

TASEKO MINES LTD
Form SUPPL
April 13, 2011

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**Filed pursuant to General Instruction II.L of Form F-10
File No. 333-173197**

PROSPECTUS SUPPLEMENT

(To the Amended and Restated Short Form Base Shelf Prospectus dated April 4, 2011)

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement, together with the accompanying amended and restated short form base shelf prospectus dated April 4, 2011 to which it relates, as amended or supplemented, and each document deemed to be incorporated by reference into this prospectus supplement and the amended and restated short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See Underwriting .

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Taseko Mines Limited, #300, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6 (Telephone (604) 684-6365) (Attn: the Secretary), and are also available electronically at www.sedar.com.

New Issue

April 12, 2011

US\$200,000,000

7.75% Senior Notes due 2019

Taseko Mines Limited (Taseko or the Company) is hereby offering (the Offering) for sale US\$200,000,000 in aggregate principal amount of 7.75% senior notes due 2019 (the Notes). The Notes will mature on April 15, 2019. Taseko will pay interest on the Notes on each April 15 and October 15, commencing October 15, 2011. Taseko may redeem some or all of the Notes at any time on or after April 15, 2015 at the redemption prices set forth in this prospectus supplement. Taseko may redeem some or all of the Notes at any time prior to April 15, 2015 at a price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the redemption date and a make-whole premium, as described in this prospectus supplement. In addition, until April 15, 2014, Taseko may redeem up to 35% of the aggregate principal amount of the Notes in an amount not greater than the net proceeds of certain equity offerings at the redemption price set forth in this prospectus supplement. Taseko may also redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. Holders may require Taseko to repurchase the Notes upon a change of control. **The Notes are denominated in United States dollars.** See Exchange Rate Information .

The Notes will be senior unsecured obligations of Taseko and will rank equally in right of payment with all of Taseko s existing and future senior unsecured debt. The Notes will be guaranteed on a senior unsecured basis by each of Taseko s existing and future subsidiaries, other than certain immaterial subsidiaries. Taseko will guarantee each such guarantee.

Investing in the Notes involves significant risks. See Risk Factors beginning on page S-17 of this prospectus supplement.

This prospectus supplement and the accompanying amended and restated short form base shelf prospectus (the Prospectus) include additional information about the terms of the Notes, including optional redemption prices and

covenants.

	Per Note	Total
Public offering price ⁽¹⁾	100%	US\$ 200,000,000
Underwriting discount	2.5%	US\$ 5,000,000
Estimated proceeds to the Company, before expenses	97.5%	US\$ 195,000,000

⁽¹⁾ Plus accrued interest from April 15, 2011 if settlement occurs after that date.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors .

The Company has entered into an underwriting agreement, dated as of April 12, 2011 (the Underwriting Agreement), with Barclays Capital Inc., as representative of several underwriters (collectively, the Underwriters), relating to Notes offered by this prospectus supplement and the Prospectus. The Underwriters, as principals, conditionally offer these securities, subject to prior sale, if, as and when issued by Taseko and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement. See Underwriting beginning on page S-137 of this prospectus supplement for more information regarding these arrangements.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE SEC) NOR ANY STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Underwriters propose to offer the Notes at the offering price. **After the Underwriters have made reasonable efforts to sell all of the Notes at the offering price, the price may be decreased and further changed from time to time, to an amount not greater than the offering price. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Notes is less than the gross proceeds paid by the Underwriters to the Company. See Underwriting .**

Taseko is permitted, under a multi-jurisdictional disclosure system adopted by the United States, to prepare this prospectus supplement and the Prospectus in accordance with Canadian disclosure requirements, which are different from those of the United States. Taseko prepares its financial statements, which are included in this prospectus supplement and incorporated by reference in the Prospectus, in accordance with Canadian generally accepted accounting principles (Canadian GAAP), and they are subject to Canadian auditing and auditor independence standards. Taseko s financial statements may not be comparable to the financial statements of U.S. companies.

Purchasing the Company s securities may subject you to tax consequences both in the United States and Canada. This prospectus supplement may not describe these tax consequences fully. You should read the tax discussion in this prospectus supplement and the Prospectus fully and consult with your own tax advisers.

Your ability to enforce civil liabilities under United States federal securities laws may be affected adversely by the fact that Taseko is incorporated under the laws of British Columbia, a majority of Taseko s directors are not U.S. residents, a majority of Taseko s officers and certain of the experts named in this prospectus supplement and the Prospectus are residents of Canada and a substantial portion of the Company s assets are

located outside the United States.

Taseko expects that delivery of the Notes in book-entry form will be made through The Depository Trust Company on or about April 15, 2011.

Sole Book-Running Manager

Barclays Capital

Co-Managers

BMO Capital Markets

TD Securities

Prospectus Supplement dated April 12, 2011

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IMPORTANT NOTICE

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the Notes we are offering and the method of distribution of the Notes and also supplements and updates information regarding Taseko contained in the Prospectus. The second part, the Prospectus, gives more general information about securities Taseko may offer from time to time, some of which may not apply to this Offering. Both documents contain important information you should consider when making your investment decision. This prospectus supplement may add, update or change information contained in the Prospectus. Before investing, you should carefully read both this prospectus supplement and the Prospectus together with the additional information about Taseko to which we refer you to in Documents Incorporated By Reference and Where You Can Find More Information .

You should rely only on information contained in this prospectus supplement, the Prospectus, the documents we incorporate by reference in this prospectus supplement and the Prospectus, and any term sheet we provide describing the final terms of the Notes. If information in this prospectus supplement is inconsistent with the accompanying Prospectus or the information incorporated by reference, you should rely on this prospectus supplement. Taseko has not authorized anyone to provide you with information that is different. If anyone provides you with any different or inconsistent information, you should not rely on it. Taseko is offering the Notes only in jurisdictions where such offers are permitted by law. The information contained in this prospectus supplement and the Prospectus is accurate only as of their respective dates, regardless of the time of delivery of this prospectus supplement and the Prospectus and you should not assume otherwise.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the Prospectus are part of a shelf registration statement on Form F-10 that Taseko has filed with the SEC. The shelf registration statement became effective with the SEC on April 5, 2011. This prospectus supplement does not contain all of the information contained in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. You should refer to the registration statement and the exhibits to the registration statement for further information with respect to us and our securities.

In this prospectus supplement, unless stated otherwise or the context requires, all dollar amounts are expressed in Canadian dollars. All references to US\$ are to the lawful currency of the United States and all references to \$, C\$, CDN\$ or CAD are to the lawful currency of Canada.

Some of the information contained or incorporated by reference in this prospectus supplement and the Prospectus concerning economic and industry trends is based upon or derived from information provided by industry sources. Taseko believes that such information is accurate and that the sources from which it has been obtained are reliable. However, Taseko cannot guarantee the accuracy of such information and Taseko has not independently verified the assumptions upon which projections of future trends are based.

In this prospectus supplement, unless the context requires otherwise, Taseko , the Company , we , us and our refer to Taseko Mines Limited and its subsidiaries through which it operates. Certain capitalized terms used but not defined herein have the meanings given to those terms in the Prospectus.

Taseko prepares its financial statements in accordance with Canadian GAAP, which differs from United States generally accepted accounting principles (U.S. GAAP). Therefore, our financial statements incorporated by reference in this prospectus supplement and the Prospectus, and in the documents incorporated by reference in this prospectus supplement and the Prospectus, may not be comparable to financial statements prepared in accordance with United

States generally accepted accounting principles. Prospective investors should refer to note 23, Differences between Canadian and United States Generally Accepted Accounting Principles, included in our consolidated financial

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statements included herein for a discussion of the principal differences between our financial results determined under Canadian GAAP and under U.S. GAAP. Such note should be read in conjunction with the Company's audited consolidated financial statements as at and for the fiscal periods ended December 31, 2010, 2009 and 2008.

EXCHANGE RATE INFORMATION

In this prospectus supplement, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars. The following table sets forth: (i) the rates of exchange for Canadian dollars, expressed in U.S. dollars, in effect at the end of the periods indicated; (ii) the average exchange rates in effect during such periods; (iii) the high rate of exchange in effect during such periods; and (iv) the low rate of exchange in effect during such periods, such rates, in each case, based on the noon rates of exchange for conversion of one Canadian dollar to one U.S. dollar as reported by the Bank of Canada.

	Year Ended December 31,		
	2008	2009	2010
Low	0.7711	0.7692	0.9278
High	1.0289	0.9716	1.0054
Average	0.9381	0.8757	0.9709
End	0.8166	0.9555	1.0054

On December 31, 2010, the noon exchange rate quoted by the Bank of Canada for conversion of Canadian dollars to U.S. dollars was C\$1.00 = US\$ 1.0054.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the Prospectus, including the documents incorporated by reference, contain forward-looking statements and forward-looking information (collectively referred to as forward-looking statements) which may not be based on historical fact, including without limitation statements regarding our expectations in respect of future financial position, business strategy, future production, reserve potential, exploration drilling, exploitation activities, events or developments that we expect to take place in the future, projected costs and plans and objectives. Often, but not always, forward-looking statements can be identified by the use of the words believes, may, plan, will, estimates, scheduled, continue, anticipates, intends, expects, and similar expressions.

Such statements reflect our current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by our company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, among others:

delays or inability to successfully complete the environmental assessment review process for the Prosperity Project;

the potential for increase in the cash cost of production at the Gibraltar Mine;

lack of mineral reserves at the Harmony Project and Aley Project;

the estimates of mineral resources is a subjective process, the accuracy of which is a function of the quantity and quality of available data and the assumptions made and judgment used in the engineering and geological interpretation, which may prove to be unreliable, and may be subject to revision based on various factors;

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inability to achieve target recoveries and concentrate grades estimated from metallurgical test work on drill core samples provided for testing;

fluctuation of metal prices and currency rates;

uncertain project realization values;

current global economic conditions;

changes in mining legislation adversely affecting our operations;

inability to obtain adequate financing on acceptable terms;

inability to obtain necessary exploration and mining permits and comply with all government requirements including environmental, health and safety laws;

inability to attract and retain key personnel; and

other risks detailed from time-to-time in our quarterly filings, annual information forms, annual reports and annual filings with securities regulators, and those risks which are discussed under the heading Risk Factors in this prospectus supplement.

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.

Such forward-looking statements are included, among other places, in this prospectus supplement under the headings Taseko Mines Limited, Use of Proceeds and Risk Factors, in the Prospectus under the heading The Company and in the Annual Information Form (as defined in this prospectus supplement) under the heading Description of Business, and in the Management's Discussion and Analysis for the year ended December 31, 2010, each of such documents being incorporated by reference in this prospectus supplement and the Prospectus.

These factors should be considered carefully and readers are cautioned not to place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of risk factors in this prospectus supplement and the Prospectus is not exhaustive and it is recommended that prospective investors consult the more complete discussion of risks and uncertainties facing the Company included in this prospectus supplement and the Prospectus. See Risk Factors in this prospectus supplement for a more detailed discussion of these risks.

Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to it on the date such statements were made, no assurances can be given as to

future results, approvals or achievements. The forward-looking statements contained in this prospectus supplement and the Prospectus and the documents incorporated by reference in this prospectus supplement and the Prospectus are expressly qualified by this cautionary statement. The Company disclaims any duty to update any of the forward-looking statements after the date of this prospectus supplement to conform such statements to actual results or to changes in the Company's expectations except as otherwise required by applicable law.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus supplement from documents filed with the securities regulatory authorities of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island. Copies of the documents incorporated herein by reference may be obtained on request without charge from Taseko Mines Limited, #300, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6 (Telephone (604) 684-6365) Attn: the Secretary, and are also available electronically at www.sedar.com. The Company's filings through SEDAR are not incorporated by reference in this prospectus supplement or the Prospectus except as specifically set out herein or therein.

This prospectus supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of the Offering described in this prospectus supplement. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus.

The following documents filed with the securities commission or similar regulatory authority in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island, are specifically incorporated by reference into, and except where otherwise provided, form an integral part of, this prospectus supplement and the Prospectus:

annual information form dated March 28, 2011 for the fiscal year ended December 31, 2010 (the Annual Information Form);

consolidated financial statements and the notes thereto as at December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009 and for the fifteen month period ended December 31, 2008, together with the auditors' report dated March 16, 2011 thereon;

management's discussion and analysis for the year ended December 31, 2010;

management information circular dated May 13, 2010 relating to the annual general meeting of shareholders held June 16, 2010; and

consolidated financial statements and the notes thereto as at December 31, 2010 and 2009 and for the years ended December 31, 2010 and 2009 and the fifteen month period ended December 31, 2008 which include note 23, Differences between Canadian and United States Generally Accepted Accounting Principles, together with the auditors' report dated March 28, 2011 thereon. These financial statements were filed in Canada on March 30, 2011 as Other and filed in the United States with the Company's 40-F Annual Report on March 30, 2011.

Material change reports (other than confidential reports), business acquisition reports, interim financial statements, all other documents of the type referred to above and any other document of the type required by National Instrument 44-101 *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, filed by the Company with the securities regulatory authority in the Provinces of British Columbia, Alberta, Manitoba, Ontario, Saskatchewan, Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island after the date of the Prospectus and before completion or withdrawal of the Offering, will also be deemed to be incorporated by reference into this prospectus supplement and the Prospectus.

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To the extent that any document or information incorporated by reference into this prospectus supplement or the Prospectus is included in any report on Form 6-K, Form 40-F, Form 20-F, Form 10-K, Form 10-Q or Form 8-K (or any respective successor form) that is filed with or furnished to the SEC after the date of this prospectus supplement or the Prospectus, such document or information shall be deemed to be incorporated by reference as an exhibit to the registration statement of which this prospectus supplement or the Prospectus form a part. In addition, Taseko may incorporate by reference into this prospectus supplement or the Prospectus, or the registration statement of which they form a part, other information from documents that we file with or furnish to the SEC pursuant to

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Section 13(a) or 15(d) of the United States Securities Exchange Act of 1934, as amended, if and to the extent expressly provided therein.

Any statement contained in this prospectus supplement, the Prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or the Prospectus will be deemed to be modified or superseded for the purposes of this prospectus supplement or the Prospectus to the extent that a statement contained in this prospectus supplement or the Prospectus or in any other subsequently filed document that is also incorporated or is deemed to be incorporated by reference in this prospectus supplement or the Prospectus modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the Prospectus.

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PROSPECTUS SUMMARY

The summary below does not contain all the information that you may consider important in making your decision to invest in the Notes and is qualified in its entirety by and should be read in conjunction with the detailed information and consolidated financial statements appearing elsewhere or incorporated by reference in this prospectus supplement and the Prospectus.

Company Overview

Taseko's business is focused on enhancing the production of copper and molybdenum from its 75% owned Gibraltar mine (Gibraltar or the Gibraltar Mine) and on permitting its Prosperity gold and copper project (the Prosperity Project). A feasibility study has been completed for the Prosperity Project, demonstrating mineral reserves as defined under National Instrument 43-101 (Standards for Disclosure for Mineral Properties) of the Canadian Securities Administrators. 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 has two additional properties located in British Columbia, including the exploration stage gold property known as the Harmony project (the Harmony Project), and the exploration stage niobium project known as the Aley project (the Aley Project). 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. Except for the joint venture established with Cariboo Copper Corp. (Cariboo) for the Gibraltar Mine, Taseko and its subsidiaries currently own all of their projects outright.

After focusing on the recommencement of copper production at the Gibraltar Mine from 2005 through 2007, the Company reactivated environmental and economic work on the Prosperity Project. A favorable feasibility study on the Prosperity Project was completed in September 2007, which projects the technical and economic feasibility of the project under long-term metal price forecasts, which are well below current spot prices.

From 2008 through 2010, 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. In 2010, the Company completed a successful exploration program at the Aley Project and also initiated project assessment work on the Harmony Project. Taseko believes 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 the projects for which economics have not yet been determined.

Taseko's common shares are listed on the Toronto Stock Exchange (TSX) and New York Stock Exchange AMEX (NYSE AMEX) with a market capitalization of C\$1.1 billion and US\$1.1 billion, respectively, as of April 1, 2011.

Recent Developments

In 2011, the Company plans to move forward with an expansion at Gibraltar. The Gibraltar Development Plan 3 (GDP-3) will include construction of a new concentrator to complement the existing 55,000 tons per day (tpd) facility, increasing annual production capacity to 180 million pounds of copper, at life of mine average grade. A new molybdenum recovery facility is also planned to increase annual molybdenum production to over two million pounds. The capital cost for the concentrator facility is estimated to be \$235 million and approximately \$90 million for the additional mining equipment. The estimated \$325 million total capital cost represents 100% of the outlays required. The Company's share is expected to be 75% of that amount. However, proceeding with GDP-3 will require the consent of Cariboo which has a consent right over the approval of any operating plan and budget or capital budget, which

results in a 30% or greater variance from the long term mine plan which was provided to Cariboo prior to establishing the joint venture. On March 29, 2011, Taseko

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made a proposal to Cariboo that Taseko would fund 100% of the GDP-3 expansion pending Cariboo either electing to pay its 25% share prior to completion of construction, plus interest, or if it did not so elect by that time, Taseko would recover Cariboo's share of the project costs that it had funded through priority on all the positive cash flow from the expansion after which the parties would revert to 75:25 for all of the Gibraltar Mine operations. On April 4th, 2011, Cariboo confirmed that, based on the GDP-3 presentation made by Taseko, but subject to any subsequent changes in circumstances that would have an adverse effect on the Gibraltar Mine or Cariboo's rights under the Joint Venture Operating Agreement (as determined in Cariboo's reasonable discretion), Cariboo does not intend to veto or otherwise prevent Taseko from proceeding with the expansion, project while Taseko's proposal remains under consideration by Cariboo. See Risk Factors Risks Related to the Notes The use of the net proceeds of the Offering to fund the GDP-3 expansion of the Gibraltar Mine requires the consent of Cariboo. In addition, our management will have broad discretion in allocating the net proceeds of the Offering, and may use the proceeds in ways in which you disagree .

Business Strategy

Taseko's business is focused on enhancing the production of copper and molybdenum from the Gibraltar Mine and on permitting the Prosperity Project. Taseko intends to pursue this strategy through the following initiatives:

Expand the Gibraltar Mine: Taseko intends to maximise the value of the Gibraltar Mine through the continued, phased expansion of the operation. The Company has already successfully completed a major, multi-phase expansion and modernization program. On February 16, 2011, Taseko announced that its Board of Directors had approved plans to proceed with a further capacity increase at the Gibraltar Mine, the GDP-3 project. The GDP-3 expansion is expected to increase mill throughput from 55,000 tpd to 85,000 tpd, and increase Gibraltar's annual copper production by approximately 50% from 120 million pounds to 180 million pounds, at life of mine average grade. In addition, an integral part of the GDP-3 project is a new molybdenum recovery facility, which is expected to increase molybdenum metal production by over one million pounds per year. Note, however, that, as discussed above, the GDP-3 expansion requires the consent of Cariboo.

Focus on large deposits with long reserve life: Taseko generally seeks to acquire, develop and operate large tonnage mineral deposits which, under conservative metals price assumptions, are potentially capable of supporting production for 10 years or longer. The Company has planned a 2011 drill program at the Gibraltar Mine to facilitate the conversion of a significant portion of Gibraltar's 500 million tons of measured and indicated resources to proven and probable reserves.

Focus on cost control: Taseko seeks to control its costs to generate positive cash flow at all points of the copper price cycle. Taseko is focused on continual operational improvement and cost control and identifies improvement initiatives through its budget process and mine life planning. Through the efforts of its experienced and well-trained workforce, Taseko has already achieved many operational improvements and expects to generate additional improvements in the areas of mine planning, ore haulage and ore processing.

Concentrate on low political risk jurisdictions: Taseko has assembled a portfolio of four properties that are all located in British Columbia, Canada. In the future, the Company intends to continue to focus its efforts on mineral deposits that are located in jurisdictions that Taseko believes to be politically stable and supportive of the mining industry.

Maintain a conservative financial profile: Taseko intends to maintain a conservative financial profile to ensure it is well positioned to manage future volatility in commodity prices and to respond to opportunities as they arise. Taseko intends to fund its development and exploration programs using cash flow, proceeds from property dispositions, equity or debt financings or a combination of these sources.

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Competitive Strengths

Taseko believes the following strengths provide the Company with significant competitive advantages as it executes its business strategy:

Established producer with long-standing operating track record: Taseko's primary asset, the Gibraltar Mine, is the second largest open pit copper mine in Canada, with nearly 40 years of operation from four pits. Taseko's management restarted the mine in 2004 and completed the Phase I expansion in February 2008. The Phase II expansion is scheduled for completion in the second quarter of 2011. In 2010, the Gibraltar Mine produced approximately 92.3 million pounds of copper and 941,000 pounds of molybdenum. Gibraltar has historically produced a clean concentrate that is acceptable to a broad range of smelters. Construction on GDP-3 is expected to commence in spring and commissioning is expected by early 2013 with no impact on existing operations. GDP-3 will include the construction of a new 30,000 tpd concentrator to complement the existing 55,000 tpd facility. Note, however, that, as discussed above, the GDP-3 expansion requires the consent of Cariboo.

The graph below illustrates the Gibraltar Mine's historical mill throughput and copper grade by quarter (100% basis).

Long life asset with relatively low-risk mining operations: The robust, scalable open pit Gibraltar Mine has been operating for nearly 40 years, and has historically enjoyed very few non-discretionary production disruptions. The Gibraltar mine life is 23 years at current production rates. Reserve growth at the Gibraltar Mine has been achieved through exploration and resource conversion. Taseko's current exploration program is focused on converting a portion of the approximately 500 million tons of measured and indicated resources to proven and probable reserves.

Attractive jurisdiction: Taseko's assets are located in British Columbia, Canada—a politically stable and mining friendly jurisdiction. Taseko believes the British Columbia government has taken a pro-mining view with respect to future economic development of the province given the desire to keep high tax-paying jobs in-province. The Gibraltar Mine is located in close proximity to existing infrastructure and a skilled labour force. Taseko believes that Gibraltar's access to low cost grid power also provides the Company with a competitive cost advantage.

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The stars in the map below identify the location of Taseko's assets in relation to surrounding major towns and cities.

Experienced management team and Board of Directors: Taseko's award winning management and Board of Directors have extensive mining industry expertise, including considerable experience in copper mining and mining in British Columbia. The management team is led by Mr. Russell Hallbauer (Chief Executive Officer) who possesses 35 years of experience in the mining industry. Prior to Taseko, Mr. Hallbauer was with Teck Cominco Ltd, where he held responsibilities as General Manager of Base Metal Joint Ventures and General Manager of Coal Operations. Mr. John McManus, Senior Vice President, Operations, has 30 years of experience in the mining industry. Prior to Taseko, Mr. McManus was General Manager, Coal Mountain Operation at Elk Valley Coal Corp. Mr. McManus' past experience also includes five years working in operations and engineering at the Highland Valley and Lornex copper mines.

Taseko believes the combination of an experienced board of directors and management team provides the Company with a competitive advantage in operating the Gibraltar Mine, advancing its development projects and capitalizing on future growth opportunities.

Conservative financial profile: As of December 31, 2010, Taseko had cash and cash equivalents of \$212 million, \$38 million of senior indebtedness outstanding, consisting primarily of equipment loans and capital lease obligations, and no material legacy liabilities. On an as adjusted basis for the Offering, our ratio of total debt at December 31, 2010 to Adjusted EBITDA for the twelve months then ended will remain modest at 2.3x. See Summary Historical Financial and Other Data.

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Taseko utilizes an active risk management strategy. The Company currently has put option contracts covering 100% of its projected share of production from the Gibraltar Mine through the third quarter of 2011. Taseko intends to continue to actively protect downside risk on a rolling basis.

The Company has a history of funding growth through equity offerings, minority stake sales, off-take financing and gold streaming transactions.

Gibraltar Resources and Reserves

The proven and probable reserves as of December 31, 2010 are tabulated in the table below and are NI 43-101 and SEC Guide 7 compliant.

**Gibraltar Mine Mineral Reserves Sulphide Mineral Reserves
at 0.20% Copper Cut-off**

Pit	Category	Tons (millions)	Copper (Cu) (%)	Molybdenum (Mo) (%)
Connector	Proven	40.4	0.296	0.010
	Probable	14.8	0.271	0.009
	Subtotal	55.2	0.289	0.010
Gibraltar	Proven	66.8	0.286	0.008
	Probable	33.3	0.285	0.013
	Subtotal	100.1	0.286	0.010
Granite	Proven	163.4	0.323	0.009
	Probable	21.6	0.319	0.009
	Subtotal	185.0	0.322	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		445.0	0.314	0.008

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This section uses the terms measured 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.**

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

**Gibraltar Mine Mineral Resources
at 0.20% Copper Cut-off**

Category	Tons (millions)	Copper Cu (%)	Molybdenum Mo (%)
Measured	583.0	0.301	0.008
Indicated	361.0	0.290	0.008
Total	944.0	0.297	0.008

There are also oxide reserves, identified in both the Connector and Gibraltar pits as shown in the table below. These oxide reserves are in addition to the sulphide reserves stated in the reserve table on the previous page and are contained within the resources contained in the table above.

**Gibraltar Mine Oxide Mineral Reserves
at 0.10% ASCu cut-off**

Pit	Tons (millions)	Cu (%)	ASCu (%)
Connector	12.7	0.349	0.151
Gibraltar	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 (as defined herein). 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.

Prosperity Resources and Reserves

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 the table below.

**Prosperity Mineral Reserves
at CDN\$5.50 NSR/t Pit-Rim Cut-off**

Tonnes Gold Copper

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

Recoverable gold and copper are calculated using life of mine average target recoveries of 69% and 87% for gold and copper, respectively.

Table of Contents**Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources**

This section uses the terms measured 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 for the Prosperity Project shown below include the mineral reserves shown above. Resource estimates were based on a copper cut-off of 0.14%.

**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

Industry Overview

Unless specifically stated otherwise, the following information on copper has largely been extracted from the World Copper Factbook 2010, published by the International Copper Study Group (ICSG). ICSG's website is www.icsg.org (for the avoidance of doubt, such website is not part of or incorporated by reference in this prospectus supplement or the Prospectus).

Copper Overview

Copper is a metal that is ductile, corrosion resistant, malleable and an excellent conductor of heat and electricity. Alloyed with other metals, such as zinc (to form brass), aluminum or tin (to form bronzes), or nickel, for example, it can acquire new characteristics for use in highly specialized applications. Copper's physical, chemical and aesthetic properties make it a material of choice in a wide range of applications.

Copper is often considered the best nonprecious metal conductor of electricity as it encounters much less resistance compared with other commonly used metals. In addition, copper's exceptional strength, ductility and resistance to creeping and corrosion makes it the preferred and safest conductor for commercial and residential building wiring.

New copper applications being developed include antimicrobial copper touch surfaces, lead-free brass plumbing, high tech copper wire, heat exchangers, and new consumer products. Furthermore, copper is an essential component of energy efficient generators, motors, transformers and renewable energy production systems. Renewable energy sources such as solar, wind, geothermal, fuel cells and other technologies are all heavily reliant on copper due to its excellent conductivity.

Source: ICSG

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Copper Demand

The global demand for copper continues to grow: world refined usage has surged by around 300% in the last 50 years as a result of expanding sectors such as electrical and electronic products, building construction, industrial machinery and equipment, transportation equipment, and consumer and general products. Refined copper usage (usage by semi plants or the first users of copper) in 2009 reached nearly 18.2 million tonnes. China was the largest consumer of refined copper in 2009 with apparent usage of over 7 million tonnes. According to the International Copper Association (ICA), usage of copper in end-use products totaled over 22 million tonnes last year. ICA figures indicate that electrical power was the largest copper end-use sector last year, followed by industrial use, power utility, and consumer and general products.

Source: ICSG

Source: ICSG

Copper Supply

With copper concentrate in strong demand, there has been growing interest in understanding the obstacles that can prevent copper mine supply from coming on-stream. Preliminary figures indicate that global copper mine production in 2009 reached over 15.7 million tonnes. The largest producer of mined copper was Chile (nearly 5.4 million tonnes). Smelter production in 2009 reached over 14.5 million tonnes. China was the largest producer of blister & anode in 2009 (over 3.4 million tonnes). New copper supply is expected to remain constrained by higher operating and capital costs, longer lead times to development, declining ore grades and increased geopolitical challenges.

Source: ICSG

Source: ICSG

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Copper Production

Primary copper mining production starts with the extraction of copper-bearing ores. There are three basic methods of copper mining: surface mining, underground mining and leaching. Surface mining is the predominant mining method in the world.

After the ore has been mined, it is crushed, ground and concentrated through a flotation process. The obtained copper concentrates typically contain around 30% copper, but grades can range from 20-40%. In the following smelting process, sometimes preceded by a roasting step, copper is transformed into a matte containing 50-70% copper. The molten matte is processed in a converter resulting in a so-called blister copper of 98.5-99.5% copper content. In the next step, the blister copper is fire refined in the traditional process route, or, increasingly, re-melted and cast into anodes for electro-refining. The output of electro-refining is refined copper cathodes, assaying over 99.99% of copper.

Alternatively, in the hydrometallurgical route, copper is extracted from mainly low grade oxide ores and also some sulphide ores, through leaching (solvent extraction) and electrowinning (SX-EW process). The output is the same as through the electro-refining route. ICSG estimates that in 2009, refined copper production from SX-EW represented 18% of total copper refined production.

Refined copper derived from mine production (either from metallurgical treatment of concentrates or SX-EW) is referred to as primary copper production. However, there is another important source of raw material which is scrap. Copper scrap derives from either metals discarded in semi-fabrication or finished product manufacturing processes (new scrap) or obsolete end-of-life products (old scrap). Refined copper production attributable to recycled scrap feed is classified as secondary copper production. Secondary producers use processes similar to those employed for primary production. ICSG estimates that in 2009, at the refinery level, secondary copper refined production reached around 16% of total copper refined production.

Copper Market Conditions

Historically, the price of copper has been both volatile and cyclical, a reflection of current and expected economic conditions and the supply of and demand for copper.

Over the last ten years, the price of copper has averaged US\$ 2.29/ lb. The price of copper has increased considerably since 2009 as economic conditions have improved. The current London Market Exchange (LME) copper price is US\$ 4.23/ lb as of April 1, 2011.

Taseko believes there will continue to be demand for copper for the foreseeable future and there will be a continuing need to replace depleted reserves from existing mines. Copper prices have benefited from Chinese demand growth and declining inventory levels. Additionally, the expectation of continued demand from Asia, global economic growth, limited availability of scrap and constrained sources of new supply should continue to lend support to prices.

Source: Bloomberg

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SUMMARY OF THE OFFERING

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the Notes section of this prospectus supplement and the Description of Securities Debt Securities section of the Prospectus contain a more detailed description of the terms and conditions of the Notes.

Issuer	Taseko Mines Limited
Notes Offered	US\$200,000,000 principal amount of 7.75% Senior Notes due 2019.
Maturity Date	The Notes will mature on April 15, 2019.
Interest	<p>Interest on the Notes will accrue at a rate of 7.75% per annum.</p> <p>Interest on the Notes will be payable on April 15 and October 15 of each year, beginning on October 15, 2011, and will accrue from the issue date of the Notes.</p>
Ranking	<p>The Notes will be senior unsecured obligations of Taseko and will:</p> <ul style="list-style-type: none"> rank senior in right of payment to any future senior subordinated or subordinated indebtedness of Taseko; rank <i>pari passu</i> in right of payment with all existing and future senior indebtedness of Taseko; be effectively subordinated to all future secured indebtedness of Taseko, if any, to the extent of the value of the assets securing such indebtedness; and be structurally subordinated to all obligations of each of Taseko's subsidiaries that is not a guarantor of the Notes. <p>Similarly, the Note guarantees will be senior unsecured obligations of the guarantors and will:</p> <ul style="list-style-type: none"> be senior in right of payment to each guarantor's future senior subordinated or subordinated indebtedness; be <i>pari passu</i> in right of payment with all existing and future senior indebtedness of each guarantor; be effectively subordinated to any secured indebtedness of each guarantor to the extent of the value of the assets securing such indebtedness; and be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the Notes.

As of December 31, 2010, Taseko had approximately \$38.3 million of senior indebtedness outstanding, consisting primarily of equipment loans and capital lease obligations.

See Credit Supporter Disclosure .

Guarantees

The Notes will be guaranteed on a senior unsecured basis by each of Taseko s existing and future subsidiaries, other than

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certain immaterial subsidiaries. The subsidiary guarantees will in turn be guaranteed by Taseko.

Optional Redemption

Prior to April 15, 2014, Taseko may redeem, at Taseko's option, up to 35% of the aggregate principal amount of the Notes in an amount not greater than the net proceeds of certain equity offerings, at a redemption price equal to 107.750% of their principal amount, plus accrued and unpaid interest to the date of redemption of Notes being redeemed, provided that at least 65% of the aggregate principal amount of the Notes remains outstanding immediately following the redemption. See Description of the Notes Optional Redemption.

Prior to April 15, 2015, Taseko may redeem some or all of the Notes for cash at a redemption price equal to 100% of their principal amount plus a make-whole premium (as described in Description of the Notes Optional Redemption), plus accrued and unpaid interest to the redemption date.

Beginning on April 15, 2015, Taseko may redeem some or all of the Notes at the redemption prices listed under Description of the Notes Optional Redemption , plus accrued and unpaid interest to the redemption date.

Taseko may also redeem the Notes, in whole but not in part, at any time, upon giving proper notice, if Taseko becomes obligated to pay additional amounts to holders of the Notes as a result of a change in the tax laws of any relevant jurisdiction, at a price equal to the principal amount of the Notes, plus accrued and unpaid interest and additional amounts on the Notes to the date of redemption. See Description of the Notes Redemption for Changes in Withholding Taxes .

Change of Control Offer

If Taseko experiences a change in control, Taseko must give holders of the Notes the opportunity to sell their Notes to Taseko at 101% of their principal amount, plus accrued and unpaid interest. See Description of the Notes Repurchase at the Option of Holders Change of Control .

Taseko might not be able to pay the required price for Notes presented to Taseko at the time of a change of control, because Taseko might not have enough funds at that time.

Asset Sale Proceeds

Upon certain asset sales, Taseko may be required to use the net proceeds of such asset sales to purchase a portion of the Notes at 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of repurchase, as described under the heading, Description of the Notes Repurchase at the Option of Holders Asset Sales .

Certain Covenants

The indenture governing the Notes will contain covenants limiting, among other things, Taseko's ability and the ability of Taseko's restricted subsidiaries to:

incur additional debt;

pay dividends or distributions on our capital stock or repurchase our capital stock;

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issue stock of subsidiaries;

make certain investments;

create liens on our assets;

enter into transactions with affiliates;

merge, amalgamate or consolidate with another company; and

transfer and sell assets.

These covenants are subject to a number of important limitations and exceptions. See Description of the Notes .

If at any time the Notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc. and no default or event of default has occurred and is continuing under the indenture governing the Notes, certain of the foregoing covenants will terminate and will no longer apply to the Company or its subsidiaries. See Description of the Notes Certain Covenants Changes in Covenants when Notes Rated Investment Grade .

No Prior Market

The Notes will be new securities for which there is currently no market. Although the Underwriters have informed Taseko that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making activities at any time without notice. Accordingly, Taseko cannot assure you that a liquid market for the Notes will develop or be maintained. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See Risk Factors .

Use of Proceeds

Taseko expects to use the net proceeds from the Offering to fund its 75% share of the GDP-3 expansion of the Gibraltar Mine, and the remainder for general corporate purposes. See Use of Proceeds .

Use of the net proceeds to fund the GDP-3 expansion requires the consent of Cariboo. While this is now under consideration by Cariboo, there is no certainty that we will receive Cariboo's consent on acceptable terms or at all and, as a consequence, we may instead use the net proceeds for general corporate purposes. See Risk Factors Risks Related to the Notes The use of the net proceeds of the Offering to fund the GDP-3 expansion of the Gibraltar Mine requires the consent of Cariboo. In addition, our management will have broad discretion in allocating the net proceeds of the Offering, and may use the proceeds in ways in which you disagree .

Risk Factors

Investing in the Notes involves substantial risks. See Risk Factors contained herein and in the documents incorporated by reference herein for a description of certain of the risks you should consider before investing in the Notes.

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Governing Law for the Notes and Guarantees

The Notes and guarantees of the Notes will be governed by the laws of the State of New York.

U.S. Trustee

The Bank of New York Mellon

Canadian Co-Trustee

BNY Trust Company of Canada

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The following tables set forth a summary of our historical financial and other data. The summary historical statement of operations data for the years ended December 31, 2010 and 2009 and the fifteen months ended December 31, 2008, and the summary historical balance sheet data as of December 31, 2010 and 2009, have been derived from our audited and consolidated financial statements (including the notes thereto, the financial statements), which are included in this prospectus supplement. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are expressed in thousands of Canadian dollars. Our historical results set forth below are not necessarily indicative of results to be expected for any future period. This Summary Historical Financial and Other Data should be read in conjunction with Selected Historical Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements included elsewhere in this prospectus supplement.

	15 months Ended December 31, 2008	Year Ended December 31, 2009 2010	
	<i>(In thousands of dollars)</i>		
Statements of Operations Data:			
Revenues	\$ 231,678	\$ 188,902	\$ 278,460
Costs and expenses			
Cost of sales	\$ 196,261	\$ 132,434	\$ 142,674
Depletion, depreciation and amortization	7,363	8,150	10,336
Operating profit	\$ 28,054	\$ 48,318	\$ 125,450
Other expenses	30,141	21,288	18,284
Earnings (loss) before other items	\$ (2,087)	\$ 27,030	\$ 107,166
Gain on contribution to the joint venture			95,114
Unrealized (loss) on derivative instruments		(15,775)	(6,898)
Earnings (loss) before income taxes	\$ (2,087)	\$ 11,255	\$ 195,382
Income tax expense (recovery)	(5,597)	694	46,784
Net earnings	\$ 3,510	\$ 10,561	\$ 148,598
Other Operating Data:			
EBITDA ⁽¹⁾⁽³⁾	\$ 6,797	\$ 21,528	\$ 191,985
Adjusted EBITDA ⁽²⁾⁽³⁾	\$ 6,629	\$ 35,485	\$ 101,499

**Year Ended
December 31,
2009 2010**
(In thousands of dollars)

Consolidated Balance Sheet Data (as of the end of each period presented):

Cash and cash equivalents	\$ 35,082	\$ 211,793
Property and equipment, net	\$ 339,958	\$ 312,487
Total assets	\$ 535,095	\$ 687,612
Total debt (including current portion and excluding debt discount)	\$ 74,203	\$ 38,333
Total liabilities	\$ 238,402	\$ 217,661
Total shareholders' equity	\$ 296,693	\$ 469,951

- (1) EBITDA represents net earnings before interest, income taxes, and depletion, depreciation and amortization. We present EBITDA because we consider it an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other

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interested parties in the evaluation of companies in our industry, many of which present EBITDA when reporting their results.

We believe issuers of high yield securities also present EBITDA because investors, analysts and rating agencies consider it useful in measuring the ability of those issuers to meet debt service obligations. We believe EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation and amortization are non-cash charges.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;

although depletion, depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements;

EBITDA does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations, as discussed under Adjusted EBITDA below; and

other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally. See the Consolidated Statements of Cash Flow included in our financial statements included elsewhere in this prospectus supplement.

- (2) We present Adjusted EBITDA as a further supplemental measure of our performance and ability to service debt. We prepare Adjusted EBITDA by adjusting EBITDA to eliminate the impact of a number of items we consider non-recurring or do not consider indicative of our ongoing operating performance. You are encouraged to evaluate each adjustment and the reasons we consider them appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, in evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA is calculated by adding to EBITDA certain items of expense and deducting from EBITDA certain items of income that we believe are not likely to recur or are not indicative of our future operating performance consisting of: (i) gain on contribution to the joint venture; (ii) gain on the sale of marketable securities; (iii) loss or gain on extinguishment of debt; (iv) premium paid on redemption of royalty obligation; (v) unrealized derivative instrument losses; and (vi) changes in the fair value of financial instruments. While some

of the adjustments are recurring, we believe the elimination of the gain on the contribution to the joint venture, gains/losses on marketable securities, gains/losses on extinguishment of debt and the premium paid on redemption of royalty obligation do not reflect the underlying operating performance of our core mining business and are not necessarily indicative of future results. Furthermore, unrealized derivative instrument losses and changes in the fair value of financial instruments are not necessarily reflective of the underlying operating results for the reporting periods presented.

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The reconciliation between net earnings, EBITDA, and Adjusted EBITDA is as follows for the years indicated:

	15 Months Ended	Year Ended	
	December 31, 2008	2009	December 31, 2010
	<i>(In thousands of dollars)</i>		
Net earnings	\$ 3,510	\$ 10,561	\$ 148,598
Add:			
Depletion, depreciation and amortization	7,363	8,150	10,336
Interest expense	11,222	9,525	4,542
Interest and other income	(9,701)	(7,402)	(18,275)
Income tax expense (recovery)	(5,597)	694	46,784
EBITDA	\$ 6,797	\$ 21,528	\$ 191,985
Add: other non-operating or non-recurring items			
Gain on contribution to joint venture ^(a)			(95,114)
Gain on sale of marketable securities ^(b)	(1,034)	(188)	(4,087)
Loss (gain) on extinguishment of debt ^(c)		(1,630)	834
Premium paid on redemption of royalty obligation ^(d)			1,302
Unrealized loss on derivative instruments ^(e)		15,775	6,898
Change in fair value of financial instruments ^(f)	866		(319)
Adjusted EBITDA	\$ 6,629	\$ 35,485	\$ 101,499

(a) On March 31, 2010, the Company entered into an agreement to form an unincorporated joint venture over the Gibraltar Mine. The total gain on the Company's contribution to the joint venture was \$389.5 million, of which \$95.1 million was recognized in income based on the 25% investment by Cariboo, our joint venture counterparty.

(b) Represents gains/losses on the sale of available-for-sale investments.

(c) During 2009, the Company repurchased US\$20 million of its convertible bonds (the "bonds") from bondholders for the purpose of cancellation. The Company allocated the consideration paid on the extinguishment of the bonds to the liability and equity elements of the security. A gain of \$1.6 million attributable to the liability portion was recorded in income. During 2010, the Company realized a loss of \$0.8 million as a result of early repayment of its US\$50 million term facility with Credit Suisse.

(d) During 2010, the Company exercised its option to repurchase a royalty obligation and issued shares with a fair value of \$7.8 million and a carrying value of \$6.5 million to settle the obligation. The \$1.3 million difference was recognized in income.

(e)

Represents unrealized losses on the mark-to-market of outstanding put option contracts for copper as at each period end.

^(f) Represents changes in fair value of financial instruments during the period.

⁽³⁾ EBITDA and Adjusted EBITDA in this table are measures of our performance that are not required by, or presented in accordance with, Canadian or United States GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under Canadian or United States GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with Canadian or United States GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

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RISK FACTORS

An investment in the Notes is highly speculative and subject to a number of risks. You should carefully consider the information in this prospectus supplement and the Prospectus, as well as the risk factors and other information set out in the Annual Information Form and other documents incorporated by reference herein before investing in the Notes. The risks and uncertainties described in this prospectus supplement and the documents incorporated by reference in this prospectus supplement and the Prospectus are those that we currently believe may materially affect us. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial also may become important factors that affect us. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially adversely affected, the trading price of the Notes could decline and you could lose all or part of your investment.

Risks Relating to the Company

Changes in the market price of copper, gold and other metals, which are volatile and have fluctuated widely, affect the profitability of our operations and financial condition.

Our profitability and long-term viability depend, in large part, upon the market price of copper, gold and other metals and minerals produced from our mineral properties. The market price of copper, gold and other metals is volatile and is affected by numerous factors beyond our control, including:

expectations with respect to the rate of inflation;

the relative strength of the U.S. dollar and certain other currencies;

interest rates;

global or regional political or economic conditions, including interest rates and currency values;

supply and demand for industrial products and jewelry containing metals; and

sales by central banks and other holders, speculators and producers of copper, gold and other metals in response to any of the above factors.

A decrease in the market price of copper, gold and other metals could affect our ability to finance the development of the Prosperity Project and the exploration and development of our other mineral properties, including the Gibraltar Mine, which could have a material adverse effect on our financial condition and results of operations. Copper and gold prices are near a historical high and there can be no assurance that the market price of copper and other metals will remain at current levels or that such prices will improve. There is no assurance that if commercial quantities of copper, gold and other metals are discovered, that a profitable market may exist or continue to exist for a production decision to be made or for the ultimate sale of the metals.

Mining is inherently dangerous and subject to conditions or events beyond our control, which could have a material adverse effect on our business.

Mining involves various types of risks and hazards, including:

environmental hazards;

industrial accidents;

metallurgical and other processing problems;

unusual or unexpected rock formations;

structural cave-ins or slides;

flooding;

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fire;

metals losses; and

periodic interruptions due to inclement or hazardous weather conditions.

These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury, environmental damage, delays in mining, increased production costs, monetary losses, and possible legal liability. We may not be able to obtain insurance to cover these risks at economically feasible premiums. Insurance against certain environmental risks, including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from production, is not generally available to us or to other companies within the mining industry. We may suffer a material adverse impact on our business if we incur losses related to any significant events that are not covered by its insurance policies.

Lack of infrastructure could delay or prevent us from developing advanced projects.

Completion of the development of our advanced projects is subject to various requirements, including the availability and timing of acceptable arrangements for power, water and transportation facilities. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay development of our advanced projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that:

the development of our projects will be commenced or completed on a timely basis, if at all;

the resulting operations will achieve the anticipated production volume; or

the construction costs and ongoing operating costs associated with the development of our advanced projects will not be higher than anticipated.

We are subject to significant governmental regulation.

Our operations and exploration and development activities in Canada are subject to extensive federal, provincial, territorial and local laws and regulations governing various matters, including:

environmental protection;

management and use of toxic substances and explosives;

management of tailings and other wastes generated by our operations;

management of natural resources;

exploration and development of mines, production and post-closure reclamation;

exports;

price controls;

taxation;

regulations concerning business dealings with First Nations groups;
labour standards and occupational health and safety, including mine safety; and
historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in the Company incurring significant expenditures. We may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or a

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more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of our operations and delays in the development of our properties.

There are risks associated with the Prosperity Project.

On January 14, 2010, Taseko received an environmental assessment certificate for the Prosperity Project from the British Columbia Provincial Ministry of Environment. Applications for Provincial permits were submitted in June 2010 but were put in abeyance following the November 2010 Federal decision. In November 2010, the Federal Minister of Environment announced that the Prosperity Project, as proposed, could not be granted Federal authorizations to proceed. The Company submitted a new project description to the Federal Government in February 2011. Failure to obtain certificates and permits in a timely manner or at all will delay or even lead to abandonment of the Prosperity Project, which could negatively affect the Company and the trading price of the Notes.

Furthermore, the feasibility of the Prosperity Project 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 these prices, which are 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. On May 12, 2010, the Company entered into a gold stream transaction agreement with Franco-Nevada Corporation (Franco-Nevada), whereby the Company may receive funding in staged deposits totalling US \$350 million. The investment by Franco-Nevada is subject to (among other conditions) the condition precedent that the Prosperity project plan that we had agreed with them must receive appropriate governmental approval. Because our revised Prosperity project plan is not the one we agreed with Franco-Nevada in 2010, this condition will not be satisfied, and so Franco-Nevada may currently terminate this agreement on ten business days' written notice to Taseko. However, we believe Franco-Nevada currently has no economic incentive to do so and is awaiting the outcome of our new proposal to the Canadian federal environmental authorities. If our revised mine proposal is ultimately accepted by the authorities, we intend to seek Franco-Nevada agreement to reconfirm the terms of our gold stream transaction with them, but there is no assurance that Franco-Nevada will agree to provide such reconfirmation. Until then, Franco-Nevada could terminate the agreement. There is also a risk that Franco-Nevada will be unable to fund its obligations at the time we receive the necessary approvals. The investment by Franco-Nevada is also subject to certain other conditions precedent which the Company may not be able to satisfy. There can be no assurance that gold stream, debt 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.

We are subject to risks associated with joint ventures.

Taseko participates in a joint venture with Cariboo with respect to the Gibraltar Mine. Taseko may enter into more joint ventures in the future with other third parties. There are risks associated with joint ventures, including, for example:

disagreement with a venture counterparty about how to develop, operate or finance a project;

that a venture counterparty may at any time have economic or business interests or goals which are, or which become, inconsistent with our business interests or goals;

that a venture counterparty may not comply with a joint venture agreement;

the possibility that a venture counterparty in an investment might become bankrupt;

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that such venture counterparty may be in a position to take action contrary to Taseko's instructions or requests or contrary to Taseko's policies or objectives, including Taseko's potential inability to obtain Cariboo's consent regarding GDP-3;

possible litigation between joint venture counterparty about joint venture matters;

the inability to exert control over decisions related to a joint venture that Taseko does not have a controlling interest in; or

the possibility that Taseko may not be able to sell its interest in the joint venture if it desires to exit the joint venture.

These risks could result in legal liability, affect our ability to develop or operate a project under a joint venture, or have a material and adverse effect on our earnings, cash flows, financial condition or results of operations.

We are currently dependent on the Gibraltar Mine and suspension of production at that mine may materially adversely affect our business.

We are in the process of developing the Prosperity Project, the Harmony Project and the Aley Project. Therefore, until these other mines are developed and operational and are beginning to have revenue, we are dependent upon the Gibraltar Mine for revenues. If the Gibraltar Mine were to cease production for any reason, it would have a material adverse effect on our results of operations, business and financial position.

Our future success depends upon our ability to develop our existing reserves.

We have not yet received the permits necessary to mine all of our proven and probable reserves that are economically recoverable. In order to develop our proven and probable reserves, we must receive various governmental permits. We make no assurances that we will be able to obtain the governmental permits that we would need to continue developing our proven and probable services. Furthermore, we may not be able to mine all of our proven and probable reserves as profitably as we do at our current operations.

Our mining operations are conducted on properties owned or leased by us. We may not be able to negotiate new leases or obtain contracts for properties containing surface, underground or subsidence rights necessary to develop any of our proven and probable reserves. Additionally, we may not be able to maintain our leasehold interest in properties on which mining operations are not commenced during the term of the lease.

Our mines, which are still under development, may not achieve anticipated productive capacity, may experience unanticipated costs or may be delayed or not completed at all.

Our mines are still under development. The development of a mine is a complex and challenging process that may take longer and cost more than predicted, or not be completed at all. In addition, anticipated productive capacity may not be achieved. We may encounter unforeseen geological conditions or delays in obtaining required construction, environmental or operating permits or mine design adjustments. Construction delays cause reduced production and cash flow while certain fixed costs, such as minimum royalties, must still be paid on a predetermined schedule.

As our existing copper and molybdenum supply agreements expire, our revenues and operating profits could be negatively impacted if we are unable to extend existing agreements or enter into new agreements due to competition, changing copper and molybdenum purchasing patterns or other variables.

As our copper and molybdenum supply agreements at the Gibraltar Mine expire, we will compete with other copper and molybdenum suppliers to renew these agreements or to obtain new sales. To the extent our other mines in operation do not have contracts for copper and molybdenum or

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if we cannot renew these copper and molybdenum supply agreements with our customers or find alternate customers willing to purchase our copper and molybdenum, our revenue and operating profits could suffer.

Our customers may decide not to extend existing agreements or enter into new long-term contracts or, in the absence of long-term contracts, may decide to purchase less copper and molybdenum than in the past or on different terms, including under different concentrate pricing terms. To the degree that we operate outside of long-term contracts, our revenues are subject to pricing in the concentrate spot market that can be significantly more volatile than the pricing structure negotiated through a long-term copper and molybdenum concentrate supply agreement. This volatility could adversely affect the profitability of our operations if conditions in the spot market pricing for copper and molybdenum concentrate are unfavourable.

Our business requires substantial capital expenditures.

Our business is capital intensive due to construction of new mines and infrastructure and maintenance of existing operations. Specifically, the exploration, permitting and development of reserves, mining costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. While a significant amount of the capital expenditures required to build-out our mine has been spent, we must continue to invest capital to maintain or to increase the amount of reserves that we develop and the amount of metal that we produce. We cannot assure you that we will be able to maintain our production levels or generate sufficient cash flow, or that we will have access to sufficient financing to continue our production, exploration, permitting and development activities at or above our present levels and we may be required to defer all or a portion of our capital expenditures. Our business, results of operations and financial condition may be adversely affected if we cannot make such capital expenditures.

We operate our mines with a limited and efficient work force. Our ability to operate our company efficiently could be impaired if we lose key personnel or fail to continue to attract qualified personnel.

We manage our business with a number of key personnel at each location, including key contractors, the loss of a number of whom could have a material adverse effect on us. In addition, as our business develops and expands, we believe that our future success will depend greatly on our continued ability to attract and retain highly-skilled and qualified personnel and contractors. We cannot be certain that key personnel will continue to be employed by us or that we will be able to attract and retain qualified personnel and contractors in the future. Failure to retain or attract key personnel could have a material adverse effect on us.

Any change in consumption patterns of copper could affect our ability to sell the copper we produce.

The copper market is volatile and cyclical and consumption of copper is influenced by global economic growth, trends in industrial production and conditions in the housing and automotive industries and economic growth in China, which is the largest consumer of refined copper in the world. Should demand weaken and consumption patterns change, in particular, if consumers seek out lower cost substitute materials, the price of copper could be adversely affected, which could negatively affect our results of operations.

Capital costs may increase at the GDP-3 expansion project.

Capital costs with respect to GDP-3 expansion are inherently uncertain, particularly beyond one year, and could change materially over time. Capital costs may increase significantly beyond what

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we or others in the mining industry anticipate. Capital costs may vary from estimates for a variety of reasons, including, among others:

failure to obtain and maintain the necessary regulatory and partner approvals;

natural phenomena, such as inclement weather conditions or floods;

labour shortages or strikes;

delay or lack of success completing construction activities; or

delays, interruption or reduction in production or construction activities due to fires, failure of critical equipment, shortage of supplies, underground floods, earthquakes, tailings dam failures, lack of tailings capacity, ground movements and cave-ins, or other difficulties.

Increased competition could adversely affect our ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing copper, gold or other metals. We may be at a competitive disadvantage in acquiring additional mining properties because we must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than we do. We may also encounter increasing competition from other mining companies in our efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense. Increased competition could adversely affect our ability to attract necessary capital funding, or to acquire it on acceptable terms, or acquire suitable producing properties or prospects for mineral exploration in the future.

Recent increases in copper, gold and molybdenum prices have encouraged increases in mining exploration, development and construction activities, which have resulted in increased demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or both.

The March 2011 disaster in Japan may impact demand for copper concentrate from Gibraltar.

On March 11, 2011, Japan experienced a severe earthquake, followed by a series of tsunamis, that devastated large parts of Japan and have effectively shut down significant elements of Japan's economy. The degree to which these events will disrupt the Japanese and global economies remains uncertain at this time, but it is likely that the volume of imports to and exports from Japan may decline significantly in the immediate future, which could negatively affect the demand for production from the Gibraltar Mine. Furukawa Co., Ltd. and Dowa Metals & Mining Co., Ltd., each an owner of a 25% interest in the Cariboo joint venture, purchase copper concentrate produced at Gibraltar, for processing at Japanese smelters. Demand for production from the Gibraltar Mine may be negatively affected by reduced smelter capacity. For example, following the earthquake, Taseko received notice of force majeure from Cariboo relating to the temporary shut-down of the Onahama smelter in Japan. Although the smelter did not incur any direct damage, its operation has been affected by the electrical power disruption impacting much of Japan. To date, there has not been any material financial impact to Taseko as a result of the force majeure.

Risks Relating to the Notes

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The use of the net proceeds of the Offering to fund the GDP-3 expansion of the Gibraltar Mine requires the consent of Cariboo. In addition, our management will have broad discretion in allocating the net proceeds of the Offering, and may use the proceeds in ways in which you disagree.

We intend to use the net proceeds from the Offering to fund the GDP-3 expansion of the Gibraltar Mine, with any remainder to be used for general corporate purposes. Proceeding with the GDP-3 expansion of the Gibraltar Mine requires the consent of Cariboo under our joint venture operating agreement with Cariboo. We expect to receive such consent in connection with a commercial proposal we have made to Cariboo and which is now under consideration by Cariboo. However, there is no certainty that we will receive Cariboo's consent on acceptable terms or at all, and accordingly the GDP-3 project may be delayed or may not proceed at all. We are currently proceeding with advance planning work for the expansion which is work that Cariboo is aware of and which we believe Cariboo generally supports. On April 4th, 2011, Cariboo confirmed that, based on the GDP-3 presentation made by Taseko but subject to any subsequent changes in circumstances that would have an adverse effect on the Gibraltar Mine or Cariboo's rights under the Joint Venture Operating Agreement (as determined in Cariboo's reasonable discretion), Cariboo does not intend to veto or otherwise prevent Taseko from proceeding with the expansion project while Taseko's proposal remains under consideration by Cariboo. If Cariboo ultimately decides to withhold consent for the expansion in circumstances that we consider unreasonable, we may invoke the arbitration provisions of the joint venture operating agreement, but the outcome of such arbitration cannot be predicted. We are not required to use the net proceeds from the Offering to fund the GDP-3 expansion of the Gibraltar Mine and may instead use them for other general corporate purposes. Because the net proceeds are not required to be allocated to any specific investment or transaction, you will not be able to determine at this time the value or propriety of our application of those proceeds, and you may not agree with our decisions. The failure by our management to apply these funds effectively could have a material adverse effect on our business, results of operations or financial condition.

We and our subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial leverage.

As of December 31, 2010, after giving effect to this Offering, we would have had approximately \$238.3 million of total indebtedness, consisting of Notes indebtedness of US\$200 million converted at par (1.00 US\$=1.00 C\$) and \$38.3 million of equipment loans and capital lease obligations. The terms of the indenture governing the Notes offered hereby will permit us to incur substantial additional indebtedness in the future. See Description of the Notes. If we incur any additional indebtedness that ranks equal to the Notes, the holders of that debt will be entitled to share ratably with holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of us. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including the Notes offered hereby, and to fund planned capital expenditures and other general corporate purposes will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to refinance our indebtedness, including the Notes offered hereby, or to fund our other liquidity needs. If our cash flows and capital resources are insufficient to allow us to make scheduled payments on our indebtedness, we may need to reduce or delay capital expenditures, sell assets, seek

additional capital or restructure or refinance all or a portion of our indebtedness, including the Notes offered hereby, on or before maturity.

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We cannot assure you that we will be able to refinance any of our indebtedness, including the Notes offered hereby, on commercially reasonable terms or at all, or that the terms of that indebtedness will allow any of the above alternative measures or that these measures would satisfy our scheduled debt service obligations. If we are unable to generate sufficient cash flow or refinance our debt on favourable terms, it could significantly adversely affect our financial condition, the value of our outstanding debt and our ability to make any required cash payments under our indebtedness.

Payment of principal and interest on the Notes will be effectively subordinated to any secured debt we may incur in the future to the extent of the value of the assets securing such debt.

The Notes will be effectively subordinated to any secured debt we may incur in the future to the extent of the value of the assets securing such debt, and the Note guarantees will be effectively subordinated to the claims of our secured creditors as well as the secured creditors of our subsidiary guarantors. Holders of our secured obligations will have claims that are prior to claims of the holders of the Notes with respect to the assets securing those obligations. In the event of a liquidation, dissolution, reorganization, bankruptcy or any similar proceeding, any debt that ranks ahead of the Notes and the Note guarantees will be entitled to be paid in full from our assets before any payment may be made with respect to the Notes and the Note guarantees. Accordingly, there may not be sufficient funds remaining to pay amounts due on all or any of the Notes.

The Notes are structurally subordinated to the existing and future liabilities of our subsidiaries that do not guarantee the Notes to the extent of the assets of such non-guarantor subsidiaries.

Certain of our subsidiaries will not guarantee the Notes. The Notes will be structurally subordinated to all existing and future liabilities of our subsidiaries that do not guarantee the Notes. Therefore, our rights and the rights of our creditors to participate in the assets of any subsidiary in the event that such a subsidiary is liquidated or reorganized are subject to the prior claims of such subsidiary's creditors. As a result, all indebtedness and other liabilities, including trade payables, of the non-guarantor subsidiaries, whether secured or unsecured, must be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us in order for us to meet our obligations with respect to the Notes. To the extent that we may be a creditor with recognized claims against any subsidiary, our claims would still be subject to the prior claims of such subsidiary's creditors to the extent that they are secured or senior to those held by us.

Many of the covenants contained in the indenture will terminate if the Notes are rated investment grade by both Standard & Poor's and Moody's and no default or event of default has occurred and is continuing.

Many of the covenants in the indenture governing the Notes will terminate if the Notes are rated investment grade by both Standard & Poor's and Moody's provided at such time no default or event of default has occurred and is continuing. The covenants will restrict, among other things, our ability to pay dividends, incur debt and to enter into certain other transactions. There can be no assurance that the Notes will ever be rated investment grade. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force, and the effects of any such transactions will be permitted to remain in place even if the Notes are subsequently downgraded below investment grade. See Description of the Notes Certain Covenants Changes in Covenants when Notes Rated Investment Grade.

We may not have the ability to raise funds necessary to finance any change of control offer required under the indenture governing the Notes offered hereby.

If a change of control (as defined in the indenture governing the Notes offered hereby) occurs, we will be required to offer to purchase your Notes at 101% of their principal amount plus accrued

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and unpaid interest. Debt agreements to which we are a party at such time may contain restrictions and provisions limiting our ability to repurchase the Notes. If a purchase offer were required under the indenture governing the Notes offered hereby and under a debt agreement to which we are a party at such time, we may not have sufficient funds to pay the purchase price of all debt, including your Notes, that we are required to purchase or repay.

Active trading markets may not develop for the Notes.

The Notes are a new issue of securities. There are no active public trading markets for the Notes and purchasers may not be able to resell the Notes purchased. We do not intend to apply for listing of the Notes on a security exchange. The Underwriters of the Notes have informed us that they intend to make a market in the Notes. However, the Underwriters may cease their market-making at any time. In addition, the liquidity of the trading markets in the Notes and the market prices quoted for the Notes may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a consequence, an active trading market may not develop for your Notes, you may not be able to sell your Notes, or, even if you can sell your Notes, you may not be able to sell them at an acceptable price. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.

If a bankruptcy petition were filed by or against the Company, holders of Notes may receive a lesser amount for their claim than they would have been entitled to receive under the indenture governing the Notes.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the Notes, the claim by any holder of the Notes for the principal amount of the Notes may be limited to an amount equal to the sum of:

the original issue price for the Notes; and

that portion of the original issue discount that does not constitute unmaturing interest for purposes of the U.S. Bankruptcy Code.

Any original issue discount that was not amortized as of the date of the bankruptcy filing would constitute unmaturing interest. Accordingly, holders of the Notes under these circumstances may receive a lesser amount than they would be entitled to under the terms of the indenture governing the Notes, even if sufficient funds are available.

Canadian insolvency laws may adversely affect a recovery by holders of the Notes.

Taseko and certain of the guarantors of the Notes are corporations incorporated under the laws of the Province of British Columbia. The ability of the holders of Notes to realize upon the assets of Taseko and the guarantors may be subject to certain bankruptcy and insolvency law limitations in the event of the bankruptcy or insolvency of any of these entities.

Canadian insolvency legislation of general application is federal. It consists of the *Bankruptcy and Insolvency Act* (Canada) (the BIA), the *Winding up and Restructuring Act* (Canada) (the WURA) and the *Companies Creditors Arrangement Act* (Canada) (the CCAA). Under the BIA and the WURA, the assets of an insolvent company may be liquidated subject to the rights of secured creditors and the proceeds distributed to ordinary creditors who have proved claims against the debtor company. Alternatively, each of the BIA, the CCAA and the WURA permits an insolvent company to obtain a stay of proceedings and restructure its obligations to creditors subject to court supervision and the provisions of those statutes. Under the BIA and the CCAA, a restructuring of the obligations of the debtor company must be approved by a majority in number representing two-thirds in value of each class of creditors affected by the

restructuring and, if approved by the relevant Canadian court, the restructuring would be binding on all creditors (including the dissenting minority) within any class with

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requisite majority approval. Under the WURA, the requirement for approval is a majority in number representing three-quarters in value of each class of creditors affected by the restructuring.

If it applies, the CCAA is often the statute of choice. Under the CCAA, an insolvent company applies to the court for an order obtaining a temporary stay of proceedings against it by creditors and other persons dealing with the corporation of up to 30 days, which can be extended by the court, in order to permit the debtor to prepare and file a proposal or plan of arrangement for consideration by all or some of its creditors to be voted on by the various classes of its creditors affected thereby, and thereafter seek approval and implement such plan. The CCAA requires that a court officer be appointed to monitor the affairs of the debtor company while it is under court supervision and to report to the court on the state of the debtor company's business and financial affairs, including any material adverse change therein while the debtor company is under court protection. Subject to orders of the court either increasing the powers of the monitor or appointing an interim receiver, the debtor company and its management remain in possession and control of the assets of the debtor company while it is under court protection.

The powers of the court under the BIA and particularly under the CCAA have been exercised broadly to protect a restructuring entity from actions taken by creditors and other parties. Accordingly, we cannot predict if payments under the Notes would be made following commencement of or during such proceeding or whether and to what extent holders of the Notes would be compensated for any delays in payment, if any, of principal, interest and costs.

Federal, state and provincial laws allow courts, under certain circumstances, to void guarantees and require Note holders to return payments received from guarantors.

The Notes will be guaranteed by certain of our existing and future subsidiaries. The guarantees may be subject to review under U.S. federal bankruptcy law and comparable provisions of state fraudulent conveyance laws and Canadian federal insolvency and corporate laws and provisions of provincial preference, fraudulent conveyance and corporate laws, if a bankruptcy or insolvency proceeding or a lawsuit is commenced by or on behalf of us or one of our guarantors or by our unpaid creditors or the unpaid creditors of one of our guarantors. Under these laws, a court could void the obligations under the guarantee, subordinate the guarantee of the Notes to that guarantor's other debt or take other action detrimental to the holders of the Notes and the guarantees of the Notes, if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

issued the guarantee to delay, hinder or defraud present or future creditors;

received less than reasonably equivalent value or fair consideration for issuing the guarantee at the time it issued the guarantee;

was insolvent or rendered insolvent by reason of issuing the guarantee;

was engaged, or about to engage, in a business or transaction for which its remaining assets constituted unreasonably small capital to carry on its business;

intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature; or

with respect to Canadian companies in issuing the guarantee, acted in a manner that was oppressive, unfairly prejudicial to or unfairly disregarded the interests of any shareholder, creditor, director, officer or other interested party.

In those cases where our solvency or the solvency of one of our guarantors is a relevant factor, the measures of insolvency will vary depending upon the law applied in any proceeding to determine

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whether a fraudulent transfer has occurred. Generally, however, a party would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing indebtedness, including contingent liabilities, as they become absolute and mature; or

it could not pay its indebtedness as it becomes due.

We cannot be sure as to the standard that a court would use to determine whether or not a party was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantees would not be voided or the guarantees would not be subordinated to the guarantors' other debt. If such a case were to occur, the guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit and only indirectly for the benefit of the guarantor, the obligations of the applicable guarantor were incurred for less than fair consideration.

Because all but one of our directors and officers reside in Canada, you may not be able to effect service of process upon them or enforce civil liabilities against them under the U.S. federal securities laws.

Taseko is a corporation organized under the laws of the Province of British Columbia and governed by the applicable provincial and federal laws of Canada. All but one of our directors and officers named in this prospectus supplement and the documents incorporated by reference herein reside principally in Canada. Consequently, there is doubt as to the enforceability, in original actions in Canadian courts, of liabilities based upon the U.S. federal securities laws and as to the enforceability in Canadian courts of judgments of U.S. courts obtained in actions based upon the civil liability provisions of the U.S. federal securities laws. Therefore, it may not be possible to enforce those actions against us or our directors and officers named in this prospectus supplement and the documents incorporated by reference herein. For more information, see *Enforceability of Civil Liabilities by U.S. Investors* .

If any of the foregoing events, or other risk factor events as described herein, in the Prospectus or in the documents incorporated herein by reference occur, our business, financial condition or results of operations could likely suffer.

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USE OF PROCEEDS

We estimate the net proceeds from the Offering will be approximately \$193 million (assuming U.S. dollars converted at par, 1.00 US\$ = 1.00 C\$) after deducting the underwriters' discounts and commissions and our estimated expenses related to the Offering. We intend to use the net proceeds from the Offering to fund the GDP-3 expansion of the Gibraltar Mine, with any remainder to be used for general corporate purposes. Proceeding with the GDP-3 expansion of the Gibraltar Mine requires the consent of Cariboo under our joint venture operating agreement with Cariboo. We expect to receive such consent in connection with a commercial proposal we have made to Cariboo and which is now under consideration by Cariboo. However, there is no certainty that we will receive Cariboo's consent on acceptable terms or at all, and accordingly the GDP-3 project may be delayed or may not proceed at all. We are currently proceeding with advance planning work for the expansion which is work that Cariboo is aware of and which we believe Cariboo generally supports. On April 4th, 2011, Cariboo confirmed that, based on the GDP-3 presentation made by Taseko but subject to any subsequent changes in circumstances that would have an adverse effect on the Gibraltar Mine or Cariboo's rights under the Joint Venture Operating Agreement (as determined in Cariboo's reasonable discretion), Cariboo does not intend to veto or otherwise prevent Taseko from proceeding with the expansion project while Taseko's proposal remains under consideration by Cariboo. If Cariboo ultimately decides to withhold consent for the expansion in circumstances that we consider unreasonable, we may invoke the arbitration provisions of the joint venture operating agreement, but the outcome of such arbitration cannot be predicted. We are not required to use the net proceeds from the Offering to fund the GDP-3 expansion of the Gibraltar Mine and may instead use them for other general corporate purposes. Because the net proceeds are not required to be allocated to any specific investment or transaction, you will not be able to determine at this time the value or propriety of our application of those proceeds, and you may not agree with our decisions. The failure by our management to apply these funds effectively could have a material adverse effect on our business, results of operations or financial condition.

The estimated capital costs associated with the GDP-3 Project are \$325 million, including \$235 million for the concentrator facility and \$90 million for mining equipment. Under the terms of the joint venture operating agreement, we are responsible for 75% of such costs. However, under the terms of our proposal to Cariboo, we have offered to fund up to 100% of such costs, with recoupment of the extra share of costs to be achieved by us through priority on the projected incremental cash flow from the expansion project. Ultimately, we may agree to different terms with Cariboo, or as discussed above, be unable to reach agreement. The GDP-3 expenditures are expected to be made during 2011 and 2012.

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The following table sets forth the Company's cash and cash equivalents and consolidated capitalization as at December 31, 2010, both before and after giving effect to the Offering.

	As of December 31, 2010	
	Actual	As Adjusted (unaudited)
	<i>(Dollars in millions)</i>	
Cash and cash equivalents	\$ 211.8	\$ 404.8 ⁽¹⁾
Long-term debt:		
Notes offered hereby	\$ nil	\$ 200.0
Other long-term debt and capital leases	38.3	38.3
Total long-term debt	\$ 38.3	\$ 238.3
Shareholders' equity	470.0	470.0
Total capitalization	\$ 508.3	\$ 708.3

Notes:

- ⁽¹⁾ Cash and cash equivalents reflect the net proceeds of the Offering assuming conversion at par (1.00 US\$ = 1.00 C\$), less Underwriting discounts and commissions and estimated expenses of US\$7 million converted at par (1.00 US\$ = 1.00 C\$).

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TASEKO MINES LIMITED

Overview

Taseko was incorporated on April 15, 1966 under the laws of the Province of British Columbia. Taseko's registered office is located at Suite 1500-1055 West Georgia, Vancouver, British Columbia, V6E 4N7, and its operational head office is located at Suite 300, 905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

Taseko has one active material wholly-owned subsidiary, Gibraltar Mines Ltd., a second active but not yet material subsidiary, Aley Corporation, and two wholly-owned non-material, inactive subsidiaries, 688888 BC Ltd. (688888) and Taseko Acquisitions Ltd. Taseko owns 100% of the common shares of Gibraltar but none of Gibraltar's issued tracking preferred shares. On March 31, 2010, the Company established a joint venture (the Joint Venture) with Cariboo over the Gibraltar Mine whereby Cariboo acquired a 25% interest in the Gibraltar Mine and the Company retained a 75% interest.

Taseko's business is focused on enhancing the production of copper and molybdenum from its 75% owned Gibraltar Mine and on permitting its Prosperity Project. A feasibility study has been completed for the Prosperity Project, demonstrating mineral reserves as defined under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (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 has two additional properties located in British Columbia, including the exploration stage gold property known as the Harmony Project, and the exploration stage niobium project known as the Aley Project. 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 Cariboo, Taseko and its subsidiaries currently wholly own all of their projects outright.

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. Copper prices have benefited from Chinese demand growth and declining inventory levels. Additionally, the expectation of continued demand from Asia, global economic growth, limited availability of scrap and constrained sources of new supply should continue to lend support to prices. Molybdenum price strength is anticipated due to demand supported by global economic growth and new uses, as well as constrained new and existing mine supply. Gold continues to benefit from price supportive macroeconomic factors (quantitative easing, sovereign debt concerns, current account deficits) as well as an expected decrease in global mine supply in years to come. The demand for niobium is supported by overall growth in the global steel industry and also from the increasing use of higher-quality steels. Based on this expected demand profile, the Company sees value in projects for which economics have not yet been determined.

During fiscal 2008 through 2010, total production at the Gibraltar Mine was 41.6 million tons milled, producing 239.5 million lb. of copper in concentrate and cathode, and 2.4 million lb. of molybdenum. Over this period, Taseko expanded the ore concentrator and made other production improvements at the Gibraltar Mine. Construction of the Phase 1 mill expansion was completed in February 2008. The majority of the construction schedule of a Phase 2 expansion program, designed to increase concentrator throughput from 46,000 tpd to 55,000 tpd, was completed in 2010, as well as installation of the in-pit crusher and conveyor. The Semi-Autogenous Grinding (SAG) mill direct feed system is scheduled for completion in the second quarter of 2011.

In 2011, the Company plans to continue the expansion with GDP-3. GDP-3 will include construction of a new concentrator to complement the existing 55,000 tpd facility, increasing annual production capacity to over 180 million pounds of copper. Capacity for the new facilities is based on an engineering scoping study completed by a third party in 2008, and subsequent internal engineering

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analysis. A new molybdenum recovery facility is also planned to increase annual molybdenum production to over two million pounds. The estimated capital cost for the concentrator facility is approximately \$235 million and approximately \$90 million for the additional mining equipment. The capital cost estimates are based on recent purchases at Gibraltar, estimates provided by consultants, and direct quotations from suppliers. The \$325 million total estimated capital cost represents 100% of the outlays required. The Company's share is expected to be 75% of that amount, and proceeding with GDP-3 will require the consent of Cariboo which has a consent right over expansions of 30% or more from the long term mine plan. We expect to receive such consent in connection with a commercial proposal we have made to Cariboo and which is now under consideration by Cariboo. We are currently proceeding with advance planning work for the expansion which is work that Cariboo is aware of and which we believe Cariboo generally supports.

The Prosperity Project was the subject of a feasibility study completed in September 2007 for a 70,000 tpd operation. In 2008, the Company worked with various consultants to investigate value engineering opportunities, energy efficiency, and operating ease in various areas of the concentrator and support infrastructure and, in 2009, incorporated different long-term prices for copper and gold prices from those assumed in 2007. This work resulted in an increase in anticipated mine life to 33 years.

During 2008 through 2010, Taseko also continued to advance the Prosperity Project through the provincial and federal environmental assessment processes. On January 14, 2010, the Company received an environmental assessment certificate from the British Columbia Provincial Ministry of Environment. On November 2, 2010, the Company was advised that the federal government would not proceed with permitting on the Prosperity Project as proposed. The Company has reviewed and revised its plan and has put forth a new design proposal, which adds construction costs and life of mine operating expenditures of approximately \$300 million to the original design. The new plan responds to the concerns identified during the federal review process, and on February 21, 2011 the Company submitted the new project description for the Prosperity Project to the federal government, where it remains under review.

Work on the Harmony Project and Aley Project was curtailed in 2008 and 2009. In 2010, the Company completed a successful exploration program at the Aley Project. The program consisted of geological mapping and diamond drilling in 23 holes at the Aley Project, intersecting excellent grades of niobium mineralization across an area measuring 900 metres east-west and 350 metres north-south; mineralized intercepts range up to 200 metres in length and were continuous and close to the surface. The Company plans to accelerate work on the Aley Project in 2011, with activities including engineering, core drilling and collection of data for site design and metallurgical testwork. Also in 2010, the Company initiated project assessment work on the Harmony Project, and is considering further technical studies.

Consistent with the Company's existing strategy to manage its operating margins effectively in volatile copper markets, the Company has entered into producer put options for a portion of its targeted copper concentrate production during 2011. The 2011 contracts are for approximately 53.4 million pounds with a price range of US\$3.00 US\$4.00 per pound. During 2010, approximately 50% of the copper production, from January 2010 to December 2010, was hedged at a price range of US\$2.00 US\$3.95 per pound.

During 2010, the Company prepaid and terminated its US\$50 million term facility with Credit Suisse and Investec Bank PLC without penalty. The Company also issued 1,556,355 of its common shares to redeem and cancel a copper royalty previously sold for \$6.5 million.

The Gibraltar Mine became an unincorporated (or contractual) joint venture between the Company and Cariboo on March 31, 2010. The Company and Cariboo hold 75% and 25% beneficial interests in the Joint Venture, respectively. Under the Joint Venture Formation Agreement (JVFA), the Company contributed to the Joint Venture certain assets and obligations pertaining to the Gibraltar Mine with a deemed net fair value of \$747 million as of March 31, 2010,

and Cariboo paid the Company \$187 million to obtain its 25% interest in the Joint Venture. The Company continues to be

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the operator of the Gibraltar mine under the Joint Venture Operating Agreement which is filed at www.sedar.com. Cariboo is a Japanese consortium jointly owned by Sojitz Corporation (50%), Dowa Metals & Mining Co., Ltd. (25%) and Furukawa Co., Ltd. (25%).

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

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

Gibraltar Mine

Unless stated otherwise, information of a technical or scientific nature related to the Gibraltar Mine contained in this prospectus supplement (including documents incorporated by reference herein) 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 employed by the Company as Vice-President, Engineering.

Table of Contents***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 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 the Gibraltar Mine 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 the Gibraltar Mine are valid until August 15, 2012 with the exception of four claims that have expiry dates on May 19, 2011, June 12, 2011, July 24, 2011 and October 19, 2011. 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 the Gibraltar Mine (L3728) on which the plant site is located and annual taxes are paid. In addition, the Gibraltar Mine 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 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, high volume current technology cells. The cleaner and regrind circuit capital projects were completed and expected copper recovery improvements were being realized by the end of 2009.

With the completion of the in-pit crusher and conveyor, tailings handling systems, concentrate filter/dryer circuit upgrade (mid 2010) and the SAG Direct Feed System (schedule completion: early 2011), the rated capacity of the operation has increased from 36,000 tpd to 55,000 tpd.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Gibraltar Mine mineral claims cover an area of gentle topography; local relief is in the order of 200 metres. The plant site is located at an elevation of approximately 1,100 metres 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.

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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 (CNR) has rail service to facilitate the shipping of copper concentrates through to the Pacific Ocean port of Vancouver Wharves, located in North Vancouver, British Columbia. 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

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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 2010 was 455 individuals.

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 CNR rail line at Macalister.

Gibraltar Mine History

In 1964, 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. 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. 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.

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. Up to the 1998 shutdown, 38,430 tonnes (84.7 million lb.) of electro won copper had been produced from this facility.

On July 21, 1999, Taseko's subsidiary, Gibraltar Mines Ltd. purchased the Gibraltar Mine assets from 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 has been discharged.

From 1999 to 2004, Taseko geologists and engineers explored for additional mineralized material and to better define known resources. The on-site staff 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 and

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mining operations recommenced that year. Copper cathode production at the SX/EW plant did not recommence until January 2007.

The Gibraltar Mine became an unincorporated joint venture between Taseko and Cariboo on March 31, 2010. The Company and Cariboo hold 75% and 25% beneficial interests in the Joint Venture, respectively.

The assets and liabilities contributed by the Company into the Gibraltar Joint Venture were primarily mineral property interests, plant and equipment, inventory, prepaid expenses, reclamation deposits, equipment loans, and capital lease obligations and the site closure and reclamation obligation.

Red Mile Royalty Sale Agreements

On September 29, 2004, Gibraltar and 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), Gibraltar sold to Red Mile a royalty (the Royalty Interest) for \$67.4 million (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, 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, 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), 688888 has an option to, directly or indirectly, re-acquire 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 six separate mineralized zones. Five of these Pollyanna, Granite, Connector, Gibraltar, and Gibraltar Extension occur within the Granite Mountain batholith in a broad zone of shearing and alteration. A sixth 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

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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 the Pollyanna, Granite and the Sawmill zones. These bodies have the characteristic large diffuse nature of porphyry copper type mineralization. The Gibraltar deposit is essentially a system of interconnected Sunset zones, which create a large body of uniform grade. The Gibraltar Extension deposit is 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 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 and Drilling

From 1999 through 2004, Taseko geologists and engineers explored for additional mineralized material and to better define known resources. A core drilling program for pit definition for the Granite and 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.

The 2008 exploration program was conducted on the southern and eastern margins of the Gibraltar 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. Holes drilled in the Gibraltar West pit area were incorporated into the 2008 reserve estimate for the new Gibraltar Extension Pit.

The 2010 program was conducted on the northern and western margins of the Gibraltar pit, and one hole on the southwest margin. The objective was to define the ultimate limit of the Gibraltar pit to the north and west.

The 2010 drilling program met the objective of delineating mineralization to the north and west of the Gibraltar pit. The holes encountered 79 intercepts at a 0.2% TCu cutoff ranging in length from 20 to 260 feet and grading from 0.2% to 1.2% TCu. Additionally, a hole drilled on the south edge of Gibraltar pit encountered, as anticipated, significant 30.20% copper mineralization.

A total of 28,129 feet (8,574 m) was drilled in 34 drill holes in calendar 2010 averaging 827 ft (252 m) in length. The 2,710 half core samples taken in 2010 by Gibraltar personnel averaged 10.4 ft (3.2 m) in length.

Table of Contents***Sampling and Analytical Procedures***

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 rejects 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, BC.

The 2010 sample preparation was performed by Eco Tech Laboratory Stewart Group, Kamloops. The entire sample was dried, and jaw-crushed to 70% passing 10 mesh (<2 mm). A 500 g split was then taken and the samples were pulverized to 95% passing 150 mesh (106 microns). The coarse reject samples were returned to the 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 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.

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 and 2010.

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 C\$1 = US\$0.82. 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 C\$1 = US\$0.80.

The proven and probable reserves as of December 31, 2010 are tabulated in Table 2 below and are NI 43-101 and SEC Guide 7 compliant.

**Table 2: Gibraltar Mine Mineral Reserves Sulphide 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	Proven	66.8	0.286	0.008
	Probable	33.3	0.285	0.013
	Subtotal	100.1	0.286	0.010

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Granite	Proven	163.4	0.323	0.009
	Probable	21.6	0.319	0.009
	Subtotal	185.0	0.322	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		445.0	0.314	0.008

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Table of Contents**Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources**

This section uses the terms measured and indicated resources. The Company advises 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 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	583.0	0.301	0.008
Indicated	361.0	0.290	0.008
Total	944.0	0.297	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
at 0.10% ASCu cut-off**

Pit	Tons (millions)	Cu (%)	ASCu (%)
Connector	12.7	0.349	0.151
Gibraltar	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 material 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. The

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majority of the construction schedule of a Phase 2 expansion program, designed to increase the concentrator throughput from 46,000 tpd, to 55,000 tpd, was completed in 2010, as well as the installation of an in-pit crusher and conveyor with completion of the SAG mill direct feed system scheduled for the second quarter of 2011.

The new in-pit 60-inch by 89-inch crusher and overland conveyor system was completed and commissioned mid-2010. The system is designed to reduce operating costs and improve mine productivity by replacing the original Gibraltar crusher and supplanting approximately three diesel-powered haulage trucks with an electrically driven overland conveyor belt.

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

Construction of the SAG Direct Feed System was started in the fourth quarter of 2010. The system 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. The new system is scheduled for commissioning in the second quarter of 2011.

In 2011, the Company plans to move forward with an expansion at the Gibraltar Mine. The GDP-3 project will include construction of a new concentrator to complement the existing 55,000 tpd facility, increasing annual production capacity to over 180 million pounds of copper. Capacity for the new facilities is based on an engineering scoping study completed by a third party in 2008, and subsequent internal engineering analysis. A new molybdenum recovery facility is also planned to increase annual molybdenum production to over two million pounds. The estimated capital cost for the concentrator facility is approximately \$235 million and approximately \$90 million, for additional mining equipment. The capital cost estimates are based on recent purchases at the Gibraltar Mine, estimates provided by consultants, and direct quotes from suppliers. The estimated \$325 million total capital cost represents 100% of the outlays required. The Company's share is expected to be 75% of that amount, and proceeding with GDP-3 will require the consent of Cariboo which has a consent right over the approval of any operating plan and budget or capital budget that results in a 30% or greater variance from the long term mine plan provided to Cariboo prior to establishing the joint venture. See Risk Factors Risks Related to the Notes The use of the net proceeds of the Offering to fund the GDP-3 expansion of the Gibraltar Mine requires the consent of Cariboo. In addition, our management will have broad discretion in allocating the net proceeds of the Offering, and may use the proceeds in ways in which you disagree .

The \$235 million to be spent on the concentrator facility consists of approximately \$39 million on crushing, conveying, stockpile & reclaim; \$80 million for the grinding circuit; \$44 million for the flotation and regrind circuits; \$28 million on tailings; \$11 million for the molybdenum separation facility; and \$34 million of site infrastructure and other. Approximately \$50 million of this capital is expected to be spent in 2011, with the majority of the remainder expected to be spent in 2012.

The additional mining equipment required consists of approximately \$25 million for a shovel; \$7 million for a drill; \$50 million to expand the haul truck fleet; and the purchase of some ancillary equipment. Timing from the acquisition of the mining equipment is driven by the mining schedule and will be effected over the period 2011 to 2013.

Table of Contents**Production in 2010**

The following table is a summary of the operating statistics for the year ending December 31, 2010. All mining during fiscal 2010 took place in the Granite pit.

Table 5: Gibraltar Production

Total tons mined (millions) ⁽¹⁾	52.3
Tons of ore milled (millions)	15.0
Stripping ratio	2.5
Copper grade (%)	0.338
Molybdenum grade (%Mo)	0.012
Copper recovery (%)	89.2
Molybdenum recovery (%)	25.5
Copper production (millions lb) ⁽²⁾	92.3
Molybdenum production (thousands lb)	941

(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 for the treatment and refining of certain copper concentrate from the Gibraltar Mine. Under the terms of the MRI sales agreement, the Company has secured long-term and fixed rates for processing 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. Although two-thirds 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.

On March 31, 2010, the Company entered into the JVFA with Cariboo. As part of the JVFA, the Company entered into an off-take agreement with Cariboo for the treatment and refining of certain copper concentrate from the Gibraltar Mine.

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.

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Production Forecast

The current life-of-mine plan taking into consideration GDP-3, covers a period of 17 years ending in 2027. The plan calls for the mining and processing of 445 million tons of ore from four pits: Granite, Gibraltar, Connector and Gibraltar Extension. The average grade is estimated to be 0.314% copper and 0.008% molybdenum. The average strip ratio over the life of the plan is 3.2:1. The concentrator is forecast to produce 2,742 million pounds of copper in concentrate and 37.6 million pounds of molybdenum in concentrate. The SX/EW plant is expected to produce approximately 50.8 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 in 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 based on a five-year mine plan. Closure costs were estimated to be \$28 million, and the Gibraltar Mine currently has \$30 million held in a Qualified Environmental Trust fund and an irrevocable standby letter of credit for \$10 million in favour of the Province of British Columbia.

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 line 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.

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Prosperity Project

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 prospectus supplement or in documents incorporated herein by reference 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 reserves in ounces, and requires reporting of mineralization that does not qualify as reserves as in place tonnage and grade without reference to unit measures.

Unless stated otherwise, information of a technical or scientific nature related to the Prosperity Project contained in this prospectus supplement (including documents incorporated by reference herein) 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 employed by the Company as Vice-President, Engineering.

Property Description and Location

The Prosperity Project is located at latitude 51° 28' 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 a mineral lease (number 787863) and 37 mineral claims covering the mineral rights for approximately 94.9 square km. 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.

On May 12, 2010, the Company entered into a gold stream transaction with Franco-Nevada, under which Franco-Nevada will purchase gold equal to 22% of the life of mine gold produced at the project. Staged cash deposits aggregating US\$350 million will be paid during mine construction, and two million Franco-Nevada warrants will be issued on the date of the first advance of the cash payment. For each ounce of gold delivered to Franco-Nevada, Taseko will receive further cash payment of US\$400/oz (subject to an inflationary adjustment) or the prevailing market price, if lower. The deposit will be credited with the difference between US\$400/oz and the market price of gold for each ounce delivered until the deposit is fully credited. Each warrant is exercisable to purchase one Franco-Nevada common share at a price of \$75.00 until June 16, 2017 and will be listed under the same terms as the warrants listed on TSX under the symbol FNV.WT.A. The conditions to funding the gold stream include obtaining full financing of the project, receipt of all material permits to construct and operate Prosperity, and securing marketing arrangements for the majority of the concentrate. The investment by Franco-Nevada is subject to (among other conditions) the condition precedent that the Prosperity project plan that we had agreed with them must receive appropriate governmental approval. Because our revised Prosperity project plan is not the one we agreed with Franco Nevada in 2010, this condition will not be satisfied, and so Franco-Nevada may currently terminate this agreement on ten business days' written notice to Taseko. However, we believe Franco-Nevada currently has no economic incentive to do so and is awaiting the outcome of our new proposal to the Canadian federal environmental authorities. If our

revised mine proposal is ultimately accepted by the authorities, we

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intend to seek Franco-Nevada agreement to reconfirm the terms of our gold stream transaction with them, but there is no assurance that Franco-Nevada will agree to provide such reconfirmation. Until then, Franco-Nevada could terminate the agreement. There is also a risk that Franco-Nevada will be unable to fund its obligations at the time we receive the necessary approvals.

As this is a greenfield project, there are no existing environmental liabilities on the property and there has been no development at the site. When additional site work is required, permit applications will be made. The Company does not hold any surface rights.

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 192 km. The CNR 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 2°C. The coldest months of December and January average -10°C, and the warmest months of July and August average 13°C.

Prosperity Project History

Prospectors discovered mineralization in the 1930s. 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 27,100 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 previously explored, and Taseko discovered significant tonnage grading 0.25% to 0.30% copper.

In 1970, Nittetsu Mining Company optioned the Prosperity Project from Taseko 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.

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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 volcanoclastic 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. In the same year, 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.

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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 through 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 Project. A pre-feasibility level study was completed in the first quarter of fiscal 2007, and a full feasibility study completed in September 2007. In late 2009 and 2010 additional metallurgical testing and geotechnical investigations were undertaken in support of detailed engineering. No exploration drilling activity is planned for the Prosperity Project in 2011.

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 samples were taken with an average length of three meters. From 1991 through 1998, 58,580 core samples were taken for assay with an average length of two meters except in instances where this was impractical.

From 1991 through 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.

From 1991 through 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.

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Samples are shipped by commercial carriers to the analytical facilities. Coarse rejects from analytical work are retained in Taseko's secure warehouse in Surrey, British Columbia.

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 and contained pounds is permitted disclosure under Canadian regulations; however, the SEC only permits issuers to report reserves in ounces and pounds, 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 2010, including a feasibility level study of the project in 2000, and a mill redesign and project cost review 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 7.

**Table 7: 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	481	0.46	0.26	5.0	2.4
Probable	350	0.35	0.18	2.7	1.2
Total	831	0.41	0.23	7.7	3.6

Recoverable gold and copper are calculated using life of mine average target recoveries of 69% and 87% for gold and copper, respectively.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This section uses the terms measured and indicated resources. The Company advises 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 mineral deposits in these categories will ever be converted to reserves.**

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The mineral resources shown in Table 8 include the mineral reserves shown in Table 7. Resource estimates were based on a copper cut-off of 0.14%.

**Table 8: 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

In 2010, Taseko worked with various consultants to advance project engineering to the detailed phase and to advance various permit applications. Taseko temporarily suspended work on detailed engineering and permitting in November 2010 following the federal cabinet's decision on the environmental assessment.

Planned 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 1-31 averages 170,000 tpd 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 tpd. 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 Mine's existing facility near Macalister for rail transport to various points of sale, but primarily through the Port of Vancouver for shipment to smelters/refineries around the world.

Power would 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.

Environmental Assessment

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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 the Prosperity 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 federal process, conducted by a three-person panel, included six weeks of public hearings in March and April of 2010 as part of the environmental review. The panel's findings were essentially

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the same as the conclusions reached in the Provincial Environmental Assessment but they were not mandated to assess economic and social value generated by the project. In July, the panel submitted its final report to the federal government for its approval.

In November 2010, the federal Minister of Environment announced that the Prosperity Project, as proposed, would not be granted federal authorizations to proceed. Taseko suspended work on detailed engineering and permitting after the federal announcement. The Company has reviewed and revised its plan and has put forth a new design proposal, which adds construction costs and life of mine operating expenditures of approximately \$300 million to the original design. The new plan responds to the concerns identified during the federal review process and on February 21, 2011 the Company submitted the new project description for the Prosperity Project to the federal government where it remains under review.

The Provincial Mines Act permit application was submitted to the Ministry of Energy, Mines, and Petroleum Resources in June 2010 but was put in abeyance following the November 2010 federal decision.

Non-Material Projects

The Harmony Project

Gibraltar Mines Ltd., a subsidiary of Taseko, acquired the Harmony 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 tracking 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, 2010 audited financial statements.

As there had 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. The Company is considering further technical studies of the Harmony Project.

Location, Access and Infrastructure

The Harmony Project is located at latitude 53° 31' N and longitude 132° 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 kilometres.

Exploration History

Prospectors discovered mineralization at the Harmony Project 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 metres in 231 holes by 1984. In 1981, 465 metres of an underground drift and crosscuts were excavated for a metallurgical bulk sample. A 45 tpd pilot mill was established to treat about 5,200 tonnes of material and in 1982 a feasibility study for a 10,000-15,000 tpd operation was completed. From 1986 to 1988, City Resources drilled 83 diamond drill holes and 64 reverse-circulation drill holes, totalling 13,356 metres, and completed 117.6 metres 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 1990s by a new group of investors who renamed the company to

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Misty Mountain Gold Ltd. From 1989 through 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 metres, eastwards from the fault at least 200 metres and to a depth of at least 240 metres. 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 and indicated resources. The Company advises 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 mineral deposits in these categories will ever be converted to reserves.**

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 Issues

The Queen Charlotte Islands-Haida Gwaii, including the area surrounding the Harmony 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.

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Exploration and Development

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 Company plans to carry out additional work on the project in 2011.

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 \$1.5 million and 894,730 common shares then valued at \$2.9 million. Taseko purchased the residual net smelter royalty for a total cash consideration of \$0.3 million and the issuance of units having a value at the time of \$0.8 million (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. Ninety percent of niobium enters the market as ferro-niobium (FeNb); 10% of all steel produced worldwide contains FeNb, a number that may increase to 20% in the near future. The increase in demand for FeNb has resulted largely from the overall growth in the global steel industry and also from the increasing use of higher-quality steels, which often contain FeNb. Ferro-niobium is currently selling for \$40/kg and demand has grown at approximately 10% per annum in recent years. Currently, 90% of the world's niobium is supplied by three mines: The CBMM (Companhia Brasileira de Metalurgia e Mineração), Anglo American of South America Ltda mines in Brazil and the Niobec mine operated by IAMGOLD Corporation in Quebec, Canada.

Location, Access and Infrastructure

The property is located in the Omineca Mining Division in British Columbia, Canada, centred at latitude 56° 27' N and longitude 123° 13' W. 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 104 contiguous mineral claims that cover 43,316 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 benchmark reagent use and operating conditions for unit processes. The preliminary work indicated that

recoveries of approximately 65% were achievable.

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Table of Contents*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 occasional 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 exploration results to date have been derived from the Central Zones.

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 or 2009.

Taseko completed a significant exploration program on the Aley Project in the summer of 2010, comprising geological mapping and 4,460 metres of diamond drilling in 23 holes in the central zone. These holes intersected excellent grade niobium mineralization across an area measuring over 900 metres east-west and 350 metres north-south. Mineralized drill intercepts range up to over 200 metres in length. Niobium mineralization intersected is highly continuous and close to surface. The extensive body of niobium mineralization indicated by the 2010 drilling is wide open to expansion in at least three directions and to depth.

Composite assay results from all core holes received to date are listed below.

Drill Hole Number	Azimuth (Degrees)	Dip (Degrees)	From (Metres)	To (Metres)	Intercept⁽²⁾ (Metres)	Nb₂O₅ %	Ferro Niobium⁽¹⁾ kg/tonne
2010-012	20	-55	9.1	134.4	125.3	0.53	3.41
2010-012 Incl.			70.7	96.4	25.7	0.69	4.40
2010-013	20	-55	7.1	27.5	20.4	0.51	3.26
2010-013			42.7	126.5	83.8	0.42	2.68
2010-014	20	-55	14.6	91.5	76.9	0.67	4.28
2010-014 Incl.			41.2	74.6	33.4	0.87	5.52
2010-015	20	-55	18.9	104.8	85.9	0.53	3.41
2010-015 Incl.			18.9	35.2	16.3	0.87	5.56
2010-015 Incl.			68.6	86.2	17.6	0.64	4.07
2010-016	20	-55	6.1	80.4	74.3	0.60	3.82
2010-016 Incl.			17.9	52.6	34.7	0.83	5.31
2010-016			106.1	119.4	13.3	0.64	4.07
2010-017	20	-55	6.1	30.5	24.4	0.74	4.74
2010-017 Incl.			6.1	21.4	15.3	1.00	6.36
2010-017			61.1	87.4	26.3	0.58	3.71
2010-020	20	-55	3.7	70.2	66.5	0.55	3.49

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2010-020 Incl.	31.1	55.5	24.4	0.82	5.24
2010-020	79.4	116.6	37.2	0.45	2.85
2010-020	144.5	164.4	19.9	0.43	2.77

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Drill Hole Number	Azimuth (Degrees)	Dip (Degrees)	From (Metres)	To (Metres)	Intercept⁽²⁾ (Metres)	Nb₂O₅ %	Ferro Niobium⁽¹⁾ kg/tonne
2010-020			180.1	193.8	13.7	0.51	3.24
2010-021	20	-55	6.3	140.4	134.1	0.70	4.48
2010-021 Incl.			6.3	27.4	21.1	0.98	6.27
2010-021 Incl.			51.5	62.3	10.8	1.00	6.40
2010-021 Incl.			119.7	137.7	18.0	0.85	5.45
2010-022	20	-55	6.7	150.8	144.1	0.57	3.64
2010-022 Incl.			21.3	49.7	28.4	0.82	5.24
2010-022 Incl.			90.2	103.5	13.3	0.82	5.24
2010-023	20	-55	4.6	146.3	141.7	0.82	5.23
2010-023 Incl.			12.2	106.3	94.1	1.01	6.42
2010-023			169.4	196.5	27.1	0.43	2.77
2010-023	30	-55	202.5	213.4	10.9	1.61	10.27
2010-024			7.3	111.6	104.3	0.44	2.78
2010-027	30	-45	3.5	46.1	42.6	0.36	2.28
2010-027			105.3	135.6	30.3	0.91	5.78
2010-027 Incl.			110.2	125.1	14.9	1.31	8.37
2010-029	30	-45	4.5	115.2	110.7	0.45	2.85
2010-030	30	-45	45.1	198.3	153.2	0.52	3.31
2010-030 Incl.			101.0	138.5	37.4	0.79	5.01
2010-031	30	-45	20.0	42.3	22.3	0.84	5.39
2010-031 Incl.			23.7	39.1	15.4	1.06	6.73
2010-031			66.7	199.1	132.4	0.48	3.05
2010-031 Incl.			123.6	136.0	12.4	0.81	5.19
2010-032	60	-50	3.1	33.5	30.4	0.67	4.29
2010-032 Incl.			18.0	33.5	15.5	0.89	5.70
2010-032			67.6	146.1	78.5	0.38	2.42
2010-033	30	-45	6.1	213.4	207.3	0.66	4.20
2010-033 Incl.			6.1	35.7	29.6	0.90	5.74
2010-033 Incl.			61.1	123.4	62.3	0.87	5.55
2010-033 Incl.			139.5	155.8	16.3	0.99	6.32
2010-034	60	-50	2.5	162.6	160.1	0.35	2.21

Note 1: Ferro niobium (FeNb) content is calculated assuming 60% recovery and 5% conversion loss (Nb₂O₅ x 6.38).

Note 2: True thicknesses of reported intervals have yet to be established.

Note 3: No significant intersections in Holes 2010-018, 2010-019, 2010-025. Assays pending Holes 2010-026 and 2010-028.

Sampling and Analysis

Sample preparation and analysis for the Aley Project is done at Inspectorate laboratories in Richmond, BC. All samples are assayed for niobium by HF-HCl-H₃PO₄ digestion with an induced Coupled Plasma-Mass Spectrometry

(ICP-MS) finish.

As part of a comprehensive Quality Control/Quality Assurance program, one standard is inserted into the sample stream in each group of 20 samples, as well as one or more field blanks in

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each analytical batch. One sample in each group of 20 is a duplicate, analyzed by Inspectorate, and also by Acme Analytical Laboratories in Vancouver.

The 2010 drill core samples were transported by helicopter from drill sites on the Aley Project to the nearby Ospika Camp where the core was logged and samples laid out by company personnel. Cores from the first six drill holes were split at Ospika and cores from the remaining 17 drill holes were split at the Gibraltar Mine, all under supervision of Company personnel. The 2010 drill cores and split samples were trucked to the Gibraltar Mine by commercial carrier. Samples for assay were shipped by commercial transport to Inspectorate Laboratory in Richmond, BC, for sample preparation and assay analysis. Remaining core samples are stored at the Gibraltar Mine site. Coarse rejects and pulp samples are stored at the Hunter Dickinson warehouse facility in Surrey, BC.

Exploration and Development

The Company plans to accelerate work on the project in 2011, with a comprehensive work program planned including approximately 18,000 metres of exploration and geotechnical drilling, metallurgical test work, and environmental baseline studies.

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA**

The following tables set forth our selected historical financial data. The selected historical statement of operations data for the years ended December 31, 2010 and 2009 and the fifteen months ended December 31, 2008, and the selected historical balance sheet data as of December 31, 2010 and 2009, have been derived from the financial statements, which are included in this prospectus supplement. The selected historical statement of operations data for the years ended September 30, 2007 and 2006, and the selected historical balance sheet data as of December 31, 2008 and September 30, 2007 and 2006, and have been derived from other consolidated financial statements not included herein. Our historical results set forth below are not necessarily indicative of results to be expected for any future period. Our selected historical financial data should be read in conjunction with Prospectus Summary Summary Historical Financial and Other Data , Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements included elsewhere in this prospectus supplement.

	Year Ended		15 months	Year Ended	
	September 31,	2007	Ended	December 31,	2010
	2006		December 31,	2009	
			2008		
	<i>(In thousands of dollars)</i>				
Statements of Operations Data:					
Revenues	\$ 161,900	\$ 218,426	\$ 231,678	\$ 188,902	\$ 278,460
Costs and expenses					
Cost of sales	\$ 103,628	\$ 109,533	\$ 196,261	\$ 132,434	\$ 142,674
Depletion, depreciation and amortization	3,412	3,155	7,363	8,150	10,336
Operating profit	\$ 54,860	\$ 105,738	\$ 28,054	\$ 48,318	\$ 125,450
Other expenses	15,899	17,872	30,141	21,288	18,284
Earnings (loss) before other items	\$ 38,961	\$ 87,866	\$ (2,087)	\$ 27,030	\$ 107,166
Gain on contribution to joint venture					95,144
Unrealized (loss) on derivative instruments				(15,775)	(6,898)
Earnings (loss) before income taxes	\$ 38,961	\$ 87,866	\$ (2,087)	\$ 11,255	\$ 195,382
Income tax expense (recovery)	6,045	39,604	(5,597)	694	46,784
Net earnings	\$ 32,916	\$ 48,262	\$ 3,510	\$ 10,561	\$ 148,598
Consolidated Balance Sheet Data					
(as of the end of each period presented):					
Cash and cash equivalents	\$ 89,408	\$ 37,636	\$ 4,587	\$ 35,082	\$ 211,793
Property and equipment, net	\$ 43,445	\$ 176,898	\$ 330,882	\$ 339,958	\$ 312,487
Total assets	\$ 297,461	\$ 377,263	\$ 478,245	\$ 535,095	\$ 687,612

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Total debt (including current portion)	\$ 42,774	\$ 41,008	\$ 57,380	\$ 74,203	\$ 38,333
Total liabilities	\$ 196,527	\$ 213,603	\$ 243,338	\$ 238,402	\$ 217,661
Total shareholders equity	\$ 100,934	\$ 163,660	\$ 234,907	\$ 296,693	\$ 469,951

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This management's discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with the audited consolidated financial statements of Taseko for the years ended December 31, 2010, December 31, 2009, and the fifteen months ended December 31, 2008, prepared in accordance with Canadian GAAP, included elsewhere in this prospectus supplement.

All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

This discussion uses the terms measured 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.**

Cash Cost of Production

This management discussion uses the term cash cost of production which is a non-Canadian GAAP measure 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 Canadian GAAP. Cash cost 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.

Overview

Taseko is a mining and mine development company with one operating mine, two advanced stage projects and one exploration property, all located in British Columbia, Canada. These are the Gibraltar Mine, the Prosperity Project, the Harmony Project and the Aley Property.

During the year ended December 31, 2010, Taseko has continued to focus on completing capital upgrade projects in order to increase throughput and metal recovery at its Gibraltar Mine and on advancing engineering, permitting and financing for the Prosperity Project.

On March 31, 2010, the Gibraltar Mine became a joint venture with Cariboo. Taseko and Cariboo now hold 75% and 25% interests, respectively, in the mine and Taseko continues to be the operator.

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Taseko had an operating profit of \$125.5 million and earnings before tax and other items of \$107.2 million for the year ended December 31, 2010, compared to 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. Other items included a gain on the sale of the 25% interest in the Gibraltar Mine (to the Joint Venture) in the amount of \$95.1 million and an unrealized (non-cash) marked-to-market loss attributable to derivative instruments of \$6.9 million.

Net earnings were \$148.6 million or \$0.80 per share for the year ended December 31, 2010 as compared to net earnings of \$10.6 million or \$0.06 per share for the year ended December 31, 2009. Net earnings for the year were higher than the prior year due to increases in Gibraltar's production capacity, the significant impact of increased sales volumes, as well as continued strength in the metals markets, resulting in much higher average prices realized in fiscal 2010. In addition, the gain realized on the sale of the 25% interest in the Gibraltar Mine in the amount of \$95.1 million contributed to the higher earnings.

During the year ended December 31, 2010, the Gibraltar Mine produced 92.3 million pounds of copper and 941,000 pounds of molybdenum. Total cash costs for the year averaged US\$1.70 per pound of copper produced.

In the quarter ended December 31, 2010, the Gibraltar Mine produced 23.4 million pounds of copper and 276,000 lbs of molybdenum.

A number of major capital projects were undertaken during the year. These included the in-pit crusher and conveyor system, upgrades to the concentrate filter/dryer circuits and tailings handling system, and the SAG mill direct feed system that is scheduled to be commissioned in early 2011.

During the year, the Company prepaid its US\$50 million term facility with Credit Suisse and Investec Bank PLC without penalty. The Company also exercised its call option to redeem the Gibraltar Royalty Limited Partnership (GRLP) royalty obligation through the issuance of 1,556,355 shares of the Company.

In 2011, the Company plans to move forward with a further expansion at the Gibraltar Mine. GDP-3 will include construction of a 30,000 tpd concentrator to complement the existing 55,000 tpd facility, increasing annual production capacity to 180 million pounds of copper. A new molybdenum recovery facility is also planned to increase annual molybdenum production to more than two million pounds. The capital cost for infrastructure related to the increased production capacity is expected to be \$235 million, with an additional mining equipment requirement of approximately \$90 million.

Taseko has also submitted a new Project Description to the Federal Government to advance permitting for the Prosperity Project. The Company also plans delineation drilling and engineering at the Aley Project.

Gibraltar Mine

The Gibraltar Mine is located north of the City of Williams Lake in south-central British Columbia. The following sales and production volumes and prices are on a 100% basis.

Three-Month Sales

Copper-in-concentrate sales for the three months ended December 31, 2010 were 32.7 million pounds compared to 16.2 million pounds sold during the three months ended December 31, 2009.

There were 0.9 million pounds of copper cathode sold in the three months ended December 31, 2010 compared to 0.6 million pounds sold in the three months ended December 31, 2009.

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The average price realized for sales of copper during the three months ended December 31, 2010 was US\$4.12 per pound, compared to US\$3.10 per pound realized in the three months ended December 31, 2009. The realized price included adjustments on final invoices related to prior quarters.

Molybdenum-in-concentrate sales for the three months ended December 31, 2010 were 261,000 pounds compared to 97,000 pounds sold in the three months ended December 31, 2009.

The average price realized for sales of molybdenum for the three months ended December 31, 2010 was US\$16.24 per pound, compared to US\$12.01 per pound realized in the three months ended December 31, 2009.

Twelve-Month Sales

Copper-in-concentrate sales increased to 84.8 million pounds for the year ended December 31, 2010 from the 65.9 million pounds sold during the year ended December 31, 2009.

Copper cathode sales decreased in the year ended December 31, 2010 to 1.5 million pounds compared to 2.2 million pounds in the year ended December 31, 2009.

The average price realized for sales of copper in the year ended December 31, 2010 was US\$3.66 per pound, compared to US\$2.31 per pound realized in the year ended December 31, 2009.

Molybdenum-in-concentrate sales increased to 924,000 pounds in the year ended December 31, 2010 from 692,000 pounds sold in the year ended December 31, 2009.

The average price realized for sales of molybdenum for the year ended December 31, 2010 was US\$16.32 per pound, compared to US\$11.02 per pound realized in the year ended December 31, 2009.

Year-end Inventory

Copper-in-concentrate inventory at December 31, 2010 was 5.0 million pounds compared to 3.8 million pounds at December 31, 2009.

Copper cathode inventory at December 31, 2010 was 0.5 million pounds compared to 0.1 million pounds at December 31, 2009.

Molybdenum-in-concentrate inventory at December 31, 2010 was 33,000 pounds compared to 16,000 pounds at December 31, 2009.

Table of Contents***Gibraltar Mine Production and Cost Performance***

The following table is a summary of operating statistics (100%):

	Year Ended December 31, 2010	Year Ended December 31, 2009	Three Months Ended December 31, 2010	Three Months Ended December 31, 2009
Total tons mined (millions) ⁽¹⁾	52.3	34.9	15.6	11.3
Tons of ore milled (millions)	15.0	13.0	3.9	3.2
Stripping ratio	2.5	1.8	2.9	2.2
Copper grade(%)	0.338	0.319	0.333	0.319
Molybdenum grade(%)	0.012	0.011	0.012	0.010
Copper recovery(%)	89.2	82.3	89.1	84.1
Molybdenum recovery(%)	25.5	24.4	29.8	20.9
Copper production (millions lb) ⁽²⁾	92.3	70.3	23.4	17.4
Molybdenum production (thousands lb)	941	629	276	113
Foreign exchange (\$C/\$US)	1.03	1.14	1.01	1.06
Copper production costs, net of by-product credits ⁽³⁾ , per lb of copper	US\$ 1.34	US\$ 1.24	US\$ 1.38	US\$ 1.67
Off-property costs for transport, treatment & marketing per lb of copper	US\$ 0.36	US\$ 0.30	US\$ 0.49	US\$ 0.31
Total cash costs of production per lb of copper ⁽⁴⁾	US\$ 1.70	US\$ 1.54	US\$ 1.87	US\$ 1.98

(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 actual period sales.

(4) See Non-GAAP Measures below.

Total tons mined in 2010 were higher than in 2009 in order to meet the increased processing capacity of the mill and to operate closer to the deposit average strip ratio based on continued strength in the price of copper. The Gibraltar concentrator continued to perform well on copper recovery while throughput steadily increased toward the targeted 55,000 tons per day level. Copper and molybdenum production levels have been increasing throughout the year, due to the completion of concentrator capital projects, increased mill throughput, and an increase in the copper head grade and recovery.

Total per pound cash costs of production for the year ended December 31, 2010 were higher than the same period 2009 as a result of increased stripping ratio (US\$0.17), a strengthening Canadian dollar against the US dollar (US\$0.17), higher prices for fuel, reagents and grinding media (US\$0.05), and increased off property transportation costs (US\$0.06) for the year. These increased costs were partially offset by lower mining and milling costs realized

from new equipment (US\$0.23) and increased molybdenum by-product value (US\$0.06).

Gibraltar Joint Venture

The Gibraltar mine became an unincorporated joint venture between Taseko and Cariboo on March 31, 2010. The Company and Cariboo hold 75% and 25% beneficial interests in the Joint Venture, respectively. Under the Joint Venture Agreement, the Company contributed certain assets and liabilities pertaining to the Gibraltar mine with a deemed fair value of \$747 million to the Joint Venture at March 31, 2010, and Cariboo paid the Company \$187 million to obtain a 25% interest in the Joint Venture. The Company continues to be the operator of the Gibraltar mine.

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The assets and liabilities contributed by the Company into the Joint Venture were primarily mineral property interests, plant and equipment, inventory, prepaid expenses, reclamation deposits, equipment loans, and capital lease obligations and the site closure and reclamation obligation.

The Company's 75% interest in the assets and liabilities of the Joint Venture as at December 31, 2010, are as follows:

	December 31, 2010 <i>(\$ in thousands)</i>
Assets	
Current assets	\$ 97,713
Advances for equipment	1,188
Reclamation deposits	22,977
Mineral property interests, plant and equipment, net	301,219
Liabilities	
Current liabilities	\$ 29,538
Long-term liabilities	28,019
Site closure & reclamation obligation	8,178

Included within the Company's statement of operations and comprehensive income (loss) for the year ended December 31, 2010 is the Company's 75% interest in the operations of the Joint Venture for the period from March 31, 2010 (inception of the Joint Venture) to December 31, 2010 and its 100% interest in the Gibraltar Mine for the period January 1, 2010 through March 31, 2010. The 75% interest is summarized as follows:

	From March 31, 2010 to December 31, 2010 <i>(\$ in thousands)</i>
Revenues	\$ 194,370
Operating expenses	97,461
Depreciation and depletion	7,092
Other expenses	4,867
Other comprehensive loss	39
Total comprehensive income	\$ 84,911

Included within the cash flows of the Company for the year ended December 31, 2010 are the Company's 100% interest for the period in the Gibraltar Mine for the period January 1, 2010 through March 31, 2010 and its 75% interest in the cash flows of the Joint Venture for the period from March 31, 2010 to December 31, 2010. This 75% interest is reflected as follows:

**From March 31, 2010 to
December 31, 2010**
(\$ in thousands)

Operating activities	\$ 93,103
Investing activities	(44,496)
Financing activities	8,270

Infrastructure and Mining Fleet Upgrades

The new in-pit 60-inch by 89-inch crusher and overland conveyor system was completed and commissioned mid-2010. The system is designed to reduce operating costs and improve mine productivity by replacing the original Gibraltar crusher and supplanting approximately three diesel-powered haulage trucks with an electrically driven overland conveyor belt.

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Replacement of the single-line tailings system with a two-line system and substitution of the natural gas-fired concentrate dryer with a filter press was completed in 2010. This equipment reduces operating costs and provides a more stable operating platform, and will be able to manage increased volume as mill throughput increases.

Construction of the SAG direct feed system was started in the third quarter of 2010. The system 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. The direct feed system is scheduled to be commissioned during the second quarter of 2011.

The Gibraltar Mine has continued to invest in the mining fleet during the year, purchasing four new 320 ton capacity haulage trucks all of which have been delivered to the mine. Two of the trucks were assembled and put into operation in October and the second two became operational in December. Also, the construction of a new Bucyrus 495 cable shovel was completed and the machine was commissioned in October 2010.

Copper production for the year ended December 31, 2010 (92.3 million pounds) was 31% higher than in 2009 (70.3 million pounds) as a result of the investments and operational improvements which have occurred at Gibraltar.

Labour

The number of active personnel at the site at the end of December 2010 was 455, compared to 377 personnel at the end of December 2009.

Mineral Reserves

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 and 2010.

The proven and probable reserves as of December 31, 2010 are tabulated in the table below and are NI 43-101 and SEC Guide 7 compliant.

Pit	Category	Gibraltar Mine Mineral Reserves At 0.20% copper cut-off		
		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	163.4	0.323	0.009
	Probable	21.6	0.319	0.009

	Subtotal	185.0	0.322	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		445.0	0.314	0.008

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The mineral 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.

Prosperity Project

Taseko holds a 100% interest in the Prosperity Project, 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 2009, the Company announced the results of a review of the mineral reserves for the Prosperity Project. The reserves (tabulated below) are based on a C\$5.50 net smelter return (NSR) cut-off using gold and copper prices of US\$650/oz and US\$1.65/lb, respectively.

Category	Prosperity Project Mineral Reserves at C\$5.50 NSR/t cut-off						
	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

Recoverable gold and copper are calculated using life of mine average target recoveries of 69% and 87% for gold and copper, 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.

In early June, the British Columbia Provincial Government granted Taseko a long-term, renewable, 25-year mining lease for the Prosperity gold-copper project, providing the Company with mineral tenure security for the project.

Permitting

On January 14, 2010, the Company received the environmental assessment certificate for the Prosperity Project from the British Columbia Provincial Ministry of Environment. The Provincial Mines Act permit application was submitted to the Ministry of Energy, Mines, and Petroleum Resources in June 2010 but was put in abeyance following the November 2010 Federal decision as discussed below.

The Canadian Environmental Assessment process, in which public hearings were conducted by a three-person panel (Federal Panel) operating under defined Terms of Reference, concluded on

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May 3, 2010. The Federal Panel submitted its findings to the Federal Minister of Environment on July 2, 2010.

Taseko was advised on November 2, 2010, that the Government of Canada would not proceed with permitting on the Prosperity project as proposed. The Company has reviewed and revised its plan and has put forth a new design proposal, which adds construction costs and life of mine operating expenditures of approximately \$300 million to the original design. The new plan addresses the concerns identified during the Federal Review process and on February 21, 2011 the Company submitted the new Project Description for the Prosperity Project to the Government of Canada.

Gold Stream Agreement

In May 2010, the Company entered into a gold stream transaction with Franco-Nevada, under which Franco-Nevada will purchase gold equal to 22% of the life of mine gold produced at the project. Staged cash deposits aggregating US\$350 million will be paid during mine construction, and two million Franco-Nevada warrants will be issued on the date of the first advance of the cash payment. For each ounce of gold delivered to Franco-Nevada, Taseko will receive a further cash payment of US\$400/oz (subject to an inflationary adjustment) or the prevailing market price, if lower. The deposit will be credited with the difference between US\$400/oz and the market price of gold for each ounce delivered until the deposit is fully credited.

Each warrant is exercisable to purchase one Franco-Nevada common share at a price of \$75.00 until June 16, 2017 and will be listed under the same terms as the warrants listed on TSX under the symbol FNV.WT.A.

The conditions to funding the gold stream include obtaining full financing of the project, receipt of all material permits to construct and operate Prosperity, and securing marketing arrangements for the majority of the concentrate. The investment by Franco-Nevada is subject to (among other conditions) the condition precedent that the Prosperity project plan that we had agreed with them must receive appropriate governmental approval. Because our revised Prosperity Project plan is not the one we agreed with Franco-Nevada in 2010, this condition will not be satisfied and so Franco-Nevada may currently terminate this agreement on ten business days' written notice to Taseko. However, we believe Franco-Nevada currently has no economic incentive to do so and is awaiting the outcome of our new proposal to the Canadian federal environmental authorities. If our revised mine proposal is ultimately accepted by the authorities, we intend to seek Franco-Nevada agreement to reconfirm the terms of our gold stream transaction with them, but there is no assurance that Franco-Nevada will agree to provide such reconfirmation. Until then, Franco-Nevada could terminate the agreement. There is also a risk that Franco-Nevada will be unable to fund its obligations at the time we receive the necessary approvals.

Harmony Project

Taseko holds 100% of the Harmony Project, located on the Queen Charlotte Island -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 of Harmony during 2011 to further evaluate the Harmony Project.

Aley Project

Taseko holds 100% of the Aley Project in northern British Columbia. The Company completed a significant exploration drilling program during the year.

The 2010 exploration program comprised geological mapping and diamond drilling of 23 drill holes, for a total of 4,460 metres. These holes intersected excellent grade niobium mineralization across an area measuring over 900

metres east-west and 350 metres north-south, and drill intercepts range

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to over 200 metres in length. The niobium mineralization begins close to surface, is highly continuous and is open to expansion in at least three directions and to depth.

Plans are to accelerate work on the project in 2011, with a comprehensive work program including improved road access, exploration and geotechnical drilling, metallurgical testwork and environmental baseline studies. Management believes that there is a strong market for niobium in steel production and an excellent opportunity for development, if the deposit is confirmed.

Market Trends

Copper prices had an overall upward trend between late 2003 and mid-2008, followed by an unprecedented 70% drop in prices over the final six months of 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 have been on an upward trend since. The average copper price in 2010 and 2009 was US\$3.42/lb and \$2.34/lb respectively. Price strength has continued into 2011 averaging US\$4.38/lb up to March 16, 2011.

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 was US\$1,226/oz., and the average price in 2011 was US \$1,380/oz. up to March 16, 2011.

Molybde prices increased from US\$7.60/lb in 2003 to peak at about US\$34.00/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 during 2008 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 of molybdenum was US\$15.90/lb for 2010, and US\$17.19/lb for 2011 through to March 16, 2011.

The Company sells its products in United States dollars but its expenses are denominated primarily in Canadian dollars. The twelve-month average to December 31, 2010 for one United States dollar was 1.03 Canadian dollars. At December 31, 2010, one United States dollar was equivalent to 0.9946 Canadian dollars. Current forecasts anticipate continued strengthening in the Canadian dollar.

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		
	2010	2009	2008
Current assets	\$ 281,300	\$ 92,316	\$ 41,283
Mineral properties	27,737	32,631	32,610
Plant and equipment	283,024	305,205	292,390
Other assets	95,551	104,943	111,962
Total assets	\$ 687,612	\$ 535,095	\$ 478,245
Current liabilities	\$ 66,636	\$ 75,179	\$ 112,053
Other liabilities	151,025	163,223	131,285

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Shareholders' equity	469,951	296,693	234,907
Total liabilities & shareholders' equity	\$ 687,612	\$ 535,095	\$ 478,245

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Statements of Operations	Year Ended December 31 2010	Year Ended December 31 2009	Fifteen Months Ended December 31 2008
Revenue	\$ 278,460	\$ 188,902	\$ 231,678
Cost of sales	142,674	132,434	196,261
Depletion, depreciation and amortization	10,336	8,150	7,363
Operating profit	\$ 125,450	\$ 48,318	\$ 28,054
Accretion of reclamation obligation	860	968	1,451
Asset retirement obligation change of estimates			(6,917)
Change in fair market value of financial instruments	(319)		886
Exploration	10,090	3,407	11,864
Foreign exchange loss (gain)	2,650	(8,800)	4,032
Gain on convertible bond repurchase		(1,630)	
General and administration	13,853	8,382	11,896
Interest accretion on convertible debt		1,260	2,938
Interest and other income	(18,275)	(7,402)	(9,701)
Interest expense	4,542	8,265	8,284
Gain on sale of marketable securities	(4,087)	(188)	(1,034)
Loss on prepayment of credit facility	834		
Premium paid on the redemption of royalty obligation	1,302		
Realized loss (gain) on derivative instruments	(3,575)	11,330	
Stock-based compensation	10,409	5,696	6,442
Earnings (loss) before other items	\$ 107,166	\$ 27,030	\$ (2,087)
Other items:			
Gain on contribution to the Joint Venture	95,114		
Unrealized loss on derivative instruments	(6,898)	(15,775)	
Earnings before income taxes:	\$ 195,382	\$ 11,255	\$ (2,087)
Current income tax expense (recovery)	4,106	669	(2,151)
Future income tax expense (recovery)	42,678	25	(3,446)
Earnings for the year	\$ 148,598	\$ 10,561	\$ 3,510
Other comprehensive income (loss):			
Unrealized gain (loss) on reclamation deposits	\$ (118)	\$ (1,040)	\$ 1,859
Unrealized gain (loss) on marketable securities/investments	6,117	14,263	(11,295)
Reclassification of realized gain on sale of marketable securities	(4,087)	(188)	(1,152)
Tax effect	(239)	(1,779)	1,570
Other comprehensive income (loss)	\$ 1,673	\$ 11,256	\$ (9,018)
Total comprehensive income (loss)	\$ 150,271	\$ 21,817	\$ (5,508)

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Basic earnings per share	\$	0.80	\$	0.06	\$	0.02
Diluted earnings per share	\$	0.73	\$	0.06	\$	0.02
Basic weighted average number of common shares outstanding		186,103		173,170		142,062
Diluted weighted average number of common shares outstanding		203,006		180,835		156,928
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The consolidated financial results reported for the periods ending December 31, September 30, June 30, and March 31, 2010 reflect the Company's 75% interest in the new Joint Venture, which includes the results of operations since April 1, 2010.

Expressed in thousands of Canadian dollars, except per-share amounts.

	Dec 31 2010	Sept 30 2010	Jun 30 2010	Mar 31 2010	Dec 31 2009	Sept 30 2009	June 30 2009	Mar 31 2009
Current assets	281,300	262,581	238,691	249,118	92,316	90,209	75,950	58,357
Mineral properties	27,737	27,588	26,628	26,566	32,631	32,617	32,617	32,619
Plant and equipment	283,024	263,544	235,535	233,672	305,205	303,434	301,891	295,094
Other assets	95,551	96,190	99,851	96,641	104,943	107,686	107,707	112,321
Total assets	687,612	649,903	600,705	605,997	535,095	533,946	518,165	498,391
Current liabilities	66,636	80,998	53,621	78,468	75,179	58,949	61,503	91,195
Other liabilities	151,025	128,626	112,362	139,077	163,223	183,856	165,341	166,596
Shareholders' equity	469,951	440,279	434,722	388,452	296,693	291,141	291,321	240,600
Total liabilities and shareholders' equity	687,612	649,903	600,705	605,997	535,095	533,946	518,165	498,391
Revenue	108,959	37,540	56,453	75,508	55,966	40,132	52,632	40,172
Mine site operating costs	38,116	14,743	30,488	31,559	32,160	24,528	26,203	25,454
Transportation and treatment	8,716	4,115	6,678	8,259	5,724	4,554	7,609	6,202
Amortization	4,637	1,217	1,902	2,580	2,421	1,677	2,142	1,910
Operating profit	57,490	17,465	17,385	33,110	15,661	9,373	16,678	6,606
Expenses:								
Accretion of reclamation obligation	205	202	197	256	250	245	239	234
Change in fair value of financial instruments	(319)							
Exploration	3,971	3,619	1,519	981	1,519	805	549	534
Foreign exchange loss (gain)	4,042	1,972	(2,774)	(590)	(681)	(3,108)	(7,941)	2,930
General and administration	4,659	3,139	3,270	2,785	2,197	1,752	2,104	2,329
Interest and other income	(3,117)	(2,917)	(10,611)	(1,630)	(1,702)	(1,529)	(1,987)	(2,184)
Interest expense and accretion charges	1,058	652	731	2,101	1,935	2,041	2,765	2,784
Gain on convertible bond repurchase						(948)	(682)	
		(2,973)	(765)	(349)	(1,004)	816		

Loss (gain) on sale of marketable securities								
Loss on prepayment of credit facility				834				
Premium paid on redemption of royalty obligation				1,302				
Realized loss (gain) on derivative instrument	(15,117)		3,881	7,661	7,762	3,568		
Stock-based compensation	2,669	1,176	1,110	5,454	2,385	1,073	1,581	657
	(1,949)	4,870	(3,442)	18,805	12,661	4,715	(3,372)	7,284

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	Dec 31 2010	Sept 30 2010	Jun 30 2010	Mar 31 2010	Dec 31 2009	Sept 30 2009	June 30 2009	Mar 31 2009
Earnings (loss) before other items	59,439	12,595	20,827	14,305	3,000	4,658	20,050	(678)
Other Items:								
Gain (loss) on contribution to the joint venture	1,095	(3,363)		97,382				
Unrealized gain (loss) on derivative instruments	(18,284)	(5,015)	8,910	7,491	(4,237)	(8,829)	(2,709)	
Earnings (loss) before income taxes	42,250	4,217	29,737	119,178	(1,237)	(4,171)	17,341	(678)
Income tax expense (recovery)	16,919	2,839	(15,703)	42,729	766	(1,822)	5,936	(4,186)
Earnings (loss) for the period	25,331	1,378	45,440	76,449	(2,003)	(2,349)	11,405	3,508
Earnings (loss) per share basic	0.14	0.01	0.24	0.42	(0.01)	(0.01)	0.07	0.02
Earnings (loss) per share diluted	0.12	0.01	0.24	0.40	(0.01)	(0.01)	0.06	0.02

Results of Operations

The results of operations reported for the year ended December 31, 2010 reflect the Company's 75% interest in the new Joint Venture from the inception date of March 31, 2010 and 100% for the period January 1, 2010 through March 31, 2010. Sales and production volumes reflected below are on a 100% basis unless otherwise indicated.

This management discussion and analysis compares the years ended December 31, 2010 (2010) and the year ended December 31, 2009 (2009).

During 2010, Taseko generated operating profit of \$125.5 million compared to \$48.3 million during 2009 and earnings before tax and other items of \$107.2 million for 2010, compared to earnings before tax and other items of \$27.0 million for 2009. Other items included a gain on the sale of the 25% interest in the Gibraltar mine in the amount of \$95.1 million and an unrealized (non-cash) marked-to-market loss attributable to derivative instruments of \$6.9 million (2009 - \$15.8 million).

During 2010, Taseko generated cash inflow from continuing operating activities of \$89.8 million as compared to an outflow of \$26.8 million for 2009. The increase in cash inflows from operating activities in 2010 resulted from the

significant increase in sales over 2009, and the higher average realized prices.

The Company's revenues are \$278.5 million in 2010, compared to \$188.9 million in 2009, consisting of copper concentrate sales of \$258.9 million (2009 \$172.5 million), molybdenum concentrate sales of \$12.7 million (2009 \$8.8 million), silver concentrate sales of \$2.9 million (2009 \$2.0 million), and copper cathode sales of \$4.0 million (2009 \$5.6 million). The increase in revenue was the result of higher copper shipments in 2010 mainly due to increased production at Gibraltar, as well as a higher average realized copper price. For 2010, 86.3 million pounds of copper (concentrate and cathode) were sold compared to 68.1 million pounds of copper (concentrate and cathode) for 2009. The average price per pound of copper sold increased to US\$3.66 per pound for 2010, up from US\$2.31 per pound for 2009. Molybdenum sales increased to 0.9 million pounds for 2010 from 0.7 million pounds for 2009 mainly due to the higher molybdenum recovery levels seen over 2009. The average price per pound of molybdenum sold increased to US\$16.32 per pound for 2010, up from US\$11.02 per pound for 2009.

Cost of sales for 2010 was \$142.7 million, compared to \$132.4 million for 2009. Cost of sales for 2010 consists of total production cost of \$118.4 million (2009 \$109.6 million), an inventory adjustment of \$3.5 million (2009 \$1.3 million), and transportation and treatment costs of \$27.8 million (2009 \$24.1 million). Cost of sales was higher during 2010 mostly due to increased production levels, increases in the labour force, increases in input costs and an increased strip ratio.

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Amortization expense for 2010 was \$10.3 million compared to \$8.2 million in 2009. The increase was the result of the capital equipment additions as well as the utilization of several new pieces of equipment related to the concentrator expansion and higher production volumes.

Exploration expenses increased to \$10.1 million in 2010 compared to \$3.4 million in 2009, due to an increased level of activity at the Prosperity Project. Higher costs relating to the work carried out on the environmental assessment review, some preliminary detailed engineering work, and the permitting process (see Section 1.2.2). An exploration drill program was also carried out on the Aley Project. Exploration expenses of \$1.6 million (2009 \$0.05 million) at Gibraltar were capitalized.

General and administrative (G&A) costs increased to \$13.9 million in 2010 from \$8.4 million in 2009, mainly due to higher staffing levels and support costs associated with the planned growth within the Company. Costs were incurred relating to the expansion of the Williams Lake office, and an increase in the staffing levels related to Prosperity and the Gibraltar mill expansion during the comparative period.

Stock-based compensation was \$10.4 million in 2010 compared to \$5.7 million in 2009. The increase is mainly due to the newly granted options in 2010, combined with the compensation expense of options granted in prior years.

Interest and other income increased to \$18.3 million as compared to \$7.4 million in 2009. The increase was primarily due to an interest expense recovery of \$8.1 million that occurred mid-way through the year, as a result of the reversal of a provision for tax liabilities, as well as higher levels of interest earned on deposits held with Canadian banks. Interest expense decreased to \$4.5 million in 2010 compared to \$8.3 million in 2009 mainly due to the redemption of the Company's convertible bonds during 2009 and repayment of the term facility at the end of the first quarter of 2010. The Company recorded a foreign exchange loss of \$2.6 million for 2010 compared to a gain of \$8.8 million in 2009. The loss was primarily due to the strengthening of the Canadian dollar and the revaluation of the US-dollar receivables at December 31, 2010.

The Company recorded a realized gain of \$3.6 million (2009 loss \$11.3 million) and an unrealized loss of \$6.9 million (2009 \$15.8 million) on derivative instruments as a result of the decrease in fair value of the producer call and put option contracts which settled during 2010, and the fair valuation of the contracts outstanding at December 31, 2010.

Current income tax expense of \$4.1 million (2009 \$0.7 million) and future income taxes expense of \$42.7 million (2009 \$0.03 million) were recorded for the year ended December 31, 2010.

Liquidity

At December 31, 2010, the Company had cash and equivalents of \$211.8 million, as compared to \$35.1 million at December 31, 2009. In addition, the Company had working capital of \$214.7 million, as compared to working capital of \$17.1 million at December 31, 2009. The increase in working capital was primarily a result of the proceeds from the sale of the 25% interest in the Gibraltar mine to Cariboo.

Management anticipates that sales from copper and molybdenum concentrate and copper cathode, along with the various financing activities disclosed in Capital Resources, and cash management strategies will be sufficient to fund current operations and satisfy obligations as they come due. Management continuously monitors all commitments and planned expenditures necessary to maintain operational and capital spending objectives.

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

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short and long-term cash requirements. The Company's cash and equivalents are held in business bank 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, 2010	Contractual Obligations	2011	2012	2013	Over 3-5 Years
Accounts payable and accrued liabilities	\$ 22,983	\$ 22,983	\$	\$	\$
Amounts due to a related party	154	154			
Capital lease obligations	20,313	5,354	5,394	4,511	5,054
Long-term equipment loan	18,020	4,961	6,828	3,672	2,559
Total liabilities	\$ 61,470	\$ 33,452	\$ 12,222	\$ 8,183	\$ 7,613

The Company also has purchase orders in the normal course of operations for capital equipment. 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 consolidated financial statements for the year ended December 31, 2010, the Company has no other material commitments for capital expenditures, long-term debt, capital lease obligations, operating leases or any other long-term obligations.

Capital Resources

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

Debt Financings

In February 2009, the Company entered into and drew down a US\$30 million 36-month term facility agreement (the Facility) with Credit Suisse. During the prior year, 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 was repayable commencing April 2010 and every second month thereafter in equal installments of US\$4.2 million until February 2012. The Facility interest rate was LIBOR plus 5 percent and was due and payable bi-monthly. The long-term term facility security provided under the terms of the relevant agreement included certain equipment of the Gibraltar mine, a general security pledge, and the treatment and refining off-take agreement in addition to a corporate guarantee.

In Q1 2010, the Company prepaid the Facility without penalty. A loss of \$0.8 million was recorded in net earnings as a result of the prepayment of the Facility and the requirement to simultaneously expense deferred financing costs.

During the year, the Company entered into a 5-year capital lease agreement to finance the purchase of four haul trucks for the Gibraltar mine for a total amount of \$17.2 million (75% - \$12.9 million). The terms of the lease require monthly installments of approximately \$0.3 million (75% - \$0.2 million) beginning in October 2010 and ending in August, 2015, at an annual interest rate of 5.99%. The Company guaranteed this financing.

Also during the year, the Company entered into a new 48-month term equipment loan to finance the purchase of a new shovel for the Gibraltar mine in the amount of \$18.8 million (75% \$14.1 million). The loan is secured by the underlying shovel at the Gibraltar mine. The loan is repayable

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in monthly installments of approximately \$0.4 million (75% \$0.3 million) beginning in September 2010 through to August 2014. The loan bears a fixed interest rate of 5.349% and is guaranteed by the Company and Cariboo.

Equity Financings

During 2010, the Company obtained a receipt in respect of the final short-form base shelf prospectus from regulatory authorities. The shelf registration will, subject to securities regulatory requirements, allow the Company to make offerings of common shares, warrants, subscription receipts, debt securities, or any combination of such securities up to an aggregate offering price of \$350 million during the 25 month period that the final short-form base shelf prospectus, including any amendments thereto, remains effective.

The Company also entered into an At the Market Issuance Agreement, with a third party, under which the Company may, at its discretion, from time to time sell up to a maximum of 18.6 million of its common shares through at-the-market (ATM) issuance. The third party will act as sales agent for any sales made under the ATM. The common shares will be sold at market prices prevailing at the time of a sale. The Company is not required to sell any of the reserved shares at any time during the term of the ATM, which extends until November 1, 2012, and there are no fees for having established the arrangement. The ATM Issuance Agreement does not prohibit the Company from conducting other financings. Subsequent to year-end the Company issued 1.0 million common shares under the ATM agreement for gross proceeds of \$6.1 million.

Other Financings

During 2009, the Company entered into an agreement with an unrelated investment partnership, Gibraltar Royalty Limited Partnership (GRLP) whereby Gibraltar sold to GRLP a royalty for \$6.5 million.

Annual royalties were payable by Gibraltar to GRLP at rates ranging from \$0.003/lb to \$0.004/lb of copper produced during the period from September 1, 2009 to December 31, 2030. These royalty payments were to be recognized as an expense during the period.

The Company classified the principal balance of the royalty obligation as a financial liability to be settled in a future period. The Company had 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 equal to the funds received by the Company plus a 20% premium payable in the Company s shares or cash. GRLP also had 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 was subject to the Company s pre-emptive right to exercise the call in advance of any put being exercised and completed.

In Q1 2010, the Company exercised its call option through the issuance of 1,556,355 shares of the Company and recognized an expense of \$1.3 million related to a premium on early redemption.

Off-Balance Sheet Arrangements

None.

Transactions with Related Parties

Hunter Dickinson Services Inc. (HDSI) (formerly Hunter Dickinson Inc.) is a private company which is owned equally by several public companies, one of which was Taseko. During Q1 2010, the Company sold its interest in HDSI for nominal value. 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

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behalf of the Company. On July 2, 2010, the HDSI services agreement was modified and services are now provided based on annually set hourly rates.

Costs for services rendered and costs incurred on behalf of the Company by HDSI during the year ended December 31, 2010 were \$3.0 million, as compared to \$2.7 million in 2009.

Under the terms of the Joint Venture Operating Agreement, the Joint Venture pays a management fee to the Company for services rendered by the Company to the Joint Venture as operator of the Gibraltar mine. Since the inception of the Gibraltar Joint Venture, the Company has earned \$2.6 million in management fees of which 25% in the amount \$0.6 million (2009 nil) was recorded in the Company's accounts as other income.

Fourth Quarter

For the three months ended December 31, 2010 (Q4 2010), Taseko generated operating profit of \$57.5 million compared to \$15.6 million during the three months ended December 31, 2009 (Q4 2009).

Other items in Q4 2010 include an adjustment of \$1.1 million to the gain realized on the sale of the 25% interest in the Gibraltar mine and an unrealized (non-cash) mark-to-market loss attributable to derivative instruments related to the copper hedging program in the amount of \$18.3 million (Q4 2009 \$4.2 million).

The Company recognized revenues of \$109.0 million in Q4 2010, compared to \$56.0 million in Q4 2009.

Revenues in Q4 2010 consisted of copper concentrate sales of \$102.0 million compared to \$52.9 million for Q4 2009. Molybdenum concentrate sales were \$3.2 million in the Q4 2010 compared to \$0.7 million for Q4 2009. Silver concentrate sales were \$1.3 million for Q4 2010 compared to \$0.6 million for Q4 2009 and copper cathode sales were \$2.5 million for Q4 2010 compared to \$1.8 million for Q4 2009.

Cost of production for Q4 2010 was \$38.1 million, compared to \$32.2 million in Q4 2009. Cost of production consists of total production cost for Q4 2010 of \$29.1 million (Q4 2009 \$31.9 million), plus concentrate inventory adjustment of \$8.9 million (Q4 2009 \$0.3 million). Transportation and treatment costs for Q4 2010 amounted to \$8.7 million (Q4 2009 \$5.7 million).

Amortization expense of \$4.6 million for Q4 2010 was higher compared to \$2.5 million in Q4 2009 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.

Exploration expenses for Q4 2010 increased to \$4.0 million, compared to \$1.5 million in Q4 2009, mostly due to some preliminary detailed engineering and permitting work relating to the Prosperity project, as well as an exploration drill program carried out on the Aley project in the latter part of 2010.

General and administrative (G&A) expense for Q4 2010 was \$4.7 million, compared to \$2.2 million in Q4 2009, the increase due to the higher staffing levels and support costs resulting from planned growth within the Company.

Stock-based compensation expense for Q4 2010 was \$2.7 million, compared to an expense of \$2.4 million in Q4 2009, for options granted in 2010 as well as prior periods.

Interest and other income for Q4 2010 was \$3.1 million, compared to \$1.7 million in Q4 2009. The increase is mainly due to higher interest earned on the cash balances and income relating to the Joint Venture management fees.

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Interest expense and accretion for Q4 2010 was \$1.1 million, compared to \$1.9 million in Q4 2009, the decrease mostly due to the repayment of the Credit Suisse Term Facility in the first quarter of 2010.

The Company recorded a foreign exchange loss for Q4 2010 of \$4.0 million, compared to a gain of \$0.7 million in Q4 2009. The Company sales are denominated in US dollars and are therefore impacted by the strengthening of the Canadian dollar and the revaluation of the US receivables at period close. The loss for Q4 2010 was primarily due to the revaluation of the Company's US bank balances of \$3.5 million and the loss due to the revaluation of the US dollar receivables of \$0.5 million at December 31, 2010.

The Company recorded a realized gain of \$15.1 million, compared to a loss of \$7.8 million in Q4 2009, and an unrealized loss of \$18.3 million (Q4 2009 \$4.2 million) during Q4 2010 as a result of the decrease in the fair value of the outstanding derivative contracts at December 31, 2010 and the reclassification between realized and unrealized gains and losses for the contracts that settled during the 2010 fiscal year.

Proposed Transactions

Franco-Nevada Gold Stream Transaction

During the year, the Company announced it had entered into an arrangement (the Arrangement) with Franco-Nevada Corporation (Franco-Nevada) to sell 22% of the gold to be produced from the Prosperity project.

The conditions to funding the gold stream include obtaining full financing of the project, receipt of all material permits to construct and operate Prosperity and securing marketing arrangements for the majority of the concentrate. The investment by Franco-Nevada is subject to (among other conditions) the condition precedent that the Prosperity project plan that we had agreed with them must receive appropriate governmental approval. Because our revised Prosperity project plan is not the one we agreed with Franco Nevada in 2010, this condition will not be satisfied, and so Franco-Nevada may currently terminate this agreement on ten business days' written notice to Taseko. However, we believe Franco-Nevada currently has no economic incentive to do so and is awaiting the outcome of our new proposal to the Canadian federal environmental authorities. If our revised mine proposal is ultimately accepted by the authorities, we intend to seek Franco-Nevada agreement to reconfirm the terms of our gold stream transaction with them, but there is no assurance that Franco-Nevada will agree to provide such reconfirmation. Until then, Franco-Nevada could terminate the agreement. There is also a risk that Franco-Nevada will be unable to fund its obligations at the time we receive the necessary approvals.

Gibraltar Tracking Preferred Shares

In October 2001, the Company and its subsidiary Gibraltar completed the acquisition of the Harmony Project and related assets from Continental Minerals Corporation (Continental), for 12,483,916 series A non-voting tracking preferred shares of Gibraltar and \$2.2 million cash. The tracking preferred shares were recorded at \$26.6 million, 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 \$62.8 million, subject to reduction prior to redemption for certain stated events.

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

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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 \$5.64 (as of December 31, 2010).

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.

If an unrelated third party's acquisition of Continental (the Acquisition) announced September 17, 2010 proceeds, it is planned, subject to ongoing negotiations with Continental, that the redemption of the tracking preferred shares for Taseko common shares be accelerated to occur just before closing of the Acquisition.

On December 20, 2010, Continental announced that it had signed a formal Arrangement Agreement to implement the proposed acquisition plan announced in September, through a process which will be subject to the terms and conditions of the Arrangement Agreement. Completion of the Arrangement Agreement is targeted for the end of the first quarter of 2011. The tracking preferred shares will be exchanged for the Company's common shares on the ratio of 0.5028 per Company's common share to a Continental preferred share, and the Company's common shares will not be subject to any hold periods by Continental.

Critical Accounting Estimates

The Company's significant accounting policies are presented in notes 2 and 3 of the audited consolidated statements for the year ended December 31, 2010. 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:

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.

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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. 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 net earnings (loss).

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 \$8.2 million as at December 31, 2010 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.

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.

Depletion, Depreciation, Amortization 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.

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 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 interests, plant and equipment, which would reduce the Company's earnings and net assets.

No impairment was identified for the Gibraltar mine or the Company's other exploration projects for the year ended December 31, 2010.

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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 income 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.

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.

Inventory

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 inventory 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 inventory, which would reduce the Company's earnings and working capital.

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 earnings (loss) 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.

Change in Accounting Policies including Initial Adoption

New Accounting Standards adopted:

As a result of the Company's joint venture formation over the Gibraltar mine entered into on March 31, 2010, the Company has adopted the following standard on a prospective basis with no restatement to prior period financial statements:

CICA 3055 Interests in Joint Ventures

The Company's interests in jointly controlled assets are accounted for using proportionate consolidation. The Company combines its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a

line-by-line basis with similar items in the Company's financial statements. The Company recognizes the portion of gains or losses on the sale of assets by the Company to the joint venture that is attributable to the other venturers. The Company does not

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recognize its share of profits or losses from the joint venture that result from the Company's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss.

New Accounting Standards Not Yet Adopted:

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 did not elect to early adopt this standard and will adopt IFRS 3 *Business Combinations* in accordance with IFRS effective January 1, 2011.

International Financial Reporting Standards (IFRS)

The Accounting Standards Board confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011, with a transition date of January 1, 2010 (the Transition Date).

Accordingly, the Company will issue its first IFRS annual consolidated financial statements for the year ended December 31, 2011, with statements of comparative balance sheets as at December 31, 2010 and January 1, 2010 and restatement of earnings for the year ended December 31, 2010. During the year ended December 31, 2011, the Company will issue interim consolidated financial statements prepared in accordance with IAS 34 *Interim Financial Reporting* (IAS 34) for the periods ended March 31, 2011, June 30, 2011 and September 30, 2011, with restatement of comparative balance sheets as at December 31, 2010 and January 1, 2010, and statements of earnings for the comparative periods presented.

The Company adopted a formal project plan for its transition to IFRS and allocated internal resources and engaged expert consultants, which was monitored by a Steering Committee to manage the transition from GAAP to IFRS reporting. The Steering Committee provides regular updates to the Audit Committee and the Board of Directors with the progress of the convergence project through communication and meetings. The Company's auditors have completed certain preliminary audit work on the IFRS opening balance sheet adjustments to be used in determining the opening statement of financial position under IFRS.

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

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accounting policy changes and training programs across the Company's finance and other staff, as necessary. This will culminate in the collection of financial information necessary to compile IFRS compliant financial statements, including embedding IFRS principles in business processes, and Audit Committee review and approval of the financial statements.

A detailed timetable was prepared to manage the transition and the Company is currently on schedule. At the date of preparing this MD&A, the Company has met the objectives of the project plan. The Company's analysis of IFRS and comparison with GAAP has identified a number of differences which are discussed under the heading "Impact of adoption of IFRS on Financial Reporting" below.

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 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 Company's scoping and analysis, 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.

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

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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.

The Company's componentization analysis determined that the level of componentization of assets under the Company's policies under GAAP also meets the IFRS requirements and therefore there are no GAAP differences.

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. As a result, there will be a reduction in the amount of \$4.9 million in both mineral property interests and future income tax liabilities as of the Transition Date. For the year ended December 31, 2010, there will be a reduction in the amount of \$4.4 million in mineral property interests, a reduction of \$4.9 million in future income tax liabilities and an increase of \$0.5 million in the gain recognized in the contribution to the Joint Venture. Please refer to the unaudited proforma IFRS reconciliation below.

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 to be realized. 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

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a CGU is different from the Canadian definition of an Asset Group. However, no difference between asset groups previously classified under GAAP and CGU s have been identified.

The Company has in the past written down mineral property balances 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.

Based on the Company s analysis, indicators of impairment that resulted in the impairment loss of \$5.9 million recognized for Gibraltar in fiscal 2001 no longer exist and therefore should be reversed. The reversal on the Transition Date resulted into a \$4.6 million increase in mineral property interests and shareholders equity. For the year ended December 31, 2010, there was a \$3.3 million increase in mineral property interests and shareholder s equity, an increase on \$0.1 million in depreciation and amortization expenses and a decrease of \$1.1 million in the gain recognized in the contribution to the Joint Venture for IFRS purposes. Please refer to the unaudited proforma IFRS reconciliation below.

The Company concluded that the historical impairment recognized for Prosperity and Harmony should not be reversed

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.

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. The Company s estimate is based on the Company s use of its own equipment and resources, and these estimates are the basis for calculating its ARO under IFRS.

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. The discount rate used under IFRS would be a pre-tax rate specific to the liability rather than the Company s use of the credit-adjusted risk-free rate required under GAAP. The discount rate under IFRS 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 under IFRS.

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 outflows 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 1 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. As such, the Company has re-measured the rehabilitation liability as at January 1, 2010 under IAS 37, estimated the amount to be included in the related asset by discounting the liability to the date in which the liability arose using best

estimates of the historical risk adjusted discount rates, and recalculated the accumulated depreciation and amortization under IFRS.

As a result of the above analysis, asset retirement obligations will be increased by \$9.9 million, asset retirement obligation assets will be increased by \$8.5 million and shareholders' equity will be

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reduced by \$1.4 million as of the Transition Date. For the year ended December 31, 2010, asset retirement obligations will be increased by \$6.1 million, asset retirement obligation assets will be increased by \$7.1 million, shareholders equity will be reduced by \$1.0 million, accretion expenses will be reduced by \$0.3 million, depreciation and amortization expenses will be increased by \$0.15 million and the gain on contribution to the Joint Venture will be increased by \$0.2 million. Please refer to the unaudited proforma IFRS reconciliation below.

Share-based Payments

Currently, the Company measures stock-based compensation related to stock-options at the fair value of the options granted using the Black-Scholes option pricing formula and recognizes this expense over the vesting period of the options. For the purpose of accounting for share-based payment transactions, an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the options granted to employees is measured on the date of grant. The fair value of options granted to contractors and consultants are measured on the date the services are completed. Forfeitures are recognized as they occur.

IFRS 2, similar to GAAP, requires the Company to measure stock-based compensation related to stock-options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, for options granted to non-employees, IFRS requires that stock-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured. For the purpose of accounting for share-based payment transactions an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that currently applied by the Company and will result in certain contractors and consultants being classified as employees under IFRS.

Based on the IFRS definition of an employee, the Company will reclassify a number of individuals previously classified as non-employees to employees. For the stock options granted to the individuals reclassified, changes in fair value after the grant date previously recognized for GAAP purposes will be adjusted. The effect of the above difference is yet to be finalized.

December 31, 2010 Proforma IFRS Consolidated Balance Sheet and Comprehensive Statement of Income/(Loss) and January 1, 2010 Opening IFRS Balance Sheet: (Unaudited Expressed in thousands of Canadian Dollars):

The Company has prepared a condensed, unaudited preliminary consolidated opening IFRS reconciliation as at January 1, 2010 with revised comparatives for December 31, 2010 based on known adjustments to date. These adjustments do not necessarily reflect all the adjustments required under IFRS. The preliminary amounts presented below are based on accounting policies the Company expects to apply in preparing its first consolidated IFRS financial statements. The amounts determined for the Company's final consolidated opening IFRS balance sheet as at January 1, 2010 and the December 31, 2010 comparative consolidated balance sheet may differ from these preliminary amounts reported as a result of changes to IFRS from the date of this document to the dates the final consolidated opening

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IFRS balance sheet as at January 1, 2010 and December 31, 2010 comparative consolidated IFRS statements are issued.

	Dec-31, 2010 Revised Comparatives	Jan-1, 2010 Opening Balance Sheet at Transition Date
Total Assets per Canadian GAAP	\$ 687,612	\$ 535,095
Deferred tax adjustments	(4,374)	(4,862)
Reversal of previous impairments	3,339	(4,574)
Asset retirement obligation adjustments	6,126	8,508
	Mineral property interest	
	Mineral property interest	
	Plant, property and equipment	
Total Assets per IFRS	\$ 692,703	\$ 543,315
Total Liabilities per Canadian GAAP	\$ 217,661	\$ 238,402
Deferred tax adjustments	(4,862)	(4,862)
Asset retirement obligation adjustments	7,138	9,899
	Site closure and reclamation obligation	
Total Liabilities per IFRS	\$ 219,937	\$ 243,439
Total Shareholders Equity per Canadian GAAP	\$ 469,951	\$ 296,693
Deferred tax adjustments	489	
Reversal of previous impairments	3,339	4,574
Asset retirement obligation adjustments	(1,013)	(1,391)
	Retained deficit	
	Retained deficit	
	Retained deficit	
Total Shareholders Equity per IFRS	\$ 472,766	\$ 299,876
Total Liabilities and Shareholders Equity	\$ 692,703	\$ 543,315
Total Comprehensive Income per Canadian GAAP	\$ 150,271	
Reversal of previous impairments	(99)	
Asset retirement obligation adjustments	331	
Asset retirement obligation adjustments	(185)	
Gain on contribution to the joint venture	(415)	
	Depletion, depreciation and amortization	
	Finance costs	
	Depletion, depreciation and amortization	
Total Comprehensive Income per IFRS	\$ 149,903	

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.

Based on the analysis and differences identified to date, the Company believes its systems can accommodate the required changes. In addition, the Company's internal and disclosure control

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processes, as currently designed, will not need significant modifications as a result of its conversion to IFRS.

We have assessed the impacts of adopting IFRS on our contractual arrangements, and have not identified any material compliance issues.

We have considered the impacts that the transition will have on our internal planning process and compensation arrangements and have not identified any significant impacts to date.

Financial Instruments and Other Instruments

All financial instruments, including derivatives, are included on the Company's balance sheet and are 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 2(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:

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.

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 foreseeable short and long term cash requirements.

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:

Foreign exchange risk 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. 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.

Interest rate risk Fluctuations in interest rates impact the return on the cash equivalents and reclamation deposits invested at floating rates of interest.

Equipment loans carry fixed interest rates ranging between 5.349% and 8.6% per annum, and as such are not subject to fluctuations in interest rates. The royalty obligation is offset by a promissory note held by the Company.

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Commodity price risk The value of the Company's mineral resource properties is related to the price of copper, gold, molybdenum and niobium and the outlook for these minerals. Copper, gold, 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 Gibraltar mine, it may not be economically feasible to continue production.

During 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.

One 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. Another strategy is the purchase of put options that sets a minimum price that the Company will realize for a portion of its copper production. The put options are only exercised if the spot price declines below the put strike price. The Company will continue to review its hedge position from time to time in light of prevailing market and economic conditions.

Additional Disclosure for Venture Issuers without Significant Revenue

Not applicable. The Company is not a Venture Issuer.

Disclosure of Outstanding Share Data

The following details the share capital structure as at March 16, 2011, 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				188,999,687
Share purchase option	28-Mar-11	\$ 2.18	110,000	
	28-Mar-11	\$ 2.63	40,000	
	22-Aug-11	\$ 4.09	15,000	
	10-Dec-11	\$ 1.00	858,800	
	24-Feb-12	\$ 3.07	165,000	
	24-Feb-12	\$ 4.50	135,000	
	30-Jul-12	\$ 2.17	26,000	
	15-Jan-13	\$ 4.77	960,000	
	10-Dec-13	\$ 1.00	2,168,000	
	4-Jan-14	\$ 5.13	310,000	
	12-Jan-14	\$ 1.15	1,917,000	
	21-Apr-14	\$ 1.71	1,446,167	
	2-Dec-14	\$ 4.14	100,000	
	5-Jan-15	\$ 4.46	1,925,000	

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15-Jan-15	\$ 4.77	150,000
28-Jan-15	\$ 5.00	210,000
16-Feb-15	\$ 4.59	120,000
6-Apr-15	\$ 5.39	100,000
16-Sep-15	\$ 4.61	160,000
4-Jan-16	\$ 5.13	1,960,000

			12,875,967
Preferred shares redeemable into Taseko Mines Limited common shares			12,483,916

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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, 2010 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP.

On March 31, 2010, the Company entered into a Joint Venture Formation Agreement (the "JVFA") with Cariboo Copper Corp. Please refer to note 4 of the accompanying financial statements. In connection with the JVFA, the Company has updated its internal controls over financial reporting, as necessary, to reflect additional processes and controls. Other than the joint venture, there are no significant changes in internal controls over financial reporting that occurred during the year ended December 31, 2010, that could have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures. Based upon the results of that evaluation, the Company's Chief Executive Officer and 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 to provide reasonable assurance that the information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the appropriate time periods and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

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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 table below provides a reconciliation of the non-GAAP measures to reported GAAP measures.

Cash Production Cost

	Year Ending December 31, 2010	Year Ending December 31, 2009
GAAP operating costs (in thousands of CAD)	\$ 118,450	\$ 109,964
Add: inventory adjustments	(3,544)	(324)
Less: molybdenum credits	(12,656)	(8,786)
Less: silver credits	(2,885)	(2,001)
 Net operating costs (in thousands of CAD)	 \$ 99,365	 \$ 98,853
 Total copper production (in thousands of lbs)	 92,348	 70,347
Cost per lb (CAD)	1.38	1.41
Average exchange rate	1.03	1.13
Cost per lb (USD)	\$ 1.34	\$ 1.24
GAAP treatment and transportation costs (in thousands of CAD)	\$ 27,768	\$ 24,089
Treatment and transportation per lb of copper (in CAD)	0.37	0.34
Average exchange rate	1.03	1.13
Treatment and transportation cost per lb (in USD)	\$ 0.36	\$ 0.30
Total cash cost per lb of copper (in USD)	\$ 1.70	\$ 1.54

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DESCRIPTION OF THE NOTES

The following discussion of the terms of the Notes (as used in this Description of the Notes section, the notes) supplements the description of the general terms and provisions of the debt securities described under Description of Securities Debt Securities in the Prospectus and identifies any general terms and provisions described in the Prospectus that will not apply to the notes. To the extent this summary differs from the summary in the Prospectus, you should rely on this summary.

You can find the definitions of certain terms used in this description under the subheading Certain Definitions. In this description, the word Taseko refers only to Taseko Mines Limited and not to any of its Subsidiaries.

Taseko will issue the notes under a supplemental indenture (the supplemental indenture) to Taseko s indenture (together with the supplemental indenture, the indenture) among itself, the Guarantors, The Bank of New York Mellon, as U.S. trustee, and BNY Trust Company of Canada, as Canadian co-trustee. The terms of the notes will include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the indenture. It does not restate the indenture in its entirety. We urge you to read the indenture because it, and not this description, defines your rights as holders of the notes. Copies of the indenture are available as set forth below under Additional Information. Certain capitalized terms used in this description but not defined below under Certain Definitions have the meanings assigned to them in the indenture.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief Description of the Notes and the Note Guarantees

The Notes

The notes:

- will be general unsecured obligations of Taseko;
- will be effectively subordinated to all existing and future secured Indebtedness of Taseko;
- will be *pari passu* in right of payment with all existing and future unsecured senior Indebtedness of Taseko;
- will be senior in right of payment to any future subordinated Indebtedness of Taseko; and
- will be unconditionally guaranteed by the Guarantors.

The Note Guarantees

The notes will be guaranteed by all of Taseko s Subsidiaries, other than Immaterial Subsidiaries for so long as they constitute Immaterial Subsidiaries (unless we otherwise elect to make any such Immaterial Subsidiary a Guarantor). As of the date of the supplemental indenture, all of Taseko s existing subsidiaries will guarantee the notes, other than

certain Immaterial Subsidiaries. Taseko will guarantee the guarantees by its Subsidiaries.

Each Note Guarantee:

will be a general unsecured obligation of the Guarantor;

will be effectively subordinated to all existing and future secured Indebtedness of that Guarantor;

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will be *pari passu* in right of payment with all existing and future unsecured senior Indebtedness of that Guarantor; and

will be senior in right of payment to any future subordinated Indebtedness of that Guarantor.

None of our Immaterial Subsidiaries (for so long as they constitute Immaterial Subsidiaries) will guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. See Credit Supporter Disclosure .

As of the date of the supplemental indenture, all of our Subsidiaries will be Restricted Subsidiaries. However, under the circumstances described below under the caption Certain Covenants Designation of Restricted and Unrestricted Subsidiaries, we will be permitted to designate certain of our Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

The operations of Taseko are conducted through its Subsidiaries and, therefore, Taseko depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the notes. The notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of Taseko's Subsidiaries, and any right of Taseko to receive assets of any of its Subsidiaries upon the Subsidiary's liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors, except to the extent that Taseko is itself recognized as a creditor of the Subsidiary (as a result of a Note Guarantee or otherwise), in which case the claims of Taseko would still be subordinate in right of payment to any security in the assets of the Subsidiary and any Indebtedness of the Subsidiary senior to that held by Taseko. As of December 31, 2010, Taseko's Subsidiaries had approximately CDN\$236.5 million of Indebtedness, trade payables and other liabilities outstanding. See Risk Factors Payment of principal and interest on the Notes will be effectively subordinated to any secured debt we may incur in the future to the extent of the value of the assets securing such debt.

Principal, Maturity and Interest

Taseko will issue US\$200.0 million in aggregate principal amount of notes in this Offering. Taseko may issue additional notes under the indenture from time to time after this Offering. Any issuance of additional notes is subject to all of the covenants in the indenture, including the covenant described below under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock. The notes and any additional notes subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Taseko will issue notes in denominations of US\$2,000 and integral multiples of US\$1,000 in excess of US\$2,000. The notes will mature on April 15, 2019.

Interest on the notes will accrue at the rate of 7.75% per annum and will be payable semi-annually in arrears on April 15 and October 15, commencing on October 15, 2011. Interest on overdue principal and interest will accrue at a rate that is 1% higher than the then applicable interest rate on the notes. Taseko will make each interest payment to the holders of record on the immediately preceding April 1 and October 1.

Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

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Additional Amounts

All payments made under or with respect to the notes or the Note Guarantees (whether or not in the form of definitive notes) will be made free and clear of and without withholding or deduction for or on account of any present or future Taxes, unless the withholding or deduction is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied under the laws of Canada or by or on behalf of any jurisdiction in which Taseko or any Guarantor (including any successor or other surviving entity) is then incorporated, engaged in business or resident for tax purpose or any political subdivision or taxing authority thereof or therein or any jurisdiction from or through which payment is made by or on behalf of Taseko or any Guarantor (including, without limitation, the jurisdiction of an paying agent) (each, a Tax Jurisdiction) will at any time be required to be made from any payments made under or with respect to the notes, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, Taseko or the relevant Guarantor, as applicable, will pay such additional amounts (the Additional Amounts) as may be necessary in order that the net amounts received in respect of such payments by each holder (including Additional Amounts) after such withholding, deduction or imposition will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes that would not have been imposed but for the holder or beneficial owner of the notes being a citizen or resident or national of, incorporated in or carrying on a business, in the relevant Tax Jurisdiction in which such Taxes are imposed or having any other present or former connection with the relevant Tax Jurisdiction other than the mere acquisition, holding, enforcement or receipt of payment in respect of the notes;
- (2) any Taxes that are imposed or withheld as a result of the failure of the holder or beneficial owner of the notes to comply with any reasonable written request, made to that holder or beneficial owner in writing at least 90 days before any such withholding or deduction would be payable, by Taseko to provide timely and accurate information concerning the nationality, residence or identity of such holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification, information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to any exemption from or reduction in all or part of such Taxes;
- (3) any note presented for payment (where notes are in definitive form and presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder or beneficial owner (except to the extent that the holder or beneficial owner would have been entitled to Additional Amounts had the note been presented on any day during such 30-day period);
- (4) any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;
- (5) any Taxes withheld, deducted or imposed on a payment to an individual and that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to such Directive;
- (6) any Taxes which the payor is not required to deduct or withhold from payments under, or with respect to, the notes;
- (7) any Taxes withheld, deducted or imposed because the holder or beneficial owner of the notes does not deal at arm's length with Taseko or a relevant Guarantor at a relevant time for purposes of the *Income Tax Act* (Canada); or

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(8) any combination of items (1) through (7) above.

If Taseko or any Guarantor becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the notes, Taseko will deliver to the trustees on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case Taseko shall notify the trustees promptly thereafter) an officers' certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The officers' certificate must also set forth any other information reasonably necessary to enable the paying agents to pay Additional Amounts to holders on the relevant payment date. The trustees shall be entitled to rely solely on such officers' certificate as conclusive proof that such payments are necessary. Taseko will provide the trustees with documentation reasonably satisfactory to the trustees evidencing the payment of Additional Amounts.

Taseko or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant taxing authority in accordance with applicable law. Upon request, Taseko will provide to the trustees an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the trustees evidencing the payment of any Taxes so deducted or withheld. Taseko will attach to each certified copy or other document a certificate stating the amount of such Taxes paid per US\$1,000 principal amount of the notes then outstanding. Upon request, copies of those receipts or other documentation, as the case may be, will be made available by the trustees to the holders of the notes.

Whenever in the indenture or in this Description of the Notes there is mentioned, in any context, the payment of amounts based upon the principal amount of the notes or of principal, interest or of any other amount payable under or with respect to any of the notes, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Taseko will indemnify each trustee and each holder of the notes for and hold them harmless against the full amount of any Taxes paid by or on behalf of such trustee or such holder to the extent such trustee or such holder was entitled to Additional Amounts with respect thereto. A certificate as to the amount of such requested indemnification, delivered by the trustee or by the holder, shall be conclusive absent manifest error. In addition, Taseko will pay and indemnify the trustee and the holder for any present or future stamp, court or documentary taxes, and any other excise or property taxes, charges or similar levies which arise in a Tax Jurisdiction from the execution, delivery or registration of the notes or with respect to payments on the notes.

Paying Agent and Registrar for the Notes

The U.S. trustee will initially act as paying agent and registrar. Taseko may change the paying agent or registrar without prior notice to the holders of the notes, and Taseko or any of its Subsidiaries may act as paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the provisions of the indenture. The registrar and the trustees may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. Neither Taseko nor the trustees will be required to transfer or exchange any note selected for redemption. Also, neither Taseko nor the trustees will be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Note Guarantees

The notes will be guaranteed by each of Taseko's current and future Subsidiaries, other than Immaterial Subsidiaries for so long as they constitute Immaterial Subsidiaries (unless we otherwise elect

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to make any such Immaterial Subsidiary a Guarantor). The Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See Risk Factors Federal, state and provincial laws allow courts, under certain circumstances, to void guarantees and require Note holders to return payments received from guarantors.

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge or amalgamate with or into (whether or not such Guarantor is the surviving Person) another Person, other than Taseko or another Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation, merger or amalgamation unconditionally assumes all the obligations of that Guarantor under its Note Guarantee and the indenture pursuant to a supplemental indenture satisfactory to the trustees; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Note Guarantee of a Guarantor (and Taseko's guarantee thereof) will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor, by way of merger, consolidation, amalgamation or otherwise, to a Person that is not (either before or after giving effect to such transaction) Taseko or a Restricted Subsidiary of Taseko, if the sale or other disposition does not violate the Asset Sale provisions of the indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) Taseko or a Restricted Subsidiary of Taseko, if the sale or other disposition does not violate the Asset Sale provisions of the indenture and the Guarantor ceases to be a Restricted Subsidiary of Taseko as a result of the sale or other disposition;

(3) if Taseko designates such Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture; or

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the indenture as provided below under the captions Legal Defeasance and Covenant Defeasance and Satisfaction and Discharge.

See Repurchase at the Option of Holders Asset Sales.

Taseko will fully and unconditionally guarantee on an unsecured unsubordinated basis all obligations of the Guarantors under the Note Guarantees.

Optional Redemption

At any time prior to April 15, 2014, Taseko may on any one or more occasions redeem up to 35% of the aggregate principal amount of notes issued under the indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 107.750% of the principal amount of the notes redeemed, plus accrued and unpaid interest,

if any, to the date of redemption (subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest

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payment date), with an amount not greater than the net cash proceeds of an Equity Offering by Taseko; *provided* that:

- (1) at least 65% of the aggregate principal amount of notes originally issued under the indenture (excluding notes held by Taseko and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 180 days of the date of the closing of such Equity Offering.

At any time prior to April 15, 2015, Taseko may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days notice, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding paragraphs, the notes will not be redeemable at Taseko's option prior to April 15, 2015.

On or after April 15, 2015, Taseko may on any one or more occasions redeem all or a part of the notes, upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on April 15 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2015	103.875%
2016	101.938%
2017 and thereafter	100.000%

Unless Taseko defaults in the payment of the redemption price, interest will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

Redemption for Changes in Withholding Taxes

The notes will be subject to redemption, in whole but not in part, at the option of Taseko at any time, at a redemption price equal to the outstanding principal amount thereof together with accrued and unpaid interest, if any, to the date fixed by Taseko for redemption upon the giving of a notice as described below, if (a) Taseko determines that (i) as a result of any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of a Tax Jurisdiction affecting taxation, or any change in or amendment to official position of such Tax Jurisdiction regarding application or interpretation of