



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS

ENDED SEPTEMBER 30, 2008

(UNAUDITED)

NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

FAR WEST MINING LTD.

Consolidated Balance Sheets (Unaudited)

	September 30 2008	December 31 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,955,217	\$ 7,978,157
Accounts receivable	210,762	112,728
Prepaid expenses	44,223	47,047
	11,210,202	8,137,932
Equipment	445,394	433,245
Mineral properties (note 3)	27,727,826	21,758,305
Total Assets	\$ 39,383,422	\$ 30,329,482
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 619,644	\$ 1,035,953
Current portion of leasehold inducement	13,620	13,620
	633,264	1,049,573
Leasehold inducement	66,967	77,182
	700,231	1,126,755
SHAREHOLDERS' EQUITY		
Share capital (note 4)	53,219,370	43,204,629
Contributed surplus (note 5)	14,183,232	11,972,558
Deficit	(28,719,411)	(25,974,460)
	38,683,191	29,202,727
Total Liabilities and Shareholders' Equity	\$ 39,383,422	\$ 30,329,482

Commitments (notes 3 and 7)

On Behalf of the Board:

"John R. Brodie, F.C.A."
John R. Brodie, F.C.A.

"James J. Stypula"
James J. Stypula

FAR WEST MINING LTD.

Consolidated Statements of Operations, Comprehensive Loss and Deficit (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Income				
Interest	51,701	106,210	137,165	306,254
Expenses				
Accounting and audit	13,060	26,576	60,683	56,988
Amortization	15,383	4,051	30,366	7,242
Foreign exchange loss (gain)	(5,990)	548	3,080	(35,670)
Insurance	8,368	5,543	20,144	19,022
Interest and bank charges	695	2,102	2,541	5,710
Legal (note 6)	15,424	38,741	162,090	108,682
Office and miscellaneous	8,418	12,174	32,364	54,958
Rent	27,510	19,817	82,898	50,361
Salaries and benefits	156,557	206,959	463,499	736,569
Shareholder communications	18,365	7,692	76,763	90,783
Telephone	7,420	9,791	19,341	25,549
Stock based compensation (note 5b)	210,001	240,506	1,802,877	2,056,517
Transfer agent and filing fees	9,526	322	63,789	58,680
Travel	9,422	13,820	61,681	78,137
	494,159	588,642	2,882,116	3,313,528
Loss and Comprehensive Loss for the period	(442,458)	(482,432)	(2,744,951)	(3,007,274)
Deficit, beginning of period	(26,276,951)	(25,116,866)	(25,974,460)	(22,592,024)
Deficit, end of period	\$ (26,719,409)	\$ (25,599,298)	\$ (28,719,411)	\$ (25,599,298)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.06)
Weighted average number of shares issued and outstanding				
- basic and diluted (thousands)	53,998	51,823	52,710	51,789

FAR WEST MINING LTD.

Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Operating activities				
Loss for the period	\$ (442,458)	\$ (482,432)	\$ (2,744,951)	\$ (3,007,274)
Items not involving cash:				
Amortization of fixed assets	15,383	4,051	30,366	7,242
Amortization of leasehold inducements	(3,405)	-	(10,215)	-
Stock based compensation	210,001	240,506	1,802,877	2,056,517
	(220,479)	(237,875)	(921,923)	(943,515)
Changes in non-cash working capital:				
Increase in accounts receivable	(63,881)	(61,949)	(98,034)	(48,866)
(Increase) decrease in prepaid expenses	(8,582)	2,449	2,824	(21,754)
Decrease (increase) in accounts payable and accrued liabilities	(39,149)	(73,263)	(251,538)	(42,539)
	(332,090)	(370,638)	(1,268,670)	(1,056,674)
Investing activities				
Fixed assets	(1,954)	(273,954)	(74,783)	(367,541)
Proceeds from Leasehold inducement	-	95,432	-	95,432
Mineral properties	(1,383,552)	(1,633,922)	(5,517,951)	(5,232,518)
	(1,385,506)	(1,812,444)	(5,592,734)	(5,504,627)
Financing activities				
Exercise of stock options	237,600	14,000	519,034	189,600
Private placement, net of issue costs (note 4(b)(iv))	9,319,430	-	9,319,430	-
	9,557,030	14,000	9,838,464	189,600
Increase (decrease) in cash and cash equivalents	7,839,434	(2,169,082)	2,977,060	(6,371,701)
Cash and cash equivalents, beginning of period	3,115,785	8,867,160	7,978,157	13,069,779
Cash and cash equivalents, end of period	\$ 10,955,219	\$ 6,698,078	\$ 10,955,217	\$ 6,698,078

Supplementary cash flow information (note 8)

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

1. Business Operations

Far West Mining Ltd. (“the Company”) was incorporated on August 25, 1994 under the Alberta Business Corporations Act. In May, 2006, the shareholders of the Company approved the continuance of the Corporation from being a corporation governed by the Business Corporations Act (Alberta) to a corporation governed by the Business Corporations Act (British Columbia).

The Company is in the business of acquiring, exploring and developing mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration costs and the Company’s continued viability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of the properties, and upon future profitable production or receiving proceeds from disposition of its mineral properties.

Title to mineral properties involves certain inherent risks. The Company has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers. Rights of ownership may be affected by undetected defects.

2. Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada (“Canadian GAAP”) for interim reporting and include the accounts of the company and its wholly-owned subsidiaries, Minera Lejano Oeste, S.A., Far West Mining Pty Ltd, and Minera Far West Argentina S.A.

The accounting policies followed by the Company are set out in Note 2 to the audited consolidated financial statements for the year ended December 31, 2007 and have been consistently followed in the preparation of these consolidated financial statements except, effective January 1, 2008, the Company has adopted three new CICA accounting standards which were issued by the CICA on December 1, 2006. Accordingly, these financial statements should be read in conjunction with the Company’s 2007 audited consolidated financial statements. These interim consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

2. **Significant Accounting Policies** (continued)

The three new accounting standards are Handbook Section 1535 Capital Disclosures, Handbook Section 3862 Financial Instruments – Disclosures, and Handbook Section 3863 Financial Instruments – Presentation.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861 Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
 Nine Months Ended September 30, 2008
 (Unaudited)

3. Mineral Properties

During the nine months ended September 30, 2008 and the year ended December 31, 2007, the company incurred the following mineral property acquisition and development costs:

	Chile	Argentina	Australia	Canada	Total
Total as at December 31, 2006	\$ 12,379,818	\$ 704,575	\$ 998,570	\$ 200	\$ 14,083,163
Administration	563,511	49,496	6,970	-	619,977
Assaying	351,840	-	14,132	-	365,972
Drilling	1,365,379	-	404,378	-	1,769,757
Engineering	395,255	-	-	-	395,255
Environmental	38,260	-	2,707	-	40,967
Road building	591,813	-	-	-	591,813
Geological and field costs	745,077	42,304	452,612	-	1,239,993
Geophysical and other surveys	223,988	-	83,766	-	307,754
Geological consulting	223,156	-	-	-	223,156
Property Option payments	419,449	-	-	-	419,449
Resource and other reports	696,446	-	-	-	696,446
Tenure	474,863	-	71,291	-	546,154
Transportation and rentals	117,060	-	8,220	-	125,280
Travel and accomodation	288,649	-	44,520	-	333,169
Total expenditures	6,494,747	91,800	1,088,596	-	7,675,143
Total as at December 31, 2007	18,874,565	796,375	2,087,166	200	21,758,306
Administration	357,202	73,450	3,382	-	434,034
Assaying	143,243	-	13,887	-	157,130
Drilling	619,005	-	302,638	-	921,643
Engineering	302,989	-	-	-	302,989
Environmental	1,368	-	-	-	1,368
Road building	120,921	-	-	-	120,921
Geological and field costs	563,995	108,174	358,448	-	1,030,617
Geophysical and other surveys	15,518	339,625	12,279	-	367,422
Geological consulting	7,817	-	31,470	-	39,287
Property option payments	1,449,170	-	-	-	1,449,170
Resource and other reports	417,484	-	-	-	417,484
Tenure	410,997	-	10,463	-	421,460
Transportation and rentals	76,405	-	-	-	76,405
Travel and accomodation	220,630	-	8,960	-	229,590
Total expenditures	4,706,744	521,249	741,527	-	5,969,520
Total as at September 30, 2008	\$ 23,581,309	\$ 1,317,624	\$ 2,828,693	\$ 200	\$ 27,727,826

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

3. Mineral Properties (continued)

(a) Santo Domingo Project, Chile

The Company entered into agreements with BHP Chile Inc (“BHP Chile”) in 2002 and 2003 to explore for iron-oxide hosted copper-gold deposits in eight Project Areas in the Candelaria Copper Belt of northern Chile. The Project Areas are situated along 300 kilometres of the northern half of the Candelaria Belt. The Company’s ownership interest is 100% and is subject to a 2% Net Smelter Return royalty payable to BHP Chile, in respect of all former BHP properties in the Candelaria Project Area.

In 2005, the Company entered into four option agreements to acquire mineral property concessions in the Candelaria Project Area 4. The terms of the agreements grant the Company the right to acquire the properties by making option payments totalling US\$2,900,000 over a three year period. The Company has made option payments totalling \$1,873,000 (US\$1,675,000) and completed the acquisition of two of the four properties to September 30, 2008.

In 2006, the Company entered into an agreement with Empresa Nacional de Minería (“ENAMI”), a Chilean government corporation, to acquire a 100% interest in the Iris property in Project Area 4. The terms of the agreement provide the Company with the right to acquire the property by incurring US\$1,300,000 in exploration expenditures over a three year period and making option payments over a period of five years totalling US\$4,000,000. ENAMI will retain a 2% Net Smelter Return royalty. The Company has made option payments of \$1,539,000 (US\$1,500,000) to September 30, 2008.

(b) Farallon Negro Project, Argentina

In 2004, the Company and BHPB entered into an option and joint venture agreement under which the Company may earn a 50% interest in the Farallon Negro Property by reimbursing BHPB for part of the costs of an airborne geophysical survey and incurring exploration expenditures of US\$1,200,000 after access rights to the mineral property interests have been secured. BHP Billiton retains certain back-in rights.

In 2005, BHPB completed an airborne survey of the Project Area and subsequently secured surface access rights to the underlying mineral properties. In 2008, the Company agreed with BHP Billiton to certain amendments to the option and joint venture agreements including extending the time for incurring the exploration expenditures to April, 2010 and reducing the amount payable for the airborne survey by \$113,000 with a corresponding increase to the expenditures required to earn-in from \$1,200,000 to \$1,313,000.

(c) Georgetown Project, Australia

In 2004, The Company and BHP Billiton entered into an option and joint venture agreement under which the Company may earn a 70% interest in the Georgetown Property by incurring exploration expenditures of US\$2,000,000, including the costs of an airborne survey, on or before October 31, 2008. During the period, the Company earned a 70% interest in the Georgetown Property and subsequent to the end of the period BHP Billiton exchanged the 30% remaining interest for a 2% Net Smelter Returns royalty.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

4. Share Capital

(a) Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

(b) Issued common shares and special warrants

	Number of Common Shares	Amount
Balance, December 31, 2006	51,642,009	\$ 40,235,701
Exercise of stock options (i)	228,900	401,047
Private placement, net of issue costs (ii)	808,200	2,567,881
Balance, December 31, 2007	52,679,109	\$ 43,204,629
Exercise of stock options (iii)	671,200	981,914
Private placement, net of issue costs (iv)	3,206,746	9,032,827
Balance, September 30, 2008	56,557,055	\$ 53,219,370

(i) Exercise of stock options at exercise prices ranging from \$0.30 to \$1.32 per share for gross proceeds of \$192,715, including reallocation of contributed surplus of \$208,332.

(ii) Issue of 808,200 units at a price of \$4.00 for each unit for gross proceeds of \$3,232,800. Each unit consists of one common share and one-half share transferable purchase warrant with each full warrant exercisable for one common share at a price of \$5.25 until June 21, 2010. Of the net proceeds, \$2,567,881 was allocated to shares and \$389,066 to warrants.

The value allocated to the warrants is based on a pro-rata allocation of the unit value between one common share and one-half share purchase warrant on the date of issue. The fair value of the warrants has been estimated using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 3.9%, dividend yield of 0%, volatility of 61.36% and an average expected life from date of grant of two and one-half years.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

4. Share Capital (continued)

- (iii) Exercise of stock options at exercise prices ranging from \$0.30 to \$1.32 per share for gross proceeds of \$519,034, including reallocation of contributed surplus of \$462,880.
- (iv) Issue of 3,206,746 units at a price of \$3.15 for each unit for gross proceeds of \$10,101,250. The units are comprised of:
 - a) 3,175,000 units consisting of a special warrant exercisable to acquire a common share for no additional consideration and one-half of one transferable common share purchase warrant, and
 - b) 31,746 units consisting of one common share and one-half of one non-transferable common share purchase warrant.

Each full common share purchase warrant entitles the holder to purchase one common share at a price of \$4.25 until August 14, 2009. After deduction of \$781,820 for share issue costs from the gross proceeds, \$9,032,827 was allocated to shares and \$286,603 was allocated to warrants.

The value allocated to the warrants is based on a pro-rata allocation of the unit value between one special warrant, or common share, and one-half share purchase warrant on the date of issue. The fair value of the warrants has been estimated using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 2.68%, dividend yield of 0%, volatility of 39.48% and an average expected life from date of grant of one year.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

5. Contributed Surplus

The value assigned to outstanding stock options and share purchase warrants is included in contributed surplus and has been estimated as of the date of the grant of the option or issue of the warrant using the Black-Scholes option pricing model.

Value assigned to Share Purchase Warrants	
Balance, December 31, 2006	\$ 1,555,161
Value assigned to 404,100 share purchase warrants issued during the year ended December 31, 2007	389,066
Value assigned to 40,410 agent's compensation units issued during the year ended December 31, 2007	46,532
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Balance, December 31, 2007	\$ 1,990,759
Value assigned to 3,206,746 share purchase warrants issued during the nine months ended September 30, 2008	258,852
Value assigned to 158,750 finders compensation warrants issued during the nine months ended September 30, 2008	27,751
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Balance, September 30, 2008	2,277,362
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Value assigned to Stock Options	
Balance, December 31, 2006	\$ 7,124,928
Reallocation of stock-based compensation on exercise of stock options	(208,332)
Stock-based compensation during the year ended December 31, 2007	3,065,203
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Balance, December 31, 2007	\$ 9,981,799
Reallocation of stock-based compensation on exercise of stock options	(462,880)
Stock-based compensation during the nine months ended September 30, 2008	2,386,951
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Balance, September 30, 2008	\$ 11,905,870
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Value assigned to Stock Options and Share Purchase Warrants	\$ 14,183,232

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

5. Contributed Surplus (continued)

(a) Warrants

During the year ended December 31, 2007, the Company issued the following share purchase warrants as part of the private placement of 808,200 units:

- (i) 404,100 transferable warrants, valued at \$389,066, exercisable at a price of \$5.25 per common share on or before June 21, 2010.
- (ii) 40,410 non-transferable agents' warrants, valued at \$46,532, exercisable at a price of \$5.25 per share on or before June 21, 2010.

At December 31, 2007, the Company had 1,468,500 outstanding warrants exercisable at \$5.00, 267,000 outstanding warrants exercisable at \$3.75 and 444,510 outstanding warrants exercisable at \$5.25. Subsequent to December 31, 2007, the warrants exercisable at \$5.00 per share and \$3.75 per share expired unexercised.

During the nine months ended September 30, 2008, the Company issued the following share purchase warrants as part of the private placement of 3,206,746 units:

- (iii) 1,603,573 transferable warrants, valued at \$258,852, exercisable at a price of \$4.25 per common share on or before August 14, 2009.
- (iv) 158,750 non-transferable finders compensation warrants, valued at \$27,751, exercisable at a price of \$4.25 per share on or before August 14, 2009.

At September 30, 2008, the Company had 444,510 outstanding warrants exercisable at \$5.25 and 1,762,323 outstanding warrants exercisable at \$4.25 per share.

(b) Stock Options

The Company has a "rolling" stock option plan for its employees, directors, officers and consultants. The terms of the plan provide for options to be granted equal in number up to 10% of the issued and outstanding common shares of the Company at the time of grant of the stock option. The exercise price of each option shall not be less than the minimum price permitted by the policies of the TSX Exchange ("Exchange").

During the nine months ended September 30, 2008, the Company recorded stock-based compensation expense of \$1,802,877 and mineral property costs of \$560,181 with respect to 978,000 stock options granted to directors, officers, employees and consultants. The Company also recorded stock-based compensation expense of \$67,621 with respect to 100,000 stock options which vest in 2009 and a reduction to stock-based compensation expense in the amount of \$23,905 with respect to 25,000 unvested options that were cancelled during the period.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

5. Contributed Surplus (continued)

Additional stock-based compensation and geological consulting costs in the amount of \$114,611 will be recorded in future periods. Stock-based compensation is a non-cash expense that is reflected in the financial statements by a corresponding increase to contributed surplus.

During the year ended December 31, 2007, the Company recorded stock-based compensation expense of \$2,290,145 and mineral property costs of \$775,058 with respect to 1,135,000 stock options granted to directors, officers and employees and for amendments with respect to certain stock options.

(b) Stock Options (continued)

A Summary of stock option information as at September 30, 2008 and as at December 31, 2007 and the changes for nine` month period and the year then ended is as follows:

	Options	Weighted Average Exercise Price
Options outstanding and exercisable at December 31, 2006	3,986,800	\$ 1.52
Granted	1,135,000	3.65
Exercised	(228,000)	(0.84)
Options outstanding at December 31, 2007	4,892,800	\$ 2.05
Granted	978,000	3.51
Exercised	(671,200)	(0.77)
Expired / Cancelled	(95,000)	(2.98)
Options outstanding at September 30, 2008	5,104,600	\$ 2.46
Options exercisable at September 30, 2008	4,905,600	\$ 2.40

The fair value of each option granted in the nine months ended September 30, 2008 has been estimated as of the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rates ranging from 2.96% to 3.04%, dividend yield of 0%, volatility ranging from 37.67% to 100.04% and expected lives from date of grant of an average of approximately five years.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

5. Contributed Surplus (continued)

(b) Stock Options (continued)

Option-pricing requires the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

A summary of stock options outstanding and exercisable at September 30, 2008 is as follows:

Range of Exercise Prices	Outstanding Stock Options	Exercisable Stock Options	Weighted Average Remaining Contractual Life on Outstanding Options (yr)	Weighted Average Remaining Contractual Life on Exercisable Options (yr)	Weighted Average Price on Outstanding Options	Weighted Average Price on Exercisable Options
\$0.90 - \$1.32	2,516,600	2,516,600	0.53	0.53	\$ 1.30	\$ 1.30
\$3.25 - \$3.52	1,428,000	1,229,000	8.09	8.48	3.41	3.42
\$3.68 - \$4.10	1,160,000	1,160,000	8.07	8.07	3.79	3.79
	5,104,600	4,905,600	4.36	4.30	\$ 2.46	\$2.42

6. Related Party Transactions

During the three months ended September 30, 2008, the Company incurred \$110,492 (September 30, 2007 - \$69,183) for legal expenses to a law firm in which a director of the Company is a partner. At September 30, 2008, the estimated amount payable to the law firm was \$115,120 (December 31, 2007 - \$Nil), which has been included in accounts payable.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. Commitments

During 2007, the Company entered into a lease agreement for office premises commencing September 1, 2007 and expiring August 31, 2014. The annual lease commitments are \$123,000 for the next two years and \$131,000 for the remaining four years of the lease.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

8. Supplementary Cash Flow Information

During the nine months ended September 30, 2008:

- a) accounts payable related to mineral property costs decreased by \$164,771 (September 30, 2007: decreased by \$95,462).
- b) mineral properties costs included \$410,501 (September 30, 2007: \$461,911) of capitalized stock based compensation and \$32,267 (September 30, 2007: \$Nil) of amortization of fixed assets.
- c) the Company did not pay any income taxes or interest in the nine months ended September 30, 2008 and 2007

9. Segmented Information

(a) Industry information

Operating segments are defined as components of an enterprise about which separate financial information is available, that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the resource sector. The Company's mining operations are centralized whereby management of the Company is responsible for business results and the everyday decision making. The Company's operations therefore are segmented on a geographic basis. The Company's resource properties are located in Argentina, Australia, Canada and Chile.

The segments' accounting policies are the same as those described in the summary of significant accounting policies except that certain expenses and other items are not allocated to the individual operating segments when determining profit or loss, but are attributed to the corporate head office.

(b) Geographic Information

The Company's assets are located in the following geographic locations:

	September 30 2008	December 31 2007
Argentina	\$ 1,419,680	\$ 829,687
Australia	2,970,620	2,175,267
Canada	11,110,374	8,108,039
Chile	23,882,568	19,216,489
	<u>\$ 39,383,422</u>	<u>\$ 30,329,482</u>

The Company's losses for the nine months ended September 30, 2008 and 2007 were incurred in Canada.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

10. Management of capital risk

The Company's capital structure is comprised of the components of shareholders' equity. The Company does not have any operating cash flow and has not issued any long-term debt. The Company's objectives for the management of capital are to ensure the Company's ability to continue as a going concern and to continue with the acquisition, exploration and development of mineral properties at an acceptable level of risk.

The Company's financial assets, used for its capital requirements, are primarily cash and cash equivalents. The Company's investment policy is to invest solely in financial instruments of, or guaranteed by, Canadian banks with maturities of 90 days or less from the date of acquisition. The Company's capital requirements are based on quarterly and annual expenditure budgets that are revised and updated, as required, depending on the ability to finance and general industry conditions. The budgets are approved by the Board of Directors.

11. Management of financial risk

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Argentina, Australia, Canada and Chile and a portion of its expenses are incurred in foreign currencies including US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to other currencies will have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations other than maintaining cash balances in US dollars approximately equal to US dollar liabilities at September 30, 2008.

At September 30, 2008, the Company does not have any substantial currency risk to current assets and liabilities denominated in foreign currencies.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash equivalents are comprised of financial instruments issued by Canadian banks.

The Company's accounts receivable consist primarily of goods and services taxes receivable from the Governments of Australia and Canada.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2008
(Unaudited)

11. Management of financial risk (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company does not have any cash flow from operations and manages its liquidity risk by issuance of common shares. Accounts payable and accrued liabilities are due within the current operating period and will be funded from cash and cash equivalents held at September 30, 2008.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the company will realize a loss as a result of a decline in the fair market value of the short-term investments included in cash and cash equivalents is limited because these investments are generally held to maturity.