TASEKO MINES LTD
Form 20-F
April 18, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or 12(g) OF THE *SECURITIES EXCHANGE ACT OF 1934*

OR

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

For the fiscal year ended **September 30, 2005**

OR

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

OR

[ ] SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE *SECURITIES EXCHANGE ACT OF 1934*

Date of event requiring this shell company report _____

Commission file number 0-19476

TASEKO MINES LIMITED
(Exact name of Registrant specified in its charter)

BRITISH COLUMBIA, CANADA
(Jurisdiction of incorporation or organization)

Suite 1020, 800 West Pender Street
Vancouver, British Columbia, Canada, V6C 2V6
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Name of each exchange on which registered

Common Shares without Par Value	**American Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act

None
(Title of Class)

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

Number of outstanding shares of the only class of the capital stock of Taseko Mines Limited as on September 30, 2005.

103,457,316 Common Shares without Par Value

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the *Securities Exchange Act of 1934* during the preceding 12 months (or for such shorter period that Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [x] NO [ ]

Indicate by check mark which financial statement item Registrant has elected to follow:

Item 17 [x] Item 18 [ ]

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES [ ] NO [x]

T A B L E O F C O N T E N T S

GENERAL

In this Annual Report on Form 20-F, all references to "Taseko" and the "Company" refer to Taseko Mines Limited and its consolidated subsidiaries.

The Company uses the Canadian dollar as its reporting currency. All references in this document to "dollars" or "$" are expressed in Canadian dollars, unless otherwise indicated. See also Item 3 - "Key Information" for more detailed currency and conversion information.

Except as noted, the information set forth in this Annual Report is as of March 30, 2006 and all information included in this document should only be considered correct as of such date.

References to this "Annual Report" mean references to this Annual Report on Form 20-F for the year ended September 30, 2005.

NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 20-F contains statements that constitute "forward-looking statements" within the meaning of Section 27A of the *Securities Act of 1933* and Section 21E of the *Securities Exchange Act of 1934*. These statements appear in a number of different places in this Annual Report and can be identified by words such as "anticipates", "estimates", "projects", "expects", "intends", "believes", "plans", or their negatives or other comparable words. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may expressed or implied by such forward-looking statements. The statements, including the statements contained in Item 3D "Risk Factors", Item 4B "Business Overview", Item 5 "Operating and Financial Review and Prospects" and Item 11 "Quantitative and Qualitative Disclosures About Market Risk", are inherently subject to a variety of risks and uncertainties that could cause actual results, performance or achievements to differ significantly. Forward-looking statements include statements regarding the outlook for the Company's future operations, plans and timing for its exploration programs, statements about future market conditions, supply and demand conditions, forecasts of future costs and expenditures, the outcome of legal proceedings, and other expectations, intentions and plans that are not historical facts. You are cautioned that any such forward-looking statements are not guarantees and may involve risks and uncertainties. The Company's actual results may differ materially from those in the forward-looking statements due to risks facing the Company or due to actual facts differing from the assumptions underlying the Company's predictions. Some of these risks and assumptions include:

- general economic and business conditions, including changes in interest rates;
- prices of natural resources, costs associated with mineral exploration and other economic conditions;
- natural phenomena;
- actions by government authorities, including changes in government regulation;
- uncertainties associated with legal proceedings;
- changes in the resources market;
- future decisions by management in response to changing conditions;
- the Company's ability to execute prospective business plans; and misjudgements in the course of preparing forward-looking statements.

The Company advises you that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company or persons acting on its behalf. You should carefully review the cautionary statements and risk factors contained in this and other documents that the Company files from time to time with the Securities and Exchange Commission.

GLOSSARY

In this Form 20-F, the following technical terms, abbreviations and units of measurement have been used:

Bio-oxidation	A process employing oxidation of elements caused by bio-organisms; it is enhanced in a gold recovery process by providing the optimum temperature, acidity (pH) and level of oxygen for the natural oxidation process to work more effectively.
Epithermal deposit	A mineral deposit formed at low temperature (50-200 degrees Celsius), usually within one kilometre of the earth s surface, often as structurally controlled veins.
Induced polarization ("IP") survey	A geophysical survey used to identify a feature that appears to be different from the typical or background survey results when tested for levels of electro-conductivity; IP detects both chargeable, pyrite-bearing rock and non-conductive rock that has high content of quartz. IP is one of the best tools for detecting the presence of porphyry deposits, like those at Gibraltar and Prosperity properties.
mineral reserve	Securities and Exchange Commission Industry Guide 7 *Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations* of the Securities and Exchange Commission defines a 'reserve' as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves consist of: (1) *Proven (Measured) Reserves.* Reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. (2) *Probable (Indicated) Reserves.* Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

mineral resource Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") defines a "Mineral Resource" as a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

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

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

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

Industry Guide 7 "*Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations"* of the Securities and Exchange Commission does not define or recognize resources. As used in this Form 20-F, "resources" are as defined in NI 43-101.

Mineral symbols Au Gold; Cu Copper; Pb Lead; Ag Silver; Zn Zinc; Mo molybdenum.

Porphyry deposit A type of mineral deposit in which mainly metal-bearing sulphide, and sometimes metal-bearing oxide, minerals are widely disseminated. Porphyry deposits are generally of low grade but large tonnage.

Solvent extraction electrowinning ("SX-EW")	A metal extraction technique in which a copper oxide is dissolved into solution, then an electric current is induced through the solution between a pair of electrodes (anode & cathode), and metal is deposited on the cathode. Since this ion deposition is selective, the cathode product is generally high grade and requires little further treatment before it is used in manufacturing processes.

Conversion of metric units (used in Canada) into imperial (US) equivalents is as follows:

Metric Units	Multiply by	Imperial Units
hectares	2.471	= acres
metres	3.281	= feet
kilometres	0.621	= miles (5,280 feet)
grams	0.032	= ounces (troy)
tons	1.102	= short tons (2,000 lbs)
grams/ton	0.029	= troy ounces per short ton

PART 1

ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3 KEY INFORMATION

A. Selected Financial Data

The following constitutes selected financial data for Taseko for the last five fiscal years ended September 30, 2005 based on Taseko s financial statements presented in accordance with Canadian generally accepted accounting principles ("CDN GAAP") and reconciled to United States generally accepted accounting principles ("US GAAP").

The selected financial data at September 30, 2005 and 2004 and for the years ended September 30, 2005, 2004 and 2003 has been derived from Taseko's consolidated financial statements included in this Annual Report. Taseko's consolidated financial statements have been audited by KMPG LLP, an independent registered public accounting firm. Summary financial data at September 30, 2003, 2002 and 2001 and for the years ended September 30, 2002 and 2001 has been derived from our consolidated financial statements that are not included in this Annual Report. The following selected financial data should be read in conjunction with, and are qualified in their entirety by reference to, our consolidated financial statements and the notes thereto.

These figures are presented in thousands of Canadian dollars, except per-share amounts and number of common shares outstanding.

CANADIAN GAAP	2005	2004 (restated)	2003 (restated)	2002 (restated)	2001 (restated)
BALANCE SHEET					
Total assets	$ 190,997	$ 130,866	$ 49,471	$ 47,873	$ 18,804
Total liabilities	150,057	125,027	18,161	20,048	14,755
Share capital	160,829	150,481	99,446	91,889	61,255
Tracking preferred shares	26,642	26,642	26,642	26,642	26,642
Convertible debenture equity	21,653	20,577	19,599	18,710	17,902
Contributed surplus	5,335	4,948	65		
Deficit	(173,519)	(196,809)	(114,442)	(109,416)	(101,751)
Shareholders equity (deficit)	40,940	5,839	31,310	27,825	(4,048)
Working capital (deficit)	6,357	(22,291)	(19)	(6,559)	(2,588)
Plant and equipment (net)	9,914	26,980	69	4	6
Mineral property interests	3	3	28,813	28,813	602
STATEMENT OF OPERATIONS					
Revenue	87,638				
Cost of sales	57,800				
Treatment and transportation costs	13,549				
Amortization	2,657	17	43	2	3
Interest and other income	10,549	5,154	721	552	1,110
Accretion of reclamation obligation	1,574	1,431	1,300	1,183	1,075
Exploration	506	4,598	2,025	1,955	3,797
Foreign exchange	34				
Loss (gain) on sale of equipment	2,161		(132)		
General and administrative expenses	2,412	2,693	1,058	1,972	3,391
Interest expense	3,175				
Premium paid for acquisition of Gibraltar Reclamation Trust Ltd. Partnership		5,095			
Refinery project			500	1,699	3,572
Restart project	6,347	14,982			
Stock based compensation	1,129	5,172	65		
Write downs of mineral property acquisition costs		28,810		599	41,252
Current income taxes expense (recovery)	(4,099)	23,744			
Future income taxes expense (recovery)	(13,423)				
Income (loss) for the year	$ 24,365	$ (81,389)	$ (4,138)	$ (6,858)	$ (51,980)
Income (loss) per common share - basic	$ 0.24	$ (1.09)	$ (0.09)	$ (0.23)	$ (2.07)
Income (loss) per common share - diluted	$ 0.22	$ (1.09)	$ (0.09)	$ (0.23)	$ (2.07)
Weighted average number of common shares outstanding (thousands) - basic	**100,022**	**75,113**	**46,984**	**30,338**	**25,068**
Weighted average number of common shares outstanding (thousands) - diluted	**110,733**	**75,113**	**46,984**	**30,338**	**25,068**

Effective October 1, 2004, the Company adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3110, *"Asset Retirement Obligations"*. The standard requires the recognition of any statutory, contractual or

other legal obligation related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. This standard has been adopted retroactively with a restatement of all prior periods presented.

US GAAP	2005	2004	2003	2002	2001
BALANCE SHEET					
Total assets	$ 196,316	$ 132,300	$ 33,108	$ 33,066	$ 18,804
Total liabilities	167,057	138,141	35,556	37,048	31,755
Convertible debenture liability	17,000	17,000	17,000	17,000	17,000
Share capital	160,251	149,903	98,868	91,889	87,897
Tracking preferred shares	13,391	13,391	13,391	13,391	
Contributed surplus	5,989	5,604	720	655	109
Deficit	(150,372)	(174,737)	(115,428)	(109,917)	(100,957)
Shareholders equity (deficit)	29,259	(5,841)	(2,449)	(3,982)	(12,951)
Working capital (deficit)	6,357	(23,866)	(19)	(6,559)	(2,588)
Plant and equipment (net)	15,234	28,412	3	4	6
Mineral property interests	3	3	12,515	14,006	602
STATEMENT OF OPERATIONS					
Revenue	87,638				
Cost of sales	57,800				
Treatment and transportation costs	13,549				
Amortization	2,657	17	43	2	3
Interest and other income	10,549	5,154	721	552	1,110
Accretion of reclamation obligation	1,574	1,431	1,300	1,183	1,075
Exploration	506	4,202	1,842	1,955	3,797
Loss (gain) on sale of equipment	2,161		(132)	(1)	
General and administrative expenses	2,446	2,693	1,058	1,972	3,391
Interest expense	3,175				
Premium paid for acquisition of Gibraltar Reclamation Trust Ltd. Partnership		5,095			
Refinery project			500	1,699	3,572
Restart project	6,347	14,982			
Stock based compensation	1,129	5,172	65	546	109
Write downs of mineral property acquisition costs		11,964	1,117	1,756	40,889
Current income taxes expense (recovery)	(4,099)	23,744			
Future income taxes expense (recovery)	(13,423)				
Other			(11,651)		
Income (loss) for the year	$ 24,365	$ (64,146)	$ 6,580	$ (8,560)	$ (51,726)
Income (loss) per common share - basic	$ 0.23	$ (1.08)	$ 0.14	$ (0.28)	$ (2.06)
Income (loss) per common share - diluted	$ 0.21	$ (1.08)	$ 0.14	$ (0.28)	$ (2.06)
Weighted average number of common shares outstanding (thousands) - basic	**100,022**	**75,113**	**46,984**	**30,338**	**25,068**
Weighted average number of common shares outstanding (thousands) - diluted	**110,733**	**75,113**	**46,984**	**30,338**	**25,068**

Effective October 1, 2004, the Company adopted the new Canadian accounting standard for asset retirement obligations, which is substantively the same as the US accounting standard included elsewhere herein, that was

adopted prospectively in fiscal 2003 on a cumulative effect basis. There was no restatement made of prior year financial statements. On adoption of the Canadian standard, the amount of the adjustment to site closure and reclamation was measured retroactively and recognized on October 1, 2004. See note 15(a) to the consolidated financial statements included elsewhere herein.

Exchange Rates

On March 30, 2006, the Federal Reserve noon rate for Canadian Dollars was US$1.00:C$ 1.1627. The following table sets out the exchange rates, based on the rates posted on the Bank of Canada website (www.bankofcanada.ca).

	For year ended September 30				
	2005	**2004**	**2003**	**2002**	**2001**
End of the period	1.1627	1.2616	1.350	1.586	1.593
Average for the period	1.2233	1.3251	1.465	1.573	1.549
High for the period	1.2725	1.4003	1.594	1.613	1.596
Low for the period	1.1611	1.2592	1.334	1.511	1.499

Monthly Low and High Exchange Rates

Month	**Low**	**High**
March 2006	1.1322	1.1724
February 2006	1.1402	1.1548
January 2006	1.1439	1.1726
December 2005	1.1507	1.1734
November 2005	1.1657	1.1961
October 2005	1.1659	1.1887
September 2005	1.1611	1.1882

B. Capitalization and Indebtedness

Not applicable

C. Reasons for the Offer and Use of Proceeds

Not applicable

D. Risk Factors

An investment in Taseko s common shares is highly speculative and subject to a number of risks. Only those persons who can bear the risk of the entire loss of their investment should participate. An investor should carefully consider the risks described below and the other information that Taseko files with the Securities and Exchange Commission and with Canadian securities regulators before investing in its common shares. The risks described below are not the only ones faced. Additional risks that Taseko is aware of or that Taseko currently believes are immaterial may become important factors that affect Taseko s business and financial condition. If any of the following risks occur, or if others occur, Taseko s business, operating results and financial condition could be seriously harmed.

Estimates of Reserves, Mineral Deposits and Production Costs. Although ore reserve and mineral resource figures released by the Company have been carefully prepared and reviewed by the Company or

its independent mining consultants, these amounts are estimates only and no assurance can be given that any particular level of recovery of copper and molybdenum from ore reserves will in fact be realized. Estimates of reserves, mineral resources and production costs can also be affected by many factors, including, but not limited to, environmental regulations, extreme weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and consequently on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of the Gibraltar mine. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations.

The Company s Prosperity and Harmony projects have large tonnage, low grade mineralization, which at current metals prices and other economic considerations cannot be classified as "ore".

Production Estimates From time to time, the Company prepares estimates of future production for the Gibraltar mine. The Company cannot give any assurance that it will achieve these production estimates. The failure of the Company to achieve its production estimates could have a material adverse effect on its future cash flows, results of operations and financial condition. These production estimates are dependent on, among other things, the accuracy of mineral reserve calculations and estimates, the validity and accuracy of assumptions used relating to ore grades and recovery rates, ground conditions and physical characteristics of ore, including (but not limited to) rock hardness and the presence or absence of specific metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing. The Company's actual production may vary from its estimates for a variety of reasons, including, actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; uncontrollable natural phenomena; unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, necessary chemical reagents, water, equipment parts and lubricants; labor shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities. These factors may cause the Company to cease production. The Company does not have the benefit of recent actual experience in verifying its estimates, and there is a great likelihood that actual production results will vary from its estimates. It is not unusual in startup mining operations to experience unexpected circumstances during the startup phases. Depending on the price of copper, the Company may determine that it is impractical to continue commercial production at the Gibraltar mine.

Mine Development. The Company's ability to sustain or increase its current levels of copper and molybdenum production is dependent upon the successful identification of additional reserves at the Gibraltar mine. If the Company is unable to develop new ore bodies, it will not be able to sustain present production levels beyond the current planned life of the Gibraltar mine. Reduced production could have a material adverse impact on future cash flows, results of operations and financial condition of the Company.

Metal prices. The mining industry in general is highly competitive and there is no assurance that, even after commercial quantities of mineral resources are developed and full production achieved, a profitable market will exist for the sale of same. Factors beyond the control of the Company affect the marketability of any metals produced. No assurance may be given that metal prices will remain stable. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of

the Company, including domestic and international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The effect of these factors on the price of minerals and therefore the economic viability of any of the Gibraltar mine or any of the Company's other projects cannot accurately be predicted. Metal prices are volatile and have, in the recent past and for extended periods, been well below the level needed for the Gibraltar mine to operate at a profit.

Additional Funding Requirements. Taseko will need metal sales from its Gibraltar mine in excess of costs and/or new equity capital or other funding annually in order to fund minimum operations, and exploration and development activities on its other properties. Failing that, it may cease to be economically viable.

Taseko s Prosperity and Harmony Properties Contain No Known Reserves of Ore. Although there are known bodies of mineralization on Prosperity and Harmony Properties (see Item 4D), there are currently no known reserves or body of commercially viable ore and the Prosperity and Harmony Properties must be considered as exploration prospects only. Extensive additional exploration work is required before Taseko can ascertain if any mineralization may be economic. Exploration for minerals is a speculative venture necessarily involving substantial risk. If the expenditures Taseko makes on these properties do not result in discoveries of commercial quantities of ore, the value of exploration and acquisition expenditures will be totally lost and the value of Taseko stock resale negatively impacted.

Risks of Development, Construction and Mining Operations and Uninsured Risks. The Company's ability to meet production, timing and cost estimates for the Gibraltar mine cannot be assured. Technical considerations, delays in obtaining necessary governmental approvals, or the inability to obtain necessary financing could cause a material adverse effect on the financial performance of the Company. Mining is subject to a variety of risks such as cave-ins and other accidents, flooding, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences may delay production, increase production costs or result in liability. The Company has insurance in amounts that it considers adequate to protect itself from certain risks of mining operations. However, the Company may become subject to liability for hazards which it cannot or has chosen not to insure itself against.

Labour Negotiations. A significant portion of the Company's employees are unionized. In the event that, from time to time, labor agreements are not concluded with these employees labor actions could occur, including strikes and/or lockouts. Consequently this could cause disruptions in operations.

Taseko Has a Limited History of Earnings Taseko has a history of many years of losses. For the first time Taseko had earnings, in 2005. Taseko may never be profitable again. Taseko has paid no dividends on its shares since incorporation and does not anticipate paying dividends in the foreseeable future. A failure to continue to achieve profitability may negatively impact on Taseko s share value.

Significant Potential Equity Dilution and End of Lock-ups. At March 30, 2006, Taseko had 111,518,327 common shares and 7,942,700 share purchase options and 10,809,482 warrants outstanding. The resale of outstanding shares from the exercise of dilutive securities could have a depressing effect on the market for Taseko s shares. At March 30, 2006, dilutive securities represented approximately 16.8% of Taseko s currently issued shares. Certain of these dilutive securities are exercisable at prices below current market price and, accordingly, will result in dilution to existing shareholders if exercised.

Further, there is a risk of dilution to existing shareholders as a result of the potential conversion of (a) the Boliden convertible debentures, and (b) the Gibraltar tracking preferred shares.

Exploration is a Risky Business. The exploration for mineral deposits involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Factors beyond Taseko s control will affect the marketability of any substances discovered. Metal prices have fluctuated widely in recent years. Even if exploration at Prosperity and Harmony is successful (and a mine deemed warranted), mining requires huge capital investment, long capital recovery periods and it is difficult to suspend operations pending a recovery of prices.

Risk of Adverse Government Policies. Government regulations relating to mineral rights tenure, permission to disturb wilderness areas and the right to operate and export minerals can adversely affect Taseko s Harmony and Prosperity projects. Taseko may not be able to obtain all necessary licenses and permits that may be required to carry out exploration at those projects. Environmental concerns in general continue to be a significant challenge for Taseko as they are for all exploration companies. Any changes in regulations or shift in political attitude are beyond the control of Taseko and may adversely affect its business.

Environmental Risks. Unexpected environmental damage from spills, accidents and severe acts of nature such as earthquakes are risks, which may not be fully insurable, and, if catastrophic, could mean the total loss of shareholders equity.

Volatility of Taseko s Shares Could Cause Investor Loss. The market price of a publicly traded stock, especially a resource issuer like Taseko, is affected by many variables in addition to those directly related to exploration successes or failures. Such factors include the general condition of market for resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the common shares on the TSX and AMEX suggests Taseko s shares will continue to be volatile. Therefore, investors could suffer significant losses if Taseko s shares are depressed or illiquid when an investor seeks liquidity and needs to sell Taseko shares.

Valid Title to Mining Claims and Leases. Taseko holds the title to the mining claims and leases of its Gibraltar mine, Prosperity Copper-Gold Property and Harmony Gold Property. Taseko s ownership of these mining claims should not be construed as a guarantee that title to such interests will not be challenged or impugned. The mining claims may be subject to prior unregistered agreements or transfers or native land claims, and title may also be affected by undetected defects. If Taseko does not have valid title to its mining claims and leases, then it may lose the rights to continue mining, exploration and development of these properties.

Risk of Losing the Services of Senior Management Executives. Taseko relies on the services of Russell Hallbauer, who is the President and Chief Executive Officer of the Company and other members of its management team to carry out its plan of operations for the Gibraltar mine and its other mineral property interests. Taseko s success is dependent upon the performance of key personnel working in management, supervisory and administrative capacities, or as consultants. The loss of the services of senior management or key personnel may result in Taseko being required to identify and engage qualified management personnel who are capable of managing Taseko s business activities. Mr. Hallbauer and other members of Taseko s management team are seconded from Hunter Dickinson Inc., a related party by virtue of common directors, and do not have a direct employment contract with Taseko. If Taseko was to lose the services of Mr. Hallbauer or other members of its management team, Taseko s plan of operations for the Gibraltar mine or its mineral property interests may be affected and its operating expenses may be increased.

Risk of Losing the Services of Ledcor. Taseko relies on the services provided by Ledcor CMI Ltd. (“Ledcor”) under an Operating Agreement to operate the Gibraltar mine. Ledcor, as Operator, has

primary responsibility for carrying out mining and milling activities as well as recruitment of personnel and maintenance of the equipment and facilities. Taseko's success depends to a significant extent on the performance and continued service of Ledcor in operating the Gibraltar mine. If Taseko lost the services of Ledcor, Taseko would not be able to operate the Gibraltar mine and generate revenues until another Operator could be engaged.

Taseko s Directors, Most Officers and Staff are only Part-Time. Most of Taseko s directors and officers serve as officers and or directors of other resource exploration companies and, as such, are engaged in and will continue to be engaged in the search for additional resource opportunities on behalf of such other companies. In particular, the success of Taseko and its ability to continue to carry on operations is dependent partly upon its ability to retain the services of its senior technical and management personnel. (See Item 7(B)(a))

Management May Be Subject To Conflicts of Interest Due to Affiliation With Other Resource Companies. As most of Taseko s directors and officers serve as officers and or directors of other resource exploration companies which are themselves engaged in the search for additional opportunities, situations may arise where these directors and officers are presented with or identify resource exploration opportunities and may be or perceived to be in competition with Taseko for exploration opportunities. Such potential conflicts, if any arise, will be dealt with in accordance with the relevant provisions of British Columbia corporate and common law. Taseko s directors and officers expect that participation in exploration prospects offered to the directors will be allocated between the various companies that they serve on the basis of prudent business judgement and the relative financial abilities and needs of the companies to participate. In addition, many of Taseko s officers and directors have a financial interest in other resource issuers to which they serve as management and hence may never be financially disinterested in the outcomes of these potential conflict of interest situations. This situation may require that shareholders favorably consider ratification of directors decisions where financial conflicts arise resulting in uncertainty with respect to completion of such matters.

Unsuccessful Resolution of Arbitration with Glencore. Taseko is currently in dispute with Glencore Ltd. (Glencore), the sole purchaser of copper concentrates produced by the Gibraltar mine pursuant to the terms of a written contract (Contract), concerning the interpretation of the Contract. To December 31, 2005, Glencore has withheld approximately US$3.3 million from invoices rendered by Gibraltar and is claiming repayment of a further US$0.5 million, on the basis of its interpretation of the Contract. Glencore asserts that the Contract provides that the price to be paid for the concentrates should be reduced by a deduction referred to as "price participation". Gibraltar asserts that the Contract does not provide for any such deduction. The dispute is set for arbitration in June 2006. While Taseko believes in the merits of its position and case, there can be no certainty of the ultimate outcome of the arbitration. An unsuccessful resolution of the arbitration may result in Taseko foregoing the amounts currently withheld by Glencore and further future price participation deductions.

Taseko s Management May Not Be Subject to United States Legal Process. As Canadian citizens and residents, certain of Taseko s directors and officers may not subject themselves to United States legal proceedings, so that recovery on judgments issued by United States courts may be difficult or impossible. While reciprocal enforcement of judgment legislation exists between Canada and the United States, Taseko s insiders may have defenses available to avoid in Canada the effect of United States judgments under Canadian law, making enforcement difficult or impossible. Taseko s management may not have any personal assets available in the United States to satisfy judgments of United States courts. Therefore, Taseko shareholders in the United States may have to avail themselves of remedies under Canadian corporate and securities laws for perceived oppression, breach of fiduciary duty and like legal complaints. Canadian law may not provide for remedies equivalent to those available under United States law.

Ultimate Reclamation Costs May Exceed Amounts Accrued. The Company's operations are subject to extensive laws and regulations governing the protection of the environment, under various federal, provincial and local laws, which regulate air and water quality, hazardous waste management and environmental rehabilitation and reclamation. The Company's mining and related activities impact the environment, including land, habitat, streams and environment near the Gibraltar mine. Delays in obtaining, or failures to obtain, government permits and approvals may adversely impact the Company's operations. Further, the regulatory environment in which the Company operates could change in ways that may substantially increase costs to achieve compliance. These increased costs may have a material adverse effect on our profitability.

The Company has accrued for the expected costs to comply with these environmental laws and regulations relating to the Company's obligation to reclaim areas disturbed by its mining activities. The Company has estimated these liabilities at $49.4 million as at September 30, 2005 on an undiscounted basis. However, the ultimate amount of such reclamation costs may in the future exceed these estimates due to influences beyond the Company's control, including, but not limited to, changing legislation or unidentified rehabilitation costs. The closure of mining operations, without sufficient working capital to discharge rehabilitation liabilities as they come due, or unacceptable damage to the environment, including pollution or environmental degradation, may expose the Company to litigation and significant liabilities.

***Exchange Rate Risk*.** The Company is subject to currency exchange rate risk. The prices of copper and molybdenum oxide are denominated in United States dollars and, accordingly, the Company s revenues will be received in United States dollars. The Company s expenses are almost entirely paid for in Canadian dollars, which has recently shown strength against the United States dollar. The further strengthening in the Canadian dollar, if it continues, will negatively impact the profitability of the Company s mining operations.

ITEM 4 INFORMATION ON THE COMPANY

A. History and Development of the Company

Incorporation

Taseko Mines Limited (Taseko or the Company) was incorporated on April 15, 1966, pursuant to the *Company Act* (British Columbia) (the "BCCA"). The BCCA was replaced by the *Business Corporations Act* (British Columbia) (the "BCA") in March 2004. As a result, the Company is now governed by the BCA.

Offices

The head office of Taseko is located at Suite 1020, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The telephone number for Taseko s head office is (604) 684-6365 and its facsimile number is (604) 684-8092. Taseko also has a field office at its Gibraltar mine site in McLeese Lake near Williams Lake, BC.

Corporate Organization

Taseko is based in Vancouver, British Columbia and its mining operations and two principal exploration stage properties are all located in British Columbia.

Taseko operates directly and also through one principal subsidiary, Gibraltar Mines Ltd. ("Gibraltar") Taseko itself owns the Prosperity Project, and Gibraltar owns the Gibraltar Mine and the Harmony Gold Project. All three companies are British Columbia companies and all operations of the three companies are in British Columbia.

Development

The principal business events in Taseko s 36 year history are (in chronological order):

(i) the acquisition and legal dispute settlement respecting the Prosperity Project in British Columbia (1960 s to 1993) and the advancement of exploration and engineering thereof (1991 to date). Exploration expenses to the extent of approximately $41.5 million have been incurred by Taseko on the Prosperity Project, which has demonstrated continuity of a low grade copper/gold deposit;

(ii) the acquisition of the Gibraltar mine in July 1999. The Gibraltar mine is located in British Columbia and was a copper producer under different owners from 1972 to 1998; and

(iii) the acquisition of the Harmony Gold Project in October 2001. The Harmony Gold Project is an undeveloped gold deposit located in British Columbia; and

(iv) the restart of the conventional mine and mill operations at Gibraltar in October 2004.

Acquisition of the Gibraltar Mine

On July 21, 1999, Taseko s subsidiary, Gibraltar Mines Ltd., purchased the Gibraltar mine from Boliden Westmin (Canada) Limited (Boliden) and certain of its affiliates, including all mineral interests, mining and processing equipment and facilities, and assumed responsibility for ongoing reclamation. Pursuant to the terms of the acquisition, Gibraltar acquired mining equipment, parts and supplies inventories valued at

$19 million, an existing British Columbia Government environmental deposit of $8 million, and mineral interests valued at $3.3 million and received $20.1 million in cash over 18 months from closing, of which $17 million was received pursuant to a 10-year non-interest bearing convertible debenture issued to Boliden. Gibraltar assumed the estimated reclamation liability pertaining to the Gibraltar mine of $32.7 million and Taseko guaranteed Gibraltar's obligations to Boliden. The principal sum advanced under the debenture is convertible into Taseko common shares in the first year at Cdn$3.14 per Taseko share. The conversion price escalates Cdn$0.25 per Taseko common share each year over the 10-year term of the debenture on each July 19th anniversary of closing. The conversion price at September 30, 2005 was Cdn$4.64 per Taseko share. The debenture is due on July 19, 2009. After five years, the debenture can be converted at Taseko's option at then-prevailing market prices for Taseko shares or paid out in cash at Taseko's election. Taseko retains certain rights of first refusal respecting any proposed sale of shares acquired by Boliden under the debenture. If Boliden elects to exercise its option to convert the debenture into Taseko common shares at Cdn$4.64 per share, Taseko would be required to issue 3,663,793 common shares. As of March 30, 2006, Boliden has not elected to convert the debenture. If Taseko elected to exercise its option and convert the debenture into common shares, Taseko would be required to issue 6,343,284 common shares at a prevailing market price of Cdn$2.68 per share.

Harmony Gold Project

Gibraltar acquired the Harmony Gold Project in October 2001 through a transaction with Misty Mountain Gold Ltd. (now known as Continental Minerals Corporation) for consideration of $2.23 million in cash and the issuance of preferred shares in Taseko's wholly-owned subsidiary Gibraltar Mines Ltd. and which preferred shares are exchangeable for Taseko shares in certain events at prices for the Taseko shares similar to the consideration price of the Boliden Debenture (see "Gibraltar Mine – Acquisition Term"). The tracking preferred shares are designed to track and capture the value of the Harmony Gold Property and will be redeemed for common shares of Taseko upon a realization event, such as a sale of the Harmony Gold Property to a third party or commercial production at the Harmony Gold Property, or at the option of Gibraltar, if a realization event has not occurred within ten years.

The tracking preferred shares are redeemable at specified prices per common share of Taseko starting at $3.39 and escalating by $0.25 per year ($4.14 at September 30, 2005). If a realization event does not occur on or before October 16, 2011, Gibraltar has the right to redeem the tracking preferred shares for Taseko common shares at a deemed price equal to the greater of the then average 20 day trading price of the common shares of Taseko and $10.00. The Taseko common shares to be issued to Continental upon a realization event will in turn be distributed pro-rata, after adjustment for any taxes, to the holders of redeemable preferred shares of Continental that were issued to Continental shareholders at the time of the Arrangement Agreement. In the event that a realization event occurs between March 30, 2006 and October 16, 2006 the conversion price would be $4.39 per share. The tracking preferred shares would be redeemed for 6,068,781 common shares of Taseko**.**

Management does not believe there has been a fundamental change in the nature of the Harmony Gold Property; however, during the 2004 fiscal year, the Harmony Gold Property was written down to a nominal value of $1,000. Accounting rules require that the Company must write down its investment in a property if it has not conducted significant exploration or development on the property in the last several years, unless there is persuasive evidence to the contrary.

Assessments will be undertaken over time as metal prices indicate new opportunities for the Harmony project.

Capital Expenditures and Divestitures

For a discussion of Taseko s capital expenditures see Item 5. Operating and Financial Review and Prospects Liquidity and Capital Resources and Item 4(d) Property, Plant and Equipment.

B. Business Overview

Taseko s Business Strategy and Principal Activities

The principal projects of Taseko are as follows:

The Gibraltar Mine

Taseko's subsidiary, Gibraltar Mines Ltd., owns the Gibraltar open pit mine in south central British Columbia near the town of Williams Lake. The mine is operated by Gibraltar's partner Ledcor. The Gibraltar Mine is an open pit copper mine operation that utilizes drilling, blasting, cable shovel loading, and truck hauling to excavate the ore. A mill operation then crushes, grinds and processes mineralized material through froth flotation to create a concentrate. The concentrate contains approximately 30% copper and just under 1% of molybdenum. The Gibraltar Mine currently operates under a 14 year mine plan and produces and sells copper and molybdenum concentrates. The Gibraltar Mine began restart in 2004 and was brought back into production in 2005 after significant investments in mining equipment and the formation of a venture with Ledcor, a construction excavation firm which has provided financial guarantees and also staffs and operates the mine under the direction of a management committee. With only three fiscal quarters of operation by the fiscal year-end, the profitability of Gibraltar Mine is not yet completely predictable; however it has achieved positive cash flow. During the year ended September 30, 2005, Gibraltar mined 39.9 million tons of ore and waste material (at a 2.3:1 stripping ratio), and milled approximately 11.5 million tonnes at a grade of 0.314% copper and 0.017% molybdenum. With copper recoveries of 76% and molybdenum recovery of 23%, the Gibraltar Mine produced 54.8 million pounds of copper in concentrate and 427,059 pounds of molybdenum in concentrate, generating revenues of $71.9 million from copper concentrate sales and $15.7 million from molybdenum (at average sales prices of US$1.151 for copper and US$34.00 for molybdenum) in fiscal 2005. Cash operating costs were in the range of US$1.15 per pound of copper.

Taseko (through its wholly owned operating subsidiary Gibraltar Mines Ltd., (Gibraltar)) has an 85% interest in any residual profits of the operations (i.e. profits after payment of usage fees to the participants for contributed assets and services) and Ledcor has a 15% interest in any residual profits. Ledcor is the operator of the mine and has provided, through an affiliate company, the use of certain leased mining equipment, including a large electric shovel and five mine haul trucks. The mill and other mine assets, including mineral titles, belong to Gibraltar. The venture pays usage fees to each of Gibraltar and Ledcor for use of their respectively contributed assets as well as for services they respectively contribute to the joint venture. Taseko is responsible for concentrate sales, off-site activities and certain aspects of administration, and Ledcor has primary responsibility for carrying out all mining and milling activities, as well as recruitment of personnel and maintenance of the equipment and facilities. Pursuant to the agreement, Taseko is required to maintain a bank account with a balance of at least $5 million in a product revenue account, for the purposes of providing a working capital reserve for operations and general administrative costs. Taseko granted a general security agreement in favour of Ledcor in the amount of $5.8 million and a second charge on certain mining equipment with an appraised fair value of at least $5.8 million. Under certain circumstances, a fee of up to $7 million (reducing by $250,000 per month, commencing October 2005) is payable upon the termination of the agreement prior to February 1, 2008.

Royalty Sale Agreement

In September 2004, the Company entered into agreements with an arms-length investment partnership, the Red Mile Resources No. 2 Limited Partnership (Red Mile). Gibraltar sold to Red Mile a royalty

over Gibraltar production for $67.357 million, which was received on September 29, 2004 but immediately loaned to a trust company as the Company had pledged the promissory note to secure its obligations under the royalty agreements.

Pursuant to the royalty sale and cash pledge agreements, the Company received a net amount of $10.5 million in fees and interest for services performed in relation to the Red Mile transaction, of which $5.25 million was received on each of September 2004 and in December 2004. The amount of $5.25 million received in September 2004 included $1.75 million for indemnifying an affiliate of Red Mile from any claims relating to a breach by Gibraltar Mines Ltd. under the royalty agreement. The funds received in respect of the indemnification are presented as deferred revenue in the Company's financial statements, and are being recognized over the expected remaining (approximately 10 year) life of the royalty agreement.

Under the Royalty Agreement, annual royalties will be payable by Gibraltar at rates ranging from $0.01 per pound to $0.14 per pound of copper produced during the period from the commencement of commercial production (as defined in the agreement) to the later of December 2014 and 5 years after the end of commercial production from the mine. Gibraltar is entitled to have released to it funds held under the promissory note to fund its royalty obligations to the extent of its royalty payments.

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

The Company also granted to Red Mile a net profits interest ("NPI"), which survives any "put" or "call" of the Red Mile units. For the years 2011 to 2014, the NPI is 2% if the price of copper averages US$2.50 to US$2.74 per pound, 3% if the price of copper averages US$2.75 to US$2.99 per pound and 4% if the price of copper averages US$3.00 per pound or greater for any year during that period. The US-dollar pricing amounts specified above are based upon an exchange rate of US$0.75 for C$1.00, and shall be adjusted from time to time by any variation of such exchange rates. No NPI is payable until the Company reaches a break-even point between aggregate revenues and aggregate operating costs and expenditures after the commencement of commercial production. See also discussion of 2004 Results below for further information on the accounting treatment of the Royalty Sale.

Undeveloped Gold/Copper Projects Prosperity and Harmony Projects

Taseko owns 100% of two undeveloped projects in British Columbia. The Prosperity Project, located in south central British Columbia, which hosts a large copper-gold porphyry deposit. Taseko expended approximately $41.5 million from 1991 to 2000 on the Prosperity Project, excluding $28.7 million in acquisition costs, but wrote-down the value of this project to $1,000 during the subsequent periods of low metal prices. The Harmony Property, located in the Queen Charlotte Islands (also known as Haida-Gwaii), hosts a large gold deposit. Gibraltar recorded acquisition costs in connection with the Harmony Property in the $29 million range but also wrote the property down to the nominal value of $1,000 in 2004. The Company has recently announced that it has re-initiated work on the Prosperity Project.

Gibraltar - Ledcor Agreement

Under the terms of the Gibraltar – Ledcor Agreement (“Ledcor Agreement”), Ledcor will be the operator of the Gibraltar Mine for a term of 40 months Effective October 1, 2004. The Ledcor Agreement will be managed by a Management Committee consisting of five members, to direct and control overall policies, objectives, procedures, methods and actions under the Ledcor Agreement. The Management Committee consists of two members appointed by Gibraltar and two members appointed by Ledcor, together with an independent Chairperson.

The Ledcor Agreement shall terminate on expiry of the 40 month term, unless earlier terminated by written agreement of the parties. If Gibraltar terminates Ledcor prior to the expiration of the initial 40 month term, a termination fee of $7 million shall be payable within ten days of the date of the termination of the joint venture. The termination fee will be reduced pro-rata after the first twelve months from the effective date by $250,000 per month until it is reduced to a zero value.

Hunter Dickinson Management Contract

Hunter Dickinson Inc. ("HDI") provides management services to Taseko, pursuant to a geological and administrative services agreement dated for reference December 31, 1996. HDI is one of the larger independent mining exploration groups in North America, providing management services to nine public mineral resource issuers. As of March 30, 2006, HDI employed or retained approximately 102 staff or service providers, substantially on a full-time basis. Of these, approximately:

- 40% are professional technical staff (a large majority of whom have accreditation as a professional engineer or professional geoscientist);
- 15% are professional accountants (the majority of whom have professional designations); and
- 45% are administrative, office or field support personnel.

HDI has supervised mineral exploration projects in Canada (British Columbia, Manitoba, Ontario and Quebec) and internationally in Brazil, Chile, the United States (Nevada and Alaska), Mexico, China and South Africa. HDI allocates the costs of staff input into projects based on time records of involved personnel. Costs of such personnel and third party contractors are billed to the participating public companies on a full cost recovery basis (inclusive of HDI staff costs and overhead) for amounts that are considered by the Company's management to be competitive with arm's length suppliers. The shares of HDI are owned equally by each of the participating corporations (including Taseko) as long as HDI services are being provided; however such participant surrenders its single share at the time of termination of the related services agreement, which can be cancelled on 30 days notice by either party.

(See Item 19 Exhibits). Several of the directors of HDI are also directors of Taseko and they also serve as a majority of the directors of the other mineral resource issuers that have similar arrangements with HDI.

C. Organizational Structure

Taseko operates directly and also through one principal subsidiary, Gibraltar Mines Ltd. ("Gibraltar"). Taseko itself owns the Prosperity Project, and Gibraltar owns the Gibraltar Mine and the Harmony Gold Project. All of the companies are British Columbia companies and all operations are in British Columbia. Taseko's corporate organization is summarized in the diagram below:

D. Property, Plant and Equipment

The Gibraltar Mine was acquired from Boliden Westmin (Canada) Limited in July 1999, approximately one year after commercial mining operations were suspended due to then-prevailing low copper prices. The Gibraltar Mine was acquired with mill and mining equipment and supplies valued at approximately $19 million. The purchase of the mine included an environmental deposit for $8 million (which was later increased to $18.4 million in 2001, and then decreased to $15.9 million in December 2002), and mineral property interests then valued at $3.3 million. The Gibraltar Mine has an obligation to reclaim and manage the area should it be determined that operations must permanently cease and the area be reclaimed. The estimated amount of the reclamation costs, adjusted for estimated inflation at 2.5% per year, in 2017 dollars, is $49.4 million (September 30, 2004 – $32.7 million). (See Item 4, Gibraltar Mine – Acquisition Terms and Environmental Matters.)

In accordance with the Gibraltar mine permit, the Company has pledged the mine's plant and certain equipment which, when combined with reclamation deposits (approximately $18.3 million at September 30, 2005), provide the Government of British Columbia with the required security for the estimated reclamation liability on the Gibraltar Mine of $49.4 million.

During fiscal 2004, the Company acquired a mining shovel and five haul trucks for US$18.3 million. In the first quarter of fiscal 2005, the Company sold this equipment for US$18.3 million (US$14.6 million net of a 20% down payment). The equipment was leased to Ledcor for use at the Gibraltar mine. The company has accounted for this as a sale-leaseback transaction in the financial statements.

The Company has also guaranteed residual values totaling US$7.1 million ($8.5 million) on this equipment at the end of the lease term in November 2008.

Neither the Prosperity Project nor the Harmony Gold Project have any mining plant or equipment located thereon, although both projects have field accommodation and miscellaneous exploration equipment, which is of little realizable value, on site.

Location of Operations and Properties

The Gibraltar Mine

Location, Access and Infrastructure

The Gibraltar mine area consists of 251 mineral claims, 30 mining leases, and some ancillary fee simple real estate held by Gibraltar. The mine site covers approximately 109 square km, approximately 65 km north of the City of Williams Lake in south-central British Columbia, Canada. Access to the Gibraltar mine from Williams Lake is via Highway 97 to McLeese Lake. From McLeese Lake, a paved road provides access to the Gibraltar mine site. The total road distance from the City of Williams Lake to the Gibraltar mine is 65 km.

The Canadian National Railway has rail service available to facilitate the shipping of copper concentrates through to the Pacific Ocean port of North Vancouver as well as to other points in Canada and the United States. A rail siding and storage shed for the shipment of concentrate is located 26 km from the mine site. Electricity is obtained from the British Columbia Hydro and Power Authority (BC Hydro). Natural gas is provided by Avista Energy and Terasen Gas (formerly BC Gas). The communities of Williams Lake and Quesnel are sufficiently close to the site to supply goods, services, and personnel to the Gibraltar mine.

The Gibraltar mine mineral claims cover an area of gentle topography; local topographic relief is in the order of 200 m. The plant site is located at an elevation of approximately 1,100 m above sea level. The project area has a moderate continental climate with cold winters and warm summers. Ambient air temperature ranges from a winter minimum of -34 degrees C to a summer maximum of 35 degrees C. Average annual precipitation at the site averages 51 cm, of which about 17 cm falls as snow. Maximum snow depth is about 1 m, most of which falls in late February.

History

The early 1960s marked the entry of the major mining companies into the Granite Mountain area and the subsequent introduction of modern exploration techniques, which ultimately led to the discovery of the mineral deposits. Of the seven Gibraltar mineral deposits that are now known, only Gibraltar West offered any exposure of surface mineralization; Pollyanna, Connector and Gibraltar East had a few minor exposures of leached limonitic capping; Granite Lake, Gibraltar West Extension and the Sawmill Zone were completely covered by overburden. In this environment, the most effective exploration tools were soon found to be Induced Polarization (IP) geophysics and diamond drilling. Mine production began in March 1972 and the mine operated almost continuously from 1972-1998. Total production to the end of 1998 totalled 1.86 billion pounds of copper and 19.7 million pounds of molybdenum from 336 million tons milled. Reconciliation studies on a number of open pit stages demonstrated good correlation between reserve estimates and actual production.

The Gibraltar mine has also produced cathode copper by leaching both low grade dump material (374 million tons at grades lower than the milling cut-off grades of 0.16 -0.25%) and leachable oxide material from the pits using sulphuric acid and natural bacteria. From October 1986 to shutdown in late 1998, approximately 84.7 million pounds of copper were recovered from solution by the solvent extraction-electrowinning (SX/EW) process. SX/EW plant operations are expected to resume when further oxide material is mined from the Pollyanna and Connector pits. Future recovery of electrowon copper will be mainly from engineered leach pads.

From 1999-2004, Taseko geologists and engineers explored for additional mineralized material and to better define known resources. The on-site staff also completed on-going reclamation work and maintained the Gibraltar mine for re-start. Operating and environmental permits were kept in good standing. In early 2000, the digital database of geological information on the Gibraltar property was expanded to include information from both inside and outside the pit areas, including data from approximately 200 drill holes, totalling 24,000 m (78,400 ft). Plans identifying the location of drill holes relative to known geophysical and geochemical data and anomalies were generated. In August 2000, a property-scale Induced Polarization (IP) geophysical survey was initiated, involving approximately 220 km of IP survey. Interpretation of the results was completed in the spring of 2001, identifying deposit-scale anomalies. Six target areas were followed up by drilling in 2003 in 194 holes, totalling 33,752 m (110,720 ft), resulting in discovery of four mineralized areas. The most significant of these is the 98 Oxide Zone, where significant copper mineralization was encountered, indicating potential for a mineral resource in this area.

In late 2003, Gibraltar developed a plan to mine 164 million tons of ore over 12 years to produce an average of 70 million pounds of copper and 980,000 pounds of molybdenum per year in concentrate plus additional cathode copper from its 10 million pounds per year SX/EW plant. The Gibraltar re-start decision was based on the initial three years of the 12-year mine plan. Open pit pre-development work began in the Pollyanna pit area in June 2004, milling in October and full commercial production in January 2005.

Copper Refinery Study

A scoping study (preliminary review of capital and operating costs to determine the viability of a project at an accuracy of plus or minus 30%) to investigate the concept of building and operating a copper refinery at the Gibraltar site, using a hydrometallurgical process developed by Cominco Engineering Services Ltd. (CESL) to recover copper from concentrate was completed in August 2000.

The scoping study projected that the capital cost for the refinery would be $95.0 million including contingencies, and could reduce the operating costs of the mine by up to US$0.20 per pound of copper produced due to elimination of transporting concentrate off-site and other site efficiencies. Based on the results of the scoping study, feasibility-level engineering and analyses were initiated under a Memorandum of Agreement dated October 6, 2000. The program included testwork at CESL s large-scale test plant facility in Vancouver, British Columbia.

During the latter half of the 2001 fiscal year, Bateman Engineering (Pty) of Australia was engaged to conduct an engineering feasibility-level cost study. The study involved engineering and design work sufficient to determine the capital and operating costs for the facility to an accuracy of 5% to +15%. The refinery would be capable of processing 130,000 tonnes of 24% copper concentrate and producing 30,000 tonnes of LME grade (99.999%) copper cathode annually. The study estimated the refinery capital cost to be $109.5 million and the annual operating cost to be $16.3 million, or US$0.147/lb of copper produced.

The study also identified several synergies with the existing Gibraltar mill and treatment facilities. For example, as acid would be produced in the refinery, less acid would need to be procured for the heap leach facility at the Gibraltar site. In addition, heating the leach solution with excess heat generated by the refinery would enhance copper recovery from the heap leach. Implementing some of these additional opportunities would result in cost savings beyond the $17.4 million per annum savings associated with changing the Gibraltar mine from a concentrate producer to a cathode producer.

Property Geology

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

The Sunset and Granite Creek mineralized systems are two major structural orientations that control mineralization at Gibraltar. Structures of the Sunset system that host mineralization are mainly shear zones. Host structures of the Granite Creek system are predominantly oriented stockwork zones. The Granite Creek system provides the major structures that control mineralization of Pollyanna, Granite Lake and the Sawmill zones. These bodies have the characteristics of porphyry copper type mineralization.

The Gibraltar East deposit is essentially a system of interconnected Sunset zones, which create a large body of uniform grade. Gibraltar West and Gibraltar West deposits are contained within a large complex shear zone.

Geological modelling, geophysical surveys (predominantly IP) and diamond drilling have been the primary exploration tools used at the Gibraltar mine. Mining phase exploration, during the period of 1972-1998, added additional sulphide resources. Data collected during a sulphide copper exploration program in the 1990s between the Gibraltar East and Pollyanna open pits (the "Connector Zone") indicate that there is potential for oxide copper mineralization in this zone. Targets also exist to explore for new deposits occur near the existing open pits (Gibraltar West Extension, Connector, Gibraltar East Extension, Crusher zones) and on other parts of the property (e.g. Sawmill).

Mineralization Types

Pyrite and chalcopyrite (copper sulphide; ore mineral of copper and iron) are the principal primary sulphide minerals in the Gibraltar mine mineralization. Fine-grained chalcopyrite, accounts for 60 percent of the copper content and constitutes the single most important form of copper mineralization. Coarser grained chalcopyrite usually occurs in quartz veins and shear zones.

Small concentrations of other sulphides are also present. Bornite (copper sulphide; an ore mineral of copper), associated with magnetite and chalcopyrite, occurs on the extremities of the Pollyanna and Sawmill deposits. Molybdenite (molybdenum sulphide; an ore of molybdenum) is a minor but economically important associate of chalcopyrite in the Pollyanna, Granite Lake and Sawmill deposits.

There is a close spatial relationship between sulphide mineralization and alteration in the Gibraltar deposits, for example, higher-grade mineralization is associated mainly with the presence of sericite and chlorite alteration.

Exploration in 2005

A core drilling program, encompassing holes for pit definition for the Granite Lake and PGE Connector deposits and property exploration at the 98 Oxide Zone, was carried out in September and October 2005. The program is summarized in the table below:

AREA	**# OF HOLES**	**DEPTH (ft)**
Granite Lake	24	14,974
PGE Connector	3	2,148
Crusher	3	1,505
98 Oxide*	10	4,307
TOTALS	**40**	**22,934**

*Note: 2 holes were completed during the fiscal year and 8 holes were completed subsequent to the end of the fiscal year.

In the Granite Lake area, 24 holes were drilled on the southern perimeter to test the geological model, refine the block model and provide metallurgical samples prior to making a decision on the next stage pit. Based upon this latest drilling, there are two areas (to the south-southwest and to the south) that warrant further step-out drilling, with potential to add new resources down plunge along existing ore trends.

Three holes were drilled at the PGE Connector deposit. Mineralization was encountered in all holes. Three holes were also drilled near the crusher and confirmed that there is no mineralization in this area.

The 98 Oxide Zone was discovered by drilling in 2003. Mineralization was outlined over a significant area, demonstrating potential for a copper resource. Exploratory drilling (10 holes) in 2005 did not expand the zone.

Sampling and Analytical Procedures

In 2005, 22,934 ft of NQ sized core was drilled. All drill core was photographed, then logged and sampled by technical staff under the supervision of a qualified person. All exploration core was split into two pieces using a mechanical core splitter, with half of the core sent for analyses and the other half retained for audit purposes. All production core was whole core sampled for analyses. Average sample length is three metres. Primary sample crushing to -6 mesh and sub-sample (approximately 200 g) splitting of 2003 drill core samples was carried out on-site at the Gibraltar Mines Ltd. metallurgical testing services laboratory. Sub-samples were sent for pulverizing and final analytical testing at ALS-Chemex Laboratories in Vancouver, where all samples were analyzed for total copper and molybdenite. Comparison of the results with information obtained while logging will likely result in selected intervals also being analyzed for acid soluble copper (ASCu), cyanide-soluble copper (CNSCu) to assist with ore sub-typing during resource estimation.

Analyses provided for samples from both the 2005 Exploration and Production Programs include percent total copper, percent acid soluble copper, percent cyanide soluble copper, and percent molybdenite. The total copper, acid soluble copper, and molybdenite, analyses are performed by acid digestion of pulverized drill core samples followed by Atomic Absorption Spectrometry (AAS) analyses of the resulting solutions. The cyanide soluble copper assay is performed by cyanide digestion of pulverized drill core samples, followed by AAS on the resulting solution.

Quality Assurance/Quality Control (QA/QC) Procedures

The following QA/QC Protocols were implemented for the 2005 drilling program to ensure that accurate, precise and reproducible analytical results are obtained:

- Every twentieth sample is re-split from the crushed drill core reject and analyzed at a second laboratory (Assayers Canada) to ensure accurate sampling. A table and chart of mainstream vs. re-split sample assays is maintained.
- Two standards, known to the geologist, are randomly numbered and added to each sample batch of 33 drill core samples to test the laboratories ability to reproduce results. A table and chart of the standard assays is maintained.
- One randomly numbered silica blank sample is also added to each sample set submission (of 33 samples) to ensure that samples, solutions and apparatus are not contaminated.
- Reject assay pulps are placed in labelled bags and stored as sets corresponding to their diamond drill hole, for future reference. Each sample bag also contains an identification tag to ensure positive sample identification.
- Reject drill core pulps are stored in labelled bags as drill-hole sets for future reference. Each sample bag also contains an identification tag to ensure positive sample identification.

Security of Samples

At Gibraltar, a library of representative samples of the different rock types and mineralization is retained in a secured on-site core facility.

All core from the 2005 program was drilled, transported, logged, and crushed on-site. For exploration samples (for 2005 this refers to the 98 Oxide drilling), the remaining half-core, pulps and rejects from half-core samples are retained in a secured on-site facility. For production core samples, the pulps and rejects are retained in a secured on-site facility.

The Gibraltar mine site has restricted access.

Mining

The Gibraltar mine is a typical open pit operation that utilizes drilling, blasting, cable shovel loading and large-scale truck hauling to excavate rock. The mine is planned to enable excavation of sulphide mineralized material of sufficient grade that it can be economically mined, crushed, ground and processed to a saleable product by froth flotation. The flotation overflow, or concentrate (mineralization, which is increased in purity by primary production techniques that include crushing, grinding and flotation to eliminate portions of valueless rock), has a copper grade of about 100 times that of the rock from which it was processed and is sold to smelters for further treatment to provide high purity copper metal. The flotation underflow, or tailings, has had its minerals removed and is pumped to the tailings storage facility.

During the mining process, unmineralized rock must be excavated to expose the economically mineralized material. The unmineralized material is moved to rock dumps that will be sloped and reclaimed.

Rock containing lower grade sulphide mineralization or oxide mineralization is also mined but is not immediately processed. The lower grade sulphide material is stockpiled for later treatment in the mill. In addition, a portion of the low grade sulphide and all of the oxide material can be leached with sulphuric acid, which is naturally assisted by bacterial action, and the resultant copper sulphate solution can be processed to cathode copper in the Gibraltar mine s SX/EW plant. The SX/EW plant has not been reactivated since mining re-started in October 2004, so the oxide material has been stockpiled.

Production in 2005

As a result of the delay in commissioning the molybdenum circuit and lower than planned mill throughput, the Company updated its forecast metal production for the year at the end of the second quarter (March 31, 2005). The following table is a summary of the operating statistics for the year compared to the revised forecast.

Gibraltar Production 2005				
	Actual	**Revised Forecast**	**Variance**	**Comments**
Ore + waste mined (tons)	39,992,000	41,658,000	-4%	Mining rate adversely impacted by unscheduled maintenance on the shovel fleet, as well as truck availability.
Ore milled (tons)	11,484,000	11,913,000	-4%	Lower mill throughput due to poor crusher availability and grinding circuit productivity.
Stripping ratio	2.31	2.35	-2%	
Copper grade (%)	0.314	0.306	+3%	
Molybdenum grade (%MoS2)	0.017	0.016	+6%	
Copper recovery (%)	76.2	80.4	-5%	Lower copper recovery due to ore variability and higher amounts of secondary mineralization than expected.
Molybdenum recovery (%)	23.1	35.2	-35%	Molybdenum recovery was low as the new circuit was established.
Copper production (lb)	54,785,347	58,600,000	-7%	Below forecast throughput and recovery.
Molybdenum production (lb)	427,000	541,000	-20%	Below forecast throughput and recovery.

Year-end Reconciliation of Reserves

The reserves at fiscal 2005 year end were estimated by Gibraltar staff and audited by James W. Hendry, P.Eng., and C. Stewart Wallis, P.Geo., of Roscoe Postle and Associates Inc. (Roscoe Postle).

All mining in fiscal 2005 took place in the Pollyanna stage 4 pit: 12.4 million tons of ore grading 0.314% copper was mined with 0.9 million tons in live inventory at year end and 11.5 million tons processed; an additional 2.2 million tons of low grade sulphide material and 2.0 million tons of oxide ore were stockpiled for later processing. In addition, 23.4 million tons of waste rock was moved to rock piles. The geological model forecast 12.5 million tons of ore grading 0.313% copper; 2.9 million tons of low grade material and 1.9 million tons of oxide material. Roscoe Postle concluded that the geological model was predicting the mining tonnage and grade well within the accuracy of the model.

Estimates of Mineralization

The oxide reserves were estimated by Gibraltar staff and audited by James W. Hendry, P.Eng., and C. Stewart Wallis, P.Geo., of Roscoe Postle and Associates Inc. in 2004. These did not change in 2005. They are 16.5 million tonnes

grading 0.148% copper at a 0.10% acid soluble copper cut-off.

The sulphide reserves were updated subsequent to year-end. A detailed review of the geological model, confirmation of pit wall locations established in previous mine optimization studies, and an analysis of

current price and mining cost projections allowed for expansion of the previously defined pits, specifically, at the PGE Connector and Granite Lake deposits. Long term metal prices of US$1.10/lb for copper and US$6.00/lb for molybdenum were used for the estimates. Results are tabulated below:

Sulphide Mineral Reserves at October 1, 2005				
at 0.20% Copper cut-off				
Pit	**Category**	**Tons**		
		(millions)	**Cu %**	**Mo%**
Pollyanna	Proven	27.3	0.315	0.010
	Probable	2.9	0.288	0.010
	Subtotal	**30.2**	**0.312**	**0.010**
PGE Connector	Proven	35.9	0.296	0.010
	Probable	5.6	0.283	0.011
PGE Connector	Proven	7.1	0.303	0.016
Additional				
	Probable	7.7	0.275	0.016
	Subtotal	**56.3**	**0.293**	**0.012**
Granite Lake	Proven	70.7	0.322	0.009
	Probable	6.9	0.321	0.007
Granite Lake Additional	Proven	26.3	0.308	0.008
	Probable	3.6	0.310	0.005
	Subtotal	**107.5**	**0.318**	**0.009**
Total		**194.0**	**0.310**	**0.010**

It is the opinion of the Company s experts that the above reserves are reported in accordance with both 43-101 and SEC Guide 7. The reserves occur on the perimeter of existing open pits and have been integrated into the existing mine plan for the operation. Long term metal prices have been utilized for the estimates and permits are in place that would allow mining to proceed. The estimates used a 0.20% copper cut-off grade for the sulphide reserves. Sulphide copper recoveries for the course of the mine plan are based on the historic metallurgical performance of the concentrator on each mineral system to be treated. The average life of mine recovery for copper is 81.9% and for molybdenum is 40.6% .

The operating costs and cash flow are calculated on a constant Q4 2005 Canadian dollar basis. Major input parameters for the model are summarized as follows:

Metal Prices and Foreign Exchange:

Copper:	2006:	US$1.43/lb
	2007:	US$1.30/lb
	2008:	US$1.20/lb

	2009 and after:	US$1.10/lb
Molybdenum:	2006:	US$21.26/lb
	2007:	US$15.00/lb
	2008:	US$10.00/lb
	2009 and after:	US$6.00/lb
Silver:	2006:	US$7.00/toz
	2007:	US$6.00/toz
	2008 and after:	US$5.00/toz
US$/CAN$ Exchange Rate:	2006-2007:	0.84
	2008:	0.82
	2009-2010:	0.80
	2011 and after:	0.78

Labour:

Staff:	Constant:	current staff salaries
Hourly:	2006:	current contract rates
	2007 and after:	2007 contract rates

Major Consumable Costs:

Fuel:	2006:	0.645 per liter
	2007:	0.620 per liter
	2008:	0.580 per liter
	2009:	0.520 per liter
	2010:	0.480 per liter
Explosives:	2006:	at current supply price
	2007 and after:	adjusted for energy costs
Haulage Truck Tires:	Constant:	at current supply prices
Natural Gas:	Constant:	11.77 $/GJ
Power:	Constant:	0.0355 $/kWh
Mill Reagents:	Constant:	at current supply prices
Grinding Media:	2006:	current cost + steel surcharge,
	2007:	steel surcharge reduced by 50%,
	2008:	steel surcharge reduced by 75%,
	2009 and after:	steel surcharge eliminated.
Concentrate transportation, treatment and refining:	2006:	2006 contract prices,
	2007:	2007 contract prices,
	2008 and after:	constant at January 2008 contract prices.

The average life of mine unit operating costs are summarized below:

Area	Life of Mine Plan Average Cost
Mine cost/ton moved	$0.89
Mine cost/ton milled	$2.56
Mill cost/ton milled	$2.06
Administration cost/ton milled	$0.45
Total Sulphide Operating cost/ton milled	$5.07

SX/EW cost/lb of cathode copper	$0.91

Cautionary Note to Investors Concerning Estimates of Measured and Indicated Resources

The following section use the terms measured resources and indicated resources . The Company advises U.S. investors that while those terms are recognized and required by Canadian regulations (under National Instrument 43-101 "*Standards of Disclosure of Mineral Projects*"), the United States Securities and Exchange Commission does not recognize them. **U.S. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

In addition to the above reserves, the mineral resources are estimated to be:

Mineral Resources at October 1, 2005 at 0.20% Copper cut-off			
Category	**Tons (millions)**	**Cu %**	**Mo (%)**
Measured	410	0.286	0.008
Indicated	204	0.269	0.008
Total	**614**	**0.280**	**0.008**

The resource and reserve estimation was completed by Gibraltar mine staff under the supervision of John W. McManus, P.Eng., Vice President of Operations for Taseko and a Qualified Person under National Instrument 43-101. Mr. McManus has verified the methods used to determine grade and tonnage in the geological model, reviewed the long range mine plan, and directed the updated economic evaluation. A technical report has been filed on www.sedar.com.

Environmental Matters

The Gibraltar mine had operated for some 28 years from four open pits, prior to its acquisition by Taseko in 1999. Waste dumps were developed in various areas adjacent to the open pits, and tailings were disposed in a pond located about three kilometres north of the mill. A comprehensive mine closure report containing an assessment of reclamation and long term environmental costs is produced approximately every 5 years.

On acquiring the mine in 1999, Taseko received both independent and government assessments of the reclamation and water management liability for the Gibraltar mine. The reclamation plan for Gibraltar involves a water management program and establishment of grass/legume vegetative covers for all areas in order to protect against wind and water erosion. Areas around the pits and waste rock storage areas will be re-sloped, dressed with overburden, and seeded. The beaches and slopes of the tailing storage area will also be seeded. The objective is to promote re-establishment of indigenous species, and evolve toward a self-sustaining ecosystem.

Taseko maintained the mine on standby from 1999-2004, and during that time progressive reclamation was completed. Also in 2002, Gibraltar and the Cariboo Regional District completed studies and agreed to develop a landfill site on waste dumps in an area that would not be needed for future operation of the mine. The landfill will provide reclamation credits to the land it occupies, as well as revenues. As a result, the Company received a release of $2.5 million from the reclamation deposits in December 2002. Construction was initiated in June 2003 and operations began in October 2003. Additional credits and offsets are expected related to an on-site mini-hydro power generation project that is presently in the implementation stage.

The most recent reclamation plan and closure report, dated February 26, 2003, was approved by the BC Ministry of Energy and Mines (“MEM”) in 2004. This report states that the total closure costs, including

covering rock piles with 1.0 m of till, would be $36.7 million (assuming 2005 dollars and that an outside contractor is hired to do the work). The estimated amount of the reclamation costs, adjusted for estimated inflation at 2.5% per year, in 2017 dollars, is $49.4 million. MEM agreed to consider Gibraltar's request to reduce the thickness of the till cover to 0.5 m. If approved, this would reduce final closure costs to $32.9 million in current 2005 dollars.

The mine and reclamation permit approved in 2004 requires that the reclamation liability outlined in the final closure and reclamation report be covered by $18.5 million in a reclamation trust. The additional liability is covered by MEM having a first charge on equipment owned by Gibraltar.

There have been no environmental non-compliances or incidents since the mine re-opened.

Plans for 2006

Continued copper and molybdenum production is planned for 2006. Further definition drilling and economic analysis will be undertaken in 2006 with the objective of upgrading additional resources into the reserve category. The drilling program will be focused on defining this resource between the existing pits and tying together the extensive mineralization ones.

In anticipation of a further increase in the mineral reserves, an engineering study was initiated to evaluate the economics in expanding the concentrator production rate by 25%. The upgrade was approved by the Board of Directors in late March 2006. The $62 million approved expenditure will include expansion of the concentrator's grinding circuit by incorporating a Semi Autogenous Grinding (SAG) mill to improve the efficiency of the present milling and crushing system. The project also includes a complete replacement of the flotation recovery system.

The ore processing capacity of the mill will increase from the current 36,750 tons per day to 46,000 tons per day. As a result of the increased capacity and the improved recoveries related to the new flotation system, the annual copper production is expected to rise by 30% to approximately 100 million pounds per year. The new SAG mill will, however, be capable of processing up to 50,000 tons of ore per day, depending on ore characteristics and operating strategy. Additional engineering analyses of the tailings system and electrical infrastructure, as well as long-term mine plans, are being undertaken to determine whether that additional daily throughput can be achieved.

Funding for the expansion will come from a combination of internally generated cash flows and commercial capital sources. The upgrade to the flotation system will begin immediately. Construction of the grinding circuit will begin in the summer of 2006, with completion planned for the latter part of 2007.

Since the Gibraltar mine re-opened, oxidized copper ore has been removed and stockpiled, while sulphide mineralization has been treated through conventional processes in the mine concentrator. Mining in the Pollyanna Pit has now progressed to the point where sufficient oxidized copper ore is available for placement on the leach pads to support continual operation of the solvent extraction and electrowinning (SX-EW) plant. As a result, in 2006 the Company announced that it would be refurbish the SX-EW plant. The anticipated capital cost of rehabilitation of the SX-EW plant is $3 million. It is expected to be operational by the fall of 2006. The plant is capable of producing up to 7 million lbs of LME Grade Cathode Copper per year.

Copper Refinery Study Update

Feasibility level studies were completed in 2002 to assess the viability of constructing a copper refinery at Gibraltar, based on a hydrometallurgical process developed by Cominco Engineering Services Ltd. A refinery located at Gibraltar would produce cathode copper from copper concentrate at the site rather than

sending these concentrates to an overseas smelter for treatment, which would result in an estimated operating cost saving to Gibraltar of approximately US$0.20/lb of copper produced.

With mining operations now underway at Gibraltar, mine technical personnel have been re-assessing the refinery project. An updated refinery feasibility study is expected to be completed in the near term, but the immediate focus is to increase the reserves and evaluate the mill expansion as these will affect the refinery project economics. The British Columbia Environmental Assessment (BCEA) Office has advised Taseko that the proposed refinery would not be reviewable under the BCEA Act because the refining process would be integrated with ore milling operations of the fully permitted Gibraltar mine.

Labor Matters

In a vote held in November 2004 and counted in February 2005, 74% of the workers at the Gibraltar mine voted for the Christian Labour Association of Canada ("CLAC") union, making CLAC Local No. 68 the certified union for the mine. CLAC had previously ratified a collective agreement with Ledcor, the mine operator, in September 2004.

Prosperity Project

Location, Access and Infrastructure

The Prosperity project consists of 196 mineral claims covering the mineral rights for approximately 85 square km of south-central British Columbia, Canada. The property is located in the Clinton Mining Division, approximately 125 km southwest of the City of Williams Lake in south-central British Columbia. Access from Williams Lake is via Highway #20 to the community of Lee's Corner, then via an all-weather main line logging haulage road to the site, a total road distance of 192 km. The Canadian National Railway services Williams Lake and has rolling stock available to move copper concentrates by rail to points of sale in North America. The city of Williams Lake is sufficiently close and is capable of supplying goods, services and personnel to a mine.

Multiple high-voltage transmission lines from the existing Peace River hydroelectric power grid are situated 118 km east of the Prosperity project. The current design to supply the required power to service a large mine and mill complex at the Prosperity project site consists of a 124-km conventional power line to connect to the existing BC power grid. A major natural gas transmission pipeline is situated 112 km northeast of the Prosperity project and would be connected by a new pipeline following the existing road. Ample water is available nearby for a mining operation.

Geology and Mineralization

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

Pyrite and chalcopyrite are the principal sulphide minerals in the deposit. They are uniformly distributed as disseminations, fracture-fillings, veins and veinlets and may be accompanied by bornite (a copper ore mineral) and lesser molybdenite (a molybdenum ore mineral) and tetrahedrite-tennantite (ore minerals of copper and silver). Native gold occurs as inclusions in and along microfractures with copper-bearing minerals and pyrite.

History

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

Taseko carried out ongoing and systematic exploration programs from 1991-1999, 154,631 metres has been drilled in 452 holes and accompanied by progressive engineering, metallurgical and environmental studies.

In 1993, Melis Engineering Ltd. was retained by Taseko to carry out comprehensive metallurgical tests on drill core samples from the Prosperity Project to evaluate the metallurgical variability of the deposit. The test program included batch flotation tests and eleven lock-cycle flotation tests on various composites, and provided detailed copper-gold concentrate analyses, grindability assessments, tailings settling tests and environmental data.

The results from the variability testwork demonstrated that copper recoveries ranged from 83.0% to 88.4% with copper concentrate grades ranging from 22.2% Cu to 28.8% Cu. Gold recoveries ranged from 66.1% to 79.8% with grades ranging from 26.0 grams Au/tonne to 71.3 grams Au/tonne reporting to the copper concentrate. Bond rod mill and ball mill grindability tests of drill hole composites indicated a variation of hardness within individual levels and an increase in hardness with depth. Work indices ranged from 16.4 to 20.4.

The conceptual concentrator design was conventional, consisting of SAG (Semi-Autogenous Grinding) and ball mill grinding; bulk sulphide flotation; regrind and rougher/scavenger flotation; cleaner flotation; and concentrate dewatering.

Late in 1993, Kilborn Engineering Pacific Ltd. was contracted to complete a detailed Project Pre-feasibility Study, which was successfully tabled in mid-1994. The Kilborn Pre-feasibility Study, which considered a 60,000 tonne per day milling rate, addressed most aspects of the Project at the level of detail and analysis greater than that normally attributed to a pre-feasibility study. It confirmed that the Prosperity Project compared favourably with open pit mines currently operating in the region and provided excellent benchmarks for productivity and cost comparisons.

In October 1997, Lakefield Research Limited completed pilot plant metallurgical programs and bulk sample processing to confirm final process design criteria. The program focused on finalizing detailed process criteria for a feasibility study, including copper and gold recovery into a copper-gold flotation concentrate, assessment of grindability characteristics and detailed concentrate and environmental analyses. Results from the 50-tonne pilot plant program results compared favourably with the Pre-feasibility Study metallurgical results.

In 1998, G. Giroux, P.Eng., estimated measured and indicated mineral resources in the Prosperity deposit. This estimate was used as the basis for feasibility level studies in 1999-2000. That detailed investigative work included a review of all major facilities and their construction requirements, unit costs for labour, materials and equipment. Along with the construction aspects of the project, a series of optimization studies that analyzed how the mining should best progress in consideration of the most recent metal price and exchange rate forecasts. Milling reviews examined the original Lakefield Research investigations, pilot plant program and the more recent modal analyses by G&T Metallurgy to determine if they offered any changes that would result in cost savings. Upon completion of the multitude of studies, an all-encompassing project analysis was conducted in preparation for completing a project feasibility report.

During 1999, consulting geotechnical engineers Knight Piesold Ltd. focused their attention on rock waste and tailings storage studies. At the same time, Merit Consultants reviewed the parameters for construction of major structures. The tailings storage studies investigated holding capacities from 490 million tonnes to 810 million tonnes, methods of embankment design from impervious to free draining, filling by cyclone or spigot, and various tailings pumping scenarios. Knight Piesold Ltd. designed the embankment, tailing and reclaim water pipeline system, freshwater supply system, open pit dewatering and slope, waste dumps, geotechnical foundation and surface water run-off control systems. Triton Environmental Consultants developed management for environmental and socio-economic permitting, planning, fisheries compensation, mitigation and reclamation. Merit Consultants International continued to review construction and project management criteria. They also provided details and rates for alternative collective bargaining construction agreements.

Mine engineers examined mining/milling rates of 60,000 and 90,000 tonnes per day along with a reduced mine plan of 400 million tonnes and stripping ratio of 1:1, respectively. Following the 60,000 and 90,000 tonnes per day investigations, Taseko engineers and outside consultants conducted detailed optimization investigations for mine production schedules and milling rates of 70,000, 75,000 and 80,000 tonnes per day.

In March 2000, subsequent to economic analyses and mining plan optimization studies undertaken by Taseko, a revised processing rate of 70,000 tonnes per day was adopted for a detailed study of the Prosperity Project. The open pit mine design, mine plans, mining capital and operating costs were prepared by Nilsson Mine Services Ltd. with the assistance of the engineering staff of Gibraltar Mines Ltd. Kilborn developed the mill flow sheet in conjunction with the Gibraltar engineering staff. Butterfield Mineral Consultants Ltd. conducted a study of the saleability of the Prosperity concentrate. Pilot plant tailings aging tests continued until August 2000 when the 36-month analyses were completed. The tailings aging tests tables for the 1998 Pilot Plant report were also updated for environmental requirements of the Project Reporting. Electrical transmission design engineers Ian Hayward International Ltd. designed the 230 kilovolt (kV) transmission line, provided the detailed material take-off and selected the right-of-way to the site from the BC Hydro Dog Creek substation.

The latest mining/milling optimization work has detailed much of the engineering work beyond that conducted previously by considering two major initiatives. Firstly, environmental analyses were reviewed and the waste rock storage criteria revised, enabling reduced truck haulage requirements. Secondly, application of current and actual Gibraltar mine equipment operating costs resulted in reduced overall mining costs. The most suitable waste rock and tailings storage designs were incorporated into the development. Reduced milling costs were achieved by increasing the primary grind specification from 160 microns to 200 microns. This improvement was determined through additional metallurgical reviews. Cost effective construction criteria, investigated by Merit Consultants, were applied to all major structure cost estimating.

Kilborn Engineering Pacific Ltd provided a draft report on the detailed engineering studies in December 2000. The studies indicated that the deposit was amenable to open pit mining but additional refinements were necessary to improve project economics. Further work had been deferred until late 2005.

Sampling and Analysis

Since the current Taseko management group took over the project in 1991, 127,000 metres of HQ and NQ core has been drilled in 275 bore holes, and a single 200-metre percussion hole. Core recovery averaged 95.7% . Drill company personnel boxed all core and delivered it to Taseko s logging compound at the Prosperity site twice daily. Taseko geological and engineering staff based at the Prosperity site supervised drilling, logging and sampling. A total of 57,778 core samples were taken, each sample was generally two metres in length.

In 1991-1994, drill core was mechanically split, one half of which was submitted for preparation and analysis. In 1996-97, 42% was subject to whole core sampling, 44% was sampled as sawn half-core, 5% of samples comprised the larger portion of core sawn 80:20. The remaining 9% was cored overburden, which was not generally sampled. Half of the core remaining after splitting is stored in core racks at site.

Samples were bagged and shipped by commercial surface transport to Vancouver area laboratories, where they were prepared. Samples were dried at temperatures less than 65° C. In 1991-1993, primary comminution to approximately 1/4 inch (6.4 mm) size by a jaw crusher with secondary roll crushing to obtain minus 15 mesh. In 1994-1997, samples were crushed in a single stage so that greater than 60% passed a 10 mesh screen and 500 gram assay splits were riffled out for crushing. Coarse rejects were retained until year 2000 in a warehouse in Port Kells, British Columbia. Ring and puck pulverization was used. In 1991-1993, approximately 95% of the sample passed a 120 mesh screen. In 1994-1997, greater than 90% of the sample passed a 150 mesh screen. Pulp rejects are retained indefinitely at the Port Kells warehouse.

All assays and analyses were performed by Assayers Canada (formerly Min-En Laboratories). Gold analysis was done by lead collection fire assay, using a 30 gram charge and an Atomic Absorption Spectroscopy (AAS) finish. Copper analysis was done by Aqua Regia digestion on a 2 gram sample, AAS finish. Mercury analysis was done by Cold Vapour AA. Multi-element analysis by Inductively Coupled Plasma Emission Spectroscopy (ICP-ES) was also done on all samples.

In order to assess quality control, duplicate and standard reference samples were submitted for assaying, representing more than 10% of the total assays. Random duplicates were derived from 5% of all rejects. Every twentieth sample was shipped to either Chemex Labs Ltd. (now ALS Chemex) or International Plasma Laboratories Ltd. for riffle splitting of the coarse rejects, pulverization and analysis for gold and copper. In 1994-1997, project-based, bulk standard reference materials were created and submitted within the mainstream and duplicate analytical streams.

Security of Samples

For Prosperity, drill core is stacked and stored on the property. Pulps and rejects from core samples are generally stored by the analytical facility for one year, then acquired by the Company and stored in a secured facility in Port Kells. All rejects are discarded after two years.

Plans for 2006

In November 2005, work was re-initiated on the Prosperity Copper-Gold Project.

Previous work on the project included two years in the British Columbia Environmental Assessment ("BCEA") process. In 2005, Taseko was granted an extension order for the Prosperity Project Application under the BCEA process until April 30, 2007.

Taseko technical staff are currently reviewing previous feasibility studies and re-assessing the project economics based on new technologies, concepts, and innovative approaches to mine development. This includes re-examining optimal mining rates and mining equipment size, analyzing the economics of constructing and operating a single line mill rather than multiple smaller lines, and evaluating the potential improvements which could be realized with state-of-the-art metallurgical technologies such as large tank flotation circuits and expert computerized mill control systems. The Company is also reassessing major infrastructure plans, such as the power-line route, to determine if there are synergies to be achieved with the other communities of interest in the area.

Harmony Gold Project

Location, Access and Infrastructure

The Harmony Gold Project is located in the Skeena Mining Division, on Graham Island, Queen Charlotte Islands (also referred to by its aboriginal inhabitants as "Haida Gwaii"), on the northwestern coast of British Columbia, Canada. The Harmony Gold Property comprises of 50 four post mineral claims, 37 two post mineral claims and one fractional claim, totalling 970 claim units and 24,250 ha. The deposit-area claims are in good standing until June 29, 2009.

The Queen Charlotte Islands-Haida Gwaii, are approximately 89 kilometres west of the British Columbia mainland, 159 kilometres southwest of the City of Prince Rupert, and approximately 770 kilometres northwest of the City of Vancouver. Existing high capacity industrial logging roads, extending from the towns of Port Clements, Masset and Queen Charlotte City, are used access the site. By road, the property is approximately 40 kilometres from Queen Charlotte City and 30 kilometres from Port Clements. Graham Island is readily accessed by ferries and commercial barges and shipping from both Prince Rupert and Vancouver. There are also daily commercial flights from Vancouver.

History

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

Metallurgical testwork completed prior to 1987 fell short of arriving at an economically and environmentally viable ore treatment/gold extraction process for the Specogna Deposit. Since 1996, Misty Mountain has pursued a comprehensive program of extending the previous testwork and exploring other potentially viable process options for the recovery of gold, including gravity, flotation, bio-oxidation of flotation concentrate, bio-oxidation of whole ore, carbon-in-leach cyanidation and thiosulphate leaching. This work has included a reassessment of the ore deposit mineralogy, geology and characteristics of gold mineralization. The reassessment of pre-1987 metallurgical sampling discovered that the previous pilot plant bulk sample material was unrepresentative of the overall deposit, having been collected predominantly from a thin horizontal unit that comprises only about 7% of the overall in-pit rock.

Additional drilling, metallurgical and engineering studies were carried out from 1989-1999. In 1997, a resource estimate was completed by M. Nowak, P.Eng., and preliminary mine planning was done by Independent Mining Consultants Inc. of Tucson, Arizona