FAR WEST MINING LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED

SEPTEMBER 30, 2008

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations for Far West Mining Ltd. ("the Company") for the three and nine month periods ended September 30, 2008 has been prepared as of October 29, 2008 and includes financial and other information up to the date of this report. The MD&A should be read in conjunction with the MD&A of the Company for the year ended December 31, 2007 and the unaudited consolidated financial statements of the Company for the three and nine month periods ended September 30, 2008 and the audited consolidated financial statements for the year ended December 31, 2007 which were prepared in accordance with generally accepted accounting principles in Canada. The accounting policies have been consistently followed in preparation of these financial statements except that the Company has adopted certain CICA standards for capital disclosures and financial instruments effective for the Company's quarter ended March 31, 2008 (see page 14). The Company's MD&A contains statements that constitute "forward-looking statements" and other cautionary notices (see page 14).

Description of Business

The Company is a mineral exploration company primarily engaged in the evaluation, acquisition and exploration of mineral properties in Chile, Argentina, and Australia. The Company is currently advancing the Santo Domingo Sur Project in Chile.

The Company is a reporting issuer in Ontario, British Columbia and Alberta, and trades on the Toronto Stock Exchange under the symbol FWM.

Highlights

In Chile, the Company proceeded with development activities on the Santo Domingo Property. On April 1, 2008, the Company published the results of a preliminary economic assessment (scoping study) for the Santo Domingo Sur and Iris deposits conducted by AMEC Americas (Chile) which included two development options – magnetite and hematite. At US$2.10/lb copper and US$50/tonne of iron concentrate at 65% Fe, the magnetite option has an NPV of US$270 million while the hematite option reaches an NPV of US$739 million. The scoping study illustrated the importance of iron to the project and in response, the Company has initiated programs to identify additional iron resources and prove the recovery of hematite.

In Australia, the Company conducted a diamond drill program at Georgetown, Queensland property. Assay results are pending. During the period, the Company completed the earn-in at the Georgetown silver-lead-zinc project. BHP Billiton elected to convert its remaining ownership interest in the Georgetown Project into a 2% Net Smelter Return royalty. As a result, Far West Mining's ownership interest has been increased to 100% subject to the royalty.

In Argentina at the Farallón Negro Project, a ground induced polarization geophysical survey at 1,400 metre line spacing commenced in April. The Company completed phase 1 during the quarter on two of the southern areas and commenced phase 2 on the three northern blocks. More detailed follow up surveys commenced in selected areas in the two southern blocks is also being conducted.

On August 14, 2008, the Company closed a non-brokered private placement for a total of 3,206,746 Units at a price of $3.15 per unit for aggregate gross proceeds of $10,101,250.

Mineral Properties

Santo Domingo Project - Chile

The Company is exploring for iron-oxide hosted copper-gold ("IOCG") deposits in the Candelaria Copper Belt of northern Chile. The Santo Domingo Project is located in the northern half of the Candelaria Belt which stretches over a distance of 1,200 km from Santiago to the Mantos Blancos mine north of the city of Antofagasta. As of September 30, 2008 the Company holds 125 mineral concessions covering 35,465 hectares.

The majority of the Company's land holdings cover a large portion of the Santo Domingo District, which is located about 100 km north of the mining town of Copiapó. During the period 2005 through 2007, the Company outlined the Santo Domingo Sur, Iris and Estrellita copper-gold-iron deposits that contain a combined tonnage of 234.3Mt averaging 0.55% copper at a 0.3% cut-off grade. Current exploration efforts are focused around the deposits in an attempt to expand the resource as well as a collect geotechnical and metallurgical data to further define the economic factors that determine the value of the project.

The Company's 100% interest in the Santo Domingo Project properties was acquired from BHP Billiton and Empresa Nacional de Mineria (ENAMI), a Chilean government corporation, and is subject to a 2% net smelter return (NSR) royalty.

Preliminary Economic Assessment for Santo Domingo Sur and Iris

In April 2008 AMEC Americas (Chile) S.A. ("AMEC") issued their scoping study / preliminary economic assessment on the Company's Santo Domingo Sur and Iris copper-iron-gold deposits. AMEC assessed the economic viability of two separate mining options - developing the Santo Domingo Sur deposit for the recovery of copper ("Cu"), gold ("Au") and iron ("Fe") from magnetite, and, the combined development of the Santo Domingo Sur and Iris deposits for the recovery of copper, gold and iron from magnetite and hematite.

The Estrellita oxide/sulphide deposit, which has an Indicated Resource of 31.7 Mt grading 0.53% copper, was not included in AMEC's study due to the lack of sufficient metallurgical data.

Magnetite Option

The mining assessment for the Santo Domingo Sur deposit for the recovery of copper, gold and iron from magnetite (a magnetic iron oxide mineral), is based on typical industry standards for a preliminary economic assessment with regard to the nature and mineability of the resource. AMEC's assessment assumes conventional truck-shovel open pit mining will be employed, with the material being fed to a 50,000 tonne per day processing plant using standard mineral flotation technology for the extraction of copper. Under the Magnetite Option, which does not include material from the Iris deposit, the flotation tailings from the copper circuit are fed into a low intensity magnetic separation circuit for magnetite recovery. The magnetite concentrate produced is subjected to second stage grinding followed by magnetic separation to produce a final concentrate. Testing indicates that over 90% of the magnetite recovered in the process.

Preliminary metallurgical testing indicates acceptable levels for the most common deleterious elements such as phosphorous, silica, and aluminum.

Hematite Option

Under the Hematite Option, which also includes the mining of the Iris deposit, the mining and mineral processing is the same as the Magnetite Option with the exception that it is assumed the tailings from the magnetic separation circuits will be subjected to hematite (a non-magnetic iron oxide mineral) flotation followed by regrinding and a cleaner flotation stage to produce a saleable concentrate.

AMEC estimated capital expenditure and recovery costs for the hematite with their knowledge of existing operations and processes. Although hematite flotation is a known industry practice, metallurgical testing of the hematite material at Santo Domingo must be carried out to better determine the capital and operating costs required for producing a concentrate that meets industry standards. This approach is consistent with the scoping level of the study performed.

For the purposes of the scoping study/preliminary economic assessment, the amount of hematite contained in the combined Santo Domingo Sur and Iris deposits was estimated to be approximately three times that of the magnetite. This is now believed to be conservative and the actual ratio may reflect a higher proportion of magnetite which would reduce capital and operating costs for the recovery of iron. A metallurgical program has been initiated to attempt to establish a more definitive ratio.

Met-Chem of Montreal and SGA of Germany (both world experts in iron recovery), have been engaged to conduct testing both on the ratio of magnetite to hematite, and also to assess the best method to recover the hematite that is contained in the ore. Results of this program will not be known before the end of 2008.

The calculation of the NPVs below also illustrates the importance of reviewing the potential of a large number of iron-rich mantos on the Santo Domingo property that have been drilled by the Company, which could represent a significant iron resource. A program of drilling has been initiated to follow up the mantos that have been sparsely drilled.

Economic Results

The base case commodity prices (US$) for copper, iron and gold used by AMEC were $1.50/lb, $40/tonne (65%Fe concentrate) and $635/oz respectively. However, for the pit generation models, AMEC used $1.40/lb and $26/tonne (65% Fe concentrate). It is reasonable to believe that using higher metal prices will increase the recoverable tonnage in the pits. With capital and operating costs rising significantly over the past two years, the Magnetite Option requires $1.80/lb copper and $50/tonne iron to reach a Net Present Value of $50M. The Hematite Option, however, achieves an NPV of $353M at the same pricing. (All NPVs are calculated at an 8% discount rate). AMEC's conclusions are that the NPVs of the Magnetite and Hematite Options rise to $270M and $739M respectively at prices of $2.10/lb copper and $60/tonne of iron concentrate at 65% Fe.

Using AMEC's base case price assumptions, the cost to produce copper in the Hematite Option is reduced from $1.15/lb to $0.01/lb after the iron and gold credits.

This Table provides a comparison of the projects, and NPVs for the two Options at $2.10/lb for copper and $60/tonne for iron concentrate.

.		**Magnetite Option**	**Hematite Option**
Resources @ 0.3% cut-off	Inferred	188.1 Mt @ 0.56% Cu	**240.2 Mt @ 0.54% Cu**
Mining and Production	Ore Milled (life of mine)	166.8 Mt	**226.0 Mt**
	Daily Production	50,000t	**50,000t**
	Strip Ratio	2.43:1	**2.01:1**
	Average annual copper production	152 Mlbs	**144 Mlbs**
	Average annual iron production	985,000t	**4,065,000t**
Capital Cost	Million $	$ 685	**$ 941**
Operating Cost	$/t of ore	$ 8.54	**$ 10.32**
	$/lb Cu	$ 0.57*	**$ 0.01***
Life of Mine	Years	11	**14**
NPV (8% discount rate) *@ $2.10/lbCu & $60/t Fe*	Million $	270	**739**

*net of iron (@$50/tonne) and gold (@$635/oz) credits

AMEC's assessments below are preliminary in nature, and include inferred mineral resources that are too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as mineral reserves. There is no assurance that the preliminary assessments will be realized.

Management of the Company believes that as the project is moved forward through additional environmental and engineering work, it will see significant enhancement as risks are removed and/or mitigated and the scope is defined.

Exploration Activities during the Third Quarter of 2008

Santo Domingo Project – Chile (Copper – Iron – Gold)

The preliminary economic assessment for the Santo Domingo project highlights the economic importance of the iron component. It is evident that iron mineralization close to surface or planned pit outlines may prove to be economically viable even without associated copper-gold mineralization. Accordingly, the Company designed and completed phase one of a drill program that targets the Iris Norte zone as well as the area between the planned Santo Domingo Sur and Iris open pits with the intention of connecting the pits in future project plans. Drill cuttings of the first eight drill holes have been submitted to ALS Chemex in Chile for assay. Results from these drill holes are expected in November.

Georgetown Project - Australia (Silver – Lead – Zinc)

The Company is exploring for Broken Hill Type (BHT) deposits in the Georgetown area of northern Queensland, Australia. The project area has the potential to host BHT deposits such as Broken Hill (280 Mt @ 10.0% Pb, 8.5% Zn, 150 g/t Ag) and Cannington (45 Mt @ 11.9% Pb, 4.8 % Zn, 520 g/t Ag).

The Company commenced the 2008 exploration program at Georgetown in June with a ground magnetic survey designed to provide geophysical data to help to determine drill target depth. Results from the modelling of the new geophysical data indicate that all targets fall within the explorable depth bracket of 50m - 200m. Drilling at Georgetown commenced in August and tested various targets in two areas, Chudleigh Park, and subsequently in Robin Hood approximately 100km to the North. The majority of the drill core has been cut and submitted to ALS Chemex in Townsville for chemical analysis. Results from the drill programs and various surface samples are expected in late November/early December 2008.

The Company completed the earn-in at the Georgetown project. Far West's exploration partner BHP Billiton elected to convert its remaining ownership interest in the Georgetown Project into a royalty. As a result, Far West Mining's ownership interest has been increased to 100%, while BHP Billiton's interest has been converted to a 2% Net Smelter Return royalty.

Farallón Negro Project – Argentina (Copper – Gold)

The Farallón Negro Volcanic Complex in the Catamarca Province of Argentina is ranked among the top five prospective magmatic arcs in the world for the discovery of porphyry Cu-Au deposits. Conventional exploration for giant porphyry copper deposits in parts of the Argentinean Andes is hindered by extensive post-mineral cover, as seen in the selected project area.

The project areas (7,270 sq km) were covered by a FALCON™ airborne gravity survey designed to explore the covered areas to the north and south of the district that is host to the Bajo de la Alumbrera mine (752 Mt @ 0.51% Cu & 0.67 g/t Au) and the Agua Rica (802 Mt @ 0.61% Cu & 0.23 g/t Au) deposit.

A land acquisition program was carried out with our exploration partner, BHP Billiton, to secure access rights to the mineral properties in the Catamarca Province, to cover anomalies outlined by the FALCON™ airborne gravity system.

In April 2008, the Company commenced an induced polarization (IP) ground geophysical survey at 1,400 metre line spacing on the Farallón Negro property located in the Catamarca Province of Argentina. The survey is targeting disseminated sulphide mineralization and alteration that commonly envelopes copper-gold porphyry deposits. Phase one of the geophysical was completed in August. The Company decided to carry out a second phase of the regional survey which commenced in early October, 2008. Detailed geophysical work is carried out in selected areas that were covered by phase one of the regional surveys. Prospective targets are scheduled to be drill tested in Q1/2009.

Exploration at Farallón Negro is being carried out by the Company and BHP Billiton under an option agreement that allows Far West to earn a 50% interest in the project. The interest is subject to a claw-back provision in favour of BHP Billiton.

To earn its 50% interest, Far West must incur exploration expenditures of $1,300,000 by April, 2010.

Liquidity and Capital Resources

At September 30, 2008, the Company had cash and cash equivalents of $10,955,217 and working capital of $10,355,573. The Company has no debt or other long-term obligations outstanding impacting liquidity or future cash flows. The Company is primarily dependent on the equity markets to raise funds for planned operations.

Future cash requirements will depend primarily on the extent of future exploration programs. Subsequent phases will depend, both on cost and duration, and on results from previous phases, and it is therefore extremely difficult to predict future cash requirements. At the date of this report, the Company is sufficiently funded to maintain its current properties and to carry out certain planned exploration programs but will require additional financing or proceeds from sale or joint venture of properties to complete future exploration and development programs.

Consolidated Financial Results of Operations

The loss and comprehensive loss for the quarter was $442,640 compared with a loss of $482,432 for the same quarter of 2007. For the nine month period ended September 30, 2008, the loss was $2,744,951 compared with $3,007,274 for the same period in 2007.

Significant differences in general and administrative expenses include:

Salaries and benefits decreased for the quarter to $156,557 compared to $206,959 for the same quarter in 2007. For the nine month period salaries and benefits decreased to $463,499 from $736,569 for the same period in 2007. The decrease in salaries and benefits is primarily due to a reduction to the number of employees and a severance payment in the prior period to a former officer and director who resigned from the Company effective June 30, 2007.

For the nine month period ended September 2008, stock based compensation expense was $1,802,877 compared with $2,056,517 for the same period in 2007. In 2008, the Company granted 978,000 stock options compared with 1,135,000 for the same period in 2007.

The foreign exchange loss for the quarter was $12,927 compared to a gain of $33,564 for 2007. dollars For the six month period the foreign exchange loss was $9,070 compared to a gain of $36,218 for the same period in 2006. The 2007 foreign exchange gains are primarily due to a gain recognized with respect to the US dollar denominated accounts payable due to BHP Billiton and the change in the relative value of the Canadian and US currencies in 2007.

Legal expenses incurred during quarter were $15,424 compared with $38,741 for the same quarter in 2007. For the nine months ended September 30 2008, legal expenses were $162,090 compared with $108,682 for the same period in 2007. The legal expenses incurred during 2008 included costs related to submitting the shareholder rights plan to shareholders for reconfirmation, review of disclosure of the results of the Santo Domingo preliminary economic assessment and additional general corporate matters that arose during the period.

Summary of Quarterly Results

(Expressed in thousands of Canadian dollars)

	Sept 30 2008	Jun 30 2008 (i)	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007 (ii)	Dec 31 2006
Interest revenue:	52	42	43	67	106	76	124	128
Loss and Comprehensive Loss for the quarter before extraordinary items:	(442)	(1,905)	(397)	(375)	(482)	(519)	(2,006)	(228)
Per share - basic & diluted:	(0.01)	(0.04)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	(0.00)
Loss and Comprehensive Loss for the quarter:	(442)	(1,905)	(397)	(375)	(482)	(519)	(2,006)	(228)
Per share - basic & diluted:	(0.01)	(0.04)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	(0.00)
Total assets:	39,383	29,851	30,251	30,329	27,238	27,334	27,834	27,331

(i) Loss and comprehensive loss for the quarter included stock-based compensation expense of $1,566,623.

(ii) Loss and comprehensive loss for the quarter included stock-based compensation expense of $1,739,085.

Accounts payable and accrued liabilities at September 30, 2008 were $619,644 compared with $1,035,953 at December 31, 2007. During the period, the Company paid amounts owing to BHP Billiton for the geophysical airborne survey in Argentina.

The Company received $237,400 from the exercise of 180,000 share purchase options during the quarter. During the nine months ended September 30, 2007, the Company received $981,914 from the exercise of 671,200 share purchase options.

Financing Activities

In August, 2008, the Company completed a non-brokered private placement and issued 3,206,746 units at a price of $3.15 for each unit for gross proceeds of $10,101,250. The issue consists of 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 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.

The Company incurred share issue costs including a transaction fee of 2.5% and a finder's fee of 4%. After deduction of $781,820 for share issue costs, the Company received net proceeds from the financing of $9,319,430.

Investment activities

During the quarter, the Company incurred mineral property costs in the amount of $1,645,164 including stock based compensation of $149,281. These costs were incurred in the following geographic areas:

Project	Balance at June 30, 2008 $	Exploration costs incurred the quarter $	Balance at September 30, 2008 $
Chile	22,852,421	728,888	23,581,309
Argentina	962,850	354,774	1,317,624
Australia	2,267,191	561,502	2,828,693
Canada	200	-	200
TOTAL	**26,082,662**	**1,645,164**	**27,727,826**

Selected Annual Information

(thousands of Canadian dollars)			
	Years ended December 31		
	2007	**2006**	**2005**
	$	$	$
Revenues			
➢ Interest income	374	377	343
Loss and Comprehensive Loss from Operations	(3,382)	(2,274)	(1,836)
➢ Per share - basic & diluted	(0.07)	(0.05)	(0.04)
Loss for the year	(3,382)	(2,274)	(1,836)
➢ Per share - basic & diluted	(0.07)	(0.05)	(0.04)
Total Assets	30,329	27,319	18,437
Long Term Liabilities	77	Nil	Nil
Cash Dividends per share	Nil	Nil	Nil

Qualified Persons

The in-house qualified person responsible for the review of the technical content of this Management Discussion and Analysis is Richard N. Zimmer, P. Eng., President, CEO and director of the Company

Additional information is available on the Company's website at www.farwestmining.com and on the SEDAR website at www.sedar.com.

Risks and Uncertainties

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for the 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 from the proceeds from disposition of its mineral properties.

Mineral exploration involves a high degree of risk. The Company competes with other mining enterprises, some of which have greater financial resources, for the acquisition of mineral concessions. The Company is at risk to variations in precious metal prices, the interest of investors and the availability of contractors. These factors impact upon the Company's ability to finance its programs and to carry on operations.

Mineral development involves a high degree of risk as very few properties warrant the considerable expenditures required to initially substantiate their reserves and then to develop them into production. Consequently very few properties are ever developed into producing mines.

The Company's mineral property interests are located in Chile, Argentina, Australia and Canada. As a result, the Company is subject to geographical and political risks including currency fluctuations, possible political and economic instability and logistical issues. The mineral exploration activities expose the Company to potential environmental liabilities relating to the reclamation of property in accordance with local laws and regulations.

There is no guarantee that title to the properties in which the Company has a recorded interest will not be challenged. The Company's mineral property interest may be subject to prior unregistered agreements or transfers and the title may be affected by undetected defects. As of the effective date, management is not aware of any impediment to its ownership to these properties.

Additional Disclosures

Management Changes

On September 25, 2008, Mr Richard Zimmer was appointed President and Chief Executive Officer of the Company. Mr. Zimmer was previously the Company's Chief Operating Officer and Vice President. Mr. Robert Hindson, the former President and Chief Executive Officer, was appointed Executive Chairman of the Company.

Appointment of a New Director

Mr. Lee Graber was appointed a Director of the Company.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and does not contemplate such arrangements in the foreseeable future. There are no contingent liabilities.

Transactions with Related Parties

During the three months ended September 30, 2008, the Company incurred $110,492 (September 30, 2007: $69,183) for various legal services and share issuance costs to a law firm in which a director of the Company is a partner. At September 30, 2008, the amount payable to the law firm is estimated to be $115,120 (December 31, 2007 - $Nil). 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.

Commitments and Contractual Obligations

In March, 2007, the Company committed to lease office premises for a period of seven years commencing September 1, 2007. The obligations under this operating lease are due as follows:

Less than one year	$123,000
One to three years	386,000
Four to five years	251,000
	$760,000

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of commitments and contingencies at the date of the financial statements, and the reported amount of revenue and expenses during the period.

The most significant accounting estimates for the Company relate to the potential impairment of its mineral property assets, accounting for stock-based compensation, the value attributable to warrants, and recognition of future income tax assets and liabilities. The Company's accounting policies are set out in full in note 2 of the annual financial statements.

Mineral Property Costs

The Company is in the exploration stage and defers all expenditures related to its mineral properties until such time as the properties are put into commercial production, sold or abandoned. Under this method, all amounts shown as mineral properties represent costs incurred to date less amounts amortized and/or written off and do not necessarily represent present or future values.

If the properties are put into commercial production, the expenditures will be depleted based upon the proven reserves available. If the properties are sold or abandoned, the expenditures will be charged to operations. The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

In the event that reserves are determined, the carrying values of mineral interests, on a property-by-property basis, will be reviewed by management at least annually to determine if they have become impaired. If impairment is deemed to exist, the mineral property will be written down to its net recoverable value. The ultimate recoverability of the amounts capitalized for the mineral properties is dependent upon the delineation of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete their development and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in various projects have been based on current conditions. However, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimates and may result in future write-downs of capitalized property carrying values.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

Stock-based Compensation and Value Attributable to Warrants

The fair value of stock options and value attributable to warrants are determined by the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the model does not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the year.

Future Income Taxes

The Company recognizes future income tax assets when it is more likely than not that the future income tax assets will be realized. This assumption is based upon management's determination of future circumstances and events. As at December 31, 2007, a full valuation allowance has been recorded against the net potential future income tax assets associated with the Canadian and Chilean loss carry-forwards and certain other deductible temporary differences as their utilization is not considered more likely than not at this time.

Changes in Accounting Policies

On December 1, 2006, the CICA issued three new accounting standards: 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.

The new 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.

Shareholder Rights Plan

The Company adopted a Shareholder Rights Plan ("the Plan") on March 25, 2004 which was approved by the shareholders at the 2004 Annual General Meeting. The terms and conditions of the Plan provided for the expiry of the Plan, unless reconfirmed by the shareholders of the Company at the 2008 annual meeting of the shareholders. Reconfirmation of the Plan was approved by the shareholders of the Company at the annual meeting held on April 29, 2008.

Stock Option Plan

The Board of Directors adopted a new stock option plan in compliance with the rules of the Toronto Stock Exchange under which the Company may grant stock options up to 10% of the issued capital of the Company on a rolling basis. The plan was approved by the shareholders of the Company at the annual meeting held on May 9, 2007.

The Company granted 740,000 stock options to directors, officers and employees exercisable at a price of $3.52 for a period of ten years. During the first quarter of 2007, the Company granted stock options employees, officers and directors to acquire 1,005,000 common shares exercisable at a weighted average exercise price of $3.65 for a period of ten years.

Outstanding Share Data

At October 29, 2008, the Company had the following shares and share purchase warrants and options outstanding:

1. 56,857,055 common shares (including 3,175,000 special warrants with the holder of each special warrant entitled to acquire one common share for no additional consideration)
2. 4,050,600 common share purchase options with a weighted average exercise price of \$3.00 expiring at various dates between November 19, 2008 and September 25, 2018.
3. 404,100 transferable share purchase warrants, each warrant entitling the holder to purchase one common share at a price of \$5.25 per share until June 21, 2010.
4. 40,410 non-transferable agents' warrants, each warrant entitling the holder to purchase one common share at a price of \$5.25 per share until June 21, 2010.
5. 3,175,000 transferable share purchase warrants, each warrant entitling the holder to purchase one common share at a price of \$4.25 per share until August 14, 2009.
6. 158,750 non-transferable agents' warrants, each warrant entitling the holder to purchase one common share at a price of \$4.25 per share until August 14, 2009.

Cautionary Language

The Company's MD&A contains statements that constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or developments in our industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Forward-looking statements in this document include statements regarding the Company's expectations regarding drilling and exploration activities on properties in which the Company has an interest; the Company's statements regarding estimates of resources on properties in which the Company has an interest; the Company's expectations regarding the amount and adequacy of its cash reserves in future periods, and the Company's expectations regarding the amount of expenses in future periods. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their respective dates.

Important factors that could cause actual results to differ materially from the Company's expectations include among others, risks related to fluctuations in mineral prices; uncertainties related to raising sufficient financing to fund planned work in a timely manner and on acceptable terms; changes in planned work resulting from weather, logistical, technical or other factors; the possibility that results of work will not fulfill expectations and realize the perceived potential of the Company's properties; uncertainties involved in the estimation of resources; the possibility that required permits may not be obtained in a timely manner or at all; the possibility that capital and operating costs may be higher than currently estimated and may preclude commercial development or render operations uneconomic; the possibility that the estimated recovery rates may not be achieved; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of cost overruns or unanticipated expenses in the work program; the risk of environmental contamination or damage resulting from the Company's operations; and other risks and uncertainties discussed under the heading "Risk Factors" and elsewhere in the Company's documents filed from time to time with the Toronto Stock Exchange and Canadian securities regulators. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

This MD&A uses the terms "inferred resources", "indicated resources", "measured resources", and "mineral resources". The Company advises readers that although these terms are recognized and required by Canadian securities regulations (under National Instrument 43-101 "Standards of Disclosure for Mineral Projects"), the US Securities and Exchange Commission does not recognize these terms. Readers are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence, and economic and legal feasibility. It cannot be assumed that any part of an Indicated or Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, or economic studies except for a Preliminary Assessment as defined under National Instrument 43-101. Readers are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

Corporate Disclosure Practices and Policies

The Company maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. The Board of Directors has the responsibility to understand the principal risks of the business of the Company and to confirm that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Company. The Chair of the Board is an unrelated outside director. Committees of the Board presently consist of an Audit Committee and a Compensation Committee. The Audit Committee consists of three unrelated outside directors. The role of the Audit Committee is to review the Company's financial statements and the financial disclosure that is publicly disseminated, to review the systems of internal controls, and to monitor the performance and the independence of the Company's external auditors. The Compensation Committee consists of three unrelated outside directors The role of the Compensation Committee is to develop and approve the corporate goals and objectives relevant to the compensation of the Chief Executive officer, to recommend levels of executive compensation, and to administer the Company's stock option plan.

Management of the Company has designed and established disclosure controls and procedures to ensure that information disclosed in this MD&A and the interim financial statements for the three and nine month periods ended September 30, 2008 was properly recorded, processed, summarized and reported. The Company's Chief Executive Officer and Chief Financial Officer have evaluated and are satisfied with the effectiveness of these disclosure controls and procedures to the end of the period covered by this report.

The Chief Executive Officer and Chief Financial Officer acknowledge responsibility for the design of internal control over financial reporting, and confirm that there were no changes in these controls that occurred during the most recent interim period which materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Approval

The Audit Committee has approved the disclosure contained in this interim MD&A on behalf of the Board of Directors.

A copy of this management discussion and analysis and previously published financial statements, management discussions and analysis as well as other information is available on the SEDAR website at www.sedar.com, and on the Company's website at www.farwestmining.com.