



**SPUR VENTURES INC.**

# **Spur Ventures Inc. Annual General Meeting**

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*Rob Rennie  
President & CEO  
Vancouver  
June 14, 2011*



# Key Messages

Spur has made substantial progress in China in 2010 and early 2011

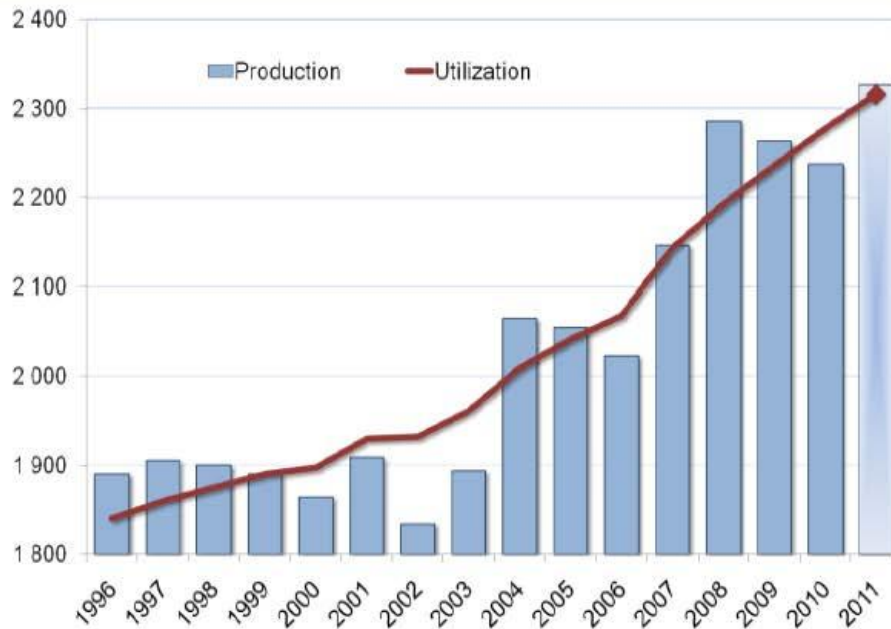
- YMC's legal status normalized thus allowing:
  - Business License to be valid
  - Mining license transfers to reach final decision point:
- Xingfa as new JV partner is a net positive for Spur allowing
  - Fulfillment of JV obligation to build integrated P mining-fertilizer P operation at YMC
  - Expected commercial product in 2012
- Spur will have a minimum 20% equity in YMC receiving full credit for past investment with possible upside when YSC and YMC merger completed



# Stocks to Use Ratio for Cereal Remains Tight



## World Cereal Production and Utilization (Mt)



Sources: FAO and USDA

### 2011/12

- Production: +90 Mt
- Utilization: +39 Mt
- Ending stocks: +2 Mt

Source: USDA

### Impact of

- Drought in northern Europe
- Excess rainfall in northern US



# Crop prices (except for rice) are again high and very volatile



## Relative Evolution of Agricultural Commodity Prices

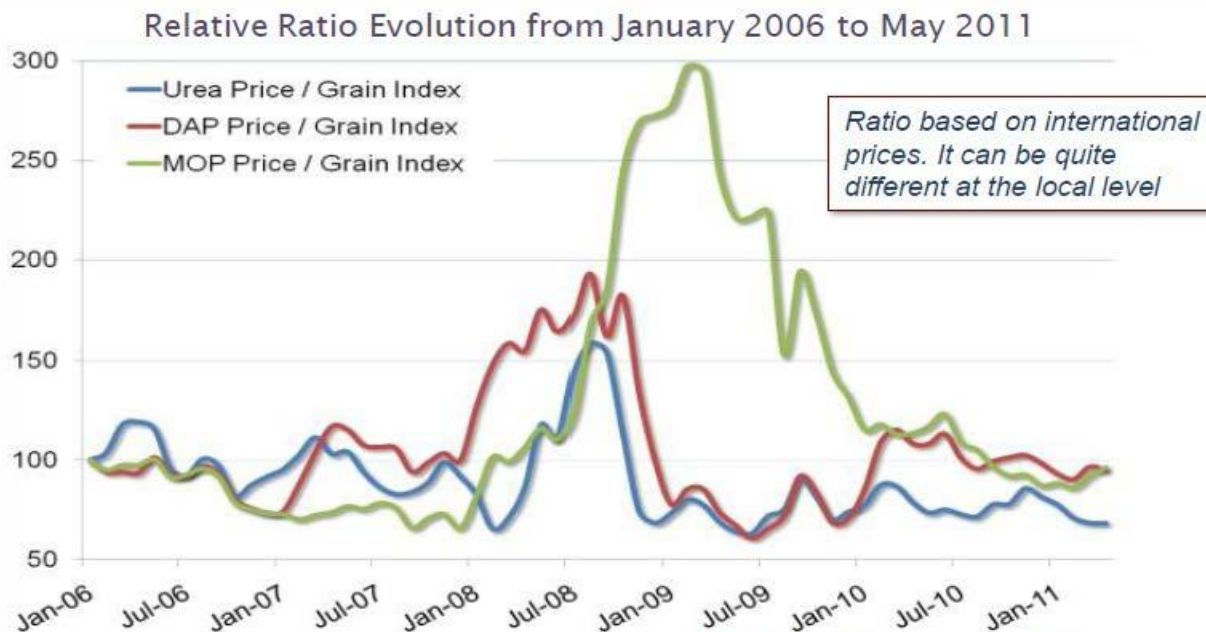




# Investing in Fertilizers Today is Good Value (unlike during 2008 crisis)



## Agricultural Commodity Prices Relative to Fertilizer Prices



Sources: British Sulphur, Financial Times and IMF

Fertilizer prices:  
N. Africa DAP; Yuzhnyy prilled urea; Vancouver (std) potash

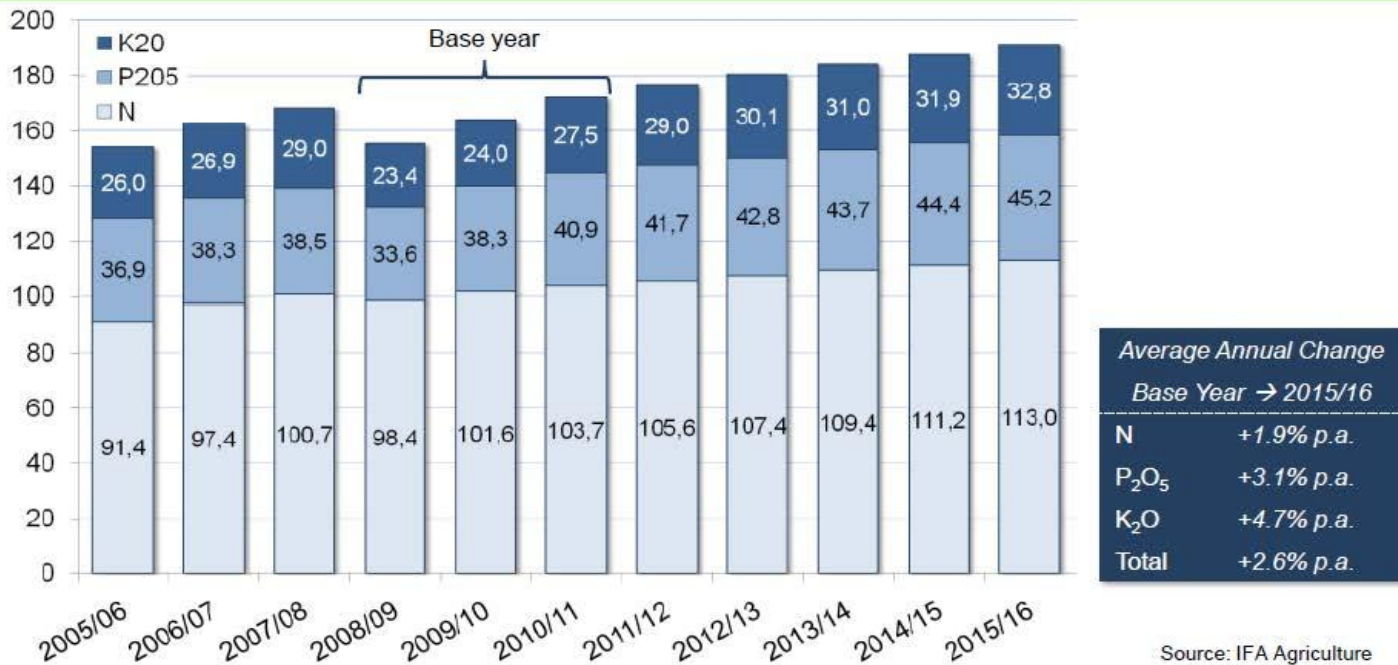
Grain index formula:  
 $[(\text{wheat price} \times 7) + (\text{maize price} \times 8) + (\text{rice price} \times 4.5) + (\text{soybean price} \times 2.5)] / 22$



# N,P & K demand continues to grow



## Global Fertilizer Demand Medium-term Outlook (Mt nutrients)





# Take Home Messages

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- Food prices remain high and volatile causing political unrest but unlike the 2008 food crisis, rice is more reasonable
- High crop prices and the balanced ratio of crop to fertilizer prices should promote
  - balanced fertilization to maximize economic yields
  - replenishing soil resources depleted in 2008-09
- Food security remains a critical issue globally



# Spur's JV Partner Being Acquired by Yichang Xingfa Group

- Provincial SOE HQ in Xingshan County, Hubei Province, PRC
- 22 subsidiary companies
- Total assets: \$500 million
- P rock reserves: 150 million mt with 5 mines.
- Production Capacities 

	<u>mt/yr</u>
– P Rock mining	1.6 million
– Sodium Tripolyphosphate	250,000
– Yellow Phosphorus( 40% P <sub>2</sub> O <sub>5</sub> )	100,000
– Sodium Hexametaphosphate	66,000
– Dimethyl Sulfoxide	20,000
– Sodium Hypophosphite	10,000
– Phosphorus Pentasulphide	10,000
– Sodium Acid Pyrophosphate	10,000
- Products are exported to over 30 countries and districts in Europe, America and Africa. P&G and Dow Chemical are key customers
- One subsidiary (Hubei Xingfa Chemical Group) listed in Shanghai Stock Exchange in 1999 (SHA 600141)
  - Market cap. \$1.28 billion
  - Revenues \$700 million. Net Profit \$20 million EPS \$0.78



# Advantages of New Xingfa Partnership

## Xingfa's Takeover of YPCC means

- Political influence to finally advance mining license transfers
- Eliminates risk of building a new fertilizer plant (while still fulfilling obligation in YMC's JV agreement)
- Immediate supply of P rock while YMC's two mines are being developed
- Spur participates in fully integrated mining-fertilizer operation in commercial production 4-5 years ahead of current plan
- Spur retains 20% ownership in YMC with no further obligation to invest in China
  - possible option to invest in future Xingfa high-valued added P projects or other natural resource opportunities



# The YMC Project Phosphate Mining

## Mining Strategy

- Full utilization of phosphate rock regardless of grade or purity
- Rich seams for high value added industrial phosphates
- Other seams beneficiated for feed and fertilizer phosphates

## Mines

All located in Xingshan County

- YMC
  - Shukongping deposit
  - Dianziping deposit
- Xingfa
  - 5 mines producing 1.6 M mt/yr
  - 150 M mt reserves



# Xingfa and YMC Mines are Close





# Key Upcoming Milestones in China

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## Plan

### **In Next Few Months**

- Mining license transferred from YPCC to YMC
- Xingfa completes YPCC takeover
- **Xingfa SSP plant successfully commissioned**

### **By Year-End 2011**

- 2<sup>nd</sup> Modified JV Agreement (20%) approved
- Xingfa fertilizer plant vended-in
- YSC-YMC merger complete thus increasing Spur's equity in YMC

### **By Mid-Year 2012**

- YMC's DAP and MAP plants in commercial production

### **By Year End 2014**

- Dianziping and Shukongping mines in production



# New Opportunities in Natural Resources

## Strategy

- Focus on natural resources in ag/fertilizers and gold and base metals
- Searching for non-core (“orphans”) or undervalued assets
- Searching for underperforming companies or management teams, or for private companies seeking a liquidation event

## Ag Targets

- Emerging markets with strong growth where demand exceeds supply
- Where supply is dependent on imports
- Jurisdictions which are relatively stable

## Gold and Base Metal Targets

- Focus primarily in Latin America and North America
- Private companies or non-core assets
- Preference for projects which are developing or have been developed historically