# SPUR VENTURES INC.
# MANAGEMENT DISCUSSION & ANALYSIS
# FOR THE YEARS ENDED - DECEMBER 31, 2013 AND 2012

***INTRODUCTION***

*This MD&A has been prepared as of April 28, 2014, and should be read in conjunction with the Company's audited annual consolidated financial statements with accompanying notes for the years ended December 31, 2013 and 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.*

*The objective of this MD&A is to help the reader understand the factors affecting the Company's past and future financial performance. All amounts are reported in U.S. dollars, unless otherwise stated. Additional information on the Company can be found in the filings with Canadian security commissions on SEDAR at [www.sedar.com](http://www.sedar.com).*

***Cautionary Statement Regarding Forward-Looking Statements***

*This MD&A contains "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to the Company's current review of potential mineral project investments and/or acquisitions, the estimation of mineral resources, the timing and content of upcoming programs, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to international operations; actual results of planned expansion activities; changes in project parameters as plans continue to be refined; future prices of resources; exchange rates for Canadian and U.S. currencies; possible variations in grade or recovery rates, accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. In making the forward-looking statements in this MD&A, the Company has made certain key assumptions, including, but not limited to, the assumptions that merited mineral assets or projects can be acquired and financings are available. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements or information made in this MD&A, except as required under applicable securities legislation.*

## *C O M P A N Y   P R O F I L E*

Spur Ventures Inc. ("Spur" or the "Company") is a company listed on the TSX Venture Exchange ("TSX-V") with a registered office at 10th Floor, 595 Howe 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 in China, Yichang Maple Leaf Chemicals Ltd. and Yichang Spur Chemicals Ltd.. Spur's Chinese partner in both joint ventures was Hubei Yichang Phosphorus Chemical Co. Ltd), a state owned enterprise of Yichang City, Hubei Province, China.

The Company now operates entirely in Canada. Previously it operated in one operating segment, the fertilizer industry, and had two geographic locations, China and Canada. The discontinued operations reflect the Chinese operations and the continuing operations reflect the Canadian operations. Subsequent to the sale of the Chinese operations, the Company is no longer in the Chinese fertilizer industry, and is now focused on potential acquisitions or other corporate transactions in precious and base metals or other mineral-related assets or businesses.

## *C O M P A N Y   U P D A T E*

### Financial Position

The Company holds all its funds in Canadian dollars. The table below sets out the Canadian dollar denominated cash position of the Company as at December 31, 2013, compared to September 30, 2013, June 30, 2013, and March 31, 2013:

| **CDN $** | **December 31, 2013** | **September 2013** | **June 30, 2013** | **March 31, 2013** |
|---|---|---|---|---|
| Cash and cash equivalents | $ 28,922,649 | $ 29,220,679 | $ 29,516,896 | $ 29,784,392 |

The Company expects to report its financial results in Canadian dollars commencing Q1 2014.

### Strategic Initiative

Since the completion of the sale of Spur BVI, the Company has reviewed opportunities in precious and base metal projects in North American and Latin American countries where the focus has been on the acquisition of privately held projects, and public companies where the Company could add value through financing and management support, as well as the acquisition of or participation in existing and new royalty opportunities. The Company has also been using its extensive contact base in the resource community to identify non-core gold, base metal and silver projects of mid and large sized listed mining companies which could be targets for acquisition.

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

Atlantic is an Australian Securities Exchange ("ASX") listed company focused on the exploration and development of the Touquoy project (which is at an advanced stage and has all major permits in place) and the Cochrane Hill project (which is at an earlier stage of development) located within the Meguma

Terrane in the province of Nova Scotia. The Meguma Terrane is host to a historic gold region which has been largely underexplored using modern exploration techniques over the last 20 years and remains highly prospective for new discoveries, in particular in respect of larger shale hosted disseminated, near surface mineable low cover deposits, characteristics shown in work done to date on the Touquoy project.

The proposed acquisition of Atlantic is the first step in the Company's strategy to create a mid-tier gold production group which focuses on manageable, executable projects in mining friendly jurisdictions.

Further information in respect of the transaction terms is included under "Subsequent Events" below. A news release in respect of the transaction is also available for review on the Company's website (www.spur-ventures.com) and Sedar (www.sedar.com).

During the period ended December 31, 2013, the Company incurred $511,788 (2012: $387,074) in expenditures related to its strategic initiative, in relation to a number of strategic opportunities, including the potential transaction with Atlantic. Costs incurred related to travel, legal, and consulting fees incurred to support detailed due diligence reviews on a number of potential targets under signed confidentiality agreements.

The Company continued its focus on reducing corporate overhead, and following the resignation of the Company's former Controller and Corporate Secretary in July 2013, has only two full-time employees. Consultants and associates are used, when required, for project evaluations in order to manage costs.

***SELECTED ANNUAL INFORMATION***

The following table presents selected annual information extracted from the relevant audited financial statements under IFRS:

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Total Assets, December 31, | $ 27,414,004 | $ 30,386,825 | $ 33,912,505 |
| Total long-term financial liabilities | - | - | - |
| Cash dividends declared per-share | - | - | - |
| Revenues (Note 1) | N/A | N/A | N/A |
| Net income (loss) for the year | (1,196,887) | 2,356,528 | (1,756,947) |
| - From continuing operations | (1,196,887) | (1,376,874) | (852,909) |
| - From discontinued operations | N/A | 3,733,402 | (904,038) |
| Basic and diluted income (loss) per share | $ (0.02) | $ 0.04 | $ (0.03) |
| - From continuing operations | (0.02) | (0.02) | (0.01) |
| - From discontinued operations | N/A | 0.06 | (0.02) |
| Weighted average number of common shares outstanding | 60,407,187 | 60,407,187 | 60,407,187 |

Note 1 – As the Company has yet to secure a mineral related asset, the Company has no Revenue to report during the financial reporting periods noted above.

Continuing operations

The increase in net loss from continuing operations from 2011 to 2012 of $523,965 was primarily attributable to a $277,478 increase in share-based payments, a non-cash expense mostly related to the issuance of 2,350,000 stock options granted during 2012; and a $239,279 increase in consulting fees related primarily to former CEO, Robert J. Rennie, which provides for his retention as an advisor to the Company for a period of 12 months following his retirement as CEO on April 10, 2012 as well as consulting fees for the Company's engineering and technical team to help evaluate investment opportunities.

Interest income increased $106,384 from $300,511 to $406,895 in 2012 compared to 2011 mainly due to an increase in general interest rate levels and due to interest earned on the CDN $9.25 million cash disposal proceeds from the sale of Spur BVI.

Discontinued operations in China

The 2012 earnings from discontinued operations was primarily attributable to a $3,873,015 gain from the sale of Spur BVI, a company holding the interests of the discontinued China operation. The gain was partially offset by the $139,613 loss from discontinued operations in 2012 (2011: $904,038) mainly resulting from payment of severance to former staff in China. Earnings per share from discontinued operations was $0.06 (2011 loss per share: $0.02).

Factors that have caused changes in operations and financial position from the year ended December 31, 2012 to the year ended December 31, 2013 have been disclosed under the sections entitled “Overall Performance and Results of Operations” below.

## *OVERALL PERFORMANCE AND RESULTS OF OPERATIONS*

Net loss from continuing operations for the year ended December 31, 2013 was $1,196,887 (2012: $1,376,874). For the year ended December 31, 2012, the Company recognized non-recurring net income of $3,733,402 from discontinued operations as a result of the disposal of Spur BVI in February 2012. Basic and diluted loss per share in 2013 was $0.02 (2012: basic and diluted earnings per share of $0.04), which comprised loss per share from continuing operations of $0.02 (2012: $0.02) and loss per share from discontinued operations of $0.00 (2012: earnings per share from discontinued operations of $0.06).

Further details in regards to 2013 results are set out below.

### **Continuing Operations**

Year ended December 31, 2013

The loss from continuing operations for the year ended December 31, 2013 was $1,196,887 compared to a loss from continuing operations of $1,376,874 for the same period in 2012. The decrease of $179,987 was primarily attributable to a $51,815 decrease in professional fees relating to legal fees incurred for the year ended December 31, 2012 from the sale of Spur BVI and other restructuring initiatives by the Company which are non-recurring in nature; a $233,936 decrease in share-based payments representing the Black-Scholes calculated fair value of stock options vested to directors, officers, consultants and employees during the period; a $49,733 decrease in transfer agent and filing fees due to non-recurring listing fees incurred during the year ended December 31, 2012 relating to delisting from the TSX Exchange and subsequent listing on the TSX-V; partially offset by an increase in corporate development costs of $124,714 due to increased consulting fees, legal fees and travel expenses with respect to increased activity in the execution of the Company's corporate strategy and in relation to the potential transaction with Atlantic outlined above; and an increase in management fees, salaries and benefits of $32,872 mostly relating to a one-time charge recognized in respect of severance paid to the Company's former Corporate Secretary.  Other significant items include $94,659 of rent charges of the Company's head office (2012: $80,790), and director fees of $77,838 (2012: $74,474)

The Company also recorded interest income of $419,270 during the year ended December 31, 2013 (2012: $406,895) relating to interest earned on various GIC investments by the Company.

**Discontinued operations in China**

Year ended December 31, 2013

Income from discontinued operations was $Nil for the year ended December 31, 2013 (2012: $3,733,402).  Income from discontinued operations of $3,733,402 for the year ended December 31, 2012 comprised a $3,873,015 gain from the sale of Spur BVI, a company holding the interests of the discontinued China operation.  The gain was partially offset by a $139,613 loss from the discontinued operations mainly due to severance payments to former staff in China.

**Financial Position**

Total assets decreased from $30,386,825 at December 31, 2012 to $27,414,004 at December 31, 2013. The most significant assets at December 31, 2013 comprised cash and cash equivalents of $27,193,075 (December 31, 2012: $30,249,036). The Company's net working capital position at December 31, 2013 is $27,332,642 (December 31, 2012: $30,270,488).

The decrease in cash during the year ended December 31, 2013 of $3,055,961 resulted from $1,462,061 incurred in operating activities, $1,929,609 due to fluctuations in the Canadian dollar to US dollar exchange rates, partially offset by a cash inflow of $335,709 in investing activities, which comprised interest received from the Company's investments in GICs.

Shareholders' equity comprises share capital of $41,386,379 (December 31, 2012: $41,386,379), contributed surplus of $8,202,874 (December 31, 2012: $8,023,614), accumulated other comprehensive loss of $551,918 (December 31, 2012: accumulated other comprehensive income of $1,378,980), and a deficit of $21,690,819 (December 31, 2012: $20,493,932) for a net amount of $27,346,516 (December 31, 2012: $30,295,041). The decrease in shareholders' equity of $2,948,525 results from the net loss in the year ended December 31, 2013 ($1,196,887), currency translation adjustment for the year ended December 31, 2013 ($1,930,898) due to the strengthening of the US dollar versus the Canadian dollar during the period, partially offset by share-based compensation recognized under the graded amortization method from the vesting of stock options ($179,260).

**Foreign Exchange Gain or Loss**

The Company holds all its cash in Canadian dollars.  There was no material realized foreign exchange gain or loss during the year ended December 31, 2013 and 2012 due to the fact that there were no significant transactions denominated in currencies other than the functional currencies.  All unrealized foreign exchange gains or losses from translation of functional currencies to U.S. dollar presentational currency are recorded as accumulated other comprehensive income ("AOCI") in the equity section of the balance sheet.  As the U.S. dollar strengthened against the Canadian dollar, the AOCI at December 31, 2013 decreased to an accumulated other comprehensive loss of $551,918 from an AOCI of $1,378,980 at December 31, 2012.

The Company does not use derivatives to hedge against exposures to foreign currency arising from the Company's balance sheet liabilities; therefore the AOCI is expected to increase or decrease against decrease or increase in the strength of U.S. currency.

**Summary of Quarterly Results**

| | Q4 2013 | Q3 2013 | Q2 2013 | Q1 2013 |
|---|---|---|---|---|
| Total Revenue (Note 1) | N/A | N/A | N/A | N/A |
| Net income (loss) for the period | $ (282,190) | $ (240,667) | $ (280,354) | $ (393,676) |
| - from continuing operations | $ (282,190) | $ (240,667) | $ (280,354) | $ (393,676) |
| - from discontinued operations | $ - | $ - | $ - | $ - |
| Earnings (Loss) per share - basic | $ (0.01) | $ (0.00) | $ (0.00) | $ (0.01) |
| - from continuing operations | $ (0.01) | $ (0.00) | $ (0.00) | $ (0.01) |
| - from discontinued operations | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |
| Earnings (Loss) per share - diluted | $ (0.01) | $ (0.00) | $ (0.00) | $ (0.01) |
| - from continuing operations | $ (0.01) | $ (0.00) | $ (0.00) | $ (0.01) |
| - from discontinued operations | $ (0.00) | $ (0.00) | $ (0.00) | $ (0.00) |

| | Q4 2012 | Q3 2012 | Q2 2012 | Q1 2012 |
|---|---|---|---|---|
| Total Revenue (Note 1) | N/A | N/A | N/A | N/A |
| Net income (loss) for the period | $ (314,607) | $ (267,862) | $ (376,080) | $ 3,315,077 |
| - from continuing operations | $ (314,607) | $ (267,862) | $ (370,586) | $ (423,819) |
| - from discontinued operations | $ - | $ - | $ (5,494) | $ 3,738,896 |
| Earnings (Loss) per share - basic | $ (0.00) | $ (0.00) | $ (0.01) | $ 0.05 |
| - from continuing operations | $ (0.00) | $ (0.00) | $ (0.01) | $ (0.01) |
| - from discontinued operations | $ (0.00) | $ (0.00) | $ (0.00) | $ 0.06 |
| Earnings (Loss) per share - diluted | $ (0.00) | $ (0.00) | $ (0.01) | $ 0.05 |
| - from continuing operations | $ (0.00) | $ (0.00) | $ (0.01) | $ (0.01) |
| - from discontinued operations | $ (0.00) | $ (0.00) | $ (0.00) | $ 0.06 |

**Note 1** – As the Company has yet to secure a mineral related asset, the Company has no Revenue to report during the financial reporting periods noted above.

For continuing operations, the loss in Q1 and Q2 2012 was higher than prior periods primarily due to non-cash share-based payments ($169,998 and $85,039 respectively), and professional fees related to the sale of Spur BVI and the Company's listing on the TSX-V. Net loss decreased in Q3 2012 compared to Q2 2012 as costs relating to the sale of Spur BVI were incurred in prior quarters and non-recurring in nature. The net loss in Q4 2012 and Q1 2013 increased due to share based payments recognized as a result of the granting of stock options in November 2012 as well as increased corporate development costs associated with executing the Company's strategic mandate. The net loss during Q2 2013 of $280,354 represents a decrease in net loss of $113,322 compared to the three month period ended March 31, 2013 ($393,676), primarily due to decreased corporate development costs incurred during Q1

2013. The operating expenditures and net loss from continuing operations in Q3 and Q4 2013 are relatively consistent with the operating expenditures and net loss from continuing operations in Q2 2013.

For discontinued operations, the loss after Q1 2012 was close to $nil following the sale of the Company's Chinese operations in Q1 2012 when a $3.87 million gain was recognized on the sale.

**Fourth Quarter Results**

Continuing Operations

The loss from continuing operations for the three months ended December 31, 2013 was $282,190 compared to a loss from continuing operations of $314,607 for the same period in 2012. The decrease in net loss of $32,417 was primarily attributable to a decrease in share-based payments, a non-cash expense representing the Black-Scholes calculated fair value of stock options vested to directors, officers, consultants and employees during the period as options were granted in Q4 2012 but no options were granted in Q4 2013. Other significant items within operating expenditures include corporate development expenses of $154,820 (2012: $187,933) comprising consulting fees, legal fees and travel expenses with respect to decreased activity in the execution of the Company's corporate strategy noted above, as well as management fees, salaries and benefits of $110,443 (2012: $128,347).

The Company also recorded interest income of $101,431 during the three months ended December 31, 2013 (2012: $107,762) relating to interest earned on various GIC investments by the Company.

Discontinued Operations

Income from discontinued operations was $Nil for the three months ended December 31, 2013 and 2012.

The decrease in cash during the period of $1,168,515 was the result of $355,495 incurred in operating activities, $884,825 due to fluctuations in the Canadian dollar to US dollar exchange rates, partially offset by a cash inflow of $71,805 in investing activities.

## ***L I Q U I D I T Y and C A P I T A L R E S O U R C E S***

As at December 31, 2013, the Company had a balance of $27,193,075 (CDN $28,922,649) in cash deposits and short-term GICs with major Canadian financial institutions.

The Company has a five-year office lease agreement commencing October 1, 2010 and shares office space and related costs with three related companies. A summary of the Company’s commitments is set out below:

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

The Company believes that it has sufficient funding to meet its obligations and to maintain administrative and operational expenditures for the next 12 months.

***OFF - BALANCE SHEET ARRANGEMENTS***

The Company does not have any off-balance sheet arrangements.

***O U T L O O K***

As at December 31, 2013, the Company had $27,193,075 (CDN $28,922,649) of cash with which to pursue its previously announced strategy to acquire advanced development or operating mineral assets in low risk jurisdictions.

The Company is currently focused on progressing the potential acquisition of Atlantic through due diligence and completion, expected August 2014.

***O T H E R  M D & A  R E Q U I R E M E N T S***

**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:

| Related Party | Compensation Type | Year Ended December 31, 2013 | Year Ended December 31, 2012 |
|---|---|---|---|
| John Morgan - President and CEO | Wages, benefits, and share-based payments | $ 282,096 | $ 285,000 |
| Robert Atkinson | Directors' fees and share-based payments | 26,631 | 50,567 |
| Don Siemens | Directors' fees and share-based payments | 26,631 | 50,567 |
| David Black | Directors' fees and share-based payments | 26,631 | 50,567 |
| William Armstrong | Directors' fees and share-based payments | 7,166 | - |
| Robert Rennie | Directors' fees and share-based payments | 71,932 | 127,170 |
| Steven Dean | Share-based payments | 30,764 | 74,412 |
| Irfan Shariff | Share-based payments | 11,776 | 26,677 |
| | | $ 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

Steven Dean, 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 Irfan Shariff, 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 Robert Rennie, 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 William Armstrong, 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, being Steven Dean and Irfan Shariff, respectively. 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, being Steven Dean and Irfan Shariff, respectively. 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).

The Company charged office lease and administrative expenditures to Sierra Metals Inc. ("Sierra"), a Company with a director in common, being Steven Dean. 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.

## Critical Accounting Estimates and Judgements and Significant Accounting Policies

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.

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

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

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.

Please refer to Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2013 for a summary of the Company's significant accounting policies.

## 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.

### Pronouncements 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.

*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 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.

**Outstanding Share Data**

As at the date of this report, there were 60,407,187 common shares issued and outstanding.

As at the date of this report, there were 4,650,000 stock options outstanding.

**Subsequent Event**

As indicated above, on April 7, 2014, the Company announced the signing of a Heads of Agreement with Atlantic Gold NL ("Atlantic") pursuant to which 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 (the "Scheme") between Atlantic and its shareholders.

Atlantic will also be asked to approve resolutions for an alternative to the Scheme if the Scheme is not approved by Atlantic's shareholders or the court, pursuant to which Spur would acquire all of the issued securities of DDV Gold Limited, the wholly owned Canadian subsidiary of Atlantic which holds all of Atlantic's Canadian assets.

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.

A news release in respect of the transaction is also available for review on the Company's website (www.spur-ventures.com) and Sedar (www.sedar.com).

**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 is classified in this category is acquired principally for the purpose of selling or redeeming in the short-term. Derivatives are included in this category unless they are designated as hedges.

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

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. 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.

***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 instruments of the Company as at December 31, 2013 and December 31, 2012 are summarized as follows:

| | **December 31, 2013** | | December 31, 2012 | |
|---|---|---|---|---|
| | **Carrying amount** | **Fair value** | Carrying amount | Fair value |
| **Financial assets** | | | | |
| *Loans and receivables* | | | | |
| Cash and cash equivalents | $27,193,075 | $ 27,193,075 | $30,249,036 | $ 30,249,036 |
| Receivables | 96,186 | 96,186 | 21,436 | 21,436 |
| Due from related parties | 69,845 | 69,845 | 50,917 | 50,917 |
| **Financial liabilities at amortized cost** | | | | |
| Accounts payable and accrued liabilities | $ 57,865 | $ 57,865 | $ 75,139 | $ 75,139 |
| Due to related parties | 9,623 | 9,623 | 16,645 | 16,645 |

Management has determined that there are no embedded derivatives.

***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.

*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.

**Risks and Uncertainties**

The Company is focused on acquisitions or other corporate transactions in gold, base metals, or other mineral-related assets or businesses. Due to the nature of the Company's proposed business, the following risk factors, among others, will apply:

*Key Personnel*

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

*Share Price Volatility and Liquidity*

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

Additional risks and uncertainties with respect to mining and mining exploration companies are not applicable at this time.

**Disclosure Controls and Procedures**

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.