UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

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

OR

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

For the fiscal year ended **December 31, 2013** Commission File Number: **001-31965**

TASEKO MINES LIMITED

(Exact name of Registrant as specified in its charter)

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

15th Floor – 1040 West Georgia Street
Vancouver, British Columbia
Canada V6E 4H1
(778) 373-4533
(Address and telephone number of Registrant's principal executive offices)

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

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

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

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

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

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

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

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by the annual report:
193,381,955 Common Shares as of December 31, 2013

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

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

PRINCIPAL DOCUMENTS

Taseko Mines Limited (the "Company" or "Taseko"), a Canadian public company whose common shares are listed on the Toronto Stock Exchange and the NYSE MKT Exchange (the "NYSE MKT"). It is a "foreign private issuer" as defined in Rule 3b-4 under Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is eligible to file this annual report on Form 40-F pursuant to the multi-jurisdictional disclosure system.

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

- the Company's Annual Information Form for the year ended December 31, 2013;
- the Company's Audited Consolidated Financial Statements as at December 31, 2013 and 2012, and for the years ended December 31, 2013 and 2012, and the notes thereto; and
- the Company's Management Discussion and Analysis for the year ended December 31, 2013.

The Company's Audited Consolidated Financial Statements that are incorporated by reference into this Registration Statement have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB").

DISCLOSURE CONTROLS AND PROCEDURES

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

As of the end of the period covered by this report, our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures, as defined in Rule 13a-15(e), were effective. See "Internal Controls Over Financial Reporting and Disclosure Controls and Procedures" on page 31 of Exhibit 99.7, Management Discussion and Analysis of the Company.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal Control over Financial Reporting

Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act as a process designed by, or under the supervision of, the issuer's principal executive and principal financial officers and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that may have a material effect on the financial statements.

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

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) of the Exchange Act) for the Company.

With the participation of the CEO and CFO, management carried out an evaluation of the Company's internal control over financial reporting as at December 31, 2013. In making this evaluation, the Company's management used the framework established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based upon this evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2013. A copy of management's report on the effectiveness of our internal controls is included under "Management's Report on Internal Control Over Financial Reporting" on page 3 of Exhibit 99.6, Audited Consolidated Financial Statements, and is incorporated by reference herein.

Attestation Report Of The Registered Public Accounting Firm

The Company is required to provide an attestation report of the Company's registered public accounting firm on internal control over financial reporting for the fiscal year ended December 31, 2013. In this report, the Company's auditor, KPMG LLP, must state its opinion as to the effectiveness of the Company's internal control over financial reporting for the fiscal year ended December 31, 2013. KPMG LLP has audited the Company's internal controls over financial reporting and has issued an attestation report on the Company's internal control over financial reporting which is included in Exhibit 99.6.

No Changes In Internal Control Over Financial Reporting

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

NOTICES PURSUANT TO REGULATION BTR

The Company did not send any notices required by Rule 104 of Regulation BTR during the year ended December 31, 2013 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

AUDIT AND RISK COMMITTEE

The disclosure provided under "Composition of Audit and Risk Committee" on page 55 of Exhibit 99.5, Annual Information Form of the Company, is incorporated by reference herein. The Company's Board of Directors has established a separately-designated Audit and Risk Committee of the Board in accordance with Section 3(a)(58)(A) of the Exchange Act.

AUDIT AND RISK COMMITTEE FINANCIAL EXPERT

The Company's Board of Directors has determined that Richard Mundie and Alex Morrison, members of the Audit and Risk Committee of the Board, are audit committee financial experts (as that term is defined in Item 407 of Regulation S-K under the Exchange Act) and are independent directors under applicable laws and regulations and the requirements of the NYSE MKT Exchange.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The disclosure provided under "Principal Accountant Fees and Services" on page 56 of Exhibit 99.5, Annual Information Form of the Company, is incorporated by reference herein.

AUDIT AND RISK COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

The disclosure provided under "Audit and Risk Committee—Pre-Approval Policies and Procedures" on page 56 of Exhibit 99.5, Annual Information Form of the Company, is incorporated by reference herein.

OFF-BALANCE SHEET ARRANGEMENTS

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

CONTRACTUAL OBLIGATIONS

The disclosures provided under "Commitments and contingencies" on page 18 of Exhibit 99.7, Management's Discussion and Analysis, is incorporated by reference herein.

CODE OF ETHICS

The disclosure provided under “Code of Ethics” on page 56 of Exhibit 99.5, Annual Information Form of the Company, is incorporated by reference herein.

During the Company’s fiscal year ended December 31, 2013, the Company did not (i) substantively amend its Code of Ethics or (ii) grant a waiver, including any implicit waiver, from any provision of its Code of Ethics with respect to any of the directors, executive officers or employees subject to it.

NYSE MKT CORPORATE GOVERNANCE

The Company is subject to corporate governance requirements prescribed under applicable Canadian securities laws, rule and policies. The Company is also subject to corporate governance requirements prescribed by the listing standards of the NYSE MKT, and the rules and regulations promulgated by the SEC under the Exchange Act (including those applicable rules and regulations mandated by the Sarbanes-Oxley Act of 2002).

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

The Company’s governance practices also differ from those followed by U.S. domestic companies pursuant to NYSE MKT listing standards in the following manner:

Board Meetings

Section 802 (c) of the NYSE MKT Company Guide requires that the Board of Directors hold meetings on at least a quarterly basis. The Board of Directors of the Company is not required to meet on a quarterly basis under the laws of the Province of British Columbia.

Solicitation of Proxies

NYSE MKT requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to applicable SEC proxy rules. Since the Company is a foreign private issuer, the equity securities of the Company are exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

Shareholders Approval for Dilutive Private Placement Financings

Section 713 of the NYSE MKT Company Guide requires that the Company obtain the approval of its shareholders for share issuances equal to 20 percent or more of presently outstanding shares for a price which is less than the greater of book or market value of the shares. This requirement does not apply to public offerings. There is no such requirement under British Columbia law or under the Company’s home stock exchange rules (Toronto Stock Exchange (“TSX”)) unless the dilutive financing:

(i) materially affects control of the issuer;

(ii) provides consideration to insiders in the aggregate of 10% or greater of the issuer's market capitalization or outstanding shares, or a non-diluted basis, where certain conditions are met; and

(iii) is in respect of private placement or an acquisition where the issuer will issue shares in excess of 25% of its presently outstanding shares, on a non-diluted basis.

The Company will seek a waiver from NYSE MKT's section 713 requirements should a dilutive private placement financing trigger the NYSE MKT shareholders' approval requirement in circumstances where the same financing does not trigger such a requirement under British Columbia law or under the TSX rules.

The Company believes that there are otherwise no significant differences between its corporate governance policies and those required to be followed by United States domestic issuers listed on the NYSE MKT. In particular, in addition to having a separate Audit and Risk Committee, the Company's Board of Directors has established a separately-designated Compensation Committee that materially meets the requirements for a compensation committee under section 805 of the NYSE MKT Company Guide, as currently in force.

Copies of the Company's corporate governance materials are available on the Company's website at www.tasekomines.com (under the About Us / Corporate Governance tabs). In addition, the Company is required by National Instrument 58-101 of the Canadian Securities Administrators, *Disclosure of Corporate Governance Practices*, to describe its practices and policies with regard to corporate governance in management information circulars that are furnished to the Company's shareholders in connection with annual meetings of shareholders.

MINE SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (" **Dodd-Frank Act**"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities under the regulation of the Federal Mine safety and Health Administration under the Federal Mine Safety and Health Act of 1977.

The Company did not have any mines in the United States during the fiscal year ended December 31, 2013.

UNDERTAKING

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

CONSENT TO SERVICE OF PROCESS

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

SIGNATURES

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

Date: March 13, 2014.

TASEKO MINES LIMITED

By: /s/ Stuart McDonald
Stuart McDonald
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.5	Annual Information Form of the Company for the year ended December 31, 2013
99.6	Audited consolidated balance sheets as at December 31, 2013 and 2012 and the consolidated statements of comprehensive income (loss), changes in equity, and cash flows for the years ended December 31, 2013 and 2012, including the notes thereto and report of the Company's independent registered public accounting firm thereon
99.7	Management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2013
99.8	Consent of KPMG LLP
99.9	Consent of Scott Jones, P. Eng.
99.10	Consent of Ronald G. Simpson, P. Geo

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

I, Russell E. Hallbauer, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: March 13, 2014

By: /s/ R. Hallbauer

Name: Russell E. Hallbauer
Title: Chief Executive Officer

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

I, Stuart McDonald, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: March 13, 2014

By: /s/ Stuart McDonald

Name: Stuart McDonald
Title: Chief Financial Officer

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

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

(1) The Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2013 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

By: /s/ R. Hallbauer
Name: Russell E. Hallbauer
Title: Chief Executive Officer

Date: March 13, 2014

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

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

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

I, Stuart McDonald, Chief Financial Officer of Taseko Mines Limited (the "Company"), hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge: (1) The Annual Report on Form 40-F of the Company for the fiscal year ended December 31, 2013 (the "Annual Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and (2) The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Stuart McDonald
Name: Stuart McDonald
Title: Chief Financial Officer

Date: March 13, 2014

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

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



ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2013

AS AT MARCH 13, 2014

TABLE OF CONTENTS

TABLE OF CONTENTS	1
INTRODUCTORY NOTES	2
Forward-Looking Statements	2
Documents Incorporated by Reference	3
Currency and Metric Equivalents	4
Resource Category (Classifications) Used in this AIF	5
CORPORATE STRUCTURE	8
GENERAL DEVELOPMENT OF THE BUSINESS	8
Gibraltar Mine	8
New Prosperity Gold Copper Project	8
Aley Project	9
Gibraltar JV	10
DESCRIPTION OF BUSINESS	10
Gibraltar Mine - Technical Information	13
New Prosperity Project	22
Aley Project	28
Harmony Project	31
RISK FACTORS	32
DIVIDENDS	39
DESCRIPTION OF CAPITAL STRUCTURE	39
Share Capital	39
Senior Notes	39
MARKET FOR SECURITIES	40
DIRECTORS AND OFFICERS	41
Committees of the Board of Directors	42
Principal Occupations and Other Information	43
Cease Trade Orders, Bankruptcies, Penalties or Sanctions	53
Potential Conflicts of Interest	54
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	54
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	54
TRANSFER AGENT AND REGISTRAR	54
MATERIAL CONTRACTS	55
INTERESTS OF EXPERTS	55
ADDITIONAL INFORMATION	56
AUDIT AND RISK COMMITTEE	56
Composition of Audit and Risk Committee	56
Relevant Education and Experience	57
Code of Ethics	57
Principal Accountant Fees and Services	57
Pre-Approval Policies and Procedures	57

FIGURES

Figure 1: Location of the Taseko's Properties	11

TABLES

Table 1: Mineral Tenures – Gibraltar Mine	14
Table 2: Gibraltar Mine Sulphide Mineral Reserves at 0.20% Copper Cut-off	19
Table 3: Gibraltar Mine – Oxide Mineral Reserves at 0.10% ASCu Cut-off	19
Table 4: Gibraltar Mine Mineral Resources at 0.20% Copper Cut-off	20
Table 5: Gibraltar Production (100% basis)	21
Table 6: New Prosperity Mineral Reserves at CDN$5.50 NSR/t Pit-Rim Cut-off	25
Table 7: New Prosperity Mineral Resources at 0.14% Copper Cut-off – September 2009	25
Table 8: Aley Mineral Resources as at March 1, 2012	30

APPENDIX A

Audit and Risk Committee Charter	

INTRODUCTORY NOTES

Forward-Looking Statements

This Annual Information Form ("AIF"), 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", "estimate", "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 the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's 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:

- significant declines in the prevailing market price of copper;
- an inability to get the Canadian federal government to reconsider and reverse its decision under the *Canadian Environmental Assessment Act, 2012* not to authorize the New Prosperity project to proceed;
- the potential for increases in operating and capital costs at existing and future operations
- lack of mineral reserves at the Harmony Project and Aley Project;
- estimation 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;
- adverse moves in the US:CDN dollar exchange rate given that copper, the Company's principal output is priced in US dollars;
- risks associated with the development of the Company's advanced stage projects;
- 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; and

- inability to attract and retain key personnel.

Such information is included, among other places, in the AIF under the heading “Description of Business” and in the Management’s Discussion and Analysis for the year ended December 31, 2013.

Should one or more of these risks and uncertainties materialize, or should underlying factors or assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Material factors or assumptions involved in developing forward-looking statements include, without limitation, that:

- the price of gold, copper and other metals will not decline significantly or for a protracted period of time;
- the Company will have sufficient working capital and be able to secure additional funding necessary for the development of its projects;
- the Gibraltar mine will not experience any significant production disruptions that would materially affect revenues;
- the price of gold, copper and other metals will not decline significantly or for a protracted period of time;
- there will be no adverse political or legal events affecting the Company’s operations; and key personnel will continue their employment with the Company.

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 is not exhaustive and it is recommended that prospective investors carefully read the more complete discussion of risks and uncertainties facing the Company included under “Risk Factors” in this AIF.

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 AIF and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Company disclaims any duty to update any of the forward-looking statements to conform such statements to actual results or to changes in the Company’s expectations except as otherwise required by applicable law.

Documents Incorporated by Reference

Incorporated by reference into this AIF are the audited consolidated financial statements and Management’s Discussion and Analysis for Taseko Mines Limited (the “Company” or “Taseko”) for the year ended December 31, 2013 together with the auditor’s report thereon. The financial statements are available for review on the SEDAR website located at www.sedar.com. All financial information in this AIF is prepared in accordance with International Financial Reporting Standards (“IFRS”) using Canadian dollars.

Currency and Metric Equivalents

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

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

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

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

NYSE MKT	The NYSE MKT, formerly known as the NYSE Amex, being one of the two stock exchanges (together with the TSX) on which the Common Shares are listed.
BQ	A letter name specifying the dimensions of bits, core barrels, and drill rods in the B-size and Q-group wireline diamond drilling system having a core diameter of 47.6 mm and a hole diameter of 59.9mm.
Common Shares	The Company's common shares without par value, being the only class or kind of the Company's authorized capital.
Company	Taseko Mines Limited, including its subsidiaries, unless the context requires otherwise.
Carbonatite deposit	Carbonatite deposits are igneous rocks largely consisting of the carbonate minerals calcite and dolomite, which contain the niobium mineral pyrochlore, rare earth minerals or copper sulphide minerals.
Concentrator	A type of mineral processing facility that converts raw ore from the mine into a metal concentrate that can then be sold to a smelter for further processing.
Epithermal deposit	A mineral deposit formed at low temperature (50-200°C), usually within one kilometre of the earth's surface, often as structurally controlled veins.
Flotation	Flotation is a method of mineral separation whereby, after crushing and grinding ore, froth created in a slurry by a variety of reagents causes some finely crushed minerals to float to the surface where they are skimmed off.

HQ	A letter name specifying the dimensions of bits, core barrels, and drill rods in the H-size and Q-group wireline diamond drilling system having a core diameter of 63.5 mm and a hole diameter of 96 mm.
NSR	Net smelter return, a general proxy for the gross value of metals derived from concentrates delivered to a smelter for refining.
Induced Polarization ("IP") Survey	A geophysical survey used to identify a feature that appears to be different from the typical or background survey results when tested for levels of electro-conductivity. IP detects both chargeable, pyrite- bearing rock and non-conductive rock that has high content of quartz.
Mineral Deposit	A deposit of mineralization, which may or may not be ore.
Mineral Symbols	Ag – silver; Au – gold; Cu – copper; Pb – lead; Zn – Zinc; Mo – molybdenum; Nb – niobium.
NQ	A letter name specifying the dimensions of bits, core barrels, and drill rods in the N-size and Q-group wireline diamond drilling system having a core diameter of 47.6 mm and a hole diameter of 75.7 mm.
Porphyry deposit	A type of mineral deposit in which ore minerals are widely disseminated, generally of low grade but large tonnage.
Semi-autogenous grinding ("SAG")	SAG mills are essentially auto-genous mills, but utilize grinding balls to aid in grinding like in a ball mill. A SAG mill is generally used as a primary or first stage grinding solution.
Solvent Extraction/ Electrowinning ("SX/EW")	Solvent extraction is the technique of transferring a solute from one solution to another; for example when copper oxide is dissolved into solution, copper becomes the solute. Electrowinning is the process in which an electric current flows between a pair of electrodes (anode & cathode) in a solution containing metal ions (electrolyte). Metal is deposited on the cathode in accordance with the metal's ability to gain or lose electrons. Since ion deposition is selective, the cathode product is generally high grade and requires little further refining.
TSX	The Toronto Stock Exchange, being one of the two stock exchanges (together with the NYSE MKT) on which the Common Shares are listed.

Resource Category (Classifications) Used in this AIF

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CORPORATE STRUCTURE

Taseko Mines Limited was incorporated on April 15, 1966, pursuant to the *Company Act* of the Province of British Columbia. This corporate legislation was superseded in 2004 by the *British Columbia Business Corporations* Act which is now the corporate law statute that governs us . Our registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, and our operational head office is located at Suite 1500, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1.

The Company has one active and material (wholly-owned subsidiary), Gibraltar Mines Ltd. and a second active but not yet material subsidiary, Aley Corporation. On March 31, 2010, we established by contract an unincorporated joint venture (“JV”) between Gibraltar Mines Ltd., and Cariboo Copper Corp. (“Cariboo”) over the Gibraltar mine, whereby Cariboo acquired a 25% interest in the Gibraltar mine and we retained a 75% interest with Gibraltar Mines Ltd. operating the mine for the two JV participants.

GENERAL DEVELOPMENT OF THE BUSINESS

Gibraltar Mine

Our principal business activity is operating the Gibraltar copper and molybdenum mine. In recent years, we have expanded the Gibraltar Mine ore concentrator, added a second ore concentrator, increased the mining fleet capacity and made other production improvements at the Gibraltar mine. Construction of the Phase 1 concentrator expansion was completed in February 2008. The majority of the construction schedule for the Phase 2 expansion program, designed to increase concentrator throughput from 46,000 tons per day (“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 was completed in May 2011 which eliminated the secondary crushers and fine ore delivery system bottleneck. We continued the expansion with Gibraltar Development Plan 3 (GDP3), which included the construction of a new 30,000 tpd concentrator to complement the existing 55,000 tpd facility as well as a new molybdenum recovery facility. Construction started on the new concentrator in 2011 and continued through to the spring of 2013, with commissioning being completed by the end of March 2013. The new facility has reached design capacity and the Company is now focusing on optimizing copper recovery circuits, improving mechanical availabilities, and the advancement of cost efficiency programs designed to decrease the overall production costs for the upgraded facility.

New Prosperity Gold Copper Project

Over the past five years, we have sought to advance the New Prosperity project through the Provincial and Federal environmental assessment processes. On January 14, 2010, the Company received the environmental assessment certificate from the British Columbia Provincial Ministry of Environment. On November 2, 2010, we were advised that the Federal Government would not proceed with permitting on the Prosperity project as proposed. We revised our plans for the project and developed a new design proposal which addressed the concerns identified during the Canadian Federal Government's environmental assessment process and in February 2011, we submitted a new project description to the Federal Government.

On September 20, 2012, the Environmental Impact Statement (EIS) for the new project was submitted to a three-member Review Panel (the "Panel") established for the federal environmental assessment of the project. Following public hearings, the Panel subsequently prepared their report and submitted it to the Federal Minister of the Environment on October 31, 2013.

The Panel report found that the proposed project is not likely to cause significant adverse environmental effects in respect of 33 different factors provided effective mitigation was undertaken, but found significant adverse environmental effects were likely in relation to three matters: (i) water quality in Fish Lake and Wasp Lake, (ii) fish and fish habitat in Fish Lake, wetlands and riparian ecosystems, and (iii) Tsilhqot'in current use of lands for traditional purposes, cultural heritage and archaeological/historical resources.

On November 29, 2013 the Company filed an application for judicial review, seeking to set aside certain findings of the Panel report. The Company is asking the Federal Court for a declaration that certain findings relating to forecast seepage rates and impacts on water quality be set aside, and that the Panel failed in certain respects to comply with principles of procedural fairness and the rules of natural justice.

On February 26, 2014 the Minister of the Environment announced her conclusion that the New Prosperity project is likely to cause significant adverse environmental effects that cannot be mitigated. As required by the *Canadian Environmental Assessment Act, 2012*, she referred the matter to the Governor in Council who decided that those effects are not justified in the circumstances.

The federal judicial review remains before the court.

Aley Project

In 2010, we completed a successful exploration program at the Aley niobium project. The program consisted of geological mapping and diamond drilling in 23 holes, intersecting 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 2011 exploration program included a total of 17,100 metres of additional drilling in 70 holes in the central zone. This drilling was targeted to provide sufficient infill drill density to achieve a Measured and Indicated Resource and to investigate those areas in which the resource is open to expansion.

We announced an updated mineral resource estimate for the Aley project through a technical report entitled “Technical Report Aley Carbonatite Niobium Project” dated March 29, 2012 prepared by Ronald G. Simpson, P.Geo. The mineral resource estimate was based on assay results from the central zone obtained through March 1, 2012 and totals 286 million tonnes with an average grade of 0.37% Nb_2O_5 at a 0.2% Nb2O5 cutoff plus an additional 144 million tonnes of Inferred Resources with an average grade of 0.32% Nb_2O_5.

In May 2012, an agreement was reached with the Tsay Keh Dene first nation group to support the exploration program and environmental studies for the development of the Aley project. The agreement, which is extensive in nature, includes provisions for; employment and training opportunities for Tsay Keh Dene members, contracting and business opportunities for Tsay Keh Dene businesses, participation and capacity funding, environmental protection through cooperative design and implementation of environmental management and monitoring programs, and a framework and commitment to develop a Comprehensive Cooperation and Benefit Agreement for the eventual development and operation of a mine.

The current focus on the Aley niobium project is upgrading the resources announced in March 2012 to a NI 43-101 compliant reserve. Work is continuing on metallurgical flow sheets, engineering and environmental studies.

Gibraltar JV

The Gibraltar mine became an unincorporated (or ‘contractual’) joint venture (“JV”) between our subsidiary the Gibraltar Mines Ltd. and Cariboo Copper Corp. (“Cariboo”) on March 31, 2010. Gibraltar Mines Ltd. and Cariboo hold 75% and 25% beneficial interests in the Joint Venture, respectively. Under the 2010 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 US$187 million to obtain its 25% interest in the Joint Venture. Gibraltar Mines Ltd. continues to be 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.

In April 2011, the Company completed a public offering of US$200 million in senior notes due in 2019, bearing interest at an annual rate of 7.75%. The Company is in compliance with all its covenants in regards to these Notes.

DESCRIPTION OF BUSINESS

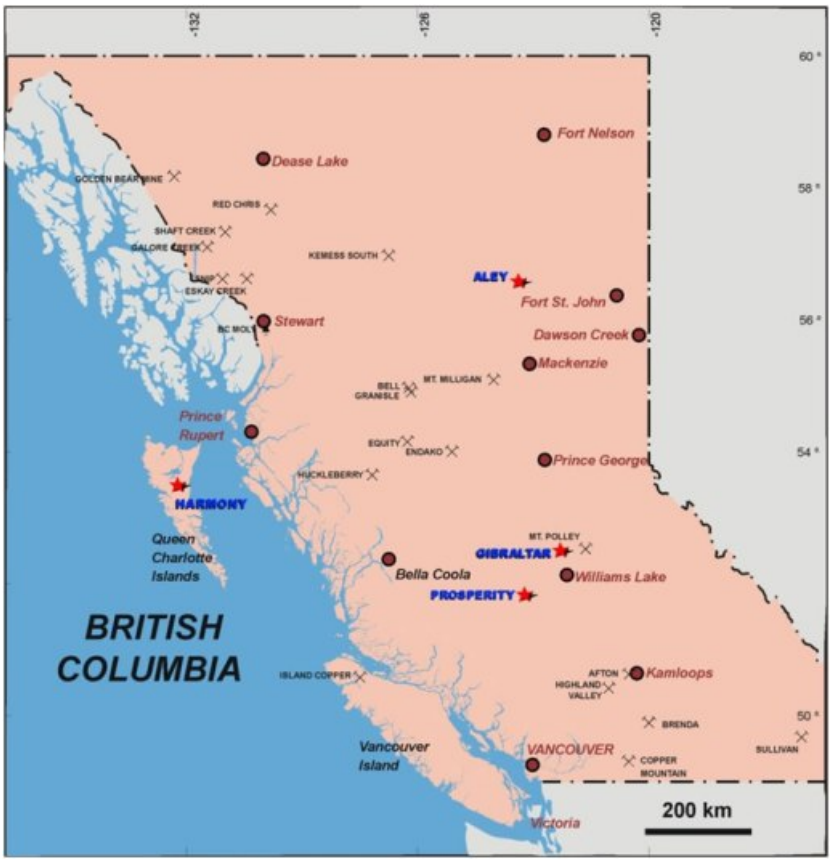
Taseko is a mining company that seeks to acquire, develop, and operate large tonnage mineral deposits which, under conservative metals forward price assumptions, it believes are potentially capable of supporting a mine for 10 years or longer.

Our business is focused on increasing production of copper and molybdenum from the Gibraltar mine and on securing environmental permits for the proposed project known as the New Prosperity gold and copper project (“New Prosperity”). Both the Gibraltar mine and the New Prosperity project are located in central British Columbia, Canada.

We have two additional mineral properties located in British Columbia: Aley, an exploration stage niobium project, and Harmony, an exploration stage gold property. Aside from the joint venture established with Cariboo, Taseko and its subsidiaries currently own all of their projects outright.

The map below highlights the location of the Company's four properties in British Columbia, Canada:

Figure 1: Location of the Taseko's Properties



Principal Products and Competitive Conditions

Taseko assets include reserves and resources of copper, molybdenum, gold and niobium. Industry experts continue to believe that demand for these metals will remain strong and, additionally, there are concerns about the ability of the industry to replace depleted reserves from existing mines over the longer-term.

In the short-term, it appears that the copper supply / demand fundamentals could be in a modest surplus but most industry analysts do not forecast significant pricing weakness from current levels. In 2013, the copper price declined in the first half of the year by nearly 20% before slightly recovering in the second half of the year. After hitting a low of $3.02 per pound in June, pricing trended upward to the end of the year, closing at US$3.34 per pound. Supporting the copper price was an improved global economic environment as well as declining global copper inventories. Warehoused refined copper inventories in London Metals Exchange (LME) warehouses around the world started to decline in mid-2013, coinciding with the rebound in copper pricing. In June, these inventories reached 680,000 tonnes, the highest levels since 2002. From the highpoint in June the inventories started a rapid descent. At the end of 2013, inventories had dropped 80% to 370,000 tonnes, and have continued to fall in 2014 to well below 300,000 tonnes in February.

Many factors are making it more difficult for mining companies to bring new mines into production including; political instability, permitting challenges, access to low cost power, NGO and environmentalist activities and shortages of skilled labour. These and other issues will continue to hamper the industry in its efforts to build new copper capacity and keep up with global demand growth.

Molybdenum prices dropped significantly in 2012 as a growth slowdown in China and weak growth in the US and Japan impacted molybdenum demand. In 2013, molybdenum prices stabilized at much lower levels than the previous several years, but still at a level higher than the historical average. In 2014 new molybdenum production is expected to outpace demand growth, preventing the price from moving higher than the current level. A significant increase in steel production (the main use for molybdenum) would be required to push molybdenum pricing upwards.

Environmental Protection Requirements

Taseko's mining, exploration and development activities are subject to various levels of Canadian Federal and British Columbia Provincial laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties.

The total liability for reclamation and closure cost obligations as calculated for financial disclosure purposes, at December 31, 2013 was $69.7 million. This amount represents the present value of the estimated future costs of planned and anticipated closure and remediation activities, assuming a pre-tax discount rate of 3.2%, and an inflation rate of 2%.

Environmental and Sustainability Policy

Taseko is committed to continual improvement towards the protection of human health and the stewardship of the environment. Taseko recognizes that responsible environmental management is critical to our success and has committed that it will:

- Consider the environmental impacts of its operations and take appropriate steps to prevent environmental pollution;
- Comply with relevant environmental legislation, regulations and corporate requirements;
- Integrate environmental policies, programs and practices into all activities;
- Ensure that all employees and service providers understand their environmental responsibilities and encourage dialogue on environmental issues;

- Develop, maintain and test emergency preparedness plans to ensure protection of the environment, employees and the public;
- Work with government and the public to develop effective and efficient measures to improve protection of the environment, based on sound science; and
- Maintain an environmental committee to review environmental performance, objectives and targets, and to ensure continued recognition of environmental issues as a high priority.

Employees

As at December 31, 2013 the Company had the following employees and contractors:

Location	Full time salaried	Hourly (non-union)	Hourly (Union)	Contractors
Vancouver	24	-	-	2
Williams Lake	10	-	-	-
Gibraltar	165	-	514	-
Total	199	-	514	2

Occupational Health and Safety Policy

It is the policy of Taseko to provide and maintain safe and healthy working conditions, and to establish operating practices which safeguard employees and physical assets.

To achieve this goal, the Company commits to:

- Meeting or exceeding all industry standards and legislative requirements;
- Developing and enforcing safe work rules and procedures;
- Providing employees with the information and training necessary for them to perform their work safely and efficiently;
- Acquiring and maintaining materials, equipment and facilities so as to promote good health and safety; and
- Encouraging employees at all levels to take a leadership role in incident prevention by reporting and/or correcting unsafe situations.

Gibraltar Mine - Technical Information

Unless stated otherwise, information of a technical or scientific nature related to the Gibraltar mine contained in this AIF (including documents incorporated by reference herein) is summarized or extracted from a technical report entitled “Technical Report on the 357 Million Ton Increase in Mineral Reserves at the Gibraltar Mine” dated June 24, 2011 (the “Gibraltar Technical Report”), prepared by Scott Jones, P. Eng. filed on Taseko’s profile at www.sedar.com and updated with production and development results since that time. Mr.

Jones is employed by the Company as Vice-President, Engineering and is a “Qualified Person” as contemplated by Canadian securities regulatory instrument NI 43-101 (*Disclosure Standards for Mineral Projects).*

Property Description and Location

The Gibraltar mine site covers approximately 147square kilometres, located at latitude 52°30’N and longitude 122°16’W in the Granite Mountain area, approximately 65 kilometres by road north of Williams Lake in south-central British Columbia, Canada. The Gibraltar mine property consists of 239 tenures held as summarized in Table 1 below.

Table 1: Mineral Tenures – Gibraltar Mine

Tenure Type	Number	Area (ha)
Claims	207	16,333.84
Leases	32	2,274.68
Total	239	18,608.52

There are 32 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. There are two hundred and seven claims included in the Gibraltar property tenure package. Four of these claims are due to expire in July 2014, one hundred and sixty-eight are due to expire in December 2015, and eight are due to expire in April 2016 with the rest of the claims due to expire in August 2017 or later. 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 kilometres north of the mill.

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.

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 kilometres.

The Canadian National Railway has rail service to facilitate the shipping of copper concentrates through to the Pacific Ocean terminal Vancouver Wharves, located in North Vancouver, British Columbia. A rail siding and storage shed for the shipment of concentrate is located 26 kilometres from the mine site. Electricity is obtained from BC Hydro. Natural gas is provided by Avista Energy and Terasen Gas. The communities of Williams Lake and Quesnel are sufficiently close to the site to supply goods, services, and personnel to the Gibraltar mine. The Gibraltar mine had approximately 679 active personnel at the end of December 2013.

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

Gibraltar Mine History

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

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

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

On July 21, 1999, Taseko's subsidiary, Gibraltar Mines Ltd., purchased the Gibraltar mine assets from Boliden 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.

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. The mine re-opened on October 1, 2004. Copper cathode production at the SX/EW plant recommenced in January 2006.

The Gibraltar mine has been owned and operated as a 75:25 unincorporated joint venture between Taseko and Cariboo on March 31, 2010. The Company's wholly owned subsidiary, Gibraltar Mines Ltd and Cariboo hold 75% and 25% beneficial interests in the Joint Venture, respectively. The assets and liabilities contributed by the Company into the Joint Venture were all Gibraltar mine assets including mineral property interests, plant and equipment, inventory, prepaid expenses, reclamation deposits, equipment loans, capital lease obligations subject to the site closure and reclamation obligations.

Red Mile Royalty Sale Agreements

In September 2004, the Company sold a royalty on the Gibraltar mine's copper production to Red Mile Resources No. 2 Limited Partnership (Red Mile), an unrelated investment partnership, for $67.4 million. The proceeds were invested with a trust company in a promissory note and the Company pledged the promissory note, along with interest earned thereon, as security for its royalty obligation.

Annual royalties are payable to Red Mile at rates ranging from $0.01 to $0.14 per pound of copper produced during the period from the commencement of commercial production to December 2014. Funds held within the trust company are released to satisfy the annual royalty payment.

The Company has a pre-emptive option to effectively purchase (call) the royalty interest by acquiring the Red Mile partnership units in consideration of a payment which is (i) approximately the balance of the promissory note at maturity or (ii) the fair value, whichever is lower. Under certain circumstances, the investors in Red Mile also have a right to sell (put) their Red Mile partnership units to the Company at fair value; however, such right is subject to the Company's pre-emptive right to exercise the "call" in advance of any "put" being exercised and completed. Both the put and call options will be exercisable during the fourth quarter of 2014.

The Company granted to Red Mile a net profits interest (NPI) which survives any "put" or "call" of the Red Mile units. The NPI is applicable for the years 2012 to 2014 and ranges from 2% to 4%, depending on the average copper price each year adjusted for variations in foreign currency exchange rates. No NPI is payable until the Company reaches a pre-determined aggregate level of revenues less defined operating costs. As at December 31, 2013 these threshold levels have not been met.

The Company expects the call option to be exercised to purchase the royalty interest in 2014. The promissory note also matures in 2014, the proceeds of which will be used to acquire the remaining royalty interests.

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 kilometres to the south, along the southern edge of the batholith, within a complex contact zone between the batholith and Cache Creek Group rocks.

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

The Granite Creek system provides the major structures that control mineralization of the Pollyanna, Granite and 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 1999-2004, 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 Lake and PGE Connector deposits and property exploration at the 98 Oxide Zone, was carried out between September and November 2005. A further drilling program carried out in 2006 was designed to define the mineral resources between the existing pits by tying together the extensive mineralization zones, and to test for additional mineralization at depth.

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

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. A total of 28,129 feet (8,574 metres) was drilled in 34 drill holes in 2010 averaging 827 feet (252 metres) in length. The holes encountered 79 intercepts at a 0.2% total copper (“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 ≥ 0.20 % copper mineralization.

The 2011 program was aimed at identifying mineralization down-dip of the Gibraltar and Granite deposits. 5 holes totaling 12,229 feet (3,727 metres) were drilled. A deep zone of anomalous copper ± molybdenum mineralization encountered in drillhole 2011-003 extends from approximately 2600 to 3700 feet and consists of intermittent intercepts grading up to 1.3% TCu and 0.4% Mo. Further examination of the results is required to assess the potential for classification as reserve or resource.

In 2013 there were two drill programs completed, one in the summer and the other in the fall. Both programs targeted the projected mineralization south of the current Granite pit. A total of 38,068 feet in 31 holes were drilled between the two programs. The objective of both programs was to increase the extent of the mineralization within two of the Granite pit pushbacks.

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 reject after sample preparation at the analytical laboratories are stored at the Gibraltar mine. The remaining pulps after analysis are stored at a secure warehouse at Port Kells, British Columbia.

The 2013 sample preparation was performed by ALS Minerals, 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 Gibraltar mine after analysis for long term storage. The sample pulps are retained at the Port Kells warehouse of Taseko.

Taseko implemented a rigorous quality assurance quality control (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 March 31, 2011 and reduced for ore production from the Granite pit between March 31, 2011 and December 31, 2013.

The reserve estimates use long-term metal prices of US$2.25/lb for copper and US$14.00/lb for molybdenum and a foreign exchange of C$1=US$0.85.

The proven and probable sulphide reserves as of December 31, 2013 are tabulated in Table 2 below.

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

Pit	Category	Tons (millions)	Cu (%)	Mo (%)
Connector	Proven	45.1	0.299	0.012
	Probable	30.5	0.284	0.010
	Subtotal	75.6	0.293	0.011
Gibraltar	Proven	143.6	0.276	0.008
	Probable	71.6	0.267	0.010
	Subtotal	215.2	0.273	0.009
Granite	Proven	168.5	0.316	0.010
	Probable	30.8	0.325	0.005
	Subtotal	199.3	0.317	0.009
Gibraltar Extension	Proven	72.6	0.356	0.002
	Probable	31.1	0.301	0.002
	Subtotal	103.7	0.340	0.002
Pollyanna	Proven	106.6	0.291	0.009
	Probable	51.2	0.279	0.010
	Subtotal	157.8	0.287	0.009
Total		751.6	0.300	0.008

There are also oxide reserves as shown in Table 3 below. These oxide reserves are in addition to the sulphide reserves stated in Table 2 and are contained within the resources stated in Table 4.

Table 3: Gibraltar Mine – Oxide Mineral Reserves at 0.10% ASCu Cut-off

Pit	Category	Tons (millions)	ASCu (%)
Connector	Proven	9.5	0.14
	Probable	1.3	0.12
	Subtotal	10.8	0.14
Gibraltar	Proven	1.6	0.14
	Probable	0.6	0.14
	Subtotal	2.3	0.14
Gibraltar Extension	Proven	0.1	0.12
	Probable	0.1	0.13
	Subtotal	0.2	0.12
Pollyanna	Proven	0.4	0.12
	Probable	0.0	0.10
	Subtotal	0.4	0.11
Total		13.7	0.14

Cautionary Note to Investors concerning estimates of Measured and Indicated Resources

This section uses the terms “measured” and “indicated resources”. We advise 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 mineral deposits in these categories that are not already classified as “reserves” will ever be converted into reserves.**

The mineral reserves stated in Tables 2 and 3 above are contained within the mineral resources indicated in Table 4 below:

Table 4: Gibraltar Mine Mineral Resources at 0.20% Copper Cut-off

Category	Tons (millions)	Cu (%)	Mo (%)
Measured	**621.7**	**0.304**	**0.008**
Indicated	**278.7**	**0.290**	**0.008**
Total	**900.4**	**0.300**	**0.008**

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 for 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 processing in the concentrator. In addition, a portion of the low grade sulphide material and all of the oxide material can be leached with a highly diluted 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 that began in 2007 has now been completed. Phase 1 concentrator construction was completed in February 2008, followed by ramp up to the rated processing capacity of 46,000 tpd. The Phase 2 expansion program, designed to increase the concentrator throughput from 46,000 tpd to 55,000 tpd was completed in 2011.

The new in-pit 60-inch by 89-inch crusher and overland conveyor system was completed and commissioned in 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 is able to manage increased volume as mill throughput increases.

Construction of the SAG Direct Feed System was started in the fourth quarter of 2010 and completed mid-2011. 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 allows larger mill feed more appropriate for semi-autogenous grinding.

During 2013 Gibraltar completed the ramp up of concentrator #2, which is now operating at design capacity. The new mill moves Gibraltar from a single line 55,000 ton per day plant to a dual line 85,000 ton per day plant, with a corresponding increase in mine fleet to accommodate this additional capacity. A new molybdenum separation facility was also installed, commissioned and is currently undergoing ramp up.

Gibraltar's copper concentrate has an approximately 28% copper content grade and no significant deleterious elements. Gibraltar's copper concentrate is currently sold at prices based on London Metal Exchange ("LME") quotations under off-take agreements with MRI Trading AG ("MRI") of Switzerland and with Cariboo, with production in excess of these off-take agreements sold to alternative markets. The off-take agreement with Cariboo was entered into in March 2010, in conjunction with the formation of the joint venture. Gibraltar's copper concentrate is treated and refined by the receiving customer at a pre-determined charge to Gibraltar. Under the terms of the MRI and Cariboo sales agreements, the Company has secured fixed rates for the treatment and refining of copper concentrate until December 31, 2014. Payable copper within the concentrate is priced based on the average LME price during the quotational period, which is generally one to four months after shipment.

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 sells molybdenum concentrate to international metals trading companies under annual sales contracts.

The following table is a summary of the operating statistics for the year ended December 31, 2013. All mining during 2013 took place in the Granite pit.

Table 5: Gibraltar Production (100% basis)

Total tons mined (millions) [1]	89.4
Total tons milled (millions)	24.5
Stripping ratio	3.2
Copper grade (%)	0.293
Molybdenum grade (%Mo)	0.011
Copper recovery (%)	84.4
Molybdenum recovery (%)	27.1
Copper production (millions lb)	121.4
Molybdenum production (thousands lb)	1,452

[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.

There have been no material environmental non-compliance incidents since the mine reopened in 2004.

New Prosperity Project

Unless stated otherwise, information of a technical or scientific nature related to the New Prosperity project contained in this AIF is summarized or extracted from a technical report entitled "Technical Report on the 344 million tonne increase in mineral reserves at the New Prosperity Gold – Copper Project" dated December 17, 2009, 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 and is a Qualified Person as defined by NI 43-101 (*Disclosure Standards for Mineral Projects*).

Property Description and Location

The New Prosperity project is located at latitude 51° 28' N and longitude 123° 37' W in the Clinton Mining Division, approximately 125 kilometres southwest of the City of Williams Lake, British Columbia. Five additional claims were acquired in August, 2013 bringing the total tenure to one mineral lease (number 787863) and seventy-one mineral claims covering the mineral rights for approximately 198 square kilometres. The new claims are in good standing until August 2014, while the balance are in good standing until at least October 2014. The claims are 100% owned by Taseko and are not subject to any royalties or carried interests.

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, 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 kilometres. The Canadian National railway services Williams Lake and has rolling stock available to move 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 kilometres east of the New Prosperity project, a natural gas transmission pipeline is situated 112 kilometres northeast, and ample water is available nearby for a mining operation. The Company does not yet have rights of way or approvals to construct facilities to provide gas or electricity to the site.

The New Prosperity project is located on the Fraser Plateau where the landscape is characterized by the low rounded summits of the Chilcotin Range and moderately sloping upland. The New 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 metres and 1,600 metres above sea level.

New Prosperity Project History

Prospectors discovered mineralization in the 1930's. Exploration continued intermittently and by a variety of operators until about 1991, and included extensive IP, magnetic and soil geochemistry surveys, and 176 percussion and diamond drill holes, totalling approximately 27,100 metres. This work helped define the New Prosperity project mineralization to a depth of 200 metres, and outlined a copper-gold mineralized zone approximately 850 metres in diameter.

In 1969, Taseko acquired the New Prosperity project and drilled 18 holes totalling approximately 2,300 metres immediately to the south of the area previously explored, discovering significant tonnage grading 0.25% to 0.30% copper.

Over the period from 1970 to 1974, under option agreements with Nittetsu Mining Company and Quintana Minerals Corporation, approximately 5,000 metres of drilling was completed in 29 holes. Bethlehem Copper Corp. ("Bethlehem") optioned the New Prosperity project in 1979 and by 1981 had completed approximately 14,000 metres of drilling in 73 holes. Following the corporate merger of Bethlehem and Cominco Ltd. ("Cominco"). Cominco acquired the Bethlehem option agreement on the New Prosperity project. Cominco continued to drill the property, completing an additional 5,300 metres of drilling in 48 holes over the period 1982 to 1989.

Cominco work programs also included geophysical and soil geochemical survey, outlining a 2 by 3 kilometre 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 New Prosperity project free whatsoever of any royalties or third party interests in 1993 through settlement agreements.

Geological Setting

The New 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 kilometres southwest of the New Prosperity project area.

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

Mineralization

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

Pyrite and chalcopyrite are the principal sulphide minerals in the deposit on the New 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 New Prosperity project included extensive IP and magnetic geophysical and soil geochemical surveys, and 176 percussion and diamond drill holes totalling approximately 27,100 metres. This work helped define the New Prosperity project mineralization to a depth of 200 metres, and outlined a gold-copper mineralized zone approximately 850 metres in diameter.

In 1991 Taseko drilled 10 holes totalling 7,506 metres to test the core of the deposit over a north-south distance of 550 metres. All of the holes intersected continuous significant copper and gold grades and extended the mineralization to 810 metres 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 from 1992 through 1997 totalled approximately 78,000 metres in 257 holes, expanding the deposit to 1400 metres east-west, 600 metres north-south and to 850 metres below surface, increasing the density of drilling in the deposit, and adding to the geotechnical and geochemical characterization of the deposit.

Over the 34-year period from 1963 to 1997, a total of 154,631 metres has been drilled in 452 holes on the New Prosperity project. Work on the project was deferred from 2000-2005 first due to low metal prices and then later as the Company turned its attention to re-starting the Gibraltar mine. In November 2005, work was reactivated on the project. A pre-feasibility level study was completed in the first quarter of fiscal 2007, and a full feasibility study was completed in September 2007. In late 2009 and 2010, additional metallurgical testing and geotechnical investigations were undertaken in support of detailed engineering.

Sampling and Analysis

Details of sampling and analysis of drill cores are described in the December 17, 2009 technical report, “Technical Report on the 344 Million Tonne Increase in Mineral Reserves at the New Prosperity Gold-Copper Project”. Sample pulps are stored in the Company’s warehouse at Port Kells, British Columbia. Coarse rejects from analytical work are retained in Taseko’s secure warehouse in Surrey, British Columbia.

Reserves and Resources

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 from those assumed in 2007 and re-evaluated the reserves on the basis of $1.65/lb Cu and $650/oz Au. The resulting mineral reserves are shown in Table 6.

Table 6: New 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

Cautionary Note to Investors concerning estimates of Measured and Indicated Resources

This section uses the terms “measured” and “indicated resources”. We advise 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 mineral deposits in these categories that are not already classified as “reserves” will ever be converted into reserves.**

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

Table 7: New 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.

In early 2012 Taseko completed a geotechnical field investigation to support the design and environmental assessment of the relocated tailings facility at New Prosperity.

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 tonnes per day at a life-of-mine strip ratio of 1.5:1. A declining net smelter return cut-off is applied to the mill feed, which defers lower grade ore for later processing. The stockpiled ore is processed in the final years of the mine plan.

The New Prosperity processing plant has been designed with a nominal capacity of 70,000 tonnes per day. The plant consists of a single 12 meter diameter SAG mill, two 7.9 -metre 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 Gibraltar Mines Ltd.'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 is proposed to be supplied via a new 124 kilometre 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 busing.

Franco-Nevada Gold Stream Agreement

On May 12, 2010, the Company entered into a gold stream transaction with Franco-Nevada Corporation ("Franco-Nevada"), under which Franco-Nevada would purchase gold equal to 22% of the life of mine gold produced at the project. Staged cash deposits aggregating US$350 million would be paid during mine construction, and two million Franco-Nevada warrants would be issued on the date of the first advance of the cash payment. For each ounce of gold delivered to Franco-Nevada, Taseko would receive a further cash payment of US$400/oz (subject to an inflationary adjustment) or the prevailing market price, if lower. The deposit would 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 would be exercisable to purchase one Franco-Nevada common share at a price of $75.00 until June 16, 2017 and would be listed on TSX. The conditions to funding the gold stream and issuing the warrants include obtaining full financing of the project, receipt of all material permits to construct and operate New Prosperity, in accordance with the agreed project plan, and securing marketing arrangements for the majority of the concentrate. The revised New Prosperity project plan is different than the plan that was agreed with Franco-Nevada in 2010 and, as a result, the conditions for funding will not be satisfied and would require further negotiations with Franco-Nevada. Franco-Nevada may terminate this agreement on ten business days' written notice to Taseko.

Environmental Assessment Processes

In 2009-2010 the British Columbia Environmental Assessment Office ("EAO") led a review of this Project in a coordinated manner with the Canadian Environmental Assessment Agency ("CEAA").

On January 14, 2010, Taseko received the environmental assessment certificate for the New Prosperity project from the Province.

The Federal process was conducted by a three-person panel, whose findings were in certain respects similar to the conclusions reached in the Provincial Environmental Assessment, although they were not mandated to assess positive economic and social value generated by the project. In July 2010, the panel submitted its final report to the Federal Government.

In November 2010, the Federal Minister of Environment announced that the New Prosperity mine project, as proposed, would not be granted federal authorizations to proceed. The Company reviewed and revised its plan and put forth a new design proposal, which addressed the concerns identified during the federal review process, and in February, 2011 the Company submitted a project description for the New Prosperity project to the Federal Government.

On September 20, 2012, the Environmental Impact Statement (EIS) was submitted to the three-member Review Panel (the "Panel") established for the federal environmental assessment of the project. Following the public hearings conducted in Williams Lake and several First Nation communities in the region in July and August 2013, the Panel prepared their report and submitted it to the Federal Minister of the Environment on October 31, 2013.

The Panel report found that the proposed project is not likely to cause significant adverse environmental effects in respect of 33 different areas provided effective mitigation was undertaken but found significant adverse environmental effects were likely in relation to three matters: (i) water quality in Fish Lake and Wasp Lake; (ii) fish and fish habitat in Fish Lake, wetlands and riparian ecosystems; and (iii) Tsilhqot'in current use of lands for traditional purposes, cultural heritage and archaeological/historical resources.

On November 29, 2013 the Company filed an application for judicial review in the Federal Court, seeking to set aside certain findings of the Panel report. The Company is asking the court for a declaration that certain findings relating to seepage and water quality be set aside, and that the Panel failed in certain respects to comply with principles of procedural fairness and the rules of natural justice.

On February 26, 2014 the Minister of the Environment announced her conclusion, based on the Panel report, that the New Prosperity Mine project is likely to cause significant adverse environmental effects that cannot be mitigated In accordance with the requirements of the *Canadian Environmental Assessment Act, 2012*, she referred the matter to the Governor in Council who decided that those effects are not justified in the circumstances.

The federal judicial review remains before the court.

Aley Project

Unless stated otherwise, information of a technical or scientific nature related to the Aley Project project contained in this AIF is summarized or extracted from a technical report entitled “Technical Report Aley Carbonatite Niobium Project” dated March 29, 2012, prepared by Ronald G. Simpson, P.Geo, filed on Taseko’s profile on SEDAR at www.sedar.com.

Property Acquisition

In June 2007, Taseko acquired 100% of the Aley niobium project in northern British Columbia through the acquisition of a private company, for 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 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 high strength low alloy steels which are required to manufacture automobiles, bridges, pipes, jet turbines and other high technology applications. Ninety percent of niobium enters the market as ferro-niobium (FeNb); 15% of all steel produced worldwide contains FeNb. The increase in demand for FeNb has resulted largely from the overall growth in the global steel market. Demand for ferro-niobium has grown at approximately 5-7% per annum in recent years and Taseko anticipates that growth to continue over the next 10 years. Ferro-niobium is currently selling at in excess of US$48/kg.. Currently, 90% of the world’s niobium is supplied by three mines: CBMM (Companhia Brasileira de Metalurgia e Mineração) and Anglo American of South America Ltda mines in Brazil, and the Niobec mine operated by Iamgold 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, British Columbia lead to the Ospika Logging Camp on the east side of Williston Lake. The property is located about 30 kilometres from the Ospika Camp and is currently accessed via helicopter.

Property Description

Two additional claims were acquired in October 2013 bringing the total tenure to 109 contiguous mineral claims that cover 437 square kilometres. The new claims are in good standing until October 2014 and the balance are in good standing until January 2021. The claims are 100% owned by us and are not subject to any royalties or carried interests.

Aley Project History

A previous operator identified six zones from surface exploration, which included mapping, sampling and trenching. Twenty holes, totalling 3,058 metres 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 were 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 results obtained compared favourably to the operating results at Niobec.

Geology

The Aley project hosts a carbonatite complex that intrudes Cambrian to Ordovician sedimentary rocks of the Kechika (limestone), Skoki (dolomite to volcaniclastics), and Road River Group formations (clastic sedimentary rocks). The intrusion is ovoid in plan view with a diameter of approximately 2 km surrounded for up to 500m by a fenite (quartz-albite syenite) aureole. The fenite comprises massive units and occasional breccias. The carbonatite is predominantly composed of dolomite carbonatite with minor calcite carbonatite. 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 Zone.

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 subsequent 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 ranged up to over 200 metres in length. Niobium mineralization intersected was highly continuous and close to surface. The extensive body of niobium mineralization indicated by the 2010 drilling was open to expansion in at least three directions and to depth.

In 2011 a drill program completed 17,094 metres over 70 holes in the central zone. The objective of the drill program was the delineation of the continuity and extent of Nb mineralization in the Central Zone with infill drilling. The program also sought to establish a better understanding of the deposit geometry and the continuity and extent of Nb mineralization.

Condemnation and geotechnical drilling totaling 2,493 metres was completed in 2012. In addition 10 km of access road right of way was cleared and 5 km of road was established.

Sampling and Analysis

Details of sampling and analysis of drill cores are described in the March 29 2012 technical report, “Technical Report Aley Carbonatite Niobium Project”. Sample pulps are stored in the Company’s warehouse at Port Kells, British Columbia. Drill core is stored at the Company’s warehouse in Mackenzie, British Columbia.

Estimates of Mineralization

The inclusion of the data from the 2011 drill program resulted in an increased and upgraded in-pit mineral resource for the Central Zone. The resource as documented in the March 29, 2012 technical report, “Technical Report Aley Carbonatite Niobium Project”, prepared by Ronald G. Simpson, P.Geo, is summarized in Table 8 for a range of cut-off grades with the base case of 0.2% Nb_2O_5 in boldface.

Cautionary Note to Investors concerning estimates of Measured and Indicated Resources

This section uses the terms “measured” and “indicated resources”. We advise 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 mineral deposits in these categories will ever be converted into reserves.**

Table 8: Aley Mineral Resources as at March 1, 2012

COG % Nb2O5	MEASURED		INDICATED		MEASURED+INDICATED	
	Tonnes 000's	% Nb2O5	Tonnes 000's	% Nb2O5	Tonnes 000's	% Nb2O5
0.10	137,373	0.36	215,145	0.31	352,518	0.33
0.15	126,769	0.38	197,767	0.33	324,536	0.35
0.20	**112,651**	**0.41**	**173,169**	**0.35**	**285,820**	**0.37**
0.25	96,183	0.44	131,999	0.39	228,182	0.41
0.30	81,377	0.47	102,966	0.42	184,343	0.45

COG % Nb2O5	INFERRED	
	Tonnes 000's	% Nb2O5
0.10	177,350	0.29
0.15	168,733	0.30
0.20	**144,216**	**0.32**
0.25	97,891	0.37
0.30	68,976	0.41

The resource is constrained by a 45°wall slope Lerchs-Grossman pit assuming a metal price of US$50/kg Nb with process recovery of 50%. General & administration, processing and ore mining costs were assumed to be $30/tonne. Base waste mining costs were assumed to be $1.50/tonne.

Exploration and Development

Condemnation and geotechnical drilling totaling 2,493 metres was completed in 2012. In addition 10 km of access road right of way was cleared and 5 km of road was established. Metallurgical, process, and construction engineering requirements started in 2013 are scheduled to continue into the first half of 2014. The current focus on the Aley niobium project is upgrading the resources announced in March 2012 to a NI 43-101 compliant reserve.

Baseline environmental studies are ongoing

Harmony Project

Gibraltar Mines Ltd., a wholly owned subsidiary, acquired the Harmony gold project in October 2001 through a transaction with Continental Minerals Corporation (formerly Misty Mountain Gold Ltd.) for consideration of $2.23 million in cash and the issuance of tracking preferred shares in Gibraltar's capital stock. The tracking preferred shares were exchanged for Taseko common shares in 2011.

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 Harmony.

Location, Access and Infrastructure

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

Property Description

The Harmony project is comprised of 40 mineral claims and approximately 161 square kilometres. All claims are in good standing until July 2014. The claims are 100% owned by Taseko and are not subject to any royalties or carried interests.

Exploration History

Prospectors discovered mineralization at Harmony in 1970. The project claims were optioned by various companies during the period 1970 to 1975, which carried out geological mapping, geochemical surveys and minor drilling. Consolidated Cinola Mines Ltd. acquired the ground in 1977 and, with partners, carried out detailed drilling totalling 30,116 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 tonne per day pilot mill was established to treat about 5,200 tonnes of material and in 1982 a feasibility study for a 10,000-15,000 tonnes per day operation was completed. From 1986 to 1988, City Resources drilled 83 diamond drill holes and 64 reverse-circulation drill holes, totalling 13,356 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 1990's by a new group of investors who renamed the company Misty Mountain Gold Ltd. From 1989 – 1999, additional drilling, metallurgical and engineering studies were carried out at the Harmony project.

Geology and Mineralization

The Harmony project hosts the Specogna epithermal gold deposit, controlled by the Sandspit fault. Dacite dykes of Tertiary age have intruded along the fault. Pervasive silicification, hydrothermal brecciation, stockwork and banded quartz veining and gold mineralization 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 in silver-gold electrum, which are commonly visible.

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

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 at 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 gold project, is subject to aboriginal peoples' land claims. Aboriginal land claims are subject to the B.C. Treaty Commission Legislation and the B.C. Treaty Commission, both established in 1993.

Exploration and Development

In late 2007, after completion of the Queen Charlotte-Haida Gwaii Land and Resource Management Plan designating 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. A review of metallurgical options continues.

RISK FACTORS

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

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 metals, primarily copper, but potentially gold and other metals and minerals. The market price of copper is volatile and is affected by numerous factors beyond our control, including:

- Copper demand, especially from China;
- 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;
- global mine supply of metal;
- global demand for industrial products and jewellery 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 would affect the profitability of the Gibraltar mine and our ability to finance the exploration and development of our other mineral properties, which would have a material adverse effect on our financial condition and results of operations. Copper and gold prices have recently been near historical highs 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. If commercial quantities of copper, gold and other metals are discovered, there is no assurance that a profitable market will exist or continue to exist for a production decision to be made or for the ultimate sale of the metals.

Fluctuations in foreign currency exchange rates could have an adverse effect on our results of operations and financial condition.

Fluctuations in the Canadian dollar relative to the US dollar could significantly affect our business, results of operations and financial condition. As our Gibraltar mine operation is located in Canada, our costs are incurred primarily in Canadian dollars. However, our revenue is based on the market price of copper and other metals and is denominated in United States dollars. A strengthening of the Canadian dollar relative to the United States dollar will reduce our profitability, adversely affect our financial condition, and may also affect our ability to finance our development projects. We do not currently enter into foreign currency contracts to hedge against currency risk.

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;
- machinery breakdown;
- metallurgical and other processing problems;
- unusual or unexpected rock formations;
- structural cave-ins or slides;

- flooding;
- 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 insurance policies.

Lack of infrastructure and opposition could delay or prevent us from developing our more 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 extensive governmental regulation of all aspects of our Business.

Our operations and exploration and development activities in Canada are subject to extensive federal, provincial 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;
- 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 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.

The New Prosperity Project as proposed has been subject to First Nation and Governmental opposition and other risks.

On January 14, 2010, Taseko received an environmental assessment certificate for the New 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 adverse 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. In February 2014 the Federal Minister of Environment announced that, based on the Panel report, the New Prosperity Project, as proposed, could not be granted Federal authorizations to proceed. In November 2013 the Company commenced a federal judicial review, seeking to set aside certain findings of the Panel report. The Company is asking the court for a declaration that certain findings relating to seepage and water quality be set aside, and that the panel failed in certain respects to comply with principles of procedural fairness. The judicial review remains before the court. Failure to obtain certificates and permits in a timely manner or at all will delay and could even prevent development of the New Prosperity Project, which could negatively affect the Company.

The feasibility of the New 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 New 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 New Prosperity project plan that we had agreed with them must receive appropriate governmental approval. Because our revised New 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’s 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. 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 risks include those typical of large mine development projects, including the general uncertainties inherent in engineering and construction costs, the need to comply with generally increasing environmental regulation, opposition by First Nations and environmental groups, 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.

The Gibraltar JV is subject to risks associated with most 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 Gibraltar 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 might become bankrupt;
- 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;
- possible litigation between joint venture counterparty about joint venture matters;
- the inability to exert control over decisions related to a joint venture in which Taseko does not have a controlling interest; 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 solely dependent on the Gibraltar mine for revenues and suspension of production at that mine would materially adversely affect our business.

The New Prosperity project, the Harmony project and the Aley project are in various stages of development. However, until these other projects are developed and operational and are beginning to produce revenue, we are dependent solely 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 reserves. 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, subject to claims or leased by us from the provincial government. 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 at New Prosperity. Additionally, our leasehold interest at New Prosperity could potentially be at risk if mining operations are not commenced during the term of the lease.

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

The New Prosperity, Harmony and Aley projects are at various stages of development. The development of a project is a complex and challenging process that may take longer and cost more than predicted, or may not be completed at all. In addition, anticipated production 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, may still have to 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. 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 would 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 the capital expenditures required to build-out our Gibraltar Mine have 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 make no assurances 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 future capital expenditures. Our business, results of operations and financial condition may be adversely affected if we cannot make such capital expenditures.

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.

A major 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, 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.

Increased competition and poor mining capital markets could adversely affect our ability to attract necessary capital funding, could increase project development costs, and could adversely affect our ability to acquire suitable mineral properties for development 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.

Increases in copper, gold and molybdenum prices during 2010-2012 resulted in substantial 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. Although these increases have moderated of late, 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.

DIVIDENDS

The Company has not paid dividends to date and the Company has no plans to pay a dividend in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

Taseko's share capital consists of an unlimited number of no par value common shares. As of March 13, 2014, there were 193,731,955 common shares issued and outstanding as fully paid and non-assessable.

The holders of Taseko's common shares are entitled to one vote for each share on all matters submitted to a vote of shareholders.

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

There are no constraints imposed on the foreign ownership of securities of Taseko, however an acquisition of control of Taseko by a non-Canadian would be subject to a review by the Canadian government under its foreign investment laws.

Senior Notes

The Company has US$200 million aggregate principal amount of publicly-traded senior notes ("Notes") due in 2019, bearing interest at an annual rate of 7.75%. The Company may redeem some or all of the Notes at any time on or after April 15, 2015 at redemption prices ranging from 103.875% to 100%, plus accrued and unpaid interest to the date of redemption. Prior to April 15, 2015, all or part of the Notes may be redeemed at 100% plus a make-whole premium, plus accrued and unpaid interest to the date of redemption. In addition, until April 15, 2014, the Company may redeem up to 35% of the principal amount of Notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.75%, plus accrued and unpaid interest to the date of redemption. The Notes are guaranteed on a senior unsecured basis by the Company's two existing subsidiaries, and future subsidiaries of the Company other than immaterial subsidiaries. The subsidiary guarantees are, in turn, guaranteed by the Company.

Ratings

The following table sets out the ratings of Taseko's senior notes by the rating agencies indicated as at March 13, 2014:

	Rating Agency	
	Standard & Poor's Rating Services	**Moody's Investor Services**
Senior Notes	B	B3
Trend/Outlook	Stable	Stable

Standard & Poor's Rating Services' ("S&P") credit ratings are on a long-term rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. S&P has assigned Taseko a corporate credit rating of B and a credit rating of B on the senior notes. According to S&P, this rating generally means the relevant issuer currently has the capacity to meet its finance commitments, but that adverse business, financial, or economic conditions will likely impair the relevant issuer's capacity or willingness to meet its financial commitments. S&P adds that an issuer or obligation rated 'B' should be able to withstand a mild level of stress and still meet its financial obligations. The ratings from AAA to D may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the major categories. In addition, S&P may add a rating outlook of "positive", "negative" or "stable" which assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years).

Moody's Investor Services' ("Moody's") credit ratings are on a long-term debt rating scale that ranges from AAA to Caa, which represents the range from highest to lowest quality of such securities rated. Moody's has assigned Taseko a corporate family credit rating of B3 and a credit rating of B3 on the senior notes. According to Moody's this rating generally means that the obligations are considered speculative and are subject to high credit risk. Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from AA through C. The modifier 1 indicates that the security ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of the generic category.

We understand that the credit ratings accorded to the senior notes by S&P and Moody's are not recommendations to purchase, hold or sell the senior notes as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

MARKET FOR SECURITIES

Taseko's common shares are listed on the Toronto Stock Exchange (TSX) and the NYSE MKT under the symbols TKO and TGB, respectively. The following table shows the price ranges and volume traded by month in 2013, based on trading information published by each Exchange.

	Toronto Stock Exchange			**NYSE MKT Exchange**		
2013	**High (C$)**	**Low (C$)**	**Average Daily Share Volume**	**High (US$)**	**Low (US$)**	**Average Daily Share Volume**
December	2.30	1.90	668,500	2.17	1.78	550,500
November	2.35	2.07	158,200	2.25	1.96	524,100
October	2.76	2.07	124,000	2.66	2.01	581,900
September	2.25	2.06	127,600	2.19	2.00	363,600
August	2.36	1.98	171,400	2.26	1.90	442,200
July	2.34	1.91	130,000	2.28	1.83	323,700
June	2.32	1.88	323,000	2.23	1.80	366,300
May	2.49	2.08	147,700	2.44	2.05	370,700
April	2.85	1.95	314,300	2.78	1.89	600,200
March	3.15	2.71	151,200	3.10	2.68	337,100

February	3.36	2.82	183,900	3.36	2.76	320,200
January	3.48	3.02	169,300	3.53	3.04	374,100

DIRECTORS AND OFFICERS

As at March 13, 2014, the directors and executive officers of Taseko, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 4,546,711 common shares, representing less than three percent of the total number of common shares outstanding before giving effect to the exercise of options to purchase common shares held by such directors and executive officers. The statement as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of Taseko as a group is based upon information furnished by the directors and officers.

Name, Position and Office, and Province or State and Country of Residence	**Period a Director and/or Officer of Taseko**
Directors	
William Armstrong, Director Surrey, British Columbia, Canada	Since May 2006
T. Barry Coughlan, Director Vancouver, British Columbia, Canada	Since February 2001
Scott D. Cousens, Director Vancouver, British Columbia, Canada	Since October 1992
Robert A. Dickinson, Director Lions Bay, British Columbia, Canada	Since January 1991
Russell E. Hallbauer, President, Chief Executive Officer and Director West Vancouver, British Columbia, Canada	Since July 2005
Wayne Kirk, Director Orcas, Washington, USA	Since July 2004
Alex Morrison, Director Greenwood Village, Colorado, USA	Since April 2011
Richard Mundie, Director Vancouver, British Columbia, Canada	Since January 2010
Ronald W. Thiessen, Chairman of the Board and Director West Vancouver, British Columbia, Canada	Since October 1993
Executive Officers	
Brian Battison, Vice President Corporate Affairs Tsawwassen, British Columbia, Canada	Since September 2007
Brian Bergot, Vice President, Investor Relations North Vancouver, British Columbia, Canada	Since March 1, 2014
Scott Jones, Vice President, Engineering North Vancouver, British Columbia, Canada	Since December 2007
John W. McManus, Chief Operating Officer West Vancouver, British Columbia, Canada	Since October 2005
Stuart McDonald, Chief Financial Officer North Vancouver, British Columbia, Canada	Since September 2013
David Rouleau, Vice President, Operations Vancouver, British Columbia, Canada	Since June 2010

Name, Position and Office, and Province or State and Country of Residence	Period a Director and/or Officer of Taseko
Robert Rotzinger, Vice President, Capital Projects West Vancouver, British Columbia, Canada	Since January 2013
Trevor Thomas, Secretary Vancouver, British Columbia, Canada	Since August 2008

At the annual general meeting held in June 2013 all the directors listed above were re-elected to a term of office expiring at the next annual general meeting of Taseko, which is currently scheduled for June 2014. Some of the directors serve together on a number of boards of other publicly listed companies.

Although the directors oversee the management of Taseko's affairs, a cost sharing arrangement exists between a number of the public resource companies on which several of the directors serve pursuant to a corporate services agreement with Hunter Dickinson Services Inc. ("HDSI") dated July 2, 2010. HDSI provides executive, engineering, geological and administrative services to, and incurs costs on behalf of, these companies and allocates the full costs to them.

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

Committees of the Board of Directors

Audit and Risk Committee

The Audit and Risk Committee is comprised of Richard Mundie (Chairman), Wayne Kirk, and Alex Morrison.

Compensation Committee

The Compensation Committee is comprised of T. Barry Coughlan (Chairman), William P. Armstrong, and Richard Mundie.

Nominating and Governance Committee

The Nominating and Governance Committee is comprised of Wayne Kirk (Chairman), T. Barry Coughlan and Alex Morrison.

Investment Committee

The Investment Committee is comprised of Russell Hallbauer (Chairman), William P. Armstrong, Ronald W. Thiessen and Wayne Kirk.

Executive Committee

The Executive Committee is comprised of Russell Hallbauer (Chairman), William P. Armstrong, T. Barry Coughlan and Ronald W. Thiessen.

Environmental, Health and Safety Committee

The Environmental, Health and Safety Committee is comprised of William P. Armstrong (Chairman), Alex Morrison and Richard Mundie.

Principal Occupations and Other Information

William P. Armstrong, P.Eng. – Director

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

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

Company	**Positions Held**	**From**	**To**
Euromax Resources Ltd.	Director	October 2011	February 2012
Hansa Resources Ltd.	Director	August 2008	April 2010
Spur Ventures Inc.	Director	September 2013	Present
Taseko Mines Limited	Director	May 2006	Present

T. Barry Coughlan, B.A. – Director

Barry Coughlan is a self-employed businessman and senior executive with international experience who has been involved in the financing and management of publicly traded companies for over 25 years. During this period, Mr. Coughlan has been involved in the financing of over thirty private companies and their subsequent listing on both International and North American markets. His principal occupation is President and Director of TBC Ventures Ltd., a private investment company.

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

Company	**Positions Held**	**From**	**To**
Amarc Resources Ltd.	Director	February 2009	Present
Creso Exploration Inc.	Director	July 2010	October 2010
Farallon Mining Ltd.	Director	March 1998	January 2011
Great Basin Gold Ltd.	Director	February 1998	June 2013

Company	Positions Held	From	To
ICN Resources Ltd. (formerly Icon Industries Ltd.)	President and CEO	September 1991	November 2009
	Director	September 1991	January 2010
Northcliff Resources Ltd.	Director	June 2011	Present
Quadro Resources Ltd. (formerly Tri-Gold Resources Corp.)	President, CEO and Director	June 1986	Present
Quartz Mountain Resources Ltd.	Director	January 2005	December 2011
Rathdowney Resources Ltd.	Director	March 2011	Present
Taseko Mines Limited	Director	February 2001	Present
Vatic Ventures Corporation	Director	January 2011	Present

Scott D. Cousens – Director

Scott D. Cousens provides management, technical and financial services to a number of publicly traded companies, as indicated below. Since 1991, Mr. Cousens' principal occupation has been his role as a director of Hunter Dickinson Inc. ("HDI") and its wholly owned subsidiary, Hunter Dickinson Services Inc. ("HDSI"), a company providing management and administrative services to several publicly-traded companies. Mr. Cousens' focus has been on the development of relationships within the international investment community. Substantial financings and subsequent corporate success has established strong ties with North American, European and Asian investors.

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

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	September 1995	Present
Atlatsa Resources Corporation (formerly Anooraq Resources Corporation)	Director	September 1996	June 2009
Continental Minerals Corporation	Director	June 1994	April 2011
Heatherdale Resources Ltd.	Director	November 2009	Present
	Chairman	November 2009	Present
Northern Dynasty Minerals Ltd.	Director	June 1996	Present

Company	Positions Held	From	To
Northcliff Resources Ltd.	Director	June 2011	February 2012
	Director	May 2012	Present
Quartz Mountain Resources Ltd.	Director	November 2012	Present
	Chairman	November 2012	Present
Rathdowney Resources Ltd.	Director	June 2011	Present
Taseko Mines Limited	Director	October 1992	Present

Robert A. Dickinson, B.Sc., M.Sc. - Director

Mr. Dickinson is an economic geologist who has been actively involved in mineral exploration and mine development for over 40 years. He is Chairman of HDI and HDSI as well as a director and member of the management team of a number of the public companies associated with HDI. He is also President and Director of United Mineral Services Ltd., a private resources company. He also serves as a Director of the Britannia Mine Museum and a Trustee of the BC Mineral Resources Education Program.

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

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	April 1993	Present
	Chairman	April 2004	Present
Atlatsa Resources Corporation (formerly Anooraq Resources Corporation)	Director	October 2004	June 2009
	Co-Chairman	October 2004	June 2009
Continental Minerals Corporation	Director	June 2004	April 2011
Curis Resources Ltd.	Director	November 2010	November 2012
	Chairman	November 2010	December 2010
Detour Gold Corporation	Director	August 2006	February 2009
Heatherdale Resources Ltd.	Director	November 2009	Present
Northcliff Resources Ltd.	Director	June 2011	Present
	Chairman	June 2011	January 2013
Northern Dynasty Minerals Ltd.	Director	June 1994	Present
	Chairman	April 2004	Present

Company	Positions Held	From	To
Quartz Mountain Resources Ltd.	Director	December 2003	Present
	Chairman	December 2011	November 2012
Rathdowney Resources Ltd.	Director	March 2011	December 2011
	Chairman	March 2011	December 2011
Taseko Mines Limited	Director	January 1991	Present

Russell E. Hallbauer, P.Eng. – Director, President & CEO

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

In 1983, he joined Teck Corporation's Bullmoose mine, advancing through Engineering and Supervisory positions to become Mine Superintendent in 1987, and in 1992, became General Manager of Quintette. In 1995, he assumed new responsibilities in Vancouver when he was appointed General Manager, Coal Operations, overseeing Teck's three operating coal mines in the Province. In 2002, he was appointed General Manager, Base Metal Joint Ventures, responsible for Teck Cominco's interests in Highland Valley Copper, Antamina in Peru, and Louvicourt in Quebec. Mr. Hallbauer is a director of HDSI (and HDI), a company providing management and administrative services to several publicly-traded companies (including Taseko), and focuses on directing corporate development and financing activities.

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

Company	Positions Held	From	To
Curis Resources Ltd.	Chairman	December 2010	September 2012
	Co-Chairman	September 2012	Present
	Director	November 2010	Present
Northern Dynasty Minerals Ltd.	Director	April 2008	Present
Taseko Mines Limited	President/CEO/Director	July 2005	Present

Wayne Kirk, LLB – Director

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

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

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

Company	Positions Held	From	To
Atlatsa Resources Corporation (formerly Anooraq Resources Corporation)	Director	July 2005	September 2011
Gabriel Resources Ltd.	Director	June 2008	Present
Great Basin Gold Ltd.	Director	July 2004	January 2012
Luna Gold Corporation	Director	May 2012	Present
Northern Dynasty Minerals Ltd.	Director	July 2004	Present
Taseko Mines Limited	Director	July 2004	Present

Alexander Morrison, CA - Director

Alex Morrison is a mining executive and chartered accountant with over 25 years of experience in the mining industry.

Mr. Morrison is a citizen of the United States and is a resident of the state of Colorado.

Mr. Morrison has held senior executive positions at a number of mining companies, most recently serving as Vice President and Chief Financial Officer of Franco-Nevada Corporation from 2007 to 2010. From 2002 to 2007, Mr. Morrison held increasingly senior positions at Newmont Mining Corporation, including Vice President, Operations Services and Vice President, Information Technology. Prior to that, Mr. Morrison was Vice President and Chief Financial Officer of NovaGold Resources Inc., Vice President and Controller of Homestake Mining Company and held senior financial positions at Phelps Dodge Corporation and Stillwater Mining Company. Mr. Morrison began his career with PricewaterhouseCoopers LLP after obtaining his Bachelor of Arts in Business Administration from Trinity Western University.

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

Company	Positions Held	From	To
Detour Gold Corporation	Director	May 2010	Present
Franco-Nevada Corporation	Chief Financial Officer	January 2008	April 2010
Taseko Mines Limited	Director	April 2011	Present
Pershing Gold Corporation	Director	November 2012	Present

Richard Mundie, CA – Director

Richard Mundie is a Chartered Accountant with a Bachelor of Commerce degree from the University of British Columbia. Mr. Mundie has held a number of senior leadership positions in the mining sector for over 25 years in key organizations in British Columbia and overseas. From 2005 to 2007, he was Vice President, Asia Affairs and Chief Representative (China), for Teck Cominco Limited. In this role, he was active in the international mining community and participated in several joint programs to build stronger relationships with the Chinese Government.

Mr. Mundie also held the position of Vice President – Commercial for a period of ten years with Teck Cominco. In this role, he was responsible for marketing the company's commercial mineral products, gaining invaluable experience in Europe, South America, United States, Japan, Korea, and Taiwan.

Between 1983 and 1995, he held a number of financial and leadership positions with Cominco and in 1992, he assumed the role of Director of Business Development with wide responsibilities for mergers, acquisitions and divestitures. Earlier career positions included a number of finance related roles in the resources sector, transport and public accounting with PricewaterhouseCoopers LLP.

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

Company	Positions Held	From	To
Far West Mining Ltd.	Director	August 2010	June 2011
Mundoro Capital Inc.	Director	May 2010	December 2010
Panoro Minerals Ltd.	Director	March 2010	Present
Taseko Mines Limited	Director	January 2010	Present

Ronald W. Thiessen, FCA – Chairman of the Board and Director

Ronald Thiessen is a Chartered Accountant with professional experience in finance, taxation, mergers, acquisitions and re-organizations. Since 1986, Mr. Thiessen has been involved in the acquisition and financing of mining and mineral exploration companies. Mr. Thiessen's principal occupation is his role as a director of HDSI (and HDI), a company providing management and administrative services to several publicly-traded companies (including Taseko), and focuses on directing corporate development and financing activities.

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

Company	Positions Held	From	To
Amarc Resources Ltd.	Director	September 1995	Present
	President and Chief Executive Officer	September 2000	Present

Company	Positions Held	From	To
Atlatsa Resources Corporation (formerly Anooraq Resources Corporation)	Director	April 1996	June 2011
Continental Minerals Corporation	Director	November 1995	April 2011
	Co-Chairman	January 2006	April 2011
Detour Gold Corporation	Director	July 2006	May 2012
	Chairman	July 2006	March 2009
Farallon Mining Ltd.	Director	August 1994	January 2011
	Chairman	December 2005	January 2011
Great Basin Gold Ltd.	Director	October 1993	June 2013
	Chairman	November 2006	June 2013
Northern Dynasty Minerals Ltd.	Director	November 1995	Present
	President and Chief	November 2001	Present
	Executive Officer		
Quartz Mountain Resources Ltd.	Director	December 2011	Present
	President and Chief Executive Officer	December 2011	Present
Taseko Mines Limited	Director	October 1993	Present
	Chairman	May 2006	Present

Brian Battison – Vice President, Corporate Affairs

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

Company	Positions Held	From	To
Taseko Mines Limited	Vice President, Corporate Affairs	September 2007	Present

Brian Bergot – Vice President, Investor Relations

Brian Bergot was appointed Vice President, Investor Relations in March 2014 and has over 20 years of experience in the natural resources sector. Brian joined Taseko in 2006 and has held roles of increasing responsibility, in both Investor Relations and Marketing & Logistics. Prior to his career in mining, Brian spent 14 years at Methanex Corporation, a $7 billion BC-based chemical company. At Methanex, he held a number of corporate and operational roles including investor relations and marketing & logistics. As Vice President, Investor Relations, he is responsible for expanding the Company's shareholder base in the North American and European markets.

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

Company	Positions Held	From	To
Western Lithium USA Corporation	Vice President, Investor Relations	April 2011	March 2012
Taseko Mines Limited	Vice President, Investor Relations	March 2014	Present

Scott Jones, P.Eng. – Vice President, Engineering

Scott Jones has 30 years of experience in the mining industry. Prior to joining Taseko in 2006, he was a Senior Mining Engineer for Teck Cominco where he was involved in property valuation and feasibility studies. He has also held various senior positions in both underground and open pit operations for Teck Cominco and at Barrick Gold's Hemlo Operations. He has a B.Sc. in Mine Engineering from McGill University.

Company	Positions Held	From	To
Taseko Mines Limited	Vice President, Engineering	December 2007	Present

John McManus, P. Eng. – Chief Operating Officer

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

Mr. McManus has worked in the mining industry in British Columbia for over 30 years where he gained experience in mine operations, mine engineering and environmental management. Prior to joining Taseko in 2005, he was the General Manager, Coal Mountain Operations at Elk Valley Coal Corporation. Before that, Mr. McManus was the Mine Manager at Teck Cominco's coal mining joint venture Bullmoose operation, General Superintendent at the Elkview coal mine and Superintendent of Engineering at the Quintette operation. His past experience also includes five years working in operations and engineering at the Highland Valley and Lornex copper mines and three years working in gold exploration in the Yukon, British Columbia and California.

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

Company	Positions Held	From	To
European Nickel PLC	Director	August 2010	December 2011
Taseko Mines Limited	Vice President, Operations	October 2005	December 2007
	Senior Vice President, Operations	December 2007	December 2013
	Chief Operating Officer	December 2013	Present

Stuart McDonald, CPA, CA – Chief Financial Officer

Stuart McDonald is a Chartered Accountant with a Bachelor of Commerce (Finance) degree from the University of British Columbia. Prior to his role with Taseko, Mr. McDonald held executive positions with several companies in the mining industry. He was most recently Chief Financial Officer and Senior Vice President of Yukon Zinc Corp., a privately owned Canadian mining company. Prior to this position he was Chief Financial Officer of Quadra FNX Mining Ltd. (and its predecessor Quadra Mining Ltd.). He was also Corporate Controller at Cumberland Resources Ltd., from 2004 until its acquisition by Agnico-Eagle Mines in 2007. Prior to joining the mining industry, he was a Senior Manager at Deloitte & Touche LLP and also spent three years as an Audit Manager with Ernst & Young in the Czech Republic.

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

Company	Positions Held	From	To
Quadra FNX Mining Ltd.	Chief Financial Officer	May 2007	August 2010
Taseko Mines Limited	Chief Financial Officer	September 2013	Present

David Rouleau, P. Eng. – Vice-President, Operations

Dave Rouleau holds a Bachelor of Science Mine Engineering Degree from the South Dakota School of Mines and a Mining Technology Diploma from Haileybury School of Mines. Prior to joining Taseko, Mr. Rouleau was a key member of Canadian Natural Resources senior management team developing the $10 billion Horizon Oil Sands Project in Fort McMurray, Alberta. Mr. Rouleau was responsible for all aspects of the 200 million tonne per year mining operation supporting 110,000 barrels per day of synthetic crude oil production. Mr. Rouleau's background also includes 17 years with Teck Cominco in various mine operations and engineering roles.

Company	Positions Held	From	To
Taseko Mines Limited	Vice President, Operations	June 2010	Present

Robert Rotzinger, P. Eng. – Vice-President, Capital Projects

Robert Rotzinger has over 18+ years' experience in the mining industry with Taseko and predecessor companies. Mr. Rotzinger has been a key participant in the $700 million capital investment program at the Gibraltar mine over the last five years, with his most recent role overseeing the 3rd phase of this mine expansion plan. In 2010, he was a co-recipient of the Association of Mineral Exploration British Columbia (AMEBC) E.A.Scholz Award for Excellence in Mine Development for the expansion and modernization of the Gibraltar mine. He also received PowerSmart Excellence Awards from BC Hydro in 2008 for Outstanding Energy Efficient Project and again in 2010 for the Application of New Energy Efficient Technology.

Company	Positions Held	From	To
Taseko Mines Limited	Vice President, Capital Projects	January 2013	Present

Trevor Thomas, LLB – Secretary

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

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

Company	Positions Held	From	To
Amarc Resources Ltd.	Secretary	February 2008	Present
Atlatsa Resources Corporation (formerly Anooraq Resources Corporation)	Asst Secretary	November 2007	July 2011
Continental Minerals Corporation	Secretary	February 2008	April 2011
Curis Resources Ltd.	Secretary	June 2013	Present
Farallon Mining Ltd.	Secretary	December 2007	January 2011
Heatherdale Resources Ltd.	Secretary	November 2009	September 2010
	Secretary	July 2013	Present

Northcliff Resources Ltd.	Secretary	June 2011	Present
Northern Dynasty Minerals Ltd.	Secretary	February 2008	Present
Quartz Mountain Resources Ltd.	Secretary	June 2013	Present
Rathdowney Resources Ltd.	Secretary	March 2011	Present
Rockwell Diamonds Inc.	Secretary	February 2008	September 2012
Taseko Mines Limited	Secretary	August 1, 2008	Present

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of Taseko is as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that was the subject of a cease trade order or similar penalty or sanction while that person was acting in that capacity, or was the subject of a cease trade order or similar penalty or sanction after the director or executive officer ceased to act in that capacity and which resulted from any event that occurred while that person was acting in the capacity of a director or executive officer.

Except as disclosed below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company, (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

As publicly disclosed at www.sedar.com, in September, 2012, Great Basin Gold Ltd. (“GBG”), a company for which Messrs. T. Barry Coughlan and Ronald W. Thiessen were at the time directors and for which Mr. Wayne Kirk was at that time a former director having resigned as a director in January 2012, filed for creditor protection under the Companies’ Creditors Arrangement Act (“CCAA”) in Canada, and as well, GBG’s principal South African subsidiary Southgold Exploration (Pty) Ltd. (“Southgold”), filed for protection under the South African Companies Act business rescue procedures. These companies continued to be subject to the insolvency proceedings at the time that Messrs. Thiessen and Coughlan resigned.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Potential Conflicts of Interest

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company has not been defendant in any potentially material legal proceedings during this fiscal year.

The Company has not been a defendant in any regulatory actions during this fiscal year. As discussed above the Company is seeking judicial review of a federal environmental panel report on the proposed New Prosperity project which the Company alleges contained unfounded conclusions and was the product of a flawed hearing process.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

HDSI is a private company with certain directors in common with the Company and which provides geological, corporate development, administrative and management services to, and incurs third party costs on behalf of the Company. During 2013, the Company also made non-material investments in two mineral exploration companies that have certain directors in common with the Company. Refer to Note 26(c) of the Company's consolidated financial statements for information on these transactions.

TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent for its common shares is Computershare Trust Company of Canada, located in Vancouver, British Columbia.

MATERIAL CONTRACTS

(a) Joint Venture Operating Agreement with Cariboo, dated March 18, 2010 whereby the Gibraltar mine is operated in a 75:25 joint venture with Cariboo;

(b) Off-Take Agreement dated March 18, 2010 between the Company, Gibraltar and Cariboo, pursuant to which the Gibraltar Joint venture sells copper concentrate to Cariboo;

(c) Purchase and Sale Agreement dated May 12, 2010 between Franco-Nevada Corporation and the Company, pursuant to which Franco-Nevada may purchase gold equal to 22% of the life-of-mine gold to be produced by Taseko from its proposed New Prosperity gold-copper mine; and

(d) Indenture, dated as of April 15, 2011, between the Company, as issuer and Parent Guarantor, Gibraltar Mines Ltd., as Subsidiary Guarantor, and Aley Corporation, as Subsidiary Guarantor, and The Bank of New York Mellon, as U.S. trustee, and BNY Trust Company of Canada, as Canadian Co-Trustee.

Copies of these four agreements have been filed at www.sedar.com.

INTERESTS OF EXPERTS

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

(a) The Company's independent auditors are KPMG LLP, Chartered Accountants, who have issued an independent auditors' report dated February 18, 2014 in respect of the Company's consolidated financial statements as at December 31, 2013 and for the fiscal year ended December 31, 2013 and the Company's internal control over financial reporting as at December 31, 2013;

(b) Scott Jones, P. Eng. authored the "Technical Report on the 357 Million Ton Increase in Mineral Reserves at the Gibraltar Mine" dated June 24, 2011; and

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

(d) Ronald G. Simpson, authored the "Technical Report Aley Carbonatite Niobium Project" dated March 29, 2012.

To our knowledge, Scott Jones and Ronald Simpson do not hold, directly or indirectly, more than 1% of our issued and outstanding common shares.

KPMG are the auditors of the Company and have confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Institute of Chartered Accountants of B.C.

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

ADDITIONAL INFORMATION

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

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

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

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

(iii) the Proxy Circular for the 2013 annual general meeting of the Company.

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

AUDIT AND RISK COMMITTEE

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

Composition of Audit and Risk Committee

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

Each Audit and Risk Committee member is an independent director and is financially literate. Mr. Mundie is the Audit and Risk Committee's chairman. Mr. Morrison is a financial expert.

Relevant Education and Experience

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

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

Code of Ethics

The Company has adopted a code of ethics that applies to all directors, officers and employees of the Company, including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other senior finance staff. A copy of the Code of Ethics, which is included as a part of the Company's Governance Policies and Procedures Manual, is available on the Company's website at www.tasekomines.com and at the SEDAR internet web site www.sedar.com.

Principal Accountant Fees and Services

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

Services:		**Year ended December 31, 2013**		**Year ended December 31, 2012**
Audit Fees	$	441,600	$	462,500
Audit Related Fees [1]		–		–
Tax Fees		–		–
All Other Fees		–		–
Total	$	441,600	$	462,500

(1) "Audit-Related Fees" include services that are traditionally performed by the auditor.

Pre-Approval Policies and Procedures

Management of the Company requests approval from the Audit and Risk Committee for all audit and non-audit services to be provided by the Company's auditors. The Audit and Risk Committee pre-approves all such services with set maximum dollar amounts for each itemized service. During such deliberations, the Audit and Risk Committee assesses, among other factors, whether the services requested would be considered "prohibited services" as contemplated under Canadian independence standards and by the US Securities and Exchange Commission, and whether the services requested and the fees related to such services could impair the independence of the auditors. No audit-related fees, tax fees or other non-audit fees for such "prohibited services" were approved by the Audit and Risk Committee.

APPENDIX A

Audit and Risk Committee Charter

1. Purpose: Responsibilities and Authority

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

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

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

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

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

(iv) The Committee shall approve in advance all audit and permitted non-audit services with the independent auditor, including the terms of the engagements and the fees payable; provided that the Committee Chairman may approve services to be performed by the independent auditors and the fee therefor between Committee meetings if the amount of the fee does not exceed $50,000, provided that any such approval shall be reported to the Committee at the next meeting thereof. The Committee may delegate to a subcommittee the authority to grant pre-approvals of audit and permitted non-audit services, provided that the decision of any such subcommittee shall be presented to the full Committee at its next scheduled meeting.

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

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

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

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

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

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

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

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

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

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

(xi) The Committee shall oversee the implementation by management of appropriate information technology systems for the Company, including as required for proper financial reporting and compliance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) The Committee shall discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies, and regularly review the top risks identified by management and the policies and practices adopted by the Company to mitigate those risks.

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

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

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

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

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

(ix) The Committee shall oversee the preparation of reports relating to the Audit Committee required under applicable laws, regulations and stock exchange requirements.

(x) The Committee shall exercise oversight with respect to anti-fraud programs and controls

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

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

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

(f) ***Additional duties.*** The Committee shall perform the following additional duties:

(i) The Committee shall review and recommend hedging and dividend policies.

(ii) The Committee shall oversee the Company's insurance program and approve insurance policy limits.

(iii) The Committee shall review the appointment of senior financial personnel and make recommendations to the Board of Directors regarding the appointment of the Chief Financial Officer.

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

2. Structure and Membership

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

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

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

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

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

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

3. Procedures and Administration

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

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

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

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

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

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

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

4. Additional Powers

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

5. Limitation of Committee's Role

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

6. Committee Member Independence, Financial Literacy and Financial Expert Requirements

A. Independence

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

B. Financial Literacy and Financial Expert Requirements

NI 52-110

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

Section 1.6 defines the meaning of financial literacy as follows:

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

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

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

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

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

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

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

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

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

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

(E) An understanding of audit committee functions.

A person shall have acquired such attributes through:

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

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

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

(D) Other relevant experience.



Consolidated Financial Statements
December 31, 2013 and 2012

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements, the notes thereto and other financial information contained in the Management's Discussion and Analysis have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are the responsibility of the management of Taseko Mines Limited. The financial information presented elsewhere in the Management's Discussion and Analysis is consistent with the data that is contained in the consolidated financial statements. The consolidated financial statements, where necessary, include amounts which are based on the best estimates and judgment of management.

In order to discharge management's responsibility for the integrity of the financial statements, the Company maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the Company's assets are safeguarded, transactions are executed and recorded in accordance with management's authorization, proper records are maintained and relevant and reliable financial information is produced. These controls include maintaining quality standards in hiring and training of employees, establishing policies and procedures, a corporate code of conduct and ensuring that there is proper accountability for performance within appropriate and well-defined areas of responsibility.

The Board of Directors is responsible for overseeing management's performance of its responsibilities for financial reporting and internal control. The Audit Committee, which is composed of non-executive directors, meets with management as well as the external auditors to ensure that management is properly fulfilling its financial reporting responsibilities to the Directors who approve the consolidated financial statements. The external auditors have full and unrestricted access to the Audit Committee to discuss the scope of their audits, the adequacy of the system of internal controls and review financial reporting issues.

The consolidated financial statements have been audited by KPMG LLP, the Company's independent registered chartered accountants, in accordance with Canadian generally accepted auditing standards.

/s/ Russell Hallbauer

Russell Hallbauer
Chief Executive Officer

/s/ Stuart McDonald

Stuart McDonald
Chief Financial Officer

Vancouver, British Columbia
February 18, 2014

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements

The Company's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act as of December 31, 2013. In making this assessment, it used the criteria set forth in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2013, the Company's internal control over financial reporting is effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2013 has been audited by KPMG LLP, the Company's independent registered chartered accountants, as stated in their report immediately preceding the Company's audited consolidated financial statements for the years ended December 31, 2013 and 2012.

/s/ Russell Hallbauer

Russell Hallbauer
Chief Executive Officer

/s/ Stuart McDonald

Stuart McDonald
Chief Financial Officer

Vancouver, British Columbia
February 18, 2014

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INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Taseko Mines Limited

We have audited the accompanying consolidated balance sheets of Taseko Mines Limited as of December 31, 2013 and December 31, 2012 and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of Taseko Mines Limited's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Taseko Mines Limited as of December 31, 2013 and December 31, 2012, and its consolidated financial performance and its consolidated cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

As discussed in Note 2 to the consolidated financial statements, Taseko Mines Limited has restated its December 31, 2012 balance sheet to correct a misstatement in its method of accounting for royalty obligations and included the presentation of the balance sheet as at January 1, 2012.

As discussed in Note 27 to the consolidated financial statements, Taseko Mines Limited changed its method of accounting for deferred stripping costs effective January 1, 2012 due to the adoption of IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.

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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Taseko Mines Limited's internal control over financial reporting as of December 31, 2013, based on the criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 13, 2014 expressed an unqualified opinion on the effectiveness of Taseko Mines Limited's internal control over financial reporting.

s\\ **KPMG LLP**
Chartered Accountants

March 13, 2014
Vancouver, Canada

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Canada

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Taseko Mines Limited

We have audited Taseko Mines Limited (the "Company")'s internal control over financial reporting as of December 31, 2013 based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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KPMG Canada provides services to KPMG LLP.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company and subsidiaries as of December 31, 2013 and 2012 and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and our report dated March 13, 2014 expressed an unqualified opinion on those consolidated financial statements

s\\ **KPMG LLP**
Chartered Accountants

March 13, 2014
Vancouver, Canada

TASEKO MINES LIMITED

Consolidated Statements of Comprehensive Income (Loss)
(Cdn$ in thousands, except share and per share amounts)

	Note	For the years ended December 31, 2013	2012 (Restated note 27)
Revenues	5	290,056	253,607
Cost of sales	6		
Production costs		(213,056)	(172,267)
Depletion and amortization		(34,067)	(21,026)
Earnings from mining operations		42,933	60,314
General and administrative		(16,236)	(19,084)
Exploration and evaluation	15c	(10,294)	(17,807)
Other (expenses) income	8	(2,880)	(29,158)
Write-down of marketable securities	13	(13,984)	-
Income (loss) before financing costs and income taxes		(461)	(5,735)
Finance expenses	9	(25,399)	(14,211)
Finance income	10	6,214	12,092
Foreign exchange gain (loss)		(12,534)	(701)
Income (loss) before income taxes		(32,180)	(8,555)
Income tax recovery (expense)	11	(2,659)	(584)
Net income (loss) for the year		**(34,839)**	**(9,139)**
Other comprehensive income (loss), net of tax			
Unrealized income (loss) on available-for-sale financial assets		2,095	(2,726)
Reclassification for permanent impairment on available for sale financial assets, included in the net loss		8,213	-
Reclassification of realized loss (gain) on available-for-sale financial assets		-	(1,241)
Total other comprehensive income (loss) for the year		**10,308**	**(3,967)**
Total comprehensive income (loss) for the year		**(24,531)**	**(13,106)**
Earnings (loss) per share	22		
Basic		(0.18)	(0.05)
Diluted		(0.18)	(0.05)
Weighted average shares outstanding (thousands)	22		
Basic		192,222	192,599
Diluted		192,222	192,599

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

TASEKO MINES LIMITED

Consolidated Statements of Cash Flows
(Cdn$ in thousands)

	Note	For the years ended December 31, 2013	2012 (Restated note 27)
Operating activities			
Net income (loss) for the year		(34,839)	(9,139)
Adjustments for:			
Depletion and amortization		34,508	21,684
Income tax expense (recovery)	11	2,659	584
Share-based compensation expense		2,680	5,423
Change in fair value of copper put options	8	4,371	29,811
Finance expenses (income)		19,185	14,279
Unrealized foreign exchange loss (gain)		12,244	814
Write-down of marketable securities		13,984	-
Other operating activities		(1,898)	(11)
Net change in non-cash working capital	24	14,693	4,742
Cash provided by operating activities		67,587	68,187
Investing activities			
Purchase of property, plant and equipment		(98,524)	(192,906)
Investment in financial assets		(7,578)	(27,763)
Interest received		1,662	1,314
Proceeds from sale of financial assets		20,050	54,434
Investment in long-term prepaids		(9,485)	(4,335)
Other investing activities		-	(652)
Cash used for investing activities		(93,875)	(169,908)
Financing activities			
Repayment of debt		(22,929)	(14,491)
Interest paid		(19,722)	(17,763)
Repurchase of common shares		-	(20,897)
Common shares issued for cash		2,779	1,571
Proceeds from debt issuance		11,330	15,491
Cash used for financing activities		(28,542)	(36,089)
Effect of exchange rate changes on cash and equivalents		2,700	(4,987)
Decrease in cash and equivalents		(52,130)	(142,797)
Cash and equivalents, beginning of year		134,995	277,792
Cash and equivalents, end of year		82,865	134,995

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

TASEKO MINES LIMITED

Consolidated Balance Sheets
(Cdn$ in thousands)

	Note	December 31, 2013	December 31, 2012 (Restated note 2 and 27)	January 1, 2012 (Restated note 2)
ASSETS				
Current assets				
Cash and equivalents		82,865	134,995	277,792
Accounts receivable	12	4,532	28,966	39,909
Other financial assets	13	69,729	29,865	86,147
Inventories	14	47,174	27,450	23,290
Current tax receivable		18,284	2,309	7,437
Prepaids		6,354	5,123	2,348
		228,938	228,708	436,923
Other financial assets	13	38,272	102,737	111,641
Property, plant and equipment	15	678,580	647,542	446,003
Prepaids		10,543	4,500	165
Other receivables	11f	13,895	12,961	–
		970,228	**996,448**	**994,732**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	16	26,864	42,938	36,289
Current portion of long-term debt	19	22,625	18,067	13,753
Interest payable		3,435	3,213	–
Other financial liabilities	17	63,985	10,995	10,972
		116,909	75,213	61,014
Long-term debt	19	259,515	234,793	218,502
Other financial liabilities	17	565	57,862	68,986
Provision for environmental rehabilitation ("PER")	18	69,673	106,517	96,022
Deferred tax liabilities	11	97,350	76,482	77,618
		544,012	550,867	522,142
EQUITY				
Share capital	20	372,274	368,128	378,393
Contributed surplus	20, 21	38,507	37,487	33,040
Accumulated other comprehensive income (loss) ("AOCI")	20c	4,943	(5,365)	(1,398)
Retained earnings		10,492	45,331	62,555
		426,216	445,581	472,590
		970,228	**996,448**	**994,732**
Commitments and contingencies	23			
Subsequent event	26c			

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

TASEKO MINES LIMITED

Consolidated Statements of Changes in Equity
(Cdn$ in thousands)

	Note	Share capital	Contributed surplus	AOCI	Retained earnings	Total
Balance at January 1, 2012 (Restated)	2	378,393	33,040	(1,398)	62,555	472,590
Exercise of options		2,547	(976)	-	-	1,571
Share-based compensation		-	5,423	-	-	5,423
Repurchase of common shares		(12,812)	-	-	(8,085)	(20,897)
Total comprehensive loss for the year (Restated)	27	-	-	(3,967)	(9,139)	(13,106)
Balance at December 31, 2012 (Restated)	2, 27	**368,128**	**37,487**	**(5,365)**	**45,331**	**445,581**
Balance at January 1, 2013		368,128	37,487	(5,365)	45,331	445,581
Exercise of options		4,146	(1,367)	-	-	2,779
Share-based compensation		-	2,387	-	-	2,387
Total comprehensive income (loss) for the year		-	-	10,308	(34,839)	(24,531)
Balance at December 31, 2013		**372,274**	**38,507**	**4,943**	**10,492**	**426,216**

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

1. REPORTING ENTITY

Taseko Mines Limited (the Company) is a corporation governed by the *British Columbia Business Corporations Act.* The consolidated financial statements of the Company as at and for the year ended December 31, 2013 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint venture since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia. Seasonality does not have a significant impact on the Company's operations.

2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the preparation of the current year financial statements, the Company determined that the effective interest rate associated with the Company's royalty obligation (note 17(a)) had been calculated incorrectly at inception and the accretion included in finance expense for the period from inception in 2004 through 2013 was incorrect. The Company has determined the cumulative impact of the difference in accretion at the revised rate of 6.21% compared to the original calculated rate of 2.20% . This correction has resulted in an increase to the royalty obligation of $22,700 and an increase in deferred tax liabilities of $1,527 as at January 1, 2012 and December 31, 2012 with an offsetting adjustment to retained earnings of $24,227. The impact on the comparative statement of comprehensive income (loss) for the year ended December 31, 2012 was not material.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Board of Directors on February 18, 2014.

3.2 Basis of measurement, judgment and estimation

These consolidated financial statements have been prepared on a historical cost basis except for fair-value- through-profit-or-loss, available-for-sale and derivative financial instruments, which are measured at fair value.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Non-Canadian dollar monetary assets and liabilities are translated into Canadian dollars at the closing exchange rate as at the balance sheet date. Non-monetary assets and liabilities, revenues and expenses are translated in Canadian dollars at the prevailing rate of exchange on the dates of the transactions. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise noted.

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

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

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

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

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

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and controlled entities as at December 31, 2013. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

3.4 Changes in accounting policies and disclosures

Except for the changes below, the Company has consistently applied the accounting policies set out in note 3.5 to all periods presented in these consolidated financial statements.

Joint Arrangements

In May 2011, the IASB issued IFRS 11, Joint Arrangements, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method. Proportionate consolidation of joint ventures is no longer permitted.

This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has completed its assessment of these amendments and concluded that the Company's interest in the Gibraltar joint arrangement should be classified as a joint operation. The Company arrived at this conclusion through assessing the Joint Venture Formation and Operating agreements in place.

Due to the terms of the Gibraltar Joint Venture Formation and Operating agreements, the Company includes in its financial information 75% of all assets, liabilities, revenues and expenses, including associated financial information, of the Joint Venture. There was no material impact on the Company's financial statements from the adoption of IFRS 11.

Production Stripping Costs

The IFRS Interpretations Committee issued IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (IFRIC 20), effective January 1, 2013.

Previously, the Company only capitalized stripping costs incurred in order to provide initial access to the ore body. IFRIC 20 now provides specific guidance on how to account for stripping costs during the production phase. It requires such costs to be capitalized where the recognition criteria set out in IFRIC 20 are met.

IFRIC 20 requires the Company to identify specific components of the ore body to which stripping costs will relate. A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity. It is considered that a mine may have several components, which are identified based on the mine plan. Stripping costs are then capitalized when stripping activities occur in excess of the average expected for the component. Stripping costs are capitalized within property, plant and equipment and depreciated over the life of the respective component based on units of production.

Based on the Company's analysis, the identified components of the ore body are to be phases, pits or sub-pits depending on the ore body being analyzed. These components align with the mine and how the Company plans its mining activities. Under IFRIC 20, the Company recognizes stripping assets when the following three criteria are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

IFRIC 20 is to be applied prospectively to production stripping costs incurred on or after the beginning of the earliest period presented. The financial impacts of the Company's transition to IFRIC 20 can be found in note 27. The 2012 comparative information contained in these financial statements has been restated for the adoption of IFRIC 20.

Disclosures of interests in other entities

The Company adopted IFRS 12, Disclosures of Interests in Other Entities ("IFRS 12") on January 1, 2013. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

The requirements of IFRS 12 relate to disclosures only and can be found in note 4.

Fair value measurement

The Company adopted IFRS 13, Fair Value Measurement ("IFRS 13") with prospective application from January 1, 2013. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements for fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value. The adoption of IFRS 13 did not have an effect on the consolidated financial statements. IFRS 13 disclosures can be found in note 25.

Consolidated financial statements

The Company adopted IFRS 10, Consolidated Financial Statements ("IFRS 10") on January 1, 2013 with retrospective application. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's financial statements.

Based on the Company's analysis, IFRS 10 did not have an impact on the consolidated financial statements for the current period or prior periods presented as the adoption did not result in a change in the consolidation status of any of the Company's subsidiaries or investees.

Presentation changes

The Company has separated depletion and amortization from other items comprising cost of sales in the statement of comprehensive income (loss) for the current and comparative periods presented.

3.5 Significant Accounting Policies

(a) Revenue recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred and the amount of revenue is reasonably determinable. These conditions are generally satisfied when title passes to the customer. Cash received in advance of meeting these conditions is recorded as deferred revenue.

Under the terms of the Company's concentrate and cathode sales contracts, the final sales amount is based on final assay results and quoted market prices which may be in a period subsequent to the date of sale. Revenues for these sales are recorded at the time of shipment, which is also when the risks and rewards of ownership transfer to the customer, based on an estimate of metal contained using initial assay results and forward market prices on the expected date that final sales prices will be fixed. The period between provisional pricing and final settlement can be up to four months. This provisional pricing mechanism represents an embedded derivative. The embedded derivative is recorded at fair value each reporting period by reference to forward market prices until the date of final pricing, with the changes in fair value recorded as an adjustment to revenue.

(b) Cash and equivalents

Cash and equivalents consist of cash and highly-liquid investments having terms of three months or less from the date of acquisition and that are readily convertible to known amounts of cash. Cash and equivalents exclude cash subject to restrictions.

(c) Financial instruments

Financial assets and liabilities are recognized on the balance sheet when the Company becomes party to the contractual provisions of the instrument. The classification of financial instruments dictates how these assets and liabilities are measured subsequently in the Company's financial statements.

Financial instruments at fair value through profit or loss (FVTPL)

Financial instruments are classified as FVTPL when they are held for trading. A financial instrument is held for trading if it was acquired for the purpose of selling in the near term. Derivative financial instruments that are not designated and effective as hedging instruments are classified as FVTPL. Financial instruments classified as FVTPL are stated at fair value with any changes in fair value recognized in earnings for the period. Financial assets in this category include dual currency deposits and derivatives.

The Company may enter into derivative financial instruments to manage exposure to commodity price fluctuations (primarily copper) and to improve the returns on its cash assets. These instruments are non-hedge derivative instruments.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, these financial assets are recorded at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. Accounts receivable are assessed for evidence of impairment at each reporting date, with any impairment recognized in earnings for the period. Financial assets in this category include cash and equivalents, accounts receivable, current tax receivable and the promissory note.

Available-for-sale financial assets

Marketable securities (except for those marketable securities that are derivative instruments), subscription receipts, capped floating rate notes and reclamation deposits are designated as available-for-sale and recorded at fair value. Unrealized gains and losses are recognized in other comprehensive income until the securities are disposed of or when there is evidence of impairment in value. Impairment is evident when there has been a significant and sustained decline in the fair value of the marketable securities. If impairment in value has been determined, it is recognized in earnings for the period.

Financial liabilities

Financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company has accounted for accounts payable and accrued liabilities, debt and the royalty obligation under this method.

Fair value measurement

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

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

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

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

(d) Exploration and evaluation

Exploration and evaluation expenditures relate to the initial search for a mineral deposit and the subsequent evaluation to determine the economic potential of the mineral deposit. The exploration and evaluation stage commences when the Company obtains the legal right or license to begin exploration. This stage ends when management determines that there is sufficient evidence to support probability of future mining operations of economically recoverable reserves, and requires significant judgment on the part of management.

Exploration and evaluation expenditures are recognized in earnings in the period in which they are incurred. Once it is expected that expenditures can be recovered by future exploitation or sale, they are considered development costs and capitalized as part of mineral properties within property, plant and equipment.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes direct labour and materials; non-capitalized stripping costs; depreciation and amortization; freight; and overhead costs. Net realizable value is determined with reference to relevant market prices, less applicable variable selling costs and estimated remaining costs of completion to bring the inventories into saleable form.

Work in process represents stockpiled ore and metals in the processing circuits that have not yet completed the production process, and are not yet in a saleable form. Finished goods inventories represent metals in saleable form that have not yet been sold. Materials and supplies inventories represent consumables used in the production process, as well as spare parts and other maintenance supplies that are not classified as capital items.

The quantity of recoverable metal in stockpiled ore and in the processing circuits is an estimate which is based on the tons of ore added and removed, expected grade and recovery. The quantity of recoverable metal in concentrate is an estimate using initial assay results.

(f) Property, plant and equipment Land, buildings, plant and equipment

Land, buildings, plant and equipment are recorded at cost, including all expenditures incurred to prepare an asset for its intended use.

Repairs and maintenance costs are charged to expense as incurred, except when these repairs significantly extend the life of an asset or result in an operating improvement. In these instances, the portion of these repairs relating to the betterment is capitalized as part of plant and equipment.

Depreciation is based on the cost of the asset less residual value. Where an item of plant and equipment is comprised of major components with different useful lives, the components are accounted for as separate items and depreciated separately. Depreciation commences when an asset is available for use. Estimates of remaining useful lives and residual values are reviewed annually. Changes in estimates are accounted for prospectively.

The depreciation rates of the major asset categories are as follows:

Land	Not depreciated
Buildings	Straight-line basis over 10-25 years
Plant and equipment	Units-of-production basis
Mining equipment	Straight-line basis over 5-20 years
Light vehicles and other mobile equipment	Straight-line basis over 2-5 years
Furniture, computer and office equipment	Straight-line basis over 2-3 years

Mineral properties

Mineral properties consist of the cost of acquiring and developing mineral properties. Once in production, mineral properties are amortized on a units-of-production basis over the component of the ore body to which they relate.

Acquisition costs arise either as an individual asset purchase or as part of a business combination, and may represent a combination of either proven and probable reserves, resources, or future exploration potential. The estimated fair values attributable to proven and probable reserves and resources are recorded as mineral properties within property, plant and equipment.

Mineral property development costs include: stripping costs incurred in order to provide initial access to the ore body; stripping costs incurred during production that generate a future economic benefit by increasing the productive capacity, extending the productive life of the mine or allowing access to a mineable reserve; capitalized project development costs; and capitalized interest.

Construction in progress

Construction in progress includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Construction in progress includes advances on long-lead items. Construction in progress is not depreciated. Once the asset is complete and available for use, the costs of construction are transferred to the appropriate category of property, plant and equipment, and depreciation commences.

Property Acquisition costs

Property acquisition costs arise either as an individual asset purchase or as part of a business combination, and may represent a combination of either proven and probable reserves, resources, or future exploration potential. When management has not made a determination that there is probable future economic benefit and the property is not imminently expected to move into development, the entire amount is considered property acquisition costs and not amortized. When such property moves into development, the property acquisition cost asset is transferred to mineral properties within property, plant and equipment.

Capitalized interest

Interest is capitalized for qualifying assets. Qualifying assets are assets that require a substantial period of time to prepare for their intended use. Capitalization ceases when the asset is substantially complete or if construction is interrupted for an extended period. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

Leased assets

Leased assets in which the Company receives substantially all the risks and rewards of ownership of the asset are capitalized as finance leases at the lower of the fair value of the asset or the estimated present value of the minimum lease payments. The corresponding lease obligation is recorded within debt on the balance sheet. Assets under operating leases are not capitalized and rental payments are included in earnings.

Impairment

The carrying amounts of the Company's non-financial assets are reviewed for impairment whenever circumstances suggest that the carrying value may not be recoverable. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

The recoverable amount of an asset or cash generating unit (CGU) is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash flows of other assets or CGU's. If the recoverable amount of an asset or its related CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in earnings for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not to an amount that exceeds the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in earnings.

(g) Income taxes

Income tax on the earnings for the periods presented comprises current and deferred tax. Income tax is recognized in earnings except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Income tax is calculated using tax rates enacted or substantively enacted at the reporting date applicable to the period of expected realization or settlement.

Current tax expense is the expected tax payable on the taxable income for the year, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is determined using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities acquired (not in a business combination) that affect neither accounting nor taxable profit on acquisition; and differences relating to investments in subsidiaries, associates, and joint ventures to the extent that they are not probable to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

(h) Share-based compensation

The fair-value method of accounting is used for the Company's share option plan. Fair value is measured at grant date using the Black-Scholes option pricing model and is recognized in earnings on a graded amortization basis over the option vesting period, with a corresponding increase in equity. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(i) Provisions Environmental rehabilitation

The Company records the present value of estimated costs of legal and constructive obligations required to retire an asset in the period in which the obligation occurs. Environmental rehabilitation activities include facility decommissioning and dismantling; removal and treatment of waste materials; site and land rehabilitation, including compliance with and monitoring of environmental regulations; and related costs required to perform this work and/or operate equipment designed to reduce or eliminate environmental effects. The provision for environmental rehabilitation (PER) is adjusted each period for new disturbances, and changes in regulatory requirements, the estimated amount of future cash flows required to discharge the liability, the timing of such cash flows and the pre-tax discount rate specific to the liability. The unwinding of the discount is recognized in earnings as a finance cost.

When a PER is initially recognized, the corresponding cost is capitalized by increasing the carrying amount of the related asset, and is amortized to earnings on a unit-of-production basis. Costs are only capitalized to the extent that the amount meets the definition of an asset and represents future economic benefits to the operation.

Significant estimates and assumptions are made in determining the provision for environmental rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimation of the extent and cost of rehabilitation activities; timing of future cash flows that are impacted by changes in discount rates; inflation rate; and regulatory requirements.

Other provisions

Other provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Where the effect is material, the provision is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The accretion expense is included in finance expense.

(j) Finance income and expenses

Finance income comprises interest income on funds invested, gains on the disposal of marketable securities, and changes in the fair value of derivatives included in cash and equivalents and marketable securities. Interest income is recognized as it accrues in earnings, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, losses on the disposal of marketable securities, changes in the fair value of derivatives included in cash and equivalents and marketable securities, and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in earnings using the effective interest method.

(k) Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise convertible preferred shares and share options granted. There is no dilution impact when the Company incurs a loss.

(l) Government assistance

Government assistance includes investment tax credits and is recognized when there is reasonable assurance that the Company will comply with the relevant conditions and that the government assistance will be received. Government assistance that meets the recognition criteria and that relates to current expenses is recorded as a reduction of the related expenses. Government assistance that meets the recognition criteria and that relates to the acquisition of an asset is recorded as a reduction of assets and is applied as a reduction of the cost of the related asset. Investment tax credits, until they are refunded or applied to reduce the Company's current tax liabilities, are included as "other receivables" in the financial statements.

(m) Interests in joint arrangements

IFRS defines a joint arrangement as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Company recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

3.6 New accounting standards

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015.

The Company will quantify the effect in conjunction with the other phases, when the final standard, including all phases, is issued.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the Interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, with early application permitted.

The Company has completed its assessment of the impact of these amendments and concluded that there will be no material impact on its financial statements.

IAS 32 Financial Instruments: Presentation

IAS 32, issued in December 2011, amended the requirements to offset financial assets and liabilities. An entity shall apply those amendments for annual periods beginning on or after January 1, 2014. An entity shall apply those amendments retrospectively. The Company intends to adopt the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

4. INTEREST IN JOINT ARRANGEMENT

On March 31, 2010, the Company entered into an agreement with Cariboo Copper Corp. (Cariboo) whereby the Company contributed certain assets and liabilities of the Gibraltar mine, operating in British Columbia, into an unincorporated joint venture to acquire a 75% interest in the joint venture. Cariboo contributed $186.8 million to purchase the remaining 25% interest.

The assets and liabilities contributed by the Company to the joint venture were mineral property interests, plant and equipment, inventories, prepaid expenses, reclamation deposits, capital lease obligations, and site closure and reclamation obligations. Certain key strategic, operating, investing and financing policies of the joint venture require unanimous approval such that neither venturer is in a position to exercise unilateral control over the joint venture. The Company continues to be the operator of the Gibraltar mine.

The Company has joint control over the joint arrangement and as such consolidates its 75% portion of all the joint arrangements assets, liabilities, income and expenses.

The following is a summary of the joint arrangement financial information on a 100% basis.

	As at December 31,	
	2013	**2012**
Cash and equivalents	71,497	77,073
Other current assets	76,770	73,366
Current assets	148,267	150,439
Non-current assets	1,309,821	1,270,489
Current liabilities	246	-
Trade and other payables	30,935	54,660
Current financial liabilities	30,166	24,090
Current liabilities	61,347	78,750
Non-current financial liabilities	68,221	54,432
Other non-current liabilities	92,897	142,022
Non-current liabilities	161,118	196,454

	Years ended December 31,	
	2013	**2012**
Revenues	386,741	338,143
Production costs	(284,074)	(229,690)
Depletion and amortization	(54,066)	(35,409)
Other operating expense	(4,323)	(3,638)
Interest expense	(6,555)	(3,258)
Interest income	1,462	2,119
Foreign exchange gain (loss)	(1,026)	(1,241)
Net earnings	38,159	67,026
Other comprehensive income (loss)	(1,039)	(841)
Comprehensive income for joint arrangement	37,120	66,185

The Company does not have any further commitments to the joint venture beyond those disclosed in note 23.

5. REVENUE

	Years ended December 31, 2013	2012
Copper contained in concentrate	277,091	232,604
Copper cathode	33	5,444
Total copper sales	277,124	238,048
Molybdenum concentrate	9,550	12,228
Silver contained in copper concentrate	3,382	3,331
	290,056	253,607

6. COST OF SALES

	Years ended December 31, 2013	2012 (Restated note 27)
Direct mining costs	190,276	147,611
Treatment and refining costs	17,291	12,628
Transportation costs	18,029	14,006
Changes in inventories of finished goods and work in process	(12,540)	(1,978)
Production costs	213,056	172,267
Depletion and amortization	34,067	21,026
Cost of sales	247,123	193,293

Cost of sales consists of direct mining costs (which include personnel costs, mine site supervisory costs, non-capitalized stripping costs, repair & maintenance costs, depletion and amortization, operating supplies and external services), and off property costs comprised of treatment & refining costs and transportation costs.

7. COMPENSATION EXPENSE

	Years ended December 31, 2013	2012
Wages, salaries and benefits	59,129	49,313
Post-employment benefits	1,643	687
Share-based compensation	2,670	5,410
	63,442	55,410

Compensation expense is presented as a component of cost of sales, general and administrative expense, and exploration and evaluation expense.

8. OTHER EXPENSES (INCOME)

	Years ended December 31, 2013	2012
Realized loss on copper put options (note 25(f))	10,530	5,010
Unrealized loss (gain) on copper put options(note 25(f))	(6,159)	24,801
Loss on disposition of property, plant and equipment	20	192
Other income	(545)	-
Management fee income	(966)	(845)
	2,880	29,158

9. FINANCE EXPENSES

	Years ended December 31, 2013	2012
Interest expense	23,553	12,041
Accretion on PER (note 18)	1,846	2,170
	25,399	14,211

10. FINANCE INCOME

	Years ended December 31, 2013	2012
Interest income	5,860	6,668
Income on dual currency deposits	354	4,006
Gain on sale of marketable securities	-	1,418
	6,214	12,092

11. INCOME TAX

(a) Income tax expense (recovery)

	Years ended December 31, 2013	2012
Current income tax:		
Current period	(16,960)	484
Current tax adjustments related to prior periods	256	669
	(16,704)	1,153
Deferred income tax:		
Origination and reversal of temporary differences	19,348	110
Deferred tax adjustments related to prior periods	15	(679)
	19,363	(569)
Income tax expense (recovery)	2,659	584

During the year ended December 31, 2013, the Company recognized recoveries of income tax of nil (2012: $877) and interest expense of nil (2012: $232) associated with the reversal of historical tax reserves dating back to 2007.

(b) Income tax recognized directly in OCI

	Years ended December 31, 2013	2012
Unrealized (income) loss on available-for-sale financial assets, before tax	(2,427)	3,116
Tax benefit	332	(390)
Unrealized (income) loss on available-for-sale financial assets, net of tax	(2,095)	2,726
Reclassification of fair value movements on available-for-sale financial assets, before tax	(9,386)	1,418
Tax benefit	1,173	(177)
Reclassification of realized gains on available-for-sale financial assets, net of tax	(8,213)	1,241
Total other comprehensive (income) loss for the year	(10,308)	3,967

(c) Effective tax rate reconciliation

	Years ended December 31, 2013	2012
Income tax at Canadian statutory rate of 35.37% (2012: 34.75%)	(11,382)	(2,973)
Permanent differences	10,328	4,473
Tax rate differences	547	(345)
Unrecognized tax benefits	2,893	(553)
Other	273	(18)
Income tax expense (recovery) at the effective tax rate of (8.30)% (2012: (6.80%))	2,659	584

(d) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	As at December 31, 2013	2012
Property, plant and equipment	(118,049)	(107,497)
Financial instruments at fair value through profit or loss	(545)	(1,009)
Available-for-sale financial assets	(739)	766
Provisions	11,482	20,287
Other	3,858	7,173
Tax loss carry forwards	6,643	3,798
Deferred tax asset (liability)	(97,350)	(76,482)

e) Unrecognized deferred tax assets and liabilities

	As at December 31,	
	2013	**2012**
Deductible temporary differences:		
Debt	20,210	6,510
Royalty obligation	32,233	28,574
Other financial assets	8,300	-
Deferred tax asset:		
Debt	2,627	814
Royalty obligation	4,190	3,572
Other financial assets	1,079	-

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits. There are no unrecognized tax liabilities.

f) Other receivables

Other receivables of $13,895 (2012: $12,961) represent mineral tax benefits that the Company is entitled to receive as a result of the completion of the Gibraltar mine expansion.

12. ACCOUNTS RECEIVABLE

	As at December 31,	
	2013	**2012**
Trade receivables	1,367	13,914
Other receivables due from related parties	62	-
Goods and services tax receivable	1,998	9,521
BC mineral exploration tax credit	-	4,510
Other receivables	1,105	1,021
	4,532	28,966

13 . OTHER FINANCIAL ASSETS

	As at December 31, 2013	2012
Current:		
Copper put option contracts (note 25(f))	1,295	1,776
Marketable securities – available for sale	4,951	7,196
Red Mile Promissory note (note 17(a))	63,483	10,820
Capped floating rate notes (note 25(f))	-	10,023
Short-term investments	-	50
	69,729	29,865
Long-term:		
Subscription receipts – available for sale	12,400	7,100
Red Mile Promissory note (note 17(a))	-	59,842
Reclamation deposits	25,872	25,728
Capped floating rate notes (note 25(f))	-	10,067
	38,272	102,737

The Company holds strategic investments in publicly traded and privately owned companies, which are classified as available for sale investments. As at December 31, 2013 these investments included marketable securities as well as subscription receipts in a privately held company which will be convertible into units comprised of shares, or shares and warrants. As at December 31, 2013 two of these investees have directors in common with the Company (note 26).

During the year the Company reviewed the value of its investments for objective evidence of impairment based on both quantitative and qualitative criteria. Accordingly, the Company has recorded a write down through the income statement of $13,984 (2012 – nil) on its marketable securities. The subscription receipts were subsequently written up by $6,150 through OCI (2012 – nil). The fair value of the marketable securities was determined based upon public market information and the revised subscription receipts fair value was determined by a recent third party transaction.

At December 31, 2013 the Company has a commitment to purchase $5 million of shares in Curis Resources Ltd (note 26c).

14. INVENTORIES

	As at December 31, 2013	2012 (Restated note) 27
Work in process	1,250	4,065
Finished goods:		
Copper contained in concentrate	20,049	5,288
Molybdenum concentrate	859	265
Materials and supplies	25,016	17,832
	47,174	27,450

In 2013, materials and supplies inventories were written down by $904 (2012: $362). This write down is included in cost of sales. The net realizable value of the materials and supplies inventories after the write down was nil (2012: nil).

15. PROPERTY, PLANT & EQUIPMENT

	Property Acquisition costs	Mineral properties	Plant and equipment	Construction in Progress	Total
Cost					
At January 1, 2012	5,438	143,305	306,583	50,705	506,031
Additions	-	10,938	54	209,382	220,374
Rehabilitation cost asset	-	8,529	-	-	8,529
Capitalized interest [1]	-	-	-	7,679	7,679
Disposals	-	-	(869)	-	(869)
Investment tax credits	-	-	(12,961)	-	(12,961)
Transfers between categories	-	-	86,170	(86,170)	-
At December 31, 2012 (Restated note 27)	5,438	162,772	378,977	181,596	728,783
Additions	-	19,635	204	80,208	100,047
Rehabilitation cost asset	-	(36,920)	-	-	(36,920)
Capitalized interest [1]	-	-	-	3,351	3,351
Disposals	-	-	(3,705)	-	(3,705)
Investment tax credits	-	-	(932)	-	(932)
Transfers between categories	-	-	251,737	(251,737)	-
At December 31, 2013	5,438	145,487	626,281	13,418	790,624
Accumulated depreciation and impairments					
At January 1, 2012	-	17,783	42,245	-	60,028
Depreciation[2]	-	5,260	15,058	-	20,318
Disposals	-	-	(488)	-	(488)
Impairments	-	-	1,383	-	1,383
At December 31, 2012 (Restated note 27)	-	23,043	58,198	-	81,241
Depreciation[2]	-	8,752	25,756	-	34,508
Disposals	-	-	(3,705)	-	(3,705)
At December 31, 2013	-	31,795	80,249	-	112,044
Carrying amounts					
At December 31, 2012 (Restated note 27)	5,438	139,729	320,779	181,596	647,542
At December 31, 2013	5,438	113,692	546,032	13,418	678,580

[1] Interest was capitalized at an annual rate of 7.35% (2012: 7.77%)

[2] Depreciation included in cost of sales for 2013 and 2012 was 34,067 and 21,026 respectively. Depreciation included in general and administrative costs for 2013 and 2012 was 441 and 675 respectively

(a) Leased assets

The Company leases mining equipment under a number of capital lease agreements. Some leases may not be terminated by the Company prior to the end of their terms. Most of the leases provide the Company with the option to purchase the equipment at a beneficial price. One lease contains a mandatory purchase provision. Certain rents are based on an annual average usage for the applicable equipment and, if at the end of the term (unless the equipment has been purchased by the Company), the actual annual average usage of such equipment has been greater than the specified usage, the Company must pay an additional amount for each excess hour of actual usage. The leased assets secure the lease obligations (note 19).

At December 31, 2013, the net carrying amount of leased assets was $68,858 (2012: $47,898).

(b) Capitalized Stripping

During the year the Company capitalized $17,717 in stripping costs (2012: $10,908 (note 27)). Capitalized costs are included within Mineral Properties.

(c) Property acquisition costs

Property acquisition costs are composed of the Aley Niobium property $5,436 (2012: $5,436), New Prosperity gold-copper property $1 (2012: $1) and Harmony gold property $1 (2012: $1). The carrying amounts for the New Prosperity and Harmony properties are the original property acquisition costs less historical impairments. During the year the Company spent $10,294 (2012: 17,807) on evaluating these properties. Exploration costs are expensed as incurred.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31,	
	2013	**2012**
Trade payables	22,768	39,963
Other payables due to related parties	94	100
Other payables	4,002	2,875
	26,864	42,938

17. OTHER FINANCIAL LIABILITIES

	As at December 31, 2013	2012
Current:		
Royalty obligations	63,854	10,820
Deferred revenue – royalty obligation	131	175
	63,985	10,995
Long-term:		
Royalty obligations (Restated noted 2)	-	57,459
Deferred revenue – royalty obligation	-	131
Income tax obligations	272	272
Deferred share units (Note 21)	293	-
	565	57,862

(a) Red Mile royalty obligation and promissory note (note 2)

In September 2004, the Company sold a royalty on the Gibraltar mine's copper production to Red Mile Resources No. 2 Limited Partnership (Red Mile), an unrelated investment partnership, for $67,357. The proceeds were invested with a trust company in a promissory note (note 13) and the Company pledged the promissory note, along with interest earned thereon, as security for its royalty obligation.

Annual royalties are payable to Red Mile at rates ranging from $0.01 to $0.14 per pound of copper produced during the period from the commencement of commercial production to December 2014. Funds held within the trust company are released to satisfy the annual royalty payment.

The Company has a pre-emptive option to effectively purchase (call) the royalty interest by acquiring the Red Mile partnership units in consideration of a payment which is (i) approximately the balance of the promissory note at maturity (ii) the fair value, whichever is lower. Under certain circumstances, the investors in Red Mile also have a right to sell (put) their Red Mile partnership units to the Company at fair value; however, such right is subject to the Company's pre-emptive right to exercise the "call" in advance of any "put" being exercised and completed. Both the put and call options will be exercisable during the fourth quarter of 2014.

Pursuant to the agreements, the Company received fees and interest for services performed in relation to the Red Mile transaction, including $1,750 for indemnifying an affiliate of Red Mile from any claims relating to a breach by the Company under the royalty agreement. The indemnification funds received were recorded as deferred revenue and are being recognized as income over the expected remaining life of the royalty agreement.

The Company has granted to Red Mile a net profits interest (NPI) which survives any "put" or "call" of the Red Mile units. The NPI is applicable for the years 2012 to 2014 and ranges from 2% to 4%, depending on the average copper price each year adjusted for variations in foreign currency exchange rates. No NPI is payable until the Company reaches a pre-determined aggregate level of revenues less defined operating costs. As at December 31, 2013 and 2012, these threshold levels have not been met.

The Company expects either the put or call option to be exercised to purchase the royalty interest in 2014. The promissory note also matures in 2014 will be used to acquire the remaining royalty interests. Accordingly both the promissory note and the royalty obligation have been reclassified as current, asset and liability respectively.

18. PROVISION FOR ENVIRONMENTAL REHABILITATION

	Environmental rehabilitation
At January 1, 2012	96,022
Additions during the year	301
Change in estimates	8,221
Used during the year	(197)
Accretion	2,170
At December 31, 2012	106,517
Additions during the year	1,714
Change in estimates	(38,634)
Used during the year	(1,770)
Accretion	1,846
At December 31, 2013	69,673

The PER represents the present value of estimated costs of legal and constructive obligations required to retire an asset. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability.

The following significant estimates and assumptions were made for the purpose of estimating the PER:

	December 31, 2013	**December 31, 2012**
Pre-tax discount rate	3.2%	2.4%
Inflation rate	2.0%	2.0%
Market risk adjustment	0.5%	0.5%
Number of years to mine closure	24	25
Number of years over which rehabilitation occurs	100	100

Estimates are reviewed regularly to take into account any material changes to the assumptions. During 2012, the Company submitted an updated decommissioning cost report to the BC Ministry of Energy, Mines and Petroleum Resources as a requirement to maintain its permits in good standing. The underlying cost assumptions supporting the 2012 decommissioning report reflect management's best estimate for closure costs and were incorporated into the PER. There have been some adjustments to certain estimates, both in terms of amount and timing, made subsequently as a result of updated information. The majority of the changes in estimates in the current year relates to changes in discount rates during the current period, which has had a significant impact on the PER.

In general, the expected cash flows become more reliable towards the end of the mine's life, whereas the estimate of a PER at the beginning of the mine's life is more subjective. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mine ceases to produce at economically viable rates. This, in turn, will depend upon future metal prices, which are inherently uncertain.

As required by the regulatory authorities, before commencing work on a project or mine, the Company posts security which is held in trust by the regulatory authorities. These reclamation deposits (note 13) are returned once the site is reclaimed to a satisfactory level and there are no ongoing monitoring or maintenance requirements. For the Gibraltar mine, the Company has also issued an irrevocable standby letter of credit for $10 million as part of its security with the regulatory authorities.

19. DEBT

	As at December 31, 2013	2012
Current:		
Capital leases	13,674	10,755
Secured equipment loans	8,951	7,312
	22,625	18,067
Long-term:		
Senior notes	208,349	193,970
Capital leases	33,138	24,486
Secured equipment loans	18,028	16,337
	259,515	234,793

(a) Senior notes

In April 2011, the Company completed a public offering of US$200 million in senior notes due in 2019, bearing interest at an annual rate of 7.75% . The notes are guaranteed by the Company's subsidiaries and the subsidiary guarantees are, in turn, guaranteed by the Company.

The Company may redeem some or all of the notes at any time on or after April 15, 2015 at redemption prices ranging from 103.875% to 100% plus accrued interest. Prior to April 15, 2015, the notes may be redeemed at 100% plus a make-whole premium, plus accrued interest. In addition, until April 15, 2014, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.75%, plus accrued interest.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock. As at December 31, 2013 the Company is in compliance with all Senior note covenants.

(b) Capital leases

Capital leases are repayable in monthly installments with fixed interest rates and are secured by plant and equipment with a carrying value of $68,858 (2012: $47,898). The capital lease obligations bear fixed interest rates ranging from 4.55% to 6.25% and have maturity dates ranging from 2014 to 2018.

(c) Secured equipment loans

The equipment loans are secured by equipment with a carrying value of $62,714 (2012: $50,724). The loans are repayable in monthly installments and bear fixed interest rates ranging from 4.49% to 6.47% and have maturity dates out to 2018.

20. EQUITY

(a) Share capital

(thousands of shares)	Common shares
Common shares outstanding at January 1, 2012	196,505
Repurchased	(6,645)
Exercise of share options	1,022
Common shares outstanding at December 31, 2012	190,882
Exercise of share options	2,500
Common shares outstanding at December 31, 2013	193,382

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

(b) Contributed surplus

Contributed surplus represents employee entitlements to share-based awards that have been charged to profit and loss in the periods during which the entitlements were accrued and have not yet been exercised.

(c) Accumulated other comprehensive income (loss) ("AOCI")

AOCI is comprised of the cumulative net change in the fair value of available-for-sale financial assets, net of taxes, until the investments are sold or impaired.

21. SHARE-BASED COMPENSATION

The Company has a share option plan (equity settled) approved by the shareholders that allows it to grant options to directors, officers, employees and other service providers. Under the plan, a maximum of 9.5% of the Company's outstanding common shares may be granted. The maximum allowable number of options to independent directors as a group at any time outstanding is 1% of the Company's outstanding common shares. The exercise price of an option is set at the time of grant using the five-day volume weighted average price of the common shares. Options may be exercisable for a maximum of five years from the effective date of grant under the plan. Vesting conditions of options are at the discretion of the Board of Directors at the time the options are granted.

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

During 2013, the Company issued 133,333 DSU's to directors. The DSU's were valued at $3.18 per unit based upon the underlying share price at grant date and are fair valued based upon the market price every period end. The total number of deferred and restricted share units outstanding at December 31, 2013 was 133,333 units. An expense of $293 has been recognized for the year.

(thousands of options)	Options		Average price
Outstanding at January 1, 2012	11,295	$	3.22
Granted	4,430	$	2.78
Exercised	(1,022)	$	1.53
Forfeited	(431)	$	4.33
Expired	(147)	$	4.31
Outstanding at January 1, 2013	14,125	$	3.16
Granted	175	$	2.02
Exercised	(2,500)	$	1.12
Forfeited	(1,117)	$	3.85
Expired	(937)	$	4.77
Outstanding at December 31, 2013	9,746	$	3.43
Exercisable at December 31, 2013	8,446	$	3.53

The weighted-average share price at the date of exercise for share options exercised in 2013 was $2.20 (2012: $3.20) .

Range of exercise price	Options (thousands)	Average life (years)
$1.00 to $2.18	1,892	0.6
$2.19 to $4.09	3,723	3.0
$4.10 to $5.74	4,131	1.4
	9,746	1.9

The fair value at grant date of the share option plan was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

	Key management personnel		Employees	
	2013	2012	2013	2012
Weighted-average share price	2.14	2.76	2.14	2.84
Expected term (years)	5.0	5.0	3.0	3.2
Expected forfeiture rate	0%	0%	0%	0%
Weighted-average expected volatility	68.6%	72.6%	49.4%	61.9%
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	1.74%	1.33%	1.24%	1.1%
Weighted-average fair value per option	1.26	1.65	0.78	1.21

22. EARNINGS (LOSS) PER SHARE

	Year ended December 31, 2013	2012 (Restated note 27)
Net (loss) earnings	(34,839)	(9,139)
(in thousands of common shares)		
Weighted-average number of common shares	192,222	192,599
Dilutive securities:		
Effect of share options	-	-
Weighted-average number of diluted common shares	192,222	192,599
($ per common share)		
Basic earnings per share	**(0.18)**	**(0.05)**
Diluted earnings per share [1]	**(0.18)**	**(0.05)**

[1] Refer to note 21 for potentially dilutive instruments that were not included in earnings per share for 2013 due to their anti-dilutive nature.

23. COMMITMENTS AND CONTINGENCIES

(a) Commitments

	<1 year or on demand	1 - 2 years	2 - 5 years	>5 years	Total
At December 31, 2013					
Capital lease liability	13,674	13,414	19,724	-	46,812
Future interest charges	2,203	1,437	1,086	-	4,726
Capital lease commitments	15,877	14,851	20,810	-	51,538
Operating lease commitments[1]	2,271	466	856	667	4,260
Purchase obligations	2,587	-	-	-	2,587
Capital expenditures commitments	2,192	-	-	-	2,192
Marketable security investment	5,000	-	-	-	5,000
At December 31, 2012					
Capital lease liability	10,755	8,984	15,503	-	35,242
Future interest charges	1,741	1,176	932	-	3,849
Capital lease commitments	12,496	10,160	16,435	-	39,091
Operating lease commitments[1]	3,313	1,801	946	934	6,994
Purchase obligations	14,016	2,131	-	-	16,147
Capital expenditures commitments	31,849	-	-	-	31,849

[1] Certain leases contain extension and renewal options.

In respect of its interest in the joint arrangement (note 4), the joint venture is committed to incur capital expenditures of $2,923 (2012: $42,466), of which the Company's share of this commitment is $2,192 (2012: $31,849).

During the year ended December 31, 2013, an amount of $3,662 was recognized as an expense in profit or loss in respect of operating leases (2012: $3,181).

(b) Contingencies

The Company has guaranteed 100% of certain debt entered into by the Gibraltar joint venture in which it holds a 75% interest. As at December 31, 2013, this debt totaled $62,417 on a 100% basis. The Company has also guaranteed its share of additional debt totaling $26,978 on 75% basis.

24. SUPPLEMENTARY CASH FLOW INFORMATION

	For the year ended December 31, 2013	2012 (Restated note 27)
Change in non-cash working capital items		
Accounts receivable	24,394	10,943
Inventories	(19,724)	(4,160)
Prepaids	2,211	(2,775)
Accounts payable and accrued liabilities	6,945	(2,114)
Interest payable	138	(71)
Income tax paid	(1,450)	(2,308)
Income tax received	2,179	5,402
Deferred revenue – royalty obligation	-	(175)
	14,693	4,742
Non-cash investing and financing activities		
Assets acquired under capital lease	25,293	23,098
Interest earned on promissory note	(3,642)	(4,038)
Interest expense on royalty obligation	6,396	984
Royalty obligation settled by promissory note	(10,820)	(8,190)

25. FINANCIAL RISK MANAGEMENT

(a) Overview

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

(b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk; interest rate risk; and currency risk. Financial instruments affected by market risk include: cash and equivalents; accounts receivable; promissory note; marketable securities; subscription receipts; reclamation deposits; accounts payable and accrued liabilities; debt; royalty obligation; and derivatives.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company buys and sells derivatives in order to manage market risks. The derivative instruments employed by the Company are not designated as hedges for accounting purposes. These non-hedge derivatives are considered to be economic hedges.

Commodity price risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the metals it produces. To manage the Company's operating margins effectively in volatile metals markets, the Company enters into copper option contracts. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper price and quantity exposure are reviewed at least quarterly to ensure that adequate revenue protection is in place. Copper option contracts are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

The Company also enters into physical commodity contracts in the normal course of business. These contracts are not derivatives and are measured at cost (typically at nil); they are therefore excluded from the fair value and sensitivity table below. Also not included in the below table are provisionally priced sales volumes for which price finalization is outstanding at balance sheet date. Provisionally pricing mechanisms embedded within these sales arrangements have the character of a commodity derivative and are carried at fair value as part of accounts receivables.

The table below summarizes the impact on earnings after tax and equity for changes in commodity prices on the fair value of derivatives and the provisionally invoiced sales volumes.

	Years ended December 31,	
	2013	**2012**
Copper increase/decrease by US$0.34/lb (2012: US$0.35/lb) [1]	576	450
Molybdenum increase/decrease by US$0.96/lb (2012: US$1.34/lb) [1]	299	136

[1] The analysis is based on the assumption that the year-end copper price increases 10% with all other variables held constant. The relationship between the year-end copper price and the strike price of copper options has significant influence over the fair value of the derivatives. As such, a 10% decrease in the year-end copper price will not result in an equal but opposite impact on earnings after tax and equity. The closing exchange rate for the year ended December 31, 2013 of CAD/USD 1.0636 (2012: 0.9949) was used in the analysis.

The sensitivities in the above tables have been determined as the absolute impact on fair value of a 10 per cent increase in commodity prices at each reporting date, while holding all other variables, including foreign currency and exchange rates, constant. The relationship between commodity prices and foreign currencies is complex and movements in foreign exchange can impact commodity prices. The sensitivities should therefore be used with care.

Interest rate risk

The Company is exposed to interest rate risk on its outstanding debt and investments, including cash and equivalents, from the possibility that changes in market interest rates will affect future cash flows or the fair value of fixed-rate interest-bearing financial instruments.

The table below summarizes the impact on earnings after tax and equity for a change of 100 basis points in interest rates at the reporting date. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This assumes that the change in interest rates is effective from the beginning of the financial year and balances are constant over the year. However, interest rates and balances of the Company may not remain constant in the coming financial year and therefore such sensitivity analysis should be used with care.

	Years ended December 31,	
	2013	**2012**
Fair value sensitivity for fixed-rate instruments		
Promissory note	836	835
Royalty Obligation	(261)	(350)
Capital leases	(328)	(227)
Secured equipment loans	(199)	(91)
Senior notes	(1,533)	(1,499)
	(1,485)	(1,332)
Cash flow sensitivity for variable-rate instruments		
Cash and equivalents	278	571
Capped floating rate notes	-	19
Reclamation deposits	187	184
	465	774

Currency risk

The Canadian dollar is the functional currency of the Company and, as a result, currency exposures arise from transactions and balances in currencies other than the Canadian dollar, primarily the US dollar. The Company's potential currency exposures comprise translational exposure in respect of non-functional currency monetary items, and transactional exposure in respect of non-functional currency revenues and expenditures.

The following table demonstrates the sensitivity to a 10% strengthening in the CAD against the USD. With all other variables held constant, the Company's shareholders equity and earnings after tax would both increase/(decrease) due to changes in the carrying value of monetary assets and liabilities. A weakening in the CAD against the USD would have had the equal but opposite effect to the amounts shown below.

	Year ended December 31, 2013	2012
Cash and equivalents	(2,457)	(6,167)
Accounts receivable	(102)	(1,044)
Copper put option contracts	(96)	(133)
Accounts payable and accrued liabilities	205	129
Equipment loans	1,778	1,201
Senior notes	15,468	14,536

The Company's financial asset and liability profile may not remain constant and, therefore, these sensitivities should be used with care.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by holding sufficient cash and equivalents and scheduling long-term obligations based on estimated cash inflows.

During the year ended December 31, 2013, Moody's Investor Service made no change to the Company's long-term credit rating of B3, and Standard & Poor's made no change to the Company's long-term credit rating of B. The Company's strong credit profile and significant cash balance ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Company's practice on counterparty credit exposure ensures that only counterparties of a high credit standing are used for the investment of any excess cash.

There were no defaults on loans payable during the year.

The maturity profile of the Company's financial liabilities based on contractual undiscounted amounts is:

	<1 year or demand	1 - 2 years	2 - 5 years	>5 years	Total
At December 31, 2013					
Accounts payable and accrued liabilities	26,864	-	-	-	26,864
Expected future interest payments	19,860	18,724	51,178	4,808	94,570
Capital leases	13,674	13,414	19,724	-	46,812
Secured equipment loans	8,951	5,840	12,188	-	26,979
Senior notes	-	-	-	212,720	212,720
Royalty obligations	63,854	-	-	-	63,854
	133,203	37,978	83,090	217,528	471,799
Carrying amount	113,343	19,254	31,912	212,720	377,229
At December 31, 2012					
Accounts payable and accrued liabilities	42,938	-	-	-	42,938
Expected future interest payments	18,148	17,186	47,906	19,920	103,160
Capital leases	10,755	8,984	15,502	-	35,241
Secured equipment loans	7,312	6,304	10,033	-	23,649
Senior notes	-	-	-	198,980	198,980
Royalty obligations (Restated note 2) [1]	10,820	23,809	33,650	-	68,279
	89,973	56,283	107,091	218,900	472,247
Carrying amount	71,825	39,097	59,185	198,980	369,087

[1] Actual timing of payment for royalty obligations may differ. Amounts estimated based on expected future production levels.

(d) 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, marketable securities and investments, and derivatives. 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. The Company deals with a limited number of counterparties for its metal sales. The balance at December 31, 2013 is comprised of five customers (2012: four customers). There are no impairments recognized on the receivables.

(e) Fair values of financial instruments

The fair values of financial assets and liabilities, together with their carrying amounts, are presented by class in the following table. The table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	December 31, 2013		December 31, 2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Fair value through profit and loss (FVTPL)				
Copper put option contracts	1,295	1,295	1,776	1,776
Loans and receivables				
Cash	82,865	-	134,995	-
Accounts receivable	4,532	-	28,966	-
Promissory note [1]	63,483	-	70,662	-
Available-for-sale				
Capped floating rate notes	-	-	20,090	20,090
Shares	4,951	4,951	7,196	7,196
Subscription receipts	12,400	12,400	7,100	7,100
Reclamation deposits	25,872	25,872	25,728	25,728
Financial liabilities				
Financial liabilities				
Accounts payable and accrued liabilities	26,864	-	42,938	-
Interest payable senior notes	3,435	-	3,213	-
Senior notes	208,349	211,540	193,970	190,897
Capital leases	46,812	44,628	35,241	35,059
Secured equipment loans	26,979	26,825	23,649	23,532
Royalty obligation (Restated note 2) [1]	63,854	-	68,279	-

[1] The fair value of the promissory note and royalty obligation are not readily determinable with sufficient reliability due to the uncertainty around the maturities and the future cash flows associated with the promissory note.

The Company uses the fair value hierarchy described in note 3.5c for determining the fair value of instruments that are measured at fair value.

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Financial assets designated at FVTPL				
Copper put option contracts	-	1,295	-	1,295
Available-for-sale financial assets				
Marketable Securities	4,951	-	-	4,951
Subscription receipts (note 13)	-	-	12,400	12,400
Reclamation deposits	25,872	-	-	25,872
	30,823	1,295	12,400	44,518
December 31, 2012				
Financial assets designated at FVTPL				
Copper put option contracts	-	1,776	-	1,776
Available-for-sale financial assets				
Marketable Securities	7,196	-	-	7,196
Capped floating rate notes	-	20,090	-	20,090
Subscription receipts (note 13)	-	-	7,100	7,100
Reclamation deposits	25,728	-	-	25,728
	32,924	21,866	7,100	61,890

There have been no transfers between fair value levels during the reporting period.

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

The subscription receipts, a level 3 instrument, are valued based on a purchase transaction in the last twelve months or in the absence of a transaction, market comparison based on the average share value of comparable companies. A transaction has occurred within 2013 financial year which valued each subscription receipt at $0.80 each.

The senior notes, a level 1 instrument, are valued based upon publicly available information. The capital leases and secured equipment loans, level 2 instruments, are fair valued through discounting future cash flows at a rate of 5.5% based on the relevant loans effective interest rate.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Note	Subscription receipts
At January 1, 2012		-
Acquisition		10,000
Change in fair value (other comprehensive income)		(2,900)
Balance at December 31, 2012		7,100
Purchase		2,400
Loss included in 'Impairment of marketable securities'		(6,150)
Change in fair value (other comprehensive income)		9,050
At December 31, 2013	13	12,400

The fair value of the subscription receipts is based upon a recent transaction and not subject to sensitivity.

(f) Summary of derivatives

	Notional amount	Strike price[1]	maturity	Fair value
At December 31, 2013				
Commodity contracts				
Copper put option contracts	25.6 million lbs	US$3.00	Q1-Q2 2014	647
Copper put option contracts	7.3 million lbs	US$3.00	Q3 2014	648
				1,295
At December 31, 2012				
Commodity contracts				
Copper put option contracts	33.1 million lbs	US$3.00	Q1-Q2 2013	557
Copper call option contracts	26.5 million lbs	US$2.75	Q3-Q4 2013	1,219
				1,776
Capped floating rate notes [2]				
3-month BA rate + 25 bps	C$10 million	5.00%	Q4 2013	10,023
3-month BA rate + 45 bps	C$10 million	5.50%	Q4 2014	10,067

1. For the floating rate notes, this value represents the cap level for the coupon rate.
2. The floating rate notes were redeemed in April of 2013.

The Company spent $3.2 million to purchase Copper put options in the twelve month periods ended December 31, 2013.

(g) Capital management

The Company's primary objective when managing capital is to ensure that the Company is able to continue its operations and that it has sufficient ability to satisfy its capital obligations and ongoing operational expenses, as well as to have sufficient liquidity available to fund suitable business opportunities as they arise.

The Company considers the components of share holders' equity, as well as its cash and equivalents, DCDs classified within marketable securities, credit facilities and debt as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue or buy back equity, issue, buy back or repay debt, sell assets, or return capital to shareholders.

	December 31, 2013	December 31, 2012 (Restated note 2)
Cash and equivalents	82,865	134,995
Current debt	22,625	18,067
Long-term debt	259,515	234,793
Net debt (cash)	**199,275**	**117,865**
Shareholders' equity	**426,216**	**445,581**

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

The Company is not subject to any capital restrictions.

The Company's investment policy is to invest its cash in highly liquid interest-bearing investments that are readily convertible to known amounts of cash.

There were no changes to the Company's approach to capital management during the year ended December 31, 2013.

26. RELATED PARTIES

(a) Subsidiaries

	Ownership interest as at December 31, 2013	December 31, 2012
Gibraltar Mines Ltd.	100%	100%
Aley Corporation	100%	100%
Taseko Acquisition sub Ltd. [1]	N/A	100%
0806294 BC Ltd. [1]	N/A	100%
688888 BC Ltd.	100%	100%
Gibraltar Royalty LP	99.99%	99.99%

[1] These companies were wound up in 2013.

(b) Key management personnel compensation

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

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

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-month to 12-month's salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among other things, an amount ranging from 24-month to 32-months salary and accrued bonus, and all stock options held by these individuals will fully vest.

Executive officers and directors also participate in the Company's share option program (note 21).

Compensation for key management personnel (including directors) is as follows:

	Year ended December 31,	
	2013	**2012**
Salaries and benefits	5,188	3,855
Post-employment benefits	1,643	687
Share-based compensation	1,736	4,630
	8,567	9,172

(c) Other related party transactions

	Transaction value for the year end December 31,		Due from (to) related parties as at December 31,	
	2013	**2012**	**2013**	**2012**
Hunter Dickinson Services Inc.:				
General and administrative expenses	2,468	1,925		
Exploration and evaluation expenses	1,139	513		
	3,607	2,438	(94)	(59)
Gibraltar joint venture:				
Other operating income (management fee)	966	845		
Reimbursable compensation expenses and third party costs	427	137		
	1,393	982	62	(41)

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

Under the terms of the joint venture operating agreement, the Gibraltar joint venture pays the Company a management fee for services rendered by the Company as operator of the Gibraltar mine.

During the year, the Company invested $2.4 million in subscription receipts of a private company with directors in common which holds mineral property interests. The subscription receipts will be convertible into units comprised of shares, or shares and warrants (note 13). During the year, the Company invested $2 million in Curis Resources Ltd, a public company with one director in common, which holds mineral property interests (note 13).

Subsequent to year end the Company completed an additional investment in Curis Resources Ltd for $5 million.

27. TRANSITION TO IFRIC 20 – STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE

In accordance with the transitional provisions of IFRIC 20, this new policy has been applied prospectively from the start of the comparative period, being January 1, 2012. As a result of the adoption of the interpretation, the adjustments outlined below were made to the financial statements.

As at December 31, 2012

Description	As previously reported	IFRIC 20 adjustments	Adjusted balance
Property, Plant & Equipment			
December 31, 2012 closing balance	637,435	-	
Additions under IFRIC 20	-	10,908	
Amortization under IFRIC 20	-	(801)	
Adjusted December 31, 2012 closing balance	637,435	10,107	647,542
Inventory			
December 31, 2012 closing balance	27,556	-	
IFRIC 20 capitalization and amortization impact	-	(106)	
Adjusted December 31, 2012 closing balance	27,556	(106)	27,450
For the year ended December 31, 2012			
Consolidated Statements of Comprehensive Loss			
Loss after tax	(15,665)	-	
Additional capitalized stripping	-	10,908	
Capitalized stripping amortization	-	(801)	
Cost of sales	-	(106)	
Sub-total	(15,665)	10,001	(5,664)
Tax effect of adjustments at 35%	-	(3,475)	-
Adjusted earnings/(Loss) after tax	(15,665)	6,526	(9,139)
Equity			
December 31, 2012 closing balance (Restated note 2)	439,055	-	
Retained earnings impact	-	6,526	
Adjusted December 31, 2012 closing balance	439,055	6,526	445,581

The impact on operating activities within the Statements of Cash Flows in addition to net loss were $801 increase in depletion and amortization, $106 increase in net change in non-cash working capital and $3,475 increase in income tax expense for the twelve month period ended December 31, 2012.

The effect on loss per share related to the December 2012 restatement was an increase of $0.03 per share. There was no impact on the January 1, 2012 consolidated balance sheet from the adoption of IFRIC 20.

The impact, post tax, on net loss for the twelve month period ended December 31, 2013 was a decrease of $9.3 million. The impact, post tax, on (loss) per share for the twelve month period ended December 31, 2013 was a decrease of $0.05.

This management's discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the consolidated financial statements and notes thereto, prepared in accordance with IFRS for the year ended December 31, 2013 (collectively, the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this MD&A and the most recent Form 40-F/Annual Information Form, which is available on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the United States Securities and Exchange Commission's ("SEC") website at www.sec.gov.

This MD&A is prepared as of February 18, 2014. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Cautionary Statement on Forward-Looking Information

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

CONTENTS

OVERVIEW	**3**
HIGHLIGHTS	**3**
HIGHLIGHTS - CONTINUED	**4**
REVIEW OF OPERATIONS	**5**
REVIEW OF PROJECTS	**8**
MARKET REVIEW	**9**
FINANCIAL PERFORMANCE	**10**
RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS	**15**
FINANCIAL CONDITION REVIEW	**16**
SELECTED ANNUAL INFORMATION	**19**
FOURTH QUARTER RESULTS	**20**
SUMMARY OF QUARTERLY RESULTS	**26**
CRITICAL ACCOUNTING POLICIES AND ESTIMATES	**27**
CHANGE IN ACCOUNTING POLICIES	**28**
FINANCIAL INSTRUMENTS	**30**
INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES	**31**
RELATED PARTY TRANSACTIONS	**31**
NON-GAAP PERFORMANCE MEASURES	**33**

OVERVIEW

Taseko Mines Limited ("Taseko" or "Company") is a mining company that seeks to create shareholder value by acquiring, developing, and operating large tonnage mineral deposits which, under conservative forward metal price assumptions, are potentially capable of supporting a mine for 10 years or longer. The Company's sole operating asset is the 75% owned Gibraltar Mine, a large copper/molybdenum mine located in central British Columbia. The Gibraltar Mine has undergone a major expansion in recent years and is now one of the largest copper mines in North America. Taseko also owns the New Prosperity gold-copper, Aley niobium and Harmony gold projects.

HIGHLIGHTS

Financial Data (Cdn$ in thousands)	Three months ended December 31, 2013	2012	Change	Year ended December 31, 2013	2012	Change
Revenues	94,916	62,878	32,038	290,056	253,607	36,449
Earnings from mining operations before depletion and amortization*	24,969	14,528	10,441	77,000	81,340	(4,340)
Earnings from mining operations	15,285	7,387	7,898	42,933	60,314	(17,381)
Net earnings (loss)	(9,756)	(5,514)	(4,242)	(34,839)	(9,139)	(25,700)
Per share - basic ("EPS")	(0.05)	(0.03)	(0.02)	(0.18)	(0.05)	(0.13)
Adjusted net earnings (loss) *	834	(2,680)	3,514	(14,027)	8,700	(22,727)
Per share - basic ("adjusted EPS") *	(0.00)	(0.01)	0.01	(0.07)	0.05	(0.12)
EBITDA *	11,107	2,230	8,877	20,021	18,502	1,519
Adjusted EBITDA *	16,954	6,009	10,945	39,498	42,290	(2,792)
Cash flows provided by operations	32,791	12,999	19,792	67,587	68,187	(600)

Operating Data (Gibraltar - 100% basis)	Three months ended December 31, 2013	2012	Change	Year ended December 31, 2013	2012	Change
Tons mined (millions)	21.5	17.9	3.6	89.4	66.2	23.2
Tons milled (millions)	7.6	4.2	3.4	24.5	16.3	8.2
Production (million pounds Cu)	33.5	21.3	12.2	121.4	89.8	31.6
Sales (million pounds Cu)	37.0	23.0	14.0	113.8	89.5	24.3

Operating Data (Gibraltar - 100% basis)	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Copper concentrate					
Production (million pounds Cu)	33.5	36.7	28.1	23.2	21.2
Sales (million pounds Cu)	37.0	26.6	27.8	22.4	23.0
Inventory (million pounds Cu)	10.1	13.6	3.5	3.3	2.5
Per unit data (US$ per pound) *					
Operating costs of production*	$ 1.88	$ 1.95	$ 2.09	$ 2.28	$ 2.47
By-product credits	(0.18)	(0.04)	(0.15)	(0.21)	(0.17)
Net operating costs of production *	$ 1.70	$ 1.91	$ 1.94	$ 2.07	$ 2.30
Off-property costs	0.44	0.30	0.40	0.38	0.42
Total operating costs *	$ 2.14	$ 2.21	$ 2.34	$ 2.45	$ 2.72

*Non-GAAP performance measure. See page 33 on this MD&A.

HIGHLIGHTS - CONTINUED

Annual Highlights

- The second line of the Gibraltar concentrator two line facility was completed on time and on budget, and produced first concentrate in March 2013. The new facility has reached design capacity and the focus is now on optimizing copper recovery circuits and improving mechanical availability on both lines;
- Annual copper production at Gibraltar increased to 121.4 million pounds (100% basis) in 2013, a 35% increase over 2012;
- Total sales for 2013 were 113.8 million pounds of contained copper in concentrate (100% basis) 27% higher than 2012. Year-end copper inventories were 10.1 million pounds, which is higher than normal due to poor weather conditions at sea delaying the final 2013 shipment;
- The Gibraltar mining fleet has been expanded to meet the new concentrator's production capacity resulting in a 35% increase in tonnes mined over 2012;
- Higher copper production and cost efficiency programs at Gibraltar resulted in a significant downward trend in unit production costs during 2013. Total operating costs for 2013 were US$2.27 per pound, a 4% decrease over the US$2.36 per pound for 2012;
- Cash flows from operations were $67.6 million in 2013. This amount was offset by capital expenditures, primarily for the remaining concentrator #2 construction payments and debt service costs of $42.6 million, resulting in a net decrease in cash and equivalents of $52.1 million during the year; and
- Panel hearings for the New Prosperity project concluded on August 23, 2013. The Review Panel's report was made public on October 31, 2013. The Government of Canada has a maximum of 120 days from the publication date to decide if it should grant the necessary authorizations for the project to proceed.

Fourth Quarter Highlights

- Total sales for the fourth quarter of 2013 were 37.0 million pounds of copper, up 60% over the same quarter last year;
- The trend of declining operating costs per unit continued in the fourth quarter with a total cost per pound produced of US$2.14, compared to US$2.72 in the fourth quarter of 2012;
- Cash flow from operations in the fourth quarter of 2013 was $32.8 million, up 152% from the fourth quarter in 2012; and
- Molybdenum recovery increased to 34.8% in the fourth quarter of 2013 from 17.5% in the third quarter of 2013.

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

During 2013 Gibraltar completed the ramp up of concentrator #2, which is now operating at design capacity. The new mill moves Gibraltar from a single line 55,000 ton per day plant to a dual line 85,000 ton per day plant, with a corresponding increase in mine fleet to accommodate this additional capacity. A new molybdenum separation facility was also installed, commissioned and is currently undergoing ramp up.

The 2014 focus for Gibraltar will be to increase mechanical availability, optimize copper recovery circuits and advance cost efficiency programs designed to decrease the production cost per pound of copper.

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

Operating Data (100% basis)	YE 2013	YE 2012	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Tons mined (millions)	89.4	66.2	21.5	22.6	22.7	22.6	17.9
Tons milled (millions)	24.5	16.3	7.6	6.8	5.8	4.3	4.2
Strip ratio	3.2	3.0	3.9	2.6	3.3	3.3	2.9
Copper concentrate							
Grade (%)	0.293	0.314	0.270	0.315	0.281	0.318	0.298
Recovery (%)	84.4	85.6	81.7	85.9	85.8	84.8	84.8
Production (million pounds Cu)	121.4	87.8	33.5	36.7	28.1	23.2	21.2
Sales (million pounds Cu)	113.8	89.5	37.0	26.6	27.8	22.4	23.0
Inventory (million pounds Cu)	10.1	2.5	10.1	13.6	3.5	3.3	2.5
Copper cathode							
Production (million pounds)	-	1.9	-	-	-	-	0.2
Sales (million pounds)	-	2.1	-	-	-	-	0.5
Molybdenum concentrate							
Grade (%)	0.011	0.011	0.010	0.012	0.011	0.011	0.009
Recovery (%)	27.1	36.0	34.8	17.5	26.4	38.2	31.0
Production (thousand pounds Mo)	1,452	1,317	480	284	333	355	223
Sales (thousand pounds Mo)	1,263	1,325	499	110	317	337	215
Per unit data (US$ per pound) *							
Operating costs of production *	$ 2.03	$ 2.19	$ 1.88	$ 1.95	$ 2.09	$ 2.28	$ 2.47
By-product credits *	(0.14)	(0.23)	(0.18)	(0.04)	(0.15)	(0.21)	(0.17)
Net operating costs of production *	$ 1.89	$ 1.96	$ 1.70	$ 1.91	$ 1.94	$ 2.07	$ 2.30
Off-property costs	0.38	0.40	0.44	0.30	0.40	0.38	0.42
Total operating costs *, **	$ 2.27	$ 2.36	$ 2.14	$ 2.21	$ 2.34	$ 2.45	$ 2.72

*Non-GAAP performance measure. See page 33 on this MD&A
**2012 numbers have been restated to reflect the adoption of a new accounting policy for capitalized stripping costs. See note 27 of our consolidated financial statements.

Fourth quarter results

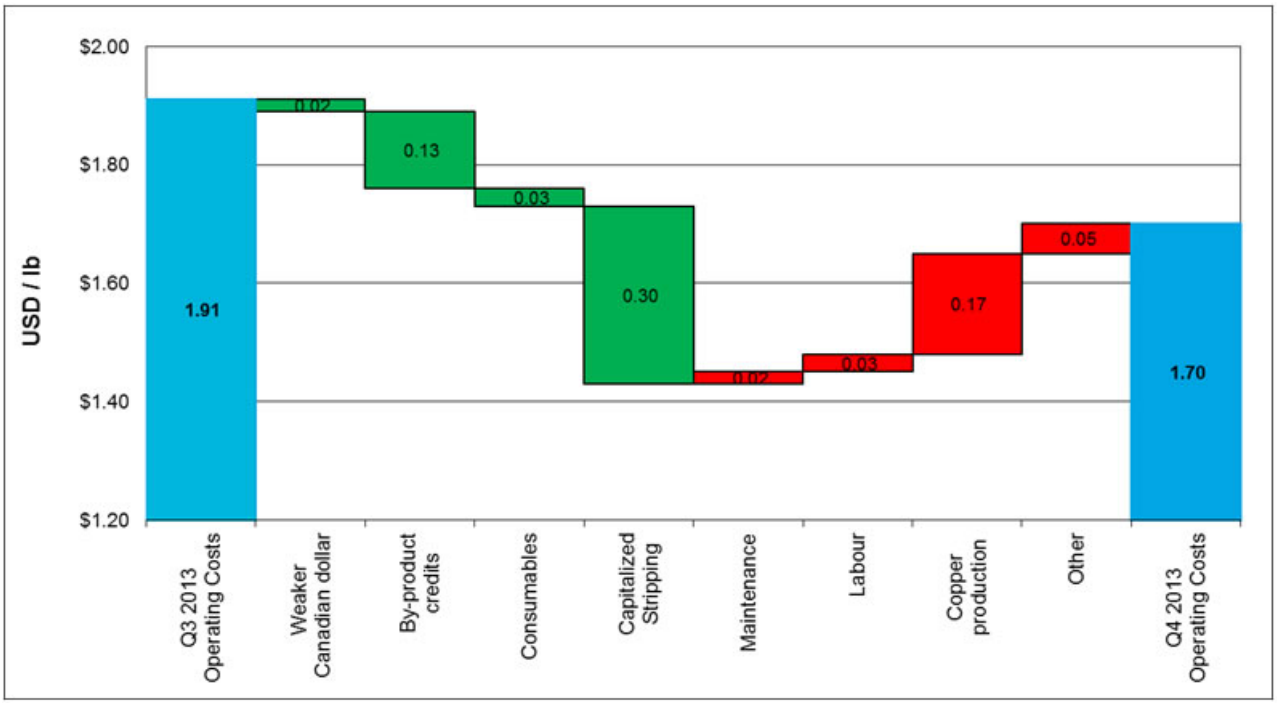
In the fourth quarter 2013, Gibraltar mined 21.5 million tons a 20% increase over tons mined in the fourth quarter of 2012 and consistent with the mining rate in the previous quarters of this year. During the quarter, mining operations transitioned into a lower grade portion of the Granite Pit, where the copper grade is approximately 10% lower than the life of mine reserve grade.

Total mill throughput for the fourth quarter was 7.6 million tons, an increase of 82% over tons milled in the fourth quarter 2012. Feed from the stockpile was used to supplement the ore from Granite Pit causing a slight decrease in head grade.

Total copper production for the quarter was 33.5 million pounds, a 58% increase over pounds produced in the fourth quarter of 2012. This significant increase in production was achieved even though recoveries were lower than previous quarters and the combined availability of the two concentrators averaged 86%, below the target of 93.5% .

Molybdenum recoveries were 34.8% for the fourth quarter; much improved over the previous quarter. Molybdenum production for the fourth quarter was 480,000 pounds, an improvement of 69% on the previous quarter and a 115% increase over the fourth quarter of 2012. Commissioning of the new molybdenum plant is ongoing with targeted recoveries at 50%.

Net operating cash costs of production* per pound
(Q3 2013 compared to Q4 2013)



*Non-GAAP performance measure. See page 33 on this MD&A

A driver of the declining unit cost trend during 2013 is the Company's continued advancement of cost reduction programs and ongoing optimization of copper recovery circuits. In the fourth quarter of 2013, net operating costs per pound of copper produced were US$1.70, a 11% decrease over the US$1.91 per pound in the third quarter 2013. This decrease was primarily due to increased by-product credits and capitalized stripping, partially offset by lower copper production.

The increase in molybdenum by-product credits was due to the improved performance in the new molybdenum plant. Additionally, the fourth quarter had higher than normal stripping activities, hence capitalized stripping increased yielding a $0.30 per pound produced positive impact on total operating costs.

The impact of increased by-product credits and capitalized stripping was partially offset by a decline in copper production. Production in the fourth quarter was 33.5 million pounds, down 9% from the third quarter primarily due a drop in head grade, which lead to a drop in recovery. The drop in head grade was due to the stockpile feed and ore from the lower grade portion of the Granite pit.

Off-property costs, including transportation, treatment and refining charges, for the fourth quarter of 2013 were $0.44 per pound produced, compared to $0.30 per pound in the previous quarter and $0.42 per pound produced in the fourth quarter of 2012. Off property costs are driven by sales volume and timing of shipments, and as such are subject to fluctuation. The total operating costs, including off-property costs, for the fourth quarter of 2013 were $2.14 per pound produced, comparable to the $2.21 per pound produced in the third quarter of 2013 and down from $2.72 per pound produced in the fourth quarter of 2012.

Full-year results

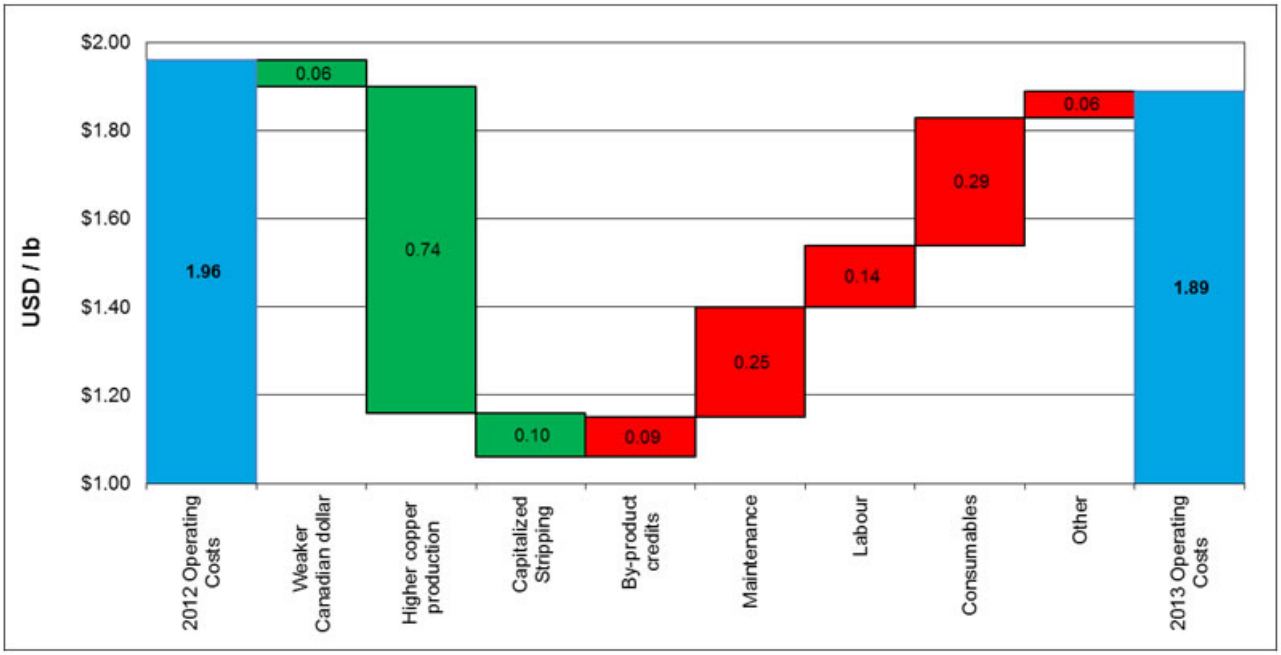
In 2013, Gibraltar mined 89.4 million tons of material; a 35% increase over tons mined in 2012. The strip ratio of 3.2 was consistent with the 2012 result.

During 2013 Gibraltar milled 24.5 million tons, a 50% increase over the tons milled in 2012. The ramp up of concentrator #2 to full production was completed and the operational focus shifted to optimizing the performance of both concentrators. These initiatives, which focus on copper recoveries, ore blending and mill availability are intended to achieve further increases to copper production and lower unit operating costs.

Copper production in 2013 was 121.4 million pounds, an increase of 35% compared to the prior year production of 89.8 million pounds. Molybdenum production during 2013 was 1.2 million pounds which was consistent with production in 2012.

Gibraltar's SX/EW plant remained temporarily idle in 2013 and is expected to restart in the spring of 2014.

Net operating cash costs of production* per pound
(2012 compared to 2013)



*Non-GAAP performance

In 2013, net operating cash costs per pound of copper produced was US$1.89, a 4% decrease over the US$1.96 averaged during the prior-year. The decrease in net operating cash cost in 2013 was primarily driven by the increased copper production realized through bringing Gibraltar concentrator #2 online. The unit cost of maintenance, labour and consumables increased due to the commissioning of the new concentrator. These higher unit costs associated with the commissioning and ramp up period have started to decline in the second half of 2013.

By-product credits in 2013 were affected by the lower recoveries and the declining molybdenum price. Molybdenum recoveries are increasing as the commissioning of the new plant continues and are now trending towards the 50% target.

Off-property costs, including transportation, treatment and refining charges, for 2013 were $0.38 per pound produced, compared to $0.40 per pound in 2012. Off property costs are driven by sales volume and timing of shipments, and as such are subject to fluctuation. The total operating costs, including off-property costs, for 2013 were $2.27 per pound produced, down from $2.36 per pound produced in 2012.

REVIEW OF PROJECTS

New Prosperity project

On September 20, 2012, the Environmental Impact Statement (EIS) was submitted to the three-member Review Panel established for the federal environmental assessment of the project. Following submission of additional information requested by the panel, public hearings were conducted in Williams Lake and surrounding First Nation communities from July 22 to August 23, 2013. The panel subsequently prepared their report and submitted it to the Federal Minister of the Environment on October 31, 2013.

The panel report found that the proposed project is not likely to cause significant adverse environmental effects in respect of 33 different areas but found significant adverse environmental effects were likely in relation to three areas; (i) water quality in Fish Lake and Wasp Lake, (ii) fish and fish habitat in Fish Lake, wetlands and riparian ecosystems, and (iii) Tsilhqot'in current use of lands for traditional purposes, cultural heritage and archaeological/historical resources.

On November 29, 2013 the Company commenced a federal judicial review, seeking to set aside certain findings of the panel report. The Company is asking the court for a declaration that certain panel findings relating to seepage and water quality be set aside, and that the Panel failed in certain respects to comply with principles of procedural fairness.

The Government of Canada is required to make a decision on the Project by February 28, 2014.

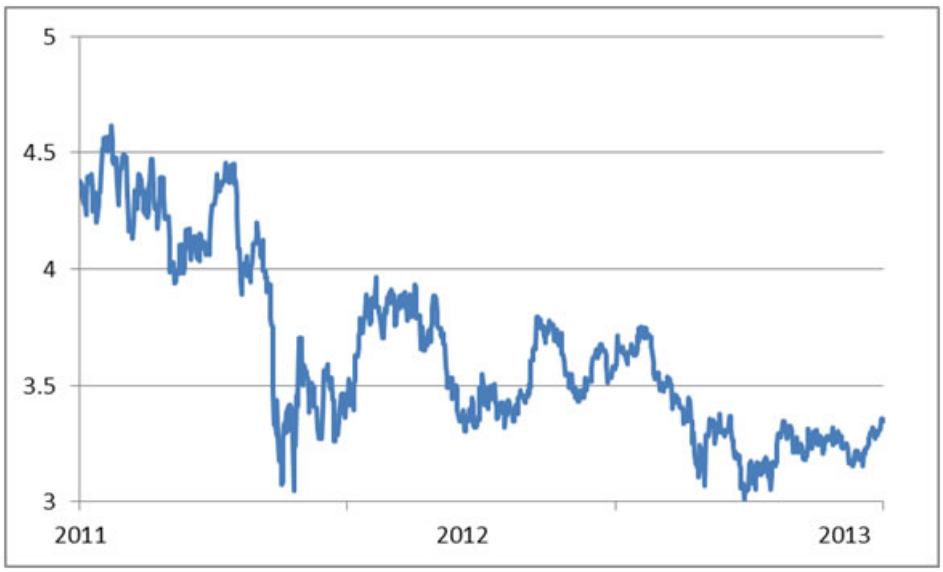
Aley project

The current focus on the Aley niobium project is upgrading the resources announced in March 2012 to a NI 43-101 compliant reserve. Work is continuing on metallurgical flow sheets, engineering and environmental studies.

MARKET REVIEW

Copper prices

Figure 1: Average monthly spot copper prices (USD per pound) (Source: Bloomberg)

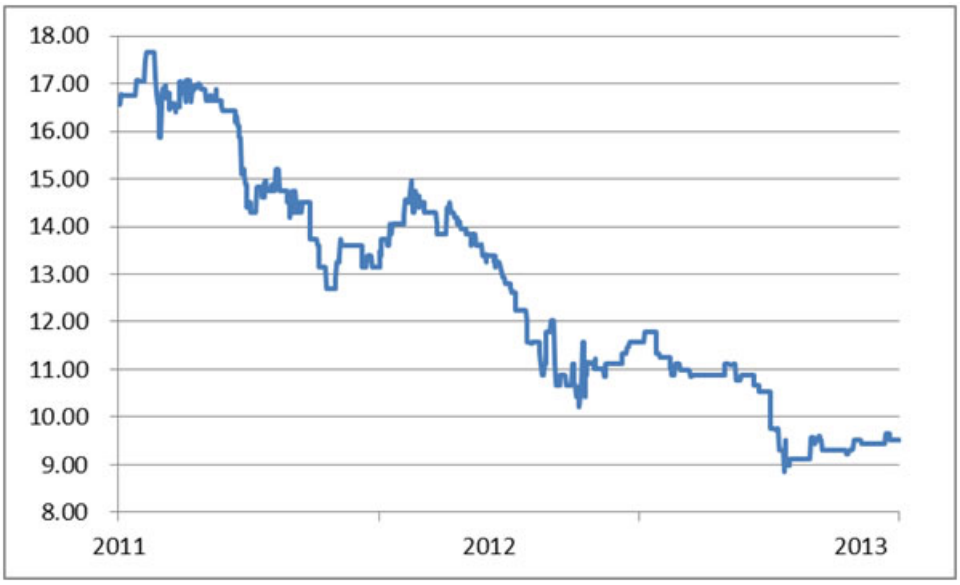


In the fourth quarter copper prices were relatively flat, ending the three-month period 2% higher at US$3.34. It was the second straight quarter of average pricing increases. A key factor in the copper price is LME copper inventories. These inventories have been in decline since the middle of the year and this trend continued in the fourth quarter. Global LME inventories declined a further 31% in the quarter alone, down to 366,000 tonnes, which represents about six days of global copper demand. Rapid inventory declines are not unusual but typically have a positive effect on copper pricing, unlike in today's circumstance where pricing is trending sideways.

One factor that may be contributing to the flat pricing environment is an anticipated small copper supply/demand surplus in 2014 and 2015. While there are concerns that production from new copper mines could put the market into a surplus, if historical operating reliability factors are used and recent demand strength continues, the market could quite easily fall back into a deficit position.

Molybdenum prices

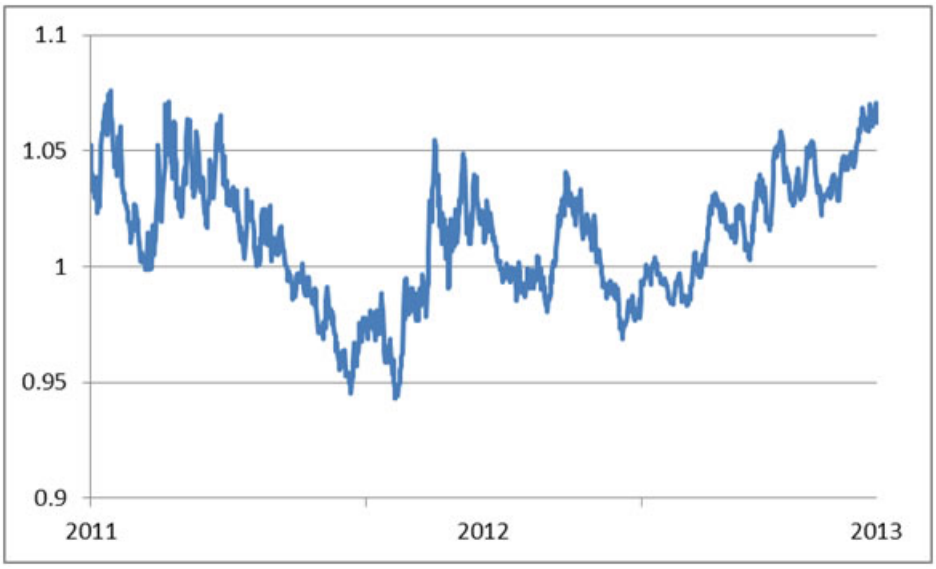
Figure 2: Average monthly molybdenum oxide prices (USD per pound) (Source: Bloomberg)



Molybdenum provides a significant by-product credit in our net operating cash costs of production.

Foreign exchange rates

Figure 3: Average monthly USD exchange rates (CAD/USD) (Source: Bloomberg)



Since early 2013 the Canadian dollar has been on a weakening trend, which has continued into early 2014. This trend has yielded positive results for our operations which are affected by the Canadian dollar/US dollar exchange rate. Our product sales are denominated in US dollars while the majority of our operating expenses are denominated in Canadian dollars.

Fluctuations in the Canadian dollar/US dollar exchange rate can have a significant effect on operating results and an effect on the net operating costs of production in US$ per pound.

FINANCIAL PERFORMANCE

Earnings

Earnings from mining operations decreased to $42.9 million in 2013 from $60.3 million in 2012, primarily due to lower copper prices and increased depreciation expense. Copper sales volumes increased to 85.3 million pounds in 2013 from 67.1 million pounds in 2012, a 27% increase as a result of increased production from the Gibraltar Mine expansion which ramped up during 2013. However, the increased volumes were partially offset by lower realized copper prices which declined to $3.27 per pound in 2013 from $3.61 per pound in 2012. Earnings from mining operations in 2013 were also impacted by a $13 million increase in depletion and amortization expense due to the commissioning of concentrator #2 and the increased production.

For the 2013 financial year the Company realized a net loss of $34.8 million ($0.18 per share), compared to a net loss of $9.1 million ($0.05 per share) in 2012. 2013 was a ramp up year for the Company with the completion of its 75% owned Gibraltar mine expansion and progressing the New Prosperity project through environmental assessment. The net loss in 2013 was impacted by the reduction in earnings from mining operations, and a $14 million write-down of marketable securities, a $12 million unrealized foreign exchange loss on the Company's US dollar denominated debt, and increased finance expenses.

Included in net earnings are a number of items that management believes require adjustment in order to better measure the underlying performance of the business. These items are in the table below:

(Cdn$ in thousands)	2013	Year ended December 31, 2012	Change
Net (loss) earnings	(34,839)	(9,139)	(25,700)
Unrealized loss (gain) on derivatives	(6,159)	24,801	(30,960)
Unrealized foreign exchange (gain) loss	12,082	643	11,439
Gain on sale of marketable securities and dividend income	-	(1,418)	1,418
Write down of marketable securities	13,984	-	13,984
Unrealized (income) loss on dual currency deposits	-	(239)	239
Non-recurring adjustment to interest on royalty obligation	4,918	-	4,918
Non-recurring other expenses (income)	(430)	-	(430)
Estimated tax effect of adjustments	(3,583)	(5,948)	2,365
Adjusted net earnings (loss) *	(14,027)	8,700	(22,727)

*Non-GAAP performance measure. See page 33 on this MD&A

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

During the year the Company reviewed the value of its investments for objective evidence of impairment based on both quantitative and qualitative criteria. Accordingly, the Company has recorded a write down of $13,984 (2012 – nil) on its marketable securities.

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

The adjustment to interest on royalty obligation relates to a change in the calculation of non-cash accretion expense.

It should also be noted that 2012 comparative figures have been adjusted to reflect a change in International Financial Reporting Standards ("IFRS") regarding stripping costs in the production operations of a surface mine. Refer to the cost of sales discussion below for more information.

Revenues

(Cdn$ in thousands)	2013	Year ended December 31, 2012	Change
Copper in concentrate	277,091	232,604	44,487
Copper cathode	33	5,444	(5,411)
Total copper sales	277,124	238,048	39,076
Molybdenum concentrate	9,550	12,228	(2,678)
Silver contained in copper concentrate	3,382	3,331	51
	290,056	253,607	36,449
(thousands of pounds, unless otherwise noted)			
Copper in concentrate *	82,194	64,486	17,708
Copper cathode	-	1,540	(1,540)
Total copper sales	82,194	66,026	16,168
Average realized copper price (US$ per pound)	3.27	3.61	(0.34)
Average LME copper price (US$ per pound)	3.32	3.61	(0.29)

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

Copper revenues for 2013 increased by $39.1 million, or 16%, over the prior-year period, due to a 24% increase in copper sales volumes offset by a 9% decrease in average realized copper prices. Average realized copper price was US$3.27 per pound for 2013, which was 9% less than the $3.61 in 2012.

Molybdenum revenues for 2013 totaled $9.6 million, a decrease of 22% over the $12.2 million for 2012. The decrease in revenues was due to a combined effect of both a 5% decrease in sales volumes and the weakening molybdenum oxide prices, down 15% from the monthly average price of US$11.44 per pound, a year ago.

Cost of sales

(Cdn$ in thousands)	2013	Year ended December 31, 2012 (Restated note 27)	Change
Direct mining and processing costs	190,276	147,611	42,665
Treatment and refining costs	17,291	12,628	4,663
Transportation costs	18,029	14,006	4,298
Changes in inventories of finished goods and WIP	(12,540)	(1,978)	(10,837)
Production costs	213,056	172,267	40,789
Depletion and amortization	34,067	21,026	13,041
Cost of sales	247,123	193,293	53,830

Contributing to the year-over-year increase in cost of sales for 2013 was a 35% increase in tons mined. For the 2013 financial year, direct mining and processing costs increased by 29% over 2012 as a result of the 35% increase in copper production.

Depletion and amortization expenses have increased year-over-year, reflecting the commissioning of concentrator #2 and the relating increased production levels.

Although absolute costs have increased as a result of the higher production levels at Gibraltar, direct mining costs per pound are down by 4% compared to 2012.

It should also be noted that 2012 comparative figures have been adjusted to reflect a change in International Financial Reporting Standards ("IFRS") regarding stripping costs in the production plans of a surface mine. Prior to the change, there was no IFRS standard on this matter and we followed the standard that existed under prior Canadian GAAP, which limited capitalization of such costs. The change should improve conformity and comparability between mining companies subject to IFRS and place us on the same footing as our international peers.

Figures for 2012 have been restated so that all figures are presented on a comparable basis. This new standard results in a decrease in production costs and an increase in depletion and amortization expense. The effect of the new standard for 2012 and 2013 is set out in the table below:

(Cdn$ in thousands)	Year ended December 31, 2013	
	2013	**2012**
Additional amounts capitalized	17,721	10,908
Additional depletion and amortization	(3,123)	(801)
Inventory change	(334)	(106)
Decrease in cost of sales	14,264	10,001
Tax effect	(4,992)	(3,475)
Increase in net income	9,272	6,526

Other expenses (income)

(Cdn$ in thousands)	**2013**	**Year ended December 31, 2012**	**Change**
General and administrative	16,236	19,084	(2,848)
Exploration and evaluation	10,294	17,807	(7,513)
Other operating expenses (income):			
Realized loss on copper derivative instruments	10,530	5,010	5,520
Unrealized (gain) loss on copper derivative instruments	(6,159)	24,801	(30,960)
Other expense (income)	(1,491)	(653)	(838)
	2,880	29,158	(26,278)

The $2.8 -million decrease in general and administrative expenses during the year 2013 is primarily due to a decrease in share-based compensation costs, over 2012.

Decreased exploration and evaluation expenses period over period is primarily due to our New Prosperity and Aley projects entering into less cash intensive activities. The New Prosperity project was progressing through the environmental assessment and federal panel process during 2013. The Aley Niobium project focused on interpreting the 2012 drilling program results and moving toward publishing a 43-101 compliant reserve statement.

The $6.2 million unrealized gain is a result of $2.6 million in unrealized losses due to changes in the fair value of the put options for the 2014 production and $8.7 million in unrealized gains on the 2013 contracts. During 2013, the Company purchased put options for 32.9 million pounds of 2014 copper production. The puts were purchased at premiums ranging between US$0.14 per pound and US$0.09 per pound.

Marketable securities

During the year ended December 31, 2013, the Company reviewed the value of its marketable securities and subscription receipts for objective evidence of impairment based on both quantitative and qualitative criteria and determined that a write down was required for all but one investment. The write down reflected the decline in market value of these investments which is representative of the recent decline in equity market valuations for junior mining companies. Accordingly, the Company recorded a write down of marketable securities of $14 million (2012 – nil). Subsequent to this write down the investment in a private company's subscription receipts was reviewed and valued based upon a recent third party transaction and as a result was written up through other comprehensive income in the third quarter of 2013 by an amount of $6.2 million (2012 – nil).

Finance income & expenses

Finance expenses for the year ended December 31, 2013, increased by $11.1 million, compared to 2012. This is due to an increase in interest expense on new capital leases and secured equipment loans. In addition, the Company has ceased capitalizing interest on the construction of concentrator #2, due to its commissioning during the first quarter.

Finance income is primarily comprised of income earned on the promissory note and reclamation deposits, gains and losses on the dual currency deposits, as well as gains on the sale of marketable securities. For 2013, finance income is lower compared to the prior-year, mostly due to the lower levels of cash invested in the dual currency deposits. In addition for 2012, a $1.4 million gain was recognized on the sale of marketable securities.

Income tax

(Cdn$ in thousands)	**2013**	**Year ended December 31, 2012**	**Change**
Current expense (recovery)	(16,704)	1,153	(17,857)
Deferred expense (recovery)	19,363	(569)	19,932
	2,659	584	2,075
Effective tax rate	(8.30%)	(6.80%)	
Canadian statutory rate	25.8%	25.0%	
BC Mineral tax rate	9.6%	9.8%	

The Company recognized an overall income tax expense in 2013 of $2.7 million (2012 - $0.5 million). The current tax recovery in 2013 is mainly due to the company's ability to carry back a non-capital loss generated in 2013 back to the 2010 taxation year, when the company was taxable and paid cash taxes. Approximately $17.9 million (2012 – nil) of the Current tax receivable represents the tax benefit of the 2013 non-capital loss to be carried back to 2010.

The Company recognized a deferred tax expense of $19.3 million in 2013 (2012 – $0.6 million recovery) to reflect the reversal of temporary differences associated with Property, plant and equipment and the Reclamation obligation which had the overall effect of increasing the Deferred income tax liability to $97.3 million (2012 - $76.5 million)

The effective tax rate for 2013 was lower than the statutory rate of 35.37% . Permanent differences related to non-deductible share-based compensation, unrealized losses on marketable securities and unrealized foreign exchange on debt combined with items that are not deductible for BC Mineral tax purposes had the effect of reducing the effective tax rate by 32.1% . In addition, the company did not recognize certain temporary tax assets which reduced the effective rate by a further 9.0% . Changes in the statutory tax rate and other items further reduced the difference by 2.6%, which was the result of the provincial corporate tax rate increase from 10% to 11% announced on April 1, 2013.

The effective tax rate for 2012 was lower than the statutory rate primarily due to permanent differences related to stock based compensation and unrealized foreign exchange on debt along with items that are not deductible for BC Mineral tax purposes. Unrecognized tax benefits and the change in corporate tax rates accounted for the remainder of the difference.

RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

During the preparation of the current year financial statements, the Company determined that the effective interest rate associated with the Company's royalty obligation (see note 17(a) of the Company's consolidated financial statements) had been calculated incorrectly at inception and the accretion included in finance expense for the period from inception in 2004 through 2013 was incorrect. The Company has determined the cumulative impact of the difference in accretion at the revised rate of 6.21% compared to the original calculated rate of 2.20% . This correction has resulted in an increase to the royalty obligation of $22.7 million and an increase in deferred tax liabilities of $1.5 million as at January 1, 2012 and December 31, 2012 with an offsetting adjustment to retained earnings of $24.2 million. The impact on the comparative statement of comprehensive income (loss) for the year ended December 31, 2012 was not material.

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	As at December 31, 2013	2012*	Change
Cash and equivalents	82,865	134,995	(52,130)
Other current assets	146,073	93,713	52,360
Non-current assets	678,580	647,542	31,038
Other assets	62,710	120,198	(57,488)
Total assets	**970,228**	**996,448**	**(26,220)**
Current liabilities	116,909	75,213	41,696
Long-term debt	259,515	234,793	24,722
Other liabilities	167,588	240,861	(73,273)
Total liabilities	**544,012**	**550,867**	**(6,855)**
Equity	**426,216**	**445,581**	**(19,365)**
Working capital	112,029	153,495	(41,466)
Net debt	199,275	117,865	81,410
Total common shares outstanding (millions)	193.4	190.9	2.5

* Certain 2012 figures have been restated, see notes 2 and 27 of the Company's consolidated financial statements

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

Total liabilities decreased slightly from $550.8 million at December 31, 2012 to $544.0 million as at December 31, 2013. Current liabilities increased by $41.7 million, due to the movement of $47.1 million in royalty obligations from long-term to current, offset by a $16.1 million decrease in current payables. Long-term liabilities, excluding the royalty obligation increased by $8.9 million; $24.7 million increase in long-term debt (including the impact of translation), a $20.8 million increase in deferred tax liabilities, offset by a $36.8 -million decrease in the provision for the environmental rehabilitation (PER).

The PER valuation was adjusted during 2013 for changes in estimated cash flows required to discharge the liability, along with a change in the discount rates. The Bank of Canada long-term benchmark bond rate used as a proxy for long-term discount rates increased to 3.2% at December 31, 2013 compared to 2.4% at December 31, 2012. Given the long timeframe over which environmental rehabilitation expenditures are expected to be incurred (over 100 years), the amounts of the provision and asset are very sensitive to changes in discount rates.

As at February 18, 2014, there were 193,731,955 common shares outstanding. In addition, there were 9,745,500 director and employee stock options. More information on these instruments and the terms of their exercise is set out in note 21 of the Financial Statements.

Liquidity, cash flow and capital resources

At December 31, 2013, the Company had cash and equivalents of $82.9 million, as compared to $135.0 million at December 31, 2012. The decrease has primarily been driven by the investment in mine infrastructure and associated equipment in connection with the Gibraltar mine expansion. We maintained our strategy of retaining significant liquidity to fund operations and to reflect the capital intensive nature of the business.

Operating cash flow for 2013 was an inflow of $67.6 million compared to an inflow of $68.2 million for the prior-year. The similar operating cash flow is a product of higher copper sales by volume with a lower per unit cost of production offset by a lower realized sale price.

Cash used in investing activities for 2013 was $93.9 million, of which $98.5 million was invested in property, plant and equipment, $9.5 million in long-term prepaid for electrical infrastructure and $7.6 million in financial assets, offset by $20.1 million in proceeds on the redemption of highly-liquid money market instruments. Cash used in investing activities for 2012 was $169.9 million principally due to the purchase of plant, property and equipment for the GDP3 expansion for $192.9 million and investments in financial assets for $27.8 million, offset by the sales of financial assets of $54.4 million. Investment in financial assets included marketable securities and copper put options.

Cash used for financing activities for 2013 was $28.5 million, primarily due to combined debt repayment and interest charges of $42.7 million, offset by $11.3 million in debt issuance and $2.8 million in proceeds on the issuance of common shares. Cash used for financing activities for 2012 was $36.1 million. Included in 2012 is the repurchase of common shares for $20.9 million and a combined $32.3 million for debt repayment and interest charges, offset by $15.5 million in debt issuance and $1.6 million in proceeds from share issuance.

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

Hedging strategy

The hedging program was implemented in 2009 as copper prices were recovering from the commodity pricing collapse that occurred in late 2008 and early 2009. Since that time, the Company's strategy has been to hedge a portion of copper production using put options that are either purchased outright or funded by the sale of call options that are significantly out of the money. The amount and duration of the hedge position is based on an assessment of business-specific risk elements combined with the copper pricing outlook. Copper price and quantity exposure are reviewed at least quarterly to ensure that adequate revenue protection is in place. Hedge positions are typically extended adding incremental quarters at established put strike prices to provide the necessary price protection.

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

	Notional amount	Strike price	Term to maturity	Original cost
At February 18, 2014				
Commodity contracts				
Copper put option	12.0 million lbs	US$3.00	Q1 2014	$1.6 million
Copper put option	13.6 million lbs	US$3.00	Q2 2014	$1.5 million
Copper put option	14.6 million lbs	US$3.00	Q3 2014	$1.2 million

The Company spent $1.5 million and $3.2 million to purchase Copper put options in the three and twelve month periods ended December 31, 2013 respectively. Subsequent to year-end, the Company spent $1.2 million to acquire additional put options at $3.00/lb. for the third quarter of 2014.

Commitments and contingencies

The Company expects to incur capital expenditures during the next five years for both the Gibraltar mine and other projects. The other projects are at various stages of development, from preliminary exploration through to permitting. The ultimate decision to incur capital expenditures at each potential site is subject to positive results which allow the project to advance past key decision hurdles.

At December 31, 2013, capital commitments in respect of the Gibraltar mine totaled $2.9 million on a 100% basis. The Company's share of these commitments was $2.2 million at year end.

In April 2011, the Company completed a public offering of US$200 million in senior notes due in 2019, bearing interest at an annual rate of 7.75% . The notes are guaranteed by the Company's subsidiaries and the subsidiary guarantees are, in turn, guaranteed by the Company. The Company may redeem some or all of the notes at any time on or after April 15, 2015 at redemption prices ranging from 103.875% to 100% plus accrued interest. Prior to April 15, 2015, the notes may be redeemed at 100% plus a make-whole premium, plus accrued interest. In addition, until April 15, 2014, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.75%, plus accrued interest. The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

	Payments due						
($ in thousands)	2014	2015	2016	2017	2018	thereafter	Total
Debt *:							
Repayment of principal	22,625	19,254	16,925	12,635	2,352	212,720	286,511
Interest	19,860	18,724	17,734	16,922	16,522	4,808	94,570
PER **	-	-	-	-	-	69,673	69,673
Operating leases	2,271	466	322	267	267	667	4,260
Capital expenditures ***	2,192	-	-	-	-	-	2,192
Marketable security investment	5,000	-	-	-	-	-	5,000
Other expenditures ****	63,854	-	-	-	-	-	63,854

* Debt is comprised of senior notes, capital leases and secured equipment loans.

** Provision for environmental rehabilitation – Amounts presented in the table represents the expected cost of environmental rehabilitation without considering the effect of discount or inflation rates.

*** Purchase obligations for capital commitments include only those items where binding commitments have been entered into.

**** Other expenditure commitments include the purchase of goods and services, royalty obligations and exploration activities. Actual timing of payment for royalty obligations may differ. Amounts estimated based on expected future production levels.

SELECTED ANNUAL INFORMATION

(Cdn$ in thousands, except per share amounts)	2013	2012	2011
Revenues	290,056	253,607	251,866
Net (loss) earnings	(34,839)	(9,139)	26,974
Per share – basic	(0.18)	(0.05)	0.14
Per share – diluted	(0.18)	(0.05)	0.14

	As at December 31,		
	2013	2012*	2011
Total assets	970,228	996,448	994,732
Total long-term financial liabilities	260,080	292,655	264,482

* Certain 2012 figures have been restated, see notes 2 and 27 of the Company's consolidated financial statements

FOURTH QUARTER RESULTS

Consolidated Statements of Comprehensive Income (Cdn$ in thousands, except per share amounts)	**Three months ended December 31,** **2013**	**2012***
Revenues	94,916	62,878
Cost of sales		
Production costs	(69,947)	(48,350)
Depletion and amortization	(9,684)	(7,141)
Earnings from mining operations	15,285	7,387
General and administrative	(3,886)	(5,981)
Exploration and evaluation	(2,594)	(1,837)
Other expenses	(1,546)	(4,040)
Write down of marketable securities	(5)	-
	7,254	(4,471)
Finance expenses	(11,404)	(2,730)
Finance income	1,134	2,009
Foreign exchange gain (loss)	(5,621)	(1,136)
Loss before income taxes	(8,637)	(6,328)
Income tax recovery (expense)	(1,119)	814
Net income (loss) for the period	**(9,756)**	**(5,514)**
Other comprehensive income (loss):		
Unrealized losses on available-for-sale financial assets, net of tax	(131)	(3,474)
Total other comprehensive income (loss) for the period	**(131)**	**(3,474)**
Total comprehensive income (loss) for the period	**(9,887)**	**(8,988)**
Earnings (loss) per share		
Basic	(0.05)	(0.03)
Diluted	(0.05)	(0.03)
Weighted-average shares outstanding (thousands)		
Basic	192,983	190,676
Diluted	192,983	190,676

*2012 numbers have been restated to reflect the adoption of a new accounting policy for capitalized stripping costs. See note 27 of our consolidated financial statements.

Consolidated Statements of Cash Flows (Cdn$ in thousands)	Three months ended December 31, 2013	 2012*
Operating activities		
Net loss for the period	(9,756)	(5,514)
Adjustments for:		
Depletion and amortization	9,770	7,298
Income tax expense (recovery)	1,119	(814)
Share-based compensation	466	1,636
Change in fair value of copper put options	1,584	3,951
Finance expenses (income)	10,270	7,478
Unrealized foreign exchange loss (gain)	6,382	2,035
Write down of marketable securities	5	-
Other operating activities	(72)	(6)
Net change in non-cash working capital	13,023	(3,065)
Cash provided by operating activities	32,791	12,999
Investing activities		
Purchase of property, plant and equipment	(13,040)	(73,691)
Investment in financial assets	(3,501)	(5,136)
Interest received	59	212
Proceeds from financial assets	-	57
Investment in long-term prepaids	-	(4,335)
Other investing activities	-	290
Cash used for investing activities	(16,482)	(82,603)
Financing activities		
Repayment of debt	(5,921)	(3,984)
Interest paid	(9,054)	(8,272)
Common shares issued for cash	632	390
Proceeds from debt issuance	-	15,491
Cash provided by (used for) financing activities	(14,343)	3,625
Effect of exchange rate changes on cash and equivalents	1,069	220
Increase (decrease) in cash and equivalents	3,035	(65,759)
Cash and equivalents, beginning of period	79,830	200,754
Cash and equivalents, end of period	**82,865**	**134,995**

*2012 numbers have been restated to reflect the adoption of a new accounting policy for capitalized stripping costs. See note 27 of our consolidated financial statements.

Earnings

Earnings from mining operations increased to $15.3 million in the fourth quarter of 2013 from $7.4 million in the fourth quarter of 2012, primarily due to increased copper sales by volume, partially offset by lower copper prices and increased depreciation expense. Copper sales volumes increased to $27.7 million pounds in 2013 from $17.2 million pounds in 2012, a 61% increase as a result of increased production from the Gibraltar Mine expansion which ramped up during 2013. However, the increased volumes were partially offset by lower realized copper prices which declined to $3.18 per pound in 2013 from $3.48 per pound in 2012. Earnings from mining operations* in 2013 were also impacted by a $2.5 million increase in depletion and amortization expense due to the commissioning of concentrator #2 and the increased production.

In the fourth quarter of 2013, the Company realized net loss of $9.7 million ($0.05 per share), compared to a net loss of $5.5 million ($0.03 per share) in the fourth quarter of 2012.

Included in net loss are a number of items that management believes require adjustment in order to better measure the underlying performance of the business. These items are in the table below:

	Three months ended December 31,		
(Cdn$ in thousands)	**2013**	**2012**	**Change**
Net loss	(9,756)	(5,514)	(4,242)
Unrealized loss (gain) on derivatives	(607)	2,319	(2,926)
Unrealized foreign exchange (gain) loss	6,449	1,929	4,520
Gain on sale of marketable securities	-	(541)	541
Write down of marketable securities	5	-	5
Unrealized (income) loss on dual currency deposits	-	72	(72)
Non-recurring adjustment to interest on royalty obligation	4,918	-	4,918
Estimated tax effect of adjustments	(175)	(945)	770
Adjusted net earnings (loss) *	834	(2,680)	3,514

*Non-GAAP performance measure. See page 33 on this MD&A

Revenues

(Cdn$ in thousands)	Three months ended December 31, 2013	2012	Change
Copper in concentrate	90,151	59,013	31,138
Copper cathode	-	1,176	(1,176)
Total copper sales	90,151	60,189	29,962
Molybdenum concentrate	3,819	1,756	2,063
Silver contained in copper concentrate	946	933	13
	94,916	62,878	32,038
(thousands of pounds, unless otherwise noted)			
Copper in concentrate *	27,041	17,089	9,952
Copper cathode	-	337	(337)
Total copper sales	27,041	17,426	9,615
Average realized copper price (US$ per pound)	3.18	3.48	(0.30)
Molybdenum concentrate	374	161	213

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

Revenues for the fourth quarter 2013 increased by $31.0 million, or 51%, compared to revenues in the prior-year period as a result of a higher volume of copper sales. The Company's average realized copper price of US$3.18 per pound for the fourth quarter 2013 was 9% lower than the $3.48 per pound in 2012.

Molybdenum revenues totaled $3.8 million in fourth quarter 2013 which is 117% higher than the prior-year quarter due to a 132% increase in sales volumes compared to the prior year quarter.

Cost of sales

(Cdn$ in thousands)	Three months ended December 31, 2013	2012 (Restated note) 27	Change
Direct mining costs	49,413	39,219	10,194
Treatment and refining costs	6,120	3,098	3,022
Transportation costs	5,512	3,516	2,271
Changes in inventories of finished goods and WIP	8,902	2,517	6,110
Production costs	69,947	48,350	21,597
Depletion and amortization	9,684	7,141	2,543
Cost of sales	79,631	55,491	24,140

The 44% increase in cost of sales reflects the 55% increase in copper sales volumes in fourth quarter 2013 compared to the prior-year quarter. Contributing to the year-over-year increase in direct mining and processing costs for the fourth quarter was a 20% increase in tons mined. In addition, direct mining and processing costs for the fourth quarter 2013 compared to the prior-year quarter were negatively impacted by higher labour, maintenance and external services. Although absolute costs have increased as a result of the higher production levels at Gibraltar, direct mining costs per pound are down by 20% compared to the fourth quarter of 2012.

Depreciation expenses during the fourth quarter have increased year-over-year, reflecting an increase in assets placed into service. Treatment and refining costs and transportation costs have slightly increased, consistent with the increase in pounds sold.

It should also be noted that 2012 comparative figures have been adjusted to reflect a change in International Financial Reporting Standards ("IFRS") regarding stripping costs in the production plans of a surface mine. This new standard results in a decrease in production costs and an increase in depletion and amortization expense. The effect of the new standard for 2012 and 2013 is set out in the table below:

	Three months ended	
(Cdn$ in thousands)	December 31, 2013	December 31, 2012
Additional amounts capitalized	8,372	2,172
Additional depletion and amortization	(883)	(364)
Inventory change	(334)	(211)
Decrease in cost of sales	7,155	1,597
Tax effect	(2,504)	(558)
Increase in net income	4,651	1,039

Other expenses (income)

(Cdn$ in thousands)	Three months ended December 31, 2013	2012	Change
General and administrative	3,886	5,981	(2,095)
Exploration and evaluation	2,594	1,837	757
Other operating expenses (income):			
Realized (gain) loss on copper derivative instruments	2,191	1,632	559
Unrealized (gain) loss on copper derivative instruments	(607)	2,319	(2,926)
Other expenses (income)	(38)	89	(127)
	1,546	4,040	(2,494)

The decrease in general and administrative expenses during the fourth quarter 2013 is primarily due to the lower share-based compensation expenses, consulting and regulatory fees for the quarter over the prior year period.

Exploration and evaluation expenses during fourth quarter 2013 were attributable to work performed at the Aley project and the New Prosperity project. During fourth quarter 2013, $1.1 million was spent on Aley and $1.2 million was spent on the New Prosperity project compared to $1.2 million spent on Aley and $0.6 million spent on New Prosperity project in the fourth quarter of 2012.

The decrease in other operating expenses for the fourth quarter 2013, over the same quarter of 2012 is primarily attributable to gains and losses associated with the copper hedge program.

Finance income and expenses

Finance income is primarily comprised of income earned on the promissory note and reclamation deposits, gains and losses on the dual currency deposits, as well as gains on the sale of marketable securities. During the fourth quarter 2013, income from these items decreased compared to the prior-year period mostly due to the lower levels of cash invested in the dual currency deposits.

Finance expenses for the fourth quarter 2013 increased by $8.7 million over the fourth quarter of 2012. This is due to an increase in interest expense on new capital leases and secured equipment loans. In addition, the Company has ceased capitalizing interest on the construction of concentrator #2, due to its commissioning during the first quarter of 2013.

Income tax

(Cdn$ in thousands)	Three months ended December 31, 2013	2012	Change
Current expense (recovery)	(4,450)	(2,723)	(1,727)
Deferred expense	5,569	1,909	3,660
	1,119	(814)	1,933
Effective tax rate	(13.0%)	12.9%	
Canadian statutory rate	25.8%	25.0%	
BC mineral tax rate	9.6%	9.8%	

The income tax expense for fourth quarter 2013 primarily resulted from income being offset by non-deductible expenses including royalty accretion and foreign exchange devaluation.

Liquidity, cash flow and capital resources

The Company's primary source of liquidity is operating cash flow. In the fourth quarter of 2013, operating cash flow of $32.8 million compared to $13.0 million for the prior-year period.

Cash used in investing activities in the fourth quarter of 2013 amounting to $16.5 million was mainly due to capital expenditures, which include capitalized stripping of $8.4 million and purchase of financial assets of $3.5 million.

Cash used for financing activities was $14.3 million for the fourth quarter 2013 resulting from debt principal and interest payments of $15 million offset by proceeds from share issuance of $0.6 million.

SUMMARY OF QUARTERLY RESULTS

	2013				2012			
($ in thousands, except per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	94,916	66,799	68,191	60,150	62,878	60,999	74,377	55,353
Net earnings (loss)	(9,756)	120	(14,721)	(10,482)	(5,514)	(3,133)	5,761	(6,253)
Basic EPS	(0.05)	(0.00)	(0.08)	(0.05)	(0.03)	(0.02)	0.03	(0.03)
Adjusted net earnings (loss) *	834	(1,851)	(10,177)	(2,833)	(2,680)	2,453	5,867	3,060
Adjusted basic EPS *	(0.00)	(0.01)	(0.05)	(0.01)	(0.01)	0.01	0.03	0.02
EBITDA *	11,107	14,028	(2,884)	(2,230)	2,230	137	17,219	(1,085)
Adjusted EBITDA *	16,954	11,400	3,175	7,969	6,009	7,585	17,361	11,333
(US$ per pound, except where indicated)								
Realized copper price *	3.18	3.33	3.16	3.47	3.48	3.64	3.52	3.87
Total operating costs *	2.14	2.21	2.34	2.45	2.72	2.50	2.05	2.18
Copper sales (million pounds)	27.0	18.9	20.1	16.1	17.4	16.1	19.8	12.7

*Non-GAAP performance measure. See page 33 on this MD&A

Financial results for the last eight quarters reflect: volatile copper prices that impact realized sale prices; variability in the quarterly sales volumes due to timing of shipments which impacts revenue recognition; and a trend of increasing absolute production costs caused by increasing production.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in note 3.5 of the Financial Statements. The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

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

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

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

CHANGE IN ACCOUNTING POLICIES

Joint Arrangements

In May 2011, the IASB issued IFRS 11, Joint Arrangements, which provides guidance on accounting for joint arrangements. If an arrangement has joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities relating to the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method. Proportionate consolidation of joint ventures is no longer permitted.

This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company has completed its assessment of these amendments and concluded that the Company's interest in the Gibraltar joint arrangement should be classified as a joint operation. The Company arrived at this conclusion through assessing the Joint Venture Formation and Operating agreements in place.

Due to the terms of the Gibraltar Joint Venture Formation and Operating agreements, the Company includes in its financial information 75% of all assets, liabilities, revenues and expenses, including associated financial information, of the Joint Venture. There was no material impact on the Company's financial statements from the adoption of IFRS 11.

Production Stripping Costs

The IFRS Interpretations Committee issued IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (IFRIC 20), effective January 1, 2013.

Previously, the Company only capitalized stripping costs incurred in order to provide initial access to the ore body. IFRIC 20 now provides specific guidance on how to account for stripping costs during the production phase. It requires such costs to be capitalized where the recognition criteria set out in IFRIC 20 are met.

IFRIC 20 requires the Company to identify specific components of the ore body to which stripping costs will relate. A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity. It is considered that a mine may have several components, which are identified based on the mine plan. Stripping costs are then capitalized when stripping activities occur in excess of the average expected for the component. Stripping costs are capitalized within Mineral Properties and depreciated over the life of the respective component based on units of production.

Based on the Company's analysis, the identified components of the ore body are to be phases, pits or sub-pits depending on the ore body being analyzed. These components align with the mine and how the Company plans its mining activities. Under IFRIC 20, the Company recognizes stripping assets when the following three criteria are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

IFRIC 20 is to be applied prospectively to production stripping costs incurred on or after the beginning of the earliest period presented. The financial impacts of the Company's transition to IFRIC 20 can be found in note 27 of the Company's consolidated financial statements. The 2012 comparative information contained in these financial statements has been restated for the adoption of IFRIC 20.

Disclosures of interest in other entities

The Company adopted IFRS 12, Disclosures of Interests in Other Entities ("IFRS 12") on January 1, 2013. IFRS 12 outlines the disclosure requirements for interests in subsidiaries and other entities to enable users to evaluate the risks associated with interests in other entities and the effects of those interests on an entity's financial position, financial performance and cash flows.

The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption.

Fair value measurement

The Company adopted IFRS 13, Fair Value Measurement ("IFRS 13") with prospective application from January 1, 2013. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements for fair value measurements.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value. The adoption of IFRS 13 did not have an effect on the consolidated financial statements. IFRS 13 disclosures can be found in note 25 of the Company's consolidated financial statements.

Consolidated financial statements

The Company adopted IFRS 10, Consolidated Financial Statements ("IFRS 10") on January 1, 2013 with retrospective application. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in an entity's financial statements.

Based on the Company's analysis, IFRS 10 did not have an impact on the consolidated financial statements for the current period or prior periods presented as the adoption did not result in a change in the consolidation status of any of the Company's subsidiaries or investees.

Income statement presentation changes

The Company has separated depletion and amortization from other items comprising cost of sales in the statement of comprehensive income (loss) for the current and comparative periods presented.

FINANCIAL INSTRUMENTS

The Company uses a mixture of cash, long-term debt and shareholders' equity to maintain an efficient capital allocation and ensure adequate liquidity exists to meet the ongoing cash requirements of the business. In the normal course of business, the Company is inherently exposed to financial risks, including market risk, commodity price risk, interest rate risk, currency risk, liquidity risk and credit risk. The Company manages these risks in accordance with its risk management policies. To mitigate some of these inherent business risks, the Company uses commodity hedging derivative instruments that do not qualify for hedge accounting treatment. These non-hedge derivatives are summarized in note 25(f) to the consolidated financial statements. The financial risks and the Company's exposure to these risks, is provided in various tables in note 25 of the consolidated financial statements. For a discussion on the methods used to value financial instruments, as well as significant assumptions, refer also to notes 3 and 25 of the consolidated financial statements.

Summary of Financial Instruments	Carrying amount	Associated Risks
Financial assets		
Loans and receivables		
Cash and equivalents	82,865	Interest rate Credit
Accounts receivable	4,532	Credit Market
Promissory note	63,483	Interest rate
Available-for-sale		
Shares	4,951	Market
Subscription receipts	12,400	Market
Reclamation deposits	25,872	Market
Fair value through profit and loss (FVTPL)		
Copper put option contracts	1,295	Liquidity Market Credit
Financial liabilities		
Accounts payable and accrued liabilities	26,864	Currency Interest rate
Senior notes	208,349	Currency
Capital leases	46,812	Interest rate
Secured equipment loans	26,979	Currency Interest rate
Royalty obligation	63,854	Interest rate

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

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

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

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

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

As disclosed in Note 2 to the consolidated financial statements, the Company has restated the comparative financial statements to reflect the cumulative impact of an error in accretion rates applied to the Company's Red Mile royalty obligation since inception of the arrangement in 2004. The restatement was identified as a result of management reassessing the historical accounting for this complex transaction. Management has therefore reviewed other legacy transactions and reevaluated the respective accounting treatments and is satisfied that no other changes were required. There has been no other change in our internal control over financial reporting that occurred during the quarter ended December 31, 2013 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

The Company's management, at the direction of our chief executive officer and chief financial officer, have evaluated the effectiveness of the design and operation of the internal controls over financial reporting and disclosure controls and procedures as of the end of the period covered by this report, and have concluded that they were effective.

RELATED PARTY TRANSACTIONS

Key management personnel

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

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

Certain executive officers are entitled to termination and change in control benefits. In the event of termination without cause, other than a change in control, these executive officers are entitled to an amount ranging from 9-month to 12-month's salary. In the event of a change in control, if a termination without cause or a resignation occurs within 12 months following the change of control, these executive officers are entitled to receive, among other things, an amount ranging from 24-month to 32-months' salary and accrued bonus, and all stock options held by these individuals will fully vest.

Executive officers and directors also participate in the Company's share option program. During 2013, the Company incurred total compensation expenses of $8.6 million for its key management personnel compared to $9.2 million in 2012.

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

During the first quarter of 2013, the Company issued 133,333 DSUs to directors. The DSUs were valued at $3.18 per unit based upon the underlying share price at grant date and are fair valued based upon the market price every period end. The total number of deferred and restricted share units outstanding at December 31, 2013 was 133,333 units.

Other related parties

Hunter Dickinson Services Inc. ("HDSI") is a private company which has certain directors in common with the Company. HDSI carries out geological, engineering, corporate development, administrative, financial management, investor relations, and other management activities for the Company. The terms and conditions of the transactions are similar to transactions conducted on an arm's length basis. During 2013, the Company incurred general and administrative expenses of $2.5 million, and exploration and evaluation expenses of $1.1 million with HDSI. This compares to general and administrative expenses of $1.9 million, exploration and evaluation expenses of $0.5 million in 2012.

The Gibraltar joint venture pays a management fee to the Company for services rendered as operator of the Gibraltar mine. During the year 2013, the Company has earned $1.0 million of other operating income for these services rendered, which was comparable to fees earned in 2012.

During the year, the Company invested $2.4 million in subscription receipts of a private company with directors in common which holds mineral property interests. The subscription receipts will be convertible into units comprised of shares, or shares and warrants. During the year, the Company invested $2.0 million in Curis Resources Ltd, a public company with one director in common, which holds mineral property interests.

Subsequent to year end the Company completed an additional investment in Curis Resources Ltd for $5 million.

NON-GAAP PERFORMANCE MEASURES

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

Net operating costs of production

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

	Three months ended December 31,		**Year ended December 31,**	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2013**	**2012**	**2013**	**2012**
Cost of sales	*79,631*	*55,491*	*247,123*	*193,293*
Less Depletion and amortization	(9,684)	(7,141)	(34,067)	(21,026)
Net change in inventory	(8,902)	(2,517)	12,540	1,978
Operating costs of production	61,045	45,833	225,596	174,245
Less by-product credits:				
Molybdenum	(3,819)	(1,756)	(9,550)	(12,228)
Silver	(946)	(933)	(3,382)	(3,331)
Less offsite costs:				
Treatment and refining costs	(6,120)	(3,098)	(17,291)	(12,628)
Transportation costs	(5,512)	(3,516)	(18,029)	(14,006)
Net operating costs of production	44,648	36,530	177,344	132,052
Total copper produced (thousand pounds)	25,136	16,015	91,110	67,348
Total costs per pound produced	1.78	2.28	1.95	1.96
Average exchange rate for the period (CAD/USD)	1.0498	0.9914	1.0301	0.9994
Net operating costs of production (US$ per pound)	**1.70**	**2.30**	**1.89**	**1.96**
Net operating costs of production	44,648	36,530	177,344	132,052
Add offsite costs:				
Treatment and refining costs	6,120	3,098	17,291	12,628
Transportation costs	5,512	3,516	18,029	14,006
Total operating costs	*56,280*	*43,144*	*212,664*	*158,686*
Total operating costs (US$ per pound)	**2.14**	**2.72**	**2.27**	**2.36**

Adjusted net earnings

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

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

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

	Three months ended December 31,		Year ended December 31,	
($ in thousands, except per share amounts)	**2013**	**2012**	**2013**	**2012**
Net earnings (loss)	**(9,756)**	**(5,514)**	**(34,839)**	**(9,139)**
Unrealized loss (gain) on derivatives	(607)	2,319	(6,159)	24,801
Unrealized foreign exchange (gain) loss	6,449	1,929	12,082	643
Gain on sale of marketable securities	-	(541)	-	(1,418)
Write down in marketable securities	5	-	13,984	-
Unrealized (income) loss on dual currency deposits	-	72	-	(239)
Non-recurring adjustment to interest on royalty obligation	4,918	-	4,918	-
Non-recurring other expenses (income)	-	-	(430)	-
Estimated tax effect of adjustments	(175)	(945)	(3,583)	(5,948)
Adjusted net earnings (loss)	**834**	**(2,680)**	**(14,027)**	**8,700**
Adjusted EPS	**(0.00)**	**(0.01)**	**(0.07)**	**0.05**

EBITDA and adjusted EBITDA

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

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

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

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

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

	Three months ended December 31,		Year ended December 31,	
($ in thousands, except per share amounts)	**2013**	**2012**	**2013**	**2012**
Net earnings (loss)	**(9,756)**	**(5,514)**	**(34,839)**	**(9,139)**
Add:				
Depreciation	9,770	7,298	34,508	21,684
Interest expense	11,108	2,205	23,553	12,041
Interest income	(1,134)	(945)	(5,860)	(6,668)
Income tax expense (recovery)	1,119	(814)	2,659	584
EBITDA	**11,107**	**2,230**	**20,021**	**18,502**
Adjustments:				
Unrealized (gain)/loss on derivative instruments	(607)	2,319	(6,159)	24,801
Gain on sale of marketable securities	-	(541)	-	(1,418)
Foreign currency translation losses	6,449	1,929	12,082	643
Unrealized (income) loss on dual currency deposits	-	72	-	(238)
Write down in marketable securities	5	-	13,984	-
Non-recurring other expenses (income)	-	-	(430)	-
Adjusted EBITDA	**16,954**	**6,009**	**39,498**	**42,290**

Earnings from mining operations before depletion and amortization

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

(Cdn$ in thousands, except per share amounts)	Three months ended December 31, 2013	Three months ended December 31, 2012	Year ended December 31, 2013	Year ended December 31, 2012
Earnings from mining operations	**15,285**	**7,387**	**42,933**	**60,314**
Add:				
Depletion and amortization	9,684	7,141	34,067	21,026
Earnings from mining operations before depletion and amortization	**24,969**	**14,528**	**77,000**	**81,340**

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Taseko Mines Limited

We consent to the inclusion in this annual report on Form 40-F of:

- our Independent Auditors' Report of Registered Public Accounting Firm dated March 13, 2014 on the consolidated balance sheets of Taseko Mines Limited (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of comprehensive income (loss), changes in equity and cash flows for the years then ended; and
- our Report of Independent Registered Public Accounting Firm dated March 13, 2014 on the Company's internal control over financial reporting as of December 31, 2013

each of which is contained in this annual report on Form 40-F of the Company for the fiscal year ended December 31, 2013.

As discussed in Note 2 to the consolidated financial statements, Taseko Mines Limited has restated its December 31, 2012 balance sheet to correct a misstatement in its method of accounting for royalty obligations and included the presentation of the balance sheet as at January 1, 2012.

As discussed in Note 27 to the consolidated financial statements, Taseko Mines Limited changed its method of accounting for deferred stripping costs effective January 1, 2012 due to the adoption of IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*.

s\\ **KPMG LLP**

Chartered Accountants

March 13, 2014
Vancouver, Canada

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



Taseko Mines Limited
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Vancouver, BC V6E 4H1
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March 13, 2014

VIA EDGAR

United States Securities and Exchange Commission

Re: Taseko Mines Limited (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Form 40-F annual report for the year ended December 31, 2013 (the " **Annual Report**") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2013.

I hereby consent to the use of my name in connection with reference to my involvement in the preparation of the following technical reports (the "**Technical Reports**"):

- "Technical Report on the 344 million tonne increase in mineral reserves at the Prosperity Gold – Copper Project" dated December 17, 2009
- "Technical Report on the 357 Million Ton Increase in Mineral Reserves at the Gibraltar Mine" dated June 24, 2011

and to references to the Technical Reports, or portions thereof, in the Annual Report and to the inclusion and incorporation by reference of the information derived from the Technical Reports in the Annual Report.

Yours truly,

/s/ S. Jones
Scott Jones, P.Eng., Vice President, Engineering

Ronald G. Simpson, P.Geo.
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1975 Stephens Street
Vancouver, B.C. Canada, V6K 4M7
Telephone: 604 733-7970
Email: rgs@uniserve.com

March 13, 2014

VIA EDGAR

United States Securities and Exchange Commission

Re: Taseko Mines Limited (the "**Company**")
Annual Report on Form 40-F
Consent of Expert

This letter is provided in connection with the Company's Form 40-F annual report for the year ended December 31, 2013 (the " **Annual Report**") to be filed by the Company with the United States Securities and Exchange Commission (the "SEC"). The Annual Report incorporates by reference the Annual Information Form of the Company for the year ended December 31, 2013.

I hereby consent to the use of my name in connection with reference to my involvement in the preparation of the following technical report (the "**Technical Report**"):

- "Technical Report Aley Carbonatite Niobium Project" dated March 29, 2012

and to references to the Technical Report, or portions thereof, in the Annual Report and to the inclusion and incorporation by reference of the information derived from the Technical Reports in the Annual Report.

Yours truly,

/s/ Ronald G. Simpson
Ronald G. Simpson, P.Geo