Taseko Mines Limited
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TASEKO REPORTS FIRST QUARTER 2015 RESULTS

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

May 13, 2015, Vancouver, BC – Taseko Mines Limited (TSX: TKO; NYSE MKT: TGB) ("Taseko" or the "Company") reports the results for the three months ended March 31, 2015.

First Quarter Highlights

- First quarter 2015 earnings from mining operations (before depletion and amortization)* were $2.3 million and adjusted EBITDA* was $11.2 million compared to a loss of ($0.9) million and ($8.4) million, respectively, in the fourth quarter 2014,
- Gibraltar throughput averaged 86,100 tons per day in the first quarter, above design capacity and the best performing quarter since the concentrator was upgraded.
- Total production in the first quarter was 28.4 million pounds of copper and 404 thousand pounds of molybdenum, relatively flat compared to production of 28.1 million pounds and 445 thousand pounds in the fourth quarter 2014.
- Total sales for the quarter were 25.4 million pounds of contained copper in concentrate. Inventory increased by 3.0 million pounds due to shipment timing.
- In January 2015, the Company took advantage of the weak copper price and settled all outstanding copper put options for cash proceeds of $17.4 million, resulting in a gain on derivatives of $11.8 million.
- In April 2015, the Company acquired copper put options for 30 million pounds over the second and third quarters of 2015 at a strike price of US$2.50 per pound. Total cost of these put options was US$1.1 million.
- In May 2015, an updated mine plan and reserve for Gibraltar was announced. The new plan reduces the overall strip ratio and increases profitability of the mine.

Russell Hallbauer, President and CEO of Taseko, commented, "Copper grade in the first quarter was similar to the fourth quarter, as expected, but trended higher in March to 0.240% and then to 0.260% in April. During the quarter we successfully operated our concentrators above design capacity in order to maximize production, given the lower copper grade. Mining operations have now worked through the lower grade material in the upper benches and are now progressing into higher grade ore, with the grade expected to fluctuate between 0.25%-0.28% for the balance of 2015. Copper recoveries during the first quarter were better than expected considering the lower copper grade. The increasing copper grade combined with work that has been completed on the grinding and flotation circuits in recent months is expected to result in improved recoveries going forward.

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

The table below details monthly production statistics for the first quarter, as well as a second quarter forecast:

	Jan-15	Feb-15	Mar-15	Q1 Total	Q2 Forecast
Tons Milled (000s tons)	2,480	2,600	2,680	7,760	7,700
Tons Per Day	79,800	92,700	86,500	86,100	84,600
Strip Ratio	2.4	2.1	2.5	2.4	2.2
Grade	0.23%	0.21%	0.24%	0.23%	0.27%
Recovery	81.1%	80.2%	83.0%	81.4%	84.0%
Cu Production (000s lbs)	9,100	8,600	10,700	28,400	35,500
Cost Per Tonne Milled (C$)	$10.09	$8.96	$10.00	$9.66	$10.80
Site Operating Costs Net of By-Product Credits (US$/lb)	$2.06	$2.13	$1.77	$2.00	$1.75

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

"Last week we announced an updated mine plan and long-term reserves for Gibraltar. The six-month engineering study optimized cut-off grade, strip ratio and pit development sequencing. The new mine plan significantly reduces the strip ratio and in combination with the new pit development sequence, will result in lower costs and more profitable copper production," continued Mr. Hallbauer. "This is only achievable because of the investments we have made at Gibraltar. In recent months, we have been mining to a short-term plan which is similar to the updated long-term plan. In the space of just a few months, we have made significant reductions in cost per ton milled, and as the grade has been improving, costs per pound are also falling. Costs will continue to decline as grade stabilizes at higher levels, recoveries improve and as we advance other cost saving initiatives."

Mr. Hallbauer added, "Our Florence and Aley projects continue to progress through the permitting and environmental assessment phases. We are managing spending on these projects to correspond with our cash flow and liquidity. Until copper market conditions improve, we will maintain a very conservative spending policy."

Mr. Hallbauer concluded, "I would also like to congratulate three members of my management team who have recently received important industry awards. In January, Rob Rotzinger, Vice President, Capital Projects, was awarded the Mineral Processor of the Year by the Canadian Mineral Processors (CMP) Group. This award was presented to Rob in recognition of the outstanding work he performed on the GDP3 project, for his dedication to the successful advancement of the Gibraltar Mine, and for his commitment to advancing mineral processing solutions at Gibraltar and Taseko as a whole. In May, John McManus, Chief Operating Officer, was named Mining Person of the Year by the Mining Association of BC. This award publicly recognizes an outstanding individual who has shown leadership in advancing and promoting the mining industry in British Columbia. John was recognized for his work on leading the Mining Association of British Columbia both as Chairman and as a Director during a period when significant changes were occurring with respect to how our industry is perceived by the public, government, media, and First Nations."

"Also in May, Tom Broddy, Manager, Engineering Projects received two awards from the Canadian Institute of Mining, Metallurgy and Petroleum (CIM). He was presented the District Distinguished Service Award for exemplary effort in introducing students to the mining industry and to the CIM, as well as the Distinguished Service Medal for his commendable mentoring, his commitment to the Surface Mining Society and his dedication to the CIM Vancouver Branch."

HIGHLIGHTS

Financial Data	**Three months ended March 31,**		
(Cdn$ in thousands, except for per share amounts)	**2015**	**2014**	**Change**
Revenues	61,835	104,996	(43,161)
Earnings (loss) from mining operations before depletion and amortization*	2,329	19,439	(17,110)
Earnings (loss) from mining operations	(7,979)	8,787	(16,766)
Net earnings (loss)	(25,206)	(9,148)	(16,058)
Per share - basic ("EPS")	(0.11)	(0.05)	(0.06)
Adjusted net earnings (loss)*	(2,434)	(2,710)	275
Per share - basic ("adjusted EPS") *	(0.01)	(0.01)	-
EBITDA *	(11,996)	8,858	(20,854)
Adjusted EBITDA *	11,224	14,594	(3,370)
Cash flows provided by (used for) operations	(3,328)	23,301	(26,629)

Operating Data (Gibraltar - 100% basis)	**Three months ended March 31,**		
	2015	**2014**	**Change**
Tons mined (millions)	21.0	25.9	(4.9)
Tons milled (millions)	7.8	7.0	0.8
Production (million pounds Cu)	28.4	34.5	(6.1)
Sales (million pounds Cu)	25.4	40.0	(14.6)

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

HIGHLIGHTS - CONTINUED

- Earnings from mining operations before depletion and amortization were $2.3 million;
- Copper production at Gibraltar was 28.4 million pounds (100% basis), and was impacted by lower head grades. Grade is steadily increasing and is expected to fluctuate between 0.25% and 0.28% for the remainder of 2015;
- Site operating cost per ton milled* decreased to $9.66 in the first quarter of 2015, approximately 19% lower than the first quarter of 2014 due to an overall reduction in spending;
- Total operating costs* were US$2.39 per pound produced, lower than the previous two quarters as a result of lower site operating costs and weakening Canadian dollar exchange rate;
- At March 31, 2015 the Company had a cash balance of $58 million;
- In May 2015, an updated mine plan and reserve for Gibraltar was announced. The new plan reduces the overall strip ratio and increases profitability of the mine;
- In January 2015, when the copper price dropped to a recent low of US$2.45 per pound, the Company sold all outstanding copper put options for cash proceeds of $17.4 million. The Company's hedging strategy is designed to mitigate a short term decline in copper price; and
- In April 2015, the Company acquired copper put options for 30 million pounds over the second and third quarters of 2015 at a strike price of US$2.50 per pound.

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

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

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

Operating Data (100% basis)	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Tons mined (millions)	21.0	25.1	32.5	30.2	25.9
Tons milled (millions)	7.8	7.6	7.8	7.7	7.0
Strip ratio	2.4	3.1	3.0	3.1	2.8
Site operating cost per ton milled (CAD) *	$9.66	$10.13	$12.10	$11.42	$11.91
Copper concentrate					
Grade (%)	0.225	0.222	0.267	0.285	0.290
Recovery (%)	81.4	81.3	83.3	85.3	84.6
Production (million pounds Cu)	28.4	27.7	34.5	37.6	34.5
Sales (million pounds Cu)	25.4	26.0	37.1	38.1	40.0
Inventory (million pounds Cu)	6.2	3.2	1.4	3.9	4.4
Copper cathode					
Production (million pounds)	-	0.4	0.9	0.9	-
Sales (million pounds)	-	0.5	1.0	0.6	-
Molybdenum concentrate					
Grade (%)	0.006	0.008	0.011	0.011	0.009
Recovery (%)	40.0	38.8	38.0	41.4	42.5
Production (thousand pounds Mo)	404	445	654	667	566
Sales (thousand pounds Mo)	379	481	708	731	589
Per unit data (US$ per pound) *					
Site operating costs*	$2.12	$2.43	$2.60	$2.11	$2.19
By-product credits *	(0.12)	(0.11)	(0.25)	(0.35)	(0.21)
Site operating costs, net of by-product credits *	$2.00	$2.32	$2.35	$1.76	$1.98
Off-property costs	0.39	0.45	0.40	0.36	0.50
Total operating costs (C1) *	$2.39	$2.77	$2.75	$2.12	$2.48

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

OPERATIONS ANALYSIS

During the first quarter of 2015, Gibraltar milled 7.8 million tons of ore, slightly over the design capacity of 85,000 tons per day. Gibraltar mined 21.0 million tons of material which was lower than recent quarters due to the idling of mine equipment to reduce expenditures in the face of temporary lower grade to the mill.

Average head grade for the first quarter of 2015 was 0.225% compared to 0.29% in the first quarter of 2014. Head grades are expected to fluctuate between 0.25% and 0.28% for the remainder of 2015. Lower head grades also negatively impacted copper recoveries in the first quarter of 2015. As grade improves recoveries are expected to improve as well.

Copper in concentrate production in the first quarter of 2015 was 28.4 million pounds, a decrease of 18% from copper production in the first quarter of 2014 of 34.5 million pounds. Molybdenum production during the first quarter of 2015 was 0.4 million pounds, a decrease of 29% over the first quarter of 2014. The decrease in molybdenum production is due to lower molybdenum grade.

Gibraltar's SX/EW plant was seasonally idle in in the first quarter but was restarted in April 2015.

In the first quarter of 2015, site operating costs, net of by-product credits per pound of copper produced was US$2.00, compared to US$1.98 during the first quarter of 2014. Site operating cost per ton milled decreased by approximately 19% to $9.66 in the first quarter of 2015 as a result of a reduction in waste mining, declining diesel prices and lower maintenance costs. The weakening Canadian dollar is also having a positive impact on our reported US dollar unit cost. The increase in per pound unit costs is being driven by the lower copper production as a result of lower head grades, which has offset the impact of operating cost reductions.

Off-property costs, including transportation, treatment and refining charges, for the first quarter of 2015 were US$0.39 per pound produced, compared to US$0.50 per pound produced in the first quarter of 2014. Off-property costs are driven by sales volumes, and therefore off-property cost per pound produced fluctuates based on differences between production and sales volumes.

The total operating costs, including off-property costs, for the first quarter of 2015 were US$2.39 per pound produced, compared to US$2.48 per pound in the first quarter of 2014.

GIBRALTAR OUTLOOK

For the balance of 2015, copper grades are forecasted to fluctuate between 0.25% and 0.28%. Based on forecasted grades and subsequent improved recoveries, the Gibraltar Mine is expected to produce 130-140 million pounds of copper in 2015 (100% basis). Increases in copper grades and production are expected to reduce total operating costs per pound over the remainder of this year. There are a number of cost control initiatives underway including mine plan modifications to reduce waste stripping requirements, a workforce reduction effective in January 2015, and initiatives with vendors to reduce costs of supplies and consumables. The mine is also benefiting from continued declines in the price of diesel, which is a significant input cost. Diesel prices have fallen by approximately 23% since the beginning of this year. The Canadian dollar has fallen approximately 15% since the beginning of 2014 and with approximately 80% of Gibraltar's operating costs denominated in Canadian dollars, the weakening dollar has a significant impact on total operating costs per pound reported in US dollars.

The cumulative effects of these factors are expected to result in reduced operating costs at the Gibraltar Mine going forward.

REVIEW OF PROJECTS

Florence Copper Project

The Florence Copper Project is currently in the final stages of permitting for the Phase 1 Production Test Facility ("PTF").

The Temporary Aquifer Protection Permit (“APP”) for the PTF issued in July 2013 by the Arizona Department of Environmental Quality (“ADEQ”) was subject to an appeal. As a result of the appeal an amendment was submitted in March 2015 and issuance of the amended APP is now anticipated during the third quarter of 2015. In December, 2014, the Company announced the receipt of a draft Underground Injection Control (UIC) permit from the U.S. Environmental Protection Agency (EPA). The UIC permit regulates the construction and operation of Florence Copper's injection wells at the site and is the final regulatory milestone required by the Company to construct and operate the PTF. The public hearing for the draft permit was held on January 22, 2015 and the public comment period expired in April, 2015. The Company expects the UIC permit to be issued by mid-2015.

Aley Project

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

New Prosperity Project

On February 26, 2014 the Government of Canada announced its decision to not issue the authorizations necessary for the New Prosperity project to proceed. In the wake of this decision, 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. The motion was dismissed as the court felt that the judicial review process is the correct vehicle to pursue the remedies that the Company seeks.

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

Taseko will host a conference call on Thursday, May 14, 2015 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. Alternatively, a live and archived webcast will also be available at tasekomines.com. The conference call will be archived for later playback until May 21, 2015 and can be accessed by dialing (855) 859-2056 in Canada and the United States, or (404) 537-3406 internationally and using the passcode 33407188.

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

Brian Bergot, Vice President, Investor Relations – 778-373-4554, toll free 1-800-667-2114

Russell Hallbauer
President and CEO

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

NON-GAAP PERFORMANCE MEASURES

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

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

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

	Three months ended March 31,	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2015**	**2014**
Cost of sales	69,814	96,209
Less Depletion and amortization	(10,308)	(10,652)
Net change in inventory	7,061	(8,622)
Less off-property costs:		
Treatment and refining costs	(6,770)	(7,702)
Transportation costs	(3,617)	(6,513)
Site operating costs	56,180	62,720
Less by-product credits:		
Molybdenum	(2,598)	(5,090)
Silver	(704)	(1,012)
Site operating costs, net of by-product credits	52,878	56,618
Total copper produced (thousand pounds)	21,273	25,906
Total costs per pound produced	2.49	2.19
Average exchange rate for the period (CAD/USD)	1.24	1.10
Site operating costs, net of by-product credits (US$ per pound)	**2.00**	**1.98**
Site operating costs, net of by-product credits	52,878	56,618
Add off-property costs:		
Treatment and refining costs	6,770	7,702
Transportation costs	3,617	6,513
Total operating costs	*63,265*	70,833
Total operating costs (C1) (US$ per pound)	**2.39**	**2.48**

NON-GAAP PERFORMANCE MEASURES – CONTINUED

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 March 31,	
($ in thousands, except per share amounts)	**2015**	**2014**
Net earnings (loss)	**(25,206)**	**(9,148)**
Unrealized loss (gain) on derivatives	1,751	(2,744)
Unrealized foreign exchange (gain) loss	21,469	8,480
Estimated tax effect of adjustments	(448)	702
Adjusted net earnings (loss)	**(2,434)**	**(2,710)**
Adjusted EPS	**(0.01)**	**(0.01)**

EBITDA and adjusted EBITDA

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

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

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

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

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

NON-GAAP PERFORMANCE MEASURES – CONTINUED

($ in thousands, except per share amounts)	Three months ended March 31, 2015	2014
Net earnings (loss)	**(25,206)**	**(9,148)**
Add:		
Depletion and Amortization	10,334	10,735
Amortization of stock-based compensation	206	2,083
Interest expense	6,362	6,647
Interest income	(657)	(1,122)
Income tax expense (recovery)	(3,035)	(337)
EBITDA	**(11,996)**	**8,858**
Adjustments:		
Unrealized (gain)/loss on derivative instruments	1,751	(2,744)
Unrealized foreign exchange (gain) loss	21,469	8,480
Adjusted EBITDA	**11,224**	**14,594**

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 March 31,	
(Cdn$ in thousands, except per share amounts)	2015	2014
Earnings (loss) from mining operations	**(7,979)**	**8,787**
Add:		
Depletion and amortization	10,308	10,652
Earnings from mining operations before depletion and amortization	**2,329**	**19,439**

Site operating costs per ton milled

	Three months ended March 31,	
(Cdn$ in thousands, except per share amounts)	2015	2014
Direct mining and processing costs (included in cost of sales)	**56,180**	**62,720**
Tons milled (thousands) (75% basis)	5,813	5,266
Site operating costs per ton milled	**$9.66**	**$11.91**

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

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

For further information on Taseko, investors should review the Company's annual Form 40-F filing with the United States Securities and Exchange Commission www.sec.gov and home jurisdiction filings that are available at www.sedar.com.

TASEKO MINES LIMITED

Management's Discussion and Analysis

This management's discussion and analysis ("MD&A") is intended to help the reader understand Taseko Mines Limited ("Taseko", "we", "our" or the "Company"), our operations, financial performance, and current and future business environment. This MD&A is intended to supplement and complement the unaudited condensed consolidated interim financial statements and notes thereto, prepared in accordance with IAS 34 *Interim Financial Reporting* for the three month period ended March 31, 2015 (collectively, the "Financial Statements"). You are encouraged to review the Financial Statements in conjunction with your review of this MD&A and the most recent Form 40-F/Annual Information Form, which is available on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the United States Securities and Exchange Commission's ("SEC") website at www.sec.gov.

This MD&A is prepared as of May 11, 2015. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Cautionary Statement on Forward-Looking Information

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

CONTENTS

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, Florence Copper and Harmony gold projects.

HIGHLIGHTS

Financial Data	**Three months ended March 31,**		
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	2015	**2014**	**Change**
Tons mined (millions)	21.0	25.9	(4.9)
Tons milled (millions)	7.8	7.0	0.8
Production (million pounds Cu)	28.4	34.5	(6.1)
Sales (million pounds Cu)	25.4	40.0	(14.6)

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

HIGHLIGHTS - CONTINUED

- Earnings from mining operations before depletion and amortization were $2.3 million;
- Copper production at Gibraltar was 28.4 million pounds (100% basis), and was impacted by lower head grades. Grade is steadily increasing and is expected to fluctuate between 0.25% and 0.28% for the remainder of 2015;
- Site operating cost per ton milled* decreased to $9.66 in the first quarter of 2015, approximately 19% lower than the first quarter of 2014 due to an overall reduction in spending;
- Total operating costs* were US$2.39 per pound produced, lower than the previous two quarters as a result of lower site operating costs and weakening Canadian dollar exchange rate;
- At March 31, 2015 the Company had a cash balance of $58 million;
- In May 2015, an updated mine plan and reserve for Gibraltar was announced. The new plan reduces the overall strip ratio and increases profitability of the mine;
- In January 2015, when the copper price dropped to a recent low of US$2.45 per pound, the Company sold all outstanding copper put options for cash proceeds of $17.4 million. The Company's hedging strategy is designed to mitigate a short term decline in copper price; and
- In April 2015, the Company acquired copper put options for 30 million pounds over the second and third quarters of 2015 at a strike price of US$2.50 per pound.

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

REVIEW OF OPERATIONS

Gibraltar mine (75% Owned)

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

Operating Data (100% basis)	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014**
Tons mined (millions)	21.0	25.1	32.5	30.2	25.9
Tons milled (millions)	7.8	7.6	7.8	7.7	7.0
Strip ratio	2.4	3.1	3.0	3.1	2.8
Site operating cost per ton milled (CAD) *	$9.66	$10.13	$12.10	$11.42	$11.91
Copper concentrate					
Grade (%)	0.225	0.222	0.267	0.285	0.290
Recovery (%)	81.4	81.3	83.3	85.3	84.6
Production (million pounds Cu)	28.4	27.7	34.5	37.6	34.5
Sales (million pounds Cu)	25.4	26.0	37.1	38.1	40.0
Inventory (million pounds Cu)	6.2	3.2	1.4	3.9	4.4
Copper cathode					
Production (million pounds)	-	0.4	0.9	0.9	-
Sales (million pounds)	-	0.5	1.0	0.6	-
Molybdenum concentrate					
Grade (%)	0.006	0.008	0.011	0.011	0.009
Recovery (%)	40.0	38.8	38.0	41.4	42.5
Production (thousand pounds Mo)	404	445	654	667	566
Sales (thousand pounds Mo)	379	481	708	731	589
Per unit data (US$ per pound) *					
Site operating costs*	$2.12	$2.43	$2.60	$2.11	$2.19
By-product credits *	(0.12)	(0.11)	(0.25)	(0.35)	(0.21)
Site operating costs, net of by-product credits *	$2.00	$2.32	$2.35	$1.76	$1.98
Off-property costs	0.39	0.45	0.40	0.36	0.50
Total operating costs (C1) *	$2.39	$2.77	$2.75	$2.12	$2.48

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

OPERATIONS ANALYSIS

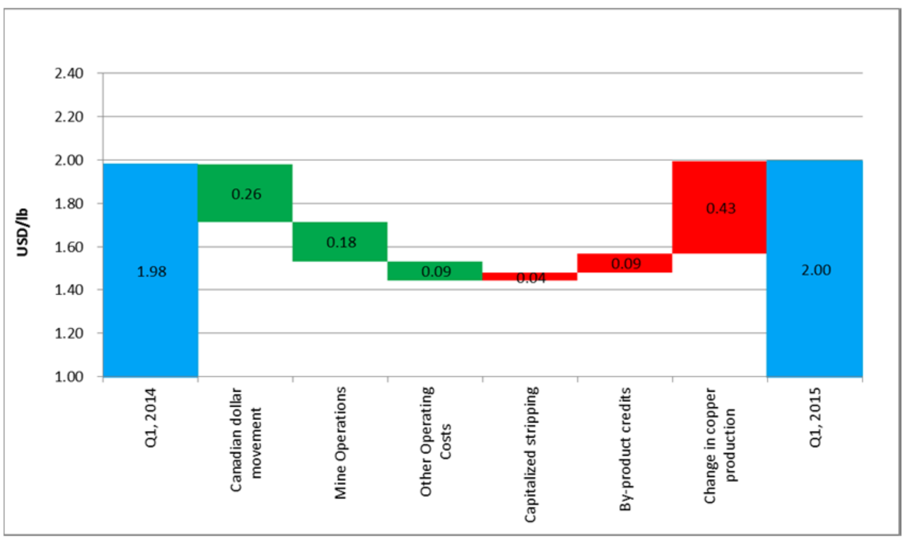
During the first quarter of 2015, Gibraltar milled 7.8 million tons of ore, slightly over the design capacity of 85,000 tons per day. Gibraltar mined 21.0 million tons of material which was lower than recent quarters due to the idling of mine equipment to reduce expenditures in the face of temporary lower grade to the mill.

Average head grade for the first quarter of 2015 was 0.225% compared to 0.29% in the first quarter of 2014. Head grades are expected to fluctuate between 0.25% and 0.28% for the remainder of 2015. Lower head grades also negatively impacted copper recoveries in the first quarter of 2015. As grade improves recoveries are expected to improve as well.

Copper in concentrate production in the first quarter of 2015 was 28.4 million pounds, a decrease of 18% from copper production in the first quarter of 2014 of 34.5 million pounds. Molybdenum production during the first quarter of 2015 was 0.4 million pounds, a decrease of 29% over the first quarter of 2014. The decrease in molybdenum production is due to lower molybdenum grade.

Gibraltar's SX/EW plant was seasonally idle in in the first quarter but was restarted in April 2015.

Site operating costs, net of by-product credits,* per pound
(Q1 2014 compared to Q1 2015)



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

In the first quarter of 2015, site operating costs, net of by-product credits per pound of copper produced was US$2.00, compared to US$1.98 during the first quarter of 2014. Site operating cost per ton milled decreased by approximately 19% to $9.66 in the first quarter of 2015 as a result of a reduction in waste mining, declining diesel prices and lower maintenance costs. The weakening Canadian dollar is also having a positive impact on our reported US dollar unit cost. The increase in per pound unit costs is being driven by the lower copper production as a result of lower head grades, which has offset the impact of operating cost reductions.

Off-property costs, including transportation, treatment and refining charges, for the first quarter of 2015 were US$0.39 per pound produced, compared to US$0.50 per pound produced in the first quarter of 2014. Off-property costs are driven by sales volumes, and therefore off-property cost per pound produced fluctuates based on differences between production and sales volumes.

The total operating costs, including off-property costs, for the first quarter of 2015 were US$2.39 per pound produced, compared to US$2.48 per pound in the first quarter of 2014.

GIBRALTAR OUTLOOK

For the balance of 2015, copper grades are forecasted to fluctuate between 0.25% and 0.28%. Based on forecasted grades and subsequent improved recoveries, the Gibraltar Mine is expected to produce 130-140 million pounds of copper in 2015 (100% basis). Increases in copper grades and production are expected to reduce total operating costs per pound over the remainder of this year. There are a number of cost control initiatives underway including mine plan modifications to reduce waste stripping requirements, a workforce reduction effective in January 2015, and initiatives with vendors to reduce costs of supplies and consumables. The mine is also benefiting from continued declines in the price of diesel, which is a significant input cost. Diesel prices have fallen by approximately 23% since the beginning of this year. The Canadian dollar has fallen approximately 15% since the beginning of 2014 and with approximately 80% of Gibraltar's operating costs denominated in Canadian dollars, the weakening dollar has a significant impact on total operating costs per pound reported in US dollars.

The cumulative effects of these factors are expected to result in reduced operating costs at the Gibraltar Mine going forward.

REVIEW OF PROJECTS

Florence Copper project

The Florence Copper Project is currently in the final stages of permitting for the Phase 1 Production Test Facility ("PTF").

The Temporary Aquifer Protection Permit ("APP") for the PTF issued in July 2013 by the Arizona Department of Environmental Quality ("ADEQ") was subject to an appeal. As a result of the appeal an amendment was submitted in March 2015 and issuance of the amended APP is now anticipated during the third quarter of 2015. In December, 2014, the Company announced the receipt of a draft Underground Injection Control (UIC) permit from the U.S. Environmental Protection Agency (EPA). The UIC permit regulates the construction and operation of Florence Copper's injection wells at the site and is the final regulatory milestone required by the Company to construct and operate the PTF. The public hearing for the draft permit was held on January 22, 2015 and the public comment period expired in April, 2015. The Company expects the UIC permit to be issued by mid-2015.

Aley project

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

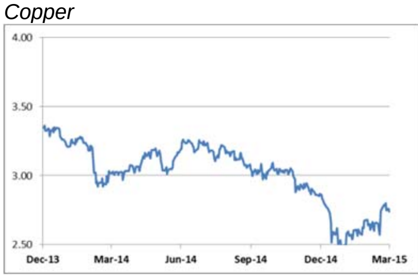
New Prosperity project

On February 26, 2014 the Government of Canada announced its decision to not issue the authorizations necessary for the New Prosperity project to proceed. In the wake of this decision, 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. The motion was dismissed as the court felt that the judicial review process is the correct vehicle to pursue the remedies that the Company seeks.

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

MARKET REVIEW

Copper



Molybdenum

Canadian/US Dollar Exchange

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

While the US dollar price of copper slipped over the course of the first quarter 2015, there was a recovery from the lows experienced in late January. While the US dollar price of copper declined to US$2.45 in January 2015 and was US$2.74 at the end of the first quarter, 4% lower than the end of 2014, the Canadian dollar price increased by 5% to C$3.48 per pound, due to a weakened Canadian dollar. At the end of March 2015, heavy rains in northern Chile caused severe flooding in the region and shut down a number of copper mines. For most of the impacted mines the shutdowns were short-term, but a number of the mines sustained a significant amount of damage and remained idled into April 2015.

Continued weakness in the iron ore and steel sectors put downward pressure on molybdenum pricing in the first quarter although the declining Canadian dollar partially offset the drop. At the end of the quarter the price was C$10.30 per pound, down approximately 4% since the end of 2014.

In the first quarter of 2015, the Canadian dollar sank to its lowest level in over six years. In March, the Canadian dollar hit a low of 0.78 to the US dollar before slightly rebounding to 0.79 at the end of the quarter. A significant factor that is driving the decline in the Canadian dollar is the price of oil which has fallen by approximately 50% in the last year.

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 is reported in US dollars per pound.

FINANCIAL PERFORMANCE

Earnings

Earnings from mining operations decreased to a loss of $8.0 million in the first quarter of 2015 from earnings of $8.8 million in the first quarter of 2014, primarily due to decreased copper production driven by lower grade, offset by lower production costs.

Revenues decreased by 41% from the first quarter of 2014 primarily due to decreased sales volumes of copper and molybdenum at the Gibraltar mine. Although the average realized US dollar copper price declined in the first quarter of 2015, the impact of this was largely offset by a weakening Canadian dollar.

The Company realized a net loss of $25.2 million ($0.11 per share), compared to a net loss of $9.1 million ($0.05 per share) in 2014.

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

(Cdn$ in thousands)	Three months ended March 31, 2015	2014	Change
Net (loss) earnings	(25,206)	(9,148)	(16,058)
Unrealized loss (gain) on derivatives	1,751	(2,744)	4,495
Unrealized foreign exchange (gain) loss	21,469	8,480	12,989
Estimated tax effect of adjustments	(448)	702	(1,151)
Adjusted net earnings (loss) *	(2,434)	(2,710)	275

*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 copper put options during the period.

The Canadian dollar weakened during the first quarter of 2015 which resulted in an unrealized foreign exchange loss of $22.0 million.

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

Revenues

(Cdn$ in thousands)	Three months ended March 31, 2015	2014	Change
Copper in concentrate	58,663	98,894	(40,231)
Copper cathode	(130)	-	(130)
Total copper sales	58,533	98,894	(40,361)
Molybdenum concentrate	2,598	5,090	(2,492)
Silver contained in copper concentrate	704	1,012	(308)
	61,835	104,996	(43,161)
(thousands of pounds, unless otherwise noted)			
Copper in concentrate *	18,375	28,914	(10,539)
Copper cathode	-	-	-
Total copper sales	18,375	28,914	(10,539)
Average realized copper price (US$ per pound)	2.57	3.10	(0.53)
Average LME copper price (US$ per pound)	2.63	3.19	(0.56)

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

Copper revenues for the first quarter of 2015 decreased by $40.2 million, or 41%, over the first quarter of 2014, primarily due to a decrease in copper sales volumes with a lower US dollar realized copper price, partially offset by the strengthening US dollar.

As copper sales are denominated in US dollars, the strengthening of the US dollar translates into increased Canadian dollar revenues. Comparing the average foreign exchange of the first quarters of 2014 and 2015 the US dollar strengthened by 12% in 2015, partially offsetting the weakening average realized copper price, which declined by 17% over the same period. The Company's average realized copper price for the first quarter of 2015 was US$2.57 per pound, compared to US$3.10 for the first quarter of 2014. London Metals Exchange (LME) copper prices averaged US$2.63 in the first quarter of 2015. 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 first quarter of 2015 totaled $2.6 million, down from $5.1 million in the corresponding last year's quarter. The decrease in revenues was due to a decrease in sales volumes as a result of lower production driven by grade, and the declining molybdenum price.

Cost of sales

(Cdn$ in thousands)	Three months ended March 31, 2015	2014	Change
Direct mining and processing costs	56,180	62,720	(6,540)
Treatment and refining costs	6,770	7,702	(932)
Transportation costs	3,617	6,513	(2,896)
Changes in inventories of finished goods and WIP	(7,061)	8,622	(15,683)
Production costs	59,506	85,557	(26,051)
Depletion and amortization	10,308	10,652	(344)
Cost of sales	69,814	96,209	(26,395)
Site operating costs per ton milled*	$9.66	$11.91	($2.25)

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

Direct mining and processing costs decreased by 10% compared to the first quarter of 2014 due to lower diesel prices, lower tons mined and decreased maintenance costs. Additionally, a grinding media recycling program is resulting in declining milling costs. Overall tons milled increased, cost per ton milled decreased 19% from the first quarter of 2014.

Total treatment and refining costs and transportation have decreased over the first quarter of 2014, mostly due to the 36% decrease in copper sales volumes offset by the strengthening of the US dollar.

Depletion and amortization for the first quarter of 2015 was $10.3 million, a 2% decrease from the prior years quarter.

Other expenses (income)

(Cdn$ in thousands)	Three months ended March 31, 2015	2014	Change
General and administrative	4,473	5,074	(601)
Exploration and evaluation	264	1,748	(1,484)
Other expense (income)	(271)	(1,085)	814

General and administrative costs are relatively constant quarter-over-quarter as the Company is focusing on controlling general and administrative expenditures.

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

Gain on derivatives

During the first quarter of 2015, the Company received $2.3 million on the settlement of the January copper put options that settled in-the-money and proceeds of $15.2 million from the sale of the copper put options that were scheduled to mature in February to June, 2015. The Company recognized a realized gain of $13.5 million on these settlements in the first quarter of 2015. In the first quarter of 2014 the Company recognized a $2.7 million unrealized gain on the copper derivative instruments due to increases in the fair value of the put options on the outstanding contracts. The Company's hedging strategy is designed to mitigate short term declines in copper prices. In April 2015, the Company acquired copper put options for 30 million pounds over the second and third quarters of 2015 at a strike price of US$2.50 per pound.

Finance income & expenses

Finance expenses for the first quarter of 2015 decreased by $0.3 million compared to the first quarter of 2014 due to lower equipment lease liabilities.

Finance income is primarily comprised of income earned on reclamation deposits. For the first quarter of 2015, finance income is lower than the prior year's quarter due to lower interest earned on the reclamation deposits.

Income tax

	Three months ended March 31,		
(Cdn$ in thousands)	**2015**	**2014**	
Current expense (recovery)	-	234	(234)
Deferred expense (recovery)	(3,035)	103	(3,138)
	(3,035)	337	(3,372)
Effective tax rate	10.7%	1.9%	8.8%
Canadian statutory rate	26.0%	26.0%	-
BC Mineral tax rate	9.62%	9.62%	-

The Company did not have a current tax expense or recovery in the quarter. The deferred income tax recovery for the quarter was mainly driven by an increase to certain deferred income tax assets such as non-capital losses and the temporary difference recognized on the reclamation obligation, offset by an increase in temporary differences on property, plant and equipment.

The effective tax rate for the first quarter of 2015 was 10.7%, 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 an increase in items not recognized for tax, such as unrealized foreign exchange losses on debt and other items.

FINANCIAL CONDITION REVIEW

Balance sheet review

	As at March 31,	As at December 31	
(Cdn$ in thousands)	**2015**	**2014**	**Change**
Cash and equivalents	58,260	53,299	4,961
Other current assets	73,568	83,332	(9,764)
Non-current assets	820,456	793,659	26,797
Other assets	63,595	62,252	1,343
Total assets	**1,015,879**	**992,542**	**23,337**
Current liabilities	55,588	66,444	(10,856)
Long-term debt	325,142	293,506	31,636
Other liabilities	232,541	210,317	22,224
Total liabilities	**613,271**	**570,267**	**43,004**
Equity	**402,608**	**422,275**	**(19,667)**
Working capital	76,240	70,187	6,053
Net debt	278,305	260,364	17,941
Total common shares outstanding (millions)	221.8	221.8	-

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

Total liabilities increased from $570.3 million at December 31, 2014 to $616.3 million as at March 31, 2015. Current liabilities decreased by $10.9 million, primarily due to the settlement of the copper and molybdenum sales provisionally invoiced during a period of higher prices along with a reduction in contractor expenses. Long-term debt increased by $31.6 million mainly represented by the Company's US dollar denominated debt being revalued.

Other long-term liabilities increased by $22.2 million mainly due to a $24 million increase in the provision for the environmental rehabilitation (PER) driven by changes in inflation and discounts rates. The Bank of Canada long-term benchmark bond rate used as a proxy for long-term discount rates decreased to 1.99% at March 31, 2015 from the 2.33% level at December 31, 2014. 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 May 11, 2015, there were 221,808,638 common shares outstanding. In addition, there were 9,422,000 director and employee stock options outstanding at May 11, 2015. More information on these instruments and the terms of their exercise is set out in note 21 of our 2014 annual financial statements.

Liquidity, cash flow and capital resources

At March 31, 2015, the Company had cash and equivalents of $58.3 million, a $5 million increase over the $53.3 million reported at December 31, 2014. The Company maintained a strategy of retaining significant liquidity to fund operations and to reflect the capital intensive nature of the business.

Cash used for operations was $3.4 million for the first quarter of 2015 compared with $23.3 million cash provided for the first quarter of 2014. Operating cash flow decreased due to lower production resulting in lower sales accentuated by a declining copper price market. These factors were partially offset by lower operating costs and a strengthening US dollar.

Changes in non-cash working capital items resulted in cash used of $1.0 million compared with $7.1 million provided in the first quarter of 2014, mostly due to the higher levels of copper inventories and higher accounts receivable balances and lower accounts payable, offset by a reduction in tax receivables. During the first quarter of 2015, rock slides caused rail disruptions which reduced the Company's ability to transport copper concentrate to the port, that lead to a higher inventory balance at quarter end.

Cash provided by investing activities for the first quarter of 2015 was $11.7 million compared to $13.7 million used in the prior period's quarter. Cash flow provided by investing activities in the first quarter of 2015 primarily related to the sale of copper put options which resulted in an inflow of $17.4 million, partially offset by $5.8 million property, plant and equipment expenditure. Included in property plant and equipment expenditure was $2.5 million of capitalized stripping, $0.5 million of capital expenditures at Gibraltar, $0.3 million for the Aley project and $2.2 million for the Florence Copper Project. The prior period's quarter major components were an outflow of $5.7 million invested in property, plant and equipment and $8.1 million invested in financial assets.

Cash used for financing activities for the first quarter of 2015 was $5.0 million, primarily due to debt repayment and interest paid. Cash used for financing activities for the prior period's quarter was $6.7 million, debt repayment and interest paid were slightly higher for the first quarter of 2014 offset by $0.4 million received for share issuances.

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.

During the three month period ended March 31, 2015, the Company received $2.2 million on the settlement of the January copper put options that settled in-the-money and proceeds of $15.1 million from the sale of the copper put options that were scheduled to mature in February to June, 2015. The Company recognized a net gain of $11.8 million on these settlements. The Company's hedging strategy is designed to mitigate short term declines in copper prices.

In April 2015, the Company acquired copper put options for 30 million pounds over the second and third quarters of 2015 at a strike price of US$2.50 per pound.

Commitments and contingencies

(a) Commitments

At March 31, 2015, capital commitments totaled $1.0 million on a 100% basis, of which the Company's share was $0.9 million. At March 31, 2015, the Company's share of operating commitments totaled $10.1 million.

(b) Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by the Gibraltar joint venture in which it holds a 75% interest. As at March 31, 2015, this debt totaled $41.0 million on a 100% basis. The Company has also guaranteed its share of additional capital lease and equipment loans totaling $19.8 million on a 75% basis.

The Company is party to various contracts in respect of its operations, of which certain contracts were terminated by the Company during the prior year. The Company accrues its best estimate of the final settlement amount to be paid in respect of terminated contracts, however the actual settlement amount could differ when negotiations are finalized and any changes in cost estimates will be reflected in future periods.

SUMMARY OF QUARTERLY RESULTS

	2015	2014				2013		
(Cdn$ in thousands, except per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	61,835	65,179	93,714	107,307	104,996	94,916	66,799	68,191
Net earnings (loss)	(25,206)	(26,427)	(20,937)	2,628	(9,148)	(9,756)	120	(14,721)
Basic EPS	(0.11)	(0.13)	(0.11)	0.01	(0.05)	(0.05)	0.00	(0.08)
Adjusted net earnings (loss) *	(2,434)	(20,983)	(11,221)	(2,172)	(2,710)	834	(1,851)	(10,177)
Adjusted basic EPS *	(0.01)	(0.10)	(0.06)	(0.01)	(0.01)	(0.00)	(0.01)	(0.05)
EBITDA *	(11,996)	(13,397)	(7,148)	23,336	8,858	11,869	15,173	(2,171)
Adjusted EBITDA *	11,224	(8,355)	2,385	19,217	14,594	17,716	12,545	3,888

(US$ per pound, except where indicated)								
Realized copper price *	2.57	2.82	3.07	3.16	3.10	3.18	3.33	3.52
Total operating costs *	2.39	2.77	2.75	2.12	2.48	2.14	2.21	2.34
Copper sales (million pounds)	19.1	19.6	26.0	28.4	28.9	27.0	18.9	20.1

*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 2.5 of the 2014 annual financial statements. The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

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

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

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

CHANGE IN ACCOUNTING POLICIES

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

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

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

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

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

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

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

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

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

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

There have been no changes in our internal controls over financial reporting and disclosure controls and procedures during the period ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting and disclosure.

RELATED PARTY TRANSACTIONS

Key management personnel

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

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

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

During the first quarter 2015, the Company incurred total compensation expenses of $2.4 million for its key management personnel compared to $3.2 million in the first quarter 2014.

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 three month period ended March 31, 2015, the Company did not issue DSUs to directors (2014: 66,079). The total number of deferred and restricted share units outstanding at March 31, 2015 was 99,371 units (2014: 199,412). Income of $33 has been recognized for the three month period ended March 31, 2015 (2014: $155).

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 first quarter of 2015, the Company incurred total costs of $1.2 million (Q1 2014: $0.8 million) in transactions with HDSI. Of these, $0.4 million (Q1 2014: $0.4 million) related to legal, tax, exploration, and business development services, $0.1 million related to reimbursements of office rent costs (Q1 2014: $0.1 million), and $ 0.7 million (Q1 2014: $0.3 million) related to compensation paid for Taseko directors and the Chief Executive Officer, who are also directors of HDSI.

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

NON-GAAP PERFORMANCE MEASURES

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

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

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

	Three months ended March 31,	
(Cdn$ in thousands, unless otherwise indicated) – 75% basis	**2015**	**2014**
Cost of sales	69,814	96,209
Less Depletion and amortization	(10,308)	(10,652)
Net change in inventory	7,061	(8,622)
Less off-property costs:		
Treatment and refining costs	(6,770)	(7,702)
Transportation costs	(3,617)	(6,513)
Site operating costs	56,180	62,720
Less by-product credits:		
Molybdenum	(2,598)	(5,090)
Silver	(704)	(1,012)
Site operating costs, net of by-product credits	52,878	56,618
Total copper produced (thousand pounds)	21,273	25,906
Total costs per pound produced	2.49	2.19
Average exchange rate for the period (CAD/USD)	1.24	1.10
Site operating costs, net of by-product credits (US$ per pound)	**2.00**	**1.98**
Site operating costs, net of by-product credits	52,878	56,618
Add off-property costs:		
Treatment and refining costs	6,770	7,702
Transportation costs	3,617	6,513
Total operating costs	*63,265*	70,833
Total operating costs (C1) (US$ per pound)	**2.39**	**2.48**

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 March 31,	
($ in thousands, except per share amounts)	**2015**	**2014**
Net earnings (loss)	**(25,206)**	**(9,148)**
Unrealized loss (gain) on derivatives	1,751	(2,744)
Unrealized foreign exchange (gain) loss	21,469	8,480
Estimated tax effect of adjustments	(448)	702
Adjusted net earnings (loss)	**(2,434)**	**(2,710)**
Adjusted EPS	**(0.01)**	**(0.01)**

EBITDA and adjusted EBITDA

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

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

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

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

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

	Three months ended March 31,	
($ in thousands, except per share amounts)	**2015**	**2014**
Net earnings (loss)	**(25,206)**	**(9,148)**
Add:		
Depletion and Amortization	10,334	10,735
Amortization of stock-based compensation	206	2,083
Interest expense	6,362	6,647
Interest income	(657)	(1,122)
Income tax expense (recovery)	(3,035)	(337)
EBITDA	**(11,996)**	**8,858**
Adjustments:		
Unrealized (gain)/loss on derivative instruments	1,751	(2,744)
Unrealized foreign exchange (gain) loss	21,469	8,480
Adjusted EBITDA	**11,224**	**14,594**

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 March 31,	
(Cdn$ in thousands, except per share amounts)	**2015**	**2014**
Earnings (loss) from mining operations	**(7,979)**	**8,787**
Add:		
Depletion and amortization	10,308	10,652
Earnings from mining operations before depletion and amortization	**2,329**	**19,439**

Site operating costs per ton milled

	Three months ended March 31,	
(Cdn$ in thousands, except per share amounts)	**2015**	**2014**
Direct mining and processing costs (included in cost of sales)	**56,180**	**62,720**
Tons milled (thousands) (75% basis)	5,813	5,266
Site operating costs per ton milled	**$9.66**	**$11.91**

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 March 31 2015	2014
Revenues	3	61,835	104,996
Cost of sales	4		
Production costs		(59,506)	(85,557)
Depletion and amortization		(10,308)	(10,652)
Earnings (loss) from mining operations		(7,979)	8,787
General and administrative		(4,743)	(5,074)
Exploration and evaluation		(264)	(1,748)
Gain on derivatives	5	11,785	1,082
Other income (expenses)		271	1,085
Income (loss) before financing costs and income taxes		(930)	4,132
Finance expenses	6	(6,362)	(6,647)
Finance income		657	1,122
Foreign exchange loss		(21,606)	(8,092)
Income (loss) before income taxes		(28,241)	(9,485)
Income tax recovery (expense)	7	3,035	337
Net income (loss) for the period		**(25,206)**	**(9,148)**
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) on available-for-sale financial assets		222	3,509
Foreign currency translation reserve		5,078	-
Total other comprehensive income (loss) for the period		**5,300**	**3,509**
Total comprehensive income (loss) for the period		**(19,906)**	**(5,639)**
Earnings (loss) per share			
Basic		(0.11)	(0.05)
Diluted		(0.11)	(0.05)
Weighted average shares outstanding (thousands)			
Basic		221,809	193,708
Diluted		221,809	193,708

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

TASEKO MINES LIMITED

Condensed Consolidated Interim Statements of Cash Flows

(Cdn$ in thousands)

(Unaudited)

	Note	Three months ended March 31 2015	2014
Operating activities			
Net income (loss) for the period		(25,206)	(9,148)
Adjustments for:			
Depletion and amortization		10,334	10,735
Income tax expense (recovery)	7	(3,035)	(337)
Share-based compensation expense		206	2,083
Gain on derivatives	5	(11,785)	(1,082)
Finance expenses (income)		5,704	5,525
Unrealized foreign exchange loss		21,469	8,480
Other operating activities		(4)	(18)
Net change in non-cash working capital	14	(1,011)	7,063
Cash provided by (used for) operating activities		(3,328)	23,301
Investing activities			
Investment in property, plant and equipment		(5,870)	(5,644)
Proceeds from the sale/settlement of derivatives	5	17,362	-
Investment in financial assets		-	(8,109)
Interest received		178	92
Cash provided by (used for) investing activities		11,670	(13,661)
Financing activities			
Repayment of debt		(4,368)	(6,142)
Interest paid		(654)	(1,006)
Common shares issued for cash		-	480
Cash provided by (used for) financing activities		(5,022)	(6,668)
Effect of exchange rate changes on cash and equivalents		1,641	863
Increase (decrease) in cash and equivalents		4,961	3,835
Cash and equivalents, beginning of year		53,299	82,865
Cash and equivalents, end of period		58,260	86,700

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

TASEKO MINES LIMITED

Condensed Consolidated Interim Balance Sheets

(Cdn$ in thousands)

(Unaudited)

	Note	March 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and equivalents		58,260	53,299
Accounts receivable		18,332	12,618
Other financial assets	8	977	6,554
Inventories	9	44,673	36,094
Current tax receivable		9,072	27,153
Prepaids		514	913
		131,828	136,631
Other financial assets	8	42,388	41,484
Property, plant and equipment	10	820,456	793,659
Other receivables		15,985	15,985
Goodwill		5,222	4,783
		1,015,879	**992,542**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		35,167	42,541
Current portion of long-term debt	11	11,423	20,157
Interest payable		8,998	3,746
		55,588	66,444
Long-term debt	11	325,142	293,506
Other financial liabilities		78	110
Provision for environmental rehabilitation ("PER")		135,100	110,136
Deferred tax liabilities		97,363	100,071
		613,271	570,267
EQUITY			
Share capital	12	417,944	417,944
Contributed surplus		41,129	40,890
Accumulated other comprehensive income (loss) ("AOCI")		12,133	6,833
Retained earnings (deficit)		(68,598)	(43,392)
		402,608	422,275
		1,015,879	**992,542**

The accompanying notes are an integral part of these consolidated interim 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, 2014	372,274	38,507	4,943	10,492	426,216
Exercise of options	687	(207)	-	-	480
Share-based compensation	-	1,938	-	-	1,938
Total comprehensive income (loss) for the period	-	-	3,509	(9,148)	(5,639)
Balance at March 31, 2014	**372,961**	**40,238**	**8,452**	**1,344**	**422,995**
Balance at January 1, 2015	417,944	40,890	6,833	(43,392)	422,275
Share-based compensation	-	239	-	-	239
Total comprehensive income (loss) for the period	-	-	5,300	(25,206)	(19,906)
Balance at March 31, 2015	**417,944**	**41,129**	**12,133**	**(68,598)**	**402,608**

The accompanying notes are an integral part of these consolidated interim 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 three month period ended March 31, 2015 comprise the Company, its subsidiaries and its 75% interest in the Gibraltar joint arrangement since its formation on March 31, 2010. The Company is principally engaged in the production and sale of metals, as well as related activities including exploration and mine development, within the province of British Columbia, Canada and the state of Arizona, USA. Seasonality does not have a significant impact on the Company's operations.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* and follow the same accounting policies and methods of application as the Company's most recent annual financial statements. These condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2014 prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

(b) Changes in accounting policies and disclosures

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

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

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

(Cdn$ in thousands - unaudited)

3. REVENUE

	Three months ended March 31,	
	2015	**2014**
Copper concentrate	58,663	98,894
Copper cathode	(130)	-
Total copper sales	58,533	98,894
Molybdenum concentrate	2,598	5,090
Silver contained in copper concentrate	704	1,012
	61,835	104,996

4. COST OF SALES

	Three months ended March 31,	
	2015	**2014**
Direct mining costs	56,180	62,720
Treatment and refining costs	6,770	7,702
Transportation costs	3,617	6,513
Changes in inventories of finished goods and work in process	(7,061)	8,622
Production costs	59,506	85,557
Depletion and amortization	10,308	10,652
Cost of sales	69,814	96,209

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

5. DERIVATIVE INSTRUMENTS

	Three months ended March 31,	
	2015	**2014**
Realized gain (loss) on copper put options	13,536	(1,662)
Unrealized gain (loss) on copper put options	(1,751)	2,744
	11,785	1,082

During the first quarter, the Company received proceeds of $17,362 on the settlement and sale of the copper put option contracts. Of this, $2,244 related to the settlement of contracts that matured in-the-money in January, 2015 and $15,118 related to the sale of the contracts with maturities from February to June, 2015. The Company recognized a realized gain of $13,536 on these settlements in the three month period ended March 31, 2015.

Subsequent to the quarter end, the Company purchased additional copper put option contracts for 30 million pounds of copper spread evenly over the second and third quarter of 2015 at a strike price of US$2.50 per pound. The total cost of these put options was $1,413.

(Cdn$ in thousands - unaudited)

6. FINANCE EXPENSES

	Three months ended March 31, 2015	2014
Interest expense	5,705	6,176
Accretion on PER	657	471
	6,362	6,647

7. INCOME TAX

	Three months ended March 31, 2015	2014
Current expense (recovery)	-	(234)
Deferred expense (recovery)	(3,035)	(103)
	(3,035)	(337)

8. OTHER FINANCIAL ASSETS

	March 31, 2015	December 31, 2014
Current:		
Copper put option contracts	-	5,577
Marketable securities – available for sale	977	977
	977	6,554
Long-term:		
Subscription receipts – available for sale	12,400	12,400
Reclamation deposits	29,988	29,084
	42,388	41,484

9. INVENTORIES

	March 31, 2015	December 31, 2014
Work in process	3,482	2,095
Finished goods:		
Copper contained in concentrate	12,858	7,328
Molybdenum concentrate	458	314
Materials and supplies	27,875	26,357
	44,673	36,094

(Cdn$ in thousands - unaudited)

10. PROPERTY, PLANT & EQUIPMENT

During the three month period ended March 31, 2015, the Company capitalized stripping costs of $2,497 and incurred other capital expenditures for Gibraltar of $535. In addition, the Company capitalized development costs of $2,218 for the Florence Copper Project and $305 for the Aley Niobium Project. The rehabilitation cost asset increased by $24,113 for the three month period ended March 31, 2015, as a result of changes in estimates during the period including market driven discount rate changes. The Company incurred depletion and amortization in mining operations of $10,546 for the three month period ended March 31, 2015.

11. DEBT

	March 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Current:				
Capital leases	4,175	4,347	13,603	13,566
Secured equipment loans	7,248	7,234	6,554	6,540
	11,423	11,581	20,157	20,106
Long-term:				
Senior notes	249,826	182,443	228,343	206,127
Long-term loan	36,159	36,159	32,245	32,245
Capital leases	26,580	27,674	19,723	19,670
Secured equipment loans	12,577	12,553	13,195	13,168
	325,142	258,829	293,506	271,210

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

12. EQUITY

(a) Share capital

(thousands of shares)	Common shares
Common shares outstanding at January 1, 2015	221,809
Exercise of share options	-
Common shares outstanding at March 31, 2015	221,809

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

(Cdn$ in thousands - unaudited)

(b) Share-Based Compensation

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
(thousands of options)	Options	Average price	Options	Average price
Outstanding beginning of period	11,908	3.28	9,746	3.43
Granted	40	1.07	3,838	2.27
Exercised	-	-	(350)	1.15
Forfeited	(2)	2.27	(7)	2.94
Expired	(2,424)	4.31	(256)	3.58
Outstanding at period ended	9,522	3.01	12,971	3.15

The weighted-average fair value of the share options issued in the three month period ended March 31, 2015 was estimated at $0.31 per share option (2014: $1.07), using the Black Scholes Option Pricing Model with the following assumptions:

	Three Months Ended March 31, 2015	**Three Months Ended March 31, 2014**
Weighted Average Forfeiture Rate (%)	-	-
Weighted Average Market Price	1.05	2.26
Weighted Average Volatility (%)	44.49	55.63
Weighted Average Risk Free Interest Rate (%)	0.45	1.64
Weighted Average Dividend Yield (%)	-	-
Weighted Average Expected Life (years)	3	4.7

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 three month period ended March 31, 2015, the Company did not issue any DSUs to directors (2014: 66,079). The total number of deferred and restricted share units outstanding at March 31, 2015 was 99,371 units (2013: 199,412).

13. COMMITMENTS AND CONTINGENCIES

(a) Commitments

At March 31, 2015, capital commitments totaled $984 on a 100% basis, of which the Company's share was $909. At March 31, 2015, the Company's share of operating commitments totaled $10,046.

(b) Contingencies

The Company has guaranteed 100% of certain capital lease and equipment loans entered into by the Gibraltar joint venture in which it holds a 75% interest. As at March 31, 2015, this debt totaled $41,005 on a 100% basis.

(Cdn$ in thousands - unaudited)

The Company has also guaranteed its share of additional capital lease and equipment loans totaling $19,914 on a 75% basis.

The Company is party to various contracts in respect of its operations, of which certain contracts were terminated by the Company during the prior year. The Company accrues its best estimate of the final settlement amount to be paid in respect of terminated contracts, however the actual settlement amount could differ when negotiations are finalized and any changes in cost estimates will be reflected in future periods.

14. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31, 2015	2014
Change in non-cash working capital items		
Accounts receivable	(5,715)	(13,060)
Inventories	(8,579)	8,695
Prepaids	399	1,724
Accounts payable and accrued liabilities	(5,640)	10,012
Interest payable	443	142
Income tax (paid)/received	18,081	(450)
	(1,011)	7,063
Non-cash investing and financing activities		
Assets acquired under capital lease	-	11,106
Interest earned on promissory note	-	(790)
Interest expense on royalty obligation	-	731
Royalty obligation settled by promissory note	-	(16,784)

15. RELATED PARTIES

	Transaction value for the three months ended March 31,		Due from (to) related parties as at March 31,	
	2015	**2014**	**2015**	**2014**
Hunter Dickinson Services Inc.:				
General and administrative expenses	1,131	600		
Exploration and evaluation expenses	101	226		
	1,232	826	(593)	(106)
Gibraltar joint venture:				
Other operating income (management fee)	281	281		
Reimburseable expenses	29	50		
	310	331	574	60

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. During the first quarter of 2015, the Company incurred total costs of $1,232 (Q1 2014: $826) in transactions with HDSI. Of these, $367 (Q1 2014: $389) related to legal, tax, exploration, and business development services,

(Cdn$ in thousands - unaudited)

$147 related to reimbursements of office rent costs (Q1 2014: $151), and $718 (Q1 2014: $286) related to compensation paid for Taseko directors and the Chief Executive Officer, who are also directors of HDSI.

Under the terms of the joint venture operating agreement, the Gibraltar Joint Venture pays the Company a management fee for services rendered by the Company as operator of the Gibraltar mine. In addition, the Company pays certain expenses on behalf of the Gibraltar Joint Venture and invoices the Joint Venture for these expenses.

16. FAIR VALUE MEASUREMENTS

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

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**
March 31, 2015				
Concentrate receivables	-	14,342	-	14,342
Available-for-sale financial assets				
Marketable Securities	977	-	-	977
Subscription receipts	-	-	12,400	12,400
Reclamation deposits	29,988	-	-	29,988
	30,965	14,342	12,400	57,707
December 31, 2014				
Concentrate receivables	-	3,867	-	3,867
Financial assets designated at FVTPL				
Copper put option contracts	-	5,577	-	5,577
Available-for-sale financial assets				
Marketable Securities	977	-	-	977
Subscription receipts	-	-	12,400	12,400
Reclamation deposits	29,084	-	-	29,084
	30,061	9,444	12,400	51,905

There have been no transfers between fair value levels during the reporting period. The carrying value of cash and equivalents, accounts receivable and payable approximate their fair value as at March 31, 2015.

(Cdn$ in thousands - unaudited)

The fair value of the senior notes, a level 1 instrument, is determined based upon publicly available information. The fair value of the capital leases and secured equipment loans, level 2 instruments, are determined through discounting future cash flows at an interest rate of 5.14% to 5.28% based on the relevant loans effective interest rate.

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

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

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

Commodity Price Risk

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

	Three months ended March 31, 2015
Copper increase/decrease by US$0.25/lb (2014: US$0.31/lb) [1, 2]	1,666

[1]The analysis is based on the assumption that the period-end copper price increases 10% with all other variables held constant. The closing exchange rate for the quarter ended March 31, 2015 of CAD/USD 1.2666 was used in the analysis.

[2]At March 31, 2015, 5.3 million pounds of copper in concentrate were exposed to copper price movements.