

Spur Ventures Inc.

Interim Consolidated Financial Statements

September 30, 2011

Unaudited

(expressed in U.S. dollars)

NOTICE

The accompanying unaudited interim consolidated financial statements of Spur Ventures Inc. (“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.

Spur Ventures Inc.

Interim Consolidated Balance Sheets

(unaudited and expressed in U.S. dollars)

	September 30, 2011 \$	December 31, 2010 \$
ASSETS		
Current assets		
Cash and cash equivalents	216,370	194,918
Short term investments (Note 6)	21,266,472	23,154,604
Prepaid expenses	87,595	56,254
Other receivables	59,434	21,370
	21,629,871	23,427,146
Investment in affiliate (Note 4d)	10,326,861	10,558,327
Property, plant & equipment (Note 7)	1,388,662	1,336,548
	11,715,523	11,894,875
	33,345,394	35,322,021
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 4e)	646,439	688,561
Due to affiliate (Note 4e)	6,455,310	6,046,200
	7,101,749	6,734,761
SHAREHOLDERS' EQUITY		
Share capital (Note 9a)	41,386,379	41,386,379
Contributed surplus (Note 9b)	7,564,618	7,474,700
Accumulated other comprehensive income	667,452	1,834,736
Deficit	(23,260,277)	(22,042,449)
	26,358,172	28,653,366
Non-controlling interests	(114,527)	(66,106)
	26,243,645	28,587,260
	33,345,394	35,322,021
Commitments (Note 13)		
APPROVED BY THE DIRECTORS		
<u>Donald R. Siemens</u> Director		<u>Robert G. Atkinson</u> Director

The accompanying notes are an integral part of these interim consolidated financial statements.

Spur Ventures Inc.

Interim Consolidated Statements of Loss and Comprehensive Loss

(unaudited and expressed in U.S. dollars)

	Three months ended September 30, 2011 \$	Three months ended September 30, 2010 \$	Nine months ended September 30, 2011 \$	Nine months ended September 30, 2010 \$
Operating expenses				
Consulting fees	37,437	53,607	110,986	172,556
Depreciation and amortization	60,001	60,010	189,327	235,093
Mineral property costs	-	-	614	61,991
Office and miscellaneous	19,761	18,511	63,362	55,170
Professional fees	40,538	35,949	129,903	104,258
Recovery of bad debts	-	(18,405)	-	(18,405)
Rent	44,718	43,292	135,165	128,052
Stock-based compensation	61,613	15,710	89,918	88,741
Transfer agent and filing fees	10,789	9,573	36,729	31,505
Travel, advertising and promotion	29,072	27,573	90,750	86,165
Wages and benefits	166,100	159,939	479,326	451,875
Loss before the undernoted	470,029	405,759	1,326,080	1,397,001
Other expenses (income)				
Interest income	(75,941)	(55,798)	(228,528)	(146,798)
Share of loss on investment in affiliate (Note 4d)	78,136	61,696	231,466	170,396
Loss (gain) from disposal of obsolete inventories and plant assets	-	(36,787)	(67,354)	(48,211)
Foreign exchange loss	4,271	4,624	4,758	6,667
Loss for the period	476,495	379,494	1,266,422	1,379,055
Loss attributable to				
Non-controlling interests	24,028	(1,725)	48,594	42,441
Equity shareholders of the Company	452,467	381,219	1,217,828	1,336,614
Loss for the period	476,495	379,494	1,266,422	1,379,055
Other comprehensive loss (income):				
Unrealized loss (gain) on translating financial statements from functional currency to reporting currency	1,743,953	(541,651)	1,167,284	(1,123,836)
Comprehensive loss (income) for the period	2,220,448	(162,157)	2,433,706	255,219
Comprehensive loss (income) attributable to				
Non-controlling interests	24,028	(1,725)	48,594	42,441
Equity shareholders of the Company	2,196,419	(160,432)	2,385,112	212,778
Basic weighted average number of shares outstanding	60,407,187	60,407,187	60,407,187	60,407,187
Diluted weighted average number of shares outstanding	60,607,187	60,507,187	60,607,187	60,507,187
Loss per share, basic and diluted	\$0.007	\$0.006	\$0.020	\$0.022

The accompanying notes are an integral part of these interim consolidated financial statements.

Spur Ventures Inc.

Interim Consolidated Statements of Cash Flows

(unaudited and expressed in U.S. dollars)

	Three months ended September 30, 2011 \$	Three months ended September 30, 2010 \$	Nine months ended September 30, 2011 \$	Nine months ended September 30, 2010 \$
Cash provided by (used in) operating activities				
Loss for the period	(476,495)	(379,494)	(1,266,422)	(1,379,055)
Items not involving cash:				
Depreciation and amortization	60,001	60,010	189,327	235,093
Stock-based compensation	61,613	15,710	89,918	88,741
Share of loss on investment in affiliate	78,136	61,696	231,467	170,396
	(276,745)	(242,078)	(755,710)	(884,825)
Changes in non-cash working capital:				
Other receivables and prepaids	(6,635)	(20,087)	(69,406)	(11,156)
Accounts payable and accrued liabilities	(3,913)	101,746	(42,122)	(1,054,359)
Non-operating activities items:				
Interest income	(75,941)	(55,798)	(228,528)	(146,798)
Cash used in operating activities	(363,234)	(216,217)	(1,095,766)	(2,097,138)
Investing activities				
Capital expenditures	-	-	(36,961)	-
Interest received	144,657	55,729	162,697	115,888
Proceeds from disposal of investments	12,820,513	-	23,646,556	6,276,478
Purchase of short-term investments	(12,617,013)	-	(22,628,204)	(23,017,035)
Cash provided by (used in) investing activities	348,157	55,729	1,144,088	(16,624,669)
Effect of exchange rate changes	930	235,890	(26,871)	982,442
Increase (decrease) in cash and cash equivalents	(14,146)	75,402	21,452	(17,739,365)
Cash and cash equivalents, beginning of the period	230,516	204,205	194,918	18,018,972
Cash and cash equivalents, end of the period	216,370	279,607	216,370	279,607

The accompanying notes are an integral part of these interim consolidated financial statements.

Spur Ventures Inc.

Interim Consolidated Statements of Changes in Equity

(unaudited and expressed in U.S. dollars)

	Number of Shares	Share Capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Sub-total \$	Non- Controlling Interest \$	Total Equity \$
Balance, January 1, 2010	60,407,187	41,386,379	7,369,895	-	(20,362,893)	28,393,381	-	28,393,381
Stock-based compensation	-	-	104,805	-	-	104,805	-	104,805
Currency translation adjustment	-	-	-	1,834,736	-	1,834,736	(1,443)	1,833,293
Loss for the year	-	-	-	-	(1,679,556)	(1,679,556)	(64,663)	(1,744,219)
Balance, December 31, 2010	60,407,187	41,386,379	7,474,700	1,834,736	(22,042,449)	28,653,366	(66,106)	28,587,260
Stock-based compensation	-	-	89,918	-	-	89,918	-	89,918
Fair value adjustment in investment in YMC	-	-	-	-	-	-	-	-
Currency translation adjustment	-	-	-	(1,167,284)	-	(1,167,284)	173	(1,167,111)
Loss for the period	-	-	-	-	(1,217,828)	(1,217,828)	(48,594)	(1,266,422)
Balance, September 30, 2011	60,407,187	41,386,379	7,564,618	667,452	(23,260,277)	26,358,172	(114,527)	26,243,645

	Number of Shares	Share Capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Sub-total \$	Non- Controlling Interest \$	Total Equity \$
Balance, January 1, 2010	60,407,187	41,386,379	7,369,895	-	(20,362,893)	28,393,381	-	28,393,381
Share-based payments	-	-	88,741	-	-	88,741	(730)	88,011
Currency translation adjustment	-	-	-	1,123,836	-	1,123,836	-	1,123,836
Net income (loss) for the period	-	-	-	-	(1,336,614)	(1,336,614)	(42,441)	(1,379,055)
Balance, September 30, 2010	60,407,187	41,386,379	7,458,636	1,123,836	(21,699,507)	28,269,343	(43,171)	28,226,173

The accompanying notes are an integral part of these interim consolidated financial statements.

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

1. Nature of Operations and Measurement Uncertainty

Spur Ventures Inc. ("Spur" or the "Company") is a company listed on the Toronto Stock Exchange with interests in the fertilizer industry in China. Through its 100% owned subsidiary Spur Chemicals (BVI) Inc. ("Spur BVI"), Spur has indirect interests in two sino-foreign joint ventures ("JV") in China, Yichang Maple Leaf Chemicals Ltd. ("YMC") and Yichang Spur Chemicals Ltd. ("YSC"). Spur's Chinese partner in both JVs is Hubei Yichang Phosphorus Chemical Co. Ltd ("YPCC") of Yichang City, Hubei Province, China.

Management has not recorded a current impairment charge against the existing property, plant and equipment (Note 7) or the investment in affiliate (Note 4), as fertilizer market fundamentals have improved and management remains confident that the Company will obtain the required financing to complete the mono-ammonium phosphate ("MAP") plant construction at YSC and that the plant will generate profitable operations in the future. However, the success of these initiatives cannot be assured. In July 2011, YPCC contributed the mining licenses to YMC. Risks and uncertainties remain as to the value of the underlying mineral deposits, that economic ore reserves will be identified and that significant equity or debt financing for the project will be available to the Company. The Company also faces additional risks and uncertainties, including, but not limited to, raw material and construction costs, market conditions and political issues.

The recoverability of the Company's investment in property rights, plant and equipment in China is dependent upon the plans outlined in the previous paragraph or the ability of the Company to dispose of the assets and recover its investment. The extent of the adjustments that could be necessary resulting from these measurement uncertainties could be material.

2. Adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, commencing January 1, 2011, the Company has been preparing these condensed interim consolidated financial statements under IFRS. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The IFRS accounting policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of October 31, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including, International Accounting Standard 34 Interim Financial Reporting ("IAS 34") and IFRS 1. Please refer to Note 3 of the Company's financial statements for the quarter ended March 31, 2011 for principal accounting policies applied in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years and quarters presented, unless otherwise stated.

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

The Company applied IFRS1 *First-time Adoption of International Financial Reporting Standards* in preparing these first IFRS consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive income and reported cash flows is presented in Note 14.

These interim consolidated financial statements do not contain all of the information and disclosures required in annual financial statements and should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010.

First-time adoption exemptions applied

IFRS1 *First-time adoption of International Financial Reporting Standards*, which governs the first time adoption of IFRS, in general requires accounting policies to be applied retrospectively to determine the opening statement of financial position at the Company's transition date of January 1, 2010, and allows certain exemptions from retrospective application on the transition to IFRS. The Company has elected:

- to reset to nil the unrealized foreign currency translation amount from previous functional currency to reporting currency translations. Consequently the accumulated other comprehensive income ("AOCI") was reset to zero at January 1, 2010 and the balance was recorded as an adjustment to deficit;
- that IFRS 3(R), *Business Combinations*, has not been applied to business combinations that occurred before the transition date; and
- that IFRS 2, *Share-based Payments*, has only been applied to all share based payments which had not vested at January 1, 2010.

3. Critical accounting estimates and judgements

The preparation of the consolidated financial statements in compliance with GAAP requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the periods. The effect of changes in estimates on the financial statements of future periods could be significant for property, plant and equipment as well as land use rights, and accrued liabilities. While management believes these estimates and assumptions to be reasonable actual results could differ.

In the opinion of management, all adjustments considered necessary for fair presentation of the results for the years presented have been reflected in the consolidated financial statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing these financial statements, the Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

liabilities within the next financial year include fair value of investment in affiliate and impairment of long-lived assets.

4. YMC Joint Venture Agreement

a) Initial YMC JV Agreement

YMC is governed by the November 9, 2003 YMC Joint Venture Agreement (“YMC JV”), between Spur BVI and YPCC and subsequent amendments.

The initial YMC JV interests were established with Spur BVI at 90% interest and YPCC at a 10% interest.

The parties have made the first 15% portion of their respective Registered Capital contributions with Spur BVI contributing \$24.2 million (RMB 159.6 million) and YPCC their portion through contributing assets as agreed to by the parties.

b) May 2010 Amendments

On May 6, 2010 a modified JV Agreement (the “May 6 Agreement”) was approved by the Chinese government granting YPCC the right to earn a 51% equity ownership in YMC (taking into account previous contributions to YMC) and Spur BVI a 49% equity ownership in YMC. On May 7, 2010 YMC’s new business license was issued with the new YMC Board consisting of 7 members, 4 from YPCC and 3 from Spur BVI with the Chair nominated by YPCC and the Vice Chair by Spur BVI.

In order to earn the 51% interest YPCC was required before August 31, 2010 to:

- Transfer the Dianziping and Shukongping mining licenses to YMC; and
- Contribute approximately \$2.6 million (RMB 17 million) in cash.

The new required Registered Capital amount was established at \$123 million (RMB 798 million) instead of the previous \$176 million (RMB 1.14 billion). Spur BVI could maintain a 49% equity ownership in YMC, taking into account previous contributions to YMC of \$24.7 million (RMB 159.6 million), and was required to contribute \$35.8 million (RMB 231.4 million) in order to maintain this equity interest.

The above contributions were not made by either YPCC or Spur by the August 31, 2010 deadline and as a result of the contributions not being made, YMC’s business license lapsed on October 31, 2010.

In February 2011, Hubei Administration for Industry and Commerce (“Hubei AIC”) served notice to YMC that the Registered Capital contributions from both JV partners were long overdue and that if the situation was not rectified YMC could be subject to substantial penalties.

c) March 2011 Amendments

In March 2011, the Hubei Province Department of Commerce extended the business license of YMC from October 31, 2010 to December 31, 2011. It also extended the deadline of Registered Capital contribution from August 31, 2010 to December 31, 2011. YPCC has until December 31, 2011 to complete the required Registered

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

Capital contributions to YMC by way of the completion of the transfer of the mining licenses and cash contributions of approximately \$38.4 million (RMB 248 million) in order to fix its ownership percentage in YMC at 79.978%. In August 2011, YPCC contributed the mining licenses to YMC.

Subject to government approval, YPCC and Spur BVI have agreed in March 2011 to further modifications as follows:

- Spur BVI has opted to fix its ownership percentage in YMC at 20.022%, reflecting the Company's historic Registered Capital contributions to YMC. As a result, the Company is not required to make any additional cash contributions to YMC;
 - YMC's Board will be comprised of two representatives from Spur BVI and five from YPCC. YPCC will nominate the Chairman and Spur BVI will nominate the Vice Chairman; and
 - The Company has sought and received additional minority shareholder protections, including unanimous Board approval required for financings, corporate transactions, material asset disposals and deviations from annual profit distributions of less than 80% of profits.
- d) Upon Chinese regulatory approval of the May 6, 2010 modified JV agreement, Spur BVI lost Board control of YMC. Accordingly, under IFRS, the Company's investment in YMC is no longer consolidated and instead the investment in YMC is accounted for under the equity method. The Company estimated the fair value of the equity investment in YMC at May 6, 2010, the date of the change of control, as \$10,708,268.

Pursuant to the terms of the March 2011 agreement amendments detailed in Note 4(c) above, YPCC is required to contribute the mining licenses and make a cash contribution of approximately \$38.4 million by December 31, 2011 in order to meet the government imposed deadline for registered capital contributions to YMC. The mining licenses were contributed to YMC in July 2011, however, as YPCC has yet to make the required cash contribution, as the government has yet to approve the March 2011 amendment and as the renewal of the YMC business license remains contingent upon the full registered capital contribution, the Company is not yet able to conclude that future cash flows from the mining licenses are probable and accordingly until this uncertainty is resolved no value has been recorded for these licenses. Until such time as this uncertainty is resolved, the Company will continue to account for its equity interest in YMC at its initial equity position of 90%.

The following is a summary of the changes in equity investment in YMC:

	Equity Investment in YMC \$
Balance May 6, 2010	10,708,268
Increase in investment	47,889
Share of loss from May 7 to December 31, 2010	<u>(197,830)</u>
Balance December 31, 2010	10,558,327
Share of loss from January 1 to September 30, 2011	<u>(231,466)</u>
Balance September 30, 2011	<u>10,326,861</u>

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

- e) Prior to the deemed change of Board control on May 6, 2010, the balance sheet and income statement of YMC were consolidated and inter-company balances were eliminated. Upon applying the equity method, a disputed payable of approximately \$6.4 million owing from YSC to YMC, which had previously been eliminated on consolidation is required to be recognized on consolidation of YSC. This amount is in dispute and is not guaranteed by Spur. The Company has also de-recognized accounts payable of approximately \$1.1 million and property, plant and equipment of approximately \$5.4 million upon loss of Board control of YMC.

5. YSC Joint Venture Agreement

During 2003, the Company acquired Xinyuan Chemicals Ltd. from YPCC and formed the YSC Joint Venture, ("YSC JV"), which owns a fertilizer facility located in Hubei Province, China. Spur BVI holds a 72.18% interest in YSC through the YSC JV and the two minority partners are YPCC, which holds 16.69%, and YMC, which holds 11.13%.

6. Short term investments

Short-term deposits include Canadian Dollar GICs in Canada, with maturities at inception over 90 days but less than one year. Details of the term deposits and GICs are as follows:

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
Canadian Dollar GICs in Canada	\$21,266,472	\$23,154,604
Interest rates per annum	up to 1.55%	up to 1.40%
Maturity Date	up to August 2012	up to December 2011

7. Property, plant and equipment

	<u>September 30, 2011</u>			<u>December 31, 2010</u>			<u>January 1, 2010</u>		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value	Adjusted Cost	Accumulated Amortization	Net Book Value
Building	\$ 765,938	\$ 299,482	\$ 466,456	\$ 765,938	\$ 256,828	\$ 509,110	\$ 1,510,886	\$ 334,027	\$ 1,176,860
Construction in progress	55,707	-	55,707	55,707	-	55,707	4,011,463	-	\$ 4,011,463
Machinery and equipment	1,301,766	771,507	530,259	1,192,755	735,585	457,170	1,773,964	662,922	\$ 1,111,042
Motor vehicles	29,284	29,284	-	29,284	26,555	2,729	154,428	102,240	\$ 52,189
Office equipment and furniture	153,584	77,967	75,617	106,994	67,375	39,619	172,380	111,633	\$ 60,747
Leasehold improvement	37,930	37,930	0	37,930	37,930	-	36,045	30,638	\$ 5,407
Land use rights	327,975	67,352	260,623	327,975	55,762	272,213			
Total	\$ 2,672,184	\$ 1,283,522	\$ 1,388,662	\$ 2,516,583	\$ 1,180,035	\$ 1,336,548	\$ 7,659,167	\$ 1,241,459	\$ 6,417,708

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

8. Related party transactions and key management compensation

During the three-month period ended September 30, 2011, the Company incurred \$131,090 salaries and benefits and \$37,437 consulting fees to key management and the directors of the Company for services (three-month period ended September 30, 2010: \$140,502 salaries and benefits and \$44,907 consulting fees).

During the nine-month period ended September 30, 2011, the Company incurred \$382,228 salaries and benefits and \$108,086 consulting fees to key management and the directors of the Company for services (nine-month period ended September 30, 2010: \$393,564 salaries and benefits and \$146,456 consulting fees).

Key management includes the Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Corporate Secretary.

There are no unpaid amounts to the parties.

9. Share capital

a) Authorized share capital

Unlimited common shares without par value

Unlimited number of preferred shares without par value, issuable in series and with special rights and restrictions to be determined on issuance

b) Contributed surplus

	Related to Stock Options \$	Related to Warrants \$	Total \$
Balance as at December 31, 2010	2,917,901	4,556,800	7,474,700
Stock-based compensation expenses	89,918	-	89,918
Balance as at September 30, 2011	3,007,819	4,556,800	7,564,618

c) Stock options

Assumptions for stock options valuation using the Black-Scholes Option Pricing Model:

	2011
Risk free interest rate	2.07% - 2.85%
Expected life of options in years	5 years
Expected volatility	64% - 91%
Dividend per share	\$0.00

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

Options granted prior to 2011 vest over a three-year period, with one-third of the options vesting one year after the date of grant, one-third two years after the date of grant, and the remaining one-third three years after the date of grant. The vesting period for options granted after 2011 is 12.5% immediately with 12.5% each quarter over the next two years.

During the three-month period ended September 30, 2011, stock-based compensation expense of \$61,613 was recognized (2010: \$15,710) for options.

During the nine-month period ended September 30, 2011, stock-based compensation expense of \$89,918 was recognized (2010: \$88,741) for options.

	Options outstanding	Weighted average exercise price CDN\$
Balance - December 31, 2010	1,975,000	\$0.80
Granted - August 12, 2011	1,750,000	\$0.37
Exercised	-	
Forfeited	-	
Expired	(625,000)	\$1.03
Balance - September 30, 2011	3,100,000	\$0.51

The following table summarizes information about the options outstanding at September 30, 2011:

Number of Options	Exercise Price CAD	Expiry Date	Number Exercisable
200,000	0.64	January 3, 2012	200,000
20,000	0.50	December 3, 2012	20,000
830,000	0.90	June 26, 2013	830,000
300,000	0.28	July 28, 2014	200,000
1,750,000	0.37	August 12, 2016	218,750
3,100,000			1,468,750

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

10. Segment information

Management considers developing an integrated fertilizer business, which includes the development of the phosphate project in China, to be the Company's principal activity.

Geographic Segments	September 30, 2011			December 31, 2010		
	Canada	China	Consolidated	Canada	China	Consolidated
Current assets (\$)	21,610,030	19,841	21,629,871	23,406,918	20,228	23,427,146
Investment in affiliate (\$)	-	13,305,226	13,305,226	-	10,558,327	10,558,327
Property, plant & equipment (\$)	36,586	1,352,076	1,388,662	4,190	1,332,358	1,336,548
Total assets (\$)	21,646,616	14,677,143	36,323,759	23,411,108	11,910,913	35,322,021

11. Financial risk management

The Company's activities expose it to a variety of financial risks, which include foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk.

Credit risk

The Company maintains a substantial portion of its cash and cash equivalents and short term fixed interest investments with major financial institutions in Canada and China.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Foreign currency risk

A substantial portion of the Company's business is carried out in Chinese Renminbi, and the Company maintains Renminbi denominated bank accounts and deposits. During the year ended December 31, 2008, the Company converted \$20.4 million from U.S. Dollars into Canadian Dollars and has continued to hold the majority of its cash and short-term deposits in Canadian Dollars. Fluctuations in exchange rates among the Canadian dollar and Chinese Renminbi and U.S. dollar could have a material effect on the business, results of operations and financial condition of the Company. Based on the balances as at September 30, 2011, other things being equal, a 1% increase (decrease) in the exchange rate of converting one U.S. dollar into Canadian dollars on that day would have resulted in an increase (decrease) of approximately \$213,000 in accumulated other comprehensive income; a 1% increase (decrease) in the exchange rate of converting one U.S. dollar into Chinese Reminbi on that day would have resulted in a decrease (increase) of approximately \$69,000 in accumulated other comprehensive income. The Company does not anticipate significant impact of foreign currency translation on earnings unless significant transactions denominated in currencies other than functional currencies take place.

Interest rate risk

The Company's interest rate risk mainly arises from the interest rate impact on its interest income derived from U.S. Dollar, Canadian Dollar and Chinese Renminbi cash and deposits. The Company's policy is to receive interest

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

based on market rates, and, where necessary, to borrow at fixed rates although as at September 30, 2011, the Company had no outstanding debt. Based on the balances of cash and cash equivalent and short-term investments as at September 30, 2011, other things being equal, a 1% increase (decrease) in the interest rate on that day would have resulted in an increase (decrease) of approximately \$215,000 in earnings before income taxes.

Liquidity Risk

The Company has been keeping its cash resources in highly liquid short term investment such as guarantee investment certificates offered by major Canadian financial institutions and monitors its cash spending not to exceed available cash resources.

Commodity price risk

The phosphate rock mining and integrated fertilizer projects in China are exposed to fluctuations in commodity prices like MAP fertilizer, P-rock, sulphuric acid, ammonia, etc. Management has recognized these risks and monitor closely the impact of the commodity price fluctuations on the recoverability of project investment.

12. Financial instruments by category

The Company classifies its financial instruments in the following categories: at fair value through profit and loss, loans and receivables, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition. Where the Company expects to realize the asset or discharge the liability within twelve months, it is recorded as a current asset or liability; otherwise, it is recorded as a long-term asset or liability.

Financial assets and liabilities at fair value through profit and loss are considered to be held for trading. A financial asset or liability is classified in this category is acquired principally for the purpose of selling or redeeming in the short-term. Derivatives are included in this category unless they are designated as hedges.

Financial assets and liabilities carried at fair value through profit and loss are initially recognized at fair value and are subsequently re-measured to their fair value at each statement of financial position date. Realized and unrealized gains and losses arising from changes in the fair value of these financial assets or liabilities are included in the statement of income in the period in which they arise.

Available-for-sale financial assets are non-derivatives that are either designated as available for sale or not classified in any of the other categories. Available-for-sale assets are initially recorded at fair value plus transaction costs and are subsequently carried at fair value. Unrealized gains and losses arising from changes in the fair value of non-monetary assets classified as available-for-sale are recognized in other comprehensive income.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. The Company classifies its other receivables and cash and cash equivalents in the interim consolidated balance sheets, as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Other financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognized in the statement of income over the period to maturity using the effective interest method.

Three levels of the fair value hierarchy are classified as follows:

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;
Level 3 – Inputs that are not based on observable market data.

Financial instruments of the Company are summarized as follows:

September 30, 2011	Loans and Receivables \$	Other financial liabilities \$	Total Carrying Amount \$	Total Fair Value \$	Fair value hierachy level
<u>Financial Assets</u>					
Cash and deposits	216,370	-	216,370	216,370	(*)
Guaranteed investment certificates (GICs)	21,266,472	-	21,266,472	21,266,472	(*)
Receivables	87,595	-	87,595	87,595	(*)
<u>Financial Liabilities</u>					
Accounts payable and accrued liabilities	-	646,439	646,439	646,439	(*)
Due to affiliate	-	6,455,310	6,455,310	1,960,634	n/a

December 31, 2010	Loans and Receivables \$	Other financial liabilities \$	Total Carrying Amount \$	Total Fair Value \$	Fair value hierachy level
<u>Financial Assets</u>					
Cash and deposits	194,918	-	194,918	194,918	(*)
Guaranteed investment certificates (GICs)	23,154,604	-	23,154,604	23,154,604	(*)
Receivables	21,370	-	21,370	21,370	(*)
<u>Financial Liabilities</u>					
Accounts payable and accrued liabilities	-	688,561	688,561	688,561	(*)
Due to affiliate	-	6,046,200	6,046,200	1,898,255	n/a

(*) The carrying amount of accounts receivable, accounts payable and accrued liabilities approximates fair value due to their short term nature.

13. Commitments

In October 2009, the Company entered into a five-year office lease agreement commencing October 1, 2010. The Company shares office space and related costs with two other companies from July 1, 2011. A summary of the Company's commitment in the next five years is as follows:

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

	<u>Office lease</u>
2011	\$ 20,350
2012	\$ 74,854
2013	\$ 83,176
2014	\$ 84,241
2015	\$ 63,181

14. First-time adoption of IFRS

IFRS1 *First-time adoption of International Financial Reporting Standards*, which governs the first time adoption of IFRS, in general requires accounting policies to be applied retrospectively to determine the opening statement of financial position at the Company's transition date of January 1, 2010, and allows certain exemptions from retrospective application on the transition to IFRS.

A reconciliation of assets, liabilities, equity and comprehensive loss of the Company from those reported under Canadian GAAP to IFRS at January 1, 2010, December 31, 2010 and March 30, 2010 were disclosed in Note 17 of the condensed interim consolidated financial statements for the period ended March 31, 2011.

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the consolidated statements of loss and comprehensive loss and deficit and to the consolidated balance sheets have resulted in reclassification of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows no reconciliations have been prepared.

The main differences between Canadian GAAP and IFRS are identified as follows:

[a] Functional currency and foreign currency translation

Under Canadian GAAP, the functional currency or the currency used for daily transactions was the Canadian dollar. Under IFRS, the functional currency of YMC and YSC is designated as Chinese RMB.

Consequently, as at January 1, 2010, the balance of property, plant and equipment under IFRS was \$854,734 less than the balance under Canadian GAAP. The balance of accounts payable and accrued liabilities was \$2,082 more under IFRS than the balance under Canadian GAAP.

The Company has elected to reset the unrealized foreign currency translation amount from previous functional currency to reporting currency to nil at January 1, 2010. Consequently the accumulated other comprehensive income ("AOCI") was set to zero at January 1, 2010 and the AOCI balance of \$4,908,340 was recorded as a credit to deficit. Subsequent AOCI balance reflects the unrealized foreign exchange gain (loss) from translation of functional currencies to the US\$ presentational currency cumulative from January 1, 2010.

[b] Investment in affiliate

Under Canadian GAAP, the Company accounted for the investment in YMC as a variable interest entity and the Company consolidated the accounts of YMC to December 31, 2010. Under IFRS, the investment in the Company's

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

affiliate YMC is accounted for using the equity method from May 7, 2010 when Spur lost Board control of YMC. At the date Board control was lost; Spur derecognized the assets and liabilities of YMC and recorded the investment in YMC at its fair value. The fair value of the Company's investment in YMC has been estimated by management taking into account the estimated fair value of the property, plant and equipment and other assets of YMC less the fair value of its liabilities. Accordingly, YMC assets such as cash, prepaid expenses, property, plant & equipment, accounts payable and accrued liabilities, and expenses such as depreciation and mineral property costs were no longer consolidated with the Company's accounts (see Note 4).

In addition, certain inter-company balances and transactions such as the disputed \$6,455,310 payable to YMC by YSC which is not guaranteed by Spur (see Note 4e), that were previously eliminated on consolidation, have been recorded as a separate line item in the accounts of the Company.

[c] Non-controlling interest

Under Canadian GAAP, losses were no longer attributed to the non-controlling interest once the equity interest was reduced to nil, unless the non-controlling interest had guaranteed the losses. Under IFRS, the non-controlling interest's share of losses continue to be allocated to the non-controlling interest regardless of whether the non-controlling interest has guaranteed the losses of the entity or not .

14.1 Reconciliation between the Canadian generally GAAP and IFRS consolidated statements of changes in equity at September 30, 2010

September 30, 2010	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Sub-total	Non-Controlling Interest	Total Equity
Balance as reported under Canadian GAAP		\$41,386,379	\$7,458,636	\$5,369,148	\$ (25,781,466)	\$28,432,697	\$ -	\$28,432,697
Currency translation adjustment	[a]	-	-	663,028	30,436	693,463	(730)	\$692,733
First time IFRS adoption adjustment	[a]	-	-	(4,908,340)	4,051,524	(856,816)	-	(\$856,816)
Difference in loss for the period	[b]	-	-	-	-	-	(42,441)	(\$42,441)
Balance as reported under IFRS		\$41,386,379	\$7,458,636	\$1,123,836	(21,699,507)	\$ 28,269,343	(43,171)	\$28,226,173

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

14.2 Reconciliation of loss and comprehensive loss

	Note	Three months ended September 30, 2010		
		Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
Expenses				
Consulting fees		53,607	-	53,607
Depreciation and amortization	[b]	107,709	(47,699)	60,010
Mineral property costs	[b]	45,984	(45,984)	-
Office and miscellaneous		18,511	-	18,511
Professional fees		35,949	-	35,949
Recovery of bad debts		(18,405)	-	(18,405)
Rent		43,292	-	43,292
Share-based payments		15,710	-	15,710
Transfer agent and filing fees		9,573	-	9,573
Travel, advertising and promotion		27,573	-	27,573
Wages and benefits		159,939	-	159,939
		499,442	(93,683)	405,759
Other expenses (income)				
Interest income		(55,798)	-	(55,798)
Share of loss on investment in affiliate	[b]	-	61,696	61,696
Loss (gain) from disposal of obsolete inventory and plant assets		(36,787)	-	(36,787)
Foreign exchange loss (gain)	[a]	(24,407)	29,031	4,624
Loss for the period		382,450	90,727	379,494
Net loss attributable to				
Non-controlling interest	[c]	-	(1,725)	(1,725)
Equity shareholders of the Company		382,450	(1,231)	381,219
Loss for the period		382,450	(2,956)	379,494
Other comprehensive loss (income), net of tax:				
Unrealized loss (gain) on translating financial statements from functional currency to reporting currency	[a]	(838,411)	296,760	(541,651)
Comprehensive loss (income) for the period		(455,961)	293,804	(162,157)
Comprehensive loss (income) attributable to				
Non-controlling interest	[c]	-	(1,725)	(1,725)
Equity shareholders of the Company		(455,961)	-	(160,432)

Spur Ventures Inc.

Notes to Interim Consolidated Financial Statements

September 30, 2011

(unaudited and expressed in in U.S. dollars)

	Note	Nine months ended September 30, 2010		
		Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
Expenses				
Consulting fees		172,556	-	172,556
Depreciation and amortization	[b]	314,531	(79,438)	235,093
Mineral property costs	[b]	146,241	(84,250)	61,991
Office and miscellaneous		55,171	-	55,170
Professional fees		104,258	-	104,258
Recovery of bad debts		(18,405)	-	(18,405)
Rent		128,052	-	128,052
Share-based payments		88,741	-	88,741
Transfer agent and filing fees		31,505	-	31,505
Travel, advertising and promotion		86,165	-	86,165
Wages and benefits		451,875	-	451,875
		1,560,690	(163,688)	1,397,001
Other expenses (income)				
Interest income		(146,798)	-	(146,798)
Share of loss on investment in affiliate	[b]	-	170,396	170,396
Loss (gain) from disposal of obsolete inventory and plant assets		(48,211)	-	(48,211)
Foreign exchange loss (gain)	[a]	1,368	5,299	6,667
Loss for the period		1,367,049	175,695	1,379,055
Net loss attributable to				
Non-controlling interest	[c]	-	42,441	42,441
Equity shareholders of the Company		1,367,049	(30,435)	1,336,614
Loss for the period		1,367,049	12,006	1,379,055
Other comprehensive loss (income), net of tax:				
Unrealized loss (gain) on translating financial statements from functional currency to reporting currency	[a]	(460,808)	(663,028)	(1,123,836)
Comprehensive loss (income) for the period		906,241	(651,022)	255,219
Comprehensive loss (income) attributable to				
Non-controlling interest	[c]	-	(42,441)	(42,441)
Equity shareholders of the Company		906,241	(608,581)	297,660