



Interim Consolidated Financial Statements

For the Three Month Period Ended

March 31, 2010

(Unaudited)

FAR WEST MINING LTD.

Consolidated Balance Sheets

As at March 31, 2010 and December 31, 2009

(Unaudited)

	March 31 2010	December 31 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,339,447	\$ 9,631,470
Accounts receivable	334,964	306,034
Prepaid expenses	36,488	72,258
	6,710,899	10,009,762
Fixed Assets (note 3)	378,024	391,236
Mineral properties (note 4)	38,214,216	33,669,381
Total Assets	\$ 45,303,139	\$ 44,070,379
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,108,659	\$ 803,982
Current portion of leasehold inducement	13,620	13,620
	1,122,279	817,602
Leasehold inducement	46,537	49,942
Future income tax liabilities	1,039,094	776,980
	2,207,910	1,644,524
SHAREHOLDERS' EQUITY		
Share capital (note 5)	61,820,219	61,275,397
Contributed surplus (note 6)	20,982,080	18,061,083
Deficit	(39,707,070)	(36,910,625)
	43,095,229	42,425,855
Total Liabilities and Shareholders' Equity	\$ 45,303,139	\$ 44,070,379

Going concern (note 1)

Commitments (note 8)

On Behalf of the Board:*"Richard N. Zimmer"**"John R. Brodie"*

Richard N. Zimmer

John R. Brodie, F.C.A.

FAR WEST MINING LTD.

Consolidated Statements of Operations, Comprehensive Loss and Deficit
Three month periods ended March 31,
(Unaudited)

	2010	2009
Income		
Interest	\$ 10,366	\$ 16,715
Expenses		
Amortization	9,825	17,487
Audit	28,690	15,000
Consulting	44,885	-
Foreign exchange loss (gain)	2,795	(196,606)
Insurance	7,436	6,840
Legal (note 7)	39,665	30,000
Office and miscellaneous	21,093	13,250
Rent	29,589	30,856
Salaries and benefits	252,262	192,921
Shareholder communications	40,168	36,616
Stock-based compensation (note 6(b))	2,265,679	706,676
Telephone	4,794	4,493
Transfer agent and filing fees	43,307	27,643
Travel	16,623	19,110
	2,806,811	904,286
Loss and Comprehensive Loss for the period	(2,796,445)	(887,571)
Deficit, beginning of period	(36,910,625)	(30,761,088)
Deficit, end of period	\$ (39,707,070)	\$ (31,648,659)
Basic and diluted loss per share	\$ (0.04)	\$ (0.02)
Weighted average number of shares issued and outstanding		
- basic and diluted (thousands)	62,310	56,857

FAR WEST MINING LTD.

Consolidated Statements of Cash Flows
Three month periods ended March 31,
(Unaudited)

	2010	2009
Cash flows from (used in) operating activities		
Loss and Comprehensive Loss for the period	\$ (2,796,445)	\$ (887,571)
Items not involving cash:		
Amortization of fixed assets	9,825	17,487
Amortization of leasehold inducement	(3,405)	(3,405)
Stock-based compensation	2,265,679	706,676
	(524,346)	(166,813)
Changes in non-cash working capital items:		
Increase in accounts receivable	(28,930)	(25,642)
Decrease in prepaid expenses	35,770	6,862
(Decrease) increase in accounts payable and accrued liabilities	(157,980)	63,424
	(675,486)	(122,170)
Cash flows used in investing activities		
Mineral properties deferred exploration expenditures	(2,910,658)	(4,446,576)
Purchase of equipment	(11,838)	(24,475)
	(2,922,496)	(4,471,050)
Cash flows from financing activities		
Issue of shares and warrants, net of issue costs	305,959	52,800
Decrease in cash and cash equivalents	(3,292,023)	(4,540,420)
Cash and cash equivalents, beginning of period	9,631,470	8,555,376
Cash and cash equivalents, end of period	\$ 6,339,447	\$ 4,014,956
Cash and cash equivalents are comprised of		
Cash	\$ 1,339,447	\$ 4,014,956
Short-term investments	5,000,000	-
	\$ 6,339,447	\$ 4,014,956

Supplementary cash flow information (note 9)

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(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. 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 ore 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 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 three months ended March 31, 2010, the Company utilized cash for operating activities of \$675,486 (March 31, 2009 - \$122,170) and \$2,922,496 (March 31, 2009 - \$4,471,050), for mineral property expenditures and the purchase of equipment. For the three months ended March 31, 2009, mineral property expenditures included property option payments of \$3,279,764. The Company will require additional funding to maintain ongoing exploration and development programs and property commitments as well as for administration expenses.

The Company's ability to continue operations and exploration and development 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

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

1. Business Operations and Going Concern (continued)

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.

2. Significant Accounting Policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP for interim reporting and include the accounts of the company and its wholly-owned subsidiaries, Minera Lejano Oeste, S.A., Far West Exploration, 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, 2009 and have been consistently followed in the preparation of these unaudited interim consolidated financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the Company's 2009 audited consolidated financial statements. These unaudited interim consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

3. Fixed Assets

March 31, 2010

	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 181,488	\$ 75,675	\$ 105,813
Computer equipment	218,694	144,910	73,784
Leaseholds	311,993	113,566	198,427
	\$ 712,175	\$ 334,151	\$ 378,024

December 31, 2009

	Cost	Accumulated Amortization	Net Book Value
Office equipment	\$ 174,256	\$ 68,980	\$ 105,276
Computer equipment	214,088	138,097	75,991
Leaseholds	311,993	102,024	209,969
	\$ 700,337	\$ 309,101	\$ 391,236

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

4. Mineral Properties

During the the year ended December 31, 2009 and the three months ended March 31, 2010, the the Company incurred the following mineral property acquisition, exploration and development costs:

	Chile	Australia	Canada	Total
Total as at December 31, 2008	\$ 25,726,362	\$ 3,302,448	\$ 200	\$ 29,029,010
Administration	492,257	13,028	-	505,285
Assaying	220,566	23,248	-	243,814
Drilling	299,239	116,987	-	416,226
Engineering	179,427	-	-	179,427
Environmental	46,104	-	-	46,104
Future income taxes	264,196	-	-	264,196
Geological and field costs	615,888	140,672	-	756,560
Geophysical and other surveys	119,130	28,934	-	148,064
Geological consulting	87,207	148,667	-	235,874
Property option payments	3,951,162	-	-	3,951,162
Resource and other reports	389,364	-	-	389,364
Road building	48,263	5,781	-	54,044
Tenure	667,029	17,176	-	684,205
Transportation and rentals	85,347	-	-	85,347
Travel and accomodation	223,317	47,470	-	270,787
Total expenditures - 2009	7,688,496	541,963	-	8,230,459
Write-off of mineral properties	(2,107,650)	(1,482,438)	-	(3,590,088)
Total as at December 31, 2009	31,307,208	2,361,973	200	33,669,381
Administration	159,576	2,307	-	161,883
Assaying	141,925	-	-	141,925
Drilling	2,037,350	-	-	2,037,350
Engineering	571,154	-	-	571,154
Environmental	7,726	-	-	7,726
Future income taxes	262,114	-	-	262,114
Geological and field costs	299,383	-	-	299,383
Geological consulting	206,859	107,522	-	314,381
Resource and other reports	125,849	-	-	125,849
Road building	97,049	-	-	97,049
Tenure	380,044	5,816	-	385,860
Transportation and rentals	43,221	-	-	43,221
Travel and accomodation	96,940	-	-	96,940
Total expenditures - Mar. 31, 2010	4,429,190	115,645	-	4,544,835
Total as at March 31, 2010	\$ 35,736,398	\$ 2,477,618	\$ 200	\$ 38,214,216

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

4. 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 ("NSR") 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. In December, 2009, the Company made the final option payment of \$787,465 (US\$ 736,250) to complete the acquisition of the fourth mineral concession. The Company has now completed the commitments under all four agreements and owns 100% of the properties. .

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 US\$1,300,000 in exploration expenditures over a three year period and making option payments over a period of three years totalling US\$4,000,000. The Company has completed the commitments under this agreement and now owns 100% of the Iris property subject to a 2% NSR royalty payable to ENAMI.

During the three months ended March 31, 2010, the Company incurred mineral property acquisition, exploration and development costs of \$4,429,190 (year ended December 31, 2009 - \$7,688,496). During the year ended December 31, 2009, the Company wrote off mineral property expenditures of \$2,107,650 incurred with respect to properties outside of the Santo Domingo project area that have been abandoned or which the Company plans to abandon.

(b) 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 BHPB 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% NSR royalty payable to BHPB.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

4. Mineral Properties (continued)

(b) Georgetown project, Australia (continued)

During the three months ended March 31, 2010, the Company incurred mineral property acquisition, exploration and development costs of \$115,645 (year ended December 31, 2009 - \$541,963). During the year ended December 31, 2009, the Company wrote off mineral property expenditures of \$1,482,438 incurred with respect to properties within the Georgetown project area that have been abandoned or which the Company plans to abandon.

5. 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 (i)	Amount
Balance, December 31, 2008	56,857,055	\$ 53,859,307
Exercise of stock options (ii)	449,500	1,009,629
Private placement, net of issue costs (iii)	4,901,961	6,406,461
Balance, December 31, 2009	62,208,516	61,275,397
Exercise of stock options (iv)	187,000	544,822
<u>Balance, March 31, 2010</u>	<u>62,395,516</u>	<u>\$ 61,820,219</u>

- (i) On August 14, 2008, the Company issued 3,175,000 special warrants which are exercisable to acquire one common share for no additional consideration.
- (ii) Exercise of 449,500 stock options at exercise prices of \$1.00 and \$1.38 per share for gross proceeds of \$573,920 and the reallocation from contributed surplus of \$435,709.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

5. Share Capital (continued)

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

- (iii) Issue of 4,901,961 units on October 30, 2009 at a price of \$2.04 for each unit for gross proceeds of \$10,000,000. Each unit consists of one common share and one transferable share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase one common share at a price of \$2.75 until October 30, 2011.

The value allocated to the warrants is based on a pro-rata allocation of the unit value between one common share, and one 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 1.40%, dividend yield of 0%, volatility of 96.49% and an average expected life from date of grant of two years.

- (iv) Exercise of 187,000 stock options at exercise prices of \$0.90 and \$3.75 per share for gross proceeds of \$305,959 and the reallocation from contributed surplus of \$238,863.

6. 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.

Values assigned to common share purchase warrants:

Balance, December 31, 2008	\$ 2,277,776
Value assigned to 4,901,961 common share purchase warrants	3,472,735
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Balance, December 31, 2009 & March 31, 2010	5,750,511

Values assigned to stock options:

Balance, December 31, 2008	11,440,079
Reallocation of stock-based compensation on exercise of stock options	(435,708)
Stock-based compensation	1,306,201
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Balance, December 31, 2009	12,310,572
Reallocation of stock-based compensation on exercise of stock options	(238,863)
Stock-based compensation	3,159,860
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Balance, March 31, 2010	15,231,569

Value assigned to share purchase warrants and
stock options - March 31, 2010

\$ 20,982,080

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

6. Contributed Surplus (continued)

(a) Warrants

At March 31, 2010, the Company had 4,901,961 outstanding warrants exercisable at \$2.75 per share until October 30, 2011 and 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 three months ended March 31, 2010, the Company recorded stock-based compensation expense of \$2,265,679 (March 31, 2009 – \$706,676), and recorded mineral property costs of \$894,181 (March 31, 2009 – \$123,591) with respect to 1,735,000 (March 31, 2009 – 1,327,000) stock options that were granted and vested during the period.

During the year ended December 31, 2009, options to purchase 449,500 shares were exercised and options to purchase 1,267,300 shares expired unexercised.

A summary of stock option information as at March 31, 2010 and December 31, 2009 and the changes for the three months period ended March 31, 2010 and the year ended December 31, 2009 is as follows:

	Options	Weighted Average Exercise Price
Options outstanding at December 31, 2008	4,021,800	\$ 2.76
Granted	1,382,000	1.41
Exercised	(449,500)	(1.28)
Expired / Cancelled	(1,267,300)	(1.83)
Options outstanding at December 31, 2009	3,687,000	2.76
Granted	1,735,000	5.30
Exercised	(187,000)	(1.60)
Options outstanding at March 31, 2010	5,235,000	\$ 3.64
Options exercisable at March 31, 2010	4,367,500	\$ 3.31

The fair value of each option granted in the three months period ended March 31, 2010 to employees has been estimated as of the date of the grant, using the Black-Scholes

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

6. Contributed Surplus (continued)

(b) Stock options (continued)

option pricing model with the following weighted average assumptions: risk-free interest rate of 2.26% (December 31, 2009 – ranging from 1.11% to 1.69%), dividend yield of 0% (December 31, 2009 – 0%), volatility of 81.01% (December 31, 2009 – ranging from 83.18% to 93.37%), and expected lives from date of grant of an average of five years (December 31, 2009 – five years).

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 single measure of the fair value of the Company's stock options.

A summary of stock options outstanding and exercisable at March 31, 2010 is as follows:

Range of exercise prices	Options outstanding			Options exercisable		
	Number of stock options	Weighted average remaining contractual life (year)	Weighted average exercise price	Number of stock options	Weighted average remaining contractual life (year)	Weighted average exercise price
\$1.38 - \$2.10	1,255,000	8.83	\$ 1.41	1,255,000	8.83	\$ 1.41
\$3.00 - \$3.80	2,070,000	7.07	3.56	2,070,000	7.07	3.56
\$4.10 - \$5.30	1,910,000	9.56	5.19	1,042,500	9.26	5.10
	5,235,000	8.40	\$ 3.64	4,367,500	8.10	\$ 3.31

7. Related Party Transactions

During the three months ended March 31, 2010, the Company incurred \$35,000 (March 31, 2009 – \$30,000) for various legal services and share issuance costs to a law firm in which a director of the Company is a partner. At March 31, 2010, \$35,000 was payable to the law firm (December 31, 2009 - \$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.

8. Commitments

During 2007, the Company entered into a lease agreement for office premises commencing September 1, 2007 and expiring August 31, 2014. The remaining annual lease commitments are \$133,000 for 2010, \$141,000 for years 2011 through 2013 and \$93,000 for 2014.

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

9. Supplementary Cash Flow Information

During the three months ended March 31, 2010 and 2009, the Company had non-cash investing and financing activities as follows:

	March 31 2010	March 31 2009
Mineral property costs from grant of stock options	\$ 894,181	\$ 123,591
Future income taxes capitalized	\$ 262,114	\$ -
Increase (decrease) in accounts payable related mineral property costs incurred	\$ 462,657	\$ (263,994)

The Company did not pay any income taxes or interest in the three months ended March 31, 2010 and 2009.

10. 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 Australia, Canada and Chile.

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

FAR WEST MINING LTD.

Notes to the Consolidated Financial Statements
Three Months Ended March 31, 2010
(Unaudited)

10. Segmented Information (continued)

(b) Geographic Information

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

	March 31 2010	Decmeber 31 2009
Argentina	\$ 44,008	\$ 94,928
Australia	2,745,154	2,628,021
Canada	6,081,003	9,710,461
Chile	36,432,974	31,636,969
	<u>\$ 45,303,139</u>	<u>\$ 44,070,379</u>

The Company's losses for the three months ended March 31, 2010 and 2009 were primarily incurred in Canada.