Spur Ventures Inc.

Consolidated Financial Statements
December 31, 2013 and 2012
(Expressed in U.S. dollars)

April 28, 2014

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, 2013 and December 31, 2012 and the consolidated statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes, which comprise 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 International Financial Reporting Standards, 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, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP
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Spur Ventures Inc.

Consolidated Balance Sheets (Expressed in U.S. Dollars)

		December 31, 2013		December 31, 2012
Assets				
Current assets				
Cash and cash equivalents held in Canadian dollars	**$**	**27,193,075**	$	30,249,036
Prepaid expenses		**41,024**		40,883
Receivables		**96,186**		21,436
Due from related parties (Note 8)		**69,845**		50,917
Total Current Assets		**27,400,130**		30,362,272
Office equipment and furniture		**13,874**		24,553
TOTAL ASSETS	**$**	**27,414,004**	$	30,386,825
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**57,865**	$	75,139
Due to related parties (Note 8)		**9,623**		16,645
TOTAL LIABILITIES		**67,488**		91,784
Shareholders' equity				
Share capital (Note 6a)		**41,386,379**		41,386,379
Contributed surplus		**8,202,874**		8,023,614
Accumulated other comprehensive income (loss)		**(551,918)**		1,378,980
Deficit		**(21,690,819)**		(20,493,932)
Total Shareholders' Equity		**27,346,516**		30,295,041
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$**	**27,414,004**	$	30,386,825

Commitments (Note 11)

Subsequent event (Note13)

Approved by the Board:

"Donald Siemens" Director

"Robert Atkinson" Director

The accompanying notes are an integral part of these financial statements

Spur Ventures Inc.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)
(Expressed in U.S. Dollars)

		Year Ended December 31, 2013		Year Ended December 31, 2012
Continuing operations				
Expenses				
Amortization	$	**9,390**	$	9,914
Corporate Development (Note 9)		**511,788**		387,074
Director fees		**77,838**		74,474
Management Fees, salaries and benefits		**538,895**		506,023
Office and general		**65,854**		77,675
Professional fees		**95,882**		147,697
Rent		**94,659**		80,790
Share-based payments (Note 6b)		**179,260**		413,196
Transfer agent and filing fees		**33,559**		83,292
Travel, meals and entertainment		**9,032**		3,634
Net loss from operations		**(1,616,157)**		(1,783,769)
Other income				
Interest income		**419,270**		406,895
Loss for the year from continuing operations		**(1,196,887)**		(1,376,874)
Discontinued operations				
Gain from sale of Spur BVI (Note 5)		**-**		3,873,015
Loss from discontinued operations		**-**		(139,613)
Income from discontinued operations		**-**		3,733,402
Net income (loss) for the year	**$**	**(1,196,887)**	$	2,356,528
Other comprehensive income (loss), net of tax:				
Items that will not be reclassified to net income or loss				
- Unrealized gain (loss) on translating financial statements from functional currency to reporting currency		**(1,930,898)**		523,374
Comprehensive income (loss) for the year, net of tax	**$**	**(3,127,785)**	$	2,879,902
Earnings (Loss) per share from continuing and discontinued operations				
Basic weighted average number of shares outstanding		**60,407,187**		60,407,187
Earnings (Loss) per share, basic	**$**	**(0.02)**	$	0.04
From continuing operations	**$**	**(0.02)**	$	(0.02)
From discontinued operations		**N/A**	$	0.06
Diluted weighted average number of shares outstanding		**60,707,187**		60,707,187
Earnings (Loss) per share, diluted	**$**	**(0.02)**	$	0.04
From continuing operations	**$**	**(0.02)**	$	(0.02)
From discontinued operations		**N/A**	$	0.06

The accompanying notes are an integral part of these financial statements

Spur Ventures Inc.

Consolidated Statements of Changes in Equity (Expressed in U.S. Dollars)

	Share capital							
	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive income	Deficit	Subtotal	Non-controlling interest	Total equity
Balance - January 1, 2013	**60,407,187**	**$ 41,386,379**	**$ 8,023,614**	**$ 1,378,980**	**$ (20,493,932)**	**$ 30,295,041**	**$ -**	**$ 30,295,041**
Share-based payments	-	-	179,260	-	-	179,260	-	179,260
Currency translation adjustment	-	-	-	(1,930,898)	-	(1,930,898)	-	(1,930,898)
Net loss for the year	-	-	-	-	(1,196,887)	(1,196,887)	-	(1,196,887)
Balance - December 31, 2013	**60,407,187**	**$ 41,386,379**	**$ 8,202,874**	**$ (551,918)**	**$ (21,690,819)**	**$ 27,346,516**	**$ -**	**$ 27,346,516**

	Share capital							
	Number of shares	Amount	Contributed surplus	Accumulated other comprehensive income	Deficit	Subtotal	Non-controlling interest	Total equity
Balance - January 1, 2012	**60,407,187**	**$ 41,386,379**	**$ 7,610,418**	**$ 855,606**	**$ (22,850,460)**	**$ 27,001,943**	**$ (128,444)**	**$ 26,873,499**
Share-based payments	-	-	413,196	-	-	413,196	-	413,196
Currency translation adjustment	-	-	-	523,374	-	523,374	-	523,374
Effect from sale of Spur BVI	-	-	-	-	-	-	128,444	128,444
Net income for the year	-	-	-	-	2,356,528	2,356,528	-	2,356,528
Balance - December 31, 2012	**60,407,187**	**$ 41,386,379**	**$ 8,023,614**	**$ 1,378,980**	**$ (20,493,932)**	**$ 30,295,041**	**$ -**	**$ 30,295,041**

The accompanying notes are an integral part of these financial statements

Spur Ventures Inc.

Consolidated Statements of Cash Flows (Expressed in U.S. Dollars)

	Year Ended December 31, 2013	Year Ended December 31, 2012
Cash used in continuing operating activities		
Net loss for the year	**$ (1,196,887)**	$ (1,376,874)
Adjustments for:		
Amortization	**9,390**	9,914
Share-based payments	**179,260**	413,196
Interest income	**(419,270)**	(406,895)
Net changes in non-cash working capital balances:		
Receivables	**8,811**	(3,924)
Due from related parties	**(18,928)**	7,260
Prepaid expenses	**(141)**	13,688
Accounts payable and accrued liabilities	**(17,274)**	(95,202)
Due to related parties	**(7,022)**	15,146
Net cash used in operating activities - continuing operations	**(1,462,061)**	(1,423,691)
Cash used in operating activities - discontinued operations	**-**	(139,613)
Investing activities		
Interest received	**335,709**	366,544
Net cash generated from investing activities - continuing operations	**335,709**	366,544
Proceeds from sale of Spur BVI (Note 5)	**-**	9,253,701
Less: non-cash item included in gain from sale of Spur BVI	**-**	(128,444)
Cash provided by investing activities - discontinued operations	**-**	9,125,257
Effect of exchange rate changes	**(1,929,609)**	624,795
Change in cash and cash equivalents during the year	**(3,055,961)**	8,553,292
Cash and cash equivalents, beginning of year	**30,249,036**	21,695,744
Cash and cash equivalents, end of year	**$ 27,193,075**	$ 30,249,036
Supplemental cash flow information		
Interest paid	**$ -**	**$ -**
Income taxes paid	**$ -**	**$ -**

The accompanying notes are an integral part of these financial statements

1 Nature of Operations

Spur Ventures Inc. ("Spur" or the "Company") is a company listed on the TSX Venture Exchange with a registered office at Suite 3083, Three Bentall Centre, 595 Burrard Street, Vancouver, B.C. Canada.

On February 13, 2012, the Company completed the sale of its 100% owned subsidiary, Spur Chemicals (BVI) Inc. ("Spur BVI"). Spur BVI held its fertilizer interests through 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 was Hubei Yichang Phosphorus Chemical Co. Ltd ("YPCC"), a state owned enterprise of Yichang City, Hubei Province, China.

After the sale of Spur BVI, the financial statements as at and for the year ended December 31, 2013 and the balance sheet of the Company as at December 31, 2012 do not include the accounts of any other entity. The statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the year ended December 31, 2012 includes the operations and cash flows of the Company for the year ended December 31, 2012 and its former subsidiary only to February 13, 2012, the date of its disposition (see Note 5).

Following its exit from China, the Company has been focused on pursuing acquisitions or other corporate transactions in gold, base metals or other mineral-related assets or businesses.

2 Basis of preparation and comparative figures

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and under the historical cost convention.

Certain comparative amounts have been reclassified to conform to the current year's presentation. In particular, all short term investments as presented on the consolidated financial statements as at and for the year ended December 31, 2012 were reclassified to cash and cash equivalents within these consolidated financial statements as they meet the definition of cash and cash equivalents. Certain expenditures within professional fees, management fees, salaries and benefits and travel, meals and entertainment for the year ended December 31, 2012 were reclassified to corporate development expenses within these consolidated financial statements. Certain management fees, salaries and benefits relating to director fees for the year ended December 31, 2012 were reclassified to director fees within these consolidated financial statements.

With the exception of the adoption of new policies outlined in note 4, the same accounting policies have been consistently applied in all periods presented. These financial statements were approved by the board of directors on April 28, 2014.

3 Significant Accounting Policies, Judgments and Estimation Uncertainty

The significant accounting policies used to prepare these consolidated financial statements are outlined as follows:

a) Reporting in U.S. dollars and foreign currency translations

i. Functional and presentation currency

The Company's functional currency for its discontinued Chinese subsidiaries was the Chinese Renminbi ("RMB"), for Spur BVI was the U.S. dollar ("US$") and for its head office in Canada is the Canadian dollar ("CDN"). The Company's presentational currency is the U.S. dollar ("US$"). The Company uses the current rate method to translate from functional currency amounts to the U.S. reporting currency. Under this method, all assets, liabilities, operating activities and cash flows are translated at the period-end rate to the presentational currency and the resulting unrealized gain or loss on translation is recognized as other comprehensive income.

ii. Transactions and balances

Monetary assets and liabilities are translated at period-end exchange rates and items included on the statements of income (loss) and comprehensive income (loss) 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.

b) Consolidation

The Company's consolidated financial statements are prepared in accordance with IFRS, and include the accounts of the Company, and its subsidiary, Spur BVI prior to its disposal on February 13, 2012 (see Note 5). Prior to the disposal of Spur BVI, the Company's interest in YMC and YSC was held through Spur BVI. All significant inter-company transactions and accounts have been eliminated.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, term deposits and short term highly liquid investments at Canadian financial institutions with the original term to maturity of one year or less, which are readily convertible to known amounts of cash at any time without penalty and which, in the opinion of management, are subject to an insignificant risk of changes in value. Such financial assets are stated at their respective fair values and subsequently at amortized cost. During the year ended December 31, 2013, cash and cash equivalents earned interest of up to 1.55% per annum (2012: 1.60% per annum).

3 Significant Accounting Policies, Judgments and Estimation Uncertainty (continued)

d) Discontinued Operations

The results of the discontinued operations are segregated from the continuing operations and presented as a separate line item. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the fair value of the instruments issued and amortized over the vesting periods. Other share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus, the account used to record any share-based payments related to convertible securities of the Company.

Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital. Charges for options that are forfeited before vesting are reversed from contributed surplus.

f) Earnings (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 year ended December 31, 2013, the Company excluded potential common share equivalents from the loss per share calculation as they were anti-dilutive.

g) Current and deferred income taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

The Company follows the asset and liability method for accounting for income taxes. Under this method, deferred 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 deferred tax assets or liabilities are calculated using the tax rates enacted or substantially enacted for the periods in which the differences are expected to be settled. Deferred tax assets are recognized to the extent that they are considered more likely than not to be realized.

3 Significant Accounting Policies, Judgments and Estimation Uncertainty (continued)

h) Financial Instruments

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 classified in this category has been 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. 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.

i) Critical accounting estimates and judgements

The preparation of the consolidated financial statements in compliance with IFRS requires management to make estimates and judgements. 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. 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.

3 Significant Accounting Policies, Judgments and Estimation Uncertainty (continued)

i) Critical accounting estimates and judgements (continued)

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.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include: no gain has been recorded for the CDN $4.75 million contingent payment from the sale of Spur BVI as there is a significant amount of uncertainty that the conditions required to receive the contingent payment will be met (see Note 5a).

4. New Accounting Standards

New and revised International Financial Reporting Standards

As of January 1, 2013, the Company adopted the new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards as listed below.

a) Pronouncement affecting financial statement presentation or disclosures

IFRS 10 - Consolidated financial statements

The Company adopted IFRS 10 on January 1, 2013 with retrospective application. IFRS 10 requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 supersedes IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purpose Entities.

The Company has concluded that IFRS 10 did not have an effect on the financial statements for the current period or prior periods presented as the Company no longer has any subsidiaries.

IFRS 11- Joint arrangements

The Company adopted IFRS 11 on January 1, 2013 with retrospective application. IFRS 11 requires a venturer to classify its interest in a joint agreement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation.

The Company has concluded that IFRS 11 did not have an effect on the financial statements for the current period or prior periods presented as the Company does not have any joint arrangements.

4. New Accounting Standards (continued)

IFRS 12, Disclosure of interests in other entities

The Company adopted IFRS 12 on January 1, 2013. IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for any period that precedes the first annual period for which IFRS 12 is applied. The new standard does not have an impact on the financial statements for the current period or prior periods presented as the Company no longer has any subsidiaries.

IFRS 13, Fair value measurement

The Company adopted IFRS 13 with prospective application from January 1, 2013. IFRS 13 is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

The disclosure requirements of IFRS 13 are incorporated in note 10 of the annual financial statements for the year ended December 31, 2013.

Amendment to IAS 1, Presentation of Financial Statements

The Company adopted the amendments to IAS 1 on January 1, 2013, with retrospective application. The amendments to IAS 1 require items to be grouped within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified.

The adoption of the IAS 1 amendments did not have an effect on the Company's financial statements for the current period or prior year, except for added disclosure.

Standards not yet effective

IFRS 9 – Financial instruments

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on the measurement of financial liabilities and derecognition of financial instruments. The IASB has suspended the originally planned effective date of January 1, 2015 for IFRS 9. The Company will commence assessing the impact of this new standard upon the announcement of its new effective date.

December 31, 2013 (Expressed in U.S. Dollars)

5 Sale of Spur BVI and Discontinued Operations

On February 13, 2012, the Company completed the sale of 100% of Spur BVI to Hong Tang Vision Limited ("HTVL"). Under the terms of the agreement, HTVL agreed to acquire and assume all of the assets and liabilities of Spur BVI, including the Company's interests in YMC and YSC (the Company's discontinued China operations) for cash consideration of CDN $9.25 million ($9,253,701) plus a contingent payment of CDN $4.75 million if in the future the relevant Chinese authorities removed YMC's current obligation to produce phosphate fertilizers and allowed YMC to simply be a phosphate mining company. To date, to the best of the Company's knowledge, no such approvals have been granted by relevant Chinese authorities.

a) An accounting gain of $3,873,015 was recorded for the sale of Spur BVI as follows:

		February 13, 2012
Proceeds from sale of Spur BVI	$	9,253,701
Reduction of non-controlling interest		(128,444)
Net assets held for resale (Note 5b)		(5,252,242)
	$	**3,873,015**

No gain was recorded for the CDN $4.75 million contingent payment as it is uncertain that the contingent payment will be received.

b) The net assets disposed are as follows:

		Net Assets Held for Resale
Assets held for sale at December 31, 2011	$	12,055,322
Liabilities directly associated with assets held for resale		(6,867,159)
Net assets balance at December 31, 2011		5,188,163
Transaction costs capitalized		68,444
Foreign exchange translation loss		(4,365)
Balance at February 13, 2012		5,252,242
Net assets disposed (Note 5a)		(5,252,242)
Balance at February 13, 2012 upon completion of the sale of Spur BVI	**$**	**-**

c) Losses of the China operations for 2012 (up to February 13, 2012) are as follows:

Net Loss Relating to Discontinued Operations		**Period ended February 13, 2012**
Office and miscellaneous	$	1,777
Professional fees		2,570
Travel, advertising and promotion		16,652
Wages and benefits		118,614
Loss from discontinued operations	**$**	**139,613**

Cash used in discontinued operations for the period ended February 13, 2012 is equal to the loss from discontinued operations of $139,613.

December 31, 2013 (Expressed in U.S. Dollars)

6 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) Stock options

The Company values the stock options granted using the indirect method because it cannot reliably estimate the value of the services received for the options granted. The Company uses the Black Scholes option pricing model to determine the fair value of options granted and makes assumptions about future volatility based on observed volatility in the past.

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 following seven quarters.

A summary of the changes in stock options is as follows:

	Options		Weighted average exercise price $CAD
Options outstanding - January 1, 2012	3,100,000	$	0.51
Granted	2,350,000		0.40
Expired	(220,000)		0.63
Options outstanding - December 31, 2012	**5,230,000**	**$**	**0.46**
Granted	50,000		0.40
Expired	(630,000)		0.90
Options outstanding - December 31, 2013	**4,650,000**	**$**	**0.38**
Options exercisable - December 31, 2013	**4,006,250**	**$**	**0.38**

A total of 50,000 options were granted during the year ended December 31, 2013 (2012: 2,350,000) with an expiry date of July 26, 2018 (2012: expiry dates ranging from April 10 – November 1, 2017). The weighted average grant date fair value per option for options granted during the year ended December 31, 2013 was CDN $0.15 (2012: CDN $0.09).

The following assumptions were used in the valuation of stock options granted in the year:

Risk-free interest rate	1.72%
Expected life	5 years
Annualized volatility	53%
Dividend rate	0.00%
Forfeiture rate	0.00%

December 31, 2013 (Expressed in U.S. Dollars)

6 Equity

b) Stock options (continued)

During the year ended December 31, 2013, share-based payments of $179,260 was recognized (2012: $413,196).

The following table summarizes information about the options outstanding at December 31, 2013:

Number of Options	Exercise Price CAD	Expiry Date	Number Exercisable
300,000	0.28	July 28, 2014	300,000
1,950,000	0.37	August 12, 2016	1,950,000
1,000,000	0.40	April 10, 2017	875,000
100,000	0.37	May 10, 2017	87,500
1,250,000	0.40	November 1, 2017	781,250
50,000	0.40	July 26, 2018	12,500
4,650,000			4,006,250

7 Income taxes

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Earnings (loss) before income taxes	**(1,196,887)**	2,356,528
Federal and provincial income tax rates	**25.75%**	25.00%
Income tax expense (recovery) based on the above rates	**(308,198)**	589,132
Increase (decrease) due to:		
Non-deductible expenses and other items	**47,065**	103,961
Non-taxable portion of gain	**-**	(484,127)
Foreign exchange	**-**	(1,285)
Losses and temporary differences not recognized	**261,133**	-
Benefit of temporary differences for which no benefit was previously recorded	**-**	(207,681)
Income tax expense	**-**	-

The combined federal and provincial income tax rates increased due a legislated tax increase in Canada applicable to the fiscal year.

December 31, 2013 (Expressed in U.S. Dollars)

7 Income taxes (continued)

Unrecognized deferred income tax assets

		2013		2012
Non capital loss carryforward and other amounts	$	2,870,970	$	2,692,816
Capital losses		1,666,733		1,713,293
Property, plant and equipment		30,877		29,972
Mineral Properties		686,669		705,851
	$	**5,255,249**	**$**	**5,141,932**

Deductible temporary differences

At December 31, 2013 the Company had deductible temporary differences for which deferred tax assets of $717,546 (2012 - $735,823) have not been recognized because it is not probable that future taxable profits will be available against which the Company can utilize these benefits. Substantially all the deductible temporary differences do not expire.

Unrecognized tax losses

At December 31, 2013 the Company had Canadian tax losses with a tax benefit of $2,870,970 (2012 - $2,692,816) which are not recognized as deferred tax assets. The Company recognizes the benefit of tax losses only to the extent of anticipated future taxable income that can be reduced by the tax losses. The gross amount of the Canadian tax losses for which a benefit has not been recorded expire as follows:

2014	942,772
2015	1,035,748
2026	1,251,720
2027	1,489,495
2028	827,996
2029	1,648,651
2030	979,228
2031	874,832
2032	1,018,854
2033	972,898
	11,042,193

December 31, 2013 (Expressed in U.S. Dollars)

8 Related party transactions and key management compensation

a) Key management compensation

Key management includes the Company's directors, President and Chief Executive Officer and Chief Financial Officer. Compensation awarded to key management is presented in the table below:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Salaries and benefits	**$ 236,913**	$ 215,184
Director fees	**77,838**	74,474
Share-based payments	**168,876**	375,302
	$ 483,627	$ 664,960

b) Payments for services by related parties

During the year ended December 31, 2013, the Company incurred corporate consulting fees of $83,191 (2012: $85,714) to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director and officer of the Company. As at December 31, 2013, the Company owed $4,186 to Sirocco (December 31, 2012: $203).

During the year ended December 31, 2013, the Company incurred corporate consulting fees of $59,422 (2012: $61,275) to Shariff Advisory Services Ltd. ("Shariff"), a company controlled by a director and officer of the Company. As at December 31, 2013, the Company owed $501 to Shariff (December 31, 2012: $945).

During the year ended December 31, 2013, the Company incurred corporate consulting fees of $56,265 (2012: $152,833) to Keppoch Advisory Services Ltd. ("Keppoch"), a company controlled by a former director and officer of the Company. As at December 31, 2013, the Company owed $nil to Keppoch (December 31, 2012: $nil).

During the year ended December 31, 2013, the Company incurred geological consulting fees of $19,419 (2012: $nil) to Metallica Consulting Co. ("Metallica"), a company controlled by a director of the Company. As at December 31, 2013, the Company owed $4,936 to Metallica (December 31, 2012: $nil).

c) Services provided to related parties

The Company charged office lease and administrative expenditures to Oceanic Iron Ore Corp. ("Oceanic"), a Company with an officer and a director in common. During the year ended December 31, 2013, office lease and administrative expenditures billed to Oceanic amounted to $132,249 (2012: $123,234). As at December 31, 2013, the Company was owed $33,543 from Oceanic (December 31, 2012: $29,791).

The Company charged office lease and administrative expenditures to Cassius Ventures Ltd. ("Cassius"), a Company with an officer and a director in common. During the year ended December 31, 2013, office lease and administrative expenditures billed to Cassius amounted to $17,368 (2012: $35,511). As at December 31, 2013, the Company was owed $25,733 from Cassius (December 31, 2012: $9,159).

December 31, 2013 (Expressed in U.S. Dollars)

8 Related party transactions and key management compensation

c) Services provided to related parties (continued)

The Company charged office lease and administrative expenditures to Sierra Metals Inc. ("Sierra"), a Company with a director in common. During the year ended December 31, 2013, office lease and administrative expenditures billed to Sierra amounted to $50,764 (2012: $50,747). As at December 31, 2013, the Company was owed $10,569 from Sierra (December 31, 2012: $11,967).

As at December 31, 2013 the Company owed $nil (December 31, 2012: $15,497) to key management personnel with respect to accrued benefits. Amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

9 Corporate development

		December 31, 2013		December 31, 2012
Consulting & engineering fees	**$**	**277,822**	$	268,046
Professional fees		**126,587**		30,400
Travel and other		**107,379**		88,628
	$	**511,788**	$	387,074

10 Financial risk management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, receivables, due from related parties, deposits, accounts payable, accrued liabilities, and due to related parties.

Cash and cash equivalents, receivables, due from related parties and deposits are designated as loans and receivables and are measured at amortized cost.

Accounts payable, accrued liabilities, and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and receivables. The Company has concentration of risk with respect to cash being held with two large Canadian financial institutions. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets noted above.

December 31, 2013 (Expressed in U.S. Dollars)

10 Financial risk management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and our cash needs over the short term. Contractual undiscounted cash flow requirements for financial liabilities as at December 31, 2013 and 2012 comprise accounts payable, accrued liabilities, and due to related parties as presented on the Consolidated Balance Sheets and are due in less than 1 year.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in its cash and cash equivalents. The Company manages market risk by investing funds with reputable financial institutions that provide competitive rates of return.

The Company's financial instruments are not subject to significant fluctuation due to changes in equity prices of investments included in marketable securities, commodity prices or foreign exchange rates.

The Company's interest rate risk mainly arises from the interest rate impact on its interest income derived from Canadian Dollar cash and deposits. The Company invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of instruments with a history of returns. A 1% change in interest rates would have a $271,523 impact on net loss and comprehensive loss.

Fair Value

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The carrying values of cash and cash equivalents, receivables, deposits due from related parties, accounts payable, accrued liabilities and due from related parties approximate their fair values due to their short term nature.

11 Commitments

As disclosed in note 8(c), the Company has a long-term office lease and shares office space and related costs with three other companies. A summary of the Company's commitments is set out below:

2014	$	84,532
2015		63,399
	$	147,931

12 Management of Capital

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 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 externally imposed capital requirements.

13 Subsequent Event

On April 7, 2014, the Company entered in to a Heads of Agreement with Atlantic Gold NL ("Atlantic"), whereby Spur would acquire, subject to the requisite approvals and the satisfaction of conditions, all of the fully paid and partly paid ordinary shares on issue in Atlantic by way of a scheme of arrangement between Atlantic and its shareholders.

Atlantic is an Australian Securities Exchange ("ASX") listed company focused on the exploration and development of the Touquoy and Cochrane Hill projects in Nova Scotia.

The transaction is conditional upon a number of items, including, without limitation, the completion of due diligence to the satisfaction of both parties, the approval of the board of directors of each party and the entering into of a Scheme Implementation Agreement.