**" is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An "**Indicated Mineral Resource**" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A "**Measured Mineral Resource**" is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

A "**Mineral Reserve**" is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A "**Probable Mineral Reserve**" is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A "**Proven Mineral Reserve**" is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified. The US Securities and Exchange Commission require permits in hand or their issuance imminent to classify mineralized material as reserves.

For United States reporting purposes, SEC Industry Guide 7 (under the United States Securities Exchange Act of 1934 (the "Exchange Act"), as interpreted by Staff of the United States Securities and Exchange Commission (the "SEC"), applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserved used in National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101") differ from the definitions in the SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards.

ITEM 3. CORPORATE STRUCTURE

Taseko Mines Limited was incorporated on April 15, 1966, pursuant to the *Company Act* of the Province of British Columbia. This corporate legislation was superseded in 2004 by the *British Columbia Corporations* Act which is now the corporate law statute that governs Taseko . Taseko has one material active wholly-owned subsidiary, Gibraltar Mines Ltd. ("Gibraltar"), a second active but not material subsidiary Aley Corporation, and three non-material, inactive subsidiaries, Cuisson Lake Mines Ltd. (which is 70% owned and holds certain Gibraltar Mine mineral interests), 688888 BC Ltd. (which is wholly owned) and Taseko Acquisitionsub Ltd. (which is wholly owned). Taseko owns 100% of the common shares of Gibraltar but none of Gibraltar's issued preferred shares. As of the date of this AIF, the Company has established a joint venture with the Sojitz Consortium ("Sojitz") over the Gibraltar Mine, whereby Sojitz acquired a 25% interest in the mine and Gibraltar retained a 75% interest.

The head office of Taseko is located at Suite 300, 905 West Pender Street, Vancouver, British Columbia, Canada V6C 1L6, telephone (778) 373-4533, facsimile (778) 373-4534. The Company's legal registered office is in care of its Canadian attorneys Lang Michener LLP, Barristers & Solicitors, at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7, telephone (604) 689-9111, facsimile (604) 685-7084. In this Annual Information Form, the terms "Company" or "Taseko" refer to Taseko Mines Limited and all its subsidiaries together unless the context otherwise clearly requires. Certain terms used herein are defined in the glossary of this Annual Information Form or in the disclosure to which the term relates.

ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS

The principal business activity of Taseko for the past three years has been the operation and capacity expansion of its Gibraltar Mine which constitutes the majority of the activity disclosed by Taseko's consolidated financial statements summarized below. The consolidated financial statements below have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and are expressed in thousands of Canadian dollars except for per share and share amounts.

	As at December 31		As at September 30
Balance Sheets	**2009**	**2008**	**2007**
Current assets	$ 92,316	$ 41,283	$ 94,619
Mineral properties	32,631	32,610	18,407
Plant and equipment	305,205	292,390	158,492
Other assets	104,943	111,962	105,745
Total assets	$ 535,095	$ 478,245	$ 377,263
Current liabilities	$ 75,179	$ 112,053	$ 44,589
Other liabilities	163,223	131,285	169,014
Shareholders' equity	296,693	234,907	163,660
Total liabilities & shareholders' equity	$ 535,095	$ 478,245	$ 377,263

	Year ended December 31	Fifteen months ended December 31	Year ended September 30
Statements of Operations	**2009**	**2008**	**2007**
Revenue	$ 188,902	$ 231,678	$ 218,426
Cost of sales	132,434	196,261	109,533
Depletion, depreciation and amortization	8,150	7,363	3,155
Operating profit	48,318	28,054	105,738
Accretion of reclamation obligation	968	1,451	1,777
Exploration	3,407	11,864	8,967
Foreign exchange loss (gain)	(8,800)	4,032	233
Gain on asset retirement obligation change of estimates	–	(6,917)	(4,570)
Gain on convertible bond repurchase	(1,630)	–	–
General and administration	8,382	11,896	6,501
Gain on sale of marketable securities	(188)	(1,034)	(1,508)
Interest and other income	(7,402)	(9,701)	(11,093)
Interest expense	8,265	8,284	5,947
Interest accretion on convertible debt	1,260	2,938	2,922
Stock-based compensation	5,696	6,442	6,771
Realized loss on derivative instruments	11,330	–	–
Change in fair market value of financial instruments	–	886	1,925
Earnings (loss) before other items	$ 27,030	$ (2,087)	$ 87,866
Other items:			
Unrealized loss on derivative instruments	15,775	–	–
Earnings (loss) before income taxes:	11,255	$ (2,087)	$ 87,866
Current income tax expense (recovery)	669	(2,151)	3,959
Future income tax expense (recovery)	25	(3,446)	35,645
Earnings (loss) for the year	$ 10,561	$ 3,510	$ 48,262
Other comprehensive income (loss):			
Unrealized gain (loss) on reclamation deposits	(1,040)	1,859	(419)
Unrealized gain (loss) on marketable securities/investments	14,263	(11,295)	4,710
Reclassification of realized gain on sale of marketable securities	(188)	(1,152)	(1,508)
Tax effect	(1,779)	1,570	(445)
Other comprehensive income (loss)	$ 11,256	$ (9,018)	$ 2,338
Total comprehensive income (loss)	$ 21,817	$ (5,508)	$ 50,600
Basic earnings (loss) per share	$ 0.06	$ 0.02	$ 0.37
Diluted earnings (loss) per share	$ 0.06	$ 0.02	$ 0.36
Basic weighted average number of common shares outstanding	173,170	142,062	129,218
Diluted weighted average number of common shares outstanding	180,835	156,928	142,278

Taseko's business is focused on, firstly, enhancing the production of copper and molybdenum from its producing Gibraltar mine (the "Gibraltar Mine") and, secondly, on demonstrating the economic feasibility and social acceptability of its Prosperity gold and copper property (the "Prosperity Project"). A feasibility study has been completed for Prosperity Project, demonstrating mineral reserves as defined under Canadian Securities regulations under NI 43-101. As no permits are in place, the Prosperity Project does not have reserves under US SEC Guide 7 Standards. Both the Gibraltar Mine and the Prosperity Project are located in central British Columbia, Canada.

The Company also has two non-material properties located in British Columbia, including the advanced exploration stage property known as the Harmony project, and the mid stage exploration niobium project known as the Aley project ("Aley"). Mineralization at the Harmony project has not at this time been determined to constitute a proven or probable reserve, and there are no mineral resources currently estimated at the Aley project. Aside from the joint venture established with Sojitz Taseko and its subsidiaries currently own all its projects outright.

After focusing on the recommencement of copper production at the Gibraltar Mine over fiscal 2005 through 2007, the Company reactivated environmental and economic assessments of the Prosperity Project. A $2 million feasibility study on the Prosperity Project was completed in September 2007, projecting the technical and economic feasibility of the project.

In fiscal 2008 and 2009, Taseko expanded the ore concentrator and made other production improvements at the Gibraltar Mine. Taseko also continued to advance the Prosperity Project through the environmental assessment process. Work on the Harmony and Aley projects was curtailed in 2008 and 2009 as the Company focused efforts on the Gibraltar Mine and the Prosperity Project. The Company is considering additional project assessment work in 2010 to advance these projects. Taseko believes that there will continue to be demand for copper, molybdenum, gold, and niobium for the foreseeable future and there will be a continuing need to replace depleted reserves from existing mines. Hence, it sees value in projects which may not yet seem economic.

During the past three years, the Company's two material projects have developed as follows:

a) The Gibraltar Mine obtained government permitting and re-started the operation in early October 2004 following several years on care and maintenance as a result of low metal prices. Commercial production started on January 1, 2005 and has continued to the present. Total production in the three years leading up to December 31, 2009 was 33.7 million tons milled, producing 188.4 million lb. of copper in concentrate and cathode, 1.9 million lb. of molybdenum. Construction of the Phase 1 mill expansion was completed in February 2008. The ramp up to the rated processing capacity of 46,000 tons per day ("tpd") has been ongoing since the completion of construction. The construction schedule of a Phase 2 expansion program, designed to increase concentrator from 46,000 tpd to 55,000 tpd, was modified as a result of management's review of capital spending in the face of the global credit market crisis in late 2008. The regrind and cleaner flotation circuits were completed in the summer of 2009 as they provide very robust payback by enhancing both copper and molybdenum recoveries. Ramp up to 55,000 tpd will occur during 2010 and 2011 following completion of the remainder of the Phase 2 program, completion of the in-pit crusher and conveyor, and installation of the SAG mill direct feed system.

b) The Prosperity Project was the subject of a feasibility study which was completed in September 2007 for a 70,000 tonnes per day operation. A review of the project in 2009 resulted in an increase in anticipated mine life to 33 years. Environmental assessment under the Canadian and British Columbia Environmental Assessment Act has been underway. Taseko received the environmental assessment certificate from the British Columbia Provincial Ministry of Environment on January 14, 2010. The Provincial Mines Act permit application is planned to be submitted to the Ministry of Energy, Mines, and Petroleum Resources in April 2010. Following hearings under the federal process, scheduled to begin in late March and conclude in May 2010, the Panel will submit their findings to the Federal Minister of Environment for a decision. This process is expected to be completed by mid 2010.

The Company's two non-material projects have developed as follows:

a) The Harmony project was significantly moved towards mine development permitting during a period of active exploration during the late 1990s further described herein. Taseko is considering initiating a pre-feasibility level study in 2010 of Harmony to further evaluate the project. The Company initiated a review of engineering work on the project in late 2007 following the designation of the area as a mineral development zone under the Queen Charlotte-Haida Gwaii Land and Resource Management Plan.

b) Taseko acquired the Aley project in 2007 and carried out an initial exploration program for niobium. The Company is considering additional exploration work in 2010 to advance this project.

The provincial government of British Columbia and the federal government of Canada both have jurisdiction over a wide variety of activities and persons affected by mining including local communities, habitat users and others having or claiming to have interests which may be affected by mining activity. The Company's management believes that there is a reasonable level of public acceptance of mining in British Columbia and that responsible mining projects make a positive contribution to the Province of British Columbia and the local communities where or near to where these projects are located. This has enabled the Company to have positive dialogue with local communities, First Nations, and government agencies. It has also helped in advancing the Prosperity Project's evaluation process forward.

As announced in a news release on December 11, 2008, proven and probable mineral reserves at the Gibraltar Mine have increased by approximately 105 million tons to a total of 472.4 million tons stated at December 31, 2008 (See "Description of Business – Gibraltar Mine – Reserves"). In January 2009, the Company prepared a NI 43-101 compliant technical report containing the revised reserve estimates and updated capital and operating costs and filed it at www.sedar.com.

As announced in a news release on November 12, 2009, proven and probable mineral reserves at the Prosperity Project have increased by approximately 344million tons to a total of 830 million tons (See "Description of Business – Reserves"). In November 2009, the Company prepared a NI 43-101 compliant technical report containing the revised reserve estimates and updated capital and operating costs and filed it at www.sedar.com.

Consistent with the Company's existing strategy to manage its operating margins effectively in volatile copper markets, the Company has established a hedging program for approximately 50% of targeted copper production to the end of 2010 from its wholly-owned Gibraltar Mine. Approximately 30 million pounds of copper was hedged with a price range of US$1.88 - US$2.36 per pound for 2009 and approximately 50% of the copper production, from January 2010 to December 2010, has been hedged at a price range of US$2.00 - US$3.95 per pound.

During the 2009 fiscal year, Taseko repurchased the entire US$30 million in Convertible Bonds that it had outstanding. The Company completed equity financings in the amount of $28.3 million. The Company also completed two debt financings totalling US$50 million with Credit Suisse and Investec Bank PLC, a $9 million equipment loan from GE Capital and a $6.5 million royalty financing which pays a 6% royalty.

The Company announced in November 2009 that it would establish a joint venture with the Sojitz over the Gibraltar mine, whereby Sojitz would pay approximately $179.5 million to acquire a 25% interest in the mine. Taseko will retain a 75% interest and will continue to operate the mine.

On March 24, 2009, the Company announced that the definitive agreements with Sojitz were executed. The joint venture partners will be Gibraltar Mines Ltd. (75%) and Cariboo Copper Corp. (25%) [jointly owned by Sojitz Corporation (50%), Dowa Metals & Mining Co., Ltd. (25%) and Furukawa Co., Ltd. (25%)]. The transaction is scheduled to close on March 31, 2010 for total consideration of approximately C$187 million.

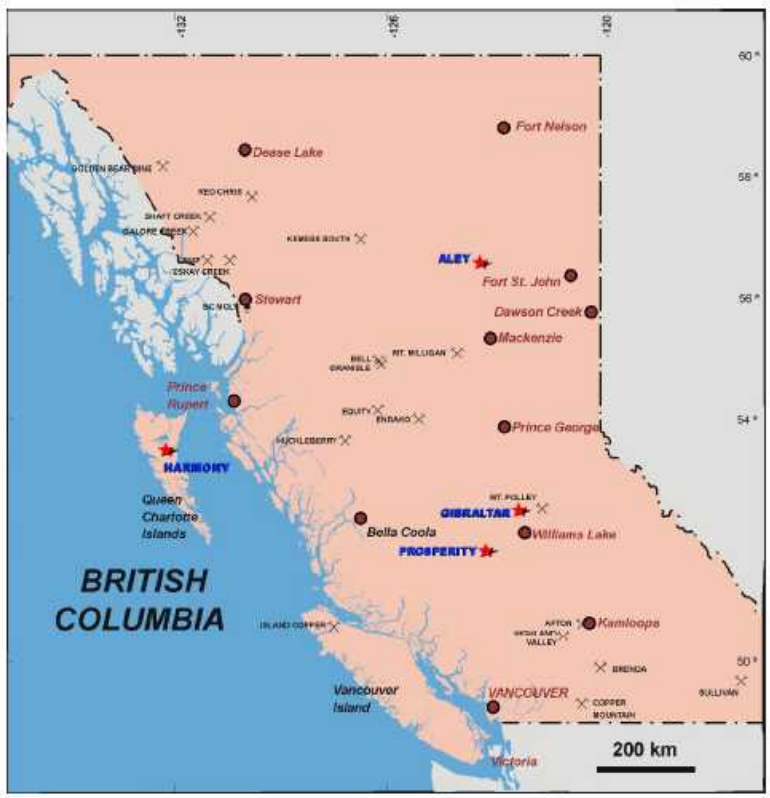
Aside from the above, the Company has not made any significant acquisitions or dispositions since January 2006.

ITEM 5. DESCRIPTION OF BUSINESS

Taseko is a mining company that generally seeks to acquire, develop, and operate large tonnage mineral deposits which, under conservative metals forward price assumptions, are potentially capable of supporting a mine for 10 years or longer.

Figure 1 below shows the location of the Company's four properties in British Columbia, Canada.

Figure 1: Location of the Taseko's Properties



Source: Taseko

The Gibraltar Mine

Unless stated otherwise, information of a technical or scientific nature related to the Gibraltar Mine contained in this AIF is summarized or extracted from a technical report entitled "Technical Report on the 105 Million Ton Increase in Mineral Reserves at the Gibraltar Mine" dated January 23, 2009 (the "Gibraltar Technical Report"), prepared by Scott Jones, P. Eng. filed on Taseko's profile on SEDAR at www.sedar.com and updated with 2009 production results. Mr. Jones is not independent of Taseko by virtue of being employed by the Company as Vice-President, Engineering.

Property Description and Location

The Gibraltar Mine site covers approximately 113 square km, located at latitude 52°30'N and longitude 122°16'W in the Granite Mountain area, approximately 65 km by road north of the City of Williams Lake in south-central British Columbia, Canada. The Gibraltar Mine property consists of 250 tenures held 100% by the Company as summarized in Table 1 below.

Table 1: Mineral Tenures – Gibraltar Mine

Tenure Type	Number	Area (ha)
Claims	220	14,184.14
Leases	30	1,889.68
Total	250	16,073.82

There are 30 mining leases at Gibraltar which are valid until at least July 26, 2023 as long as renewal fees, which are due on an annual basis, are paid. Rights to use the surface accompany each mining lease. Additionally all mining claims at Gibraltar are valid until February 15, 2011 with the exception of four claims that have expiry dates on May 19, 2010, June 12, 2010, July 24, 2010 and October 19, 2010. It is intended that all leases and claims will be renewed prior to their renewal fees being due (in the case of the leases) and prior to their expiry in the case of the claims.

There are several land parcels for which surface rights were purchased outright. There is one fee simple lot at Gibraltar (L3728) on which the plant site is located and annual taxes are paid. In addition Gibraltar holds four other land parcels: DL9170, DL9483, DL 9497 and DL588.

The Gibraltar Mine has operated for most of the active life of the mine from four open pits. Waste dumps have been developed in various areas adjacent to the open pits and tailings have been deposited in an impoundment area, located about three km north of the mill.

A mill expansion completed in 2008 included commissioning of a new 34’ diameter Semi-Autogenous Grinding (“SAG”) mill, conversion of the rod and ball mill circuit to ball mill grinding only, and replacement of rougher and cleaner flotation cells with large state of the art cells. Improvement associated with the expansion continued in 2009. The cleaner and regrind circuit capital projects were completed and expected copper recovery improvements were being realized by the end of the year. Upon completion of the in-pit crusher conveyor and tailings handling systems (mid 2010), and the concentrate filter/dryer circuits upgrade and the Semi Autogenous Grind (SAG) mill direct feed systems (end of 2010), the rated capacity of the operation will increase from 36,000 tons per day to 55,000 tons per day.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Gibraltar Mine from Williams Lake, British Columbia is via Highway 97 to McLeese Lake, and then a paved road provides access to the Gibraltar Mine site, a total road distance of 65 km.

The Canadian National Railway has rail service to facilitate the shipping of copper concentrates through to the Pacific Ocean port of North Vancouver. A rail siding and storage shed for the shipment of concentrate is located 26 km from the mine site. Electricity is obtained from BC Hydro. Natural gas is provided by Avista Energy and Terasen Gas. The communities of Williams Lake and Quesnel are sufficiently close to the site to supply goods, services, and personnel to the Gibraltar Mine. The number of active personnel at the Gibraltar Mine at the end of December 2009 was 377 individuals.

The Gibraltar Mine mineral claims cover an area of gentle topography; local relief is in the order of 200 meters. The plant site is located at an elevation of approximately 1,100 meters above sea level. The project area has a moderate continental climate with cold winters and warm summers. Ambient air temperature ranges from a winter minimum of -34° C to a summer maximum of 35°C. The Gibraltar Mine operates year round.

Make-up fresh water for the mine site is obtained from a set of wells on the Gibraltar Mine property. The Company owns and operates the concentrate rail load-out facility on the CN rail line at Macalister.

Gibraltar Mine History

In 1964, Gibraltar Mines Ltd. (Gibraltar) acquired a group of claims in the McLeese Lake area from Malabar Mining Co. Ltd. Canadian Exploration Limited (Canex), at that time a wholly-owned subsidiary of Placer Development (Placer), and Duval Corporation (Duval) had also been exploring on claims known as the Pollyanna Group which they had acquired adjacent to Gibraltar's claims. In 1969, Gibraltar, Canex and Duval entered into an agreement providing for the commingling of Gibraltar's claims with the Pollyanna Group. In 1971 Gibraltar acquired Duval's remaining interest in the property.

Preliminary development of the Gibraltar Mine began in October 1970. The concentrator commenced production on March 8, 1972 and was fully operational by March 31, 1972. Mining and milling operations were suspended on December 1, 1993 due to low copper prices and recommenced in September 1994 following the increase in copper prices. A cathode copper plant design with an annual capacity of 4,535 tonnes (10 million lb.) of market-ready copper metal began operation in October 1986. Up to the 1998 shutdown, as discussed below, 38,430 tonnes (84.7 million lb.) of electro won copper had been produced from this facility.

In October 1996, Westmin Resources Limited ("Westmin") acquired 100% control of Gibraltar and in December 1997, Boliden Limited Westmin (Canada) Limited ("Boliden") acquired Westmin. In March 1998, Boliden announced that it would cease mining operation at Gibraltar Mine at the end of 1998.

On July 21, 1999, Taseko's subsidiary, Gibraltar Mines Ltd., purchased the Gibraltar mine assets from Boliden Westmin (Canada) Limited ("Boliden") and certain of its affiliates, including all mineral interests, mining and processing equipment and facilities, and assumed responsibility for reclamation obligations estimated at that time at about $33 million. Pursuant to the terms of the acquisition, Gibraltar acquired mining equipment, parts and supplies inventories valued at $19 million, an existing British Columbia Government environmental deposit of $8 million, and mineral interests valued at $3.3 million, and received $20.1 million in cash over 18 months from closing, of which $17 million was received pursuant to a 10-year non-interest bearing convertible debenture issued to Boliden and subsequently acquired by NVI Mining Ltd ("NVI"). Gibraltar assumed the estimated reclamation liability pertaining to the Gibraltar mine of $32.9 million and Taseko guaranteed Gibraltar's obligations to Boliden. On April 2, 2008, NVI issued a notice to the Company to convert the principal amount of the debenture of $17.0 million at an effective conversion rate of $5.14 per common share, which would have resulted in 3,307,393 common shares of the Company being issued to NVI. The Company issued 2,612,971 to NVI and made a cash payment of $3.6 million in lieu of issuing the remaining 694,422 common shares as full and final settlement to NVI and accordingly the debenture is discharged as of the date hereof.

The total production history, to the end of 1998, amounted to 845,800 tonnes (1,860 million lb.) of copper, 8,900 tonnes (19.7 million lb.) of molybdenum and 38,400 tonnes (84.7 million lb.) of cathode copper from 305 million tonnes (336 million short tons) milled.

From 1999 to 2004, Taseko geologists and engineers explored for additional mineralized material and to better define known resources. The on-site staff also completed on-going reclamation work and maintained the Gibraltar mine for re-start. Operating and environmental permits were kept in good standing.

On October 1, 2004 when the mine re-opened, there were approximately 837 million tons of measured and indicated resources outlined at Gibraltar, including proven and probable sulphide reserves of 163.5 million tons grading 0.313% copper and 0.010% molybdenum at a 0.20% copper cut-off and 16.5 million tons of oxide reserves grading 0.148% Cu at a 0.10% acid soluble copper cut-off. The Gibraltar re-start decision was based on the initial four years of the 12-year mine plan. Mining operations recommenced under the Taseko Ledcor Joint Venture management arrangement. Milling production began in October of that year. Copper cathode production recommenced in January 2006 at the SX-EW plant. In November of 2006 Taseko voluntarily withdrew from the joint venture with Ledcor and through Gibraltar assumed responsibility for all matters in connection with Gibraltar Mine.

Red Mile Royalty Sale Agreements

On September 29, 2004, Gibraltar and 688888 B.C. Ltd. ("688888"), a wholly-owned subsidiary of Taseko, entered into certain related agreements. Pursuant to a Royalty Agreement among, *inter alia*, Gibraltar and Wilshire (GP) No. 2 Corporation, in its own capacity and in its capacity as general partner on behalf of all the limited partners of Red Mile Resources No. 2 Limited Partnership ("Red Mile") (see "Material Contracts"), Gibraltar sold to Red Mile a royalty (the "Royalty Interest") for $67,357,000 (the "Purchase Price"). Annual royalties payable by Gibraltar to Red Mile range from $0.01 per pound to $0.14 per pound of copper produced during the period from the Commencement of Commercial Production (as defined in the Royalty Agreement) to the later of (a) December 31, 2014, and (b) the date that is five years after the end of commercial production from the mine.

Pursuant to a Funding Pledge Agreement among, *inter alia*, Alberta Capital Trust Corporation ("Alberta Trust") and Gibraltar (see "Material Contracts"), the Purchase Price was invested in a promissory note with Alberta Trust, and Gibraltar pledged the promissory note, along with interest earned and to be earned thereon, to secure its obligations under the Funding Pledge Agreement. Pursuant to a Pledge, Priorities and Direction Agreement (see "Material Contracts"), Gibraltar is entitled to have released to it funds held under the promissory note, and interest thereon, to fund its royalty obligations under the Royalty Agreement to the extent of its royalty payment obligations.

Pursuant to a Call Option Agreement among, *inter alia*, 688888 and Red Miles Resources Inc., in its capacity as general partner on behalf of all of the partners of Red Mile Resources Fund Limited Partnership ("RMRF") (see "Material Contracts"), 688888 has an option to, directly or indirectly, reacquire the Royalty Interest by acquiring ("call") from Red Mile the Royalty Interest or from RMRF all of the limited partnership units ("LP Units") of Red Mile held by RMRF. Pursuant to the Royalty Agreement, RMRF has the right to require Gibraltar to purchase ("put") all of Red Mile's LP Units owned by RMRF.

Pursuant to the Royalty Agreement, Gibraltar has granted to Red Mile a net profits interest ("NPI"), which survives any "put" or "call" of the Red Mile LP Units. The NPI is applicable for the years 2011 to 2014 and varies depending on the average price of copper for any year during that period. No NPI is payable until Gibraltar reaches a pre-determined aggregate level of revenues less defined operating costs and expenditures.

Property Geology

The Gibraltar Mine generally consists of seven separate mineralized zones. Six of these – Pollyanna, Granite, Connector, Gibraltar East, Gibraltar West and Gibraltar West Extension – occur within the Granite Mountain batholith in a broad zone of shearing and alteration. A seventh copper mineralized body, the Sawmill zone, lies about six km to the south, along the southern edge of the batholith, within a complex contact zone between the batholith and Cache Creek Group rocks.

Two major structural orientations have been recognized at Gibraltar: the Sunset and Granite Creek mineralized systems. The Sunset system has a northwest strike with one set of structures dipping 35° to 45° to the south and a conjugate set, known as the Reverse Sunset, dipping 50° to 60° to the north. The Granite Creek system strikes east-west and dips 20° to 40° to the south with a subordinate set of structures dipping steeply in a northerly direction. Structures of the Sunset system that host mineralization are mainly shear zones, with minor development of stockwork and associated foliation lamellae. Host structures of the Granite Creek system are predominantly oriented stockwork zones.

The Granite Creek system provides the major structures that control mineralization of Pollyanna, Granite and the Sawmill zones. These bodies have the characteristic large diffuse nature of porphyry copper type mineralization. The Gibraltar East deposit is essentially a system of interconnected Sunset zones, which create a large body of uniform grade. Gibraltar West and Gibraltar West Extension deposits are contained within a large complex shear zone.

Mineralization

Pyrite and chalcopyrite are the principal primary iron and copper sulphide minerals. Sixty percent of the copper occurs in fine-grained chalcopyrite. Coarser grained chalcopyrite also occurs, usually in quartz veins and shear zones. Small concentrations of bornite (a sulphide mineral of copper and iron), associated with magnetite and chalcopyrite, is present on the extremities of the Pollyanna and Sawmill deposits. Oxide copper mineralization is also present between the Gibraltar East and Pollyanna open pits in the Connector Zone. Molybdenite (molybdenum sulphide mineral) is a minor but economically important associate of chalcopyrite in the Pollyanna, Granite and Sawmill deposits.

Exploration

From 1999-2004, Taseko geologists and engineers explored for additional mineralized material and to better define known resources. At October 1, 2004 when the mine re-opened, there were approximately 837 million tons of measured and indicated resources outlined at the Gibraltar Mine, including proven and probable sulphide reserves of 163.5 million tons grading 0.313% copper and 0.010% molybdenum at a 0.20% copper cut-off and 16.5 million tons of oxide reserves grading 0.148% Cu at a 0.10% acid soluble copper cut-off. A core drilling program for pit definition for the Granite Lake and PGE Connector deposits and property exploration at the 98 Oxide Zone, was carried out between September and November 2005. A further drilling program carried out in 2006 was designed to define the mineral resources between the existing pits by tying together the extensive mineralization zones, and to test for additional mineralization at depth.

The 2007 program tested a number of targets to define further mineralization, provided definition drilling in the Pollyanna-Granite saddle zone and Granite West areas and included condemnation drilling for the proposed extensions of both the #5 and #6 Dump footprints. The targets for further mineralization were Gibraltar South, Pollyanna North IP anomaly, Granite South and the Gunn Zone.

Data from an additional 47 holes totalling 52,175 feet (15,903 m) drilled in the 2007 program after July 2007 was not available when resources were updated in 2007. In addition, a hole totalling 605 feet (184 m) was drilled in the Granite area at the end of the 2007 program but collared in January 2008.

Holes drilled in the Gibraltar West pit area were incorporated into the 2008 reserve estimate for the new Gibraltar Extension Pit. The 2008 exploration program was conducted on the southern and eastern margins of the Gibraltar East pit and northwest of the Gibraltar West pit. The objective was to upgrade identified inferred resources to indicated or measured categories through “in-fill” drilling.

In total, 110,607 feet (33,713 m) of NQ and HQ size core were drilled in 125 holes. Twenty-one holes totalling 22,753 feet (6,935 m) were drilled around the southern and eastern margins of the Gibraltar East pit. Thirteen of these holes were designed to upgrade the resources, three holes to target pockets of potential mineralization below the current pit, and five were abandoned, substituted or re-drilled due to difficulties in drilling conditions. One hundred and four holes totalling 87,854 feet (26,778 m) were drilled northwest of the Gibraltar West pit. The objective was to test the continuity of the northwest-trending zone of mineralization and provide sufficient drill hole density to generate reserves. Most of the holes were drilled at -90° dip. Two holes totalling 170 feet (52 m) did not reach bedrock and were excluded from the dataset used for the reserve estimate. Seven holes totalling 5,272 feet (1,607 m) were drilled at the outer edges of the deposit for geotechnical purposes. The new holes provided data for a reevaluation of the deposit geology and generation of a reserve estimate for staged pits collectively named the Gibraltar Extension pit.

Sampling and Analytical Procedures

A total of 110,607 feet (33,713 m) was drilled in 125 drill holes in calendar 2008 averaging 883 ft (269 m) in length. This included 18 HQ core size holes, 2 holes which started HQ and ending NQ and 106 NQ size holes. Core recovery was measured on 10,564 drill runs averaging 9.2 ft (2.8 m) in length. Recovery was generally good, averaging 92.5% for the sampled intervals measured. The 10,435 half core samples taken in 2008 by Gibraltar personnel averaged 10 ft in length.

Drill core was boxed at the drill site and transported by company truck to a secure logging, sampling and sample preparation facility at the Gibraltar Mine. The drill core was mechanically split into two halves lengthwise. Half core was taken as an assay sample. The remaining half core and coarse reject after sample preparation at the analytical laboratories are stored at the Gibraltar Mine. The remaining pulps after analysis are stored at a secure warehouse at Port Kells, British Columbia.

The 2008 sample preparation was performed mainly by Acme, Vancouver (99.5%) and secondly by Eco Tech, Kamloops (0.5%) . The half-core samples were prepared at the respective laboratories using the same specifications. The entire sample was dried, and crushed to 70% passing 10 mesh (<2 mm). A 250 g split was then taken and the samples were pulverized to 95% passing 150 mesh (106 microns). The coarse reject samples were returned to Gibraltar Mine after analysis for long term storage. The sample pulps are retained at the Port Kells BC warehouse of Taseko.

Taseko implemented a rigorous quality control quality assurance (QA/QC) program after taking over the Gibraltar Mine. This QA/QC program was in addition to the QA/QC procedures used internally by the analytical laboratories. The results of this program indicate that analytical results are of high quality and suitable for use in detailed modeling and resource evaluation studies.

From 2006 – 2008 drill hole data was verified, including digitally as well as manually. The validation and verification work performed on the Gibraltar database indicates that it is of good quality and acceptable for use in geological and reserve modeling.

Gibraltar Mine Reserves and Resources

The Gibraltar Mine mineral reserves are based on the published reserves at December 31, 2008 and depleted for ore production from the Granite pit in 2009.

The reserve estimates for the Gibraltar Extension deposit used long term metal prices of US$1.75/lb for copper and US$10.00/lb for molybdenum and a foreign exchange of Cdn$0.82 per US dollar. The estimates for the balance of the reserves used September 2007 NI 43-101 estimates reduced by actual 2008 and 2009 mining with long term metal prices of US$1.50/lb for copper, US$10/lb for molybdenum and a foreign exchange of $0.80 per US dollar.

The proven and probable reserves as of December 31, 2009 are tabulated in Table 2 below and are NI 43-101 and SEC Guide 7 compliant.

Table 2: Gibraltar Mine Mineral Reserves
at 0.20% Copper Cut-off

Pit	Category	Tons (millions)	Cu (%)	Mo (%)
Connector	Proven	40.4	0.296	0.010
	Probable	14.8	0.271	0.009
	Subtotal	**55.2**	**0.289**	**0.010**
Gibraltar East	Proven	66.8	0.286	0.008
	Probable	33.3	0.285	0.013
	Subtotal	**100.1**	**0.286**	**0.010**
Granite	Proven	178.3	0.325	0.009
	Probable	21.6	0.319	0.009
	Subtotal	**199.9**	**0.324**	**0.009**
Gibraltar Extension	Proven	75.4	0.352	0.002
	Probable	29.3	0.304	0.002
	Subtotal	**104.7**	**0.339**	**0.002**
Total		459.9	0.315	0.008

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

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

The mineral reserves stated above are contained within the mineral resources indicated in Table 3 below:

Table 3: Gibraltar Mine Mineral Resources
at 0.20% Copper Cut-off

Category	Tons (millions)	Cu (%)	Mo %)
Measured	597.7	0.302	0.008
Indicated	361.0	0.290	0.008
Total	**958.7**	**0.298**	**0.008**

There are also oxide reserves, identified in both the PGE Connector and Gibraltar pits as shown in Table 4 below. These oxide reserves are in addition to the sulphide reserves stated in Table 2 and are contained within the resources contained in Table 3.

Table 4: Gibraltar Mine – Oxide Mineral Reserves as of December 31, 2009 at 0.10% ASCu cut-off

Pit	Tons (millions)	Cu (%)	ASCu (%)
Connector	12.7	0.349	0.151
Gibraltar East	0.5	0.152	0.121
Total	**13.2**	**0.341**	**0.150**

The mineral resource and reserve estimations were completed by Gibraltar mine staff under the supervision of Scott Jones, P.Eng., Vice-President, Engineering, a Qualified Person under NI 43-101 and the author of the Gibraltar Technical Report. Mr Jones has verified the methods used to determine grade and tonnage in the geological model, reviewed the long range mine plan, and directed the updated economic evaluation.

Mining Operations

The Gibraltar Mine is a typical open pit operation that utilizes drilling, blasting, cable shovel loading and large-scale truck hauling to excavate rock. The Gibraltar Mine is planned to enable excavation of sulphide mineralized material of sufficient grade that can be economically mined, crushed, ground and processed to a saleable product by froth flotation. Tailings are pumped to a storage facility.

Rock containing lower grade sulphide mineralization or oxide mineralization is also mined but is not immediately processed. The lower grade sulphide material is stockpiled for later treatment in the mill. In addition, a portion of the low grade sulphide (waste) and all of the oxide material can be leached with sulphuric acid, which is naturally assisted by bacterial action, and the resultant copper sulphate solution can be processed to cathode copper in the Gibraltar Mine's SX/EW plant.

A phased expansion of the mill has been underway since 2007. Phase 1 mill construction was completed in February 2008, followed by ramp up to the rated processing capacity of 46,000 tpd. Phase 2 is designed to increase concentrator capacity from 46,000 to 55,000 tpd. The construction schedule for Phase 2 was modified as a result of management's review of capital spending in latter 2008. Improvements to the concentrator and ore handling facilities continued through the 2009 fiscal year. The higher capacity cleaner flotation circuit and modern regrind tower mill completed in August were fully commissioned in mid-November providing recovery improvements.

As of mid March 2010, construction is approximately 95% complete on the new in-pit 60-inch by 89-inch crusher and conveyor system which, when completed and commissioned, will reduce operating costs and improve mine productivity by replacing the smaller original Gibraltar crusher and supplanting approximately three diesel-powered haulage trucks with an electrically driven overland conveyor belt.

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

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

Production in 2009

The following table was prepared by the Company and is a summary of the operating statistics for twelve months ending December 31, 2009. All mining during fiscal 2009 took place in the Granite pits.

Table 5: Gibraltar Production

Total tons mined (millions) [1]	34.9
Tons of ore milled (millions)	13.0
Stripping ratio	1.8
Copper grade (%)	0.319
Molybdenum grade (%Mo)	0.011
Copper recovery (%)	82.3
Molybdenum recovery (%)	24.4
Copper production (millions lb) [2]	70.3
Molybdenum production (thousands lb)	629

1 Total tons mined includes sulphide ore, low grade stockpile material, overburden, and waste rock which were moved from within pit limit to outside pit limit during the period.

2 Copper production includes concentrate and cathode.

Contracts and Markets

Gibraltar's copper concentrate has a nominal 28% copper grade and no significant deleterious elements. Gibraltar's copper concentrate is currently sold at prices based on London Metal Exchange ("LME") quotations under an agreement with MRI Trading AG ("MRI") of Switzerland (see "Material Contracts"), which includes 100% of off-take until 2011 and some opportunity for other sales after that time. Although 100% of Gibraltar's copper concentrate is currently sold to MRI, in the event that MRI is unable to purchase Gibraltar's copper concentrate as provided in the MRI sales agreement, a liquid market exists. Gibraltar copper cathode is nominally 99.9%+ pure copper, and is currently sold under an agreement with Trafigura AG of Switzerland, which includes provisions for 100% of the cathode production. Gibraltar also has an agreement with Derek Raphael to treat a minimum of 75% of its molybdenum concentrate.

The copper market is volatile and cyclical. Copper is a commodity traded on the LME, the New York Commodity Exchange and the Shanghai Futures Exchange. The price of copper as reported on these exchanges is influenced significantly by numerous factors, including (i) the worldwide balance of copper demand and supply, (ii) rates of global economic growth, trends in industrial production and conditions in the housing and automotive industries, all of which correlate with demand for copper, (iii) economic growth and political conditions in China, which has become the largest consumer of refined copper in the world, and other major developing economies, (iv) speculative investment positions in copper and copper futures, (v) the availability and cost of substitute materials and (vi) currency exchange fluctuations.

Production Forecast

The life of mine plan covers a period of twenty two years starting in calendar 2010 and ending in calendar 2032. The plan calls for the mining and processing of 460 million tons of ore from four pits: Granite, Gibraltar East, Connector and Gibraltar Extension. The average grade is estimated to be 0.315% copper and 0.008% molybdenum. The average strip ratio over the life of the plan is 3.1:1. The concentrator is forecast to produce 2,563 million pounds of copper in concentrate and 28.8 million pounds of molybdenum in concentrate. The SXEW plant is expected to produce approximately 60 million pounds of copper in cathode form over the life of the mine.

Environmental Considerations

There have been no material environmental non-compliance incidents since the mine re-opened.

The current Environmental Protection Permit was last amended on April 12, 2006, and authorizes the discharge of tailings, sewage, and treated acid mine drainage to the tailings pond; tailings, sewage, open pit and waste dump drainage to the Gibraltar East pit.

Permit M-40, covering the reclamation plan and liabilities was last amended January, 2008. The reclamation plan includes a water management, treatment and monitoring program and establishment of vegetation on all areas in order to protect against wind and water erosion and to meet end land use objectives. In 2007, a decommissioning plan provided an assessment of the costs of reclamation and ongoing water treatment which was based on a five year mine plan. Closure costs were estimated to be $28 million, and Gibraltar has contributed $35 million held into a Qualified Environmental Trust fund with HSBC (Trust) Company Canada serving as a reclamation bond for the BC Government.

The Company was permitted by the Government of British Columbia to release $8.9 million from the Gibraltar Mine reclamation deposit in exchange for security on certain equipment of the Gibraltar Mine.

The reclamation plan and liability due to the additional mineral reserves disclosed in the Gibraltar Technical Report will be evaluated in the next decommissioning plan currently scheduled for 2012 or earlier if required by the Ministry of Energy and Mines.

Other permit considerations relative to the additional reserves described in the Gibraltar Technical Report may include approvals required for route changes to the access road, hydro transmission and water management pipeline, and these approvals will be pursued by the Company as required.

In 2002, Gibraltar and the Cariboo Regional District agreed to develop a landfill site on waste dumps in an area that would not be needed for the future operation of the mine. The landfill will provide reclamation credits to the land it occupies, as well as revenues to support ongoing site management costs. Construction of the landfill was initiated in June 2003 and operations began in October 2003.

The Prosperity Project

Unless stated otherwise, information of a technical or scientific nature related to the Prosperity Project contained in this AIF is summarized or extracted from a technical report entitled “Technical Report, on the 344 million tonne increase in mineral reserves at the Prosperity Gold – Copper Project” dated December 17, 2009 (the “Prosperity Technical Report”), prepared by Scott Jones, P. Eng. filed on Taseko’s profile on SEDAR at www.sedar.com. Mr. Jones is not independent of Taseko by virtue of being employed by the Company as Vice-President, Engineering.

Property Description and Location

The Prosperity Project is located at latitude 51° 27’ N and longitude 123° 37’ W in the Clinton Mining Division, approximately 125 km southwest of the City of Williams Lake, British Columbia, and consists of 124 mineral claims covering the mineral rights for approximately 94.9 square km. The process of taking the claims to lease is currently underway. All claims are in good standing until April 2018. The claims are 100% owned by Taseko and are not subject to any royalties or carried interests.

A portion of the property has been legally surveyed as part of the process of taking the claims to lease. As this is a relatively new project, there are no existing environmental liabilities on the property. No permits are required for the work (largely related to the environmental assessment process) that is currently underway. When additional site work is required, permit applications will be made. The Company does not hold any surface rights.

The property is located within territory that is the subject of an aboriginal Rights action. The Xeni Gwet'in First Nation has sought an injunction to prevent the provincial and federal governments from issuing any permits that would infringe on their aboriginal right to fish.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access from Williams Lake is via Highway 20 to Lee's Corner, then via an all-weather main logging haulage road to the site, a total road distance of 192km. The Canadian National railway services Williams Lake and has rolling stock available to move copper concentrates by rail to points of sale in North America. The City of Williams Lake is sufficiently close and is capable of supplying goods, services, and personnel to a mine.

Multiple high-voltage transmission lines from the existing Peace River hydroelectric power grid are situated 118 km east of the Prosperity Project, a natural gas transmission pipeline is situated 112 km northeast, and ample water is available nearby for a mining operation.

The Prosperity Project is located on the Fraser Plateau in the Taseko Lakes region on the eastern side of the Chilcotin Mountain Range, which forms part of British Columbia's Coast Mountain Range. The landscape is characterized by the low rounded summits of the Chilcotin Range and moderately sloping upland. The Prosperity Project is located within the Fish Creek and Fish Lake watershed in a broad valley with slopes of moderate relief. Elevations at the site range between 1,450 m and 1,600 m above sea level.

Local climatic conditions are moderated primarily by elevation, aspect, physiography, and the proximity of the area to the Chilcotin Mountains. The annual mean temperature at the Prosperity Project site is estimated to be 2ºC. The coldest months of December and January average -10ºC, and the warmest months of July and August average 13ºC.

Prosperity Project History

Prospectors discovered mineralization in the 1930's. Exploration continued intermittently and by a variety of operators until about 1991, and included extensive IP, magnetic and soil geochemistry surveys, and 176 percussion and diamond drill holes, totalling approximately 27,200 m. This work helped define the Prosperity project mineralization to a depth of 200 m, and outlined a copper-gold mineralized zone approximately 850 m in diameter.

In 1969, Taseko acquired the Prosperity Project and drilled 12 percussion holes totalling 1,265 m and six diamond drill holes totalling 1,036 m immediately to the south of the area where Phelps had explored, and Taseko discovered significant tonnage grading 0.25% to 0.30% copper.

In 1970, Nittetsu Mining Company optioned the Prosperity Project from Taseko Mines Limited and completed 236 m of core drilling in 4 holes before returning the property to Taseko. In 1972, Taseko tested the property with two additional diamond drill holes totalling 156 m. Quintana Minerals Corporation optioned the property from Taseko in 1973 and completed a 23-hole diamond drill program totalling 4,705 m during 1973-74.

Bethlehem Copper Corp. optioned the Prosperity Project in 1979 and by 1981 had completed 3,225 m of percussion drilling in 36 holes and 10,445 m of diamond drilling in 37 holes. Following the corporate merger of Bethlehem Copper Corp. and Cominco Ltd., Cominco acquired the Bethlehem option agreement on the Prosperity Project. Cominco continued to drill the property, completing 1,620 m of percussion drilling in 19 holes and 3,707 m of diamond drilling in 29 holes over the period 1982 to 1989.

Cominco work programs also included 50 line km of induced polarization, magnetic and soil geochemical surveys. The induced polarization survey outlined a 2 km by 3 km east-west trending zone of high chargeability. Also undertaken was a limited metallurgical testwork program which focused on achieving high copper recovery, with little emphasis on gold recovery, using a conventional copper flotation.

After a period of disagreement with Cominco which included a Court process, Taseko acquired 100% of the Prosperity Project free whatsoever of any royalties or third party interests in 1993 through settlement agreements.

Geological Setting

The Prosperity Project is located within the western-most portion of the Intermontane Belt at the boundary between the Intermontane and Coast morphologic belts. The surrounding area is underlain by poorly exposed, Late Paleozoic to Cretaceous litho tectonic assemblages which have been intruded by plutons of Mid-Cretaceous to Early Tertiary age. The main Coast Plutonic Complex is 50 km southwest of the Prosperity Project area.

The Yalakom Fault is the major fault in the region and lies to the southwest of the deposit on the Prosperity Project. Estimates of Eocene dextral strike-slip offsets for the Yalakom Fault have been postulated variously as ranging from 80 to 190 km, 125 to 175 km or 115 km. It may have imparted some related structural controls that are important to the localization of mineralization at the deposit.

Mineralization

The Prosperity Project hosts a large porphyry gold-copper deposit. The deposit is predominantly hosted in Cretaceous andesitic volcaniclastic and volcanic rocks. In the western portion of the deposit, the host rocks have been intruded by the multi-phase, steeply dipping Fish Creek Stock. The stock is surrounded by an east-west trending, south dipping swarm of subparallel quartz-feldspar porphyritic dykes. The stock and dykes comprise the Late Cretaceous Fish Lake Intrusive Complex that is spatially and genetically related to the deposit. Post mineralization porphyritic diorite occurs as narrow dykes that cross-cut all host rocks. The central portion of the deposit is cut by two major faults, striking north-south and dipping steeply to the west.

Pyrite and chalcopyrite are the principal sulphide minerals in the deposit on the Prosperity Project. They are uniformly distributed in disseminations, fracture fillings, veins and veinlets and may be accompanied by bornite and lesser molybdenite and tetrahedrite-tenantite. Native gold occurs as inclusions in and along microfractures with copper-bearing minerals and pyrite.

Exploration

Up to 1991, exploration programs at the Prosperity Project included extensive IP and magnetic geophysical and soil geochemical surveys, and 176 percussion and diamond drill holes totalling approximately 27,100 m. This work helped define the Prosperity Project mineralization to a depth of 200 m, and outlined a gold-copper mineralized zone approximately 850 m in diameter.

In 1991 Taseko drilled 10 holes totalling 7,506 m in a “cross” pattern to test the core of the deposit on the Prosperity Project over a north-south distance of 550 m. All of the holes intersected continuous significant copper and gold grades and extended the mineralization to 810m below surface. A scoping-level metallurgical testwork program was completed which demonstrated that acceptable gold and copper recoveries could be achieved by bulk sulphide flotation followed by regrinding and conventional copper flotation. Baseline environmental and monitoring studies were initiated by the Company.

Diamond drilling continued in 1992, and by the end of the year an additional 116 HQ and NQ diameter vertical drill holes totalling 60,558 m had been drilled, expanding the deposit to 1400 m east-west, 600 m north-south and to 850 m below surface.

Subsequent to 1993, the Company completed a 12 hole (4,605 m) inclined core drilling program in 1994 to investigate the distribution of fracture controlled gold and copper mineralization in the deposit. In addition, 22 holes (3,171 m) were drilled to investigate geotechnical conditions in the proposed Prosperity Project development areas.

In 1996 and 1997, an additional 107 holes (49,465 m) were completed in order to upgrade the confidence limits of the deposit. Of this total, 20 holes (2,203 m) were drilled vertically and 87 holes (47,262 m) were inclined. These holes significantly increased the density of pierce points in the deposit and added to the geotechnical and geochemical characterization of the rock in the deposit.

Over the 34-year period from 1963 to 1997, a total of 154,631 m has been drilled in 452 holes on the Prosperity Project. Of this total, 273 holes (83,453 m) were drilled vertically and 174 holes (71,178 m) were inclined. Sizes of cored holes have included BQ, HQ, and NQ totalling 148,322 m, with an average drill spacing of 70 m. The balance of 6,309 m is from percussion drilling. There has been no production from the Prosperity Project.

Work on the Prosperity Project was deferred from 2000-2005 first due to low metal prices and then later as the Company turned its attention to re-starting the Gibraltar Mine. In November 2005, work was reactivated on the Prosperity Gold-Copper Project. A pre-feasibility level study was completed in the first quarter of fiscal 2007, and a full feasibility study completed in September 2007.

Sampling and Analysis

A total of 63,937 drill core samples and 1,548 percussion samples have been taken for analysis on the Prosperity Project since 1969. Prior to 1991, a total of 6,905 were taken with an average length of three meters. From 1991 – 1998, 58,580 core samples were taken for assay with an average length of two meters except in instances where this was impractical.

During 1991-1994, drill core was mechanically split, one half of which was submitted for preparation and analysis. Of the total meterage drilled during 1996-97, 42% was subject to whole core sampling, 44% was sampled as sawn half-core, 5% of samples comprised the larger portion of core sawn 80:20. The remaining 9% was cored overburden, which was not generally sampled. In 1998 the samples were half sawn core and the remaining sample was put back in drilling order in the core box. Drill core remaining after sampling was returned to the core boxes, which were racked and stored at the Prosperity Project Site.

In 1991-1998 the drill core was boxed at the drill rig and transported twice daily by company truck to the logging, sampling and sample preparation compound at the Prosperity site. The core was geologically and geotechnically logged, given QA/QC designations, photographed and sampled under the supervision of Taseko geological and engineering staff. Samples were placed in shipping sacks and taken by company truck to Williams Lake and then shipped by commercial carriers to the Vancouver area analytical laboratories.

Taseko implemented a QA/QC program after taking over the Prosperity project in 1991. This was in addition to the QA/QC procedures used internally by the analytical laboratories. The results of this program indicate that analytical results are of high quality and suitable for use in detailed modeling and resource evaluation studies.

Taseko verified the post-1990 portion of the Prosperity Project drill hole database manually in 1992 and 1998, and another independent comprehensive audit and verification of the geology and assay results in 1998 found the geological work for the Prosperity Project to be done in a professional manner and according to industry standard.

Reserves and Resources

Cautionary Note to Investors Concerning Reserve Estimates

The following mineral reserves have been estimated in accordance with NI 43-101, as required by Canadian securities regulatory authorities. For United States reporting purposes, SEC Industry Guide 7 under the Exchange Act, as interpreted by Staff of the SEC, applies different standards in order to classify mineralization as a reserve. As a result, the definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the SEC Industry Guide 7. Under SEC standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Among other things, all necessary permits would be required to be in hand or issuance imminent in order to classify mineralized material as reserves under the SEC standards. Accordingly, mineral reserve estimates contained in this AIF may not qualify as "reserves" under SEC standards. In addition, disclosure of "contained ounces" is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report reseves in ounces, and requires reporting of mineralization that does not qualify as reserves as in place tonnage and grade without reference to unit measures.

The Company and its consultants carried out progressive engineering, metallurgical and environmental studies over the period 1998 to 2009, including a feasibility level study of the project in 2000, a mill redesign and project cost review in 2006, and a pre-feasibility study in 2006.

In 2007 a feasibility study update incorporated the 2000 Feasibility Study, 2006 Mill Redesign, additional revisions to the processing plant and infrastructure, updates to the tailings facility design and pit geotechnical analysis, and revisions to the design and scheduling of the open pit.

In 2008 Taseko worked with various consultants to investigate value engineering opportunities, energy efficiency, and operating ease in various areas of the concentrator and support infrastructure.

In 2009 Taseko incorporated different long term prices for copper and gold prices from those assumed in 2007 and re-evaluated the reserves on the basis of $1.65/lb Cu and $650/oz Au. The resulting mineral reserves are shown in Table 6.

Table 6: Prosperity Mineral Reserves at CDN$5.50 NSR/t Pit-Rim Cut-off

Category	Tonnes (millions)	Gold (g/t)	Copper (%)	Recoverable Gold Ounces (millions)	Recoverable Copper Pounds (billions)
Proven Probable	481 350	0.46 0.35	0.26 0.18	5.0 2.7	2.4 1.2
Total	831	0.41	0.23	7.7	3.6

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

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

The mineral resources shown in Table 7 include the mineral reserves shown in Table 6. Resource estimates were based on a copper cut-off of 0.14% .

Table 7: Prosperity Mineral Resources
at 0.14% copper cut-off – September 2009

Category	Tonnes (millions)	Gold (g/t)	Copper (%)
Measured	547.1	0.46	0.27
Indicated	463.4	0.34	0.21
Total	1,010.5	0.41	0.24

Mining Operations

The proposed mine plan utilizes a large-scale conventional truck shovel open pit mining and milling operation. Following a one and a half year pre-strip period, total material mined from the open pit over years 1 through 31 averages 170,000 tonnes/day at a life of mine strip ratio of 1.5:1. A declining net smelter return cut-off is applied to the mill feed, which defers lower grade ore for later processing. The stockpiled ore is processed in the final years of the mine plan.

The Prosperity processing plant has been designed with a nominal capacity of 70,000 tonnes per day. The plant consists of a single 12-m diameter SAG mill, two 7.9 -m diameter ball mills, followed by processing steps that include bulk rougher flotation, regrinding, cleaner flotation, thickening and filtering to produce a copper-gold concentrate. Expected life-of-mine metallurgical recovery is 87% for copper and 69% for gold, with annual production averaging 110 million pounds copper and 234,000 ounces gold over the 33 year mine life.

The copper-gold concentrate will be hauled with highway trucks to an expanded load-out facility at the Gibraltar Mines Ltd.'s existing facility near Macalister for rail transport to various points of sale, but mostly through the Port of Vancouver for shipment to smelters/refineries around the world.

Power will be supplied via a new 124 km long, 230 kV transmission line from Dog Creek on the BC Hydro Grid. Infrastructure would also include the upgrade of sections of the existing road to the site, construction of a short spur to the minesite, an on-site camp, equipment maintenance shop, administration office, concentrator facility, warehouse, and explosives facilities.

Based on this update, the project would employ up to 460 permanent hourly and staff personnel. In addition, approximately 60 contractor personnel would be employed in areas including catering, concentrate haulage, explosives delivery, and bussing.

Key project metrics include:

- 3.6B pounds of recoverable copper
- 7.7M ounces of recoverable gold

- 33 year mine life at a milling rate of 70,000 tonnes/day
- Life of mine waste to ore strip ratio of 1.5
- Total pre-production capital cost of CDN$814 million
- Site operating cost of CDN$7.51 per tonne milled over the life of mine
- Total operating costs net of byproduct credits of US$0.59/lb Cu

Financial Analysis

The Prosperity Technical Report was prepared to quantify the Prosperity project's capital and operating cost parameters and to determine the project's likelihood of feasibility. The capital and operating cost estimates that were used have been developed based on detailed capital cost to production level relationships.

The following are the principal risk factors and uncertainties which, in management's opinion, are likely to most directly affect the ultimate feasibility of the Prosperity project. The mineralized material at the Prosperity project is currently classified as a measured and indicated resource, and a portion of it qualifies under Canadian mining disclosure standards as a proven and probable reserve, but readers are cautioned that no part of the Prosperity project's mineralization is yet considered to be a reserve under US mining standards as all necessary mining permits would be required or their issuance imminent in order to classify the project's mineralized material as an economically exploitable reserve. Although final feasibility work has been done to confirm the mine design, mining methods and processing methods assumed in the Prosperity Technical Report, construction and operation of the mine and processing facilities depend on securing environmental and other permits on a timely basis. There can be no assurance that any other required permits can be secured or secured on a timely basis. Although costs, including design, procurement, construction and on-going operating costs and metal recoveries have been established at a level of detail required for a Prosperity Technical Report, these could be materially different from those contained in the Prosperity Technical Report. There can be no assurance that these infrastructure facilities can be developed on a timely and cost-effective basis. Energy risks include the potential for significant increases in the cost of fuel and electricity. The Prosperity Technical Report assumes specified, long-term prices levels for gold and copper. The prices of these metals have historically been volatile, and the Company has no control of or influence on the prices, which are determined in international markets. There can be no assurance that the price of gold and copper will continue at current levels or that these prices will not decline below the prices assumed in the Prosperity Technical Report. Prices for gold and copper have been below the price ranges assumed in Prosperity Technical Report at times during the past ten years, and for extended periods of time. The project will require major financing, probably a combination of debt and equity financing. Although interest rates are at historically low levels, there can be no assurance that debt and/or equity financing will be available on acceptable terms. Other general risks include those ordinary to very large construction projects, including the general uncertainties inherent in engineering and construction cost, the need to comply with generally increasing environmental obligations, and accommodation of local and community concerns.

Environmental Assessment

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

On January 14, 2010, Taseko received the environmental assessment certificate for the Prosperity Project from the Province. The Provincial Mines Act permit application is planned to be submitted to the Ministry of Energy, Mines, and Petroleum Resources in April 2010.

The federal process, conducted by a three-person Panel operating under defined Terms of Reference are required to complete their work in a timely and efficient manner. The hearings are scheduled to commence in late March and be completed in early May of 2010. Following conclusion of the hearings, the Panel will submit their findings to the Federal Minister of Environment for a decision. This process is expected to be completed by mid 2010.

Non Material Projects

The Harmony Project

Gibraltar Mines Ltd, a subsidiary of Taseko Mines Limited, acquired the Harmony gold project in October 2001 through a transaction with Continental Minerals Corporation (formerly Misty Mountain Gold Ltd.) for consideration of $2.23 million in cash and the issuance of preferred shares in Gibraltar's capital stock. Details of the exchange terms of these preferred shares can be found in the 2003 Annual Information Form filing by Taseko at www.sedar.com and in the notes to its December 31, 2009 audited financial statements.

As there has not been significant exploration or development conducted on the Harmony project for several years, due to historically low gold prices the Harmony Gold Property was written down to a nominal value in 2004.

Location, Access and Infrastructure

The Harmony project is located at latitude 53 ^{o} 31' N and longitude 132 ^{o} 13' W in the Skeena Mining Division, on Graham Island, Queen Charlotte Islands (also known as Haida Gwaii), on the north-western coast of British Columbia, Canada.

Property Description

The Harmony project comprises of 58 mineral claims and 177 square km.

Exploration History

Prospectors discovered mineralization at Harmony in 1970. The project claims were optioned by various companies during the period 1970 to 1975, which carried out geological mapping, geochemical surveys and minor drilling. Consolidated Cinola Mines Ltd. acquired the ground in 1977 and, with partners, carried out detailed drilling totalling 30,116 meters in 231 holes by 1984. In 1981, 465 meters of an underground drift and crosscuts were excavated for a metallurgical bulk sample. A 45 tonne per day pilot mill was established to treat about 5,200 tonnes of material and in 1982 a feasibility study for a 10,000-15,000 tonnes per day operation was completed. From 1986 to 1988, City Resources drilled 83 diamond drill holes and 64 reverse-circulation drill holes, totalling 13,356 meters, and completed 117.6 meters of underground development to obtain a bulk sample, conducted bench scale metallurgical testing, and developed open pit scenarios for the project. Barrack Gold of Australia acquired City Resources and the project in 1989, however Barrack subsequently was put into bankruptcy and City Resources was acquired in the early 1990's by a new group of investors who renamed the company to Misty Mountain Gold Ltd. From 1989 – 1999, additional drilling, metallurgical and engineering studies were carried out at the Harmony project.

Geology and Mineralization

The Harmony project hosts the Specogna epithermal gold deposit, controlled by the Sandspit fault. Dacite dykes of Tertiary age have intruded along the fault. Contemporaneous, pervasive silicification, hydrothermal brecciation, stockwork and banded quartz veining and gold mineralization have developed along the hanging wall of the fault. This extends for a strike distance of at least 800 meters, eastwards from the fault at least 200 meters and to a depth of at least 240 meters. Pyrite and marcasite are the dominant metallic minerals. Gold occurs as native gold and electrum, which are commonly visible. Silver is also present as an alloy with gold.

Sampling and Analysis

Details of sampling and analysis of drill cores are described in the 2004 Annual Information Form. Sample pulps are stored in the Company's warehouse at Port Kells, BC. Drill core is stored at site.

Estimates of Mineralization

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

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

Cautionary Note to Investors Concerning Estimates of Inferred Resources

This section uses the term "inferred resources". We advise investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. "Inferred resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of a mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of economic studies, except in rare cases. Mineral resources that are not mineral reserves do not have demonstrated economic viability. None of the following mineralization has been demonstrated to be ore nor is considered to be a mineral reserve. **Investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable. See "Risk Factors".**

In 2001, measured and indicated resources were estimated by the Company based on various reports to be 64 million tonnes grading 1.53 grams Au/tonne, containing approximately 3 million ounces of gold. There were also inferred resources estimated of 21 million tonnes grading 1.04 grams Au/tonne. The estimates were done at a 0.60 grams Au/tonne cut-off.

Aboriginal (or "First Nations") Issues

The Queen Charlotte Islands-Haida Gwaii, including the area surrounding the Harmony Gold Project, is subject to aboriginal peoples' land claims. Aboriginal land claims are subject to the B.C. Treaty Commission Legislation and the B.C. Treaty Commission, both established in 1993.

Plans for 2010

In late 2007, after completion of the Queen Charlotte-Haida Gwaii Land and Resource Management Plan designated the area in which the Harmony project is located as a mineral development zone, Taseko initiated a review of the metallurgical flow sheet and prior mine development planning to establish further work programs. The Harmony project is being maintained in good standing. Taseko is considering initiating a pre-feasibility level study in 2010 of Harmony to further evaluate the project.

The Aley Niobium Project

Property Acquisition

In June 2007, Taseko acquired 100% of the Aley niobium project in northern British Columbia through the acquisition of all the issued and outstanding shares in the capital of a private company, for a total cash consideration of $1,500,000 and 894,730 common shares then valued at $2,970,000. Taseko purchased the residual net smelter royalty for a total cash consideration of $300,000 and the issuance of units having a value at the time of $835,200 (consisting of 240,000 common shares and 120,000 warrants).

Niobium is a metal used in making high strength steels required in the manufacture of automobiles, bridges, pipes, jet turbines and other high technology applications. The metal is currently selling for $30/kg and the market is growing at 5-8% per year. Currently, the world supply is dominated by only two producers: CBMM, a Brazilian miner and Iamgold which operates the Niobec Mine in Quebec.

Location, Access and Infrastructure

The property is located in the Omineca Mining Division in British Columbia, Canada, centred at Latitude 56 degrees 27 minutes north and longitude 123 degrees 13 minutes west. Logging roads from Mackenzie, BC lead to the Ospika Logging Camp on the east side of Williston Lake. The property is located near the shore of the lake, about 30 km from the Ospika Camp and is currently accessed via helicopter.

Property Description

The Aley project consists of 13 contiguous claims that cover 5,668 hectares.

Aley Project History

A previous operator identified six zones from surface exploration, which included mapping, sampling and trenching. Twenty holes, totalling 3,058 meters were drilled in 1985-86. Of these, 16 were drilled in the Saddle, Saddle West and Central zones.

In 2004, another operator took samples from trenches for metallurgical testing. Approximately 1200 kilograms of material was collected from three sites – two in the Central zone and one from the Saddle zone. Sample analysis was done by Process Research Associates (PRA), and test work was similar to that developed for the Niobec mine in Quebec. The test work included de-sliming, magnetic separation, carbonate rougher flotation, niobium rougher and scavenger flotation, and the first and second niobium rougher and cleaner flotation stages. Enough work was completed to bench mark reagent use and operating conditions for unit processes. The preliminary work indicated that recoveries of approximately 65% were achievable.

Geology

The Aley project hosts an ovoid, 4.4 -km diameter carbonatite complex that intruded Cambro-Ordovician sedimentary rocks in mid Mississippian time. Two major units – an outer quartz-albite syenite and an inner carbonatite core – define the complex. The syenite comprises massive units and breccias, and the carbonatite has both dolomite and calcite phases. Niobium (Nb) occurs in the mineral pyrochlore, as crystals that precipitated from the carbonatite magmas, and has also been altered to other niobium bearing minerals such as fersmite (Nb-oxide) and columbite (Fe-bearing Nb-Tantalum oxide). Niobium mineralization occurs in subvertical to moderately inclined bands that probably formed at the edges of the magma chamber, and which were elongated during intrusion into the sedimentary rocks.

Of the six known mineralized zones, the best results were derived from the Saddle, Saddle West (which appears to be an offshoot of the Saddle zone) and Central zones. The Saddle/Saddle West zone appears to be fersmite/pyrochlore rich whereas the Central zone hosts columbite mineralization associated with magnetite.

Recent Exploration

Taseko completed an initial exploration program on the Aley deposit in 2007 that included 11 diamond drill holes to check the results of the 1985-86 drilling program and to plan for the next phase of exploration work. No work was done on the Aley project in 2008 and the Aley project is being maintained in good standing. The Company is considering additional exploration work in 2010 to advance this project.

Risk Factors

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Taseko and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company.

Volatility in Metals Prices

The profitability of the Gibraltar Mine and the financial results, exploration, development and mining activities on the Company's other properties, are directly related and sensitive to the market price of copper, gold, molybdenum and other metals. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control, including global supply and demand, expectations with respect to the rate of inflation, the exchange rates of the United States dollar to other currencies, interest rates, forward selling by producers, production and cost levels in major producing regions, global or regional political, economic or financial situations and a number of other factors such as the sale or purchase of commodities by various commodity traders, production costs of major mineral producing countries and the cost of substitutes.

Financing

The Company has been successful at financing its projects and operations over the years. However, the Company's ability to continue its exploration, assessment, development and operational activities will depend on the resource industry generally, which is cyclical in nature, and which may, in turn, affect the Company's ability to attract financing, including joint venture financing, debt or bank financing, equity financing or production financing arrangements. Failure to obtain, or difficulty or delay in obtaining, requisite financing could result in delay of certain projects or postponement of further exploration, assessment or development of certain properties or projects. Financing through the issuance of equity will result in dilution of existing shareholders.

Taseko's Prosperity Project Risks

On January 14, 2010, Taseko received the environmental assessment certificate for the Prosperity Project from the British Columbia Provincial Ministry of Environment. The Company expects the Federal environmental assessment process to be complete by mid 2010. Applications for Provincial permits are being prepared and are expected to be submitted in April 2010. Failure to obtain such certificates and permits in a timely manner or at all will delay or even lead to abandonment of the Prosperity Project which would likely negatively affect the Company's share price.

Furthermore, the feasibility assumes specified, long-term price levels for gold and copper. The prices of these metals have historically been volatile, and the Company has no control of or influence on its price, which is determined in international markets. There can be no assurance that the price of gold or copper will remain at current levels or that it will not decline below the prices assumed in the feasibility study.

The Prosperity Project will require substantial financing, including a possible combination of debt and equity financing. There can be no assurance that debt and/or equity financing will be available on acceptable terms. Other general risks include those typical of very large construction projects, including the general uncertainties inherent in engineering and construction costs, the need to comply with generally increasing environmental regulation, and accommodation of local and community concerns. The economics of the feasibility study are sensitive to the US Dollar and Canadian Dollar exchange rate, and this rate has been subject to large fluctuations in the last several years.

Increased Costs Could Affect Profitability

The cash cost of production is frequently subject to great variation from one year to the next due to a number of factors, such as changing strip ratios, ore grade, metallurgy, cost of supplies and services (for example, electricity and fuel) and the exchange rate of supplies and services denominated in foreign currencies. If these costs used in connection with the Company's operations were to increase significantly, and remain at such levels for a substantial period, the Company's cash flows from operations may be negatively affected. The Company prepares estimates of future production and unit cash costs of production annually. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in operating or capital costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Taseko's Harmony Project and Aley Project Contain No Known Reserves of Ore

Although there are known bodies of mineralization on the Harmony and Aley Projects, there are currently no known reserves or body of commercially viable ore and additional work is required before Taseko can ascertain if any mineralization may be economic. Exploration for minerals is a speculative venture necessarily involving substantial risk. If the expenditures Taseko makes on these properties do not result in discoveries of commercial quantities of ore, the exploration and acquisition expenditures will be written off and the value of Taseko stock could be negatively impacted. Under SEC reserve recognition rules, the Prosperity Project does not contain any reserves.

Exchange Rate Risk

The Company is subject to currency exchange rate risk because prices of copper and molybdenum are denominated in United States dollars and, accordingly, the Company's revenues will be received in United States dollars. The Company's expenses are almost entirely denominated in Canadian dollars. The Company currently does not engage in foreign exchange hedging. Any strengthening in the Canadian dollar will negatively impact the profitability of the Company's mining operations.

Uncertain Project Realization Values

The Company annually undertakes a detailed review of the life-of-mine plans for its operating properties and an evaluation of the Company's portfolio of development projects, exploration projects and other assets. The recoverability of the Company's carrying values of its operating and development properties are assessed by comparing carrying values to estimated future net cash flows from each property.

Factors which may affect carrying values include, but are not limited to: copper, molybdenum and gold prices; capital cost estimates; mining, processing and other operating costs; grade and metallurgical characteristics of ore; and mine design and timing of production. In the event of a prolonged period of depressed copper prices, the Company may be required to take additional material write-downs of its operating and development properties.

General Mining Risks

Mining is an inherently risky business with large capital expenditures and cyclical metals markets. Factors beyond the control of Taseko will affect the marketability of any minerals discovered and mined. The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of ore are discovered at the Prosperity Project and the Harmony Project, a profitable market will exist for the sale of minerals produced by Taseko. Factors beyond the control of Taseko may affect the marketability of any substances discovered. Metal prices, in particular copper, molybdenum and gold prices, have fluctuated widely in recent years. Prices are determined in international markets over which the Company has no influence.

The operations of Taseko may require licenses and permits from various governmental authorities. There can be no assurances that Taseko will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and operations at its projects.

Although the Company maintains high environmental standards for all of its projects, there are almost always public concerns about new mining projects and any significant public opposition to the Prosperity Project will increase the likelihood that its development is delayed or prevented.

Taseko also competes with many companies possessing far greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees.

Typical mining risks are also that estimated reserves are not of the size or grade estimated and adverse geological or ground conditions, adverse weather conditions, potential labour problems, and availability and cost of equipment procurement and repairs can impact operations.

Taseko's Share Price is Volatile

In recent years, the market price of a publicly traded stock, especially a resource issuer like Taseko, has experienced a high level of price and volume volatility. Taseko's shares have ranged between $0.36 and $20.00 in the last 18 years and between approximately $6.28 and $0.69 in the last three years.

The wide fluctuation in market prices of securities may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. Other factors impacting share prices may include the strength of the economy, market perceptions of the attractiveness of particular industries, and the breadth of the public market for the stock. The price of the securities of the Company is also likely to be significantly affected by short-term changes in commodity prices, other precious metal prices or other mineral prices, currency exchange fluctuations and the political environment. The effect of these and other factors on the market price of the common shares on the TSX and the NYSE Amex suggests that Taseko's shares will continue to be volatile.

Environmental Considerations

The estimation of the existing reclamation liability related to the Gibraltar Mine is not free from uncertainty. Mining always entails risks of spills, pollution, reclamation, and other liabilities and obligations, which like other mining companies, may adversely affect Taseko. If these challenges are not properly assessed or if rules become more onerous, Taseko could be materially adversely affected.

Significant Potential Equity Dilution

Taseko had 12,345,468 share purchase options in-the-money at March 31, 2010. In addition, there are also shares potentially issuable in 2011 on the conversion of Gibraltar's class of Preferred Shares issued for the Harmony project. All of the foregoing may likely act as an upside constraint on the trading price of Taseko's shares.

ITEM 6. DIVIDENDS

The Company has paid no dividends in any of the three fiscal years ending December 31, 2009. The Company does not pay dividends and has no plans to do so in the foreseeable future.

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE

Taseko's share capital consists of one class of no par value common shares.

Common Shares

There are unlimited common shares authorized and 182,924,664 common shares without par value were issued and outstanding as fully paid and non-assessable as of December 31, 2009. As of March 31, 2010, there were 186,076,186 common shares issued and outstanding as fully paid and non-assessable (198,560,102 fully diluted excluding Gibraltar Preferred Shares). The accompanying audited consolidated financial statements provide details of all share issuances effected by Taseko and the issue price per share since January 1, 2009.

There have been no changes in the classification of common shares (reclassifications, consolidations, reverse splits or the like) within the previous five years. All common shares of Taseko rank *pari passu* (i.e. equally) for the payment of any dividends and distributions in the event of a windup.

There are no constraints imposed on the foreign ownership of securities of Taseko.

To the knowledge of the Company, Taseko's debt securities have not received any ratings from any rating organization.

Gibraltar Tracking Preferred Shares (Exchangeable for Taseko Common Shares)

In 2002, Gibraltar Mines Ltd., Taseko's primary subsidiary, issued 12,483,916 series "A" non-voting tracking preferred shares ("Gibraltar Preferred Shares") which are convertible into Taseko common shares by no later than 2011. These shares were issued to Continental Minerals Corporation (previously named Misty Mountain Gold Limited) as part of the Company's acquisition of the Harmony Gold Property. All of Gibraltar's common shares are owned by Taseko.

The Gibraltar Preferred Shares are designed to track and capture the value of the Harmony Gold Property and will be redeemed for common shares of Taseko upon a realization event, such as a sale to a third party or commercial production at the Harmony Gold Property, or at the option of Gibraltar, if a realization event has not occurred within ten years (2011). The tracking preferred shares are redeemable at specified prices per common share of Taseko starting at $3.39 and escalating by $0.25 per year, currently at $5.39 (as of December 31, 2009). If a realization event does not occur on or before October 16, 2011, Gibraltar is required to redeem the Gibraltar preferred shares for Taseko common shares at a deemed price equal to the greater of the average 20 day trading price of the common shares of Taseko and $10.00. The Taseko common shares to be issued to Continental upon a realization event will in turn be distributed pro-rata, after adjustment for any taxes, to the holders of redeemable preferred shares of Continental that were issued to Continental shareholders at the time of the Arrangement Agreement.

Convertible Bonds

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

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

During the year ending December 31, 2009, the Company repurchased US$20 million of the Bonds from its Bondholders for the purpose of cancellation. In addition, the remaining Bondholders exercised the “put” right on the remaining US$10 million in August 2009.

Credit Suisse Term Facility

In February 2009, the Company entered into and drew upon a US$30 million 36-month term facility agreement (the “Facility”) with Credit Suisse. During Q3 2009, the Company and Credit Suisse, as Facility Agent, and Investec Bank plc amended the Facility to increase the existing Facility by an additional US$20 million and the Company drew these additional funds. Under the amended facility agreement, the US$50 million Facility is repayable commencing April 2010 and every second month thereafter in equal installments of US$4.2 million until February 2012. The Facility bears interest at LIBOR plus 5 percent which is due and payable bi-monthly. The long-term credit facility security provided under the terms of the relevant agreements includes certain equipment of the Gibraltar Mine, a general security pledge, and the treatment and refining off-take agreement in addition to a corporate guarantee.

The Facility requires a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of $150 million, a maximum production cost threshold of $1.56 per lb of copper to December 31, 2009 and minimum debt service coverage ratios of 135%. As at December 31, 2009, the Company is in compliance with its financial covenants. The Company has the option at any time after 18 months from February, 2009 to prepay the Facility.

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

As of the date of this AIF, the Company prepaid the Facility in full

Long-Term Equipment Loan

During the year, the Company entered into 36-month term equipment loan agreements to finance the purchase of equipment for the Gibraltar Mine. The principal amounts of the loans total $9 million. The loans are secured by the underlying equipment at the Gibraltar Mine.

The equipment loans are repayable commencing one month after inception in 35 equal monthly installments in the amount of $0.225 million until 2012. The last installment is payable in 2012 in the amount of $2.8 million. The equipment loans bear a fixed interest rate at 8.63% per annum.

Equity Financings

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

The Company granted to the Underwriters an over-allotment option to purchase up to an additional 2,068,965 common shares at the Offering Price. The Underwriters elected to exercise the over-allotment option in full, resulting in aggregate gross proceeds of the total offering to the Company of $23.0 million. In addition, the Company also completed a private placement financing of 3,628,015 shares at $1.45 per common share for gross proceeds of $5.3 million. A finder's fee of 6% of the proceeds of the private placement financing was paid.

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

During the year ended December 31, 2009, 9,085,715 warrants issued in December 2008 were exercised for total proceeds of $7.7 million and 1,161,749 options were exercised for the total proceeds of $1.4 million.

Other Financings

During the year, the Company entered into an agreement with an unrelated investment partnership, Gibraltar Royalty Limited Partnership ("GRLP"). Gibraltar sold to GRLP a royalty for $6.5 million. Annual royalties are payable by Gibraltar to GRLP at rates ranging from $0.003 per pound to $0.004 per pound of copper produced during the period from September 1, 2009 to December 31, 2030 (the “Royalty Period”). These royalty payments are recognized as an expense during the year.

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

As at the date of the AIF, the Company exercised its “call” option through the issuance 1,556,355 shares of the Company

ITEM 8. MARKET FOR SECURITIES

The following table shows the high and low trading prices and average daily trading volume of the common shares of Taseko on the Toronto Stock Exchange (TSX) for the periods listed.

	High (Cdn$)	Low (Cdn$)	Average Daily Trading Volume
Monthly			
March 2010 (to March 30)	5.30	5.20	569,600
Feb-10	5.03	4.16	1,173,700
Jan-10	5.84	4.28	1,843,300
Dec-09	4.74	3.56	1,659,900
Nov-09	3.74	2.80	1,123,200
Oct-09	3.35	2.62	824,700
Sep-09	3.02	2.52	427,100
Aug-09	3.00	2.27	1,176,600
Jul-09	2.35	1.63	673,100
Jun-09	2.27	1.76	741,500
May-09	2.00	1.53	895,600
Apr-09	2.04	1.47	1,290,200
Mar-09	1.79	0.96	470,200
Feb-09	1.25	0.94	212,000
Jan-09	1.13	1.01	293,200

The following table shows the high and low trading prices and average daily trading volume of the common shares of Taseko on the NYSE Amex for the periods listed.

	High (USD$)	Low (USD$)	Average Daily Trading Volume
Monthly			
March 2010 (to March 30)	5.21	5.10	1,013,300
Feb-10	4.74	3.87	2,774,800
Jan-10	5.65	4.10	4,267,000
Dec-09	4.45	3.40	3,203,500
Nov-09	3.54	2.57	3,377,900
Oct-09	3.20	2.40	2,036,500
Sep-09	2.85	2.27	1,775,700
Aug-09	2.78	2.11	2,700,500
Jul-09	2.17	1.40	1,734,200
Jun-09	2.05	1.53	2,165,600
May-09	1.82	1.30	1,944,600
Apr-09	1.68	1.19	1,716,900
Mar-09	1.45	0.75	1,074,900
Feb-09	1.06	0.75	694,000
Jan-09	1.17	0.59	1,158,400

ITEM 9. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON ESCROW

There are no shares of Taseko held in escrow or subject to contractual restrictions on transfer.

ITEM 10. DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and senior officers of the Company, their principal occupations during the past five years, and the period of time they have served as directors or officers of Taseko are as follows. Except where indicated, each director and senior officer of Taseko has held the same or similar principal occupation with the organization indicated or a predecessor thereof for the last five years.

Name, Position and Country of Residence	**Period a Director and/or Officer of Taseko**
William Armstrong, Director Surrey, British Columbia	Since May 2006
Brian Battison, Vice President Corporate Affairs Tsawassen, British Columbia	Since September 2007
David J. Copeland, Director Vancouver, British Columbia	Since March 1994
T. Barry Coughlan, Director Vancouver, British Columbia	Since February 2001
Scott D. Cousens, Director Vancouver, British Columbia	Since December 1995
Robert A. Dickinson, Director Lions Bay, British Columbia	Since January 1991
David Elliott, Director Vancouver, British Columbia	Since July 2004
Russell E. Hallbauer, President, Chief Executive Officer and Director West Vancouver, British Columbia	Since July 2005
Scott Jones, Vice President, Engineering North Vancouver, British Columbia	Since December 2007
Wayne Kirk, Director Orcas, WA , USA	Since July 2004
John W. McManus, Senior Vice President, Operations West Vancouver, British Columbia	Since October 2005
Peter Mitchell, Chief Financial Officer West Vancouver, British Columbia	Since September 2008
Richard Mundie, Director West Vancouver, British Columbia	Since December 2009
Ronald W. Thiessen, Chairman of the Board and Director West Vancouver, British Columbia	Since October 1993
Trevor Thomas, Secretary Vancouver, British Columbia	Since July 2008

At the annual general meeting held in June 2009, all directors listed above were re-elected to a term of office expiring at the next annual general meeting of Taseko, which is currently scheduled for June 2010. Some of the directors serve together on a number of boards of other publicly listed companies. Richard Mundie was appointed to the Board on December 2009.

Although the directors oversee the management of Taseko's affairs, a cost sharing arrangement exists between a number of the public resource companies on which several of the directors serve pursuant to a corporate services agreement with Hunter Dickinson Services Inc. ("HDSI") dated June 1, 2008. HDSI is a private company which until recently was owned equally by eight public companies, one of which is Taseko. HDSI provides executive, engineering, geological and administrative services to, and incurs costs on behalf of, these companies and allocates the full costs to them (see Item 15).

All officers have a term of office lasting until their removal or replacement by the Board of Directors. However, there are certain services agreements in place with respect to these persons which will affect any termination of services. The President and CEO is currently employed by HDSI and provides services to the Company under the terms of the corporate services agreement (see "Material Contracts").

Principal Occupations and Other Information about Taseko's Directors and Management

WILLIAM P. ARMSTRONG, P.Eng. – Director

Mr. Armstrong earned his Bachelors and Masters degrees in Geological Engineering from the University of British Columbia and has more than 45 years experience in the mining industry. He recently retired from Teck Cominco Ltd., where he was General Manager, Resource Evaluations, and was responsible for the evaluation of potential acquisitions and divestitures. He was also responsible for the company's mineral reserves and resources. During his career with Cominco Ltd., and Teck Cominco Ltd., Mr. Armstrong was involved in feasibility studies, construction and operation of a large number of mines, including coal deposits, underground and open pit base metal mines and precious metal mines.

Mr. Armstrong is, or was within the past five years, an officer and/or director of the following public companies:

Company	**Positions Held**	**From**	**To**
Compania Minera El Brocal	Director	January 2001	February 2007
Hansa Resources Ltd.	Director	August 2008	Present
Taseko Mines Limited	Director	May 2006	Present

DAVID COPELAND, P.Eng. – Director

David Copeland is a geological engineer who graduated in economic geology from the University of British Columbia. With over 30 years of experience, Mr. Copeland has undertaken assignments in a variety of capacities in mine exploration, discovery and development throughout the South Pacific, Africa, South America and North America. His principal occupation is President and Director of CEC Engineering Ltd., a consulting engineering firm that directs and co-ordinates advanced technical programs for exploration on behalf of companies for which Hunter Dickinson Services Inc. (formerly Hunter Dickinson Inc.) provides services. He is also a director of Hunter Dickinson Services Inc.

Mr. Copeland is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	September 1995	Present
Anooraq Resources Corporation	Director	September 1996	September 2004
Continental Minerals Corporation	Director	November 1995	Present
	CEO/President	January 2008	Present
Farallon Mining Ltd.	Director	December 1995	April 2009
Great Basin Gold Ltd.	Director	February 1994	March 2008
Heatherdale Resources Inc.	CEO/President/Director	November 2009	Present
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
Rockwell Diamonds Inc.	Director	September 2006	Present
	CEO	September 2006	September 2007
	Chairman	September 2007	Present
Taseko Mines Limited	Director	March 1994	Present

BARRY COUGHLAN, B.A. – Director

Barry Coughlan is a self-employed businessman and financier who has been involved in the financing and management of publicly traded companies for over 25 years. His principal occupation is President and Director of TBC Ventures Ltd., a private investment company.

Mr. Coughlan is, or was within the past five years, an officer and or a director of the following companies:

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	February 2009	Present
Continental Minerals Corporation	Director	May 2006	December 2006
Farallon Mining Ltd.	Director	March 1998	Present
Great Basin Gold Ltd.	Director	February 1998	Present
ICN Resources Ltd. (formerly Icon Industries Ltd.	President, CEO and Director	September 1991	Present
Quartz Mountain Resources Ltd.	Director	January 2005	Present
Taseko Mines Limited	Director	February 2001	Present
Quadro Resources Ltd. (formerly Tri-Gold Resources Corp.)	President and Director	June 1986	Present

SCOTT COUSENS – Director

Scott Cousens provides management, technical and financial services to a number of publicly traded Hunter Dickinson companies. Mr. Cousens' focus since 1991 has been the development of relationships within the international investment community. Substantial financings and subsequent corporate success has established strong ties with North American, European and Asian investors.

Mr. Cousens is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	September 1995	Present
Anooraq Resources Corporation	Director	September 1996	June 2009
Continental Minerals Corporation	Director	June 1994	Present
Farallon Mining Ltd.	Director	December 1995	April 2007
Great Basin Gold Ltd.	Director	March 1993	November 2006
Heatherdale Resources Inc.	Chairman/Director	November 2009	Present
Northern Dynasty Minerals Ltd.	Director	June 1996	Present
Rockwell Diamonds Inc.	Director	November 2000	November 2008
Taseko Mines Limited	Director	October 1992	Present

ROBERT DICKINSON, B.Sc., M.Sc. - Director

Robert Dickinson is an economic geologist who serves as a member of management of several mineral exploration companies, primarily those for whom Hunter Dickinson Services Inc. (formerly Hunter Dickinson Inc.) provides services. He holds a Bachelor of Science degree (Hons. Geology) and a Master of Science degree (Business Administration - Finance) from the University of British Columbia. Mr. Dickinson has also been active in mineral exploration over 40 years. He is a director of Hunter Dickinson Services Inc. (formerly Hunter Dickinson Inc.) He is also President and Director of United Mineral Services Ltd., a private investment company.

Mr. Dickinson is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	April 1993	Present
	Chairman	April 2004	Present
Anooraq Resources Corporation	Director	November 1990	September 2004
	Director	October 2004	June 2009
	Chairman	April 2004	September 2004
	Co-Chairman	October 2004	June 2009
Continental Minerals Corporation	Director	June 2004	Present
	Chairman	June 2004	January 2006
	Co-Chairman	January 2006	December 2006
Detour Gold Corporation	Director	August 2006	February 2009
Farallon Mining Ltd.	Director	July 1991	April 2007

Company	Positions Held	From	To
	Chairman	April 2004	September 2004
	Co-Chairman	September 2004	April 2006
Great Basin Gold Ltd.	Director	May 1986	November 2006
	Chairman	April 2004	December 2005
	Co-Chairman	December 2005	November 2006
Heatherdale Resources Inc.	Director	November 2009	Present
Northern Dynasty Minerals Ltd.	Director	June 1994	Present
	Chairman	April 2004	Present
Rockwell Diamonds Inc.	Director	November 2000	September 2006
	Chairman	November 2000	September 2006
Taseko Mines Limited	Director	January 1991	Present
	Chairman	April 2004	July 2005
	Co-Chairman	July 2005	May 2006

RONALD THIESSEN, CA – Chairman of the Board and Director

Ronald Thiessen is a Chartered Accountant with professional experience in finance, taxation, mergers, acquisitions and re-organizations. Since 1986, Mr. Thiessen has been involved in the acquisition and financing of mining and mineral exploration companies. Mr. Thiessen is employed by Hunter Dickinson Services Inc. (formerly Hunter Dickinson Inc.), a company providing management and administrative services to several publicly-traded companies and focuses on directing corporate development and financing activities. He is also a director of Hunter Dickinson Services Inc. (formerly Hunter Dickinson Inc.)

Mr. Thiessen is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	September 1995	Present
	President and Chief Executive Officer	September 2000	Present
Anooraq Resources Corporation	Director	April 1996	Present
	President and Chief Executive Officer	September 2000	August 2007
Continental Minerals Corporation	Director	November 1995	Present
	President and Chief Executive Officer	September 2000	January 2006
	Co-Chairman	January 2006	Present
Detour Gold Corporation	Director	July 2006	Present
	Chairman	July 2006	March 2009

Company	Positions Held	From	To
Farallon Mining Ltd.	Director	August 1994	Present
	President and Chief Executive Officer	September 2000	September 2004
	Co-Chairman	September 2004	December 2005
	Chairman	December 2005	Present
Great Basin Gold Ltd.	Director	October 1993	Present
	President and Chief Executive Officer	September 2000	December 2005
	Co-Chairman	December 2005	November 2006
	Chairman	November 2006	Present
Northern Dynasty Minerals Ltd.	Director	November 1995	Present
	President and Chief Executive Officer	November 2001	Present
Rockwell Diamonds Inc.	Director	November 2000	September 2007
	President and Chief Executive Officer	November 2000	September 2006
	Chairman	September 2006	September 2007
Taseko Mines Limited	Director	October 1993	Present
	President and Chief Executive Officer	September 2000	July 2005
	Co-Chairman	July 2005	May 2006
	Chairman	May 2006	Present
Quadro Resources Ltd. (formerly Tri-Gold Resources Corp.)	Director	July 1992	December 2006

DAVID ELLIOTT, B.Comm., ICD.D. FCA – Director

David Elliott graduated from the University of British Columbia with a Bachelor of Commerce degree and then acquired a Chartered Accountant designation. In 2006, he became a certified director with the Institute of Corporate Directors. Mr. Elliott joined BC Sugar Company in 1976, working in a number of senior positions before becoming President and Chief Operating Officer of the operating subsidiary, Rogers Sugar. In 1997, he joined Lantic Sugar in Toronto as Executive Vice President. He also served as Chairman of the Canadian Sugar Institute. He became President and Chief Operating Officer of the International Group based in St Louis, Missouri in 1999, a company involved with food distribution as well as manufacturing and distribution of pet and animal feed. For several years, he worked with companies developing e-mail and data management services. Currently, Mr. Elliott is a director and Audit Committee chairman of Anooraq Resources Corporation, Great Basin Gold Ltd., Northern Dynasty Minerals Ltd. and Taseko Mines Limited.

Mr. Elliott is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Anooraq Resources Corporation	Director	April 2005	June 2009
Great Basin Gold Ltd.	Director	July 2004	Present
Northern Dynasty Minerals Ltd.	Director	July 2004	Present
Taseko Mines Limited	Director	July 2004	Present

RUSSELL HALLBAUER, P.Eng. – Director, President & CEO

Mr. Hallbauer graduated from the Colorado School of Mines with a B.Sc. in Mining Engineering in 1979. He is a Registered Professional Engineer with the Association of Professional Engineers of British Columbia. He has been a member of the Canadian Institute of Mining and Metallurgy since 1975 and is a director and former chairman of the Mining Association of B.C.

In 1983, he joined Teck Corporation's Bullmoose mine, advancing through Engineering and Supervisory positions to become Mine Superintendent in 1987, and in 1992, became General Manager of Quintette. In 1995, he assumed new responsibilities in Vancouver when he was appointed General Manager, Coal Operations, overseeing Teck's three operating coal mines in the Province. In 2002, he was appointed General Manager, Base Metal Joint Ventures, responsible for Teck Cominco's interests in Highland Valley Copper, Antamina in Peru, and Louvicourt in Quebec. Mr. Hallbauer is a director of Hunter Dickinson Services Inc. and Hunter Dickinson Acquisitions Inc.

Mr. Hallbauer is, or was within the past five years, an officer and/or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Director	April 2008	Present
Taseko Mines Limited	President/CEO/Director	July 2005	Present

SCOTT JONES, P.Eng. – Vice President, Engineering

Scott Jones has 25 years of experience in the mining industry, most recently as a Senior Mining Engineer for Teck Cominco where he was involved in property valuation and feasibility studies. He has also held various senior positions in both underground and open pit operations for Teck Cominco and at Barrick Gold's Hemlo Operations. He has a B.Sc. in Mine Engineering from McGill University.

WAYNE KIRK, LLB – Director

Wayne Kirk is a retired attorney and professional consultant. With over 35 years professional experience Mr. Kirk also has over 9 years senior executive experience in the mining industry.

Mr. Kirk is a citizen of the United States and is a resident of the state of Washington. A Harvard University graduate, Mr. Kirk received his law degree in 1968. From 1992 to 2001 Mr. Kirk was the Vice President, General Counsel and Corporate Secretary of Homestake Mining Company. Prior to his retirement in June 2004 he spent two years as Special Counsel for the law firm, Thelen Reid & Priest, in San Francisco.

Mr. Kirk is, or was within the past five years, a director of the following public companies:

Company	Positions Held	From	To
Anooraq Resources Corporation	Director	July 2005	Present
Gabriel Resources Ltd.	Director	June 2008	Present
Great Basin Gold Ltd.	Director	July 2004	Present
Northern Dynasty Minerals Ltd.	Director	July 2004	Present
Taseko Mines Limited	Director	July 2004	Present

RICHARD MUNDIE, CA – Director

Richard Mundie was born in Vancouver and graduated from the University of British Columbia in 1963 with a Bachelor of Commerce degree. He obtained his Chartered Accountancy designation in 1966. He has held a number of senior leadership positions in key organizations in British Columbia and overseas. From 2005 to 2007, he was Vice President, Asia Affairs and Chief Representative (China), for TeckCominco. In this role, he was active in the international mining community and participated in several joint programs to build stronger relationships with the Chinese Government. Prior to this appointment, Mr Mundie held the position of Vice President – Commercial for a period of ten years with TeckCominco. In this role, he was responsible for marketing the company's commercial mineral products, gaining invaluable experience in Europe, South America, United States, Japan, Korea, and Taiwan. Among his accomplishments, he successfully renegotiated North East British Columbia's coal marketing agreements, including transportation and port agreements as well as annual commercial contracts. Richard Mundie joined Teck Corporation in 1995 as Assistant to the President where his main responsibilities were corporate development. Between 1983 and 1995, he held a number of financial and leadership positions with Cominco and in 1992, he assumed the role of Director of Business Development with wide responsibilities for mergers, acquisitions and divestitures. His role also involved feasibility studies and international business relationships. This role included international experience in Japan and Korea for copper and zinc; a seat on the Board of Directors of Cominco Binani Zinc in India; acquisition of nickel ore in New Caledonia, including negotiations with the French Territorial Government for export permits, marketing of copper concentrates in the early stages of Highland Valley Copper and the large Antamina Mine in Peru. He was responsible for the divestiture of the Mitsubishi/Cominco Lead Smelter in Japan, and Cominco Binani Zinc refinery in India, the acquisition and divestiture of Carmaquilla Zinc Smelter in Peru, and the divestiture of Cominco Engineering. Earlier career positions included a number of finance related roles in the resources sector, transport and public accounting with PriceWaterhouse Coopers.

JOHN McMANUS, P. Eng – Senior Vice-President, Operations

John McManus holds a Bachelor of Science degree in mining engineering from the Colorado School of Mines and a Technologist Diploma in Mining from the British Columbia Institute of Technology.

Mr. McManus has worked in the mining industry in British Columbia for over 25 years where he gained experience in mine operations, mine engineering and environmental management. Most recently, he was the General Manager, Coal Mountain Operations at Elk Valley Coal Corporation. Prior to that, Mr. McManus was the Mine Manager at Teck Cominco's coal mining joint venture Bullmoose operation, General Superintendent at the Elkview coal mine and Superintendent of Engineering at the Quintette operation. His past experience also includes five years working in operations and engineering at the Highland Valley and Lornex copper mines and three years working in gold exploration in the Yukon, British Columbia and California.

Mr. McManus is, or was within the past five years, an officer and or director of the following public companies:

Company	Positions Held	From	To
Taseko Mines Limited	Vice President, Operations	October 2005	December 2007
	Senior Vice President, Operations	December 2007	Present

BRIAN BATTISON – Vice President, Corporate Affairs

Brian Battison is responsible for all matters relating to corporate and public affairs, including government and community relations, First Nations liaison, sustainability and economic and social responsibility. Mr. Battison is a public affairs specialist with over 25 years of practical experience in policy development, issue management and communication in both the private and public sectors. He has been a senior political and policy advisor for the government of British Columbia, served as Interim President & CEO of the Mining Association of BC and spent more than a decade operating a private full service communications consulting firm specializing in strategic planning, program development, implementation and evaluation in the areas of mining and resource development, electrical energy, and health care.

PETER MITCHELL, CA – Chief Financial Officer

Peter Mitchell is a Chartered Accountant with degrees in Economics (BA) and Business Administration (MBA) from the University of British Columbia. He has extensive experience with private equity portfolio companies through acquisitions, integrations and greenfield initiatives and financing activities.

Mr. Mitchell is, or was within the past five years, an officer and or director of the following public companies:

Company	Positions Held	From	To
Taseko Mines Limited	Chief Financial Officer	September 2008	Present

TREVOR THOMAS, LLB – Secretary

Trevor Thomas has practiced in the areas of corporate commercial, corporate finance, securities and mining law since 1995, both in private practice environment as well as in-house positions and is currently in-house legal counsel for Hunter Dickinson Services Inc. Prior to joining Hunter Dickinson Services Inc., he served as in-house legal counsel with Placer Dome Inc.

Mr. Thomas is, or was within the past five years, an officer and or director of the following public companies:

Company	Positions Held	From	To
Northern Dynasty Minerals Ltd.	Secretary	February 2008	Present
Amarc Resources Ltd.	Secretary	February 2008	Present
Anooraq Resources Corporation	Asst Secretary	November 2007	Present
Continental Minerals Corporation	Secretary	February 2008	Present
Farallon Mining Ltd.	Secretary	December 2007	Present
Heatherdale Resources Inc.	Secretary	November 2009	Present
Rockwell Diamonds Inc.	Secretary	February 2008	Present
Taseko Mines Limited	Secretary	August 1, 2008	Present

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or officer of Taseko is as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or officer of any company that while that person was acting in that capacity, was the subject of a cease trade order, penalties, sanctions or bankruptcy, during the time the individual was a director or within a one year period thereafter, or was a director or officer of a company during the time in which an event occurred which led to a cease trade order, penalties, sanctions or bankruptcy subsequent to the individual ceasing to act as a director or officer.

Potential For Conflicts of Interest

Several Directors of Taseko also serve as directors of one or more other resource companies involved in mineral exploration and/or development. It may occur from time to time that as a consequence of his activity in the mineral industry and serving on such other boards that a Director may become aware of potential resource property opportunities which are of interest to more than one of the companies on whose boards that person serves. Furthermore, it is possible that the Directors of Taseko and the directors of one or more such other companies (many of which are described in this Item 10) may also agree to allow joint participation on Taseko's properties or the properties of that other company. Accordingly, situations may arise in the ordinary course which involve a Director in an actual or potential conflict of interest as well as issues in connection with the general obligation of a director to make corporate opportunities available to the company on which the director serves. In all such events, any director who might have a disclosable financial interest in a contract or transaction by virtue of office, employment or security holdings or other such interest in another company or in a property interest under consideration by the Taseko Board, would be obliged to abstain from voting as a Taseko Director in respect of any transaction involving that other company(s) or in respect of any property in which an interest is held by him. The Directors will use their best business judgment to help avoid situations where conflicts or corporate opportunity issues might arise and they must at all times fulfill their duties to act honestly and in the best interests of Taseko.

ITEM 11. PROMOTERS

Not applicable.

ITEM 12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Taseko is currently involved in a proceeding against the current owner of the Boliden debenture, NVI, in respect of damages owing from certain tax liabilities in connection with the terms of the 1999 acquisition agreements in the amount of approximately $3.5 million (see “Gibraltar Mine History”).

In April of 2006, Gibraltar obtained a permit under the *Environmental Management Act* to release water from its tailings impoundment into the Fraser River. That Permit is currently the subject of an appeal to the Environmental Appeal Board by an aboriginal group in the Williams Lake area. That appeal is presently partly completed, with five days of evidence having been heard in Williams Lake in December 2006, and a further eight to ten days of evidence in January 2007. While the Respondent to the appeal is the Director under the *Environmental Management Act*, Gibraltar has participated in the appeal as an affected party. Although the outcome of litigation can never be predicted with certainty, the assessment of management is that it is most likely that the permit will be upheld. If the permit were not upheld then the assessment of management is that the most likely result would be that Gibraltar’s ability to discharge the water would be delayed for a period of time, rather than never being able to discharge water at all.

ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

None of the directors or senior officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction of the Company other than as set out herein.

Hunter Dickinson Services Inc. (“HDSI”) is a private company which until recently was owned equally by eight public companies, one of which is Taseko. HDSI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third-party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis pursuant to an agreement dated June 1, 2008. A member of the Company’s senior management is employed by HDSI rather than by Taseko directly.

As of the date of this AIF, the Company has sold its share in HDSI for a total consideration of $1.

ITEM 14. TRANSFER AGENT AND REGISTRAR

The Company’s registrar and transfer agent is Computershare Trust Company of Canada, located in Vancouver, BC.

ITEM 15. MATERIAL CONTRACTS

Taseko’s material contracts are as follows:

(a) Red Mile Royalty Sale Agreements dated September 29, 2004 (see “Description of Business – The Gibraltar Mine - Red Mile Royalty Sale Agreements”):

i) Royalty Agreement among, *inter alia*, Gibraltar and Wilshire (GP) No. 2 Corporation, in its own capacity and in its capacity as general partner on behalf of all the limited partners of Red Mile Resources No. 2 Limited Partnership ("Red Mile"), pursuant to which Gibraltar sold to Red Mile a royalty (the "Royalty Interest") for $67,357,000 (the "Purchase Price");

ii) Call Option Agreement among, *inter alia*, 688888 B.C. Ltd. ("688888"), a wholly-owned subsidiary of Taseko, and Red Mile Resources Inc., in its capacity as general partner on behalf of all of the partners of Red Mile Resources Fund Limited Partnership ("RMRF"), pursuant to which 688888 has an option to, directly or indirectly, re-acquire the Royalty Interest by acquiring from Red Mile the Royalty Interest or from RMRF all of the limited partnership units of Red Mile held by RMRF;

iii) Funding Pledge Agreement among, *inter alia*, Alberta Capital Trust Corporation ("Alberta Trust") and Gibraltar, pursuant to which the Purchase Price was invested in a promissory note with Alberta Trust, and Gibraltar pledged the promissory note, along with interest earned and to be earned thereon, to secure its obligations under the Funding Pledge Agreement; and

iv) Pledge, Priorities and Direction Agreement, pursuant to which Gibraltar is entitled to have released to it funds held under a promissory note, and interest thereon, to fund its royalty obligations under the Royalty Agreement to the extent of its royalty payment obligations;

(b) Corporate Services Agreement dated June 1, 2008 between Hunter Dickinson Services Inc. ("HD Services") and the Company, pursuant to which HD Services agreed to provide technical, geological, corporate communications, administrative and management services to the Company; and

(c) Copper Concentrate Agreement dated April 17, 2008 between Gibraltar and MRI Trading AG ("MRI"), pursuant to which Gibraltar sells copper concentrate to MRI (see "Description of Business - The Gibraltar Mine" – "Mining Operations" – "Contracts and Markets").

(d) Producer Put and Call Option Contracts with Credit Suisse and Investec for approximately 50% of the Company's targeted copper production to the end of 2010 during the year.

The Company also has copper and molybdenum concentrate sales agreements and various operating agreements in place, which are in the ordinary course of business.

ITEM 16. INTERESTS OF EXPERTS

The following is a list of the persons or companies named as having prepared or certified a statement, report or valuation, in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

(a) The Company's independent auditors are KPMG LLP, Chartered Accountants, who have issued an independent auditors' report dated March 31, 2010 in respect of the Company's consolidated financial statements as at December 31, 2009 and for the fiscal year ended December 31, 2009 and the Company's internal control over financial reporting as at December 31, 2009;

(b) Scott Jones, P. Eng. authored the “Technical Report on the 105 Million Ton Increase in Mineral Reserves at the Gibraltar Mine” dated January 23, 2009; and

(c) Scott Jones, P. Eng. authored the “Technical Report on the 344 million tonne increase in mineral reserves at the Prosperity Gold – Copper Project” dated December 17, 2009.

To our knowledge, none of these entities or individuals holds, directly or indirectly, more than 1% of our issued and outstanding common shares.

Based on information provided by the relevant persons, and except as otherwise disclosed in this AIF, none of the persons or companies referred to above has received or will receive any direct or indirect interests in our property or the property of an associated party or an affiliate of ours or have any beneficial ownership, direct or indirect, of our securities or of an associated party or an affiliate of ours.

ITEM 17. ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration, indebtedness of officers, executive stock options and interests of management and others in material transactions, where applicable, is contained in annual financial statements, proxy circulars and interim financial statements available at the SEDAR internet web site (www.sedar.com).

The following documents can be obtained upon request from Taseko’s Shareholder Communication Department by calling (778) 373-4533:

(i) this Annual Information Form, together with any document incorporated herein by reference;

(ii) the Annual Report of the Company and any interim financial statements filed with Securities Commissions subsequent to the audited financial statements for the Company’s most recently completed financial year; and

(iii) the Proxy Circular for the 2009 annual general meeting of the Company.

The Company may require the payment of a reasonable charge from persons, other than security holders of the Company, requesting copies of these documents.

ITEM 18. DISCLOSURE FOR COMPANIES NOT SENDING INFORMATION CIRCULARS

Not applicable.

ITEM 19. CONTROLS AND PROCEDURES

Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s internal control system was designed to provide reasonable assurance to the Company’s 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 GAAP, 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. 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 statement preparation and presentation.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management has concluded that internal control over financial reporting was effective as of December 31, 2009 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

There have been no significant changes in internal controls over financial reporting during the fiscal period ended December 31, 2009 that could have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures are those controls and procedures that are designed to ensure that the information required to be disclosed in the filings under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified. As at December 31, 2009, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's disclosure controls and procedures during the fiscal period ended December 31, 2009 that could have materially affected or are reasonably likely to materially affect the Company's disclosure controls and procedures.

ITEM 20. AUDIT COMMITTEE

Audit Committee Charter and Composition of Audit Committee

The Audit Committee has adopted a charter that sets out its mandate and responsibilities, and is attached to this AIF as Appendix A.

The Audit Committee, consisting of David Elliott, Wayne Kirk and Richard Mundie [1] , reviews all financial statements of the Company prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them and reviews fees for audit services. The charter has set criteria for membership which all members of the Audit Committee are required to meet consistent with National Instrument 52-110 *Audit Committees* and other applicable regulatory requirements. The Audit Committee, as needed, meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

Each Audit Committee member is an independent director and is financially literate. Mr. Elliott, the Audit Committee's chairman, is a Chartered Accountant and hence a financial expert.

1. Richard Mundie was appointed to the Audit Committee and replaced William Armstrong on February 2010.

Relevant Education and Experience

Disclosure respecting the education and experience of the Audit Committee is provided in their biographies above. As a result of their education and experience, each member of the Audit Committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, and
- an understanding of internal controls and procedures for financial reporting.

Reliance on Certain Exemptions

The Company's auditors, KPMG LLP, have not provided any material non-audit services.

Pre-Approval Policies and Procedures for Non-Audit Services

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services.

Code Of Ethics

The Company has adopted a code of ethics that applies to all personnel of the Company. A copy of the Code of Ethics, which is included as a part of the Company's Governance Policies and Procedures Manual, is available on the Company's website at www.tasekomines.com.

Principal Accountant Fees and Services

The following table discloses the aggregate fees billed for each of the last two fiscal years for professional services rendered by the Company's audit firm for various services.

Services:	Year ended December 31, 2009	Fiscal year (15 months) ended December 31, 2008
Audit Fees	$ 502,100	$ 526,500
Audit Related Fees (1)	19,500	–
Tax Fees	–	–
All Other Fees	–	–
Total	$ 521,600	$ 526,500

Note:

(1) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include fess billed for services rendered in connection with the Company's IFRS conversion project.

Management of the Company requests approval from the Audit Committee for all audit and non-audit services to be provided by the Company's auditors. The Audit Committee pre-approves all such services with set maximum dollar amounts for each itemized service. During such deliberations, the Audit Committee assesses, among other factors, whether the services requested would be considered "prohibited services" as contemplated under Canadian independence standards and by the US Securities and Exchange Commission, and whether the services requested and the fees related to such services could impair the independence of the auditors.

ITEM 21. OFF BALANCE SHEET ARRANGEMENTS

None.

APPENDIX A

Audit Committee Charter

1. PURPOSE: RESPONSIBILITIES AND AUTHORITY

The Committee shall carry out its responsibilities under applicable laws, regulations and stock exchange requirements with respect to the employment, compensation and oversight of the Company's independent auditor, and other matters under the authority of the Committee. The Committee also shall assist the Board of Directors in carrying out its oversight responsibilities relating to the Company's financial, accounting and reporting processes, the Company's system of internal accounting and financial controls, the Company's compliance with related legal and regulatory requirements, and the fairness of transactions between the Company and related parties. In furtherance of this purpose, the Committee shall have the following responsibilities and authority:

(a) ***Relationship with Independent Auditor.***

(i) Subject to the law of British Columbia as to the role of the Shareholders in the appointment of independent auditors, the Committee shall have the sole authority to appoint or replace the independent auditor.

(ii) The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

(iii) The independent auditor shall report directly to the Committee.

(iv) The Committee shall approve in advance all audit and permitted non-audit services with the independent auditor, including the terms of the engagements and the fees payable. The Committee may delegate to a subcommittee the authority to grant pre-approvals of audit and permitted non-audit services, provided that the decision of any such subcommittee shall be presented to the full Committee at its next scheduled meeting.

(v) At least annually, the Committee shall review and evaluate the experience and qualifications of the lead partner and senior members of the independent auditor team.

(vi) At least annually, the Committee shall obtain and review a report from the independent auditor regarding:

(A) the independent auditor's internal quality-control procedures;

(B) any material issues raised by the most recent internal quality-control review, or peer review, of the auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;

(C) any steps taken to deal with any such issues; and

(D) all relationships between the independent auditor and the Company.

(vii) At least annually, the Committee shall evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

(viii) The Committee shall ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit, the concurring partner responsible for reviewing the audit, and other audit partners as required by law.

(ix) The Committee shall consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

(x) The Committee shall recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account or participated in any capacity in the audit of the Company.

(b) ***Financial Statement and Disclosure Review.***

(i) The Committee shall review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be filed with applicable securities regulatory authorities and included in the Company's annual reports.

(ii) The Committee shall review and discuss with management (and, to the extent the Committee deems it necessary or appropriate, the independent auditor) the Company's quarterly financial statements, including disclosures made in management's discussion and analysis, and recommend to the Board whether such financial statements should be filed with applicable securities regulatory authorities.

(iii) The Committee shall review and discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the independent auditor's assessment of the quality of the Company's accounting principles, any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls over financial reporting, and any special steps adopted in light of material control deficiencies.

(iv) At least annually and prior to the publication of annual audited financial statements, the Committee shall review and discuss with management and the independent auditor a report from the independent auditor on:

(A) all critical accounting policies and practices used by the Company;

(B) all alternative accounting treatments of financial information that have been discussed with management since the prior report, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the independent auditor, and an explanation of why the independent auditor's preferred method was not adopted; and.

(C) other material written communications between the independent auditor and management since the prior report, such as any management letter or schedule of unadjusted differences, the development, selection and disclosure of critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements.

(v) Prior to their filing or issuance, the Committee shall review the Company's Annual Information Form/Annual Report to the SEC, quarterly and annual earnings press releases, and other financial press releases, including the use of "pro forma" or "adjusted" non-GAAP information.

(vi) The Committee shall review and discuss with management the financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be specific or it may be in general regarding the types of information to be disclosed and the types of presentations to be made.

(c) ***Conduct of the Annual Audit***. The Committee shall oversee the annual audit, and in the course of such oversight the Committee shall have the following responsibilities and authority:

(i) The Committee shall meet with the independent auditor prior to the audit to discuss the planning and conduct of the annual audit, and shall meet with the independent auditor as may be necessary or appropriate in connection with the audit.

(ii) The Committee shall ascertain that the independent auditor is registered and in good standing with the Canadian Public Accounting Board and the Public Company Accounting Oversight Board and that the independent auditor satisfies all applicable Canadian independence standards, Independence Standards Board Standard No. 1, and SEC Regulation S-X, Section 2-01. The Committee shall obtain from the auditor a written statement delineating all relationships between the auditor and the Company as per ISB Standard 1, and review relationships that may impact the objectivity and independence of the auditor.

(iii) The Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including

(A) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management;

(B) the management letter provided by the independent auditor and the Company's response to that letter; and

(C) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

(iv) The Committee shall obtain from the independent auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934 and that, in the course of conducting the audit, the independent auditor has not become aware of information indicating that an illegal act has or may have occurred or, if such an act may have occurred, that the independent auditor has taken all action required by Section 10A(b) of the Securities Exchange Act of 1934.

(v) The Committee shall make such inquiries to the management and the independent auditor as the Committee members deem necessary or appropriate to satisfy themselves regarding the efficacy of the Company's financial and internal controls and procedures and the auditing process.

(d) ***Compliance and Oversight.***

(i) The Committee shall meet periodically with management and the independent auditor in separate executive sessions. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers and financial analysts who follow the Company.

(ii) The Committee shall discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

(iii) The Committee shall discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

(iv) At least annually and prior to the filing of the AIF/Annual Report to the SEC, the Committee shall review with management and the independent auditor the disclosure controls and procedures and confirm that the Company (with CEO and CFO participation) has evaluated the effectiveness of the design and operation of the controls within 90 days prior to the date of filing of the AIF/Annual Report to the SEC. The Committee also shall review with management and the independent auditor any deficiencies in the design and operation of internal controls and significant deficiencies or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls. As a part of that review, the Committee shall review the process followed in preparing and verifying the accuracy of the required CEO and CFO annual certifications.

(v) At least annually and prior to the filing of the AIF/Annual Report to the SEC, the Committee shall review with management and the independent auditor management's internal control report and assessment of the internal controls and procedures, and the independent auditor's report on and assessment of the internal controls and procedures.

(vi) The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(vii) The Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or reports which raise material issues regarding the Company's financial statements or accounting policies.

(viii) At least annually, the Committee shall meet with the Company's legal counsel and discuss any legal matters that may have a material impact on the financial statements or the Company's compliance policies.

(ix) The Committee shall prepare all reports required under applicable laws, regulations and stock exchange requirements.

(x) The Committee shall recommend to the Nominating and Governance Committee the qualifications and criteria for membership on the Committee.

(e) ***Related Party Transactions.***

(i) The Committee shall review for fairness to the Company proposed transactions, contracts and other arrangements between the Company and its subsidiaries and any related party or affiliate, and make recommendations to the Board whether any such transactions, contracts and other arrangements should be approved or continued. The foregoing shall not include any compensation payable pursuant to any plan, program, contract or arrangement subject to the authority of the Company's Compensation Committee.

(ii) As used herein the term "related party" means any officer or director of the Company or any subsidiary, or any shareholder holding a greater than 10% direct or indirect financial or voting interest in the Company, and the term "affiliate" means any person, whether acting alone or in concert with others, that has the power to exercise a controlling influence over the Company and its subsidiaries. "Related party" includes Hunter Dickinson Services Inc.

2. STRUCTURE AND MEMBERSHIP

(f) **Number and qualification**. The Committee shall consist of three persons unless the Board should from time to time otherwise determine. All members of the Committee shall meet the experience and financial literacy requirements of National Instrument NI 52-110 and the rules of the Toronto Stock Exchange and the NYSE Amex. At least one member of the Committee shall be a "financial expert" as defined in Item 407 of SEC Regulation S-K.

(g) **Selection and Removal**. Members of the Committee shall be appointed by the Board, upon the recommendation of the Nominating and Corporate Governance Committee. The Board may remove members of the Committee at any time with or without cause.

(h) **Independence**. All of the members of the Committee shall be "independent" as required for audit committees by National Instrument NI 52-110, the rules of the Toronto Stock Exchange and the NYSE Amex, and SEC Rule 10A-3.

(i) **Chair**. Unless the Board elects a Chair of the Committee, the Committee shall elect a Chair by majority vote.

(j) **Compensation**. The compensation of the Committee shall be as determined by the Board.

(k) **Term**. Members of the Committee shall be appointed for one-year terms. Each member shall serve until his or her replacement is appointed, or until he or she resigns or is removed from the Board or the Committee.

3. PROCEDURES AND ADMINISTRATION

(l) **Meetings**. The Committee shall meet as often as it deems necessary in order to perform its responsibilities, but not less than quarterly. The Committee shall keep minutes of its meetings and any other records as it deems appropriate.

(m) **Subcommittees**. The Committee may form and delegate authority to one or more subcommittees, consisting of at least one member, as it deems appropriate from time to time under the circumstances.

(n) **Reports to the Board**. The Committee shall regularly report to the Board with respect to such matters as are relevant to the Committee's discharge of its responsibilities, and shall report in writing on request of the Chairman of the Board.

(o) **Charter**. The Committee shall, at least annually, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

(p) **Independent Advisors**. The Committee shall have the authority to engage such independent legal and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay appropriate compensation to advisors engaged by the Committee.

(q) **Investigations**. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it deems appropriate, including the authority to request any Officer or other person to meet with the Committee and to access all Company records.

(r) **Annual Self-Evaluation**. The Committee shall evaluate its own performance at least annually.

4. ADDITIONAL POWERS

The Committee shall have such other duties as may be delegated from time to time by the Board of Directors.

5. LIMITATION OF AUDIT COMMITTEE'S ROLE

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

6. AUDIT COMMITTEE MEMBER INDEPENDENCE, FINANCIAL LITERACY AND FINANCIAL EXPERT REQUIREMENTS

A. Independence

(s) See Appendix 2 of the Company's Corporate Governance Overview and Guidelines.

B. Financial Literacy and Financial Expert Requirements

NI 52-110

Section 3.1(4) states that each audit committee member must be financially literate.

Section 1.6 defines the meaning of financial literacy as follows:

"For the purposes of this Instrument, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements."

NYSE AMEX Section 803(B)(2)(a)(iii)

Each issuer must have an Audit Committee of at least three members, each of whom:

"is able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. Additionally, each issuer must certify that it has, and will continue to have, at least one member of the audit committee who is financially sophisticated, in that he or she has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including but not limited to being or having been a chief executive officer, chief financial officer, other senior officer with financial oversight responsibilities. A director who qualifies as an audit committee financial expert under Item 407(d)(5)(ii) of Regulation S-K . is presumed to qualify as financially sophisticated."

ITEM 407(d)(5)(ii) 0F REGULATION S-K, DEFINITION OF FINANCIAL EXPERT

For purposes of this Item, an audit committee financial expert means a person who has the following attributes:

(A) An understanding of generally accepted accounting principles and financial statements;

(B) The ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

(C) Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the small business issuer's financial statements, or experience actively supervising one or more persons engaged in such activities;

(D) An understanding of internal control over financial reporting; and

(E) An understanding of audit committee functions.

A person shall have acquired such attributes through:

(A) Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

(B) Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;

(C) Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or

(D) Other relevant experience.



CONSOLIDATED FINANCIAL STATEMENTS

FISCAL PERIODS ENDED
DECEMBER 31, 2009 and 2008 and SEPTEMBER 30, 2007

(Expressed in thousands of Canadian Dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Taseko Mines Limited

We have audited the accompanying consolidated balance sheets of Taseko Mines Limited ("the Company") and subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for the year ended December 31, 2009, the fifteen month period ended December 31, 2008 and the year ended September 30, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and subsidiaries as of December 31, 2009 and 2008 and the results of their operations and their cash flows for the year ended December 31, 2009, the fifteen month period ended December 31, 2008 and the year ended September 30, 2007 in conformity with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from US generally accepted accounting principles. Information relating to the nature and effect of such differences is presented in Note 25 to the consolidated financial statements.

As discussed in Note 4(d) to the consolidated financial statements, the Company has changed its disclosures in respect of the fair value of financial instruments as at December 31, 2009 and 2008 due to the adoption of amendments to CICA Handbook Section 3862, *Financial Instruments – Disclosures.*

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 31, 2010 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.



Chartered Accountants

Vancouver, Canada
March 31, 2010

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Taseko Mines Limited

We have audited Taseko Mine Limited ("the Company")'s internal control over financial reporting as of December 31, 2009 based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's 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 generally accepted accounting principles, 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.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2009 and 2008, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for the year ended December 31, 2009, the fifteen-month period ended December 31, 2008 and the year ended September 30, 2007, and our report dated March 31, 2010 expressed an unqualified opinion on those consolidated financial statements.



Chartered Accountants

Vancouver, Canada
March 31, 2010

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

TASEKO MINES LIMITED
Consolidated Balance Sheets
(Expressed in thousands of Canadian Dollars)

	December 31 2009	December 31 2008
ASSETS		
Current assets		
Cash and equivalents	$ 35,082	$ 4,587
Restricted cash (note 11)	3,153	4,400
Marketable securities and investments (note 7)	11,856	3,138
Accounts receivable	12,505	4,606
Inventory (note 5)	21,792	20,340
Prepaid expenses	2,112	329
Advances for equipment (note 23(a))	1,119	499
Current portion of promissory note (note 20(a))	4,697	3,384
	92,316	41,283
Advances for equipment (note 23(a))	2,122	5,882
Reclamation deposits (note 15)	29,421	32,396
Promissory note (note 20(a))	73,400	73,684
Mineral property interests, plant and equipment (note 10)	337,836	325,000
	$ 535,095	**$ 478,245**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 13)	$ –	$ 5,737
Accounts payable and accrued liabilities	14,821	53,036
Amounts due to a related party (note 12)	13	1,772
Current portion of long-term credit facility (note 17)	21,896	–
Convertible debt (note 14)	–	35,219
Current portion of long-term loan obligations (note 16)	5,782	3,324
Current portion of deferred revenue (note 20(a))	175	175
Current portion of royalty obligations (note 20)	11,208	3,384
Liability under derivative instruments (note 19)	18,935	–
Income taxes payable	370	937
Current portion of future income taxes (note 21)	1,979	8,469
	75,179	112,053
Income taxes (note 21)	32,299	30,685
Royalty obligations (note 20)	57,621	60,973
Deferred revenue (note 20(a))	656	831
Long-term credit facility (note 17)	29,609	–
Long-term loan obligations (note 16)	16,916	13,100
Site closure and reclamation obligation (note 15)	9,807	10,366
Future income taxes (note 21)	16,315	15,330
	238,402	243,338
Shareholders' equity		
Share capital (note 18)	323,734	285,690
Equity component of convertible debt (note 14)	–	3,832
Tracking preferred shares (note 8)	26,642	26,642
Contributed surplus	20,318	14,561
Accumulated other comprehensive gain (loss)	4,576	(6,680)
Deficit	(78,577)	(89,138)
	296,693	234,907
Commitments (note 23)		
Subsequent events (note 7, 9(b), 12, 17, 20(b), 23(c) and 24)		
	$ 535,095	**$ 478,245**

See accompanying notes to consolidated financial statements.

Approved by the Board of Directors

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

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

TASEKO MINES LIMITED
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in thousands of Canadian Dollars, except per share amounts)

	Year Ended December 31, 2009	Fifteen Months Ended December 31, 2008	Year Ended September 30, 2007
Revenue			
Copper	$ 180,115	$ 209,784	$ 199,872
Molybdenum	8,787	21,894	18,554
	188,902	231,678	218,426
Cost of sales	132,434	196,261	109,533
Depletion, depreciation and amortization	8,150	7,363	3,155
Operating profit	48,318	28,054	105,738
Expenses (income)			
Accretion of reclamation obligation (note 15)	968	1,451	1,777
Asset retirement obligation change of estimates (note 15)	–	(6,917)	(4,570)
Change in fair value of financial instruments	–	886	1,925
Exploration	3,407	11,864	8,967
Foreign exchange loss (gain)	(8,800)	4,032	233
Gain on convertible bond repurchase (note 14(a))	(1,630)	–	–
General and administration	8,382	11,896	6,501
Interest accretion on convertible debt (note 14)	1,260	2,938	2,922
Interest and other income	(7,402)	(9,701)	(11,093)
Interest expense	8,265	8,284	5,947
Gain on sale of marketable securities	(188)	(1,034)	(1,508)
Realized loss on derivative instruments (note 19)	11,330	–	–
Stock-based compensation	5,696	6,442	6,771
	21,288	30,141	17,872
Earnings (loss) before other items	27,030	(2,087)	87,866
Other items			
Unrealized loss on derivative instruments (note 19)	15,775	–	–
Earnings (loss) before income taxes	11,255	(2,087)	87,866
Current income tax expense (recovery) (note 21)	669	(2,151)	3,959
Future income tax expense (recovery) (note 21)	25	(3,446)	35,645
Net earnings for the year	$ 10,561	$ 3,510	$ 48,262
Other comprehensive income (loss)			
Unrealized gain (loss) on available-for-sale reclamation deposit	(1,040)	1,859	(419)
Unrealized gain (loss) on available-for-sale marketable securities	14,263	(11,295)	4,710
Reclassification of realized gain (loss) on sale of marketable securities	(188)	(1,152)	(1,508)
Tax effect	(1,779)	1,570	(445)
Other comprehensive income (loss)	$ 11,256	$ (9,018)	$ 2,338
Total comprehensive income (loss)	$ 21,817	$ (5,508)	$ 50,600
Earnings per share			
Basic	$ 0.06	$ 0.02	$ 0.37
Diluted	$ 0.06	$ 0.02	$ 0.36
Weighted average number of common shares outstanding (expressed in thousands)			
Basic	173,170	142,062	129,218
Diluted	180,835	156,928	142,278

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED
Consolidated Statements of Shareholders' Equity
(Expressed in thousands of Canadian Dollars, except for per share and share amounts)

	Year ended December 31, 2009		Fifteen Months Ended December 31, 2008		Year ended September 30, 2007	
Common shares	**Number of shares**		**Number of shares**		**Number of shares**	
Balance at beginning of the year	153,187,116	$ 285,690	130,580,538	$ 205,040	128,388,175	$ 197,592
Share purchase options at $1.00 per share	893,750	894	–	–	–	–
Share purchase options at $1.15 per share	66,333	76	–	–	409,833	471
Share purchase options at $1.29 per share	–	–	–	–	75,000	97
Share purchase options at $1.71 per share	33,666	58	–	–	–	–
Share purchase options at $1.90 per share	7,000	13	–	–	–	–
Share purchase options at $2.07 per share	50,000	103	30,000	62	233,300	483
Share purchase options at $2.18 per share	100,000	218	145,500	317	244,000	532
Share purchase options at $2.63 per share	–	–	–	–	20,000	53
Share purchase options at $2.68 per share	–	–	7,500	20	27,500	74
Share purchase options at $3.07 per share	11,000	34	78,500	241	48,000	147
Share purchase options at $4.09 per share	–	–	3,600	15	–	–
Share purchase options at $4.50 per share	–	–	5,000	23	–	–
Fair value of stock options allocated to shares issued on exercise	–	2,108	–	514	–	1,786
Shares issued for the purchase of royalty interest	–	–	1,000,000	5,220	1,134,730	3,805
Shares issued for debt conversion (note 14(b))	–	–	2,612,971	21,318	–	–
Equity financings at $5.20 per share, net of issue costs (note 18(b))	–	–	9,637,792	46,945	–	–
Equity financings at $0.70 per share, net of issue costs (note 18(b))	–	–	9,085,715	5,975	–	–
Equity financings at $1.45 per share, net of issue costs (note 18(b))	19,490,084	26,817	–	–	–	–
Warrants exercised (note 18(b))	9,085,715	7,723	–	–	–	–
Balance at end of the year	182,924,664	323,734	153,187,116	285,690	130,580,538	205,040
Equity component of convertible debt						
Balance at beginning of the year		3,832		13,655		13,655
Repurchase of convertible bond (note 14(a))		(3,832)		–		–
Convertible debenture conversion adjustment (note 14(b))		–		(9,823)		–
Balance at end of the year		–		3,832		13,655
Tracking preferred shares						
Balance at beginning and end of the year		26,642		26,642		26,642
Contributed surplus						
Balance at beginning of the year		14,561		8,633		3,648
Stock-based compensation (note 18(c))		5,696		6,442		6,771
Repurchase of convertible bond (note 14(a))		2,169		–		–
Fair value of stock options allocated to shares issued on exercise		(2,108)		(514)		(1,786)
Balance at end of the year		20,318		14,561		8,633
Accumulated other comprehensive income (loss)						
Balance at beginning of the year		(6,680)		2,338		–
Unrealized gain (loss) on reclamation deposits		(1,040)		1,859		(419)
Unrealized gain (loss) on available-for-sale marketable securities		14,263		(11,295)		4,710
Reclassification of realized loss on sale of marketable securities		(188)		(1,152)		(1,508)
Tax effect		(1,779)		1,570		(445)
Balance at end of the year		4,576		(6,680)		2,338
Deficit						
Balance at beginning of the year		(89,138)		(92,648)		(140,910)
Net earnings for the year		10,561		3,510		48,262
Balance at end of the year		(78,577)		(89,138)		(92,648)
TOTAL SHAREHOLDERS' EQUITY		$ 296,693		$ 234,907		$ 163,660

See accompanying notes to consolidated financial statements.

TASEKO MINES LIMITED
Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian Dollars)

	Year Ended December 31, 2009	Fifteen Months Ended December 31, 2008	Year Ended September 30, 2007
Operating activities			
Net earnings for the year	$ 10,561	$ 3,510	$ 48,262
Items not involving cash			
Reclamation obligation change in estimate	–	(6,917)	(4,570)
Accretion of reclamation obligation	968	1,451	1,777
Depreciation, depletion and amortization	8,150	7,363	3,155
Interest accretion on convertible debt	1,260	2,938	2,922
Interest accretion on long-term credit facility	512	–	–
Stock-based compensation	5,696	6,442	6,771
Future income taxes	25	(3,446)	35,645
Foreign exchange loss (gain)	(8,839)	6,334	(3,307)
Gain on sale of marketable securities	(188)	(1,034)	(1,508)
Change in fair value of financial instruments	–	886	1,925
Gain on convertible debt repurchase (note 14)	(1,630)	–	–
Unrealized loss on derivative instruments (note 19)	15,775	–	–
Site closure and reclamation expenditures (note 15)	(1,590)	(183)	(167)
Changes in non-cash operating working capital			
Accounts receivable	(7,899)	7,415	(2,679)
Amounts due to a related party	(1,759)	2,579	(833)
Inventory	(1,452)	(2,282)	6,160
Prepaid expenses	(1,784)	741	152
Accrued interest income on promissory note	(1,029)	(2,632)	(1,270)
Accounts payable and accrued liabilities	(38,216)	22,603	8,499
Deferred revenue	(175)	(219)	(19,759)
Accrued interest expense on royalty obligation	(2,039)	(1,060)	(1,371)
Income taxes payable	(6,261)	2,358	6,175
Liability under derivative instruments (note 19)	3,160	–	–
Cash provided by (used for) operating activities	(26,754)	46,847	85,979
Investing activities			
Purchase of property, plant and equipment	(17,019)	(134,186)	(127,032)
Purchase of mineral property interest	–	–	(1,800)
Reclamation deposits	(45)	(109)	(20)
Funds released from reclamation deposits	3,900	5,000	–
Accrued interest income on reclamation deposits	(1,919)	(2,032)	(1,791)
Funds released from (deposited into) restricted cash	1,247	–	(4,400)
Investment in marketable securities	(4,421)	(254)	(21,564)
Proceeds from sale of marketable securities	9,966	3,360	16,999
Advance payments for equipment	–	(6,381)	–
Cash used for investing activities	(8,291)	(134,602)	(139,608)
Financing activities			
Proceeds (repayment) of bank indebtedness	(5,737)	5,737	–
Capital lease payments	(3,199)	(1,061)	–
Common shares issued for cash, net of issue costs	35,937	53,599	1,857
Principal repayment of loan obligations	(345)	–	–
Proceeds from loan obligations (note 16(b))	9,054	–	–
Proceeds from royalty obligation (note 20(b))	6,511	–	–
Re-purchase of convertible debt (note 14)	(33,678)	(3,569)	–
Proceeds from long term credit facility (note 17)	56,997	–	–
Cash provided by financing activities	65,540	54,706	1,857
Increase (decrease) in cash and equivalents	30,495	(33,049)	(51,772)
Cash and equivalents, beginning of year	4,587	37,636	89,408
Cash and equivalents, end of year	**$ 35,082**	**$ 4,587**	**$ 37,636**

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS

Taseko Mines Limited ("Taseko" or the "Company") is a public company incorporated under the laws of the Province of British Columbia. At December 31, 2009, the Company's principal business activities related to the operations of the Gibraltar Copper Mine, and exploration on the surrounding properties as well as exploration on the Company's 100% owned Prosperity Gold- Copper Property, Harmony Gold Property and Aley Niobium Property. The Gibraltar Copper Mines and the Prosperity Property are located in south central British Columbia, Canada, near the City of Williams Lake. The Harmony Gold Property is located on Graham Island, Queen Charlotte Islands (also known as Haida Gwaii), British Columbia. The Aley Niobium Property is located in north eastern British Columbia, near the city of Mackenzie.

2. BASIS OF PRESENTATION

In September 2008, the Company's Board of Directors approved a resolution to change the Company's year end from September 30 to December 31. Accordingly, these financial statements are prepared as at December 31, 2009 and December 31, 2008, and for the year ended December 31, 2009, the fifteen months ended December 31, 2008 and the year ended September 30, 2007.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. These consolidated financial statements include the accounts of the Company and all of its subsidiaries. All material intercompany accounts and transactions have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and equivalents

Cash and equivalents consist of cash and highly liquid investments, having maturity dates of three months or less from the date of acquisition, that are readily convertible to known amounts of cash. At December 31, 2009, of the $35,082 cash and equivalents held by the Company, $30,719 (US$29,228) were held in United States dollar denominated cash and equivalents (December 31, 2008 – $2,169 (US$1,756)). Cash and equivalents excludes cash subject to restrictions (note 11).

(b) Revenue recognition

Revenue from the sales of metal in concentrate is recognized when persuasive evidence of a sales agreement exists, the title and risk of ownership is transferred to the customer, collection is reasonably assured, and the price is reasonably determinable. Revenue from the sales of metal may be subject to adjustment upon final settlement of shipment weights, assays and estimated metal prices. Adjustments to revenue for metal prices are recorded monthly and other adjustments are recorded on final settlement. Cash received in advance of meeting these revenue recognition criteria is recorded as deferred revenue.

Under the Company's concentrate sales contracts, final copper and molybdenum prices are set based on a specified future quotational period and the average market metal price in that period. Typically, the quotational periods for copper are either one or four months after the date of arrival at the port of discharge and for molybdenum is three months after the month of shipment. Revenues are recorded under these contracts at the time title passes to the buyer and are based on the forward price for the expected settlement period. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. The price adjustment features in the Company's receivables are treated as embedded derivatives for accounting purposes and as such, are marked-to-market through earnings from the date of sale through the date of final pricing.

(c) Inventory

Concentrate inventory consists of metal in concentrate, ore-in-process and stockpiled ore. Concentrate inventory is valued based on the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead expenses and depreciation.

The costs of removing waste material in the process of mining ore, referred to as "stripping costs", are considered costs of the extracted minerals and recognized as a component of concentrate inventory to be recognized in cost of sales in the same period as the revenue from the sale of the concentrate inventory.

Materials and supplies inventory is valued at the lower of average cost and net realizable value.

Copper cathode inventory consists of finished goods in the form of copper cathode sheets. Copper cathode inventory is valued at the lower of average production cost and net realizable value.

Previous write-downs to net realizable value are reversed when there is a subsequent increase in the value of inventories.

(d) Financial Instruments

All financial instruments, including derivatives, are included on the Company's balance sheet and measured either at fair value or amortized cost. Changes in fair value are recognized in the statements of operations or accumulated other comprehensive income, depending on the classification of the related instruments.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. All financial instruments are classified into one of the following categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings (loss).

- Available-for-sale financial assets are measured at fair value. Changes in fair value are included in other comprehensive income (loss) until the gain or loss is recognized in net earnings (loss) or if an impairment is determined to be other than temporary.
- Held for trading financial instruments are measured at fair value. All changes in fair value are included in net earnings (loss) in the period in which they arise.
- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship. Changes in fair value are included in net earnings (loss) in the period in which they arise, except for cash flow hedge transactions which qualify for hedge accounting treatment in which case gains and losses are recognized in other comprehensive income (loss).

The Company had classified its financial instruments as follows:

Financial Instrument	Classification	Measurement
Cash and equivalents/ bank indebtedness	Held for Trading	Fair Value
Restricted cash	Held for Trading	Fair Value
Marketable securities and investments (i)	Available for Sale	Fair Value
Accounts receivable	Loans and Receivables	Amortized cost
Advances to a related party	Loans and Receivables	Amortized cost
Reclamation deposits (ii)	Available for Sale	Fair Value
Promissory note (iii)	Loan and Receivable	Amortized cost
Accounts payable and accrued liabilities	Other Financial Liability	Amortized cost
Advances from a related party	Other Financial Liability	Amortized cost
Convertible debt (iv)	Other Financial Liability	Amortized cost
Equipment loan obligations (note 16(b))	Other Financial Liability	Amortized cost
Credit facility (note 17)	Other Financial Liability	Amortized cost
Gibraltar Royalty Limited Partnership obligation (note 20(b))	Other Financial Liability	Amortized cost
Derivative liability (v)	Held for Trading	Fair Value

i.) Marketable securities and investments are classified as available-for-sale securities and are measured at fair market value with unrealized gains or losses recorded in other comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net earnings (loss).

ii.) Reclamation deposits invested in government bonds and treasury bills are classified as available-for-sale securities and are measured at fair market value, with unrealized gains or losses recorded in other comprehensive income (loss). At the time securities are sold or otherwise disposed of, gains or losses are included in net earnings (loss).

iii.) The Promissory note relating to the Red Mile Resources No. 2 Limited Partnership Agreement ("Red Mile") is classified as a loan and receivable.

iv.) The debt components of the Convertible bonds and debenture are classified as other financial liabilities and are measured at amortized cost.

v.) Derivative instruments are recorded at fair value. Changes in the fair values of derivative instruments are recognized in net earnings (loss) for the period. The Company may enter into derivative instruments to manage exposure to fluctuations in metal prices, primarily copper. These derivative instruments are a part the Company's risk management strategy. The Company has elected not to apply hedge accounting to these instruments. Therefore, the changes in fair value are recorded in earnings.

The Company also discloses quantitative and qualitative information that enable users to evaluate the significance of financial instruments on the Company's financial performance, and the nature and extent of risks arising from financial instruments to which the Company is exposed during the year and at the balance sheet date. In addition, the Company discloses management's objectives, policies and procedures for managing these risks. These disclosures are presented in note 6.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated amortization. Mining and milling assets are amortized using the units of production method based on tons mined and milled, respectively, divided by the estimated tonnage to be recovered in the mine plan. During 2008, the Company extended the life of its Gibraltar mine. Consequently, the useful life over which the Company's mining and milling assets are depreciated has been extended to reflect their additional use from an extended mine life. Amortization for all other assets is calculated using the declining balance method at rates ranging from 10% to 50% per annum. Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements which extend the useful life of the asset are capitalized as incurred.

The costs of removing overburden material to access mineral reserve deposits, referred to as "stripping costs", are accounted for as variable production costs to be included in the cost of inventory produced, unless the overburden removal activity can be shown to be a betterment of the mineral property, in which case these costs are capitalized. Betterment occurs when the overburden removal activity provides access to additional sources of mineral deposit reserves that will be produced in future periods which would not have otherwise been accessible in the absence of the pre-stripping activity. These deferred stripping costs are amortized using the units of production basis to cost of sales over the life of the mineral deposit reserves.

(f) Mineral property interests

The Company capitalizes mineral property acquisition costs on a property-by-property basis. Exploration expenditures and option payments incurred prior to the determination of the feasibility of mining operations are charged to operations as incurred. Exploration expenditures incurred subsequent to the mining operations which do not increase production or extend the life of operations are expensed in the period incurred.

The Company capitalizes development expenditures which have (a) a probable future benefit which the Company can obtain, (b) result from a past transaction, and (c) occur on property controlled by the Company on mineralized ore bodies that have, or are determined to have as a result of these costs, economically mineable mineral reserves. Acquisition costs and development expenditures are amortized over the estimated life of the property, or written off to operations if the property is abandoned, allowed to lapse, or if there is little prospect of further work being carried out by the Company.

Mineral property acquisition costs include the cash consideration and the fair market value of common shares issued for mineral property interests pursuant to the terms of the relevant agreement. Payments relating to a property acquired under an option or joint venture agreement, where such payments are made at the sole discretion of the Company, are recorded in the accounts upon payment.

Costs related to feasibility work and the development of processing technology are expensed as incurred. Costs incurred subsequent to the determination of the feasibility of the processing technology will be capitalized and amortized over the life of the related plant.

Administrative expenditures are expensed as incurred.

The amount presented for mineral property interests represents costs incurred to date and accumulated acquisition costs, less write-downs and accumulated amortization, and does not necessarily reflect present or future values.

(g) Site closure and reclamation costs

The Company recognizes any statutory, contractual or other legal obligation related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for the accretion of the discount and any changes in the amount or timing of the underlying future cash flows. The asset retirement cost is amortized to operations over the life of the asset. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability, and the related asset retirement cost is capitalized as part of the carrying amount of the related long-lived asset. In the event the required decrease in the asset retirement cost is in excess of the carrying value, the excess amount is recorded as a change in estimate in the statement of operations.

(h) Impairment of long-lived assets

Long-lived assets, including mineral property interests, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount and the fair value less costs to sell, and are no longer amortized.

(i) Share capital

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted market price on the date of issue.

The proceeds, net of issue costs, from common shares issued pursuant to flow-through share financing agreements are credited to share capital and the tax benefits of these exploration expenditures are transferred to the purchaser of the shares.

(j) Stock-based compensation

The Company has a share option plan which is described in note 18(c). The Company records all stock-based payments using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable, and are charged to operations over the vesting period. The offset is credited to contributed surplus. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(k) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, generally using the substantively enacted or enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets also result from unused loss carry forwards, resource-related pools, and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(l) Functional currency and foreign currency translations

The Company's functional currency is the Canadian dollar as the Canadian dollar is the currency of the primary economic environment in which the Company operates. While the Company receives its metal sales revenues in United States dollars, the majority of the Company's supplies, labour, and services are denominated in Canadian dollars. All of the business operations of the Company are located in Canada. The majority of the Company's financings are in Canadian dollars.

Foreign currency monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets, liabilities, revenues and expenses are translated into Canadian dollars at the rate of exchange prevailing on the respective dates of the transactions. Foreign exchange gains and losses are included in earnings.

(m) Earnings (loss) per common share

Basic earnings (loss) per common share is based on the weighted average number of common shares outstanding during the period.

Diluted earnings (loss) per share is calculated using the treasury stock method, whereby all "in- the-money" options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the year. Dilution for convertible bonds and debentures is calculated on an if-converted basis.

(n) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Significant areas requiring the use of management estimates relate to the impairment of mineral property interests, plant and equipment, reclamation liability, income taxes, valuation allowances for future income tax assets, rates for depletion, depreciation and amortization, assumptions used in computing stock-based compensation, fair value of the option to convert the debenture into common shares and future cash flows related thereto, receivables from sales of concentrate and valuation of concentrate inventory, the determination of mineral reserves and mine life and the estimation of the fair value of derivative liabilities. Actual results could differ from these estimates.

(o) Segment disclosures

The Company operates in a single reportable operating segment, the exploration, development and operation of mineral property interests, within the geographic area of British Columbia, Canada.

(p) Going Concern (Amendments to Section 1400)

Canadian GAAP requires management to make an assessment of the Company's ability to continue as a going concern, and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. In assessing the appropriateness of the going concern assumption, management is required to consider all available information about the future which is at least, but not limited to, twelve months from the balance sheet date and to disclose any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern.

As at December 31, 2009 and to the date of these financial statements, the Company determined that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

4. CHANGES IN ACCOUNTING POLICIES

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

(a) Section 3064 – Goodwill and Intangibles

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

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

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

(c) EIC 174 – Mining Exploration Costs

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

(d) Fair Value Hierarchy

During the year, CICA Handbook Section 3862, *Financial Instruments – Disclosures* was amended to require enhanced disclosures about the relative reliability of the data, or "inputs", that an entity uses to measure the fair values of its financial instruments. It requires financial instruments measured at fair value to be classified into one of three levels in the "fair value hierarchy" according to the relative reliability of the inputs used to estimate the fair values. These disclosures are presented in note 6(b).

(e) Amendments to CICA 3855

The CICA amended Handbook Section 3855, *Financial Instruments – Recognition and Measurement* to provide additional guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category, amend the definition of loans and receivables, amend the categories of financial assets into which debt instruments are required or permitted to be classified, amend the impairment guidance for held-to-maturity debt instruments and require reversal of impairment losses on available-for sale debt instruments when conditions have changed. These amendments were effective for fiscal years beginning on or after November 1, 2008. This amendment did not have a material impact on the Company's consolidated financial statements.

(f) New Accounting Standards Not Yet Adopted:

i) International Financial Reporting Standards ("IFRS")

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

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

The AcSB issued CICA Sections 1582, *Business Combinations*, 1601, *Consolidated Financial Statements*, and 1602, *Non-Controlling Interests*, which superseded current Sections 1581,

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

5. INVENTORY

	December 31, 2009	December 31, 2008
Copper concentrate	$ 5,830	$ 6,114
Ore in-process	1,897	1,120
Copper cathode	178	612
Molybdenum	70	394
Materials and supplies	13,817	12,100
	$ 21,792	$ 20,340

At December 31, 2009, the Company recorded an adjustment of $ nil to reduce the concentrate inventory to its net realizable value (2008 – $1,504).

6. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital Management Objectives

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

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

As at December 31, 2009, the Company is subject to externally-imposed capital requirements in the form of covenants relating to the long-term credit facility as discussed in note 17. As at December 31, 2009, the Company is in compliance with its financial covenants.

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

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

There were no changes to the Company's approach to capital management during the year ended December 31, 2009.

(b) Carrying Amounts and Fair Values of Financial Instruments

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

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

Aside from the financial instruments mentioned above, the following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at December 31, 2009:

	Financial assets at fair value				
	Level 1	**Level 2**	**Level 3**	**December 31, 2009**	**December 31, 2008**
Cash and equivalents	$ 35,082	$ -	$ -	$ 35,082	$ 4,587
Restricted cash (note 11)	3,153	-	-	3,153	4,400
Held for trading	38,235	-	-	38,235	8,987
Marketable securities and investments (note 7)	11,856	-	-	11,856	3,138
Reclamation deposits	29,421	-	-	29,421	32,396
Available for sale financial assets	41,277	-	-	41,277	35,534
Total financial assets at fair value	$ 79,512	$ -	$ -	$ 79,512	$ 44,521

	Financial liabilities at fair value				
	Level 1	**Level 2**	**Level 3**	**December 31, 2009**	**December 31, 2008**
Bank indebtedness	$ -	$ -	$ -	$ -	$ 5,737
Liability under derivative financial instruments (note 19)	-	18,935	-	18,935	-
	$ -	$ 18,935	$ -	$ 18,935	$ 5,737

(c) Financial Instrument Risk Exposure and Risk Management

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

(i) Credit Risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its receivables and marketable securities. In general, the Company manages its credit exposure by transacting only with reputable counterparties. The Company monitors the financial condition of its customers and counterparties to contracts.

(ii) Liquidity Risk

During the year, the Company secured a US$50,000 36-month term facility agreement (note 17) as well as a $9,054 long-term equipment loan (note 16(b)). The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of $23,122 (note 23(a)).

The following are the principal contractual maturities of financial liabilities:

As at December 31, 2009	Contractual Obligations	2010	2011	2012	Over 3 years
Accounts payable and accrued liabilities	$ 14,821	$ 14,821	$ –	$ –	$ –
Amounts due to a related party	13	13	–	–	–
Long-term credit facility (note 17)	52,550	21,896	26,275	4,379	–
Long-term equipment loan (note 16(b))	10,112	2,701	2,701	4,710	–
Total liabilities	$ 77,496	$ 39,431	$ 28,976	$ 9,089	$ –

As at December 31, 2008	Contractual Obligations	2009	2010	2011	Over 3 years
Accounts payable and accrued liabilities	$ 53,036	$ 53,036	$ –	$ –	$ –
Bank overdraft facility	5,737	5,737	–	–	–
Amounts due to a related party	1,772	1,772	–	–	–
Convertible debt (note 14)	35,219	–	–	35,219	–
Total liabilities	$ 95,764	$ 60,545	$ –	$ 35,219	$ –

(iii) Market Risk

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

(a) Commodity Price Risk

During the year, the Company entered into producer put and call option contracts with Credit Suisse AG (“Credit Suisse”) and Investec Bank plc (“Investec”) for approximately 50% of its targeted copper production to December 2010 from its Gibraltar Mine (note 19).

A 10 percent strengthening of copper and molybdenum prices during the periods ended December 31, 2009 and December 31, 2008 would have affected net earnings by the amounts shown below. This analysis assumes that all other variables remain constant.

	December 31, 2009	December 31, 2008
Net Earnings	**$ 16,180**	**$ 23,168**

A 10 percent weakening of copper and molybdenum prices at December 31, 2009 and 2008 would have had the equal and opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(b) Foreign Exchange Risk

The Company had no foreign currency hedges in place during the year.

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

Carrying value	**December 31, 2009**	**December 31, 2008**
Cash and equivalents	$ 30,719	$ 2,169
Restricted cash	3,153	–
Accounts receivable	10,802	–
Total financial assets	$ 44,674	$ 2,169

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

Carrying value	**December 31, 2009**	**December 31, 2008**
Accounts payable and accrued liabilities	$ 705	$ 13,227
Convertible debt (note 14)	–	35,219
Derivative liability (note 19)	18,935	–
Long-term credit facility (note 17)	51,505	–
Total financial liabilities	$ 71,145	$ 48,446

The following exchange rates applied during the periods ended December 31, 2009 and December 31, 2008:

	Annual Average rate		**Year end spot rate**	
	December 31, 2009	**December 31, 2008**	**December 31, 2009**	**December 31, 2008**
CAD vs. USD	1.1420	1.0501	1.0510	1.2180

All of the Company’s revenues are denominated in US dollars. A 10 percent weakening of the Canadian dollar against the US dollar at December 31, 2009 and December 31, 2008 would have affected net earnings by the amounts shown below. This analysis assumes that all other variables remain constant.

	December 31, 2009	**December 31, 2008**
Net Earnings	**$ 13,276**	**$ 12,613**

A 10 percent strengthening of the Canadian dollar against the US dollar at December 31, 2009 and 2008 would have had the equal and opposite effect on the amounts shown above, on the basis that all other variables remain constant.

(c) Interest Rate Risk

The long-term equipment loan (note 16(b)) carries a fixed interest rate of 8.60% per annum and as such is not subject to fluctuations in interest rate. The long- term credit facility (note 17) carries a floating interest of LIBOR plus 5%.

The exposure of the Company's financial assets to interest rate risk as at December 31, 2009 is as follows:

		Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)
Financial assets subject to floating interest rates	$	35,082	0.32%	N/A
Financial assets subject to fixed interest rates		107,518	6.22%	6.44
Equity investments		11,856	N/A	N/A
Trade and other receivables		12,505	N/A	N/A
Total financial assets	$	166,961		

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

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

The exposure of the Company's financial liabilities to interest rate risk at December 31, 2009 is as follows:

		Total	Weighted average effective interest rate (percent)	Weighted average period for which the interest rate is fixed (years)	Weighted average period until maturity (years)
Financial liabilities subject to floating interest rates	$	51,505	6.92%	N/A	2.09
Financial liabilities subject to fixed interest rates		15,221	7.49%	2.62	2.62
Derivative liability		18,935	N/A	N/A	N/A
Other liabilities		14,834	N/A	N/A	N/A
Total financial liabilities	$	100,495			

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

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

A 10 percent increase of the LIBOR rate for the year ended December 31, 2009 and December 31, 2008 would have affected net earnings by the amounts shown below. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	December 31, 2009	December 31, 2008
Net earnings (loss)	**$ (86)**	**$ 142**

A 10 percent decrease of the LIBOR rate for the year ended December 31, 2009 and December 31, 2008 would have had the equal and opposite effect on net earnings on the basis that all other variables remain constant.

7. MARKETABLE SECURITIES AND INVESTMENTS

	As at December 31, 2009		
	Cost	Unrealized gain (loss)	Fair value
Continental Minerals Corporation – common shares	$ 7,026	$ 4,830	$ 11,856

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

As at December 31, 2009, the Company held 5,566,126 (2008 – 7,827,726) shares of Continental Mineral Corporation (“Continental”), a public company with certain directors in common with the Company.

Subsequent to year end, the Company sold 403,800 shares of Continental for proceeds of $859.

8. ARRANGEMENT AGREEMENT (TRACKING PREFERRED SHARES AND HARMONY GOLD PROPERTY)

In October 2001, the Company and its subsidiary Gibraltar Mines Ltd. ("Gibraltar") completed the acquisition of the Harmony Gold Property (“Harmony”) and related assets from Continental, for 12,483,916 series "A" non-voting tracking preferred shares of Gibraltar and $2,230 cash. The tracking preferred shares were recorded at $26,642, being their then fair value, and are designed to track and capture the value of Harmony and will be redeemed for common shares of Taseko upon a realization event, such as a sale of Harmony to a third party or commercial production at the Harmony or, at the option of Gibraltar, if a realization event has not occurred by 2011. Accordingly, the tracking preferred shares have been classified within shareholders’ equity on the consolidated balance sheet.

The initial paid-up amount for the Gibraltar preferred shares is $62,770, subject to reduction prior to redemption for certain stated events. The amount will be reduced to the extent that the actual net proceeds of disposition of Harmony is less than $62,770, or to the extent that the fair market value of Gibraltar's interest in a mine at Harmony is determined to be less than $62,770. The paid-up amount (as adjusted) will be increased in the event Gibraltar receives consideration by way of granting an option to a third party which forfeits such option and also, in the event of any reduction of the paid-up amount (as adjusted), such amount will be credited to the account should the proceeds of disposition exceed the reduced paid-up amount (as adjusted) by an amount greater than the reduction. In no event will the paid-up amount (as adjusted) exceed $62,770 nor be less than $20,000. Net proceeds of disposition shall mean the fair value of all consideration received by Gibraltar as a consequence of a sale of Harmony, net of Gibraltar's reasonable costs of disposition, costs incurred by Gibraltar after the effective date in connection with Harmony, and a reasonable reserve for Gibraltar's taxes arising in consequence of the sale or other disposition of Harmony.

On the occurrence of a realization event (as mentioned above), Gibraltar must redeem the Gibraltar preferred shares by distributing that number of Taseko common shares equal to the paid-up amount (as adjusted) divided by a deemed price per Taseko common share, which will vary dependent on the timing of such realization event. The tracking preferred shares are redeemable at specified prices per common share of Taseko starting at $3.39 and escalating by $0.25 per year, currently at $5.39 (as of December 31, 2009).

If a realization event does not occur on or before October 16, 2011, Gibraltar has the right to redeem the tracking preferred shares for Taseko common shares at a deemed price equal to the greater of the then average 20 day trading price of the common shares of Taseko and $10.00. The Taseko common shares to be issued to Continental upon a realization event will in turn be distributed pro-rata, after adjustment for any taxes, to the holders of redeemable preferred shares of Continental that were issued to Continental shareholders at the time of the Arrangement Agreement.

9. MINERAL PROPERTY INTERESTS

	December 31 2009	December 31 2008
Gibraltar Copper Mine (note 9(a))	$ 16,766	$ 16,743
Prosperity Gold-Copper Property (note 9(b))	1	1
Harmony Gold Property (note 9(c))	1	1
Aley Niobium Property (note 9(d))	8,343	8,343
Oakmont Royalty Interest (note 9(e))	7,520	7,520
	$ 32,631	$ 32,608

(a) Gibraltar Copper Mine

In July 1999, the Company acquired a 100% interest in the Gibraltar Copper Mine mineral property, located near Williams Lake, British Columbia, Canada from Boliden Westmin (Canada) Limited ("BWCL") for $3,325. The acquisition of the Gibraltar Mine, which had been on care and maintenance since 1998, included plant and equipment and supplies inventory of the Gibraltar Mine, and $8,000 of funds for future reclamation. As part of its 1999 operating permits, the Company had agreed to incur a total of $4,000 on reclamation and environmental programs during the six year period July 1999 to July 2005. The Gibraltar Mine final reclamation and closure plan is updated every five years. The most recent reclamation plan and closure report was approved by the British Columbia Ministry of Energy and Mines in 2004. Pursuant to this approved closure plan, the Ministry agreed that the Company had satisfied the $4,000 reclamation obligation required under the 1999 operating permits.

The acquisition agreement contained certain indemnification clauses. The $8,000 of funds set aside for future reclamation was considered a "Qualified Environmental Trust" for Canadian income tax purposes. During the year ended September 30, 2003, the Government of British Columbia released these funds from the Trust, which resulted in an income inclusion to the Company, and consequently resulted in the Company utilizing $3,570 of tax pools otherwise available to it. The Company has made a claim to BWCL for this estimated tax liability under the indemnification terms of the agreement. No amount has been recognized in these consolidated financial statements related to this claim.

During the year ended September 30, 2004, the Company commenced restart activities and entered into an agreement with Ledcor CMI Ltd. and Ledcor Mining Ltd. (together "Ledcor"), whereby Ledcor would finance certain equipment and commission, restart, and operate the Gibraltar Mine. Ledcor's primary responsibility was the commissioning and the operating of the mine in addition to other aspects of mine operations, including drilling, blasting, loading and hauling of ore and waste as well as the recruitment of personnel and the maintenance of equipment and facilities. Pursuant to the agreement, the Company was required to maintain a bank account with a balance of at least $5,000 in a "product revenue account", for purposes of providing a working capital reserve for operations and general administrative costs. The Company granted a general security agreement to Ledcor for $5,800 and a second charge on certain mine equipment with an appraised fair value of at least $5,800.

In July 2006, the Company effected a notice of voluntary withdrawal from the agreement established with Ledcor. Under this notice, and effective November 2006, the Company assumed responsibility as operator of the Gibraltar mine and paid Ledcor a termination fee of $3,500. This termination fee was accrued for in the consolidated financial statements for the year ended September 30, 2006 and was paid during the year ended September 30, 2007.

(b) Prosperity Gold-Copper Property

The Company owns 100% of the Prosperity Gold-Copper Property, consisting of 196 mineral claims covering the mineral rights for approximately 85 square km in the Clinton Mining Division in south central British Columbia, Canada.

Subsequent to year end, the Company received the environmental assessment certificate for the Prosperity Project from the British Columbia Provincial Ministry of Environment. The Company expects the Federal environmental assessment process to be completed in fiscal 2010.

(c) Harmony Gold Property

Under the terms of an arrangement agreement (note 8), the Company acquired a 100% interest in the Harmony Gold Property in fiscal 2002. The Company is considering initiating a pre-feasibility level study in fiscal 2010 of Harmony to further evaluate the project.

(d) Aley Niobium Property

In June 2007, the Company completed the acquisition of all the issued and outstanding shares in the capital of a private company with a project in north-eastern British Columbia, Canada ("the Transaction"), for a total cash consideration to the acquired company's shareholders of $1,500 as well as a share settlement to the value of $2,970 (consisting of 894,730 common shares).

In the above Transaction, the Company also purchased the residual net smelter royalties ("NSR") from Teck Cominco Metals Limited ("Teck") for a total cash consideration to Teck of $300 and the issuance of units with a value of $835 (consisting of 240,000 common shares and 120,000 warrants).

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

		Amount
Current assets	$	79
Mineral property interests		8,343
Current liabilities		(123)
Future income taxes		(2,694)
Total consideration paid, being cash, common shares and units	$	5,605

The Company is considering additional exploration work in fiscal 2010 to advance this project.

(e) Purchase of Oakmont Ventures Ltd.

On May 2, 2008, the Company completed the acquisition of all the issued and outstanding shares in the capital of a private company, Oakmont Ventures Ltd. (“Oakmont”), whose sole asset is the 30% net profits interest in certain claims that are part of the Gibraltar mine property located adjacent to the Gibraltar East pit. The acquisition was completed through the issuance of 1,000,000 common shares of the Company at the value of $5,220. The acquisition was accounted for under the purchase method.

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

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

10. MINERAL PROPERTY INTERESTS, PLANT AND EQUIPMENT

Plant and equipment – Gibraltar Mine

	December 31, 2009			December 31, 2008		
	Cost	Accumulated Amortization	Net book value	Cost	Accumulated Amortization	Net book value
Buildings and equipment	$ 6,281	$ 2,807	$ 3,474	$ 6,115	$ 2,421	$ 3,694
Mine equipment	93,043	11,265	81,778	58,659	9,900	48,759
Plant and equipment	104,449	6,824	97,625	97,867	4,126	93,741
Vehicles	2,856	1,593	1,263	1,864	1,086	778
Computer equipment	3,390	3,130	260	3,390	2,870	520
Social assets	402	–	402	402	–	402
Deferred pre-stripping costs	52,535	5,307	47,228	52,535	2,358	50,177
Construction in progress	60,616	–	60,616	82,542	–	82,542
Assets under capital lease	18,222	333	17,889	17,521	13	17,508
Asset retirement costs	62	–	62	–	–	–
Net asset retirement obligation adjustment	(5,608)	–	(5,608)	(6,012)	–	(6,012)
Total Gibraltar mine	$ 336,248	$ 31,259	$ 304,989	$ 314,883	$ 22,774	$ 292,109
Other equipment and leasehold improvements	$ 423	$ 207	$ 216	$ 386	$ 103	$ 283
Total mineral property interests			32,631			32,608
Mineral properties, plant and equipment			**$ 337,836**			**$ 325,000.**

As at December 31, 2009, approximately $61,429 (December 31, 2008 – $82,542) of plant and equipment is under construction related to the Company's expansion activities and not being amortized. Amortization recorded during the period reflects changes in accounting estimates during the period resulting from the increase in the life of the Gibraltar mine.

11. RESTRICTED CASH

During the year, the Company pledged $3,153 (USD$3,000) as a cash collateral in favour of Credit Suisse to obtain a waiver on a certain clause in the term facility agreement with Credit Suisse (note 17). Accordingly, this amount was classified as restricted cash as at December 31, 2009.

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

12. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions	Year ended December 31, 2009	15 months ended December 31, 2008	Year ended September 30, 2007
Hunter Dickinson Services Inc.			
Services rendered to the Company and its subsidiaries and reimbursement of third party expenses	$ 2,709	$ 8,934	$ 4,936

Due to (from):	As at December 31, 2009	As at December 31, 2008
Hunter Dickinson Services Inc.	$ 13	$ 1,772

Hunter Dickinson Services Inc. ("HDSI") is a private company which until recently was owned equally by eight public companies, one of which is Taseko. Subsequent to year end on March 17, 2009, the Company sold its interest in HDSI. HDSI has certain directors in common with the Company and provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of, the Company and its subsidiaries on a full cost recovery basis per agreement dated June 1, 2008. Transactions with HDSI are reflected in the Company's general and administration expenses and are measured at the exchange amount based on the agreement. Advances are interest bearing and due on demand.

The Company also has an investment in common shares of a related party as described in note 7.

13. BANK INDEBTEDNESS

During the prior year, the Company signed an overdraft facility with a Canadian financial institution for up to $10,000. The term of the facility bore interest at prime rate plus 1% and was secured against the Company's accounts receivable. The facility agreement stipulated that the facility will be terminated in the event the London Metal Exchange ("LME") monthly cash price of copper reduces below US$2.00 per pound. The facility was also subject to minimum working capital, interest and debt-to-equity ratio covenants. During the year ended December 31, 2009, the Company repaid the overdraft facility in full and had terminated the overdraft facility.

14. CONVERTIBLE DEBT

(a) Convertible Bonds – August 2006

On August 29, 2006 (the "Closing"), the Company issued US$30,000 in principal amount of five year convertible bonds due in 2011 (the "Bonds") to qualified institutional buyers (the "Bondholders"). The Bonds were convertible into the Company's common shares. The Bonds constituted direct, unsubordinated, unsecured, general and unconditional obligations of the Company. The Bonds were issued at 100% and, if not converted, could be redeemed at maturity at 101%. The Bonds carried coupon interest rates of 7.125% per annum. The Bonds also had a "put" right in August 2009 to be redeemed at 100.6%.

During the year ended December 31, 2009, the Company repurchased US$20,000 of the Bonds from its Bondholders for the purpose of cancellation. In addition, the remaining Bondholders exercised the "put" right on the remaining US$10,000 in August 2009. The Company allocated the consideration paid on the extinguishment of the convertible bond to the liability and equity elements of the security based on their relative fair values at the date of the transaction. A gain of $1,630 which was attributed to the liability portion was recorded in the Company's statement of operations as a result of the convertible bond redemptions. A gain of $2,169 which was attributed to the equity portion was recorded in contributed surplus as a result of the convertible bond redemptions.

The continuity of the Bonds is as follows:

Convertible Bonds	**12 months ended December 31, 2009**	**15 months ended December 31, 2008**
Present value of convertible bonds		
Beginning of year	$ 35,219	$ 26,693
Accretion for the year	1,260	2,198
Foreign exchange loss (gain)	(2,833)	6,328
Repurchase/redemption of US$30 million of convertible bonds	(33,646)	–
End of year	–	35,219
Conversion right		
Beginning of year	3,832	3,832
Repurchase of convertible bonds	(3,832)	–
End of year	–	3,832
Convertible Bonds	$ –	$ 39,051

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

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

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

On April 2, 2008, NVI issued a notice to the Company to convert the principal amount of the Debenture of $17,000 at an effective conversion rate of $5.14 per common share, which would have resulted in 3,307,393 common shares of the Company being issued to NVI. The Company issued 2,612,971 common shares to NVI and a cash payment of $3,569 in lieu of issuing the remaining 694,422 common shares as full and final settlement to NVI. The 2,612,971 shares were recorded at $21,318 in the Company's accounts to settle the carrying value of the liability and equity portion of the Debenture as at April 2, 2008. The continuity of the Debenture is as follows:

		15 months ended December 31, 2008
Liability component:		
Present value of convertible debenture	$	14,315
Accretion, net of interest, for the period		750
Balance		15,065
Conversion		(15,065)
Liability component		–
Equity component:		
Conversion right		9,823
Conversion		(9,823)
Equity component		–
Convertible debenture	$	–

15. SITE CLOSURE AND RECLAMATION OBLIGATIONS

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

Balance, September 30, 2006	$	18,975
Changes during fiscal 2007:		
Reclamation incurred		(167)
Accretion expense		1,777
Additional site closure and reclamation obligation recognized		4,449
Reduction in the present value of reclamation obligation due to a revision in mine life		(7,593)
Balance, September 30, 2007	$	17,441
Changes during fiscal, 2008:		
Reclamation incurred		(183)
Accretion expense		1,451
Additional site closure and reclamation obligation recognized		366
Reduction in the present value of reclamation obligation due to a revision in mine life		(8,709)
Balance, December 31, 2008	$	10,366
Changes during fiscal 2009:		
Reclamation incurred		(1,590)
Accretion expense		968
Additional site closure and reclamation obligation recognized		63
Balance, December 31, 2009	**$**	**9,807**

During the 15 months ended December 31, 2008 and the year ended September 30, 2007, the value of the underlying site closure and reclamation obligation was revised to reflect an increase

in the life of the Gibraltar mine. This change resulted in a revision to the timing of undiscounted cash flows associated with the carrying amount of the liability and a reduction in the present value of the site closure and reclamation obligation. The impact of these changes in estimates was:

- an increase to asset retirement costs included in mineral properties, plant and equipment and corresponding increase to reclamation obligation as at December 31, 2008 of $366 (September 30, 2007 – $4,449)
- a decrease as at December 31, 2008 of $1,426 (September 30, 2007 – $Nil) in asset retirement costs included in mineral properties, plant and equipment
- a decrease as at December 31, 2008 of $8,709 (September 30, 2007 – $7,593) in the present value of the reclamation obligation due to an extension in the mine life
- a gain for the 15 months ended December 31, 2008 of $6,917 (year ended September 30, 2007 – $4,570; year ended September 30, 2006 – $nil)

The new estimated amount of the reclamation costs, adjusted for estimated inflation at 2.5% per year, in 2032 dollars, as at December 31, 2008 was $90,000 (September 30, 2007 – $68,400) and is expected to be spent over a period of approximately three years beginning in 2032. The credit-adjusted risk free rates at which the estimated future cash flows have been discounted at 7.1% to 10%, which results in a net present value as at December 31, 2008 of $10,366 (September 30, 2007 – $17,441). The accretion for the year ended December 31, 2009 of $968 (2008 – $1,451, 2007 – $1,777) is charged to the statement of operations.

As required by regulatory authorities, at December 31, 2009, the Company had cash reclamation deposits totaling $29,421 (2008 – $32,396) comprised of $29,132 (2008 – $32,152) for the Gibraltar Mine, $75 (2008 – $30) for the Prosperity Project, $175 (2008 – $175) for the Harmony Project and $39 (2008 – $39) for the Aley Project. These deposits are invested in government bonds and treasury bills and bear interest at rates ranging from 3.55% to 5.85% per annum. During the year, the Government of British Columbia permitted the Company to withdraw $3,900 (2008 – $5,000) from the Gibraltar Mine reclamation deposit in exchange for security on certain equipment of the Gibraltar Mine.

16. LONG-TERM LOAN OBLIGATIONS

In addition to obligations under the Company's long-term credit facility as described in note 17, future obligations under capital leases and long-term loans are as follows:

As at December 31, 2009	Capital Lease Obligations (a)	Long-Term Equipment Loan (b)	Total Long-Term Loan Obligations
2010	$ 4,543	$ 2,701	$ 7,244
2011	4,266	2,701	6,967
2012	4,215	4,710	8,925
Thereafter until 2013	2,612	–	2,612
Total payments	$ 15,636	$ 10,112	$ 25,748
Less: interest portion	(1,648)	(1,402)	(3,050)
Present value of obligations	$ 13,988	$ 8,710	$ 22,698
Current portion	(3,750)	(2,032)	(5,782)
Non-current portion	$ 10,238	$ 6,678	$ 16,916

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

(a) Capital Lease Obligations

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

Capital lease obligations as detailed above are secured over plant and equipment and are repayable in monthly installments with fixed interest rates. The capital lease obligations bear a fixed interest rate at 5.93% - 8.80% per annum.

(b) Long-term Equipment Loan

During the period, the Company entered into 36-month term equipment loan agreements to finance the purchase of equipment for the Gibraltar Mine. The principal amounts of the loans total $9,054. The loans are secured by the underlying equipment at the Gibraltar Mine.

The equipment loans are repayable commencing one month after inception in 35 equal monthly installments in the amount of $225 until 2012. The last installment is payable in 2012 in the amount of $2,841. The equipment loans bear a fixed interest rate at 8.6% per annum.

17. LONG-TERM CREDIT FACILITY

In February 2009, the Company entered into and drew upon a US$30,000 36-month term facility agreement (the “Facility”) with Credit Suisse. In September 2009, the Company and Credit Suisse, as Facility Agent, and Investec Bank plc (“Investec”) amended the Facility to increase the existing Facility by an additional US$20,000 and the Company drew an additional US$20,000. Under the amended facility agreement, the US$50,000 Facility is repayable commencing April 2010 and every second month thereafter in equal installments of US$4,167 until February 2012. The Facility bears interest at LIBOR plus 5 percent which is due and payable bi-monthly. The long-term credit facility security provided under the terms of the relevant agreements includes certain equipment of the Gibraltar Mine, a general security pledge, and the treatment and refining off-take agreement (note 23(b)) in addition to a corporate guarantee.

The Facility has financial covenants requiring a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of $150,000, a maximum production cost threshold of $1.56 per lb of copper, minimum debt service coverage ratios of 135% and sufficient hedging in place to cover six-month forecasted operating costs and debt service requirements. Total debt is generally defined as all interest bearing liabilities, plus any guarantees of debt. Total equity is defined as total shareholder’s equity including share capital, equity component of convertible debt, tracking preferred shares, contributed surplus, accumulated other comprehensive income (loss) and deficit. Tangible net worth is defined as total equity less amounts attributable to goodwill and other intangible assets and reserves attributable to interest of minority shareholders of the Company.

As at December 31, 2009, the Company's is in compliance with these covenants. The Company's debt to equity was 33.6%, its tangible net worth was $296,693, its production cost is at $1.47 per lb of copper and its debt service coverage ratios were within the threshold set by the covenant. The Company has the option at any time after 18 months from the Utilization Date to prepay the Facility.

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

Future principal payments are as follows:

		As at December 31, 2009
2010	$	21,896
2011		26,275
2012		4,379
Total payments	$	52,550
Less: unamortized financing fees		(1,045)
Present value of credit facility obligations		51,505
Current portion		(21,896)
Non-current portion	$	29,609

Subsequent to year end on March 31, 2010, the Company prepaid the Facility in full.

18. SHARE CAPITAL

(a) Authorized

Authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Private Placements

Fiscal year ending December 31, 2009

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

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

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

The Company incurred $1,444 in financing fees related to the Offering and the private placement. The net proceeds of $26,817 from the Offering were used for discharge of accounts payable and general working capital.

During the year, 9,085,715 warrants issued in December 2008 were exercised for total proceeds of $7,723.

Fiscal period ending December 31, 2008

In December 2008, the Company completed a private placement financing of 8,571,429 units (the "Units"), with each Unit consisting of one common share and one common share purchase warrant (a "Warrant"), at the issue price of $0.70 per Unit for gross proceeds of $6,000. Each Warrant entitles the holder to purchase one common share of the Company (a "Warrant Share") for a period of 24 months at the exercise price of $0.85 per Warrant Share in the first 12 months and $0.95 per Warrant Share in the second 12 months, subject to an acceleration of the expiry date to 30 days in the event the Company's common shares trade at a price of $1.50 or higher for a period of 10 trading days. A finder's fee of 6% of the proceeds of the private placement financing was paid in 514,286 units with each unit consisting of one common share and one common share purchase warrant.

In October 2007, the Company completed a short form prospectus offering of 7,115,385 common shares at a price of $5.20 per common share, and also granted to the underwriters an over-allotment option to purchase up to an additional 1,067,307 common shares at the same price, which over-allotment option was exercised in full, for aggregate gross proceeds to the Company of approximately $42,500. Financing fees of $2,553 were paid to the underwriters.

In November 2007, the Company completed a private placement financing of 1,455,100 common shares at a price of $5.20 per share for gross proceeds of approximately $7,600. A finder’s fee of $205 was paid in conjunction with the private placement.

(c) Share purchase option plan

The Company has a share purchase option compensation plan (the “Plan”) approved by the shareholders that allows it to grant options, subject to regulatory terms and approval, to its directors, employees, officers and consultants. The Plan is based on a maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company’s outstanding common shares, calculated from time to time. Pursuant to the Plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, the options available to grant under the Plan increase proportionately. The exercise price of each option is set by the Board of Directors at the time of grant and cannot be less than the market price (less permissible discounts) on the Toronto Stock Exchange. Options may have a term of up to ten years and typically terminate 30 days following the termination of the optionee’s employment, except in the case of retirement or death. Vesting of options is at the discretion of the Board at the time the options are granted.

The continuity of share purchase options is as follows:

	2009		2008		2007	
	Number of shares	Average Price	Number of shares	Average Price	Number of shares	Average Price
Opening balance	7,817,718	1.33	5,707,334	$ 2.60	3,578,834	$ 1.78
Granted during the year	3,983,500	1.50	8,472,050	2.19	3,301,500	3.21
Exercised during the year	(1,161,749)	1.20	(270,100)	2.48	(1,057,633)	1.76
Expired/cancelled during year	(254,834)	2.14	(6,091,566)	3.67	(115,367)	2.20
Closing balance	10,384,635	$ 1.40	7,817,718	$ 1.33	5,707,334	$ 2.60
Average contractual remaining life (years)		3.17		3.47		3.40
Range of exercise prices	$	1.00 – $4.50	$	1.00 - $5.45	$	1.15 - $4.09

The following table summarizes information about share purchase options outstanding at December 31, 2009:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at December 31 2009	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at December 31 2009	Weighted average exercise price
$1.00 to $1.15	7,711,801	3.11 years	$ 1.06	5,937,535	$ 1.08
$1.71 to $2.18	1,979,834	3.68 years	$ 2.17	874,169	$ 1.91
$2.63 to $3.07	240,000	1.71 years	$ 3.00	240,000	$ 3.00
$4.03 to $4.49	225,000	3.53 years	$ 4.11	125,000	$ 4.08
$4.50	228,000	1.74 years	$ 4.50	228,000	$ 4.50
	10,384,635	3.17 years	$ 1.39	7,404,704	$ 1.40

The following table summarizes information about share purchase options outstanding at December 31, 2008:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at December 31 2008	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at December 31 2008	Weighted average exercise price
$1.00 to $1.15	6,588,384	3.77 years	$ 1.03	2,948,234	$ 1.06
$1.71 to $2.18	602,000	1.88 years	$ 2.17	568,699	$ 2.17
$2.63 to $3.07	291,000	2.37 years	$ 2.98	220,666	$ 2.95
$4.03 to $4.09	93,334	1.91 years	$ 4.05	58,400	$ 4.05
$4.50 to $5.45	243,000	2.71 years	$ 4.54	166,995	$ 4.56
	7,817,718	3.52 years	$ 1.33	3,962,994	$ 1.51

The fair value of the options that vested during the year is $5,696. The following are the weighted average assumptions used to estimate the fair value of options during the periods ended:

	2009	2008	2007
Risk free interest rate	1.9%	2.4%	4%
Expected life	3.17 years	3.52 years	4.20 years
Volatility	74%	65%	68%
Expected dividends	nil	nil	nil

d) Share purchase warrants

The continuity of share purchase warrants during the period ended December 31, 2009 is as follows:

Expiry dates		Exercise price	Outstanding December 31, 2008	Issued	Exercised	Expired	Outstanding December 31 2009
December 17, 2010	$	0.85	9,085,715	–	9,085,715	–	–

The continuity of share purchase warrants during the period ended December 31, 2008 is as follows:

Expiry dates		Exercise price	Outstanding September 30 2007	Issued	Exercised	Expired	Outstanding December 31 2008
December 17, 2010	$	0.85	–	9,085,715	–	–	9,085,715
February 22, 2008	$	3.48	120,000	–	–	120,000	–

e) Earnings per share

The following table sets forth the computation of diluted earnings per share:

		2009		2008		2007
Earnings available to common shareholders	$	10,561	$	3,510	$	48,262
Effect of assumed conversions:						
Accretion on convertible debenture/bonds		–		–		1,608
Interest on convertible bonds		–		–		2,368
Royalty payments to GRLP (note 20(b))		130		–		–
Tax effect on interest on convertible bonds		(45)		–		(820)
Earnings available to common shareholders including assumed conversions:		10,646		3,510		51,418
Basic weighted-average number of shares outstanding (in 000's)		173,170		142,062		129,218
Effect of dilutive securities (in 000's):						
Stock options		3,244		5,142		1,438
Warrants		–		7,060		2
Potential shares issued in settlement of GRLP Royalty		1,757		–		–
Tracking preferred shares		2,664		2,664		2,664
Convertible debenture/bonds		–		–		8,956
Diluted weighted-average number of shares outstanding (in 000's)		180,835		156,928		142,278
Earnings per share						
Basic	$	0.06	$	0.02	$	0.37
Diluted	$	0.06	$	0.02	$	0.36

The following table lists the stock options and shares issuable under convertible debentures excluded from the computation of diluted earnings per share because their inclusion would have been anti-dilutive for the periods presented (in thousands):

	2009	2008	2007
Stock options	7,141	2,626	3,302
Shares issuable under convertible bonds	–	8,956	3,308

19. DERIVATIVE FINANCIAL INSTRUMENTS

Consistent with the Company's existing strategy to manage its operating margins effectively in volatile copper markets, the Company entered into producer put and call option contracts for approximately 50% of its targeted copper production to the end of 2010 during the year. Contracts outstanding at December 31, 2009 are as follows:

Contract Period	Floor Price US$/lb	Cap Price US$/lb	Purchased metric tonnes (mt) of copper
May to December 2009 *	$ 1.88	$ 2.36	1,700
January to February 2010	$ 2.00	$ 2.51	3,000
February 2010 to March 2010	$ 2.00	$ 2.61	1,500
April to May 2010	$ 2.15	$ 2.73	3,000
June to December 2010	$ 2.50	$ 3.95	10,500

* Contract matured at December 31, 2009 and was paid in January, 2010.

Under the terms of the contract, the Company will receive the prevailing market copper price while within the price range. Should the market price be outside the price range, the Company will receive a minimum of the floor price or a maximum of the cap price if the market price is below the floor price and above the cap price respectively.

For accounting purposes, the Company determined that these contracts are derivative financial instruments that should be measured at fair value at each reporting date with all changes in fair value included in the net earnings (loss) in the period in which they arise. During the year ended December 31, 2009, the Company recorded a mark-to-market loss of $27,105 of which $11,330 (paid or accrued) was realized during the year ended December 31, 2009.

The fair value of contracts outstanding at December 31, 2009 is as follows:

Option		Strike Price US$/lb	Notional Quantity mt of copper	Due Date		Fair Value (Liability)/Asset US$
Call option	$	2.36	1,700	Dec 31, 2009	$	(3,006)
Call option	$	2.51	3,000	Feb 26, 2010		(5,452)
Call option	$	2.61	1,500	Mar 31, 2010		(2,425)
Call option	$	2.73	3,000	May 31, 2010		(4,361)
Call option	$	3.95	10,500	Dec 31, 2010		(4,606)
					$	(19,850)
Put option	$	1.88	1,700	Dec 31, 2009	$	–
Put option	$	2.00	3,000	Feb 26, 2010		–
Put option	$	2.00	1,500	Mar 31, 2010		–
Put option	$	2.15	3,000	May 31, 2010		33
Put option	$	2.50	10,500	Dec 31, 2010		1,801
					$	1,834
				Total Fair Value of Contracts (in USD)	$	(18,016)
				Total Fair Value of Contracts (in CAD)	$	(18,935)

The following table reconciles the Company's derivative financial instruments measured at fair value from January 1, 2009 to December 31, 2009:

	Fair value measurements
Balance at December 31, 2008	$ -
Purchases	-
Settlements	8,170
Loss included in net income	(27,105)
	$ 18,935

Losses on derivative financial instruments of $27,105 are presented in the statement of operations. Of this amount, $15,775 is classified as unrealized losses attributable to instruments that were held at December 31, 2009.

20. ROYALTY OBLIGATIONS

	December 31, 2009	December 31, 2008
Royalty Agreement – Red Mile No. 2 LP	$ 62,318	$ 64,357
Royalty Offering – Gibraltar Royalty LP	6,511	–
Total royalty obligations	$ 68,829	$ 64,357

(a) Royalty Agreement – Red Mile No. 2 LP (promissory note and royalty obligation)

In September 2004, the Company entered into agreements with an unrelated investment partnership, Red Mile Resources No. 2 Limited Partnership ("Red Mile"). Gibraltar sold to Red Mile a royalty for $67,357 cash. These funds were subsequently invested in a promissory note with a trust company and the Company pledged the promissory note along with interest earned and to be earned thereon for a total of $70,200 to secure its royalty obligations under the agreements.

At December 31, 2009, the promissory note amounted to $78,097 (2008 – $77,068), of which $4,697 (2008 – $3,384) is current, while the royalty obligation amounted to $62,318 (2008 – $64,357) of which $4,697 (2008 – $3,384) is current.

Pursuant to the agreements, the Company received an aggregate of $10,500 in fees and interest for services performed in relation to the Red Mile transaction, of which $5,250 was received in each of September and December of 2004, and included in interest and other income. The amount of $5,250 received in September 2004 included $1,750 for indemnifying an affiliate of Red Mile from any claims relating to a breach by Gibraltar under the royalty agreement. The funds received in respect of the indemnification are presented as deferred revenue, and are recognized over the expected remaining life of the royalty agreement, with $831 (2008 – $1,006) remaining as deferred as at December 31, 2009, of which $175 (2008 – $175) is classified as current.

Annual royalties are payable by Gibraltar to Red Mile at rates ranging from $0.01 per pound to $0.14 per pound of copper produced during the period from the commencement of commercial production (as defined in the agreement) to the later of (i) December 2014 and (ii) five years after the end of commercial production from the mine. For the year ended December 31, 2009, Gibraltar paid a royalty to Red Mile $4,697 (2008 – $3,384) at an average rate of $0.0686 (2008 – $0.0573) per pound of copper produced. Gibraltar is entitled to have released to it funds held under the promissory note and interest thereon to fund its royalty obligations to the extent of its royalty payment obligations.

The Company has a pre-emptive option to effectively purchase ("call") the royalty interest by acquiring the Red Mile partnership units at a future date in consideration of a payment which is (i) approximately equal to the funds received by the Company less royalty payments to date, or (ii) fair value, whichever is lower. Under certain circumstances, the investors in Red Mile also have a right to sell ("put") their Red Mile partnership units to the Company at fair value; however, such right is subject to the Company's pre-emptive right to exercise the "call" in advance of any "put" being exercised and completed.

The Company has granted to Red Mile a net profits interest ("NPI"), which survives any "put" or "call" of the Red Mile units. The NPI is applicable for the years 2011 to 2014 and is 2% if the price of copper averages US$2.50 to US$2.74 per pound, 3% if the price of copper averages US$2.75 to US$2.99 per pound and 4% if the price of copper averages US$3.00 per pound or greater for any year during that period. The US-dollar pricing amounts specified above are based upon an exchange rate of US$0.75 for Cdn$1.00, and shall be adjusted from time to time by any variation of such exchange rates. No NPI is payable until the Company reaches a pre-determined aggregate level of revenues less defined operating costs and expenditures. No NPI is payable at December 31, 2009 and 2008.

In accordance with AcG15, the Company has determined that the royalty agreement created certain variable interest entities for which the Company holds a variable interest. However, as the Company is not the primary beneficiary under the agreement, it is not required to consolidate any of such entities.

(b) Royalty Offering – Gibraltar Royalty LP

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

Annual royalties are payable by Gibraltar to GRLP at rates ranging from $0.003 per pound to $0.004 per pound of copper produced during the period from September 1, 2009 to December 31, 2030 (the “Royalty Period”). For the year ended December 31, 2009, Gibraltar paid $130 to GRLP. These royalty payments are recognized as an expense during the year.

The Company classified the principal balance of royalty obligation as a current financial liability to be settled in a future period. The Company has a pre-emptive option to repurchase ("call") the royalty obligation by acquiring the GRLP partnership units during the period from March 1, 2010 to December 31, 2012 in consideration of a payment which is equal to the funds received by the Company plus a 20% premium payable in the Company’s shares or cash. GRLP also has a right to sell ("put") its GRLP partnership units to the Company at fair value during the period from April 1, 2012 to December 31, 2012. However, this “put” right is subject to the Company's preemptive right to exercise the "call" in advance of any "put" being exercised and completed. Subsequent to year end on March 24, 2010, the Company exercised its “call” option through the issuance 1,556,355 shares of the Company.

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

21. INCOME TAXES

Income tax expense (recovery) differs from the amount which would result from applying the statutory Canadian income tax rates (2009 – 30.0%, 2008 – 31.4%, 2007 – 34.1%) for the following reasons:

	2009	2008	2007
Earnings (loss) before income taxes	$ 11,255	$ (2,087)	$ 87,866
Expected tax expense based on statutory rates	3,376	(657)	29,980
Permanent differences	1,141	6,790	3,119
Mineral tax	981	606	-
Future tax rate differences	(3,674)	1,215	8,289
Recognition of previously unrecognized tax assets	–	(13,613)	(324)
Other	(1,130)	62	(1,460)
Tax expense (recovery) for the year	$ 694	$ (5,597)	$ 39,604
Presented as:			
Current income tax expense (recovery)	$ 669	$ (2,151)	$ 3,959
Future income tax expense (recovery)	25	(3,446)	35,645
	$ 694	$ (5,597)	$ 39,604

As at December 31, 2009 and December 31, 2008, the estimated tax effect of the significant components within the Company's future tax assets were as follows:

		2009		2008
Loss carry forwards	$	8,985	$	5,260
Royalty obligation		16,343		17,966
BC mining taxes		1,952		3,867
Copper hedge and other tax pools		6,210		230
Future income tax assets		33,490		27,323
Partnership deferral		(5,820)		(6,944)
Reclamation obligation		(4,800)		(7,690)
Plant and equipment		(20,323)		(16,784)
Mineral properties and deferred stripping		(19,436)		(21,332)
Unrealized foreign exchange loss (gain)		(751)		503
Unrealized loss (gain) recorded in comprehensive income		(654)		1,125
Net future income tax liability	$	(18,294)	$	(23,799)
Current portion – future income tax liability	$	(1,979)	$	(8,469)
Long term future income tax liability		(16,315)		(15,330)
Net future income tax liability	**$**	**(18,294)**	**$**	**(23,799)**

At December 31, 2009 the Company's tax attributes included capital losses totaling $3,525 (2008 – $1,406) which are available indefinitely to offset future taxable capital gains, and resource tax pools totaling approximately $2,022 (2008 – $7,102) which are available indefinitely to offset future taxable income. The Company also has non-capital losses of $40,981 (2008 –$18,277) to offset future taxable income which expire in 2028 and 2029 respectively.

The Company has accrued a long-term tax provision of $32,299 (2008 – $30,685) related to various tax pools.

22. SUPPLEMENTARY CASH FLOW DISCLOSURES

In addition to the non-cash operating, financing and investing activities primarily disclosed, the Company's non-cash operating, financing and investing activities were as follows:

		December 31 2009		December 31 2008		September 30 2007
Acquisition of assets under capital lease	$	765	$	17,484	$	–
Conversion of convertible debenture (note 14(b))		–		21,318		–
Decrease in asset retirement costs included in mineral properties, plant and equipment (note 15)		–		1,426		–
Shares and units issued for the purchase of mineral property interests (note 9 (e) & (f))		–		5,220		3,805
Shares issued for finders fee		–		360		–
Fair value of stock options transferred to share capital from contributed surplus on exercise of options		2,108		514		1,786
Supplemental cash flow information						
Cash paid during the year for						
Interest	$	4,461	$	2,844	$	2,138
Taxes	$	98	$	315	$	63

23. COMMITMENTS

(a) Advances for equipment

As at December 31, 2009, the Company paid $3,241 in advance deposits for equipment to be received in next periods, of which $1,119 has been classified as current. The Company is further committed to equipment purchases in relation to its expansion activities in the amount of $23,122.

(b) Treatment and refining agreement

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

(c) Joint Venture Agreement

In November 2009, the Company announced that it has signed a letter of intent with Sojitz Corporation ("Sojitz") to establish a joint venture over the Company's Gibraltar Copper Mine in which the Company and Sojitz will hold a 75% and 25% interest respectively. Sojitz will pay approximately $179,500 to the Company for its 25% interest. The Company will continue to be the operator of Gibraltar Copper Mine.

Subsequent to year end on March 18, 2010, the Company announced that the definitive agreements with Sojitz were executed. The joint venture partners will be Gibraltar Mines Ltd. (75%) and Cariboo Copper Corp. (25%) jointly owned by Sojitz Corporation (50%), Dowa Metals & Mining Co., Ltd. (25%) and Furukawa Co., Ltd. (25%).

24. SUBSEQUENT EVENTS

Aside from subsequent events as disclosed at note 7, 9(b), 12, 17, 20(b) and 23(c), the following subsequent events occurred in the period from December 31, 2009 to March 31, 2010:

(a) Options grant

Subsequent to year end, the Company granted 3,448,500 options. The options were granted with an exercise price ranging from $4.46 to $5.00 per option expiring 5 years after grant.

(b) Options exercised

Subsequent to year end, 1,470,167 options were exercised for proceeds of $1,826.

25. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Taseko prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which principles differ in certain respects from those applicable in the United States ("US GAAP") and from practices prescribed by the United States Securities and Exchange Commission ("SEC"). Had the Company followed US GAAP, certain items on the consolidated statements of operations and comprehensive income (loss) and balance sheets would have been reported as follows:

Consolidated Statements of Operations	Year ended December 31 2009	15 months ended December 31 2008	Year ended September 30 2007
Earnings for the period under Canadian GAAP	$ 10,561	$ 3,510	$ 48,262
Adjustments under US GAAP			
Interest accretion on convertible debt (a)	(898)	2,938	2,922
Amortization of deferred financing costs (a)	(312)	(580)	(468)
Foreign exchange gain (loss) on convertible debt (a)	2,977	(363)	330
Amortization of property, plant and equipment (b)	-	-	(44)
Asset retirement obligation change of estimate (b)	-	-	(4,538)
Reduction of gain on convertible bond repurchase (a)	(3,707)	-	-
Earnings for the period under US GAAP	$ 8,621	$ 5,505	$ 46,464
Other comprehensive income (loss) under Canadian and US GAAP - no differences	$ 11,256	$ (9,018)	$ 2,338
Total comprehensive income (loss) under US GAAP	$ 19,877	$ (3,513)	$ 48,802
Earnings per Share			
Earnings per share for the period under US GAAP	$ 0.05	$ 0.04	$ 0.36
Diluted earnings per share for the period under US GAAP	$ 0.05	$ 0.04	$ 0.33

Consolidated Balance Sheets		As at December 31, 2009		As at December 31, 2008
Total assets under Canadian GAAP	$	535,095	$	478,245
Adjustments under US GAAP				
Deferred financing costs		-		312
Total assets under US GAAP	$	535,095	$	478,557
Total liabilities under Canadian GAAP	$	238,402	$	243,338
Adjustments under US GAAP				
Convertible debenture presented as debt (a)		-		1,321
Total liabilities under US GAAP	$	238,402	$	244,659
Total shareholders' equity under Canadian GAAP	$	296,693	$	234,907
Adjustments under US GAAP				
Convertible debenture presented as debt (a)		1,628		(3,896)
Deferred financing costs presented as asset (a)		312		892
Current year income statement adjustments under US GAAP		(1,940)		1,995
Total shareholders' equity under US GAAP	$	296,693	$	233,898

There are no material differences between Canadian GAAP and US GAAP to total operating, investing or financing cash flows in the consolidated statements of cash flows.

(a) Convertible debt

Pursuant to Canadian GAAP, the convertible instruments disclosed in note 14 of the consolidated financial statements require the bifurcation of its equity and debt components whereas under US GAAP, there would be no requirement to bifurcate the instrument. Therefore, under US GAAP, all of the value would be attributed to the debt component.

Under Canadian GAAP, the accretion of the residual carrying value of the convertible instrument to the face value of the convertible instrument over the life of the instrument is charged to operations. Under US GAAP, no such accretion would be required.

Under US GAAP, effective on January 1, 2009 (“Effective Date”), a convertible instrument’s underlying unit (“conversion feature”) is not considered to be indexed to the Company’s own shares if it is denominated in a currency other than the Company’s functional currency. If the conversion feature is considered not to be indexed to the Company’s shares, it must be separated from the host contract and accounted for as a derivative instrument under the new guidance.

Since the US$30,000 Convertible Bond's (the "Bonds") (note 14(a)) conversion share price was stated in US dollars and the Company's functional currency is the Canadian dollar, the Company separated and accounted for the conversion feature as a separate derivative instrument to comply with the new guidance.

As a result, the Company has determined the value of the derivative liability related to the conversion feature and the revised value of the debt under US GAAP as at the Effective Date. The guidance requires retrospective application without restatement. Therefore, a cumulative adjustment has been recorded to opening deficit to reflect the impact of the adoption of this guidance on prior period earnings. The amounts recognized in the consolidated balance sheet under US GAAP are determined based on the amounts that would have been recognized if the guidance had been applied from August 29, 2006, the original issuance date of the Bonds ("Issuance Date").

Accordingly, the following cumulative adjustments were recorded as at the Effective Date for US GAAP purposes:

- the fair value of the conversion feature in the amount of $21 was bifurcated from the Bonds and reflected as a derivative liability;
- a net $1,649 decrease to the Bonds to reflect the reduced carrying value of the Bonds under US GAAP; and
- a cumulative adjustment to reduce opening deficit by $1,628.

During the year ended December 31, 2009, all of the Bonds were repurchased or redeemed. Under Canadian GAAP, the Company allocated the consideration paid on the extinguishment of the Bonds to the liability and equity elements of the security based on their relative fair values at the date of the transaction. A gain of $1,630 which was attributed to the liability portion was recorded in the Company's statement of operations as a result of the convertible bond redemptions. A gain of $2,169 which was attributed to the equity portion was recorded in contributed surplus as a result of the convertible bond redemptions.

For US GAAP purposes, the Company reversed $2,217 of the total gain on settlement of the Bonds and the derivative liability related to the conversion feature. In addition, the Company recognized a foreign exchange gain of $2,977 on the repurchase of the Bonds under US GAAP.

Accretion expense of $1,260 (2008 – $2,938, 2007 – $2,922) recorded under Canadian GAAP has been reversed for US GAAP purposes. This reversal was offset by the additional $3,648 in accretion expense recognized during the year under US GAAP resulting in a net adjustment to interest accretion on convertible debt of $2,388.

Under US GAAP, deferred financing costs are separately disclosed as an asset, whereas under Canadian GAAP, effective October 1, 2006, such costs are netted against the associated debt. Accordingly, amortization of deferred financing costs of $312 was recorded for the year under US GAAP (2008 – $580, 2007 – $468).

(b) Site closure and reclamation costs

During the year ended September 30, 2007, the Company extended the life of the Gibraltar mine resulting in a revision to the timing of the expected reclamation activities and ultimately in a reduction of the site closure and reclamation cost liability. For Canadian GAAP purposes, an income inclusion of $4,570 was recognized as a result of this change in estimate as the decrease in the site closure and reclamation cost liability exceeded the carrying value of the associated asset included in property, plant and equipment. For US GAAP purposes, an amortization of $44 was recorded prior to the mine life extension and the remaining unamortized balance of the asset included in the property, plant and equipment, being $4,538, was reduced to $Nil as a result of the reduction of the site closure and reclamation cost liability.

(c) Impact of recently adopted United States accounting pronouncements

(i) On July 1, 2009, the Financial Accounting Standards Board's (FASB) codification of US GAAP was launched as the sole source of authoritative non-governmental US GAAP. The Accounting Standards Codification ("ASC") is not intended to change US GAAP, but rather reorganize existing guidance by accounting topic to allow easier identification of applicable standards.

(ii) In December 2007, FASB amended the principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquiree and the goodwill acquired. The new standard expanded the definition of a business and a business combination; requires recognition of assets acquired, liabilities assumed, and contingent consideration at their fair value on the acquisition date; requires acquisition-related expenses and restructuring costs to be recognized separately from the business combination and expensed as incurred; requires in-process research and development to be capitalized at fair value as an intangible asset; and requires that changes in accounting for deferred tax asset valuation allowances and acquired income tax uncertainties after the measurement period be recognized as a component of provision for taxes. The new standard also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. This new standard is effective for the Company's 2009 fiscal year. Upon adoption, the new standard did not have a material effect on the Company's consolidated financial statements since the Company did not have any business combinations during the fiscal year ended December 31, 2009.

(iii) In December 2007, FASB issued a new accounting and reporting standard for the non- controlling interest in a subsidiary and for the deconsolidation of a subsidiary. The new standard establishes disclosure requirements that clearly identify and distinguish between the controlling and non-controlling interests and requires the separate disclosure of income attributable to controlling and non-controlling interests. This new standard is effective for the Company's 2009 fiscal year. Upon adoption, the new standard did not have a material effect on the Company's consolidated financial statements since the Company did not have any non-controlling interest in its subsidiaries during the fiscal year ended December 31, 2009.

(iv) In March 2008, the FASB changed the disclosure requirements for derivative instruments and hedging activities by requiring enhanced disclosures about how and why an entity uses derivatives instruments and how derivative instruments and related hedged items affect an entity's operating results, financial position, and cash flows. This new standard is effective for the Company's 2009 fiscal year. To the extent the required information was not previously disclosed in the fiscal 2008 consolidated financial statements, the Company incorporated the new disclosures in note 19.

(v) In June 2008, the FASB provided guidance in assessing whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock for purposes of determining whether the equity-linked financial instrument (or embedded feature) should be accounted for as a derivative instrument separated from the host contract. This new standard is effective for the Company's 2009 fiscal year. The Company adopted this standard and the adjustments are disclosed in note 25(a) above.

(d) United States accounting pronouncements to be adopted

(i) Measuring Fair Value of Liabilities

In August 2009, FASB issued a new standard related to measuring fair values of liabilities, which is effective prospectively in the Company's 2010 fiscal year, with early adoption permitted. The new standard requires that the fair value of liabilities be measured under the assumption that the liability is transferred to a market participant. It provides further clarification that the fair value measurement of a liability should assume transfer to a market participant as of the measurement date without settlement with the counterparty. Therefore, the fair value of the liability shall reflect non-performance risk, including but not limited to a reporting entity's own credit risk. The Company is currently reviewing the provisions of this standard but does not expect the adoption to have a material effect on its consolidated results of operations, cash flows or financial position.

(ii) Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities

In December 2008, FASB issued guidance for the purpose of improving the transparency of transfers of financial assets and an enterprise's involvement with variable interest entities ("VIEs"), including qualifying special-purpose entities ("QSPEs"). The impact on our financial reporting requirements is limited to the new VIE disclosures.

These statements eliminate the concept of a qualifying special-purpose entity, establish new criteria for the consolidation of VIEs, and create more stringent conditions for the treatment of transfers of financial assets. The statements are significant for entities that have interests in potential VIEs or engage in transfers of financial assets.

Additional disclosure requirements are intended to assist financial statement users in understanding the significant judgments and assumptions made in determining whether a company must consolidate and/or disclose information about its involvement with a VIE.

The statements are effective for the Company's 2010 fiscal year, and for subsequent interim and annual reporting periods. Early adoption is prohibited. The Company is currently reviewing the provisions of this standard but does not expect the adoption to have a material effect on its consolidated results of operations, cash flows or financial position.

Taseko Mines Limited

YEAR ENDED DECEMBER 31, 2009
MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

1.1	Date	2
1.2	Overview	3
1.2.1	Gibraltar Mine	4
1.2.2	Prosperity Project	7
1.2.3	Harmony Project	8
1.2.4	Aley Project	9
1.2.5	Market Trends	9
1.3	Selected Annual Information	9
1.4	Summary of Quarterly Results	11
1.5	Results of Operations	12
1.6	Liquidity	13
1.7	Capital Resources	15
1.8	Off-Balance Sheet Arrangements	16
1.9	Transactions with Related Parties	16
1.10	Fourth Quarter	17
1.11	Proposed Transactions	18
1.13	Change in Accounting Policies including Initial Adoption	21
1.14	Financial Instruments and Other Instruments	27
1.15	Other MD&A Requirements	29
1.15.1	Additional Disclosure for Venture Issuers without Significant Revenue	29
1.15.2	Disclosure of Outstanding Share Data	30
1.15.3	Internal Controls over Financial Reporting Procedures	31
1.15.4	Disclosure Controls and Procedures	31
1.15.5	Non GAAP Measures	32
1.15.6	Risk Factors	33

1.1 Date

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of Taseko Mines Limited ("Taseko", or the "Company") for the twelve months ended December 31, 2009, the fifteen months ended December 31, 2008 and the year ended September 30, 2007, prepared in accordance with Canadian generally accepted accounting principles, and is publicly available on SEDAR at www.sedar.com.

This MD&A is prepared as of March 16, 2010. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

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

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

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

Cautionary Note to Investors Concerning Estimates of Inferred Resources

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

1.2 Overview

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

For 2009, Taseko has focused on production and operating cost improvements and completing capital upgrade projects at its Gibraltar mine. For Prosperity, Taseko focused on attaining environmental assessment approvals, as well as arranging project financing and concentrate marketing opportunities.

Taseko had an operating profit of $48.3 million and earnings before tax and other items of $27.0 million for the year ended December 31, 2009, compared to an operating profit of $28.1 million and a loss before tax and other items of $2.1 million for the fifteen months ended December 31, 2008. Other items include unrealized (non-cash) marked-to-market loss attributable to derivative instruments of $15.8 million.

During the year ended December 31, 2009, Gibraltar produced 70.3 million pounds of copper and 629 thousand pounds of molybdenum. Total cash costs[1] for the year averaged US$1.54 per pound of copper.

In the quarter ended December 31, 2009, the Gibraltar mine produced 17.4 million pounds of copper and 113 thousand pounds of molybdenum.

At Gibraltar, the cleaner and regrind circuit capital projects were completed and expected copper recovery improvements were being realized by the middle of the fourth quarter 2009. Other capital projects underway are the in-pit crusher and conveyor system and the tailings handling system which are both expected to be completed in the second quarter of 2010. The concentrate filter/dryer circuits upgrade is expected to be completed in the third quarter of 2010 and the Semi Autogenous Grinding (SAG) mill direct feed system construction is planned to begin during the second quarter of 2010 for completion in the fourth quarter of 2010.

The Company announced in November 2009 that it would establish a joint venture with Sojitz Corporation over the Gibraltar mine, whereby Sojitz would pay $179.5 million to acquire a 25% interest in the mine. Taseko would retain a 75% interest and will continue to operate the mine.

On January 14, 2010, Taseko received the environmental assessment certificate for the Prosperity Project from the British Columbia Provincial Ministry of Environment. The Company expects the Federal environmental assessment process to be complete by mid 2010. Applications for Provincial permits are being prepared and are expected to be submitted before the end of March.

During the year, Taseko announced a 70% increase in proven and probable mineral reserves at the Prosperity Project, from 487 million tonnes to 830 million tonnes based on a $5.50 Net Smelter Return cut-off (see Section 1.2.2) . Under present mine design criteria, these reserves extend Prosperity's estimated mine life from 20 to 33 years.

1. Cash costs of production is a non-GAAP measure. This non-GAAP measure is intended to provide additional information to investors and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP (see 1.15.5) . Cash costs of production is a common performance measure in the copper industry and includes direct cost of operations and related costs through to refined metal, excluding amortization.

During the year, Taseko repurchased/redeemed the entire US$30 million of Convertible Bonds that were outstanding. The Company also completed debt financings which included a US$50 million credit facility with Credit Suisse and Investec Bank PLC, a $9 million equipment loan with GE Capital and a $6.5 million royalty financing which pays a 6% royalty. In addition, the Company completed equity financings for net proceeds of $26.8 million.

1.2.1 Gibraltar Mine

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

Three-Month Sales

- Copper in concentrate sales volume in the three months ended December 31, 2009 was 16.2 million pounds compared to 17.6 million pounds of copper in concentrate sold during the three months ended December 31, 2008.
- Copper cathode sales volume in the three months ended December 31, 2009 was 0.6 million pounds compared to 0.9 million pounds in the three months ended December 31, 2008.
- The average price realized for sales of copper during the period was US$3.10 per pound, compared to US$1.26 per pound realized in the three months ended December 31, 2008.
- Molybdenum in concentrate sales volume in the three months ended December 31, 2009 was 97,000 pounds compared to 143,000 pounds sold in the three months ended December 31, 2008.
- The average price realized for sales of molybdenum for the three months ended December 31, 2009 declined to US$12.01 per pound, compared to US$19.96 per pound realized in the three months ended December 31, 2008.

Twelve-Month Sales

- Copper in concentrate sales during the twelve months ended December 31, 2009 was 65.9 million pounds, compared to sales of 61.6 million pounds in the twelve months ended December 31, 2008.
- Copper cathode sales during the twelve months ended December 31, 2009 was 2.2 million pounds, compared to 4.1 million pounds in the twelve months ended December 31, 2008.
- Molybdenum in concentrate sales during the twelve months ending December 31, 2009 was 0.7 million pounds, compared to sales volume of 0.6 million pounds in the twelve months ending December 31, 2008.

The following table illustrates the significant changes in the average prices for copper and molybdenum on a quarter by quarter basis over the past twelve months:

	Q1 2009	Q2 2009	Q3 2009	Q4 2009
LME Copper Price Average USD/lb	1.56	2.12	2.66	3.02
Molybdenum Oxide Price Average USD/lb	8.75	9.10	14.50	11.29

Year-end Inventory

- Copper concentrate inventory at December 31, 2009 was 3.8 million pounds compared to 4.1 million pounds at December 31, 2008.
- Copper cathode inventory at December 31, 2009 was 0.13 million pounds compared to 0.4 million pounds at December 31, 2008.
- Molybdenum in concentrate inventory at December 31, 2009 was 16,000 pounds compared to 77,000 pounds at December 31, 2008.

Gibraltar Mine Current Production and Cost Performance

The following table is a summary of operating statistics:

	Three months ending December 31, 2009	Twelve months ending December 31, 2009
Total tons mined (millions) [1]	11.3	34.9
Tons of ore milled (millions)	3.2	13.0
Stripping ratio	2.2	1.8
Copper grade (%)	0.319	0.319
Molybdenum grade (%Mo)	0.010	0.011
Copper recovery (%)	84.1	82.3
Molybdenum recovery (%)	20.9	24.4
Copper production (millions lb) [2]	17.4	70.3
Molybdenum production (thousands lb)	113	629
Foreign Exchange ($C/$US)	1.06	1.14
Copper production costs, net of by-product credits [3], per lb of copper	US$1.67	US$1.24
Off property costs for transport, treatment (smelting & refining) & sales per lb of copper	US$0.31	US$0.30
Total cash costs of production per lb of copper	US$1.98	US$1.54

1 Total tons mined includes sulphide ore, low grade stockpile material, overburden, and waste rock which were moved from within pit limit to outside pit limit during the period.
2 Copper production includes concentrate and cathode.
3 By-product credit is calculated on a three month total and averaged over the quarter.

Total cash costs for the quarter ended December 31, 2009 were approximately US$0.44/lb above the annual average. This was the result of the combination of low production in October due to milling lower than average deposit grades because of a geotechnical event in July 2009, costs associated with removal by a contractor of very loose soils at the location of the geotechnical event in July 2009, and an increased strip ratio as the mine moved back to the mine site average strip ratio based on continued strength in the price of copper. The higher costs were partially off-set by increased copper recoveries related to the completion of commissioning of the cleaner and regrind circuits.

The following table illustrates fourth quarter of 2009 copper production and recovery with the results from the first two months of 2010:

	October 2009	November 2009	December 2009	January 2010	February 2010
Mill Throughput (millions, tons)	1.1	1.1	1.0	1.2	1.2
Recoveries (%)	79.9	82.8	89.8	88.9	90.1
Production (millions, pounds)	4.8	5.7	6.8	8.7	6.8

Fixed Infrastructure Upgrades and Installations

Improvements to the concentrator and ore handling facilities at Gibraltar continued through the fourth quarter. The higher capacity cleaner flotation circuit and modern regrind tower mill completed in August were fully commissioned in mid-November providing the recovery improvements listed in the table above.

As at the date of the MD&A, construction is approximately 95% complete on the new in-pit 60-inch by 89-inch crusher and conveyor system which, when completed and commissioned, will reduce operating costs and improve mine productivity by replacing the smaller original Gibraltar crusher and supplanting approximately three diesel-powered haulage trucks with an electrically driven overland conveyor belt.

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

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

Labour and Safety

The number of active personnel at the site at the end of December 2009 was 377, compared to 397 personnel at the end of December 2008.

There were 2 lost time accidents during the quarter and 7 during the year.

Environmental

There was one reportable incident during the quarter, which was the only reportable incident in 2009.

Mineral Reserves

Taseko completed a drill program and engineering study on the Oakmont ground of the Gibraltar property in 2008. These programs have confirmed an extension of the Gibraltar mineral deposit (Gibraltar Extension) and increased the mine's mineral reserves by 28% to 472 million tons.

Gibraltar's proven and probable reserves as of December 31, 2009 are tabulated below:

Gibraltar Mine Mineral Reserves
At 0.20% copper cut-off

Pit	Category	Tons (millions)	Cu (%)	Mo (%)
Connector	Proven	40.4	0.296	0.010
	Probable	14.8	0.271	0.009
	Subtotal	**55.2**	**0.289**	**0.010**
Gibraltar East	Proven	66.8	0.286	0.008
	Probable	33.3	0.285	0.013
	Subtotal	**100.1**	**0.286**	**0.010**
Granite	Proven	178.3	0.325	0.009
	Probable	21.6	0.319	0.009
	Subtotal	**199.9**	**0.324**	**0.009**
Gibraltar Extension (new reserves)	Proven	75.4	0.352	0.002
	Probable	29.3	0.304	0.002
	Subtotal	**104.7**	**0.339**	**0.002**
Total		459.9	0.315	0.008

The mineral reserves above are based on the published reserves at December 31, 2008 and depleted for ore production from the Granite pit in 2009. The estimate was completed by Gibraltar mine staff under the supervision of Scott Jones, P.Eng., Vice-President, Engineering and a Qualified Person under National Instrument 43-101.

1.2.2 Prosperity Project

Taseko holds a 100% interest in the Prosperity property, located 125 kilometers southwest of the City of Williams Lake. The property hosts a large porphyry gold-copper deposit amenable to open pit mining.

Mineral Reserves and Resources

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

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

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

There are additional estimated measured and indicated resources totaling 180 million tonnes grading 0.37 g/t gold and 0.32% copper, containing 2.1 million ounces of gold and 1.3 billion pounds of copper (assuming 100% recoveries). The mineral resource and reserve estimations were completed by Taseko staff under the supervision of Scott Jones, P.Eng., Vice-President, Engineering and a Qualified Person under National Instrument 43-101. A technical report has been filed on www.sedar.com.

Cautionary regarding differences in US and Canadian Criteria for Reserves

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

Permitting

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

On January 14, 2010, Taseko received the environmental assessment certificate for the Prosperity Project from the British Columbia Provincial Ministry of Environment. This is an important milestone as it is the provincial government which is responsible for mine development in British Columbia. The Provincial Mines Act permit application is planned to be submitted to the Ministry of Energy, Mines, and Petroleum Resources before the end of March 2010.

The federal process, conducted by a three-person Panel operating under defined Terms of Reference are required to complete their work in a timely and efficient manner. The hearings are scheduled to commence in late March and be completed in early May of 2010. Following conclusion of the hearings, the Panel will submit their findings to the Federal Minister of Environment for a decision. This process is expected to be completed by mid 2010.

1.2.3 Harmony Project

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

Taseko is considering initiating a pre-feasibility level study in 2010 of Harmony to further evaluate the project. The Company initiated a review of engineering work on the project in late 2007 following the designation of the area as a mineral development zone under the Queen Charlotte-Haida Gwaii Land and Resource Management Plan.

1.2.4 Aley Project

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

Niobium is a metal used in making high-strength steels required in the manufacture of automobiles, bridges, pipes, jet turbines and other high technology applications.

1.2.5 Market Trends

Copper prices had been on an overall upward trend between late 2003 and October 2008; in mid-2008, the copper market deficit, caused by strong demand growth and struggling production and a lack of new development projects, reached its peak. There was an unprecedented 70% drop in prices over the six months from July to December 2008 as a result of uncertainty in global financial markets. The average copper price in 2008 was US$3.15/lb. Prices stabilized in January 2009 and then began to increase. The average copper price in 2009 was US$2.34/lb. Price strength has continued in 2010, averaging US$3.25/lb up to the date of this report.

Gold prices were volatile in late 2008, dropping below US$800/oz for a two-week period in September, and again from mid October through November. The average gold price for 2008 was US$871/oz and US$974/oz in 2009. The average price in 2010 to the date of this report is US$1,111/oz.

Molybdenum prices increased from US$7.60/lb in 2003 to peak at US$34/lb in 2005. Prices averaged US$25.53/lb in 2006 and US$30.47/lb in 2007. Molybdenum prices dropped significantly in late 2008, but averaged US$28.98/lb based on strength earlier in the year. Molybdenum prices continued to drop in 2009 to about US$8.00/lb in early May, but improved after that and averaged US$11.28/lb for the year. The average price in 2010 to the date of this report is US$15.32/lb.

The Company sells its products in United States dollars but its expenses are denominated primarily in Canadian dollars. The twelve-month average at December 31, 2009 for one United States dollar was 1.14 Canadian dollars. At December 31, 2009, one United States dollar was equivalent to 1.05 Canadian dollars. Current forecasts anticipate continued strength in the Canadian dollar.

1.3 Selected Annual Information

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and are expressed in thousands of Canadian dollars except per share amounts.

Balance Sheets	As at December 31 2009	2008	As at September 30 2007
Current assets	$ 92,316	$ 41,283	$ 94,619
Mineral properties	32,631	32,610	18,407
Plant and equipment	305,205	292,390	158,492
Other assets	104,943	111,962	105,745
Total assets	$ 535,095	$ 478,245	$ 377,263
Current liabilities	$ 75,179	$ 112,053	$ 44,589
Other liabilities	163,223	131,285	169,014
Shareholders' equity	296,693	234,907	163,660
Total liabilities & shareholders' equity	$ 535,095	$ 478,245	$ 377,263

Statements of Operations	Year ended December 31 2009	Fifteen months ended December 31 2008	Year ended September 30 2007
Revenue	$ 188,902	$ 231,678	$ 218,426
Cost of sales	132,434	196,261	109,533
Depletion, depreciation and amortization	8,150	7,363	3,155
Operating profit	48,318	28,054	105,738
Accretion of reclamation obligation	968	1,451	1,777
Exploration	3,407	11,864	8,967
Foreign exchange loss (gain)	(8,800)	4,032	233
Gain on asset retirement obligation change of estimates	–	(6,917)	(4,570)
Gain on convertible bond repurchase	(1,630)	–	–
General and administration	8,382	11,896	6,501
Gain on sale of marketable securities	(188)	(1,034)	(1,508)
Interest and other income	(7,402)	(9,701)	(11,093)
Interest expense	8,265	8,284	5,947
Interest accretion on convertible debt	1,260	2,938	2,922
Stock-based compensation	5,696	6,442	6,771
Realized loss on derivative instruments	11,330	–	–
Change in fair market value of financial instruments	–	886	1,925
Earnings (loss) before other items	$ 27,030	$ (2,087)	$ 87,866
Other items:			
Unrealized loss on derivative instruments	15,775	–	–
Earnings (loss) before income taxes:	11,255	$ (2,087)	$ 87,866
Current income tax expense (recovery)	669	(2,151)	3,959
Future income tax expense (recovery)	25	(3,446)	35,645
Earnings (loss) for the year	$ 10,561	$ 3,510	$ 48,262
Other comprehensive income (loss):			
Unrealized gain (loss) on reclamation deposits	(1,040)	1,859	(419)
Unrealized gain (loss) on marketable securities/investments	14,263	(11,295)	4,710
Reclassification of realized gain on sale of marketable securities	(188)	(1,152)	(1,508)
Tax effect	(1,779)	1,570	(445)
Other comprehensive income (loss)	$ 11,256	$ (9,018)	$ 2,338
Total comprehensive income (loss)	$ 21,817	$ (5,508)	$ 50,600
Basic earnings (loss) per share	$ 0.06	$ 0.02	$ 0.37
Diluted earnings (loss) per share	$ 0.06	$ 0.02	$ 0.36
Basic weighted average number of common shares outstanding	173,170	142,062	129,218
Diluted weighted average number of common shares outstanding	180,835	156,928	142,278

1.4 Summary of Quarterly Results

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

	Dec 31 2009	Sept 30 2009	June 30 2009	Mar 31 2009	Dec 31 2008	Sept 30 2008	June 30 2008	Mar 31 2008
Current assets	92,316	90,209	75,950	58,357	41,283	80,250	114,611	124,105
Mineral properties	32,631	32,617	32,617	32,619	32,610	32,095	29,916	19,142
Plant and equipment	305,205	303,434	301,891	295,094	292,390	266,872	222,729	202,679
Other assets	104,943	107,686	107,707	112,321	111,962	132,977	113,159	112,926
Total assets	**535,095**	**533,946**	**518,165**	**498,391**	**478,245**	**512,194**	**480,415**	**458,852**
Current liabilities	75,179	58,949	61,503	91,195	112,053	65,663	41,484	29,976
Other liabilities	163,223	183,856	165,341	166,596	131,285	176,456	173,755	182,419
Shareholders' equity	296,693	291,141	291,321	240,600	234,907	270,075	265,176	246,457
Total liabilities and shareholders' equity	**535,095**	**533,946**	**518,165**	**498,391**	**478,425**	**512,194**	**480,415**	**458,852**
Revenue	55,966	40,132	52,632	40,172	10,576	57,615	53,206	65,357
Mine site operating costs	32,160	24,528	26,203	25,454	42,021	40,924	29,633	28,854
Transportation and treatment	5,724	4,554	7,609	6,202	7,054	9,500	6,042	7,194
Amortization	2,421	1,677	2,142	1,910	1,979	2,029	1,563	1,091
Operating profit (loss)	**15,661**	**9,373**	**16,678**	**6,606**	**(40,478)**	**5,162**	**15,968**	**28,218**
Expenses:								
Accretion of reclamation obligation	250	245	239	234	183	326	322	313
Asset retirement obligation change of estimates	–	–	–	–	(4,504)	–	–	–
Exploration	1,519	805	549	534	1,088	3,363	3,047	2,243
Foreign exchange loss (gain)	(681)	(3,108)	(7,941)	2,930	3,249	1,142	600	(1,000)
Gain on convertible bond repurchase	–	(948)	(682)	–	–	–	–	–
General and administration	2,197	1,752	2,104	2,329	2,220	2,143	2,245	2,472
Interest expense and accretion charges	1,935	2,041	2,765	2,784	3,839	1,603	1,857	2,032
Interest and other income	(1,702)	(1,529)	(1,987)	(2,184)	(1,362)	(1,668)	(1,897)	(2,239)
Loss (gain) on sale of marketable securities	(1,004)	816	–	–	–	120	(586)	(568)
Loss on equipment disposal	–	–	–	–	701	–	161	–
Realized loss on derivative instrument	7,762	3,568	–	–	–	–	–	809
Stock-based compensation	2,385	1,073	1,581	657	1,054	(85)	1,103	1,598
	12,661	4,715	(3,372)	7,284	6,468	6,944	6,852	5,660
Earnings (loss) before other items	3,000	4,658	20,050	(678)	(46,946)	(1,782)	9,116	22,558
Other Items:								
Unrealized loss on derivative instruments	4,237	8,829	2,709	–	–	–	–	–
Earnings (loss) before income taxes	(1,237)	(4,171)	17,341	(678)	(46,946)	(1,782)	9,116	22,558
Income tax expense (recovery)	766	(1,822)	5,936	(4,186)	(7,303)	(8,653)	5,317	6,357
Earnings (loss) for the period	**(2,003)**	**(2,349)**	**11,405**	**3,508**	**(39,643)**	**6,871**	**3,799**	**16,201**
Earnings (loss) per share – basic	(0.01)	(0.01)	0.07	0.02	(0.29)	0.05	0.03	0.11
Earnings (loss) per share –diluted	(0.01)	(0.01)	0.06	0.02	(0.26)	0.05	0.02	0.10

1.5 Results of Operations

In October 2008, the Company announced that it would change its year end from September 30 to December 31. As a result, in accordance with National Instrument 51-102CP, "*Continuous Disclosure Obligations*", this management discussion and analysis compares the twelve months ending December 31, 2009 ("fiscal 2009") and the fifteen months ending December 31, 2008 ("fiscal 2008").

During fiscal 2009, Taseko generated operating profit of $48.3 million compared to $28.1 million during fiscal 2008 and earnings before tax and other items of $27 million for fiscal 2009, compared to a loss before tax and other items of $2.1 million for fiscal 2008. Other items include unrealized (non-cash) marked-to-market loss attributable to derivative instruments related to the copper hedging program of $15.8 million. No such losses were recognized in fiscal 2008 as the Company did not participate in a copper hedging program during the comparative period.

During fiscal 2009, Taseko generated cash outflow from operating activities of $26.8 million as compared to an inflow of $46.9 million for the fiscal 2008. The cash outflow from operating activities in fiscal 2009 resulted in part from paying off the negative pricing adjustments that occurred in fiscal 2008 that were settled during fiscal 2009. A $26.9 million negative pricing adjustment was recorded at December 31, 2008 related to the rapid deterioration in base metal prices, including copper and molybdenum in the quarter ended December 31, 2008. There were no negative pricing adjustments at December 31, 2009.

The Company recognized revenues of $188.9 million in fiscal 2009, compared to $231.7 million in fiscal 2008. Revenues consisted of copper concentrate sales of $172.5 million (2008 – $194.6 million), molybdenum concentrate sales of $8.8 million (2008 – $21.9 million), silver concentrate sales of $2.0 million (2008 – $1.6 million), and copper cathode sales of $5.6 million (2008 – $13.6 million). The decrease in revenue was the result of higher copper shipments in fiscal 2008 mainly due to an extended reporting period of fifteen months in 2008 compared to twelve months in 2009 as well as a lower average realized copper price. For fiscal 2009, 68.1 million pounds of copper (concentrate and cathode) were sold compared to 77.9 million pounds of copper (concentrate and cathode) for fiscal 2008. The average price per pound of copper sold decreased to US$2.31 per pound for fiscal 2009, down from US$2.68 per pound for fiscal 2008. Molybdenum sales decreased to 0.7 million pounds for fiscal 2009 from 0.8 million pounds for fiscal 2008 mainly due to the extended reporting period in fiscal 2008. The average price per pound of molybdenum sold decreased to US$11.02 per pound for fiscal 2009, down from US$28.19 per pound for fiscal 2008.

Cost of sales for fiscal 2009 was $132.4 million, compared to $196.3 million for fiscal 2008. Cost of sales for fiscal 2009 consists of total production cost of $109.60 million (2008 – $158.8 million) and a negative concentrate inventory adjustment of $1.3 million (2008 – $2.4 million). Also included in cost of sales is transportation and treatment costs, which were $24.1 million for fiscal 2009 (2008 – $35 million). Cost of sales was lower during fiscal 2009 mainly due to the extended reporting period for fiscal 2008 as well as decreases in the labour force and input costs, business improvement projects implemented and a reduced strip ratio.

Amortization expense for fiscal 2009 was $8.2 million compared to $7.4 million in fiscal 2008. The increase is the result of the capital equipment additions as well as the utilization of several new pieces of equipment related to the concentrator expansion. Mining and milling assets are amortized using the units of production method based on tons mined and tons milled during the period and divided by the estimated tonnage to be mined and milled in the mine plan.

Exploration expenses decreased to $3.4 million in fiscal 2009 compared to $11.9 million in fiscal 2008, due to a lower level of exploration activity at the Company's Prosperity project as it underwent the environmental assessment review (see Section 1.2.2) . Exploration expenses of $.05 million (fiscal 2008 – $6.2 million) at Gibraltar were capitalized as exploration expenditures.

General and administrative ("G&A") costs decreased to $8.4 million in fiscal 2009 from $11.9 million in fiscal 2008, mainly due to an extended reporting period of fifteen months in fiscal 2008 as well as the Company's cost cutting initiatives, including lower staffing levels related to Prosperity, and the Gibraltar mill expansion during the comparative period.

Stock-based compensation was $5.7 million in fiscal 2009 compared to $6.4 million in fiscal 2008. The decrease is mainly due to the extended reporting period in fiscal 2008.

Interest and other income decreased to $7.4 million as compared to $9.7 million in fiscal 2008. The decrease was due to lower interest rates and the extended reporting period in fiscal 2008. Interest expense and interest accretion decreased to $9.5 million in fiscal 2009 compared to $11.2 million in fiscal 2008 mainly due to an extended reporting period in fiscal 2008 as well as the redemption of the Company's convertible bonds during fiscal 2009. The Company recorded a foreign exchange gain of $8.8 million for fiscal 2009 compared to a loss of $4.0 million in fiscal 2008. The gain is due to the strengthening of the Canadian dollar and the revaluation of certain US-dollar denominated liabilities at December 31, 2009.

The Company recorded no gain resulting from the change in estimate of reclamation obligation compared to a gain of $6.9 million for fiscal 2008 since there were no revised estimates relating to Gibraltar's mine life in fiscal 2009.

The Company recorded a realized loss of $11.3 million (2008 – $Nil) and unrealized loss of $15.8 million (2008 – $Nil) on derivative instruments as a result of the decrease in fair value of the producer call and put option contracts with Credit Suisse which commenced during the 2009 fiscal year.

Current income tax expense of $0.7 million (2008 – recovery of $2.2 million) and future income taxes expense of $0.03 million (2008 – recovery of $3.4 million) were recorded for the twelve months ended December 31, 2009.

1.6 Liquidity

At December 31, 2009, the Company had cash and equivalents of $35.1 million, as compared to $4.6 million at December 31, 2008. In addition, the Company had working capital of $17.1 million, as compared to working capital deficiency of $70.8 million at December 31, 2008. The increase in working capital was primarily a result of additional funding raised from financing activities discussed in Section *1.7 Capital Resources* as well as the steady increase in both copper and molybdenum prices and sales volumes since December 2008.

At March 16, 2010, the Company's cash and equivalents had increased to approximately $51.7 million.

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

Liquidity Risk

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

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

As at December 31, 2009	Contractual Obligations	2010	2011	2012	Over 3 years
Accounts payable and accrued liabilities	$ 14,821	$ 14,821	$ –	$ –	$ –
Amounts due to a related party	13	13	–	–	–
Long-term credit facility	52,550	21,896	26,275	4,379	–
Capital lease obligations	15,636	4,543	4,266	4,215	2,612
Long-term equipment loan	10,112	2,701	2,701	4,710	–
Total liabilities	$ 93,132	$ 43,974	$ 33,242	$ 13,304	$ 2,612

During the year, the Company completed the repurchase/redemption of the US$30 million in convertible bonds that it had outstanding. In Q2 2009, the Company repurchased US$7.5 million of the convertible bonds from one of its bondholders for the purpose of cancellation. During Q3 2009, the Company repurchased another US$12.5 million of the convertible bonds for the purpose of cancellation. In addition, the remaining bondholders exercised the “put” right on the final US$10 million.

The Company currently has a US$50 million 36-month term credit facility with Credit Suisse. In addition, the Company also has long-term equipment loans with a carrying value of $8.7 million. The Company is also committed to equipment purchases in relation to its expansion activities at the Gibraltar Mine in the amount of $23 million.

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

Other than those obligations disclosed in the notes to the audited consolidated financial statements of the Company for the year ended December 31, 2009, the Company has no other material capital commitments for capital expenditures, long-term debt, capital lease obligations, operating leases or any other long-term obligations.

1.7 Capital Resources

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

Debt Financings

(i) Credit Suisse Term Facility

In February 2009, the Company entered into and drew upon a US$30 million 36-month term facility agreement (the "Facility") with Credit Suisse. During Q3 2009, the Company and Credit Suisse, as Facility Agent, and Investec Bank plc amended the Facility to increase the existing Facility by an additional US$20 million and the Company drew these additional funds. Under the amended facility agreement, the US$50 million Facility is repayable commencing April 2010 and every second month thereafter in equal installments of US$4.2 until February 2012. The Facility bears interest at LIBOR plus 5 percent which is due and payable bi-monthly. The long-term credit facility security provided under the terms of the relevant agreements includes certain equipment of the Gibraltar Mine, a general security pledge, and the treatment and refining off-take agreement in addition to a corporate guarantee.

The Facility requires a maximum total debt to total equity ratio of 55%, a minimum tangible net worth of $150 million, a maximum production cost threshold of $1.56 per lb of copper to December 31, 2009 and minimum debt service coverage ratios of 135%. As at December 31, 2009, the Company is in compliance with its financial covenants. The Company has the option at any time after 18 months from February, 2009 to prepay the Facility.

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

(ii) Long-Term Equipment Loan

During the year, the Company entered into a 36-month term equipment loan agreement to finance the purchase of equipment for the Gibraltar Mine. The principal amount of the loan is $9 million. The loan is secured by the underlying equipment at the Gibraltar Mine.

The equipment loan is repayable commencing one month after inception in 35 equal monthly installments in the amount of $0.225 million until 2012. The last installment is payable in 2012 in the amount of $2.8 million. The equipment loan bears a fixed interest rate at 8.63% per annum.

Equity Financings

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

The Company granted to the Underwriters an over-allotment option to purchase up to an additional 2,068,965 common shares at the Offering Price. The Underwriters elected to exercise the over-allotment option in full, resulting in aggregate gross proceeds of the total offering to the Company of $23.0 million.

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

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

During the year ended December 31, 2009, 9,085,715 warrants issued in December 2008 were exercised for total proceeds of $7.7 million and 1,161,749 options were exercised for the total proceeds of $1.4 million.

Other Financings

During the year, the Company entered into an agreement with an unrelated investment partnership, Gibraltar Royalty Limited Partnership ("GRLP"). Gibraltar sold to GRLP a royalty for $6.5 million. Annual royalties are payable by Gibraltar to GRLP at rates ranging from $0.003 per pound to $0.004 per pound of copper produced during the period from September 1, 2009 to December 31, 2030 (the “Royalty Period”). These royalty payments are recognized as an expense during the year.

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

As at the date of the MD&A, the Company gave notice to the GRLP unit holders of the Company’s intention to exercise its “call” option through the issuance 1,556,355 shares of the Company

1.8 Off-Balance Sheet Arrangements

None.

1.9 Transactions with Related Parties

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

Costs for services rendered and costs incurred on behalf of the Company by HDSI during the fiscal period ended December 31, 2009 were $2.7 million, as compared to $8.9 million in fiscal 2008. The decrease over prior year is due to lower staffing levels required from HDSI as Taseko has added additional full-time employees to its staff.

1.10 Fourth Quarter

For the three months ended December 31, 2009 ("Q4 2009"), Taseko generated operating profit of $15.6 million compared to an operating loss of $40.4 million during the three months ended December 31, 2008 ("Q5 2008").

No negative pricing and inventory adjustments were recorded in Q4 2009. A $21.9 million negative pricing adjustment was recorded in Q5 2008 related to the rapid deterioration in base metal prices, including copper and molybdenum. The result of these adjustments was a net loss before tax and other items of $46.9 million for Q5 2008 as compared to net income before tax and other items of $3.0 million for Q4 2009. Other items include unrealized (non-cash) marked-to-market loss attributable to derivative instruments related to the copper hedging program in the amount of $4.2 million. No such losses were recognized in Q5 2008 as the Company did not participate in a copper hedging program during the comparative period.

The Company recognized revenues of $56.0 million in the three months ended December 31, 2009 ("Q4 2009"), compared to $40.1 million in the three months ended September 30, 2009 ("Q3 2009") and $10.6 million in the three months ended December 31, 2008 ("Q5 2008").

There were no negative pricing or inventory adjustment in Q4 2009. Revenues in Q4 2009 consisted of copper concentrate sales of $52.9 million compared to $34.7 million for Q3 2009 and $7.6 million for Q5 2008. Molybdenum concentrate sales were $0.7 million in the quarter compared to $3 million for Q3 2009 and $1.2 million for Q5 2008. Silver concentrate sales were $0.6 million for the quarter compared to $0.3 million for Q3 2009 and $0.5 million for Q5 2008 and copper cathode sales were $1.8 million for the quarter compared to $1.3 million for Q3 2009 and $1.3 million Q5 2008.

Cost of production for the quarter was $32.2 million, compared to $24.5 million in Q3 2009, and $42.0 million in Q5 2008. Cost of production consists of total production cost for the period of $31.9 million (Q3 2009 – $27.7 million; Q5 2008 – $30.9 million) plus concentrate inventory adjustment of $0.3 million (Q3 2009 – inventory adjustment of $3.2 million; Q5 2008 – negative inventory adjustment of $11.1 million). Transportation and treatment costs for the quarter amounted to $5.7 million (Q3 2009 – $4.6 million; Q5 2008 – $7.0 million).

Amortization expense of $2.5 million for the current quarter was higher compared to Q3 2009 of $1.7 million and Q5 2008 of $2.0 million due to the utilization of new equipment. Mining and milling assets are amortized using the units of production method based on tons mined and milled during the period and divided by the estimated tonnage to be mined and milled in the mine plan.

Exploration expenses for the quarter were $1.5 million, compared to $0.8 million in Q3 2009, and $1.1 million in Q5 2008.

General and administrative ("G&A") expense for the quarter was $2.2 million, compared to $1.8 million in Q3 2009, and $2.2 million in Q5 2008, which has been relatively constant throughout the periods.

Stock-based compensation expense for the quarter was $2.4 million, compared to a credit of $1.1 million in Q3 2009, and $1.1 million of expense in Q5 2008 as a result of the amortization of stock-based compensation on options granted during prior periods.

Interest and other income for the quarter was $1.7 million, compared to $1.5 million in Q3 2009, and $1.3 million in Q5 2008. The slight increase was mainly due to higher cash balances in Q4 2009.

Interest expense and accretion for the quarter was $1.9 million, compared to $2.0 million in Q3 2009 and $3.8 million in Q5 2008 due the relative lower rates and accretion charges related to the Credit Suisse Term Facility compared to the convertible bonds which were redeemed in Q3 2009.

The Company recorded foreign exchange gain for the quarter of $0.7 million, compared to a gain of $3.1 million in Q3 2009, and a loss of $3.2 million in Q5 2008. As the Company reports in Canadian dollars, the gain is due to the strengthening of the Canadian dollar and the revaluation of certain US-dollar denominated liabilities at December 31, 2009.

The Company recorded no gains resulting from the change in estimate of reclamation obligation since there were no extensions of estimated mine life during the quarter, compared to $4.5 million in Q5 2008 when there was an increase in the estimated mine life of the Gibraltar Mine.

The Company recorded a realized loss of $7.8 million (Q3 2009 – $3.6 million, Q5 2008 – $Nil) and unrealized loss of $4.2 million (Q3 2009 – $8.8 million, Q5 2008 – $Nil) on derivative instruments as a result of the decrease in fair value of the producer call and put option contracts with Credit Suisse which commenced during the 2009 fiscal year.

1.11 Proposed Transactions

The Company announced in November 2009 that it would establish a joint venture with Sojitz Corporation over the Gibraltar mine, whereby Sojitz would pay $179.5 million to acquire a 25% interest in the mine. Taseko retains a 75% interest and continues to operate the mine.

1.12 Critical Accounting Estimates

The Company's significant accounting policies are presented in notes 3 and 4 of the audited consolidated statements for the fiscal period ended December 31, 2009. The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to select accounting policies and make estimates. Such estimates may have a significant impact on the consolidated financial statements. These estimates include:

(a) Revenue Recognition

Revenue from the sales of metal in concentrate is recognized when persuasive evidence of a sales agreement exists, the title and risk is transferred to the customer, collection is reasonably assured, and the price is reasonably determinable. Revenue from the sales of metal may be subject to adjustment upon final settlement of shipment weights, assays and estimated metal prices. Adjustments to revenue for metal prices are recorded monthly and other adjustments are recorded on final settlement. Cash received in advance of meeting these revenue recognition criteria is recorded as deferred revenue.

Under the Company's concentrate sales contracts, final copper and molybdenum prices are set based on a specified future quotational period and the average market metal price in that period. Typically, the quotational periods for copper are either one or four months after the date of arrival at the port of discharge and for molybdenum is three months after the month of shipment. Revenues are recorded under these contracts at the time title passes to the buyer and are based on the forward price for the expected settlement period. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. The price adjustment features in the Company's receivables are treated as embedded derivatives for accounting purposes and as such, are marked-to-market through earnings from the date of sale through the date of final pricing.

In a period of unusual price volatility, as experienced in fiscal 2008, the effect of mark-to-market price adjustments related to the quantity of copper or molybdenum which remains to be settled could be significant. For changes in quantities upon receipt of new information and assay, the provisional sales quantities are adjusted as well.

(b) Asset Retirement Obligations ("ARO")

The Company recognizes any statutory, contractual or other legal obligation related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for the accretion of the discount and any changes in the amount or timing of the underlying future cash flows. The asset retirement cost is amortized to operations over the life of the asset. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability, and the related asset retirement cost is capitalized as part of the carrying amount of the related long-lived asset. In the event the required decrease in the asset retirement cost is in excess of the carrying value, the excess amount is recorded as a change in estimate in the statement of operations.

The ARO are based on management's estimates, taking into account various factors such as the reclamation method, legal requirements, and current technology. The estimated amount of the reclamation cost is adjusted for estimated inflation at 2.5% per year, and in 2032 dollars is expected to be spent over a period of approximately three years beginning in 2032. After discounting the estimated reclamation costs to be spent in 2032, a net present value of the ARO was estimated at $9.8 million as at December 31, 2009 using credit-adjusted risk free rates of 7.1% to 10%. These individual assumptions can be subject to change and can materially affect the recognized amount of the liability.

(c) Mineral Resources and Reserves

The mineral reserves and resources in the Company's mineral properties are determined in accordance with *National Instrument 43-101, "Standards of Disclosure for Mineral Projects"*, issued by the Canadian Securities Administrators ("CSA"). Management uses numerous assumptions in estimating mineral reserves and mineral resources. The accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

There are numerous uncertainties inherent in estimating mineral reserves and mineral resources. Differences between management's assumptions and market conditions could have a material effect in the future on the Company's financial position and results of operations.

(d) Depletion, Depreciation and Impairment

The majority of the Company's plant and equipment are amortized using the units of production method based on tons mined or milled, divided by the estimated tonnage to be recovered as outlined in the mineral reserve estimate.

Mineral property interests, plan and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. No impairment was identified for the Gibraltar Mine and the Company's other exploration projects for the year ended December 31, 2009 as the Company concluded that there were no significant impairment indicators.

If the Company determines that there has been an impairment because its prior estimates of future cash flows have proven to be inaccurate due to reductions in the price of copper and molybdenum, increases in the costs of production, and/or reductions in the amount of reserves expected to be recovered, the Company would be required to write down the recorded value of its mineral property interest, plant and equipment, which would reduce the Company's earnings and net assets.

(e) Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, generally using the substantively enacted or enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets also result from unused loss carry forwards, resource-related pools, and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(f) Stock-based Compensation

The Company records all stock-based payments using the fair value method. Under the fair value method, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable, and are charged to operations over the vesting period. Management uses several assumptions such as the Company's stock price volatility, the risk free interest rate and the expected life of the options in order to estimate the fair value of the stock-based compensation. These assumptions can be subject to change and can materially affect the recognized amount of stock-based compensation.

(g) Inventories

Finished goods and work-in-process are valued at the lower of the average production costs or net realizable value. The assumptions used in the valuation of work-in-process inventories include estimates of copper and molybdenum contained in the stockpiles and an assumption of the copper price expected to be realized when the stockpiles are processed into concentrate. If these estimates or assumptions prove to be inaccurate, the Company could be required to write down the recorded value of its work-in-process inventories, which would reduce the Company's earnings and working capital.

(h) Copper Hedging Program

The Company's copper hedging contracts are recorded at fair value. Changes in the fair values of the copper hedging contracts are recognized in net income for the period. Several assumptions such as copper's price volatility, the risk free interest rate and copper forward curves are used in order to estimate the fair value of the copper hedges. These assumptions can be subject to change and can materially affect the recognized amount of both the realized and unrealized gains (losses) on derivative financial instruments reflected in the Company's financial statements.

1.13 Change in Accounting Policies including Initial Adoption

Effective January 1, 2009, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

(a) Section 3064 – Goodwill and Intangibles

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

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

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

(c) EIC 174 – Mining Exploration Costs

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

(d) Fair Value Hierarchy

During the year, CICA Handbook Section 3862, *Financial Instruments – Disclosures,* was amended to require enhanced disclosures about the relative reliability of the data, or "inputs", that an entity uses to measure the fair values of its financial instruments. It requires financial instruments measured at fair value to be classified into one of three levels in the "fair value hierarchy" according to the relative reliability of the inputs used to estimate the fair values. The Company has provided this disclosure in its consolidated financial statements.

(e) Amendments to CICA 3855

The CICA amended Handbook Section 3855-*Financial Instruments-Recognition and Measurement* to provide additional guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category, amend the definition of loans and receivables, amend the categories of financial assets into which debt instruments are required or permitted to be classified, amend the impairment guidance for held-to-maturity debt instruments and require reversal of impairment losses on available-for-sale debt instruments when conditions have changed. These amendments were effective for fiscal years beginning on or after November 1, 2008. These new standards did not have a material impact on the Company's consolidated financial statements.

(f) New Accounting Standards Not Yet Adopted:

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

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

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

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

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

Management of IFRS Convergence Project

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

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

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

- Phase 1 - Initial Scoping and Impact Assessment Analysis: to isolate key areas that will be impacted by the transition to IFRS.
- Phase 2 - Evaluation and Design: to identify specific changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statements.
- Phase 3 - Implementation and Review: to execute the changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the Company's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the financial statements.

The Company is now in the evaluation and design phase having completed most of the initial scoping and impact assessment in Q4 2009. A detailed timetable has been prepared to manage the transition and to monitor the progress of the transition project. At the date of preparing this MD&A, the Steering Committee has presented the project plan and its initial scoping and impact assessment to the Audit Committee. We expect to complete the quantification of financial statement impacts by Q2 2010.

First-time Adoption of International Financial Reporting Standards

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

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

The Company anticipates using the following IFRS 1 optional exemptions:

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

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

Impact of Adoption of IFRS on Financial Reporting

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

Property, Plant and Equipment (PP&E)

Under IAS 16, *Property, Plant and Equipment,* are recognized initially at cost if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Costs include all expenditures directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. There is no specific guidance in IFRS relating to deferred stripping costs during the production phase. However, these types of costs do meet the definition of an asset under IAS 16 given that the Company's current accounting policy is to capitalize these costs since it provides a probable future economic benefit or a betterment (which implies future economic benefit).

Under IAS 16, each part of an item of PP&E with a cost that is significant in relation to the total cost of the item shall be depreciated separately. In order to meet this requirement, componentization is generally required. The Company does not currently componentize to the same level as would be required under IFRS. Componentization would be required only to the extent that different depreciation methods or rates are appropriate and those components are material. In addition major inspections or overhaul costs are identified and accounted for as a separate component under IFRS if that component is used for more than one period. The Company does not currently have a policy for major overhaul costs. Practically, this should be factored into the determination of the components of PP&E.

Income Taxes

IAS 12, *Income Taxes*, requires the recognition of deferred tax assets or liabilities for all deductible and taxable temporary differences except for temporary differences created in a transaction that is:

(a) not a business combination and
(b) at the time of the transaction, affects neither accounting profit nor taxable profit.

Under GAAP, the Company recognizes a deferred tax liability on temporary differences arising on the initial recognition of the Aley mineral property interest and Oakmont net profit interest (where the accounting basis of the asset acquired exceeded its tax basis) in a transaction which was not a business combination and affected neither accounting profit/(loss) nor taxable profit/(loss).

As of the Transition Date, the Company will derecognize all deferred tax liabilities which had been previously recognized on the initial acquisition of the Aley mineral property interest and the Oakmont net profit interest since these transactions are deemed not to be a business combination and affected neither accounting profit/(loss) nor taxable profit/(loss) with a corresponding reduction in the related asset.

In addition, a deferred tax asset is recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Under GAAP, tax assets are recognized if it is more likely than not. Probable is not defined in IAS 12. However, entities have often used a definition of more likely than not similar to GAAP. However, IAS 12 does not preclude a higher threshold. Accordingly, a difference will not result as long as the Company uses more likely than not as its definition of probable.

Impairment of Assets

Per IAS 36, *Impairment of Assets*, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity should estimate the recoverable amount of the asset. The indicators of impairment are generally consistent with those of GAAP. An asset should be written down to its recoverable amount if the recoverable amount is less than its carrying value.

The recoverable amount is equal to the higher of the fair value less cost to sell and its value in use. It is not necessary to determine both if one indicates no impairment exists. The value in use is based on a discounted cash flow model. This approach is different than GAAP (i.e. one step model under IFRS compared to two step model under GAAP).

To the extent possible, individual assets should be tested for impairment. However, if it is not possible to determine the recoverable amount of an individual asset, an entity should determine the recoverable amount of the Cash Generating Unit ("CGU") to which the asset belongs. The definition of a CGU is different from the Canadian definition of an Asset Group.

In addition, the Company has in the past written down mineral property amounts for certain mineral properties. Under IAS 36, the Company would be required to reconsider whether there is any indication that an impairment loss recognized in a prior period may no longer exist or has decreased on transition and thereafter on an annual basis. If such indicators exist, a new recoverable amount should be calculated and all or part of the impairment charge should be reversed to the extent the recoverable amount exceeds its carrying value. This is different than GAAP where write ups are not permitted.

Asset Retirement Obligations ("ARO")

Under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* , an ARO is recognized when there is a legal or constructive obligation to restore a site for damage that has already occurred, it is probable a restoration expense will be incurred and the cost can be estimated reliably. This is different than GAAP where only legal obligations are considered.

Cost includes the cost of dismantling and removing items and restoring the site on which it is located, the obligation for which is incurred either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories. This is different from GAAP where all change in ARO are recognized as a cost of the related asset.

Under IFRS, the amount recognized as a provision shall be the best estimate of the expenditures required to settle the present obligation. This is significantly different from GAAP where third party costs are required. Under IAS 37, the provision would be based on management's best estimate. This estimate could be a third party cost if it is management's intention to hire a third party to complete the work or an internal estimate of the cost if the Company intends to use its own equipment and resources to do this work.

Where the effect of the time value of money is material, the amount of the provision should be the present value of the expenditures expected to be required to settle the obligation. This is consistent with GAAP. However, the discount rate used would be a pre-tax rate specific to the liability rather than the Company's credit adjusted risk free rate and should not reflect risks for which the future cash flow estimates have been adjusted. Unwinding of the discount (i.e. accretion) is included in finance costs.

The ARO provision should be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Changes may result from changes in the amount or timing of the cash out flows or changes in discount rates. This is different from GAAP where changes in discount rates alone would not result in a change in the ARO. Accordingly, the Company will need to assess the discount rate applicable to the ARO on an ongoing basis. As the Company has elected to apply the IFRS exemption related to asset retirement obligations, the Company will not retroactively adjust the obligation on transition for changes in discount rate that may have occurred from time to time.

IFRS Impact on Our Organization

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

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

The Company is currently evaluating the impact of the conversion on its accounting systems and has not determined whether significant changes to its accounting systems are required. The Company expects to complete this evaluation by Q3 2010.

In addition, the Company will evaluate its internal and disclosure control processes as a result of its conversion to IFRS, assess the impacts of adopting IFRS on its contractual arrangements to identify any material compliance issues such as its debt covenants and other commitments and consider the impacts the transition will have on its internal planning process and compensation arrangements. The Company expects to complete this evaluation by Q3 2010.

1.14 Financial Instruments and Other Instruments

All financial instruments, including derivatives, are included on the Company's balance sheet and measured either at fair value or amortized cost. Changes in fair value are recognized in the statements of operations or accumulated other comprehensive income, depending on the classification of the related instruments.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the asset or liability. All financial instruments are classified into one of the following categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Please refer to note 3(d) of the accompanying audited consolidated financial statements for the list of the Company's financial instruments and their classifications.

The Company is exposed in varying degrees to financial instrument related risks. The Company's board of directors approves and monitors the risk management processes, including treasury policies, counterparty limits, controlling and reporting structures. The Company is exposed to the following risks from its financial instruments:

a.) *Credit Risk* – Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its receivables and marketable securities. In general, the Company manages its credit exposure by transacting only with reputable counterparties. The Company monitors the financial condition of its customers and counterparties to contracts.

b.) *Liquidity Risk* – The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements.

c.) *Market Risk* – The significant market risk exposures to which the Company is exposed are foreign exchange risk, interest rate risk and commodity price risk. These are discussed further below:

i) Foreign exchange risk

The Company's revenues from the production and sale of copper and molybdenum are denominated in US dollars. However the Company's operating expenses are primarily incurred in Canadian dollars and its liabilities are primarily denominated in Canadian dollars. The results of the Company's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Company are reported in Canadian dollars in the Company's consolidated financial statements. The fluctuation of the US dollar in relation to the Canadian dollar will consequently have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company's revenues and treatment and transportation charges are substantially denominated in US dollars, whereas all other expenses are substantially denominated in Canadian dollars. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

A 10% change of the US dollar against the Canadian dollar as at December 31, 2009 would have changed earnings before income taxes by approximately $13 million for the year ended December 31, 2009. This analysis assumes that all other variables, in particular interest rates, remain constant.

ii) Interest rate risk

The Company is exposed to interest rate risk on its credit facility with Credit Suisse, equipment loans and capital leases. The credit facility bears interest at LIBOR plus 5%. The equipment loans and capital leases bear interest at a fixed rate. A change of 10% in the LIBOR rate for the year ended December 31, 2009 would have changed earnings before income taxes by approximately $0.086 million for the year ended December 31, 2009. This assumes all other variables, in particular foreign currency rates, remain constant.

iii) *Commodity price risk*

The value of the Company's mineral resource properties is related to the price of gold, copper, molybdenum and niobium and the outlook for these minerals. Gold, copper, molybdenum and niobium prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

The profitability of the Company's operations is highly correlated to the market price of copper, molybdenum, niobium and gold. If metal prices decline for a prolonged period below the cost of production of the Company's Gibraltar mine, it may not be economically feasible to continue production.

A 10% change in copper and molybdenum prices during the year ended December 31, 2009 would have affected net earnings by approximately $16 million. This analysis assumes that all other variables remain constant.

During fiscal 2009, the Company introduced a copper hedging program. The program is a part of the Company's risk management strategy and was conceived due to the copper price variability experienced in fiscal 2008 and the perceived need to mitigate the potential risks to revenue and operating margins.

The strategy used to manage copper price risk is called a "zero cost cap and collar" whereby the Company buys a copper "put" option and simultaneously sells an offsetting "call" option. The Company intends to review its hedge position from time to time in light of prevailing market and economic conditions.

1.15 Other MD&A Requirements

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

1.15.1 Additional Disclosure for Venture Issuers without Significant Revenue

Not applicable. The Company is not a Venture Issuer.

1.15.2 Disclosure of Outstanding Share Data

The following details the share capital structure as at March 16, 2010, the date of this MD&A. These figures may be subject to minor accounting adjustments prior to presentation in future consolidated financial statements.

	Expiry date	Exercise price	Number	Number
Common shares				184,484,831
Share purchase option	03-Jul-10	$4.03	60,000	
	28-Sep-10	$1.15	90,000	
	24-Feb-11	$4.50	93,000	
	28-Mar-11	$2.18	342,000	
	28-Mar-11	$2.63	40,000	
	22-Aug-11	$4.09	15,000	
	10-Dec-11	$1.00	1,298,800	
	24-Feb-12	$3.07	165,000	
	24-Feb-12	$4.50	135,000	
	07-Jul-12	$1.90	14,000	
	30-Jul-12	$2.17	57,000	
	15-Jan-13	$4.77	1,043,500	
	10-Dec-13	$1.00	2,915,000	
	12-Jan-14	$1.15	2,010,334	
	21-Apr-14	$1.71	1,546,834	
	2-Dec-14	$4.14	150,000	
	5-Jan-15	$4.46	1,925,000	
	15-Jan-15	$4.14	150,000	
	28-Jan-15	$5.00	210,000	
	16-Feb-15	$4.59	120,000	
				12,380,468
Preferred shares redeemable into Taseko Mines Limited common shares				12,483,916

1.15.3 Internal Controls over Financial Reporting Procedures

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's 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 GAAP, 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. 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 statement preparation and presentation.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of internal control over financial reporting based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management has concluded that internal control over financial reporting was effective as of December 31, 2009 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

There have been no significant changes in internal controls over financial reporting during the fiscal period ended December 31, 2009 that could have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

1.15.4 Disclosure Controls and Procedures

Disclosure controls and procedures are those controls and procedures that are designed to ensure that the information required to be disclosed in the filings under applicable securities regulations is recorded, processed, summarized and reported within the time periods specified. As at December 31, 2009, under the supervision and with the participation of the Company's management, including the Chief Executive the Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's disclosure controls and procedures during the fiscal period ended December 31, 2009 that could have materially affected or are reasonably likely to materially affect the Company's disclosure controls and procedures.

1.15.5 Non GAAP Measures

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

Cash Production Cost

	Twelve months ending 31-Dec-09
GAAP operating costs (in thousands of CAD)	**$ 109,964**
Less: inventory adjustments	(324)
Less: molybdenum credits	(8,786)
Less: silver credits	(2,001)
Net operating costs (in thousands of CAD)	98,853
Total copper production (in thousands of lbs)	70,347
Cost per lb (CAD)	1.41
Average exchange rate	1.1308
Cost per lb (USD)	**$ 1.24**
GAAP treatment and transportation costs (in thousands of CAD)	24,089
Total copper sales (in thousands of lbs)	71,096
Treatment and transportation per lb of copper (in CAD)	0.34
Average exchange rate	1.1308
Treatment and transportation cost per lb (in USD)	**$ 0.30**
Total cash cost per lb of copper (in USD)	**$ 1.54**

1.15.6 Risk Factors

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of Taseko and could cause the Company's operating and financial performance to differ materially from the estimates described in forward-looking statements relating to the Company.

Volatility in Metals Prices

The profitability of the Gibraltar Mine and the financial results, exploration, development and mining activities on the Company's other properties, are directly related and sensitive to the market price of copper, gold, molybdenum and other metals. Metal prices fluctuate widely and are affected by numerous factors beyond the Company's control, including global supply and demand, expectations with respect to the rate of inflation, the exchange rates of the United States dollar to other currencies, interest rates, forward selling by producers, production and cost levels in major producing regions, global or regional political, economic or financial situations and a number of other factors such as the sale or purchase of commodities by various commodity traders, production costs of major mineral producing countries and the cost of substitutes.

Financing

The Company has been successful at financing its projects and operations over the years. However, the Company's ability to continue its exploration, assessment, development and operational activities will depend on the resource industry generally, which is cyclical in nature, and which may, in turn, affect the Company's ability to attract financing, including joint venture financing, debt or bank financing, equity financing or production financing arrangements. Failure to obtain, or difficulty or delay in obtaining, requisite financing could result in delay of certain projects or postponement of further exploration, assessment or development of certain properties or projects. Financing through the issuance of equity will result in dilution of existing shareholders.

Taseko's Prosperity Project Risks

On January 14, 2010, Taseko received the environmental assessment certificate for the Prosperity Project from the British Columbia Provincial Ministry of Environment. The Company expects the Federal environmental assessment process to be complete by mid 2010. Applications for Provincial permits are being prepared and are expected to be submitted before the end of March 2010. Failure to obtain such certificates and permits in a timely manner or at all will delay or even lead to abandonment of the Prosperity Project which would likely negatively affect the Company's share price.

Furthermore, the feasibility assumes specified, long-term price levels for gold and copper. The prices of these metals have historically been volatile, and the Company has no control of or influence on its price, which is determined in international markets. There can be no assurance that the price of gold or copper will remain at current levels or that it will not decline below the prices assumed in the feasibility study.

The Prosperity Project will require substantial financing, including a possible combination of debt and equity financing. There can be no assurance that debt and/or equity financing will be available on acceptable terms. Other general risks include those typical of very large construction projects, including the general uncertainties inherent in engineering and construction costs, the need to comply with generally increasing environmental regulation, and accommodation of local and community concerns.

The economics of the feasibility study are sensitive to the US Dollar and Canadian Dollar exchange rate, and this rate has been subject to large fluctuations in the last several years.

Increased Costs Could Affect Profitability

The cash cost of production is frequently subject to great variation from one year to the next due to a number of factors, such as changing strip ratios, ore grade, metallurgy, cost of supplies and services (for example, electricity and fuel) and the exchange rate of supplies and services denominated in foreign currencies. If these costs used in connection with the Company's operations were to increase significantly, and remain at such levels for a substantial period, the Company's cash flows from operations may be negatively affected. The Company prepares estimates of future production and unit cash costs of production annually. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in operating or capital costs could have an adverse impact on the Company's future cash flows, profitability, results of operations and financial condition.

Taseko's Harmony Project and Aley Project Contain No Known Reserves of Ore

Although there are known bodies of mineralization on the Harmony and Aley Projects, there are currently no known reserves or body of commercially viable ore and additional work is required before Taseko can ascertain if any mineralization may be economic. Exploration for minerals is a speculative venture necessarily involving substantial risk. If the expenditures Taseko makes on these properties do not result in discoveries of commercial quantities of ore, the exploration and acquisition expenditures will be written off and the value of Taseko stock could be negatively impacted. Under SEC reserve recognition rules, the Prosperity Project does not contain any reserves.

Exchange Rate Risk

The Company is subject to currency exchange rate risk because prices of copper and molybdenum are denominated in United States dollars and, accordingly, the Company's revenues will be received in United States dollars. The Company's expenses are almost entirely denominated in Canadian dollars. The Company currently does not engage in foreign exchange hedging. Any strengthening in the Canadian dollar will negatively impact the profitability of the Company's mining operations.

Uncertain Project Realization Values

The Company annually undertakes a detailed review of the life-of-mine plans for its operating properties and an evaluation of the Company's portfolio of development projects, exploration projects and other assets. The recoverability of the Company's carrying values of its operating and development properties are assessed by comparing carrying values to estimated future net cash flows from each property.

Factors which may affect carrying values include, but are not limited to: copper, molybdenum and gold prices; capital cost estimates; mining, processing and other operating costs; grade and metallurgical characteristics of ore; and mine design and timing of production. In the event of a prolonged period of depressed copper prices, the Company may be required to take additional material write-downs of its operating and development properties.

General Mining Risks

Mining is an inherently risky business with large capital expenditures and cyclical metals markets. Factors beyond the control of Taseko will affect the marketability of any minerals discovered and mined. The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of ore are discovered at the Prosperity Project and the Harmony Project, a profitable market will exist for the sale of minerals produced by Taseko. Factors beyond the control of Taseko may affect the marketability of any substances discovered. Metal prices, in particular copper, molybdenum and gold prices, have fluctuated widely in recent years. Prices are determined in international markets over which the Company has no influence.

The operations of Taseko may require licenses and permits from various governmental authorities. There can be no assurances that Taseko will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and operations at its projects.

Although the Company maintains high environmental standards for all of its projects, there are almost always public concerns about new mining projects and any significant public opposition to the Prosperity Project will increase the likelihood that its development is delayed or prevented.

Taseko also competes with many companies possessing far greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees.

Typical mining risks are also that estimated reserves are not of the size or grade estimated, and adverse geological or ground conditions, adverse weather conditions, potential labour problems, and availability and cost of equipment procurement and repairs can impact operations.

Taseko's Share Price is Volatile

In recent years, the market price of a publicly traded stock, especially a resource issuer like Taseko, has experienced a high level of price and volume volatility. Taseko's shares have ranged between $0.36 and $20.00 in the last 18 years and between approximately $6.28 and $0.69 in the last three years.

The wide fluctuation in market prices of securities may not necessarily be related to the operating performance, underlying asset values or prospects of the Company. Other factors impacting share prices may include the strength of the economy, market perceptions of the attractiveness of particular industries, and the breadth of the public market for the stock. The price of the securities of the Company is also likely to be significantly affected by short-term changes in commodity prices, other precious metal prices or other mineral prices, currency exchange fluctuations and the political environment. The effect of these and other factors on the market price of the common shares on the TSX and the NYSE Amex suggest that Taseko's shares will continue to be volatile.

Environmental Considerations

The estimation of the existing reclamation liability related to the Gibraltar Mine is not free from uncertainty. Mining always entails risks of spills, pollution, reclamation, and other liabilities and obligations, which like other mining companies, may adversely affect Taseko. If these challenges are not properly assessed or if rules become more onerous, Taseko could be materially adversely affected.

Significant Potential Equity Dilution

Taseko had 12,380,468 share purchase options in-the-money at March 16, 2010. In addition, shares are potentially issuable in 2011 on conversion of Gibraltar's class of Preferred Shares issued for the Harmony project. All of the foregoing may likely act as an upside constraint on the trading price of Taseko's shares.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Taseko Mines Limited

We consent to the inclusion in this annual report on Form 40-F of:

- our Report of Independent Registered Public Accounting Firm dated March 31, 2010 on the consolidated balance sheets of Taseko Mines Limited ("the Company") and subsidiaries as of December 31, 2009 and 2008 and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for the year ended December 31, 2009, the fifteen month period ended December 31, 2008 and the year ended September 30, 2007; and
- our Report of Independent Registered Public Accounting Firm dated March 31, 2010 on the Company's internal control over financial reporting as of December 31, 2009

each of which is contained in this annual report on Form 40-F of the Company for the fiscal year ended December 31, 2009. Our Report of Independent Registered Public Accounting Firm refers to changes in accounting policies described in note 4(d) to the consolidated financial statements.



Chartered Accountants

Vancouver, Canada
March 31, 2010

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Taseko Mines Limited

Building wealth through developing and operating major copper & gold mines

March 31, 2010

VIA EDGAR

United States Securities and Exchange Commission

Re: Taseko Mines Limited (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Form 40-F annual report for the year ended December 31, 2009 (the " **Annual Report**") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2009.

I hereby consent to the use of my name in connection with reference to my involvement in the preparation of the following technical reports (the "**Technical Reports**"):

- "Technical Report on the 344 million tonne increase in mineral reserves at the Prosperity Gold – Copper Project" dated December 17, 2009
- "Technical Report on the 105 million ton increase in the Mineral Reserves at the Gibraltar Mine, British Columbia" dated January 23, 2009.

and to references to the Technical Reports, or portions thereof, in the Annual Report and to the inclusion and incorporation by reference of the information derived from the Technical Reports in the Annual Report.

Yours truly,

/s/ S. Jones

Scott Jones, P.Eng., Vice President, Engineering

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