Taseko Mines Limited
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TASEKO ANNOUNCES THIRD QUARTER 2014 RESULTS

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

October 29, 2014, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE MKT: TGB) ("Taseko" or the "Company") reports the results for the three months ended September 30, 2014.

Highlights

- Earnings from mining operations before depletion and amortization* were $7.1 million.
- Revenues for the third quarter 2014 were $93.7 million from the sale of 28.6 million pounds of copper (75%) and 531 thousand pounds of molybdenum (75%).
- Total production at Gibraltar (100%) for the third quarter was 35.4 million pounds of copper and 654 thousand pounds of molybdenum.
- Net operating costs of production* for the third quarter were US$2.35 per pound, impacted by lower copper production, increased mining costs and a major shovel overhaul. Total operating costs* for the third quarter, after by-product credit and including off-property costs, were US$2.75 per pound.
- During the quarter, Taseko announced proven and probable reserves of 84 million tonnes grading 0.50% Nb_2O5 for its wholly-owned Aley Niobium Project.
- In September, Taseko extended its copper hedging program by purchasing put options for 15 million pounds of copper in the first quarter of 2015 at a strike price of US$3.00 per pound.
- On September 8, 2014 the Company announced that it had signed a definitive agreement to acquire Curis Resources Ltd, which owns the Florence Copper Project in central Arizona. The transaction remains subject to Curis' shareholder approval, and is expected to close in November, 2014.

For the three months ended September 30, 2014, Taseko had earnings from mining operations before depletion and amortization* of $7.1 million and cash flow from operations of $22.4 million. This compares to earnings from mining operations (before depletion and amortization) of $26.7 million and cash flow from operations of $13.6 million for the three months ended June 30, 2014. The quarter-over-quarter decrease in earnings from mining operations is a result of lower copper sales volume and realized price, lower molybdenum prices and an increase in site operating costs. Taseko recorded a net loss of $20.9 million for the three months ended September 30, 2014, which compares to net earnings of $0.1 million in the third quarter of 2013.

Russell Hallbauer, President and CEO of Taseko commented, "As we previously disclosed, costs and operations in the third quarter were impacted by scheduled maintenance and pit wall instability in the main working area of the Granite Pit resulting in increased mining and contractor costs. In terms of operating costs, by mid-October we had completed all planned, major maintenance on our mining fleet. These maintenance costs, while infrequent in nature, directly impact our operating costs and therefore the quarterly profitability of the company. The Gibraltar mining fleet has now been redeployed to higher productivity upper benches, the mining contractor has been released and all major shovel maintenance has been completed. We expect to resume normal expenditure levels going forward."

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

Mr. Hallbauer continued, “Our engineering team at Gibraltar has been managing through a challenging time with the reduced shovel availability and then in the third quarter the instability of the Granite Pit high wall. The type of wall movement experienced in the Granite Pit is not uncommon and just something we need to manage. We now have a short-term plan in place that preserves a healthy operating margin, at today’s copper price, and will get the mine back on the long-range mine plan within the next 12 months. While these types of issues are unfortunate, they are a part of mining. It is how a company manages these issues that sets them apart from others.”

“With $93 million cash on hand at the end of the third quarter, our company remains financially strong. We will manage our cash resources in a conservative fashion during this period of uncertain commodity prices and unstable financial markets. Additionally, we have copper put options in place for more than half of our share of production for the fourth quarter, at US$2.75 per pound, and the first quarter of 2015, at US$3.00 per pound, ensuring a minimum revenue stream during this period. We will continue to look for opportunities to extend the hedges further into 2015.”

“In September, the British Columbia Environmental Assessment office issued a Section 10 Order, initiating the BC environmental assessment process for our Aley Niobium Project. In October, the Canadian Environmental Assessment Agency accepted Aley’s Project Description and initiated a 20-day public reporting period, which concludes October 30. Per CEAA 2012, The Province of British Columbia has requested substitution, whereby the BC process would be an appropriate substitute over a federal environmental assessment process. We expect the decision on substitution to be made in November.” concluded Mr. Hallbauer.

HIGHLIGHTS

Financial Data (Cdn$ in thousands, except for per share amounts)	**Three months ended September 30,**			**Nine months ended September 30,**		
	2014	**2013**	**Change**	**2014**	**2013**	**Change**
Revenues	93,714	66,799	26,915	306,017	195,140	110,877
Earnings from mining operations before depletion and amortization*	7,077	19,515	(12,438)	53,181	52,031	1,150
Earnings (loss) from mining operations	(5,855)	9,842	(15,697)	16,266	27,648	(11,382)
Net earnings (loss)	(20,937)	120	21,057	(27,457)	(25,083)	(2,374)
Per share - basic (“EPS”)	(0.11)	0.00	(0.11)	(0.14)	(0.13)	(0.01)
Adjusted net earnings (loss)*	(11,221)	(1,851)	(9,370)	(16,103)	(14,861)	(1,242)
Per share - basic (“adjusted EPS”) *	(0.06)	(0.01)	(0.05)	(0.08)	(0.08)	-
EBITDA *	(7,148)	15,173	(22,321)	25,046	12,678	12,368
Adjusted EBITDA *	2,385	12,545	(10,160)	36,196	26,308	9,888
Cash flows provided by (used for) operations	22,366	13,619	8,747	59,218	34,796	24,422

HIGHLIGHTS - CONTINUED

Operating Data (Gibraltar - 100% basis)	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Copper contained in concentrate and copper cathode					
Production (million pounds Cu)	35.4	38.5	34.5	33.5	36.7
Sales (million pounds Cu)	38.1	38.7	40.0	37.0	26.6
Inventory (million pounds Cu)	1.6	4.1	4.4	10.1	13.6
Per unit data (US$ per pound) *					
Operating costs of production*	$2.60	$2.11	$2.19	$1.88	$1.95
By-product credits	(0.25)	(0.35)	(0.21)	(0.18)	(0.04)
Net operating costs of production *	$2.35	$1.76	$1.98	$1.70	$1.91
Off-property costs	0.40	0.36	0.50	0.44	0.30
Total operating costs *	$2.75	$2.12	$2.48	$2.14	$2.21

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

- Third quarter earnings from mining operations before depletion and amortization were $7.1 million;
- Third quarter copper production at Gibraltar was 35.4 million pounds (100% basis), a 9% decrease over the second quarter of 2014, primarily due to lower head grade. Copper head grade in the third quarter was 0.267%, which is well below the Granite pit average grade;
- During the third quarter of 2014 the Granite pit encountered minor high wall stability issues. This impacted mining operations through a change to the planned mine sequence. Mining operations were temporarily shifted to ore faces with lower grade ore;
- Net operating costs of production increased to US$2.35 per pound produced from US$1.76 per pound produced in the prior quarter, primarily driven by lower copper head grades and shovel maintenance costs, and contract waste stripping expenditures;
- The Company generated cash flows from operations of $22.4 million in the third quarter of 2014;
- The Company ended the third quarter of 2014 with a cash balance of $93 million;
- On September 8, 2014 the Company announced that it had signed a definitive agreement to acquire Curis Resources Ltd, which owns the Florence Copper Project in central Arizona. The transaction remains subject to Curis' shareholder approval, and is expected to close in November, 2014; and
- On September 15, 2014 the Company announced proven and probable reserves of 84 million tonnes grading 0.50% Nb_2O_5 for its 100%-owned Aley Niobium Project.

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

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

Operating Data (100% basis)	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**
Tons mined (millions)	32.5	30.2	25.9	21.5	22.6
Tons milled (millions)	7.8	7.7	7.0	7.6	6.8
Strip ratio	3.0	3.1	2.8	3.9	2.6
Copper concentrate					
Grade (%)	0.267	0.285	0.290	0.270	0.315
Recovery (%)	83.3	85.3	84.6	81.7	85.9
Production (million pounds Cu)	34.5	37.6	34.5	33.5	36.7
Sales (million pounds Cu)	37.1	38.1	40.0	37.0	26.6
Inventory (million pounds Cu)	1.4	3.9	4.4	10.1	13.6
Copper cathode					
Production (million pounds)	0.9	0.9	-	-	-
Sales (million pounds)	1.0	0.6	-	-	-
Molybdenum concentrate					
Grade (%)	0.011	0.011	0.009	0.010	0.012
Recovery (%)	38.0	41.4	42.5	34.8	17.5
Production (thousand pounds Mo)	654	667	566	480	284
Sales (thousand pounds Mo)	708	731	589	499	110
Per unit data (US$ per pound) *					
Operating costs of production*	$2.60	$2.11	$2.19	$1.88	$1.95
By-product credits *	(0.25)	(0.35)	(0.21)	(0.18)	(0.04)
Net operating costs of production *	$2.35	$1.76	$1.98	$1.70	$1.91
Off-property costs	0.40	0.36	0.50	0.44	0.30
Total operating costs *	$2.75	$2.12	$2.48	$2.14	$2.21

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

Gibraltar concentrators operated at their combined design capacity of 85,000 tons per day in the third quarter of 2014. Total mill throughput for the second quarter was 7.8 million tons, an increase of 14% over tons milled in the third quarter 2013. Total copper production for the quarter was 35.4 million pounds, a 9% decrease from the third quarter of 2013, and 8% decrease from the second quarter of 2014.

Third quarter copper production was impacted by a high wall stability issue in the Granite pit which affected the quarterly development sequence and resulted in lower than forecasted head grades. Although the pit high wall movement was relatively minor, in order to ensure the safety and integrity of mine operations the fleet was redeployed to an alternative mine sequence. This resulted in the deferral of the planned 2014 high grade ore which was replaced by lower grade ore. The lower head grades also negatively impacted copper recoveries in the third quarter.

REVIEW OF OPERATIONS - CONTINUED

A total of 32.5 million tons were mined in the third quarter, a 43% increase over the third quarter of 2013 and an 8% increase over the second quarter of 2014. This mining rate was achieved despite major maintenance on a shovel, for a period of two weeks, representing 25% of the Gibraltar shovel capacity.

The Company is currently reviewing alternative mine plans for 2015 to address the lower than budgeted waste stripping in 2014, due to shovel availability issues in the first half of this year, and the delayed ore release resulting from the pit wall movement.

Molybdenum production for the third quarter of 2014 was 654,000 pounds, a 230% increase over the third quarter of 2013. Molybdenum recoveries were 38.0% for the third quarter and management continues to focus on improving molybdenum recoveries to achieve the design recovery of 50%.

In the third quarter of 2014, net operating costs per pound of copper produced were US$2.35, a 34% increase over the US$1.76 per pound in the previous quarter. This increase was primarily driven by the changes to the mine sequence as a result of the high wall stability issue in the Granite pit which resulted in lower copper grade mined in the quarter. Lower head grades and copper production volumes will negatively impact unit costs as the majority of operating costs are fixed. The revised mine sequence also resulted in longer ore hauls and increased haulage costs, and higher cost contractor equipment was utilized to maintain mine production. A planned $5.1 million shovel overhaul expenditure and contract waste mining also impacted operating costs in the third quarter. By-product credits were lower compared to the previous quarter due to the decline in the molybdenum price.

The Gibraltar mining fleet has now been redeployed to higher productivity upper benches, the mining contractor has been released and all major shovel maintenance had been completed by mid-October. The Company expects to resume normal expenditure levels going forward.

Off property costs, including transportation, treatment and refining charges, for the third quarter of 2014 were $0.40 per pound produced, compared to $0.30 per pound produced in the third quarter of 2013. Off property costs are driven by sales volumes, and therefore off property costs per pound produced fluctuates based on differences between production and sales volumes.

The total operating costs, including off-property costs, for the third quarter of 2014 were $2.75 per pound produced, a 24% increase over the same quarter last year.

Taseko will host a conference call on Thursday, October 30, 2014 at 11:00 a.m. Eastern Time (8:00 a.m. Pacific) to discuss these results. The conference call may be accessed by dialing (877) 303-9079 in Canada and the United States, or (970) 315-0461 internationally. Accompanying presentation slides will be available to download at tasekomines.com. Alternatively, the live webcast can be accessed at tasekomines.com.

The conference call will be archived for later playback until November 6, 2014 and accessed by dialing (855) 859-2056 in Canada and the United States, or (404) 537-3406 internationally and using the passcode 94034294.

For further information on Taseko, please see the Company's website www.tasekomines.com or contact:

Brian Bergot, Vice President, Investor Relations - 778-373-4533 or toll free 1-877-441-4533

Russell Hallbauer
President and CEO

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 by-product 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 the sum of net operating costs of production and offsite costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

Adjusted net earnings

	Three Months ended September 30,		**Nine Months ended September 30,**	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2014**	**2013**	**2014**	**2013**
Cost of sales	**99,569**	***56,957***	**289,751**	***167,492***
Less Depletion and amortization	(12,932)	(9,673)	(36,915)	(24,383)
Net change in inventory	(5,141)	16,881	(16,876)	21,442
Operating costs of production	**81,496**	**64,165**	**235,960**	**164,551**
Less by-product credits:				
Molybdenum	(5,834)	(480)	(21,008)	(5,732)
Silver	(884)	(717)	(2,943)	(2,436)
Less offsite costs:				
Treatment and refining costs	(6,696)	(3,674)	(21,685)	(11,171)
Transportation costs	(4,175)	(4,787)	(14,700)	(12,517)
Net operating costs of production	**63,907**	**54,507**	**175,624**	**132,695**
Total copper produced (thousand pounds)	24,979	27,495	79,743	65,974
Net operating costs of production (CAD per pound)	2.56	1.98	2.20	2.01
Average exchange rate for the period (CAD/USD)	1.0889	1.0383	1.0968	1.0235
Net operating costs of production (US$ per pound)	**2.35**	**1.91**	**2.00**	**1.97**
Net operating costs of production	63,907	54,507	175,624	*132,695*
Add offsite costs:				
Treatment and refining costs	6,696	3,674	21,685	11,171
Transportation costs	4,175	4,787	14,700	12,517
Total operating costs	74,778	*62,968*	212,009	*156,383*
Total operating costs (US$ per pound)	**2.75**	***2.21***	**2.42**	***2.32***

NON-GAAP PERFORMANCE MEASURES - CONTINUED

Adjust net earnings

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

- Unrealized gains/losses on derivative instruments;
- Write down of marketable securities;
- Unrealized foreign currency gains/losses; and
- Non-recurring transactions, including non-recurring tax adjustments.

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

	Three months ended September 30,		**Nine months ended September 30,**	
(Cdn$ in thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Net (loss) earnings	**(20,937)**	**120**	**(27,457)**	**(25,083)**
Unrealized loss (gain) on derivatives	(713)	1,263	(797)	(5,552)
Unrealized foreign exchange (gains)/losses	9,341	(4,120)	10,623	5,633
Write down of marketable securities	366	229	785	13,979
Non-recurring other expenses (income)	-	-	-	(430)
Curis acquisition costs	539	-	539	-
Estimated tax effect of adjustments	183	657	204	(3,408)
Adjusted net earnings (loss)	**(11,221)**	**(1,851)**	**(16,103)**	**(14,861)**
Adjusted EPS	**(0.06)**	**(0.01)**	**(0.08)**	**(0.08)**

EBITDA and adjusted EBITDA

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

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

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

- Unrealized gains/losses on derivative instruments;
- Write down of marketable securities;
- 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.

NON-GAAP PERFORMANCE MEASURES - CONTINUED

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Net earnings (loss)	**(20,937)**	**120**	**(27,457)**	**(25,083)**
Add:				
Depreciation	12,953	9,759	37,068	24,738
Amortization of stock based compensation	616	646	3,177	2,214
Finance expense	6,766	5,941	19,948	13,995
Interest income	(1,015)	(1,286)	(3,079)	(4,726)
Income tax expense (recovery)	(5,531)	(7)	(4,611)	1,540
EBITDA	**(7,148)**	**15,173**	**25,046**	**12,678**
Adjustments:				
Unrealized loss (gain) on derivatives	(713)	1,263	(797)	(5,552)
Unrealized foreign exchange (gains)/losses	9,341	(4,120)	10,623	5,633
Write-down of marketable securities	366	229	785	13,979
Non-recurring other expenses (income)	-	-	-	(430)
Curis acquisition costs	539	-	539	-
Adjusted EBITDA	**2,385**	**12,545**	**36,196**	**26,308**

Earnings from mining operations before depletion and amortization

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

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Earnings from mining operations	**(5,855)**	**9,842**	**16,266**	**27,648**
Add:				
Depletion and amortization	12,932	9,673	36,915	24,383
Earnings from mining operations before depletion and amortization	**7,077**	**19,515**	**53,181**	**52,031**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

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

For further information on Taseko, investors should review the Company's annual Form 40-F filing with the United States Securities and Exchange

TASEKO MINES LIMITED
Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the condensed consolidated interim financial statements and notes thereto, prepared in accordance with IFRS for the nine and three month periods ended September 30, 2014 (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 October 28, 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.

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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	Three months ended September 30,			Nine months ended September 30,		
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Cash flows provided by (used for) operations	22,366	13,619	8,747	59,218	34,796	24,422

Operating Data (Gibraltar - 100% basis)	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**
Copper contained in concentrate and copper cathode					
Production (million pounds Cu)	35.4	38.5	34.5	33.5	36.7
Sales (million pounds Cu)	38.1	38.7	40.0	37.0	26.6
Inventory (million pounds Cu)	1.6	4.1	4.4	10.1	13.6
Per unit data (US$ per pound) *					
Operating costs of production*	$2.60	$2.11	$2.19	$1.88	$1.95
By-product credits	(0.25)	(0.35)	(0.21)	(0.18)	(0.04)
Net operating costs of production *	$2.35	$1.76	$1.98	$1.70	$1.91
Off-property costs	0.40	0.36	0.50	0.44	0.30
Total operating costs *	$2.75	$2.12	$2.48	$2.14	$2.21

*Non-GAAP performance measure. See page19 of this MD&A.

HIGHLIGHTS - CONTINUED

- Third quarter earnings from mining operations before depletion and amortization were $7.1 million;

- Third quarter copper production at Gibraltar was 35.4 million pounds (100% basis), a 9% decrease over the second quarter of 2014, primarily due to lower head grade. Copper head grade in the third quarter was 0.267%, which is well below the Granite pit average grade;

- During the third quarter of 2014 the Granite pit encountered minor high wall stability issues. This impacted mining operations through a change to the planned mine sequence. Mining operations were temporarily shifted to ore faces with lower grade ore;

- Net operating costs of production increased to US$2.35 per pound produced from US$1.76 per pound produced in the prior quarter, primarily driven by lower copper head grades and shovel maintenance costs, and contract waste stripping expenditures;

- The Company generated cash flows from operations of $22.4 million in the third quarter of 2014;

- The Company ended the third quarter of 2014 with a cash balance of $93 million;

- On September 8, 2014 the Company announced that it had signed a definitive agreement to acquire Curis Resources Ltd, which owns the Florence Copper Project in central Arizona. The transaction remains subject to Curis' shareholder approval, and is expected to close in November, 2014; and

- On September 15, 2014 the Company announced proven and probable reserves of 84 million tonnes grading 0.50% Nb_2O_5 for its 100%-owned Aley Niobium Project.

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

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

Operating Data (100% basis)	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**
Tons mined (millions)	32.5	30.2	25.9	21.5	22.6
Tons milled (millions)	7.8	7.7	7.0	7.6	6.8
Strip ratio	3.0	3.1	2.8	3.9	2.6
Copper concentrate					
Grade (%)	0.267	0.285	0.290	0.270	0.315
Recovery (%)	83.3	85.3	84.6	81.7	85.9
Production (million pounds Cu)	34.5	37.6	34.5	33.5	36.7
Sales (million pounds Cu)	37.1	38.1	40.0	37.0	26.6
Inventory (million pounds Cu)	1.4	3.9	4.4	10.1	13.6
Copper cathode					
Production (million pounds)	0.9	0.9	-	-	-
Sales (million pounds)	1.0	0.6	-	-	-
Molybdenum concentrate					
Grade (%)	0.011	0.011	0.009	0.010	0.012
Recovery (%)	38.0	41.4	42.5	34.8	17.5
Production (thousand pounds Mo)	654	667	566	480	284
Sales (thousand pounds Mo)	708	731	589	499	110
Per unit data (US$ per pound) *					
Operating costs of production*	$2.60	$2.11	$2.19	$1.88	$1.95
By-product credits *	(0.25)	(0.35)	(0.21)	(0.18)	(0.04)
Net operating costs of production *	$2.35	$1.76	$1.98	$1.70	$1.91
Off-property costs	0.40	0.36	0.50	0.44	0.30
Total operating costs *	$2.75	$2.12	$2.48	$2.14	$2.21

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

Gibraltar concentrators operated at their combined design capacity of 85,000 tons per day in the third quarter of 2014. Total mill throughput for the second quarter was 7.8 million tons, an increase of 14% over tons milled in the third quarter 2013. Total copper production for the quarter was 35.4 million pounds, a 9% decrease from the third quarter of 2013, and 8% decrease from the second quarter of 2014.

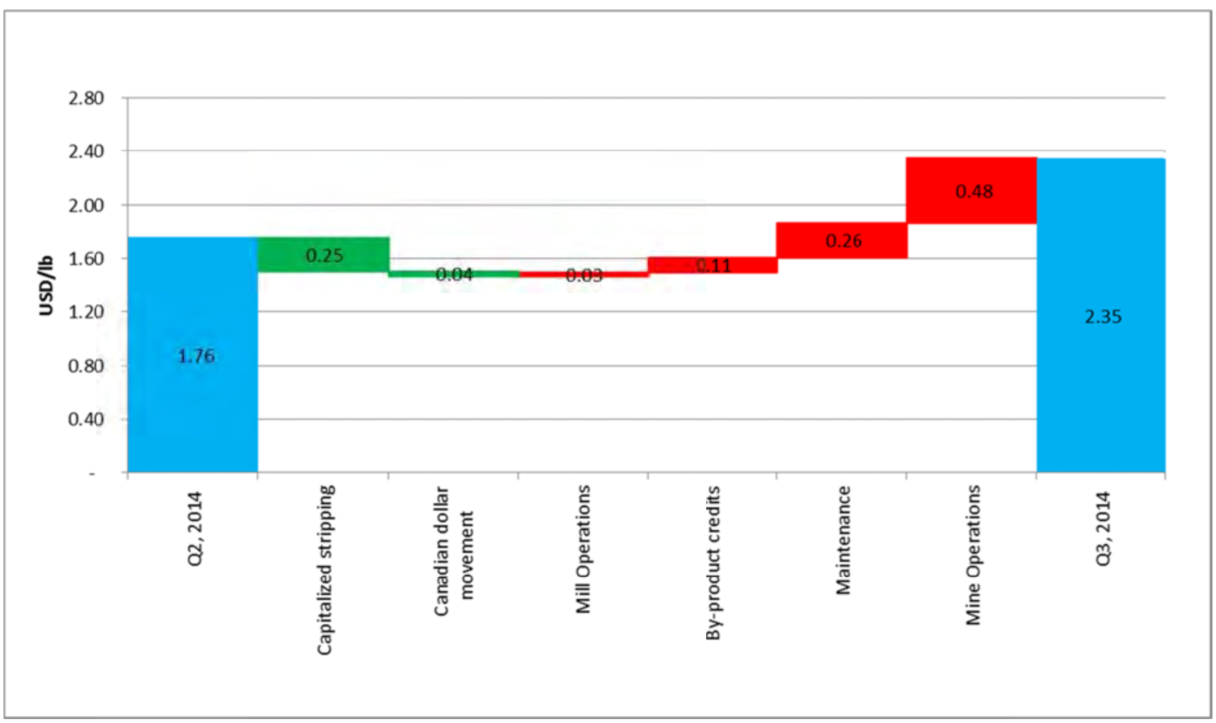
Third quarter copper production was impacted by a high wall stability issue in the Granite pit which affected the quarterly development sequence and resulted in lower than forecasted head grades. Although the pit high wall movement was relatively minor, in order to ensure the safety and integrity of mine operations the fleet was redeployed to an alternative mine sequence. This resulted in the deferral of the planned 2014 high grade ore which was replaced by lower grade ore. The lower head grades also negatively impacted copper recoveries in the third quarter.

A total of 32.5 million tons were mined in the third quarter, a 43% increase over the third quarter of 2013 and an 8% increase over the second quarter of 2014. This mining rate was achieved despite major maintenance on a shovel, for a period of two weeks, representing 25% of the Gibraltar shovel capacity.

The Company is currently reviewing alternative mine plans for 2015 to address the lower than budgeted waste stripping in 2014, due to shovel availability issues in the first half of this year, and the delayed ore release resulting from the pit wall movement.

Molybdenum production for the third quarter of 2014 was 654,000 pounds, a 230% increase over the third quarter of 2013. Molybdenum recoveries were 38.0% for the third quarter and management continues to focus on improving molybdenum recoveries to achieve the design recovery of 50%.

Net operating costs of production* per pound
(Q2 2014 compared to Q3 2014)



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

In the third quarter of 2014, net operating costs per pound of copper produced were US$2.35, a 34% increase over the US$1.76 per pound in the previous quarter. This increase was primarily driven by the changes to the mine sequence as a result of the high wall stability issue in the Granite pit which resulted in lower copper grade mined in the quarter. Lower head grades and copper production volumes will negatively impact unit costs as the majority of operating costs are fixed. The revised mine sequence also resulted in longer ore hauls and increased haulage costs, and higher cost contractor equipment was utilized to maintain mine production. A planned $5.1 million shovel overhaul expenditure and contract waste mining also impacted operating costs in the third quarter. By-product credits were lower compared to the previous quarter due to the decline in the molybdenum price.

The Gibraltar mining fleet has now been redeployed to higher productivity upper benches, the mining contractor has been released and all major shovel maintenance had been completed by mid-October. The Company expects to resume normal expenditure levels going forward.

Off property costs, including transportation, treatment and refining charges, for the third quarter of 2014 were $0.40 per pound produced, compared to $0.30 per pound produced in the third quarter of 2013. Off property costs are driven by sales volumes, and therefore off property costs per pound produced fluctuates based on differences between production and sales volumes.

The total operating costs, including off-property costs, for the third quarter of 2014 were $2.75 per pound produced, a 24% increase over the same quarter last year.

REVIEW OF PROJECTS

New Prosperity project

In the wake of the Government of Canada decision to not issue the authorizations necessary for the project to proceed, Taseko initiated legal proceedings in the form of two separate judicial reviews which challenge the decision and the process by which the decision was reached. In August 2014, the Company applied to the Federal Court to convert both judicial reviews into a civil action for damages. The motion was heard on October 22, 2014.

Aley project

On September 15, 2014 the Company announced proven and probable reserves of 84 million tonnes grading 0.50% Nb_2O_5 for its 100%-owned Aley Niobium Project.

Mineral Reserves*
0.30% Nb_2O_5 Cut-off

Category	Tonnes (millions)	Grade % Nb_2O_5
Proven	44.3	0.52
Probable	39.5	0.48
Total	**83.8**	**0.50**

Highlights of the project include:

- Pre-tax net present value of approximately $860 million at an 8% discount rate
- Pre-tax internal rate of return of 17% with a 5.5 year payback

- Anticipated operating margin of US$21/kg of niobium (Nb)
- Average annual production of 9 million kilograms Nb in the form of Ferroniobium.
- 24 year mine life at a milling rate of 10,000 tonnes per day
- Life of mine strip ratio of 0.5:1
- Total pre-production capital cost of $870 million, including; $520 million for mine, concentrator and site infrastructure; $180 million for the converter, $100 million for offsite infrastructure including the transmission line, and $70 million for pre-stripping

On September 19, 2014 the BC Environmental Assessment Office (EAO) issued a Section 10 Order under the BC *Environmental Assessment Act*, initiating the BC environmental assessment process for the Aley Niobium Project.

On October 9, the Canadian Environmental Assessment Agency confirmed acceptance of the Project Description for the Aley Niobium Project. Under the Canadian Environmental Assessment Act 2012 (CEAA 2012), the Agency has 45 days, including a 20 day public comment period, to determine if a federal EA will be required. Under CEAA 2012, an environmental assessment focuses on potential adverse environmental effects that are within federal jurisdiction.

Substitution, under CEAA 2012, was requested in writing by the BC EAO on October 3, 2014. If satisfied that the substantive requirements of CEAA 2012 can be met by the BC review process, the federal Minister of Environment must allow for the substitution of the Federal EA process by the provincial process. A Notice of Commencement and a decision on Substitution is expected by CEAA on November 24, 2014.

*The Mineral Reserves are a subset of the Mineral Resources reported in the March 29, 2012 Technical Report, "Technical Report, Aley Carbonatite Niobium Project", prepared by Ronald G. Simpson, P.Geo and a Qualified Person under National Instrument 43-101.

The mine plan, mine related costing, and tailings and water management design was supervised and reviewed by Greg Yelland, P.Eng., Chief Engineer for Taseko and a Qualified Person under National Instrument 43-101. Metallurgical and converter test work was supervised and reviewed by Keith Merriam, P.Eng., Manager, Process Engineering for Taseko and a Qualified Person under National Instrument 43-101.

Process and plant design work was done in accordance with design criteria derived from metallurgical and pyrometallurgical test work under the supervision of Rob Rotzinger, P.Eng. Vice-President Capital Projects for Taseko and a Qualified Person under National Instrument 43-101.

The reserve estimation was reviewed by Scott Jones, P.Eng., Vice-President Engineering for Taseko and a Qualified Person under National Instrument 43-101. 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.

PROPOSED ACQUISITION OF CURIS RESOURCES LTD ("CURIS")

On September 8, 2014, the Company announced that it has entered into a definitive agreement (the "Agreement") whereby the Company will acquire all of the issued and outstanding common shares of Curis under a plan of arrangement pursuant to the Business Corporations Act. Curis is a mineral exploration and development company whose principal asset is the Florence Copper Project, an in-situ copper recovery and solvent extraction/electrowinning project located adjacent to the town of Florence in central Arizona, USA.

Under the terms of the Agreement, each Curis shareholder will receive 0.438 of a Taseko common share for each Curis common share held. As at October 14, 2014, Curis had 74,791,991 common shares issued and outstanding, of which Taseko holds 12,916,667 Curis shares. On completion of the Agreement, Taseko will issue approximately 27.1 million common shares in exchange for all of the Curis common shares that it does not already own.

In addition, each "in-the-money" stock option of Curis (the "Curis Options") outstanding at the closing date will be transferred to Taseko in exchange for an amount of Taseko common shares based on a formula in the Agreement. As at October 14, 2014, Curis had 6,624,667 stock options outstanding under the Curis' stock option plan. On completion of the Agreement, Taseko will issue approximately 0.6 million common shares in exchange for all outstanding Curis stock options.

The Company's acquisition of Curis is subject to approval by Curis' shareholders, and other customary conditions, including receipt of regulatory approvals and approval by the Supreme Court of British Columbia. Curis has scheduled a shareholders meeting to approve the Agreement on November 10, 2014.

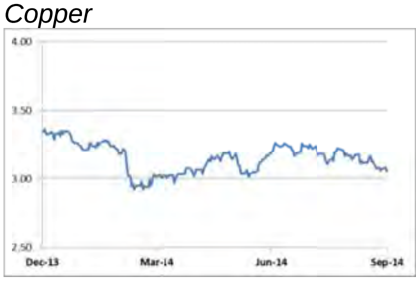
Convertible Loan

On September 8, 2014, the Company also entered into a US$ 2 million unsecured convertible loan agreement with Curis, in order to ensure that Curis has sufficient liquidity to operate through closing of the acquisition. The convertible loan will be advanced in two equal tranches on October 15, 2014 (advanced) and November 14, 2014 of US$1 million each.

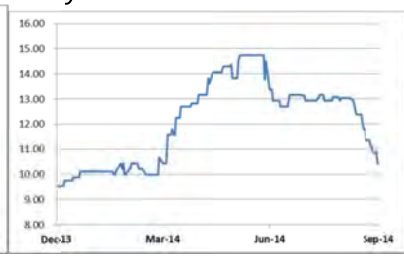
The convertible loan will accrue interest at a rate of 14% per annum. The Company has the right to convert the principal amount of the convertible loan into common shares of Curis at a conversion price of $0.90 per share.

MARKET REVIEW

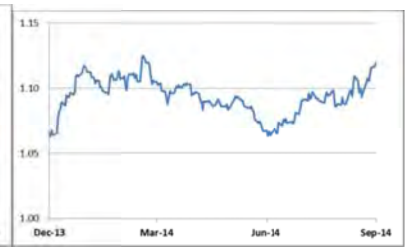
Copper



Molybdenum



Canadian/US Dollar Exchange



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

The decline in the copper price over the last few months has been more than offset by the weakened Canadian dollar. The Canadian dollar price of copper is more relevant to Taseko, as approximately 80% of the Gibraltar Mine's costs are Canadian dollar denominated. In the last 12 months, the Canadian dollar price of copper has remained flat, actually increasing from C$3.41 to C$3.43 per pound. Most major Canadian banks forecast a further weakening of the Canadian dollar in 2015, which will benefit Gibraltar's cash costs.

Negative Chinese economic data weighed the most heavily on the copper price in the third quarter. Economic growth in China, Asia's largest economy, experienced downward pressure in the third quarter. The Chinese government stated that there would be no major policy changes in response to economic indicators, which dampened prospects for a stimulus boost. In Europe, the copper spot price premium was at an 18-month low due to slow demand for copper as well as better availability of scrap metal. Also impacting the copper price and most other industrial metals during third quarter was the US dollar which has continued to strengthen on signs of an improving US economy.

Copper inventories on the three major global exchanges remained relatively flat in the third quarter. Copper stored in these warehouses represent less than four days of global copper consumption and are near, all-time low levels.

After remaining flat for most of the quarter, the molybdenum price rapidly declined in September, ending the third quarter at US$10.50 per pound. On the supply-side, the most significant factor impacting the molybdenum market is the start-up of a large copper-molybdenum mine in Chile in July 2014. Molybdenum production from this mine represents a large percentage of the global consumption and is expected to hit the market in the fourth quarter of this year.

The Canadian dollar fell considerably during the third quarter to a six month low. With signs that economic growth in Canada has stalled and a softer-than-expected start to the third quarter, the US dollar fell to C$1.1198 at the end of the quarter.

Fluctuations in the Canadian dollar/US dollar exchange rate can have a significant effect on our operating results and the net operating costs of production, which is reported in US dollar per pound.

FINANCIAL PERFORMANCE

Earnings

Earnings from mining operations decreased to a $5.9 million loss in the third quarter of 2014 from earnings of $9.8 million in the third quarter of 2013, primarily due to increased mining costs due to a minor high wall movement in the Granite pit slightly accentuated by increased depletion and amortization.

Revenues increased by 40% from the third quarter of 2013 as a result of Taseko's share of Gibraltar's copper sales volumes increasing to 26.0 million pounds in the third quarter of 2014 from 19.9 million pounds in the third quarter of 2013, partially offset by lower realized copper prices. The increased copper sales volumes are a result of the increased production from the Gibraltar Mine expansion, which ramped up during 2013.

In the third quarter of 2014, the Company realized a net loss of $20.9 million ($0.11 per share), compared to a break even result in the third quarter of 2013.

In the nine month period ended September 30, 2014 the Company realized a net loss of $27.5 million ($0.14 per share), compared to a net loss of $25.1 million ($0.13 per share) in the prior year's period. The increase in net loss is driven by a temporary increase in mining costs encountered in the third quarter of 2014 combined with a lower realized copper price.

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

	Three months ended September 30,			**Nine months ended September 30,**		
(Cdn$ in thousands)	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Net (loss) earnings	(20,937)	120	(21,057)	(27,457)	(25,083)	(2,374)
Unrealized loss (gain) on derivatives	(713)	1,263	(1,976)	(797)	(5,552)	4,755
Unrealized foreign exchange (gains)/losses	9,341	(4,120)	13,461	10,623	5,633	4,990
Write down of marketable securities	366	229	137	785	13,979	(13,194)
Curis Resources acquisition costs	539	-	539	539	-	539
Non-recurring other expenses (income)	-	-	-	-	(430)	430
Estimated tax effect of adjustments	183	657	(474)	204	(3,408)	3,612
Adjusted net earnings (loss) *	(11,221)	(1,851)	(9,370)	(16,103)	(14,861)	(1,242)

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

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

Any impairment in the value of the Company's marketable securities is written down through profit and loss. For the three month period ended September 30, 2014, the Company determined an impairment loss of $0.4 million was required due to decline in fair value of one of its investments.

The foreign currency translation impact and the unrealized gains and losses on the derivative instruments are removed from the adjusted net earnings (loss) measure as they are not indicative of a realized economic gain/loss or the underlying performance of the business in the period. In the third quarter of 2014 the Canadian dollar weakened in comparison to the immediate prior quarter, the impact was a foreign exchange loss of $9.3 million for the quarter.

Revenues

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Copper in concentrate	84,474	65,602	18,872	278,123	186,940	91,183
Copper cathode	2,522	-	2,522	3,943	33	3,910
Total copper sales	86,996	65,602	21,394	282,066	186,973	95,093
Molybdenum concentrate	5,834	480	5,354	21,008	5,732	15,276
Silver contained in copper concentrate	884	717	167	2,943	2,435	508
	93,714	66,799	26,915	306,017	195,140	110,877
(thousands of pounds, unless otherwise noted)						
Copper in concentrate *	25,256	18,951	6,305	81,744	55,152	26,592
Copper cathode	731	-	731	1,155	-	1,155
Total copper sales	25,987	18,951	7,036	82,899	55,152	27,747
Average realized copper price (US$ per pound)	3.07	3.33	(0.26)	3.10	3.31	(0.21)
Average LME copper price (US$ per pound)	3.17	3.21	(0.04)	3.19	3.35	(0.16)

* This amount includes a net smelter payable deduction of approximately 3.5% to derive net pounds of copper sold and is net of amounts related to production of low grade mill feed which have been capitalized.

Copper revenues for the third quarter of 2014 increased by $21.4 million, or 33%, over the third quarter of 2013, due to a 37% increase in copper sales volumes offset by a 8% decrease in average realized copper prices.

The Company's average realized copper price for the third quarter 2014 was US$3.07 per pound, compared to US$3.33 for the third quarter of 2013. London Metals Exchange (LME) copper prices averaged US$3.17 in the third quarter 2014, down 1% over the average realized in the third quarter 2013 of US$3.21. The Company's average realized copper price is lower than the LME's average due to a portion of the Company's receivables being revalued in a decreasing copper price environment.

Molybdenum revenues for the third quarter of 2014 totaled $5.8 million, a significant increase over the $0.5 million for the same quarter of 2013. The increase in revenues was due to an increase in sales volumes combined with a 39% increase in the average realized molybdenum price over the third quarter of 2013.

Copper revenues for the nine month period ended September 30, 2014, increased by $95.1 million, or 51%, over the prior year period, due to a 50% increase in copper sales volumes combined with a 6% decrease in average realized copper prices.

Molybdenum revenues for the nine month period ended September 30, 2014, increased by $15.2 million over the comparable prior-year period. The increase in revenues was due to the combined effect of much higher sales volumes and a 15% increase in the LME average price year-over-year.

The overall weakening of the Canadian dollar relative to the US dollar had a significant impact on the quarter when compared to the third quarter of 2013. Copper sales are denominated in US dollars, therefore when the US dollar strengthens against the Canadian dollar revenues increase.

Cost of sales

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
Direct mining costs	70,625	55,704	14,921	199,575	140,863	58,712
Treatment and refining costs	6,696	3,674	3,022	21,685	11,171	10,514
Transportation costs	4,175	4,787	(612)	14,700	12,517	2,183
Changes in inventories of finished goods and WIP	5,141	(16,881)	22,022	16,876	(21,442)	38,318
Production costs	86,637	47,284	39,353	252,836	143,109	109,727
Depletion and amortization	12,932	9,673	3,259	36,915	24,383	12,532
Cost of sales	99,569	56,957	42,612	289,751	167,492	122,259

Contributing to the period-over-period increase in cost of sales for the third quarter 2014 was a 35% increase in tons mined and a 15% increase in tons milled. For the third quarter 2014, direct mining costs increased by 27% over the third quarter 2013, as a result of longer haul distances and contractor costs in the Granite pit, in addition to major maintenance on one shovel.

Total treatment and refining costs and transportation have increased over the same quarter last year, mostly due to the 37% increase in copper sales over the third quarter of 2013 and the strengthening US dollar.

Contributing to the period-over-period increase in cost of sales for the nine months of 2014 was a 28% increase in tons mined and a 33% increase in tons milled. For the nine month period ended 2014, direct mining costs increased by 42% over the prior year period, due to higher maintenance costs on the Gibraltar shovel fleet and longer haul distances in Granite pit as a result of a minor high wall stability issue.

Depletion and amortization for the third quarter of 2014 was $12.9 million, a 34% increase from the prior period quarter. The increase is due to increases in both tons mined and milled.

Other expenses (income)

	Three months ended September 30,			Nine months ended September 30,		
(Cdn$ in thousands)	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
General and administrative	3,641	2,999	642	11,635	12,350	(715)
Exploration and evaluation	1,725	2,689	(964)	5,957	7,700	(1,743)
Other operating expenses (income):						
Realized loss on copper derivative instruments	1,269	2,192	(923)	4,432	8,339	(3,907)
Unrealized (gain) loss on copper derivative instruments	(713)	1,263	(1,976)	(797)	(5,552)	4,755
Other expense (income)	(365)	(460)	95	(1,794)	(1,453)	(341)
	191	2,995	(2,804)	1,841	1,334	507

During the third quarter 2014, approximately $0.6 million was spent on Aley and approximately $0.4 million was spent on the New Prosperity project, compared to $0.9 million and $1.6 million, respectively, for the third quarter of 2013.

Exploration and evaluation expenses for the third quarter of 2014 also included $0.5 million related to the proposed acquisition of Curis Resources Ltd.

The $0.7 million unrealized gain on the copper derivative instruments is due to increases in the fair value of the put options on the outstanding contracts.

Finance income & expenses

Finance expenses for the third quarter of 2014 increased by $0.8 million compared to the third quarter of 2013 due to the strengthening US dollar and the related impact on the value of the US dollar denominated long term debt.

Finance income is primarily comprised of income earned on the promissory note and reclamation deposits. For the third quarter of 2014, finance income is lower than the prior year quarter due to lower interest earned on the reclamation deposits.

Income tax

(Cdn$ in thousands)	Three months ended September 30, 2014	2013	Change	Nine months ended September 30, 2014	2013	Change
Current (recovery) expense	(7,908)	(4,859)	(3,049)	(7,999)	(12,254)	4,255
Deferred (recovery) expense	2,377	4,852	(2,475)	3,388	13,794	(10,406)
	(5,531)	(7)	(5,524)	(4,611)	1,540	(6,151)
Effective tax rate	20.8%	(0.06%)		15.8%	(6.5%)	
Canadian statutory rate	26.0%	25.8%		26.0%	25.8%	
BC Mineral tax rate	9.6%	9.6%		9.6%	9.6%	

The current tax recovery in the quarter was partially offset by estimated BC Mineral taxes based on production at the Gibraltar mine, in addition to taking into account minor adjustments to prior year taxes.

The effective tax rate for the third quarter 2014 was 20.8%, which is lower than the statutory rate of 35.6%. The difference is a result of permanent differences related to non-deductible share-based compensation and expenditures incurred that are not deductible for BC Mineral tax, in addition to unrecognized tax benefits related to foreign exchange and the royalty obligation.

FINANCIAL CONDITION REVIEW

Balance sheet review

(Cdn$ in thousands)	As at September 30, 2014	As at December 31 2013	Change
Cash and equivalents	92,955	82,865	10,090
Other current assets	145,104	146,073	(969)
Non-current assets	751,261	741,290	9,971
Total assets	**989,320**	**970,228**	**19,092**
Current liabilities	129,718	116,909	12,809
Long-term debt	261,271	259,515	1,756
Other liabilities	190,820	167,588	23,232
Total liabilities	**581,809**	**544,012**	**37,797**
Equity	**407,511**	**426,216**	**(18,705)**
Working capital	108,341	112,029	(3,688)
Net debt	192,553	199,275	(6,722)
Total common shares outstanding (millions)	195.0	193.4	1.6

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

Total liabilities increased from $544 million at December 31, 2013 to $581.8 million as at September 30, 2014. Current liabilities increased by $12.8 million, due an increase of $21.4 million in accounts payables, a $6.1 million combined increase in the current portion of long-term debt and interest payable, offset by a $14.7 million decrease in the Red Mile royalty obligation. Long-term liabilities increased by $25 million mainly represented by a $1.8 million increase in long term debt (including the impact of foreign exchange translation), a $3.8-million increase in deferred tax liabilities and a $19.8-million increase in the provision for the environmental rehabilitation (PER).

The PER valuation was adjusted during the third quarter of 2014 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 decreased to 2.67% at September 30, 2014 from the 3.2% level at December 31, 2013. Given the long timeframe over which environmental rehabilitation expenditures are expected to be incurred (over 100 years), the carrying value of the provision and asset are very sensitive to changes in discount rates.

As at October 28, 2014, there were 194,004,455 common shares outstanding. In addition, there were 11,908,000 director and employee stock options outstanding at October 28, 2014. More information on these instruments and the terms of their exercise is set out in note 21 of our 2013 annual financial statements.

Liquidity, cash flow and capital resources

At September 30, 2014, the Company had cash and equivalents of $93 million, a $10.1 million increase over the $82.9 million reported at December 31, 2013. We maintained our strategy of retaining significant liquidity to fund operations and to reflect the capital intensive nature of the business.

Cash flow from operations was $22.4 million in the third quarter compared with $13.6 million for the same quarter last year. Although revenues were higher in the third quarter of 2014 than the prior quarter, operating cash flow was negatively impacted by the lower commodity prices for the period and overall higher operating costs for the quarter.

Changes in non-cash working capital items resulted in cash provided of $19.7 million compared with $2.3 million in the same period a year ago, mostly due to the lower levels of copper inventories and higher accounts payable balances.

Cash used for investing activities for the third quarter 2014 was $1.6 million compared to $19.9 million used in the prior year quarter. Cash flow from investing activities in the third quarter of 2014 primarily related to $12.7 million on the purchase of property plant and equipment and capitalized stripping, $1.9 million for premiums on copper put options, offset by the refund of a deposit of $12.9 million as collateral for the purchase of power by the Gibraltar Joint Venture. The prior year quarter's major components were an outflow of $13.4 million invested in property, plant and equipment, $4.4 million in security deposits and $2.4 million invested in financial assets.

Cash used for financing activities for the third quarter 2014 was $7.5 million, primarily due to debt repayment and interest charges. Cash used for financing activities for the prior-year quarter was $7.3 million, primarily for debt repayment and interest charges.

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

Hedging strategy

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

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

	Notional amount	**Strike price**	**Term to maturity**	**Original cost**
At October 28, 2014				
Commodity contracts				
Copper put option	14.6 million lbs	US$2.75	Q4 2014	$1.8 million
Copper put option	15.0 million lbs	US$3.00	Q1 2015	$1.9 million

The Company spent $3.7 million in the nine month period ended September 30, 2014 to acquire additional put options for the fourth quarter of 2014 and the first quarter of 2015, at levels of US$2.75/lb. and US$3.00/lb. respectively.

Commitments and contingencies

At September 30, 2014, the Company's share of capital and operating commitments totaled $2.5 million and $8.8 million respectively.

In addition, during the three month period ended September 30, 2014, ACE INA Insurance ("ACE") issued a surety bond of $13.1 million to BC Hydro as collateral for the Gibraltar Joint Venture's electricity consumption commitment. The surety bond replaced a cash security deposit of $17.2 million that was refunded to the Gibraltar Joint Venture. The Company's 75% share of this refund was $12.9 million. The Company issued ACE a financial guarantee for 75% of the surety bond, which is equal to the Company's portion of the Joint Venture's commitment to purchase power from BC Hydro.

In connection with the acquisition agreement with Curis, the Company entered into a convertible loan agreement with Curis during the three months period ended September 2014, whereby TKO has agreed to advance to Curis an unsecured loan of US$2 million during the three month period ended December 31, 2014.

SUMMARY OF QUARTERLY RESULTS

	2014			2013				2012
(Cdn$ in thousands, except per share amounts)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	93,714	107,307	104,996	94,916	66,799	68,191	60,150	62,878
Net earnings (loss)	(20,937)	2,628	(9,148)	(9,756)	120	(14,721)	(10,482)	(5,514)
Basic EPS	(0.11)	0.01	(0.05)	(0.05)	0.00	(0.08)	(0.05)	(0.03)
Adjusted net earnings (loss) *	(11,221)	(2,172)	(2,710)	834	(1,851)	(10,177)	(2,833)	(2,680)
Adjusted basic EPS *	(0.06)	(0.01)	(0.01)	(0.00)	(0.01)	(0.05)	(0.01)	(0.01)
EBITDA *	(7,148)	23,336	8,858	11,869	15,173	(2,171)	(591)	4,391
Adjusted EBITDA *	2,385	19,217	14,594	17,716	12,545	3,888	9,608	8,170

(US$ per pound, except where indicated)								
Realized copper price *	3.07	3.16	3.10	3.18	3.33	3.52	3.47	3.48
Total operating costs *	2.75	2.12	2.48	2.14	2.21	2.34	2.45	2.72
Copper sales (million pounds)	26.0	28.4	28.9	27.0	18.9	20.1	16.1	17.4

*Non-GAAP performance measure. See page 19 of 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 volumes.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are presented in note 3.5 of the 2013 annual financial statements. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

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 the financial statements and the 2013 annual 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

Financial Instruments: Presentation ("IAS 32")

The Company adopted IAS 32, Financial instruments: presentation ("IAS 32"), on January 1, 2014. IAS 32 establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.

Based on the Company's analysis, IAS 32 did not have an impact on the consolidated financial statements for the current period or prior periods presented.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers.* The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

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

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

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

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

There have been no changes in our internal controls over financial reporting and disclosure controls and procedures during the period ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

CHANGE IN BOARD COMPOSITION

Effective August 1, 2014 Linda Thorstad was appointed as a director of the Company. Ms. Thorstad is a registered professional geoscientist who brings over twenty-five years of senior management experience in the mining industry to the Company.

RELATED PARTY TRANSACTIONS

Key management personnel

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

During the three and nine month period ended September 30 2014, the Company incurred total compensation expenses of $1.7 million and $6.5 million respectively for its key management personnel compared to $1.2 million and $6.1 million in the corresponding prior period.

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 the third quarter 2014, the Company incurred general and administrative expenses and exploration and evaluation expenses of $1 million with HDSI compared to $0.8 million for the third quarter of 2013.

The Gibraltar joint venture pays a management fee to Taseko for services rendered as operator of the Gibraltar mine. During the third quarter of 2014, the Company has earned $0.28 million of other operating income for these services rendered, which is the same as the amounts earned in the third quarter of 2013.

During the first quarter 2014, the Company invested $5.0 million in Curis Resources Ltd, a public company with one director in common, which holds mineral property interests. On September 8, 2014, the Company announced that it has entered into a definitive agreement whereby the Company will acquire all of the issued and outstanding common shares of Curis under a plan of arrangement pursuant to the Business Corporations Act.

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 by-product 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 the sum of net operating costs of production and offsite costs divided by the copper pounds produced. By-product credits are calculated based on actual sales of molybdenum and silver during the period divided by the total pounds of copper produced during the period. These measures are calculated on a consistent basis for the periods presented.

	Three Months ended September 30,		**Nine Months ended September 30,**	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2014**	**2013**	**2014**	**2013**
Cost of sales	**99,569**	***56,957***	**289,751**	***167,492***
Less Depletion and amortization	(12,932)	(9,673)	(36,915)	(24,383)
Net change in inventory	(5,141)	16,881	(16,876)	21,442
Operating costs of production	**81,496**	**64,165**	**235,960**	**164,551**
Less by-product credits:				
Molybdenum	(5,834)	(480)	(21,008)	(5,732)
Silver	(884)	(717)	(2,943)	(2,436)
Less offsite costs:				
Treatment and refining costs	(6,696)	(3,674)	(21,685)	(11,171)
Transportation costs	(4,175)	(4,787)	(14,700)	(12,517)
Net operating costs of production	**63,907**	**54,507**	**175,624**	**132,695**
Total copper produced (thousand pounds)	24,979	27,495	79,743	65,974
Net operating costs of production (CAD per pound)	2.56	1.98	2.20	2.01
Average exchange rate for the period (CAD/USD)	1.0889	1.0383	1.0968	1.0235
Net operating costs of production (US$ per pound)	**2.35**	**1.91**	**2.00**	**1.97**
Net operating costs of production	63,907	54,507	175,624	*132,695*
Add offsite costs:				
Treatment and refining costs	6,696	3,674	21,685	11,171
Transportation costs	4,175	4,787	14,700	12,517
Total operating costs	74,778	*62,968*	212,009	*156,383*
Total operating costs (US$ per pound)	**2.75**	***2.21***	**2.42**	***2.32***

Adjusted net earnings

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

- Unrealized gains/losses on derivative instruments;

- Write down of marketable securities;
- Unrealized foreign currency gains/losses; and
- Non-recurring transactions, including non-recurring tax adjustments.

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

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Net (loss) earnings	**(20,937)**	**120**	**(27,457)**	**(25,083)**
Unrealized loss (gain) on derivatives	(713)	1,263	(797)	(5,552)
Unrealized foreign exchange (gains)/losses	9,341	(4,120)	10,623	5,633
Write down of marketable securities	366	229	785	13,979
Non-recurring other expenses (income)	-	-	-	(430)
Curis acquisition costs	539	-	539	-
Estimated tax effect of adjustments	183	657	204	(3,408)
Adjusted net earnings (loss)	**(11,221)**	**(1,851)**	**(16,103)**	**(14,861)**
Adjusted EPS	**(0.06)**	**(0.01)**	**(0.08)**	**(0.08)**

EBITDA and adjusted EBITDA

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

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

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

- Unrealized gains/losses on derivative instruments;
- Write down of marketable securities;
- 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 September 30,		Nine months ended September 30,	
(Cdn$ in thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Net earnings (loss)	**(20,937)**	**120**	**(27,457)**	**(25,083)**
Add:				
Depreciation	12,953	9,759	37,068	24,738
Amortization of stock based compensation	616	646	3,177	2,214
Finance expense	6,766	5,941	19,948	13,995
Interest income	(1,015)	(1,286)	(3,079)	(4,726)
Income tax expense (recovery)	(5,531)	(7)	(4,611)	1,540
EBITDA	**(7,148)**	**15,173**	**25,046**	**12,678**
Adjustments:				
Unrealized loss (gain) on derivatives	(713)	1,263	(797)	(5,552)
Unrealized foreign exchange (gains)/losses	9,341	(4,120)	10,623	5,633
Write-down of marketable securities	366	229	785	13,979
Non-recurring other expenses (income)	-	-	-	(430)
Curis acquisition costs	539	-	539	-
Adjusted EBITDA	**2,385**	**12,545**	**36,196**	**26,308**

Earnings from mining operations before depletion and amortization

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

	Three months ended September 30,		Nine months ended September 30,	
(Cdn$ in thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Earnings from mining operations	**(5,855)**	**9,842**	**16,266**	**27,648**
Add:				
Depletion and amortization	12,932	9,673	36,915	24,383
Earnings from mining operations before depletion and amortization	**7,077**	**19,515**	**53,181**	**52,031**

TASEKO MINES LIMITED

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

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

(Unaudited)

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Revenues	4	93,714	66,799	306,017	195,140
Cost of sales:	5				
Production costs		(86,637)	(47,284)	(252,836)	(143,109)
Depletion and amortization		(12,932)	(9,673)	(36,915)	(24,383)
Earnings (loss) from mining operations		(5,855)	9,842	16,266	27,648
General and administrative		(3,641)	(2,999)	(11,635)	(12,350)
Exploration and evaluation		(1,725)	(2,689)	(5,957)	(7,700)
Other income (expenses)	6	(191)	(2,995)	(1,841)	(1,334)
Write-down of marketable securities	7	(366)	(229)	(785)	(13,979)
Income (loss) before financing costs and income taxes		(11,778)	930	(3,952)	(7,715)
Finance expenses	8	(6,766)	(5,941)	(19,948)	(13,995)
Finance income	9	1,015	1,286	3,079	5,080
Foreign exchange gain (loss)		(8,939)	3,838	(11,247)	(6,913)
Income (loss) before income taxes		(26,468)	113	(32,068)	(23,543)
Income tax recovery (expense)	10	5,531	7	4,611	(1,540)
Net income (loss) for the period		**(20,937)**	**120**	**(27,457)**	**(25,083)**
Other comprehensive income (loss), net of tax:					
Unrealized gain (loss) on available-for-sale financial assets		857	5,367	2,893	2,226
Reclassification for permanent impairment on available for sale financial assets, included in the net loss		-	-	-	8,213
Total other comprehensive income (loss) for the period		**857**	**5,367**	**2,893**	**10,439**
Total comprehensive income (loss) for the period		**(20,080)**	**5,487**	**(24,564)**	**(14,644)**
Earnings (loss) per share					
Basic		(0.11)	0.00	(0.14)	(0.13)
Diluted		(0.11)	0.00	(0.14)	(0.13)
Weighted average shares outstanding (thousands)					
Basic		195,003	192,621	194,527	191,965
Diluted		195,003	194,109	194,527	191,965

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

TASEKO MINES LIMITED

Condensed Consolidated Interim Statements of Cash Flows

(Cdn$ in thousands)

(Unaudited)

	Note	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Operating activities					
Net income (loss) for the period		(20,937)	120	(27,457)	(25,083)
Adjustments for:					
Depletion and amortization		12,953	9,759	37,068	24,738
Income tax expense (recovery)	10	(5,531)	(7)	(4,611)	1,540
Share-based compensation expense		616	646	3,177	2,214
Change in fair value of copper put options	6	556	3,455	3,635	2,787
Finance expenses (income)	8,9	5,751	4,535	16,869	8,915
Unrealized foreign exchange loss (gain)		9,341	(4,715)	10,623	5,862
Write-down of marketable securities	7	366	229	785	13,979
Other operating activities		(466)	(2,727)	(815)	(1,826)
Net change in non-cash working capital	18	19,717	2,324	19,944	1,670
Cash provided by (used for) operating activities		22,366	13,619	59,218	34,796
Investing activities					
Investment in property, plant and equipment		(12,651)	(13,367)	(24,743)	(85,484)
Investment in financial assets		(1,908)	(2,400)	(10,017)	(4,077)
Interest received		91	263	262	1,603
Proceeds from sale of financial assets		-	-	-	20,050
Refund (Investment) in long-term prepaids	17	12,901	(4,385)	12,901	(9,485)
Cash provided by (used for) investing activities		(1,567)	(19,889)	(21,597)	(77,393)
Financing activities					
Repayment of debt		(6,666)	(6,415)	(20,761)	(17,008)
Interest paid		(833)	(1,086)	(11,238)	(10,668)
Common shares issued for cash		10	198	2,584	2,147
Proceeds from debt issuance		-	-	-	11,330
Cash provided by (used for) financing activities		(7,489)	(7,303)	(29,415)	(14,199)
Effect of exchange rate changes on cash and equivalents		2,284	(93)	1,884	1,631
Increase (decrease) in cash and equivalents		15,594	(13,666)	10,090	(55,165)
Cash and equivalents, beginning of period		77,361	93,496	82,865	134,995
Cash and equivalents, end of period		92,955	79,830	92,955	79,830

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

TASEKO MINES LIMITED

Condensed Consolidated Interim Balance Sheets

(Cdn$ in thousands)

(Unaudited)

	Note	September 30, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and equivalents		92,955	82,865
Accounts receivable		22,321	4,532
Other financial assets	11	62,930	69,729
Inventories	12	31,001	47,174
Current tax receivable		26,911	18,284
Prepaids		1,941	6,354
		238,059	228,938
Other financial assets	11	39,170	38,272
Property, plant and equipment	13	696,106	678,580
Prepaids		–	10,543
Other receivables		15,985	13,895
		989,320	**970,228**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		48,260	26,864
Current portion of long-term debt	15	24,237	22,625
Interest payable		7,957	3,435
Other financial liabilities	14	49,264	63,985
		129,718	116,909
Long-term debt	15	261,271	259,515
Other financial liabilities	14	192	565
Provision for environmental rehabilitation ("PER")		89,457	69,673
Deferred tax liabilities		101,171	97,350
		581,809	544,012
EQUITY			
Share capital	16	376,398	372,274
Contributed surplus		40,242	38,507
Accumulated other comprehensive income (loss) ("AOCI")		7,836	4,943
Retained earnings (deficit)		(16,965)	10,492
		407,511	426,216
		989,320	**970,228**
Commitments and contingencies	17		
Subsequent event	3		

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

TASEKO MINES LIMITED

Condensed Consolidated Interim Statements of Changes in Equity

(Cdn$ in thousands)

(Unaudited)

	Share capital	Contributed surplus	AOCI	Retained earnings (deficit)	Total
Balance at January 1, 2013	368,128	37,487	(5,365)	45,331	445,581
Exercise of options	3,213	(1,066)	-	-	2,147
Share-based compensation	-	1,927	-	-	1,927
Total comprehensive income (loss)					-
for the period	-	-	10,439	(25,083)	(14,644)
Balance at September 30, 2013	**371,341**	**38,348**	**5,074**	**20,248**	**435,011**
Balance at January 1, 2014	372,274	38,507	4,943	10,492	426,216
Exercise of options	4,124	(1,540)	-	-	2,584
Share-based compensation	-	3,275	-	-	3,275
Total comprehensive income (loss)					
for the period	-	-	2,893	(27,457)	(24,564)
Balance at September 30, 2014	**376,398**	**40,242**	**7,836**	**(16,965)**	**407,511**

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 unaudited consolidated interim financial statements of the Company as at and for the period ended September 30, 2014 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint arrangement since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia. Seasonality does not have a significant impact on the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2013 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements were authorized for issue by the Board on October 28, 2014.

(b) Changes in accounting policies and disclosures

IAS 32 Financial Instruments: Presentation (IAS 32)

The Company adopted IAS 32 on January 1, 2014. IAS 32 establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.

Based on the Company's analysis, IAS 32 did not have an impact on the consolidated financial statements for the current period or prior periods presented.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers.* The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

3. ACQUISITION OF CURIS RESOURCES LTD. ("CURIS")

On September 8, 2014, the Company announced that it has entered into a definitive agreement (the "Agreement") whereby the Company will acquire all of the issued and outstanding common shares of Curis, a company with one director in common, under a plan of arrangement pursuant to the Business Corporations Act. Curis is a mineral exploration and development company whose principal asset is the Florence Copper Project, an in situ copper recovery and solvent extraction/electrowinning project located near the town of Florence in central Arizona, USA.

(Cdn$ in thousands - unaudited)

Under the terms of the Agreement, each Curis shareholder will receive 0.438 of a Taseko common share for each Curis common share held. As at October 14, 2014, Curis had 74,791,991 common shares issued and outstanding, of which Taseko holds 12,916,667 Curis shares. On completion of the Agreement, Taseko will issue approximately 27.1 million common shares in exchange for all of the Curis common shares that it does not already own.

In addition, each “in-the-money” stock option of Curis (the “Curis Options”) outstanding at the closing date will be transferred to Taseko in exchange for an amount of Taseko common shares based on a formula in the Agreement. As at October 14, 2014, Curis had 6,624,667 stock options outstanding under the Curis’ stock option plan. On completion of the Agreement, Taseko will issue approximately 0.6 million common shares in exchange for all outstanding Curis stock options.

The Company’s acquisition of Curis is subject to approval by Curis’ shareholders, and other customary conditions, including receipt of regulatory approvals and approval by the Supreme Court of British Columbia. Curis has scheduled a shareholders meeting to approve the Agreement on November 10, 2014.

At the time of the release of the condensed consolidated financial statements, information was not available to include a purchase price allocation under IFRS 3, *Business Combinations*.

Convertible Loan

On September 8, 2014, the Company also entered into a US$2,000 unsecured convertible loan agreement with Curis, in order to ensure that Curis has sufficient liquidity to operate through closing of the acquisition. The convertible loan will be advanced in two equal tranches on October 15, 2014 (advanced subsequent to quarter-end) and November 14, 2014 of US$1,000 each.

The convertible loan will accrue interest at a rate of 14% per annum. The Company has the right to convert the principal amount of the convertible loan into common shares of Curis at a conversion price of $0.90 per share.

4. REVENUE

	Three months ended September 30,		Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Copper concentrate	84,474	65,602	278,123	186,940
Copper cathode	2,522	-	3,943	33
Total copper sales	86,996	65,602	282,066	186,973
Molybdenum concentrate	5,834	480	21,008	5,732
Silver contained in copper concentrate	884	717	2,943	2,435
	93,714	66,799	306,017	195,140

(Cdn$ in thousands - unaudited)

5. COST OF SALES

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Direct mining costs	70,625	55,704	199,575	140,863
Treatment and refining costs	6,352	3,674	21,341	11,171
Transportation costs	4,519	4,787	15,044	12,517
Changes in inventories of finished goods and work in process	5,141	(16,881)	16,876	(21,442)
Production costs	86,637	47,284	252,836	143,109
Depletion and amortization	12,932	9,673	36,915	24,383
Cost of sales	99,569	56,957	289,751	167,492

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.

6. OTHER EXPENSES (INCOME)

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Realized loss on copper derivative instruments	1,269	2,192	4,432	8,339
Unrealized loss (gain) on copper derivative instruments	(713)	1,263	(797)	(5,552)
Management fee income	(281)	(281)	(844)	(844)
Other income	(84)	(179)	(950)	(609)
	191	2,995	1,841	1,334

7. MARKETABLE SECURITIES

During the period ended September 30, 2014, 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. Accordingly, the Company recorded a pre-tax charge of $366 and $785, respectively, for the three and nine month periods ended September 30, 2014 to reflect this write down (2013: $229 and $13,979 respectively for the three and nine month periods ended September 30, 2013).

8. FINANCE EXPENSES

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Interest expense	6,224	5,442	18,418	12,445
Accretion on PER	542	499	1,530	1,550
	6,766	5,941	19,948	13,995

(Cdn$ in thousands - unaudited)

9. FINANCE INCOME

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Interest income	1,015	1,286	3,079	4,726
Realized income on dual currency deposits	-	-	-	354
	1,015	1,286	3,079	5,080

10. INCOME TAX EXPENSE (RECOVERY)

	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Current expense (recovery)	(7,908)	(4,859)	(7,999)	(12,254)
Deferred expense (recovery)	2,377	4,852	3,388	13,794
	(5,531)	(7)	(4,611)	1,540

11. OTHER FINANCIAL ASSETS

	September 30, 2014	December 31, 2013
Current:		
Copper put option contracts (note 19)	1,950	1,295
Marketable securities – available for sale	12,085	4,951
Red Mile Promissory Note	48,895	63,483
	62,930	69,729
Long-term:		
Subscription receipts – available for sale	12,400	12,400
Reclamation deposits	26,770	25,872
	39,170	38,272

12. INVENTORIES

	September 30, 2014	December 31, 2013
Work in process	1,085	1,250
Finished goods:		
Copper contained in concentrate	3,509	20,049
Copper cathode	242	-
Molybdenum concentrate	446	859
Materials and supplies	25,719	25,016
	31,001	47,174

During the three months period ended September 30, 2014, the Company has recorded a writedown of $389 (2013: nil) to adjust the carrying value of inventory to its net realizable value.

(Cdn$ in thousands - unaudited)

13. PROPERTY, PLANT & EQUIPMENT

During the three and nine month periods ended September 30, 2014, the Company capitalized stripping costs of $8,415 and $16,262 respectively, and acquired mining property, plant and equipment of $5,618 and $22,553 respectively. The rehabilitation cost asset increased by $3,854 and $19,153 respectively for the three and nine month periods ended September 30, 2014, as a result of changes in estimates during the period including market driven discount rate changes. The Company incurred depletion and amortization in mining operations of $12,932 and $36,915 respectively for the three and nine month periods ended September 30, 2014.

14. OTHER FINANCIAL LIABILITIES

	September 30, 2014	December 31, 2013
Current:		
Red Mile royalty obligation	49,264	63,854
Deferred revenue – Red Mile royalty obligation	-	131
	49,264	63,985
Long-term:		
Income tax obligations	-	272
Deferred share units	192	293
	192	565

15. DEBT

	September 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Current:				
Capital leases	17,992	17,990	13,674	13,036
Secured equipment loans	6,245	6,232	8,951	8,899
	24,237	24,222	22,625	21,935
Long-term:				
Senior notes	220,145	224,401	208,349	211,540
Capital leases	26,792	26,789	33,138	31,592
Secured equipment loans	14,333	14,303	18,028	17,926
	261,271	265,493	259,515	261,058

All debt instruments are classified as a level 2 financial instruments (note 21).

(Cdn$ in thousands - unaudited)

16. EQUITY

(a) Share capital

(thousands of shares)	Common shares
Common shares outstanding at January 1, 2014	193,382
Exercise of share options	1,623
Common shares outstanding at September 30, 2014	195,005

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

(b) Share-Based Compensation

(thousands of options)	Options	Average price
Outstanding at January 1, 2013	9,746	$3.43
Granted	4,083	$2.27
Exercised	(1,623)	$1.59
Forfeited	(39)	$2.71
Expired	(259)	$3.55
Outstanding at September 30, 2014	11,908	$3.28

The weighted-average fair value of the share options issued in the three and nine month period ended September 30, 2014 was estimated at $0.95 and $1.07 per share option respectively, using the Black Scholes Option Pricing Model with the following assumptions:

	Three Months Ended, September 30, 2014	**Nine Months Ended, September 30, 2014**
Weighted Average Forfeiture Rate (%)	-	-
Weighted Average Market Price	2.19	2.26
Weighted Average Volatility (%)	49.31	55.24
Weighted Average Risk Free Interest Rate (%)	1.68	1.63
Weighted Average Dividend Yield (%)	-	-
Weighted Average Expected Life (years)	5	4.73

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 2014, the Company issued 66,079 DSUs to directors (2013: 133,333). The DSUs were valued at $2.27 (2013: $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 September 30, 2014 was 99,371 units (2013: 133,333). A gain of $53 and a loss of $138 has been recognized for the three and month month periods ended September 30, 2014 respectively (2013: $28 and $287 loss) to record the liability at fair value.

(Cdn$ in thousands - unaudited)

17. COMMITMENTS AND CONTINGENCIES

(a) Commitments

At September 30, 2014, the Company's share of capital and operating commitments totaled $2,532 and $8,847 respectively.

In addition, during the three month period ended September 30, 2014, ACE INA Insurance ("ACE") issued a surety bond of $13,161 to BC Hydro as collateral for the Gibraltar Joint Venture's electricity consumption commitment. The surety bond replaced a cash security deposit of $17,202 that was refunded to the Gibraltar Joint Venture. The Company's 75% share of this refund was $12,901. The Company issued ACE a financial guarantee for 75% of the surety bond, which is equal to the Company's portion of the Joint Venture's commitment to purchase power from BC Hydro.

In connection with the acquisition agreement with Curis (Note 3), the Company entered into a convertible loan agreement with Curis during the three months period ended September 2014, whereby the Company has agreed to advance to Curis an unsecured loan of US$2,000 during the three month period ended December 31, 2014.

(b) Contingencies

As at September 30, 2014, the Company has guaranteed certain debt entered into by the Gibraltar Joint Venture in the amount of $69,864.

18. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended September 30,		**Nine months ended September 30,**	
	2014	**2013**	**2014**	**2013**
Change in non-cash working capital items				
Accounts receivable	5,975	6,122	(17,789)	11,308
Inventories	4,466	(16,670)	16,173	(28,429)
Prepaids	398	2,302	2,055	523
Accounts payable and accrued liabilities	8,588	1,305	20,117	8,796
Interest payable	290	(101)	288	66
Deferred revenue	-	8,772	-	8,772
Income tax (paid)/received	-	594	(900)	634
	19,717	2,324	19,944	1,670
Non-cash investing and financing activities				
Assets acquired under capital lease	-	-	11,106	19,915
Interest earned on promissory note	(706)	(905)	(2,195)	(2,737)
Interest expense on royalty obligation	731	191	2,193	573
Royalty obligation settled by promissory note	-	-	(16,784)	(10,820)

(Cdn$ in thousands - unaudited)

19. FINANCIAL RISK MANAGEMENT

Summary of derivatives

	Notional amount	Strike price	Term to maturity	Fair value
At September 30, 2014				
Commodity contracts				
Copper put option contracts	14.60 million lbs	US$2.75	Q4 2014	129
Copper put option contracts	15.00 million lbs	US$3.00	Q1 2015	1,821
				1,950

20. RELATED PARTIES

Related party transactions

	Transaction value for the three months ended September 30,		Transaction value for the nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
Hunter Dickinson Services Inc.:				
General and administrative expenses	828	485	2,168	1,441
Exploration and evaluation expenses	139	278	606	713
	967	763	2,774	2,154
Gibraltar joint venture:				
Other operating income (management fee)	281	281	844	844
Reimburseable expenses	53	53	294	164
	334	334	1,138	1,008

	Balance due from (to) as at September 30,	
	2014	**2013**
Hunter Dickinson Services Inc.	(79)	(204)
Gibraltar Joint Venture	108	119

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. In addition, the Company pays certain expenses on behalf of the Gibraltar Joint Venture and invoices the Joint Venture for these expenses.

During the three month period ended March 31, 2014, the Company invested an additional $5,000 in Curis Resources Ltd., a public company that holds mineral property interests, with one director in common with the Company.

(Cdn$ in thousands - unaudited)

21. FAIR VALUE MEASUREMENTS

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
September 30, 2014				
Financial assets designated at FVTPL				
Copper put option contracts	-	1,950	-	1,950
Available-for-sale financial assets				
Marketable securities	12,085	-	-	12,085
Subscription receipts	-	-	12,400	12,400
Reclamation deposits	26,770	-	-	26,770
	38,855	1,950	12,400	53,205
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	-	-	12,400	12,400
Reclamation deposits	25,872	-	-	25,872
	30,823	1,295	12,400	44,518

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable and payable approximate their fair value as at September 30, 2014.

The senior notes, a level 1 instruments, 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 5.28% to 5.37% based on the relevant loans effective interest rate.

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 initially valued based on a purchase transaction. Subsequent valuations are based on a market approach using prices generated by market transactions involving comparable assets. In addition, the Company considers exploration results specific to the investment, which are communicated through discussions with the investee's management.