

Spur Ventures Inc.

Condensed Interim Consolidated Financial Statements

September 30, 2012

Unaudited

(expressed in U.S. dollars)

NOTICE

The accompanying unaudited condensed interim consolidated financial statements of Spur Ventures Inc. ("the Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Spur Ventures Inc.

Condensed Interim Consolidated Balance Sheets

(unaudited and expressed in U.S. dollars)

	September 30, 2012 \$	December 31, 2011 \$
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	11,320,483	96,220
Short term investments (Note 4)	19,483,391	21,599,524
Prepaid expenses	46,676	54,581
Other receivables	104,418	75,688
	30,954,968	21,826,013
Assets held for resale (Note 5b)	-	12,055,322
	30,954,968	33,881,335
Office equipment and furniture		
	27,385	31,170
	27,385	31,170
	30,982,353	33,912,505
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	117,189	171,847
Liabilities directly associated with assets classified as held for resale (Note 5b)	-	6,867,159
	117,189	7,039,006
SHAREHOLDERS' EQUITY		
Share capital (Note 6a)	41,386,379	41,386,379
Contributed surplus (Note 6b)	7,932,997	7,610,418
Accumulated other comprehensive income	1,725,113	855,606
Deficit	(20,179,325)	(22,850,460)
	30,865,164	27,001,943
Non-controlling interests (Note 5a)	-	(128,444)
	30,865,164	26,873,499
	30,982,353	33,912,505
Commitments (Note 9)		
Subsequent Event (Note 10)		

APPROVED BY THE DIRECTORS

Donald R. Siemens
Director

Robert G. Atkinson
Director

Spur Ventures Inc.

Condensed Interim Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

(unaudited and expressed in U.S. dollars)

	Three months ended Sep-30 2012 \$	Three months ended Sep-30 2011 \$	Nine months ended Sep-30 2012 \$	Nine months ended Sep-30 2011 \$
Continuing operations				
Operating expenses				
Consulting fees	116,379	38,051	266,654	111,600
Depreciation and amortization	2,521	2,558	7,382	6,594
Office and miscellaneous	17,180	15,315	60,253	56,914
Professional fees	30,918	40,538	186,979	129,903
Rent	23,232	24,473	64,130	73,862
Stock-based compensation (Note 6c)	67,542	61,613	322,579	89,918
Transfer agent, filing and listing fees	1,118	10,789	82,334	36,729
Travel, advertising and promotion	15,388	17,984	46,879	65,917
Wages and benefits	104,588	101,548	322,038	328,171
Loss before the undemoted	(378,866)	(312,869)	(1,359,228)	(899,608)
Other income (expenses)				
Interest income	111,071	75,941	299,133	228,528
Foreign exchange loss	(67)	(4,271)	(2,172)	(4,758)
Loss for the period from continuing operations	(267,862)	(241,199)	(1,062,267)	(675,838)
Discontinued operations				
Gain from sale of Spur BVI (Note 5a)	-	-	3,873,015	-
Loss from discontinued operations (Note 5c)	-	(235,296)	(139,613)	(590,584)
Income (Loss) from discontinued operations	-	(235,296)	3,733,402	(590,584)
Net Income (Loss) for the period	(267,862)	(476,495)	2,671,135	(1,266,422)
Net Income (Loss) attributable to				
Non-controlling interests	-	(24,028)	-	(48,594)
Equity shareholders of the Company	(267,862)	(452,467)	2,671,135	(1,217,828)
Net Income (Loss) for the period	(267,862)	(476,495)	2,671,135	(1,266,422)
Other comprehensive income (loss):				
Unrealized gain (loss) on translating financial statements from functional currency to reporting currency	1,077,716	(1,743,953)	869,507	(1,167,284)
Comprehensive income (loss) for the period	809,854	(2,220,448)	3,540,642	(2,433,706)
Comprehensive income (loss) attributable to				
Non-controlling interests	-	(24,028)	-	(48,594)
Equity shareholders of the Company	809,854	(2,196,420)	3,540,642	(2,385,112)
Earnings (Loss) per share from continuing and discontinued operations attributable to the equity shareholders of the Company during the year				
Basic weighted average number of shares outstanding	60,407,187	60,407,187	60,407,187	60,407,187
Diluted weighted average number of shares outstanding	60,707,187	60,607,187	60,707,187	60,607,187
Earnings (Loss) per share, basic	(\$0.01)	(\$0.01)	\$0.04	(\$0.02)
From continuing operations	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.01)
From discontinued operations	\$0.00	(\$0.00)	\$0.06	(\$0.01)
Earnings (Loss) per share, diluted	(\$0.01)	(\$0.01)	\$0.04	(\$0.02)
From continuing operations	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.01)
From discontinued operations	\$0.00	(\$0.00)	\$0.06	(\$0.01)

Spur Ventures Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited and expressed in U.S. dollars)

	Number of Shares	Share Capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Sub-total \$	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
Stock-based compensation	-	-	322,579	-	-	322,579	-	322,579
Currency translation adjustment	-	-	-	869,507	-	869,507	-	869,507
Effect from sale of Spur BVI	-	-	-	-	-	-	128,444	128,444
Net income for the period	-	-	-	-	2,671,135	2,671,135	-	2,671,135
Balance, September 30, 2012	60,407,187	41,386,379	7,932,997	1,725,113	(20,179,325)	30,865,164	-	30,865,164

	Number of Shares	Share Capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Sub-total \$	Non- Controlling Interest \$	Total Equity \$
Balance, January 1, 2011	60,407,187	41,386,379	7,474,700	1,514,231	(21,156,025)	29,219,285	(66,106)	29,153,179
Stock-based compensation	-	-	89,918	-	-	89,918	-	89,918
Currency translation adjustment	-	-	-	(1,167,284)	-	(1,167,284)	173	(1,167,111)
Net loss for the period	-	-	-	-	(1,217,828)	(1,217,828)	(48,594)	(1,266,422)
Balance, September 30, 2011	60,407,187	41,386,379	7,564,618	346,947	(22,373,853)	26,924,091	(114,527)	26,809,564

Spur Ventures Inc.

Condensed Interim Consolidated Statements of Cash Flows

(unaudited and expressed in U.S. dollars)

	Three months ended Sep-30 2012 \$	Three months ended Sep-30 2011 \$	Nine months ended Sep-30 2012 \$	Nine months ended Sep-30 2011 \$
Cash provided by (used in) continuing operating activities				
Net loss for the period	(267,862)	(241,199)	(1,062,267)	(675,838)
Items not involving cash:				
Depreciation and amortization	2,521	2,558	7,382	6,594
Stock-based compensation	67,542	61,613	322,579	89,918
	(197,799)	(177,028)	(732,306)	(579,326)
Changes in non-cash working capital:				
Other receivables and prepaids	(21,803)	(123,025)	(20,827)	(64,005)
Accounts payable and accrued liabilities	(53,286)	199,556	(54,657)	114,256
Non-operating activities items:				
Interest income	(111,071)	(75,941)	(299,133)	(228,528)
Cash used in operating activities-continuing operations	(383,960)	(176,437)	(1,106,923)	(757,603)
Cash used in operating activities-discontinued operations (Note 5c)	-	(76,324)	(139,613)	(109,654)
Investing activities				
Capital expenditures	-	-	-	(36,961)
Interest received	154,744	144,657	174,425	162,697
Proceeds from disposal of short-term investments	11,277,215	12,850,917	13,349,801	23,646,556
Purchase of short-term investments	(11,756)	(12,750,069)	(10,390,099)	(22,873,850)
Cash provided by (used in) investing activities-continuing operations	11,420,203	245,505	3,134,127	898,442
Proceeds from sale of Spur BVI	-	-	9,253,701	-
Less: non-cash item included in gain from sale of Spur BVI	-	-	(128,444)	-
Cash provided by investing activities-discontinued operations (Note 5c)	-	-	9,125,257	-
Effect of exchange rate changes	211,983	(6,890)	211,415	(9,733)
Increase (decrease) in cash and cash equivalents	11,248,226	(14,146)	11,224,263	21,452
Cash and cash equivalents, beginning of the period	72,257	230,516	96,220	194,918
Cash and cash equivalents, end of the period	11,320,483	216,370	11,320,483	216,370

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Notes to Condensed Interim Consolidated Financial Statements

September 30, 2012

(unaudited and expressed in U.S. dollars)

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.

Until the completion of the sale of its 100% owned subsidiary, Spur Chemicals (BVI) Inc. ("Spur BVI") on February 13, 2012, the Company held interests in the fertilizer industry in China. 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.

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

2 Significant Accounting Policies

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including, International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed interim consolidated financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2011. The Company has used the same accounting policies as disclosed in the audited financial statements for the year ended December 31, 2011, with certain items being reclassified to discontinued operations.

The preparation of the condensed interim consolidated financial statements in compliance with IAS 34 requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the periods. The effect of changes in certain estimates such as accruals on the financial statements of future periods could be significant. While management believes these estimates and assumptions to be reasonable actual results could differ.

These condensed interim financial statements were approved for issue by the Company's Board of Directors on November 21, 2012.

New and revised International Financial Reporting Standards

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial instruments - Classification and Measurement, IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities, IAS 27, Separate Financial Statements, IFRS 13, Fair Value Measurement and amended IAS 28, Investments in Associates and Joint Ventures. Each of the new standards is

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effective for annual periods beginning on or after January 1, 2013 with early adoption permitted, except IFRS 9, which is effective on or after January 1, 2015. The Company is in the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

3 Cash and cash equivalents

Cash and cash equivalents consist of deposits primarily with major Canadian financial institutions. Details of the deposits are as follows:

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Canadian Dollar deposits in Canada	\$11,317,722	\$95,780
U.S. Dollar deposits in Canada	2,761	440
Total	\$11,320,483	\$96,220
Interest rates per annum	up to 1.35%	up to 1.04%
Maturity Date	n/a	n/a

4 Short term investments

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

	<u>September 30, 2012</u>	<u>December 31, 2011</u>
Canadian Dollar GICs in Canada	\$19,483,391	\$21,599,524
Interest rates per annum	up to 1.6%	up to 1.55%
Maturity Date	up to May 2013	up to August 2012

During the quarter ended September 30, 2012, approximately \$11.3 million GICs yielding an interest rate of 1.2% per annum were redeemed and deposited in higher rate savings account to improve yields.

5 Sale of Spur BVI and Discontinued Operations

At December 31, 2011, the Company held interests in two joint ventures (YMC and YSC) in China through its wholly owned subsidiary Spur BVI. 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 100 % of the shares 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 Canadian dollars plus a contingent payment of CDN \$4.75 million Canadian

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dollars 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.

Until the sale of Spur BVI, the Company operated in one operating segment, the fertilizer industry, and had two geographic locations, China and Canada. Subsequent to the sale of Spur BVI, the Company operates entirely in Canada. The discontinued operations reflected the Chinese operations and the continuing operations reflected the Canadian operations. Subsequent to the sale of the Chinese operations, the Company is no longer in the Chinese fertilizer industry.

- a) A 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)	<u>(5,252,242)</u>
	<u>3,873,015</u>

No gain is recorded for the CDN \$4.75 million Canadian dollars 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
	\$
Balance at December 31, 2011	5,188,163
Transaction costs capitalized	68,444
Foreign exchange translation loss	(4,365)
Balance at February 13, 2012	<u>5,252,242</u>
Net assets disposed of (Note 5a)	<u>(5,252,242)</u>
Balance at February 13, 2012 upon completion of the sale of Spur BVI	<u>-</u>

- c) Losses of and cash provided by (used in) the discontinued China operations for the three and nine months ended September 30, 2012 and 2011 are as follows:

Spur Ventures Inc.

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(unaudited and expressed in U.S. dollars)

	Three months ended Sep-30 2012 (\$)	Three months ended Sep-30 2011 (\$)	Nine months ended Sep-30 2012 (\$)	Nine months ended Sep-30 2011 (\$)
Loss Relating to Discontinued Operations				
Depreciation and amortization	-	57,443	-	182,733
Office and miscellaneous	-	3,832	1,777	6,448
Professional fees	-	-	2,570	-
Rent	-	20,245	-	61,303
Travel, advertising and promotion	-	11,089	16,652	24,833
Wages and severance	-	64,551	118,614	151,155
Share of loss on investment in YMC	-	78,136	-	231,466
Gain from disposal of obsolete inventories and plant assets	-	-	-	(67,354)
Loss for the period from discontinued operations	-	235,296	139,613	590,584
Cash provided by (used in) operating activities-discontinued operations				
Loss for the period from discontinued operations	-	(235,296)	(139,613)	(590,584)
Depreciation and amortization	-	57,443	-	182,733
Share of loss on investment in YMC	-	78,136	-	231,466
Changes in non-cash working capital		(99,717)	(139,613)	(176,385)
Prepaid expenses	-	(1,651)	-	(5,403)
Accounts payable and accrued liabilities	-	25,044	-	72,134
Cash used in operating activities- discontinued operations	-	(76,324)	(139,613)	(109,654)
Cash provided by investing activities-discontinued operations				
Proceeds from sale of Spur BVI	-	-	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	-

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) Contributed surplus

Spur Ventures Inc.

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	Related to Stock Options \$	Related to Warrants \$	Total \$
Balance as at December 31, 2011	3,053,618	4,556,800	7,610,418
Stock-based compensation	322,579	-	322,579
Balance as at September 30, 2012	3,376,197	4,556,800	7,932,997

c) 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.

Assumptions used for stock options valuation:

	2012
Risk free interest rate	1.37% - 1.45%
Expected life of options in years	5 years
Expected volatility	48% - 64%
Dividend per share	\$0.00

	Options outstanding	Weighted average exercise price CDN\$
Balance - December 31, 2011	3,100,000	\$0.51
Granted	1,000,000	\$0.40
	100,000	\$0.37
Exercised	-	
Forfeited	-	
Expired	(200,000)	\$0.64
Balance - September 30, 2012	4,000,000	\$0.47

The weighted average exercise price at September 30, 2012 was CDN\$0.47 (2011 – CDN\$0.51). The weighted average grant date fair value per option for options granted during the nine months ended September 30, 2012 was CDN\$0.165 (2011: CDN\$0.206).

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 next two years.

During the three months ended September 30, 2012, stock-based compensation expense of \$67,542 was recognized (2011: \$61,613).

Spur Ventures Inc.

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During the nine months ended September 30, 2012, stock-based compensation expense of \$322,579 was recognized (2011: \$89,918).

The following table summarizes information about the options outstanding at September 30, 2012:

Number of Options	Exercise Price CAD	Expiry Date	Number Exercisable
20,000	0.50	December 3, 2012	20,000
830,000	0.90	June 26, 2013	830,000
300,000	0.28	July 28, 2014	300,000
1,750,000	0.37	August 12, 2016	1,093,750
1,000,000	0.40	April 10, 2017	250,000
100,000	0.37	May 10, 2017	25,000
<u>4,000,000</u>			<u>2,518,750</u>

7 Related party transactions and key management compensation

During the three months ended September 30, 2012, the Company incurred \$79,327 in salaries and benefits, and \$89,195 in consulting fees to key management of the Company for services (2011: \$71,029 in salaries and benefits and \$37,392 in consulting fees).

During the nine months ended September 30, 2012, the Company incurred \$231,397 in salaries and benefits and \$209,770 in consulting fees to key management of the Company for services (2011: \$203,404 in salaries and benefits and \$107,823 in consulting fees).

Key management includes the Directors of the Company, the Chief Executive Officer and the Chief Financial Officer.

As at September 30, 2012, there were \$88,700 in receivables from three related companies for sharing of office overhead (2011: \$50,016 from two companies).

8 Income taxes

The sale of Spur BVI resulted in a capital loss of approximately CDN\$13.4 million for tax purposes. The Company may be able to carry forward and utilize CDN\$13.6 million of capital losses and CDN\$11.8 million of non-capital losses to apply against future capital gains or taxable income. The Company recognizes deferred tax assets for all deductible temporary differences and tax losses only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets have not been recognized because it is not probable that future taxable profits will be available against which the Company can utilize deductible temporary differences.

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9 Commitments

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:

	<u>Office lease</u>	
2012	\$	14,986
2013	\$	89,913
2014	\$	89,913
2015	\$	67,435

10 Subsequent event

On November 1, 2012, 1,250,000 stock options were granted to the directors, officers and employees of the Company entitling them to purchase the common shares of the Company at a price of \$0.40 per share until November 1, 2017, with 12.5% vesting immediately and 12.5% each quarter over the next two years.