SPUR VENTURES INC.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007

Dated: March 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") has been prepared as at March 31, 2008, and should be read in conjunction with the audited consolidated financial statements with accompanying notes of Spur Ventures Inc. (the "Company") for the year ended December 31, 2007 which have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

This MD&A contains certain statements that may be deemed to be "forward-looking statements" regarding the timing and content of upcoming programs. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, future prices of nitrogen, phosphate and potash, exploration successes, continued availability of capital and financing, the exchange rates for Canadian, US and Chinese currencies, Chinese policies on fertilizer and agriculture, and general economic, market or business conditions.

All amounts are reported in U.S. dollars and rounded to the nearest thousand where appropriate, unless otherwise stated. Additional information on the Company can be found in the filings with Canadian security commissions on SEDAR at www.sedar.com.

1. Nature of Operations

Spur Ventures Inc. (the "Company") is developing a fully integrated fertilizer business in the People's Republic of China ("China"). The recoverability of the amounts shown as mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the properties, and future profitable production or proceeds from the sale of fertilizer products.

In December 2003, the Company entered into agreements to obtain title to certain mineral properties located in Hubei Province, China by forming a 90% controlled Joint Venture company, Yichang Maple Leaf Chemicals Ltd. ("YMC"), with Hubei Yichang Phosphorous Chemical Co. Ltd. ("YPCC"). YMC is intended to undertake the development of the phosphate mines and to build compound phosphate fertilizer production facilities. YMC has not yet commenced active operations. The titles to the two primary mining properties remain in the name of our Joint Venture partner, YPCC, and are in the process of being formally approved for transfer to YMC. The first approval stage was completed in late December 2006 when Yiling District (Dianziping mine site) and Xinshang County (Shukongping mine site) officially recommended approval of the transfers to the Yichang City level. Yichang City completed its due diligence on the transfers in the first quarter of 2007. Since the two

Mining Licenses are considered state assets and are being transferred to a foreign-controlled joint venture, it is necessary to complete an assessment ("Resource Report" of the current value of the mines updated from that made at the time of the original joint venture contract was signed in 2003.

This Resource Report must be approved by the Central Ministry of Land and Resources and forms an integral part of the file that will be transferred from Yichang City to Hubei Province Land and Resources as part of the Mining License transfer process.

Effective January 01, 2008, new Ministry of Commerce regulations on foreign investment placed phosphate mines in the restricted category. Spur has received expert opinions from the Central Ministry of Land and Resources and legal counsel that Spur's rights based on the 2003 joint venture contract will be "grand fathered." and are not affected by this new restriction. However whereas previously Hubei Province Land and Resources could be the final approval stage for the transfer, these new regulations now require final approval at the Central Land and Resources level.

During 2004, the Company acquired Xinyuan Chemicals Ltd. and formed a 72.18% controlled Joint Venture company called Yichang Spur Chemicals Ltd. ("YSC"), which owns a fertilizer facility, located in Hubei Province, China. The other two minority partners are YPCC which owns 16.69% and Yichang Yuanfeng Chemical (Yuanfeng) which owns 11.13%.

Management acknowledges that for the Yichang Phosphate Project to be successful it will require significant equity and/or debt financing. Management has successfully raised financing in the past for the early stages of this project; however, there is no assurance that the Company will be successful in raising this financing in the future. Management considers that the Company has sufficient funding to meet its obligations and maintain administrative and operational expenditures for at least the next 12 months.

2. Significant Events

- **YSC idled for construction of MAP project**
  Management concluded in the third quarter of 2007 that price level of raw materials, especially potash, was too high for the NPK fertilizer facility to be viable in today's market, and planned to upgrade the current facility to produce MAP (Mono-ammonium phosphate) which does not rely on potash and has better economic prospects. The plant was idled in August 2007 and Spur planned to use the existing YSC facilities to build a MAP plant with the flexibility to produce up to 200K mt per year of powdered MAP to supply NPK producers and transform YSC from a NPK producer for farmers into production of Mono-ammonium Phosphate (11-44-0) (MAP) for industrial and export customers. It is estimated that there are more than 300 NPK fertilizer suppliers, but only about 20 MAP manufacturers. The switch to MAP would be a shift to a less competitive and better margin business. Over ten domestic NPK producers have signed Letters of Intent for 230,000 mt of powdered MAP. The plant, costing approximately RMB104 million or approx. $15.0 million is expected to be operational in early 2009.

- **Business Licence of YMC renewed**

  Hubei Administration for Industry and Commerce, after receiving approval from Central Ministry of Commerce (MofCom), issued the business license for YMC on October 18, 2007 with a term retroactive from November 24, 2003 to November 23, 2030 In China all business licenses are subject to annual review by the local Administration for Industry and Commerce.

- **Beijing Management Office established**

  In May 2007, the Company established a representative office in Beijing to enhance government and industry relations as well as management effectiveness.

- **Tianren acquisition agreement expired**

  On June 18, 2006, the Company entered into an agreement to acquire certain fertilizer related business of Hebei Tianren Chemical Corporation. The Company incurred due diligence, legal and other costs in connection with the proposed acquisition, which were deferred and capitalized. Due to delays in obtaining government approvals for the acquisition, certain downturns in these businesses and upon expiry of the most recent extension of the agreement on December 31, 2007, the Company abandoned the acquisition and wrote-off the previously capitalized deferred acquisition costs in the amount of $445,802.

- **Cash and term-deposits** stand at approximately US24.5 million at the date of this report. Spur had no asset backed commercial paper.

- **EBITDA** In this MD&A, the Company has reported EBITDA (Earning Before Interest, Tax, Depreciation & Amortization). This is a non-GAAP measure, which is used to determine the Company's ability to generate cash flows and returns for investing and other activities. The non-GAAP measure does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers.

  The following table shows the calculation of EBITDA:

		2007	2006
YSC			
Earnings	$	(1,379,901)	(5,860,284)
Interest Exp		86,374	207,341
Tax		-	-
Depreciation & Amortization		593,457	746,590
EBITDA	$	**(700,070)**	**(4,906,353)**
Spur Consolidated			
Earnings	$	(4,837,391)	(7,024,912)
Interest Exp		86,382	207,364
Tax		-	-
Depreciation & Amortization		609,657	801,320
EBITDA	$	**(4,141,352)**	**(6,016,228)**

3. Selected Annual Information

Selected annual information from the Company's three most recently completed financial years is summarized as follows:

		2007	2006	2005
Total revenues	$	7,042,959	7,193,009	6,613,823
Net income (loss)		(4,837,391)	(7,024,912)	(5,376,466)
Earnings (loss) per share		(0.08)	(0.12)	(0.11)
Total assets		30,975,890	35,929,903	44,045,599
Cash and short-term investments		24,987,065	26,497,945	30,755,711
Total long-term liabilities	$	Nil	Nil	Nil

4. Results of Operations – Full Year

Yichang Spur Chemicals (YSC)

Sales for the year ended December 31, 2007 were $7,043,000, about the same as the sales of $7,193,000 in 2006, with sales volume of 32,000 mt and 35,000 mt of NPK fertilizer respectively. Cost of product sold amounted to $6,909,000 compared to $7,018,000 in 2006 while gross profit was $133,000 versus $174,000 in 2006 mainly because of raw materials price increases. Unit cost of production was $216/mt compared to $202/mt in 2006. EBITDA was ($700,000) for the year ended December 31, 2007, compared to ($4,906,000) in 2006 which included an impairment charge of long-lived assets in the amount of $4,328,000.

The following table illustrates the operation results at YSC.

(Unaudited)	Q1/2007	Q2/2007	Q3/2007	Q4/2007	Total 2007
Production Volume (mt)	11,125	6,911	6,298	-	**24,334**
Sales Volume (mt)	14,136	6,837	8,795	2,235	**32,002**
Net Sales ($)	3,157,193	1,576,992	2,190,280	118,494	**7,042,959**
Cost of sales ($)	3,029,999	1,486,951	2,142,643	250,193	**6,909,786**
Total Gross Profit ($)	127,194	90,041	47,637	(131,699)	**133,173**
Selling price/mt ($)	223	231	249	53	**220**
Cost of Product/mt ($)	214	217	244	112	**216**

(Unaudited)	Q1/2006	Q2/2006	Q3/2006	Q4/2006	Total 2006
Production Volume (mt)	15,308	7,359	7,294	9,883	**39,844**
Sales Volume (mt)	12,557	4,833	6,583	10,721	**34,695**
Net Sales ($)	2,820,850	1,020,136	1,474,175	1,877,848	**7,193,009**
Cost of sales ($)	2,624,090	1,171,584	1,476,988	1,745,966	**7,018,628**
Total Gross Profit ($)	196,760	(151,448)	(2,813)	131,882	**174,381**
Selling price/mt ($)	225	211	224	175	**207**
Cost of Product/mt ($)	209	242	224	163	**202**

A low inventory turnover ratio may point to overstocking, obsolescence, or deficiencies in the product line or marketing effort. The following ratios for 2007, 2006, and 2005 indicate that inventory turnover has been improving.

	2007	**2006**	**2005**
Inventory	$519,992	$2,429,443	$2,604,680
Sales	$7,042,959	$7,193,009	$6,613,823
Inventory turnover ratio (sales/inventory)	13.54	2.96	2.54

Sales were lower in the fourth quarter of 2007, compared to the fourth quarter of 2006 as the fertilizer plant was idled in August 2007. The overall net loss was lower compared to 2006 as the Company recognized an impairment loss of $4,328,000 on its long-lived assets in the fourth quarter of 2006. The higher loss in the fourth quarter of 2007 relates to the $446,000 write-off of the deferred costs on the terminated Tianren acquisition and a number of factors related to the idling of the plant, including but not limited to increased provisions for bad debts as the Company makes efforts to collect on its receivables from customers who are aware that the plant is idled. Costs related to the mining licenses were also higher in the fourth quarter due to the recognition of certain costs of our joint venture partner upon them completing their capital infusion in the quarter.

However the prices of major raw material, in particular prices for sulphuric acid and potassium chloride, increased dramatically. For example, from the year end of 2006 to the end of third quarter 2007, prices of sulphuric acid increased from $39/mt to $117/mt while potassium chloride (potash) increased from $251/mt to $331/mt. Sales prices did not compensate for the raw material price increases but ranged from $223 to $249/mt due to excess supply relative to demand, and YSC was barely breaking even with every tonne produced. By the end of the third quarter of 2007, due to increasingly high sulphuric acid and potassium chloride raw material prices, the YSC plant was idled.

Yichang Maple Leaf Chemicals (YMC)

YMC has been focusing on the mining license transfer.

Mining Licence Transfer

The mining licenses for the Dianziping and Shukongping mines were issued by Central Land and Resources Department to Spur's JV partner YPCC in February and October of 2004 respectively.

After very thorough due diligence the first approval stage was finally completed in late December 2006 when Yiling District (Dianziping mine site) and Xinshang County (Shukongping mine site) officially approved the transfer to the Yichang City level.

Yichang City completed its due diligence on the transfers in the first quarter of 2007. Since the two Mining Licenses are considered state assets and are being transferred to a foreign-controlled joint venture, it is necessary to complete an assessment ("Resource Report) of the current value of the mines updated from that made at the time of the original joint venture contract was signed in 2003.

This Resource Report must be approved by the Central Ministry of Land and Resources and forms an integral part of the file that will be transferred from Yichang City to Hubei Province Land and Resources as part of the Mining License transfer process.

Effective January 01, 2008, new Ministry of Commerce regulations on foreign investment placed phosphate mines in the restricted category. Spur has received expert opinions from the Central Ministry of Land and Resources and legal counsel that Spur's rights based on the 2003 joint venture contract will be "grand fathered." and are not affected by this new restriction. However whereas previously Hubei Province Land and Resources could be the final approval stage for the transfer, these new regulations now require final approval at the Central Land and Resources level.

Business Licence Renewal

Hubei Administration for Industry and Commerce (AIC) extended YMC's Business License until March 31, 2007 by the direction of Central Ministry of Commerce based on a strong letter of support from the City of Yichang. This extension gave YPCC time to complete its first Registered Capital Contribution. The authorities have acknowledged that Spur has been in compliance since March of 2005 and Spur's Registered Capital Contribution totaled $19.17 M (RMB158,152,418) at the end of December 31, 2007. YPCC made its first required Registered Capital contribution valued at $3.84M (RMB28,808,600) for know-how and $1.09M (RMB8,233,700) of past expenses in October of 2007. YPCC's contribution has recently been approved by Hubei AIC thus completing the requirements for the renewal of the YMC Business License which. Hubei Administration for Industry and Commerce, after receiving approval from Central Ministry of Commerce (MofCom), issued the business license for YMC on October 18, 2007 with a term retroactive from November 24, 2003 to November 23, 2030.

In China all business licenses are reviewed annually to ensure compliance with the stated business scope and license obligations.

Spur Consolidated Results

EBITDA was approximately a loss of ($4,141,000) for the year ended December 31, 2007, lower than the loss of ($6,016,000) in the same period in 2006 which had a $4,328,000 non-recurring impairment charge on YSC's long-lived assets. The 2007 Loss per Share was $0.08 compared to $0.12 in 2006.

Operating expenses increased $948,000 to $5,543,000 from $4,595,000. The increase was attributable to: a $940,000 increase in mineral property exploration expenditures as a result of change in accounting policy (see Section 10 of this MD&A); a $376,000 increase in provision for bad debt; a $244,000 increase in wages and benefits previously charged to YMC; a $186,000 increase in consulting fees; a $44,000 increase in selling expenses; and a $16,000 increase in rent,. The above increases were partially offset by a $406,000 decrease in professional fees mainly for SOX compliance; a $121,000 decrease in interest expenses due to reduction of bank loans; a $109,000 reduction in stock-based compensation expenses; and a $102,000 decrease in office and miscellaneous expenses; a $98,000 decrease in transfer agent and filing fees, which included a one time TSX registration fee of approximately $100,000 in 2006; and a $13,000 reduction in repairs and maintenance expenses; a $5,000 decrease in printing and mailing expenses and $4,000 decrease in travelling expenses.

Because YSC was idled in the third quarter for the MAP project construction without further production and sales, year end balances of certain accounts impacted directly by sales and production also decreased from 2006 to 2007. These include decrease of customer deposits from $683,000 to $38,000, accounts receivables from $1,247,000 to $239,000, inventory from $2,429,000 to $519,000, prepaid expenses from $599,000 to $152,000, and payable and accrued liabilities from $1,716,000 to $730,000. Bank loans totalling $1,271,000 at the end of 2006 were fully repaid in 2007.

The Company's cash and cash equivalents and short-term investments at the end of 2007 amounted to $24,987,000 compared to $26,498,000 at the end of 2006, the decrease resulting from funding required for the Company's operations. Interest income was $1,098,000 in 2007 and $1,306,000 in 2006, reflecting the Company's solid cash position. The Company believes that it has sufficient funding to meet its obligations and to maintain administrative and operational expenditures for the next 12 months.

The Company's main objective of managing capital has been the safeguard of the Company's ability to continue as a going concern so that it can have the mining licences of Yichang Phosphate Project transferred to YMC for the development of a fully integrated fertilizer business, and can continue to provide returns for shareholders. The Company invests its funds in term deposits and short-term investments with major financial institutions and monitors capital by gauging cash and short-term investments available for use.

Foreign Exchange Gain or Loss

The foreign exchange loss was $16,000 for the year ended December 31, 2007, compared to a foreign exchange gain of $94,000 for 2006. The unrealized foreign exchange loss was mainly a result of the strength of CAD versus RMB in the translation of the Company's integrated joint ventures YMC and YSC using the temporal method. Under the temporal method, monetary assets and liabilities are translated at period-end exchange rates and items included on the statements of operations and cash flows are translated at rates in effect at the time of the transaction. Non-monetary assets and liabilities are translated at historical rates. The gain or loss on translation is charged to the statement of operations.

The Company conducts business in China, with most costs and revenues in Chinese Renminbi. Its Vancouver head office incurs expenses in Canadian dollars. The Company also holds significant amounts of US dollar term-deposits and T-Bills ranging from one to six months. Foreign exchange losses or gains are dependent upon the exchange rate relationship among the U.S. Dollar, Chinese Renminbi and Canadian Dollar. It is anticipated that exchange rates will be volatile over the coming quarters. This may result in foreign exchange fluctuating between gains or losses on a quarterly basis. The Company does not use derivatives to hedge against exposures to foreign currency arising from the Company's balance sheet liabilities, therefore the Company is exposed to future fluctuations in the three currencies.

5. Summary of Quarterly Results (unaudited)

	Qtr ended Dec. 31, 2007	Qtr ended Sep. 30, 2007	Qtr ended Jun. 30, 2007	Qtr ended Mar. 31, 2007	Qtr ended Dec. 31, 2006	Qtr ended Sep. 30, 2006	Qtr ended Jun. 30, 2006	Qtr ended Mar. 31, 2006
Total revenues ($)	118,494	2,190,280	1,576,992	3,157,193	1,877,848	1,474,175	1,020,136	2,820,850
Net income (loss) ($)	(3,507,085)	(43,746)	(910,020)	(376,540)	(5,319,716)	(647,577)	(818,156)	(239,463)
Earnings (loss) per share ($)	(0.05)	(0.00)	(0.02)	(0.01)	(0.10)	(0.01)	(0.01)	(0.00)
Diluted earnings (loss) per share ($)	(0.05)	(0.00)	(0.02)	(0.01)	(0.10)	(0.01)	(0.01)	(0.00)

Sales were lower in the fourth quarter of 2007, compared to the fourth quarter of 2006 as YSC was idled for the MAP project construction planning. Overall net loss was lower compared to 2006 as the Company recognized an impairment loss of $4,328,000 on its long-lived assets in 2006.

6. Liquidity and Capital Resources

As of December 31, 2007, the Company maintained a balance of cash and cash equivalents of $24.9 million, $2.6 million of which in Canadian Dollar Term Deposits and $1.25 million in Chinese Renminbi Term Deposits with more than 90 days maturity periods held in accounts of YMC and the Company's representative office in Beijing. The Company has complete control over the disbursements of the funds.

The Company has the following office lease commitment:

2008 $101,800
2009 $ 12,600

The Company has the following commitment to pay an engineering design fee related to the planned MAP project:

2008 RMB 1,930,500 or approximately $265,000
2009 RMB 148,500 or approximately $20,000

The Company has a commitment to pay for long lead capital equipment related to the MAP project for a value of $1.51 M (RMB 10.87 M) and for supervisor construction for a value of $69,000 (RMB 495,000)

The Company did not have any off-balance sheet arrangements as of the end of 2007.

7. Transactions with Related Parties

During 2007, the Company paid consulting fees of $284,675 to three companies controlled by two officers and two directors (2006: $141,377 to two companies controlled by one director and one officer).

Accounts payable to these companies for expenses incurred were nil at the end of 2007 (2006: $1,807). Except for the account receivable of RMB2,261,960 ($309,728) from YPCC related to the YSC loan (note 10), there were no other accounts receivables from related parties.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the fair value consideration established and agreed to by the related parties.

8. Fourth Quarter

Yichang Spur Chemicals (YSC)

As YSC was idled for the MAP project construction planning, sales in the fourth quarter of 2007 were only $118,000, compared to $1,878,000 in the fourth quarter of 2006. Gross profit was ($132,000) in the quarter ended December 31, 2007, compared to $131,000 in the fourth quarter of 2006. EBITDA was ($1,039,00) in the quarter ended December 31, 2007 compared to ($4,837,000) in the same period in 2006 as the Company recognized an impairment loss of $4,328,000 on its long-lived assets.

Spur Consolidated Results

Net loss for the quarter ended December 31, 2007 was $3,507,000 compared to $5,320,000. The $1,813,000 decrease in fourth quarter loss was attributable mainly to a non-recurring impairment loss in 2006 of $4,328,000 on its long-lived assets and $172,000 decrease in professional fees for SOX compliance, and were partially offset by $70,000 increase in foreign exchange loss, a $940,000 increase in mineral property exploration expenditures as a result of change in accounting policy (see Section 10 of this MD&A), a $446,000 write-off of Tianren acquisition costs, a $376,000 increase in provision for bad debt, a reduction of $263,000 in gross margin, a $228,000 decrease in net interest income, a $209,000 increase in wages and benefits previously charged to YMC, a $109,000 increase in consulting fees, $20,000 increase in office, printing and repair expenses, $13,000 increase in depreciation expenses, and $13,000 increase in other expenses.

9. Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Items subject to significant management estimates include the amounts recorded for stock-based compensation and the assessment of recoverable values. Actual results could differ from those reported.

10. Changes in Accounting Policies including Initial Adoption

During the year ended December 31, 2007, the Company retrospectively changed its accounting policy for exploration expenditures to more appropriately align itself with policies practiced in the United States and those applied by other companies in the fertilizer industry. Prior to the year ended December 31, 2007, the Company capitalized all such costs to mineral properties and only wrote down capitalized costs when either the property was abandoned or if the capitalized costs were not considered to be economically recoverable. Exploration expenditures are now charged to earnings as they are incurred.

The impact of this change in 2007 was to increase the loss for the year ended December 31, 2006 by $555,108 from $6.469,804 to $7,024,912, reduce mineral properties by $3,112,768 at December 31, 2006 and by $2,557,660 at December 31, 2005 and to increase the deficit at January 1, 2007 by $3,112,768 from $15,455,024 to $18,567,792 and at January 1, 2006 by $2,557,660 from $8,985,220 to $11,542,880 and to increase loss per share from ($0.11) to ($0.12) for the year ended December 31, 2006.

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

a) Section 3855, *Financial Instruments – Recognition and Measurement,* and Section 3862 & 3863, *Financial Instruments – Disclosure and Presentation*, prescribe the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Company is required to designate its financial instruments into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income respectively. All other financial instruments are subsequently measured at amortized cost.

All derivative financial instruments, including derivative features embedded in financial instruments or other contracts but which are not considered closely related to the host financial instrument or contract, are generally classified as held for trading and, therefore, must be measured at fair value with changes in fair value recorded in net earnings. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net earnings.

The Company has designated its financial instruments as follows:

- Cash and cash equivalents and short-term investments are classified as "Available for sale" and are recorded at their fair value.
- Accounts receivable are classified as *"Loans and Receivables"*. These financial assets are recorded at values that approximate their amortized cost using the effective interest method.
- Accounts payable and accrued liabilities, customer deposits, and bank loans are classified as *"Other Financial Liabilities"*. These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short periods to maturity. Bank loans are carried at current value. Management has determined that there are no embedded derivatives.

Management has determined that there was no effect to the opening balances of the Company upon adoption of this standard at January 1, 2007.

b) Section 1530, *Comprehensive Income*, introduces a new item in the Company's financial statements, "Statement of Comprehensive Income" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of financial statements from the functional currency to the reporting currency, gains and losses from changes in fair value of available for sale financial assets and changes in the fair value of the effective portion of cash flow hedging instruments.

Prior to the inclusion of gains and losses arising on translation of financial statements from the functional currency to the reporting currency in other comprehensive income, such adjustments were included in the cumulative translation adjustment within shareholders' equity. Upon adoption of Section 1530 at January 1, 2007, the Company reclassified $3,712,546 of cumulative translation adjustment to accumulated other comprehensive income.

c) Section 3865, *Hedges* specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures.

The adoption of this standard did not have an impact on the Company as at January 1, 2007 or for the year ended December 31, 2007.

11. Outstanding Share Data

As of March 31, 2008, the Company had the following shares, warrants and options outstanding:

	Number	Exercise Price CAD	Expiry Date
Shares	58,740,520	N/A	N/A
Stock options	1,700,000	0.60	May 6, 2008
Stock options	435,000	1.20	June 19, 2008
Stock options	1,250,000	1.50	July 23, 2009
Stock options	200,000	1.50	December 31, 2008
Stock options	500,000	1.80	March 1, 2010
Stock options	200,000	1.50	September 16, 2010
Stock options	200,000	1.50	March 14, 2011
Stock options	625,000	1.03	July 3, 2011
Stock options	200,000	0.64	January 3, 2012
Stock options	20,000	0.55	April 4, 2012
Stock options	200,000	0.63	June 27, 2012
Stock options	20,000	0.50	December 3, 2012
Total	64,290,520		

Under the 2005 Employee Stock Option Plan, the Company may grant options to its directors, officers, and service providers for up to 8,000,000 common shares or such additional amount as may be approved from time to time by the shareholders of the Company. Under the plan, the exercise price of each option is not less than the market price of the Company's stock on the date of grant and an option's maximum term is 5 years. The directors of the Company may determine and impose terms upon which each option shall become vested in respect of option shares. During 2007, compensation expense of $243,227 was recognized including $56,363 for options granted in 2007 and $186,864 for options granted in prior years.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with assumptions for the grants as follows:

	2007	**2006**	**2005**
Risk free interest rate	3.94% - 4.62%	4.00% - 4.50%	3.40% - 3.70%
Expected life of options in years	3-5 years	5 years	5 years
Expected volatility	49% - 79%	49% - 51%	48% - 52%
Dividend per share	$0.00	$0.00	$0.00

12. Outlook

Transforming YSC

Spur is transforming of Yichang Spur Chemical ("YSC") from solely a NPK producer for farmers into production of Mono-ammonium Phosphate (11-44-0) ("MAP") for industrial and export customers as well as specialty NPK's. This additional product production capacity will leverage off Spur's current investments in YSC while giving it the manufacturing flexibility required to meet the changing needs of this emerging market.

This new MAP plant will be the first stage of Spur's investment in the Sino-Canadian Integrated Phosphate Project (see below).

YSC's location in the heart of the phosphate mining region and on the Yangtze River provides it with a number of advantages for the manufacture of MAP, including security of supply and distinct transportation advantages.

Sino-Canadian Integrated Phosphate Project

Spur firmly believes that only those firms that control their own raw materials, have production facilities with economies of scale and can deliver their products effectively to the market will be successful in China.

The clock started ticking for the mining license transfers in the second quarter of 2005 after the two mining licenses had been formally issued and Spur made its first Registered Capital contribution. This is not a long time for the transfer of a natural resource anywhere in the world, and certainly not in China.

The key drivers for the YMC Project remain the continued growth of the 1.2 million mt/yr Nitrogen, Phosphorus and Potassium fertilizer ("NPK") market in China. NPK demand has been growing at approximately 10% each year but still represents only 20% of the compound fertilizers sold in China. The Chinese government wants this to increase to 50% by 2010 to ensure a 25% increase in crop production to feed China's growing population. In 2007 China imported 1.35 million mt of NPK's at an average price 15% higher than domestic NPK product so there is another growth opportunity through import substitution.

The apparent paradox between current NPK production overcapacity in China and the 8-10% increase in new production coming on line is due to the continued presence of small, economically inefficient NPK facilities that the Chinese government is in the process of closing. Within the next five years, we anticipate most compound P producers will be in the five provinces with rich phosphate reserves while producers in other parts of China will be shut down.

The trend towards higher quality and analysis fertilizers, the potential for import substitution and the anticipated closure of over 200 small scale plants is viewed as strong justification for Spur continuing its work at both YSC and YMC.

The focus of Spur's strategy remains YMC's Yichang Integrated Phosphate Project of YMC. Spur plans to be fully integrated from mining through flexible manufacturing of compound phosphate fertilizers to the market place. Flexible manufacturing means that Spur may produce Mono-ammonium Phosphate fertilizer ("MAP"), or NPK's depending on market demand

With the MAP expansion at YSC and the Integrated P Project, Spur is clearly now in "Project Mode" focused solely on developing phosphate mines for the production of high analysis compound phosphate fertilizers for the domestic Chinese fertilizer market.

13. Disclosure Controls and Procedures

INTERNAL CONTROLS OVER FINANCIAL REPORTING

For the year ended December 31, 2007, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

OTHER MATTERS

The Company has a disclosure policy approved by the Board of Directors, and management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, will be made known to senior management in a timely manner, and that the Company's disclosure controls and procedures will be effective not only with respect to the Company's annual filing requirements but on an ongoing basis.

In 2006 the Company had engaged Grant Thornton to assist it in the documentation, evaluation and testing of its internal controls and procedures in compliance with SOX 404. The project was scaled down to meet minimal requirements as Spur announced on September 11, 2007 its decision to voluntarily terminate the registration of its securities under the U.S. Securities Exchange Act of 1934. The deregistration was effective December 12, 2007.

Spur's rationale for deregistration is based on the following:

• The primary market for Spur's shares is the Toronto Stock Exchange, where the average trading volume has accounted for more than 95% of Spur's worldwide trading volume over the last year;

• The major difference between Canadian GAAP to U.S. GAAP in Spur's annual audited financial statements is essentially eliminated with a change in accounting policy to expense rather than capitalize mineral property exploration expenditures. (see Section 10 of this MD&A).

• Spur is continuously seeking to minimize its operating costs.

The deregistration will have no impact on Spur's primary listing of its common shares on the Toronto Stock Exchange. Spur will continue to publish financial reports, financial statements, press releases and shareholder information, which will be available at www.sedar.com and on Spur's web site at www.spur-ventures.com, and will continue to provide a high standard of corporate governance, information and disclosure for all investors, including those in the United States.

Management will continue to ensure that material information relating to the Company, including its consolidated subsidiaries, will be made known to the Company's shareholders in a timely manner, and that the Company's disclosure controls and procedures will be effective not only with respect to the Company's annual filing requirements but on an ongoing basis.

14. Risk Factors

The Company's business is in China, which despite recent government policy changes carries risk for foreign owned operations.

China has an evolving legal structure. Many laws and regulations dealing with economic matters in general, and foreign investment in particular, have been promulgated, including changes to the Constitution of China to authorize foreign investment and to guarantee "the lawful rights and interests" of foreign investors in China. Nevertheless, China does not have a comprehensive system of laws, and the legal and judicial systems in China in respect of commercial laws are rudimentary. In addition, enforcement of existing laws may be uncertain and sporadic, and may be subject to domestic politics.

China is an emerging economy. Although the Chinese economy has experienced significant growth in the recent past, such growth has been uneven among various sectors of the economy and geographic regions. The central government and even provincial and municipal governments continue to play a significant role in the planning of the economy, not always in a coordinated fashion.

Investment in China can be affected by significant political, economic and social uncertainties. Any change in laws and policies by the Chinese government could affect the Company's investment in China. Circumstances such as a change in leadership, social or political disruption may benefit or limit the Chinese government's abilities to pursue such policies.

Need to Obtain Permits and Licenses. Although China is progressing towards a market-oriented economy, it is still a centrally planned economy. The operations of the Company require government review, licenses and permits from various government agencies, and there is no guarantee the Company will be granted all required licenses and permits.

Chinese Costs. There continues to be "made in China" pricing for raw materials, minerals and fertilizers which differs from international prices. The continued rapid growth in the Chinese economy is affecting both fertilizer input prices and international freight rates for imports. Spur assumes that raw material prices in China will eventually be set based on import parity.

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