



INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS
ENDED SEPTEMBER 30, 2009
(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 2009	December 31 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,423,862	\$ 8,555,376
Accounts receivable	265,270	269,044
Prepaid expenses	93,595	49,231
	1,782,727	8,873,651
Equipment	419,814	427,330
Mineral properties (note 3)	31,921,210	29,029,010
Total Assets	\$ 34,123,753	\$ 38,329,991
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 536,483	\$ 923,951
Current portion of leasehold inducement	13,620	13,620
	550,103	937,571
Leasehold inducement	53,347	63,562
Future income taxes	512,784	512,784
	1,116,234	1,513,917
SHAREHOLDERS' EQUITY		
Share capital (note 4)	54,592,110	53,859,307
Contributed surplus (note 5)	14,658,243	13,717,855
Deficit	(36,242,832)	(30,761,088)
	33,007,519	36,816,074
Total Liabilities and Shareholders' Equity	\$ 34,123,753	\$ 38,329,991

Commitments (notes 3 and 7)

Subsequent event (note 11)

On Behalf of the Board:

John R. Brodie, F.C.A.

Richard N. Zimmer

FAR WEST MINING LTD.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Income				
Interest	586	51,701	18,416	137,165
Expenses				
Accounting and audit	15,000	13,060	44,204	60,683
Amortization	10,536	15,383	31,607	30,366
Foreign exchange loss (gain)	24,335	(5,990)	(149,402)	3,080
Insurance	9,244	8,368	25,139	20,144
Legal (note 6)	12,966	15,424	55,805	162,090
Mineral properties written-off	3,363,871	-	3,453,871	-
Office and miscellaneous	17,331	9,113	42,683	34,905
Rent	29,009	27,510	88,874	82,898
Salaries and benefits	191,400	156,557	560,030	463,499
Shareholder communications	23,009	18,365	106,188	76,763
Telephone	6,868	7,420	16,066	19,341
Stock based compensation (note 5b)	59,766	210,001	1,097,865	1,802,877
Transfer agent and filing fees	2,924	9,526	36,912	63,789
Travel	23,706	9,422	90,317	61,681
	3,789,966	494,159	5,500,161	2,882,116
Loss and Comprehensive Loss for the period	(3,789,380)	(442,458)	(5,481,744)	(2,744,951)
Deficit, beginning of period	(32,453,452)	(26,276,951)	(30,761,088)	(25,974,460)
Deficit, end of period	\$ (36,242,832)	\$ (26,719,409)	\$ (36,242,832)	\$ (28,719,411)
Basic and diluted loss per share	\$ (0.07)	\$ (0.01)	\$ (0.10)	\$ (0.05)
Weighted average number of shares issued and outstanding				
- basic and diluted (thousands)	56,994	53,998	56,894	52,710

FAR WEST MINING LTD.

Consolidated Statements of Cash Flows (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Operating activities				
Loss for the period	\$ (3,789,380)	\$ (442,458)	\$ (5,481,744)	\$ (2,744,951)
Items not involving cash:				
Amortization of fixed assets	10,536	15,383	31,607	30,366
Amortization of leasehold inducements	(3,405)	(3,405)	(10,215)	(10,215)
Mineral properties written-off	3,363,871	-	3,453,871	-
Stock based compensation	59,766	210,001	1,097,865	1,802,877
	(358,612)	(220,479)	(908,618)	(921,923)
Changes in non-cash working capital:				
Increase (decrease) in accounts receivable	370	(63,881)	3,774	(98,034)
(Increase) decrease in prepaid expenses	(45,847)	(8,582)	(44,364)	2,824
Increase (decrease) in accounts payable and accrued liabilities	92,763	(39,149)	19,557	(251,538)
	(311,326)	(332,091)	(929,651)	(1,268,671)
Investing activities				
Fixed assets	(1,081)	(1,954)	(68,958)	(74,783)
Mineral properties	(1,085,036)	(1,383,553)	(6,532,026)	(5,517,950)
	(1,086,117)	(1,385,507)	(6,600,984)	(5,592,733)
Financing activities				
Exercise of stock options	331,320	237,600	399,120	519,034
Private placement, net of issue costs (note 4(b)(ii))	-	9,319,430	-	9,319,430
	331,320	9,557,030	399,120	9,838,464
Increase (decrease) in cash and cash equivalents	(1,066,123)	7,839,432	(7,131,514)	2,977,060
Cash and cash equivalents, beginning of period	2,489,985	3,115,785	8,555,376	7,978,157
Cash and cash equivalents, end of period	\$ 1,423,862	\$ 10,955,217	\$ 1,423,862	\$ 10,955,217

Supplementary cash flow information (note 8)

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

1. Business Operations and Going Concern

Far West Mining Ltd. (“the Company”) was incorporated on August 25, 1994 under the Business Corporations Act (Alberta). 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 a mineral exploration company engaged in the evaluation, acquisition and exploration of mineral properties in Chile and Australia. The Company 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 and rights of ownership may be affected by undetected defects.

Going Concern

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. During the nine months ended September 30, 2009, the Company utilized cash for operating activities of \$908,608 and \$6,600,984 (including a property option payment of \$3,204,512) for mineral property expenditures and the purchase of equipment. Subsequent to September 30, 2009, the Company arranged a private placement financing in the amount of \$10 million (note 11). The Company will require additional funding to maintain ongoing exploration programs and property commitments as well as for administration expenses.

The Company’s ability to continue operations and exploration activities as a going concern is dependent upon its ability to obtain additional funding. While the Company has been successful in obtaining its required funding in the past, there is no assurance that sufficient funds will be available to the Company in the future or available on favorable terms. Factors that could affect the availability of financing include the progress and results of the Santo Domingo project, investor perceptions and expectations and the condition of the financial and metals markets.

These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations, and such adjustments could be material. The going concern assumption would not be valid if additional funding from financings or sale of assets is not available.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

2. Significant Accounting Policies

- (a) 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, 2008 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 2008 audited consolidated financial statements. These interim consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

These three accounting standards are:

(i) Section 1400 – General Standards of Financial Statement Presentation

This Section was amended to include a requirement that management make an assessment of an entity’s ability to continue as a going concern when preparing financial statements. Adoption of this standard did not have any material effect on the financial statements.

(ii) Section 1535 – Capital Disclosures

This Section establishes standards for disclosing quantitative and qualitative information about the Company’s capital and how it is managed, thereby enabling users to evaluate the Company’s objectives, policies and processes for managing capital.

(iii) Section 3862 and 3863 – Financial Instruments – Disclosures and Presentations

Effective May 1, 2008, the Company adopted CICA Handbook Section 3862, “Financial Instruments – Disclosure” and Section 3863, “Financial Instruments – Presentation”. These Sections require the Company to provide disclosure to enable users to evaluate the significance of financial instruments on the Company’s financial position and performance, the nature and extent of risks arising from financial instruments the Company is exposed to during the reporting period and as at the balance sheet date, and how the Company is managing those risks.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

2. Significant Accounting Policies (continued)

- (b) Recent accounting pronouncements issued which may impact us in the future include CICA Handbook Section 1582, “Business Combinations” and Section 1601, “Non-Controlling Interests”. These CICA Handbook Sections replace Sections 1581 and 1600, respectively. The new standards revise guidance on the determination of the carrying amount of assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. These standards are effective January 1, 2011 prospectively, with early adoption permitted. We are currently assessing the impact of the new standards on our consolidated financial statements.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
 Nine Months Ended September 30, 2009
 (Unaudited)

3. Mineral Properties

During the nine months ended September 30, 2009 and the year ended December 31, 2008, the company incurred the following mineral property acquisition and development costs:

	Chile	Australia	Argentina	Canada	Total
Total as at December 31, 2007	\$ 18,874,564	\$ 2,087,166	\$ 796,375	\$ 200	\$ 21,758,305
Administration	548,015	645	165,979	-	714,639
Assaying	277,928	30,992	-	-	308,920
Drilling	1,001,331	489,753	-	-	1,491,084
Engineering	360,548	-	-	-	360,548
Environmental	1,368	-	-	-	1,368
Future income taxes	512,784	-	-	-	512,784
Geological and field costs	543,939	323,580	84,394	-	951,913
Geophysical and other surveys	25,226	39,769	622,019	-	687,014
Geological consulting	189,117	200,734	-	-	389,851
Property Option payments	1,994,118	-	-	-	1,994,118
Road building	358,653	-	-	-	358,653
Resource and other reports	158,328	-	-	-	158,328
Tenure	506,917	55,973	101,241	-	664,131
Termination of property option	-	-	175,000	-	175,000
Transportation and rentals	97,581	-	-	-	97,581
Travel and accomodation	275,945	73,836	-	-	349,781
Cost recoveries	-	-	(68,606)	-	(68,606)
Total expenditures - 2008	6,851,798	1,215,282	1,080,027	-	9,147,107
Write-off of mineral properties	-	-	(1,876,402)	-	(1,876,402)
Total as at December 31, 2008	25,726,362	3,302,448	-	200	29,029,010
Administration	563,423	5,374	-	-	568,797
Assaying	214,036	23,123	-	-	237,159
Drilling	-	116,353	-	-	116,353
Engineering	158,780	-	-	-	158,780
Environmental	39,514	-	-	-	39,514
Geological and field costs	422,096	224,341	-	-	646,437
Geophysical and other surveys	111,744	22,477	-	-	134,221
Geological consulting	72,612	10,147	-	-	82,759
Metallurgy	223,121	-	-	-	223,121
Property option payments	3,204,512	-	-	-	3,204,512
Resource and other reports	105,031	-	-	-	105,031
Tenure	502,321	11,570	-	-	513,891
Termination of property option	-	-	90,000	-	90,000
Transportation and rentals	148,649	23,259	-	-	171,908
Travel and accomodation	52,965	623	-	-	53,588
Total expenditures - 2009	5,818,804	437,267	90,000	-	6,346,071
Write-off of mineral properties	(2,174,171)	(1,189,700)	(90,000)	-	(3,453,871)
Total as at September 30, 2009	\$ 29,370,995	\$ 2,550,015	\$ -	\$ 200	\$ 31,921,210

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

3. Mineral Properties (continued)

(a) Santo Domingo Project, Chile

The Company entered into option agreements with BHP Chile Inc (“BHP Chile”) in 2002 and 2003 to explore for iron-oxide hosted copper-gold deposits in the Candelaria Copper Belt of northern Chile. In 2005, the Company completed the commitments under these agreements and now owns 100% of the respective mineral properties subject to a 2% Net Smelter Return royalty payable to BHP Chile.

In 2005, the Company entered into four additional agreements with various other parties to acquire mineral properties. The terms of the agreements provided the Company with the right to acquire the mineral properties by making option payments totalling US\$2,900,000 over a five year period. Option payments totalling \$2,419,000 (U.S. \$2,125,000) have been made and the Company has completed the acquisition of the mineral concessions pursuant to three of the four agreements. To complete the acquisition of the mineral property under the remaining option agreement, the Company is required to make a payment of US\$775,000 no later than April 12, 2010.

In 2006, the Company entered into an option agreement with Empresa Nacional de Minería (“ENAMI”), a Chilean government corporation, to acquire the Iris property. The terms of the agreement provided the Company with the right to acquire the property by incurring exploration expenditures over a three year period and making option payments over a period of three years totalling US\$4,000,000. The exploration expenditures were incurred in 2008 and prior years and the final option payment of \$3,204,512 (US\$2,500,000) was made during first quarter of the year to complete the acquisition. The Company has completed the commitments under this agreement and now owns 100% of the Iris Property subject to a 2% Net Smelter Return royalty payable to ENAMI.

During the quarter, the Company has written-off mineral property expenditures of \$2,174,171 incurred with respect to properties outside of the Santo Domingo project area that have been abandoned or which the Company plans to abandon.

(b) Farallon Negro Project, Argentina

In 2004, the Company entered into an option and joint venture agreement with BHP Billiton (“BHPB”) under which the Company was entitled to earn a 50% interest in the Farallon Negro Property. The terms of the agreement included a reimbursement to BHPB for part of the costs of an airborne geophysical survey and incurring exploration expenditures.

In December, 2008, after evaluation of the results of ground geophysical surveys, the Company provided BHP Billiton with notice of termination of the property option agreement. The Company wrote-off exploration expenditures incurred in the amount of \$1,876,402 including an estimate of the liability for future closing costs arising from the termination of the property option agreement in the amount of \$175,000.

During the nine month period ended September 30, 2009, the Company recorded an additional estimate for future closing costs of \$90,000.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

3. Mineral Properties (continued)

(c) Georgetown Project, Australia

In 2004, The Company and BHPB entered into an option and joint venture agreement which entitled the Company to 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, subject to BHPB retaining certain back-in rights.

In September, 2008, the Company completed this exploration expenditure commitment and BHP Billiton elected to convert its remaining 30% ownership interest in the Georgetown Project into a royalty which resulted in the cancellation of the back-in rights. The Company's ownership interest is now 100%, subject to a 2% Net Smelter Return royalty payable to BHP Billiton.

During the quarter, the Company has written-off mineral property expenditures of \$1,189,700 incurred with respect to properties within the Georgetown Project area that have been abandoned or which the Company plans to abandon.

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 and Special Warrants	Amount
Balance, December 31, 2007	52,679,109	\$ 43,204,629
Exercise of stock options (i)	971,200	1,635,181
Private placement, net of issue costs (ii)	3,206,746	9,019,497
Balance, December 31, 2008	56,857,055	\$ 53,859,307
Exercise of stock options (iii)	306,000	732,803
Balance, September 30, 2009	57,163,055	\$ 54,592,110

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

4. Share Capital (continued)

(b) Issued common shares and special warrants (continued)

- (i) Exercise of 971,200 stock options at exercise prices ranging from \$0.35 to \$1.32 per share for gross proceeds of \$915,034 and the reallocation from contributed surplus of \$720,147.
- (ii) Issue of 3,206,746 units on August 14, 2008 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 transferable common share purchase warrant.

Each full common share purchase warrant entitled the holder to purchase one common share at a price of \$4.25 until August 14, 2009. These warrants expired unexercised during the period. After deduction of \$794,736 for share issue costs from the gross proceeds, \$9,019,497 was allocated to shares and \$287,017 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.

- (iii) Exercise of 306,000 stock options at exercise prices of \$1.00 and \$1.32 per share for gross proceeds of \$399,120 and the reallocation from contributed surplus of \$333,682.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(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 Common Share Purchase Warrants	
Balance, December 31, 2007	\$ 1,990,759
Value assigned to 1,603,373 common share purchase warrants issued	259,266
Value assigned to 158,750 finders compensation warrants issued	27,751
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Balance, September 30, 2009 and December 31, 2008	\$ 2,277,776
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Value assigned to Stock Options	
Balance, December 31, 2007	\$ 9,981,799
Reallocation of stock-based compensation on exercise of stock options	(720,147)
Stock-based compensation	2,178,427
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Balance, December 31, 2008	\$ 11,440,079
Reallocation of stock-based compensation expense on exercise of stock options	(333,683)
Stock-based compensation	1,274,071
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Balance, September 30, 2009	\$ 12,380,467
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Value assigned to Stock Options and Share Purchase Warrants	\$ 14,658,243

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

5. Contributed Surplus (continued)

(a) Warrants

On August 14, 2008, the Company issued the 1,762,323 common share purchase warrants exercisable at \$4.25 per share on or before August 14, 2009. These warrants expired unexercised.

At September 30, 2009, the Company had 444,510 outstanding warrants exercisable at \$5.25 per share until June 21, 2010.

(b) Stock Options

The Company has a “rolling” stock option plan for its employees, directors, officers and self-employed 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, 2009, the Company recorded stock-based compensation expense of \$1,097,865 and mineral property costs of \$176,204 with respect to 1,382,000 stock options that were granted and vested during the period. During the period, options to purchase 306,000 shares were exercised and options to purchase 1,267,300 shares expired unexercised.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

5. Contributed Surplus (continued)

(b) Stock Options (continued)

A Summary of stock option information as at September 30, 2009 and December 31, 2008 and the changes for nine month period and the year then ended is as follows:

	Options	Weighted Average Exercise Price
Options outstanding at December 31, 2007	4,892,800	\$ 2.05
Granted	978,000	3.51
Exercised	(971,200)	(0.94)
Expired / Cancelled	(877,800)	(1.50)
Options outstanding at December 31, 2008	4,021,800	\$ 2.76
Granted	1,382,000	1.38
Exercised	(306,000)	(1.30)
Expired / Cancelled	(1,267,300)	(1.67)
Options outstanding at September 30, 2009	3,830,500	\$ 2.70
Options exercisable at September 30, 2009	3,830,500	\$ 2.70

The fair value of each option granted in 2009 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 1.11% to 1.69%, dividend yield of 0%, volatility ranging from 83.18% to 93.37%, and expected lives from date of grant of an average of ten years.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(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 estimates of the fair value of the stock options.

A summary of stock options outstanding and exercisable at September 30, 2009 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 - \$2.00	1,550,500	1,550,500	8.40	8.40	\$ 1.38	\$ 1.38
\$3.00 - \$3.55	1,270,000	1,270,000	7.76	7.76	3.45	3.45
\$3.75 - \$4.10	1,010,000	1,010,000	7.15	7.15	3.78	3.78
	3,830,500	3,830,500	7.86	7.86	\$ 2.70	\$ 2.70

6. Related Party Transactions

During the nine months ended September 30, 2009, the Company incurred \$61,028 (September 30, 2008 - \$110,492) for legal expenses, including legal costs related to mineral property agreements, to a law firm in which a director of the Company is a partner. At September 30, 2009, the estimated amount payable to the law firm is estimated to be \$Nil (December 31, 2008 - \$ 36,174).

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 \$130,000 for calendar year 2009, \$133,000 for 2010, and \$138,000 for the remaining years of the lease.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

8. Supplementary Cash Flow Information

During the nine months ended September 30, 2009:

- a) accounts payable related to mineral property costs decreased by \$407,024 (September 30, 2008: decreased by \$164,177)
- b) mineral properties costs included \$176,206 (September 30, 2008: \$410,911) of capitalized stock based compensation, \$44,867 (September 30, 2008: \$32,267) for amortization of fixed assets, and a reduction of \$129,677 (September 30, 2008: \$Nil) to future income tax liabilities related to mineral property costs.
- c) The Company did not pay any income taxes or interest in the nine months ended September 30, 2009 and 2008.

9. 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 for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirements.

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.

10. 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 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 to discharge US dollar liabilities at September 30, 2009 or US dollar commitments during the following quarter.

At September 30, 2009, the Company does not have any substantial currency risk to current assets and liabilities denominated in foreign currencies.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Nine Months Ended September 30, 2009
(Unaudited)

10. Management of financial risk (continued)

(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.

(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, 2009.

(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.

11. Subsequent Event

On October 30, 2009, the Company closed a non-brokered private placement of 4,901,961 units at a price of \$2.04 per unit for aggregate gross proceeds of \$10,000,000. Each unit is comprised of one common share of the Company and one transferable common share purchase warrant entitling the holder to purchase one additional common share on or before October 30, 2011 at an exercise price of \$2.75. No commissions or finders fees were payable in connection with this private placement.