

Spur Ventures Inc.

Consolidated Financial Statements
December 31, 2010 and 2009
(expressed in U.S. dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The financial statements contain estimates based on management's judgement. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit of the annual financial statements, and their report follows.

Robert J. Rennie
Chief Executive Officer & Interim Chief Financial Officer

March 30, 2011

March 30, 2011

Independent Auditor's Report

To the Shareholders of Spur Ventures Inc.

We have audited the accompanying consolidated financial statements of Spur Ventures Inc., which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of loss and deficit, comprehensive income (loss) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Spur Ventures Inc. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed PricewaterhouseCoopers LLP

Chartered Accountants
Vancouver, BC

Spur Ventures Inc.
Consolidated Balance Sheets
(Expressed in U.S. dollars)

	December 31, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents (Note 6)	\$ 197,773	\$ 18,018,972
Short-term deposits (Note 7)	23,154,604	4,805,662
Marketable securities (Note 8)	-	486,620
Prepaid expenses	59,634	79,004
Accounts receivable	21,370	8,418
	<u>23,433,381</u>	<u>23,398,676</u>
Property, plant & equipment (Note 9)	7,140,623	7,224,505
Land use rights (Note 10)	337,194	335,027
TOTAL ASSETS	\$ 30,911,198	\$ 30,958,208
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 1,875,686	\$ 1,708,011
TOTAL LIABILITIES	<u>1,875,686</u>	<u>1,708,011</u>
EQUITY		
Share capital (Note 12 (a) & 12(b))	\$ 41,386,379	\$ 41,386,379
Contributed surplus (Note 12(c))	7,474,700	7,369,895
Accumulated other comprehensive income	6,373,674	4,908,340
Accumulated deficit	(26,199,241)	(24,414,417)
Total equity attributable to equity shareholders of the Company	29,035,512	29,250,197
Non-controlling interests	-	-
TOTAL EQUITY	<u>29,035,512</u>	<u>29,250,197</u>
TOTAL LIABILITIES AND EQUITY	\$ 30,911,198	\$ 30,958,208

Nature of Operations and Measurement Uncertainty (Note 1)
Commitments (Note 18)

APPROVED BY THE DIRECTORS

Robert G. Atkinson

Director

Robert J. Rennie

Director

Spur Ventures Inc.
Consolidated Statements of Loss and Deficit
(Expressed in U.S. dollars)

	Years ended	
	December 31, 2010	December 31, 2009
Expenses		
Consulting fees	\$ 243,689	\$ 247,770
Depreciation and amortization	419,557	456,264
Mineral property costs	197,563	272,446
Office and miscellaneous	69,786	73,534
Printing and mailing	2,984	5,891
Professional fees	128,868	87,138
Provision for (recovery of) bad debts	(24,375)	-
Rent	155,949	169,181
Repairs and maintenance	4,846	3,587
Selling expenses	2,279	6,876
Stock-based compensation expenses (Note 12(c), 12(d))	104,806	209,321
Transfer agent and filing fees	36,388	33,319
Travel, advertising and promotion	124,082	128,229
Wages and benefits	626,729	791,969
	<u>2,093,151</u>	<u>2,485,525</u>
Loss before the undernoted	(2,093,151)	(2,485,525)
Other income		
Interest income	209,398	147,936
Sales of obsolete inventory and parts	73,253	73,737
Gain on fair value of marketable securities (Note 8)	-	486,620
Foreign exchange gain	25,676	234,022
	<u>308,327</u>	<u>942,315</u>
Net loss for the year	(1,784,824)	(1,543,210)
Attributable to		
Non-controlling interests	-	-
Equity shareholders of the Company	<u>(1,784,824)</u>	<u>(1,543,210)</u>
Deficit, Beginning of the year	(24,414,417)	(22,871,207)
Deficit, End of the year	\$ (26,199,241)	\$ (24,414,417)
Weighted average number of shares outstanding, basic and diluted	60,407,187	60,407,187
Net loss per share, basic and diluted	(\$0.030)	(\$0.026)

Spur Ventures Inc.

Consolidated Statements of Comprehensive Income (Loss)

(Expressed in U.S. dollars)

	Years ended	
	December 31, 2010	December 31, 2009
Net loss for the year	\$ (1,784,824)	\$ (1,543,210)
Other comprehensive income, net of tax:		
Unrealized gain on translating financial statements from functional currency to reporting currency	1,465,334	4,149,975
Comprehensive income (loss) for the year	\$ (319,490)	\$ 2,606,765
Attributable to		
Non-controlling interests	-	-
Equity shareholders of the Company	(319,490)	2,606,765

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

Spur Ventures Inc.
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

	Years ended	
	December 31, 2010	December 31, 2009
Cash flows from operating activities		
Net loss for the year	\$ (1,784,824)	\$ (1,543,210)
Items not affecting cash		
Depreciation and amortization	419,557	456,264
Stock-based compensation	104,806	209,321
Gain on fair value of marketable securities	-	(486,620)
Foreign exchange loss (gain)	(25,676)	(234,022)
	(1,286,137)	(1,598,267)
Net changes in non-cash working capital		
Accounts receivable	(12,083)	4,546
Prepaid expenses	22,432	(6,429)
Due from joint venture partner	-	309,842
Accounts payable and accrued liabilities	98,247	17,780
Net cash provided by (used in) operating activities	(1,177,541)	(1,272,528)
Cash flows from investing activities		
Capital expenditures paid	(2,031)	(175,536)
Disposal of capital assets	49,608	-
Loan receivable	-	(301,076)
Proceeds from loan repayment	-	328,731
Proceeds from disposal of investments	29,177,656	370,681
Purchase of short-term investments	(45,510,050)	(4,561,628)
Net cash provided by (used in) investing activities	(16,284,817)	(4,338,828)
Cash flows from financing activities		
Net cash provided by (used in) financing activities	-	-
Effect of exchange rate changes	(358,841)	3,126,890
Increase (decrease) in cash and cash equivalents	(17,821,199)	(2,484,466)
Cash and cash equivalents, beginning of the year	18,018,972	20,503,438
Cash and cash equivalents, end of the year	\$ 197,773	\$ 18,018,972
Supplemental cash flow disclosure		
Interest received	\$ 178,316	\$ 180,718
Interest paid	\$ -	\$ -
Changes in accrued liabilities related to the MAP project construction in progress	\$ -	\$ (175,536)

Spur Ventures Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2010 and 2009

1 Nature of Operations and Measurement Uncertainty

Spur Ventures Inc. ("Spur" collectively with its subsidiaries is referred to as 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"), a state owned enterprise of Yichang City, Hubei Province, China.

During 2007, management concluded that prices of raw materials, especially potash and sulphuric acid, were too high for the joint YSC/YMC fertilizer facility to be viable, and as a result shutdown the facility temporarily in order to convert the facility into a mono-ammonium phosphate plant ("MAP").

During 2008, YMC commenced construction activity at the YSC facility to convert the fertilizer plant into a MAP plant. In 2008, due to the global financial crisis, the rapid decline in commodity prices, the Chinese government extension of export tariffs and the uncertainty in the near term fertilizer markets both in China and globally, the Company decided to suspend its MAP plant construction.

Management has not recorded a current impairment charge against the existing fertilizer plant and equipment (Note 9) and land use rights (Note 10), because fertilizer market fundamentals have improved considerably and thus management remains confident that the Company will obtain the required financing to complete the MAP plant construction and that the plant will generate profitable operations in the future. However, the success of these initiatives cannot be assured.

There remain risks and uncertainties with respect to the approval of the transfer of the mining licenses as described (Note 4), 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 cost risks, product marketing risks, and political risks.

The recoverability of the Company's investment in property rights, plant and equipment in China is dependent upon these plans 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 Recent Accounting Pronouncements

On January 1, 2010, the Company adopted the following CICA accounting standards: the CICA Handbook Sections 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-controlling Interests*, which replace CICA Handbook Sections 1581, *Business Combinations*, Section 1600, *Consolidated Financial Statements*, Section 1625 *Comprehensive Evaluation of Assets and Liabilities*. Section 1582 establishes accounting standards equivalent to International Financial Reporting Standards IFRS 3, "*Business Combinations*". Section 1601 together with Section 1602 establish standards for the preparation of consolidated financial statements. Section 1625 establishes recognition, measurement and disclosure standards dealing with the comprehensive revaluation of assets and liabilities by profit-oriented enterprises in order to establish a new cost basis. Adoption of these accounting pronouncements had no material impact on the financial statements.

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Notes to Consolidated Financial Statements
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3 Summary of Significant Accounting Policies

Reporting in U.S. dollars and foreign currency translations

The Company's functional currency is the Canadian dollar ("CDN") and its reporting currency is the U.S. dollar ("U.S."). The Company's Chinese subsidiaries are integrated operations as they are dependent on Spur's cash injections for working capital. Accordingly, the Company uses the temporal method to translate accounts of these subsidiaries into Canadian dollars. Under this method, monetary assets and liabilities are translated at year-end exchange rates and items included on the statements of operations and cash flows are translated at rates in effect at the time of the transaction. Non-monetary assets and liabilities are translated at historical rates. The gain or loss on translation is charged to the statement of operations.

The Company then uses the current rate method to translate from the Canadian dollar functional currency amounts into the U.S. reporting currency. Under this method, all assets, liabilities, operating activities and cash flows are translated at the year-end rate and the resulting unrealized gain or loss on translation is recognized as other comprehensive income.

Principles of consolidation and preparation of financial statements

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and include the accounts of the Company, its two Sino-foreign Joint Venture companies, YSC and YMC (controlled by the Company), and its wholly owned subsidiary, Spur Chemicals (BVI) Inc. All significant inter-company transactions and accounts have been eliminated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, term deposits and short term highly liquid investments with the original term to maturity of 90 days or less, which are readily convertible to known amounts of cash and which, in the opinion of management, are subject to an insignificant risk of changes in value. Such financial assets are stated at cost, and therefore are recorded at fair value.

To limit its foreign exchange and credit exposure, the Company deposits its funds with large financial institutions in Canadian dollars, Chinese Renminbi or U.S. dollars.

Short-term deposits

Short term deposits with an original maturity of greater than 90 days and less than 1 year are recorded at their respective fair values.

Mineral property exploration expenditures

The Company expenses mineral property exploration expenditures when incurred.

Property, plant and equipment

Property, plant and equipment assets are recorded at cost less accumulated depreciation and impairment provisions. Construction in progress is not depreciated until put into use. Depreciation is computed using the

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For the years ended December 31, 2010 and 2009

straight-line method at the following rates calculated to depreciate the cost of the assets less their residual values over their estimated useful lives:

Building	5.00%
Machinery and equipment	8.33% - 10.00%
Motor vehicle	20.00%
Office equipment and furniture	20.00%
Computer equipment	33.33%
Leasehold improvement	20.00%

Land use rights

The land use rights are for 50 years and are recorded at cost less accumulated depreciation and an impairment provision. They are amortized on a straight-line basis over the initial term of the business license of the fertilizer plant operations of 30 years.

Impairment of long-lived assets

Where events or changes in circumstances suggest impairment, management reviews the future net cash flows of each long-lived asset. Estimated future net cash flows are calculated using estimated future prices, selling prices for fertilizer products, and operating, capital and reclamation costs on an undiscounted basis to determine if the carrying amount is not recoverable. If the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposal, reductions in the carrying value of such long-lived asset would be recorded to the extent the net book value of the related asset exceeds its fair value (estimated by the net present value of expected future net cash flows).

Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if the carrying value can be recovered.

Management's estimates of mineral prices, selling prices for fertilizer products, and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of long-lived assets. Although management has made its best estimate of these factors, it is possible that changes may occur in the near term which could adversely affect management's estimate of the net cash flow to be generated from the Company's assets.

Asset retirement obligations

The accounting for asset retirement obligations encompasses the accounting for the Company's legal and contractual obligations associated with the retirement of a tangible long-lived asset that results from the acquisition, construction or development and/or the normal operation of a long-lived asset. The retirement of a long-lived asset is an other than temporary removal from service, including its sale, abandonment, recycling or disposal in some other manner.

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Use of estimates

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.

Stock-based compensation

The Company accounts for stock options using the fair value method. Fair value is measured using the Black-Scholes valuation model on the date of grant of stock options, and is recognized as stock-based compensation expense and shareholders' equity over the stock option life assuming no forfeiture. When employee stock options are forfeited or expire unexercised, previously recognized unvested charge is reversed. Consideration paid on exercise of share purchase options is recorded as share capital.

Loss per common share

The basic earnings (loss) per share is computed by dividing the earning (loss) by the weighted average number of common shares outstanding during the year. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if exercised. For this purpose, the "treasury stock method" is used whereby the assumed proceeds upon the exercise of stock options and warrants are used to purchase common shares at the average market price during the year.

For the years ended December 31, 2009 and 2010, the Company excluded potential common share equivalents from the loss per share calculation as they were anti-dilutive.

Income taxes

The Company follows the asset and liability method for accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on the differences between the tax basis of assets and liabilities and the amounts reported in the financial statements. The future tax assets or liabilities are calculated using the tax rates for the periods in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

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4 YMC Joint Venture Agreement

a) Initial YMC JV Agreement

YMC was incorporated to construct an integrated compound fertilizer production facility and develop the Dianziping and Shukongping phosphate deposits to provide phosphate for fertilizer production. 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 initial YMC JV interests of each party reflected the initial expected contributions of each party to the required Registered Capital of YMC, with YPCC contributing the mining licenses in respect of the deposits and Spur BVI contributing the project capital. The required total Registered Capital was established at \$173 million (RMB 1.14 billion) with Spur BVI required to contribute \$155.7 million (RMB 1.026 billion) and YPCC required to contribute \$17.3 million (RMB 0.114 billion) based upon the deemed value, for purposes of determination of Registered Capital under Chinese laws, of the Dianziping and Shukongping phosphate deposits and other consideration agreed to between the parties.

The transfer of the Dianziping and Shukongping phosphate deposit licenses from YPCC to YMC is a complex and time consuming process, which requires a large number of governmental and regulatory approvals, some of which have been obtained and others that are in various stages of progress.

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.

The Shukongping mining license is valid until October 9, 2011. The Dianziping mining licence is valid until February 2014.

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 mines to YMC at a deemed value, for purposes of determination of Registered Capital under Chinese laws, of the deposits of \$53.6 million (RMB 353 million); and
- contribute approximately \$2.6 million (RMB 17 million) in cash.

Spur Ventures Inc.

Notes to Consolidated Financial Statements
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The increase in deemed value of the deposits was based on an updated mining plan and valuation prepared in the third quarter of 2009, in accordance with new requirements of China Mining Law.. This increase in the deemed value of the deposits automatically translated into an increase in YPCC's "in-kind" Registered Capital contribution and equity ownership position in YMC, once the licenses are transferred to YMC. The updated mining plan and valuation was not prepared in accordance with NI 43-101 and is not intended to be relied upon as such.

The new required Registered Capital amount was established at \$121 million (RMB 798 million) instead of the previous \$173 million (RMB 1.14 billion). Spur BVI can maintain a 49% equity ownership in YMC, taking into account previous contributions to YMC of \$24.2 million (RMB 159.6 million), and is required to contribute \$35.1 million (RMB 231.4 million) in order to maintain this equity interest.

The above contributions had not been made by either YPCC or Spur by the August 31, 2010 deadline and as a result of the contributions not being made, on October 31, 2010, YMC's business license lapsed (Note 18).

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

YPCC and Spur BVI have agreed 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;
- The Company has sought and received additional minority shareholder protections, including unanimous Board approval required for financings, corporate transactions, material asset disposals and profit distributions; and
- YPCC has until December 31, 2011 to complete the required Registered Capital contributions to YMC by way of the completion of the transfer of the mining licenses at the deemed value of \$53.6 million (RMB 353 million) and cash contributions of approximately \$37.7 million (RMB 248 million) in order to fix its ownership percentage in YMC at 79.978%

d) At December 31, 2010 YMC continues to be accounted for as a variable interest entity (VIE) and thus the Company is still consolidating YMC as the Company remains the primary beneficiary, as defined by CICA Handbook Accounting Guideline AcG-15 ("AcG 15"). YPCC has yet to make its required contributions under the YMC JV and to date Spur BVI has made approximately 90% of the Registered Capital contributions to the project.

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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 the 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 Cash and cash equivalents

Cash and cash equivalents consist of deposits with four major Canadian financial institutions and several Chinese banks. Details of the deposits are as follows:

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Canadian Dollar deposits in Canada	\$139,445	\$17,949,002
Canadian Dollar deposits in China	-	263
RMB deposits in China	56,174	59,548
U.S. Dollar deposits in Canada	2,154	10,159
Total	<u>\$197,773</u>	<u>\$18,018,972</u>
Interest rates per annum	up to 1.04%	up to 0.46%
Maturity Date	n/a	n/a

7 Short-term deposits

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

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Canadian Dollar GICs in Canada	\$23,154,604	\$4,805,662
Interest rates per annum	up to 1.40%	1.00%
Maturity Date	up to December 2011	May 2010

8 Marketable securities

As at December 31, 2009, the fair value of the 750,000 shares held in a natural resource company was \$486,620 based on the trading value of shares. In January 2010, the Company disposed of all the shares of the natural resource company for proceeds of \$486,620 (CDN\$509,296).

Spur Ventures Inc.

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9 Property, plant and equipment

	December 31, 2010			December 31, 2009		
	Adjusted Cost	Accumulated Amortization	Net Book Value	Adjusted Cost	Accumulated Amortization	Net Book Value
Building	\$ 1,831,324	\$ 506,471	\$ 1,324,853	\$ 1,740,334	\$ 361,194	\$ 1,379,140
Construction in progress	4,545,083	-	4,545,083	4,319,262	-	4,319,262
Machinery and equipment	2,397,434	1,216,961	1,180,473	2,329,177	921,420	1,407,757
Motor vehicles	162,503	128,095	34,409	154,428	102,240	52,188
Office equipment and furniture	185,845	130,039	55,806	172,382	111,631	60,751
Leasehold improvement	37,930	37,930	-	36,045	30,638	5,407
Total	\$ 9,160,119	\$ 2,019,496	\$ 7,140,623	\$ 8,751,628	\$ 1,527,123	\$ 7,224,505

During the third quarter of 2007, management concluded that prices of raw materials, especially potash and sulphuric acid, were too high for the YSC fertilizer facility to be viable. Management decided to idle the facility and convert it into a mono-ammonium phosphate plant ("MAP"). During 2008, the Company commenced construction activity to convert the fertilizer facility into a MAP plant. Due to the global financial crisis, the rapid decline in commodity prices in the fourth quarter of 2008, the Chinese government extension of export tariffs and the uncertainty in the near term fertilizer markets both in China and globally the Company decided to temporarily suspend its MAP plant construction.

10 Land use rights

	December 31, 2010			December 31, 2009		
	Adjusted Cost	Accumulated Amortization	Net Book Value	Adjusted Cost	Accumulated Amortization	Net Book Value
Land Use Rights	\$ 399,066	\$ 61,871	\$ 337,194	\$ 379,238	\$ 44,211	\$ 335,027

Land use rights refer to the ability of the Company to operate a fertilizer and phosphoric acid facility for a period of 50 years. These land use rights are provided by the municipal government and are being amortized over the initial 30-year term of the related business license as this is currently believed to approximate the estimated useful life.

11 Accounts payable and accrued liabilities

\$1,187,125 of the December 31, 2010 balance of accounts payable and accrued liabilities belonged to YMC (December 31, 2009: \$1,131,422 belonged to YMC).

Spur Ventures Inc.

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12 Shareholders' equity

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) Issued and outstanding common shares

	Number of common shares	\$
Balance as at December 31, 2008	60,407,187	41,386,379
Change	-	-
Balance as at December 31, 2009 and 2010	60,407,187	41,386,379

c) Contributed Surplus

	Related to Stock Options \$	Related to Warrants \$	Total \$
Balance as at December 31, 2008	2,603,774	4,556,800	7,160,574
Stock-based compensation expenses	209,321	-	209,321
Balance as at December 31, 2009	2,813,095	4,556,800	7,369,895
Stock-based compensation expenses	104,806	-	104,806
Balance as at December 31, 2010	2,917,901	4,556,800	7,474,700

d) Stock options: assumptions used

	2009
Risk free interest rate	2.25% - 2.83%
Expected life of options in years	5 years
Expected volatility	64% - 81%
Dividend per share	\$0.00

The following is a summary of stock option transactions:

Spur Ventures Inc.

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	Options outstanding	Weighted average exercise price CDN\$
Balance - December 31, 2008	3,720,000	\$1.25
Granted	300,000	\$0.28
Exercised	-	
Forfeited/expired	(1,250,000)	\$1.50
Balance - December 31, 2009	2,770,000	\$1.03
Granted	-	
Exercised	-	
Forfeited	(295,000)	\$1.11
Expired	(500,000)	\$1.80
Balance - December 31, 2010	1,975,000	\$0.82

The weighted average exercise price at December 31, 2010 was CDN\$0.82 (2009 – CDN\$1.03). No stock options were granted in 2010 (2009 - 300,000 stock options granted with a weighted average grant date fair value of CDN\$0.19).

Options granted 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. During the year ended December 31, 2010, compensation expense of \$104,806 was recognized (2009: \$209,321) for options granted in current and prior years.

The following table summarizes information about the options outstanding at December 31, 2010:

Range of exercise prices CDN	Options outstanding			Options exercisable		
	Number outstanding at December 31, 2010	Weighted average remaining contractual life (years)	Weighted average exercise price CDN	Number exercisable at December 31, 2010	Weighted average exercise price CDN	
1.03	625,000	0.51	1.03	625,000	1.03	
0.64	200,000	1.01	0.64	133,333	0.64	
0.50	20,000	1.92	0.50	20,000	0.50	
0.90	830,000	2.48	0.90	553,333	0.90	
0.28	300,000	3.57	0.28	100,000	0.28	
\$0.28 to \$1.03	1,975,000	1.87	\$ 0.82	1,431,666	\$ 0.88	

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13 Related party transactions

During the year ended December 31, 2010, the Company incurred consulting fees of \$158,576 to three companies controlled by one director and two officers (2009: \$162,751).

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount agreed to by the parties.

14 Segmented 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. All revenues are earned from sales to customers located in China.

Geographic Segments	December 31, 2010			December 31, 2009		
	Canada	China	Consolidated	Canada	China	Consolidated
Current assets	\$ 23,406,918	26,463	\$23,433,381	23,321,789	76,887	23,398,676
Property, plant & equipment	4,190	7,136,433	7,140,623	6,810	7,217,695	7,224,505
Land use right	-	337,194	337,194	-	335,027	335,027
Total assets	\$23,411,108	\$7,500,090	\$30,911,198	\$23,328,599	\$7,629,609	\$30,958,208

15 Income taxes

A reconciliation of the combined Canadian federal and provincial income taxes at statutory rates and the Company's effective income tax expense is as follows:

	For the year ended December, 31 2010	For the year ended December, 31 2009
Earnings (loss) before income taxes	(1,784,824)	(1,543,210)
Federal and provincial income tax rates	28.50%	30.00%
Income tax expense (recovery) based on the above rates	(508,675)	(462,963)
Increase (decrease) due to:		
Non-deductible expenses and other items	31,061	64,999
Foreign exchange	(6,550)	(123,341)
Difference between Canadian and foreign tax rates	23,806	46,138
Losses and temporary differences not recognized	460,359	542,062
Non-taxable portion of gains	-	(66,895)
Income tax expense (recovery)	-	-

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Future income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's future income tax assets as at December 31 are as follows:

	2010	2009
	\$	\$
<i>Future income tax assets</i>		
Tax loss carryforwards and other amounts	3,987,583	3,866,343
Property, plant & equipment	1,115,456	1,071,553
Mineral Properties	4,059,460	3,862,047
Total future income tax assets	9,162,498	8,799,943
Valuation allowance	(9,162,498)	(8,739,116)
Net future income tax assets	-	60,827
<i>Future income tax liabilities</i>		
Investment	-	60,827
Total future income tax liabilities	-	60,827
Net future income tax liabilities	-	-

At December 31, 2010, the Company has the following unused tax losses available for application against taxable income of future years, and they expire as follows:

	Canada	China
2011	-	2,010,436
2012	-	1,676,918
2013	-	978,592
2014	1,008,176	835,976
2015	1,107,603	600,719
2026	1,338,557	
2027	1,592,828	
2028	885,438	
2029	1,763,025	
2030	1,058,077	
	8,753,705	6,102,642

A full valuation allowance has been recorded against the potential future income tax assets associated with all the loss carry-forwards as their utilization is not considered more likely than not at this time.

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16 Financial instruments and risks

The Company classifies its investments in the following categories:

Held-for-trading financial assets and liabilities are recorded at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in fair value of held-for-trading financial instruments are recorded in net earnings.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. They are carried at amortized cost using the effective interest method.

Available-for-sale financial assets are recorded at fair value as determined by active market prices. Unrealized gains and losses on available-for-sale investments are recognized in other comprehensive income. If a decline in fair value is deemed to be other than temporary, the unrealized loss is recognized in net earnings. Investments in equity instruments that do not have an active quoted market price are measured at cost.

Loans and receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

CICA Handbook Section 3862 Financial Instruments – Disclosures requires classification of these items within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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.

December 31, 2010 and 2009 Information of the Company's financial instruments is summarized as follows:

December 31, 2010	Held for trading	Held to maturity	Available for sale	Loans and Receivables	Other financial liabilities	Total Carrying Amount	Total Fair Value	Fair value hierarchy level
<u>Financial Assets</u>								
Cash and deposits	\$ 197,773	\$ -	\$ -	\$ -	\$ -	\$ 197,773	\$ 197,773	2
Guaranteed investment certificates (GICs)	\$ -	\$ 23,154,604	\$ -	\$ -	\$ -	\$ 23,154,604	\$ 23,154,604	2
Receivables (*)	\$ -	\$ -	\$ -	\$ 21,370	\$ -	\$ 21,370	\$ 21,370	3
<u>Financial Liabilities</u>								
Accounts payable and accrued liabilities (*)	\$ -	\$ -	\$ -	\$ -	\$ 1,875,686	\$ 1,875,686	\$ 1,875,686	3

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December 31, 2009	Held for trading	Held to maturity	Available for sale	Loans and Receivables	Other financial liabilities	Total Carrying Amount	Total Fair Value	Fair value hierarchy level
Financial Assets								
Cash and deposits	\$ 18,018,972	\$ -	\$ -	\$ -	\$ -	\$ 18,018,972	\$ 18,018,972	2
Guaranteed investment certificates (GICs)	\$ -	\$ 4,805,662	\$ -	\$ -	\$ -	\$ 4,805,662	\$ 4,805,662	2
Receivables	\$ -	\$ -	\$ -	\$ 8,418	\$ -	\$ 8,418	\$ 8,418	3
Marketable Securities (*)	\$ 486,620	\$ -	\$ -	\$ -	\$ -	\$ 486,620	\$ 486,620	2
Financial Liabilities								
Accounts payable and accrued liabilities (*)	\$ -	\$ -	\$ -	\$ -	\$ 1,708,011	\$ 1,708,011	\$ 1,708,011	3

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

Credit risk

The Company maintains a substantial portion of its cash and cash equivalents with major financial institutions in Canada and China. The Company is not currently subject to a concentration of credit risk in relation to its accounts receivable, due to the idling of the fertilizer plant (Note 1).

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 throughout 2009 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 December 31, 2010, 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 \$287,000 in earnings before income taxes; a 1% increase (decrease) in the exchange rate of converting one Canadian dollar into Chinese Reminbi on that day would have resulted in a decrease (increase) of approximately \$16,000 in earnings before income taxes.

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 based on market rates, and, where necessary, to borrow at fixed rates although as at December 31, 2010,

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the Company had no outstanding debt. Based on the balances of cash and cash equivalent and short-term investments as at December 31, 2010, other things being equal, a 1% increase (decrease) in the interest rate on that day would have resulted in an increase (decrease) of approximately \$234,000 in earnings before income taxes.

17 Capital Management

Capital includes all components of shareholders' equity. The Company's objective in managing capital is to safeguard the Company's ability to continue as a going concern, to maintain a flexible capital structure which optimizes cost of capital at acceptable risk, and to provide reasonable returns to shareholders. The Company invests its funds in deposits and GICs with major financial institutions and monitors capital by gauging cash and short-term investments available for use. The Company manages the capital structure and makes adjustments in light of changes in economic conditions, foreign exchange rates and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to improve working capital. The Company has no asset backed commercial paper exposure.

18 Commitments

As at December 31, 2010, YMC had \$9.96 million (RMB65.63 million) in signed contracts related to the MAP project, of which \$3.31 million (RMB21.83 million) has been paid, \$1.04 million (RMB6.84 million) has been accrued, and \$5.61 million (RMB36.96 million) remains as a commitment. In October 2009, the Company entered into a five-year office lease agreement commencing October 1, 2010 to share office space and related costs with another company. A summary of the Company's commitment in the next five years is as follows:

	<u>MAP project contracts</u>	<u>Office lease</u>	<u>Total</u>
2011	\$5,607,627	\$ 104,891	\$5,712,518
2012	-	\$ 97,734	\$ 97,734
2013	-	\$ 108,600	\$ 108,600
2014	-	\$ 109,991	\$ 109,991
2015	-	\$ 82,493	\$ 82,493

19 Subsequent events

In addition to items noted elsewhere, in March 2011, the business licence of YMC was extended to December 31, 2011 by the Hubei Administration for Industry and Commerce.