

SPARTON RESOURCES INC.

For the Quarter ended March 31, 2010

Management's Discussion and Analysis dated May 28, 2010

The following discussion and analysis of results of operations and liquidity and capital resources of Sparton Resources Inc ("Sparton" or the "Company") for the quarter ended March 31, 2010 should be read in conjunction with the interim unaudited consolidated financial statements for the three-months ended March 31, 2010 and comparative figures for the quarter ended March 31, 2009 as well as the audited consolidated financial statements and related notes for the year ended December 31, 2009, all of which have been prepared in accordance with Canadian generally accepted accounting principles. All currency is shown in Canadian dollars unless otherwise stated.

Forward-Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Forward-looking statements include, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of the Company's exploration properties. Such statements reflect the current views of its management with respect to future events and are subject to a variety of inherent risks, uncertainties and other facts which are beyond the Company's control, and could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reasons, except as required by applicable Canadian securities law. Investors and others should carefully consider these and other factors and not place undue reliance on these forward looking statements.

General

During the three months ended March 31, 2010, the Company's operations were directed towards a number of activities. These included developing the secondary uranium recovery programs in China and doing underground development work at the Huajun germanium-coal operation to support future production. All inventory of germanium concentrates at Huajun was sold in early 2010 and production from stockpiled coal commenced late in Q1 after the Chinese Spring Festival Holiday.

As well, additional drilling was completed at the Marmion gold project in northern Ontario, with encouraging results.

The evaluation of the new Guojiaping vanadium opportunity, in China, continued and positive initial vanadium recovery tests were completed.

Late in the quarter, Sparton also concluded the sale of its 39% interest in the Luxi Gold Project in China to the owner of the local Luxi Gold Mine. The Company retains the right to participate in any significant new gold mining developments in the Luxi Gold Mine licence and the overall Luxi project exploration area.

Sparton's management devoted considerable effort to seeking new financing to support the advancement of the secondary uranium recovery programs, its germanium production operations, and in rationalizing the Company's diverse portfolio of assets.

Coal /Germanium Operations

2009 financing efforts furthered the Company's goal of becoming a profitable operating company through its subsidiaries. The Huajun germanium operations at Lincang in Yunnan are now providing modest cash flow to the Company through its subsidiary, Sparton Energy Inc. (SEI), which owns a 51% share interest in Huajun. Following the acquisition of a 51% interest in Huajun in late Q3, 2009, the Company's operating subsidiary in Yunnan assumed operational and financial control of Huajun. During the operating period from September 4, 2009 to December 31, 2009, the Company estimated the net income from operations of 306 Mine to be approximately \$56,000. The short term objectives are to complete the full 85% Huajun interest acquisition, continue underground development of the Huajun operations and enhance their profitability by increasing output and upgrading the current production of germanium concentrate to pure germanium metal. To accomplish this, additional financing will be necessary.

Secondary Uranium Recovery Program

The Company progressed in developing its uranium cleanup program in the Lincang Area. Its partner, the CNNC Remote Sensing subsidiary "ARCN" directly invested its 30% interest share in Sparton's 60% owned Chinese joint venture company, Yunnan Sparton New Environ Tech Consulting Co. Ltd. ("YSNET"), which will operate the secondary uranium recovery programs in Yunnan. The Company also carried the 10% share costs of its other People's Republic of China ("PRC") partner in YSNET, Beijing John Hangseng Investment Company ("JHIC").

Test work on leaching uranium from the Lincang area ash deposits continued to produce encouraging results during the year ended December 31, 2009. By year end 2009 several other large radioactive waste coal ash deposits were under evaluation in China. Evaluation on these and other sites will continue. SNET also began the evaluation of a number of PRC uranium mine tailings deposits and low grade waste ore stockpiles. A number of these show excellent promise for exploitation and this program is continuing

In early November, 2009, YSNET also entered into an agreement with the Jiangxi 267 Nuclear Exploration Team to evaluate a large vanadium deposit with associated uranium mineralization. The Company's due diligence program, to evaluate the vanadium deposit for acquisition continued through Q1, 2010.

Guojiaping Vanadium Project

Sparton announced on November 23, 2009, that its 70% controlled PRC subsidiary YSNET, had signed a Preliminary Agreement for the evaluation of a significant vanadium – uranium deposit in southern China. YSNET is the Sino-foreign joint venture company which is 30% owned by a subsidiary of the China National Nuclear Corporation.

The Agreement, made with Team 267 of the Exploration Bureau of the Jiangxi Nuclear Industry ("267"), was for the evaluation of the Guojiaping Exploration Licence in Xiushui County, Jiangxi province, China. This licence contains a large shale hosted vanadium deposit with associated uranium mineralization which has been explored by 267 since May, 2007. Under the agreement YSNET may acquire a 65% interest in the joint venture company to own and develop the Guojiaping Exploration Licence for a total consideration of 45 million Renminbi, or approximately \$7 million dollars.

The exploration license covers an area of 9.02 sq. km. and past exploration work includes in total, 7,760 meters of core drilling (in 131 holes), 3,528 cubic metres of trenching, several shallow shafts, and related geological mapping, sampling, and analyses.

Based on the results of 42 drill holes covering a 5.5 km sq. area within the Guojiaping Licence, the deposit is reported by 267 to contain approximately 100,000 tonnes (220,000,000 pounds) of vanadium pentoxide (V₂O₅) classified as "Chinese 333, inferred, intrinsically-economic resources" at a grade averaging

0.91% V₂O₅. The mineralized horizon is 3-10 metres thick and shallow dipping. It outcrops at surface and has been explored by a combination of trenching and core drilling.

The associated uranium deposit identified in the same drilling program and analytical database is estimated by 267 to contain 1000 tonnes of uranium metal (2,200,000 pounds) at a grade averaging 0.172% U and is also classified as a "Chinese 333 inferred, intrinsically economic resource". The deposit is located in a region with a proven history of vanadium production and appears to be amenable to simple open pit mining.

At current vanadium pentoxide prices, the vanadium deposit has an indicated in situ value exceeding US\$1 billion dollars and Sparton believes this project represents a significant opportunity for the Company.

By the end of Q1, 2010, the Company had completed a comprehensive due diligence study of all data related to the vanadium deposit including preliminary metallurgical vanadium oxide recovery tests. This work confirmed the 267 data, and the metallurgical tests conducted at the Company laboratory in China produced positive results. Additional independent recovery tests were commissioned at Lyntek Inc.'s facility in Denver Colorado. A National Instrument 43-101 compliant Independent Technical Report was completed in mid May of 2010. An acquisition decision for this Project will be made based on the results of this report and subject to availability of appropriate financing.

Luxi Gold Project, China

Following the 2007 agreement with Starry Limited., (the BVI subsidiary of Hong Kong Stock Exchange listed Zhao Jin Gold Mining Industry), whereby Sparton sold to Starry a 41% interest in Yunnan Sparton Minerals Company Ltd. ("YSM"), the owner of the Luxi Gold Project. (See Note 7(i) to the audited Consolidated Financial Statements for the year ended December 31, 2008). Starry assumed operatorship of the Luxi Project using Zhao Jin staff, effective October, 2007. The Company had, through 2008 and 2009, highlighted many management and technical problems with the Starry operations of YSM and the physical work program at Luxi was minimal during the 2009 work year. As well, the final payment for the sale of the 41% interest, which was expected in 2009, was not received. Sparton carried on negotiations with Starry to settle this issue through most of 2009 without success. The objective was to either increase its YSM share interest and regain operator control of the JV company or attract a replacement partner for Starry in YSM.

In early 2010, Sparton was advised by Zhao Jin that Starry had been sold to Yunnan Fudi Mining Limited. (See subsequent Event Note 17 (ii) in the Consolidated Financial Statements for the year ended December 31, 2009).

On March 17, 2010, the Company signed a sale agreement to divest its 39% interest in YSM. The total sale price was 14 million RMB or \$2,146,200, and has been fully paid in cash, in two tranches.

The buyer was Joyful Ocean Group ("JOG") of Hong Kong and the transaction was completed by selling JOG Sparton's BVI subsidiary company Sparton International Resources Inc. which owns 39% of YSM. Joyful Ocean is a company controlled by the owner of the Luxi Gold Mine. Sparton retains the right of first refusal to a 35% participation in any significant development of the Luxi Gold Mine and to a 35% interest in Joyful Ocean's interest in any significant development in the overall Luxi Project Area.

North America Precious Metals

The Company continues to seek a partner for the SBD project in Nevada, located near Newmont's Phoenix Gold Mine. SBD drilling by the Company in 2007, confirmed the existence of an under explored zone of gold mineralization, similar in nature to that hosted in the nearby Trenton Canyon Mine. Subject to available financing or farm-in, a comprehensive drilling program may take place later in 2010, to expand this zone and develop a potentially commercial inventory of gold mineralization on the claims.

Mexico Precious Metals

Sparton has earned a 51% interest in the 500 hectare Rossy claim, in Sinaloa State, Mexico, from partner International Northair Mines Ltd. Following a data compilation of all previous work, late in 2008 a prospecting team located two new zones of significant gold-silver mineralization in the eastern part of the property. New road access has been completed to these zones for a future drill program. This road also provides access to the San Rafael zone, which has not yet been drilled. The new mineralization will be tested in a drilling program planned for 2010, if funds are available, or a partner can be found for the project. Sparton's 51% interest is fully vested and costs are now being shared pro rata with International Northair. No significant expenditures were incurred in Q1 2010 on the project.

Canada Minerals

Marmion Gold Project, Ontario

In Q3 2009, the Company entered into an option agreement to acquire a 100% interest in approximately 6,800 hectares of mineral claims in several claim groups surrounding the Brett Resources' reported 6.8 million ounce Hammond Reef gold deposit, in northern Ontario, near the town of Atikokan. The initial prospecting program on these claims has produced encouraging results and work will continue. A small drilling program was undertaken before the year end, and continued into 2010. Results were encouraging, with a new gold discovery made on the western claim group (West Hammond Contact Property "WHC"). Wide zones of altered and mineralized material were located along the contact zone between the Marmion granitic batholith and the Finlayson Volcanic Belt.

During the initial prospecting and sampling program, new mineralization was discovered on the WHC claims, along the strike from the previously reported Stubby Zone. This included the new South Silicified Zone ("SSZ"), located southwest of Stubby.

Of 689 prospecting (grab) samples taken at WHC, 109 samples returned significantly anomalous values above 100 ppb Au. Values obtained over 1 g/t are 17.65 g/t Au, 13.55, 12.4, 4.04, 4, 3.19, 2.76 and 2.61 g/t Au. Most of the higher values are from the grid area which is 3,100 meters long by 800 meters wide, centered on the Stubby showing. Anomalous gold values generally occur in quartz-ankerite veins and vein stockworks with pyrite, rarely accompanied by chalcopyrite and/or galena. Highly altered mafic volcanics with abundant pyrite and altered pyritic granite have also returned anomalous gold values up to 12.4 g/t Au. Some of the assays and soil results are still pending, but visually, the mineralized trend is more or less continuous along the grid baseline and has been traced over a distance of 2.8 kilometers. Anomalous gold values in soils analysed to date from the grid, are observed for a strike length of about 2.2 kilometers. The data display several anomalous trends within the grid and a significant number of anomalous values occur beyond the north-western limit of the grid, where sample values reach up to 1.71 and 1.92 g/t.

Drilling completed on the WHC area project in late 2009 and early 2010, located a strongly altered and mineralized zone associated with the SSZ structure and twelve holes, totalling approximately 2,750 metres, were completed in the initial five week drilling program. A further 4 holes were completed, totalling approximately 1,250 metres, in early March, 2010.

All holes were drilled at an angle of -50 degrees to the southeast and the average hole length was 215 metres. The holes have partially tested a series of echelon Induced Polarization ("IP") anomalies located along a portion of the 3.10 km long WHC grid, which follows a strong, wide (over 300m) alteration and shear zone along the contact between the Finlayson Volcanic Belt and the Marmion Granitic Batholith. Highlights of the first part of the drill program include intersections of 0.4 g/tonne gold over 39.4 metres (including 14.8 metres 0.80 g/tonne gold) in hole WHC 2010-12 on the SSZ. Individual assays from holes drilled in the SSZ included 0.80 g/t over 7.5 metres, 3.49 g/t over 1.3 metres, 4.4 g/t over 1.0 metres and

8.5 g/t over 0.8 metres, all within an alteration envelope of lower grade gold content ranging from 0.01 to 0.05 g/t .

The early March 2010 drilling program consisted of 4 additional holes, totalling approximately 1,200 metres in length, which were completed prior to the spring breakup. All holes were drilled at an angle of - 50 degrees and the average length was approximately 300 metres.

Hole WHC10-13 tested the shallow part of the South Silicified Zone ("SSZ") immediately in front of Hole WHC10-7 and confirmed the low gold values seen in the trench on this section, with the best intersection being 0.50 g/t gold over a 2.5 metre core length.

Hole WHC10-14, located 75 metres to the south of holes WHC10-07, 12, and 13, tested the intersections reported previously in those holes (see Sparton news release dated March 1, 2010) at depth. This hole intersected a 100 metre (core length) zone of anomalous gold values in altered Marmion Batholith granitic rocks, which included intersections of 1.46 g/t gold over 1.0 metres, 3.48g/t gold over 0.4 metres, 1.32 g/t gold over 1.0 metre, 0.62g/t gold over 1.0 metre and 0.48g/t gold over 1.0 metres. Semi - continuous gold values between these intersections ranged from 100-400 ppb gold. One continuous zone, from 282-296 metres in this hole, averaged 0.40 g/t gold over a 14 metre core length at a depth of approximately 225 metres below the surface, confirming the increase in gold values with depth seen in Hole WHC10-12, which encountered 0.37 g/t Au over 39.4 meters, including 0.74 g/t Au over 14.8 meters. Deeper drilling on this zone will be required.

Drill hole (WHC10-15) tested an area of anomalous surface prospecting results (with values up to 1.92 g/t gold from grab samples) on the west part of the WHC grid, and returned only low values. The fourth hole, WHC10-16 tested a wide IP anomaly approximately 2 kilometers north of the SSZ main drilled area. It intersected a strongly silicified zone of altered Finlayson Volcanic rocks containing significant amounts of pyrite and minor base metals, but returned low gold values.

Several other untested targets remain on the WHC grid and lines have been extended to provide additional geophysical coverage, with more Induced Polarization and Magnetic surveys planned for the summer field season.

It is clear from these results that the deeper part of the SSZ contains better gold values and more consistent mineralization. Future drilling will focus on deeper testing of this zone.

The mineralization found in the SSZ and other gold showings located in Sparton's WHC Property, and new gold occurrences located on the Clement Lake claims, clearly represent a series of new gold discoveries in Ontario. The Deeper drilling at the SSZ has returned higher gold values and mineralized widths similar to the mineralization in the Brett Deposit. Deeper drilling is required.

The intense alteration and structural deformation associated with contact between the Finlayson Volcanic belt and the Marmion granite batholith represents a major exploration opportunity and Sparton controls over 20 km of this contact zone and mineralization is very similar to the nearby Brett Resources 7 million ounce gold deposit, currently under advanced development. Additional surface field work and drilling will take place later in 2010 to follow up these new discoveries on Sparton's holdings in the area.

NuCoal Project, Saskatchewan

On August 26, 2009, Sparton and NuCoal Energy Corporation ("NuCoal") a private Saskatchewan based energy company, announced that they had executed a Memorandum of Understanding ("MOU") wherein Sparton and NuCoal will jointly (on a 50%:50% cost sharing basis) evaluate the potential of NuCoal's

lignitic coal holdings in Saskatchewan to host commercial germanium and uranium mineralization. In addition, the program would also test the feasibility of recovering valuable metals from residue material produced by the coal to liquids ("CTL") program being developed by NuCoal in this area. Part of NuCoal's lignitic coal leases cover the northern extension of the Ravenscrag coal basin where (in North Dakota) significant amounts of uranium were produced from four operations burning high uranium coal and extracting it from resulting radioactive coal ash in the late 1960's and early 1970's. Numerous occurrences of uranium bearing coal were documented in this NuCoal area, but no new uranium exploration in these settings had been reported since the early 1980's.

Historical reports and maps indicated over fifty documented uranium occurrences in six areas within southern Saskatchewan with analyses equal or greater 0.03% U₃O₈. These showings occur both in lignitic coals held by NuCoal as well as sedimentary host rocks of Ravenscrag Formation. The highest recorded value was 0.41% U₃O₈. In addition to U₃O₈, the review indicated a presence of germanium and gallium occurrences.

A late 2009 sampling program, designed to check the old showings, was cut short by weather but produced positive results. Seven of the sampled coal occurrences returned uranium values of between 45 and 258 ppm Uranium (or 53 and 304 ppm U₃O₈). If these are converted into the anticipated U₃O₈ content of coal ash from burning these coals at an average ash content of 20%, the expected U₃O₈ content of the resulting ashes would vary from 0.026% to 0.121%, which are grades similar to many commercially exploited bulk mineable or in situ leached uranium deposits.

A comprehensive field program is planned for 2010 which will involve detailed surface exploration on all the reported uranium occurrences in the area and follow up of the positive results from 2009.

Chebucto Gas

Sparton holds an estimated 6.5% unitized working interest in the Chebucto natural gas field in the Sable Island area of offshore Nova Scotia. In late 2008, new government leasing activity in the immediate Chebucto area and the Sable Island region has shown a renewed interest by both the government and industry in new exploration in the area.

In Q3 2009 the Company received a notice letter from ExxonMobil Canada Ltd. indicating that it was considering the development of a number of Significant Discovery Licenses (SDLs) in the Sable Offshore Energy Project ("SOEP") area. These included SDL 2286, part of the Chebucto field, in which the Company owns a 12.5 % working interest. Chebucto is located near the existing North Triumph production facilities. The SOEP supplies natural gas into the northeast seaboard areas of the United States and Canada. Sparton has owned the Chebucto interest since 1997.

ExxonMobil began a program in late 2009 to do geological and engineering studies to confirm the resource size and production expectations, design the required facilities, and estimate the capital costs for all of the fields under consideration. As well, certain commercial and regulatory matters needed to be resolved.

The inclusion of Chebucto into the overall development project was subject to results of the early phase of these studies. These were completed in Q1 2010 and the Company was informed by Exxon Mobil that Chebucto would not be included in the current new SOEP development. ExxonMobil indicated that it did not consider the quality of the technical Chebucto database to be sufficiently reliable to allow a clear understanding of the geometry and size of the field. Sparton is considering ways of acquiring new and more reliable data for Chebucto, possibly with other groups who are exploring in the local area.

Capitalization, Amortization and Write-offs

All costs relating to the Company's exploration activities, other than grass-roots exploration, which are expensed as incurred, are capitalized until such time as a decision is made to proceed with the

development phase of each project, in which event the costs will be depleted on the unit of production basis as the estimated total resources are mined. Management of the Company regularly reviews the carrying value of each mineral property and, if conditions suggest impairment, management may write down or write off that project. As a result of write downs or write offs from exploration activities and possible gains on sales of interests in exploration properties, the net income or loss of the Company may be volatile.

In the year ending December 31, 2009 the Company wrote off the value of its Whiskey, Coal Canyon, 208, and Luxi Projects for a total of \$2,543,151 (see Note 8 to the December 31, 2009 Consolidated Financial Statements). The financing costs associated with the Quam Loan of \$601,632 were also written off in the year ended December 31, 2009 (see Note 9 to the December 31, 2009 Consolidated Financial Statements). No additional write-offs were taken in Q1 2010.

The consolidated financial statements include the accounts of the Company and its wholly and partly owned subsidiaries including: Energy Data Science (EDS Drilling Services), its 90% interest in Beijing Sparton Mineral Investment and Consulting Ltd., its 94.5% interest in Sparton Energy Inc. ("SEI"), its 60% interest in Yunnan Sparton New Environ-tech Consulting Co. Ltd. ("YSNET") and SEI wholly-owned interest in Yunnan Blue Bay Mining Co. Ltd. ("YBB").

Due to the fact that a new comprehensive mining licence had not yet been granted at year end 2009 or during the period ending March 31, 2010 YBB's 51% interest in 306 Huajun Coal Co. Ltd. ("Huajun") (Note 4 to the December 31, 2009 Financial Statements) was not consolidated into the December 31 2009 year-end audited financial statements or the unaudited financial statements for the period ending March 31, 2010.

These unaudited consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. All intercompany transactions have been eliminated.

Financial Highlights, Expenditures

Exploration properties and deferred exploration expenditures showed a net recovery of \$1,126,628 in Q1 2010, compared to net investments of \$310,152 in Q1 2009, substantially reflecting the sale of the Company's 39% interest in Luxi to a third party for RMB 14,000,000 (\$2,083,200) in Q1 2010.

Expenditures of \$40,941 were incurred in Q1 2010 on the ARCN secondary uranium recovery program (waste ash) in China in preparation of the planned bulk test program, compared to \$143,818 in Q1 2009. The 208 Project, gold assets in Inner Mongolia was discontinued as the Letter of Intent and Co-operation Agreements had expired. No further work is anticipated and the outstanding expenditures of \$49,976 were written-off at the year-end 2009.

In Q1 2010, expenditures of \$80,009 were incurred on the SBD Nevada project mainly related to advance royalty payments compared to Q1 2009 expenditures of \$100,790. In 2009, expenditures of \$190,057 on the Coal Canyon Project was written-off at 2009 year-end as the Company elected not to renew its option to purchase the property in order to focus its on its core properties in Canada and China. Expenditures of \$882,339 were made in Q1 2010 on the Company's new northern Ontario Atikokan Gold Project compared to nil in Q1 2009. No expenditures were incurred at the Mexican Sierra Rosario Project in Q1 2010 compared to \$31,795 in Q1 2009.

All the costs of the active projects are carried on the books under Deferred Exploration Expenditures (See note 8 to the December 31, 2009 consolidated financial statements). All the results of our exploration work were described in the 2009 Management Discussion and Analysis which accompanies the Audited Financial Statements for the year ended December 31, 2009, and throughout the year, by way of press releases. Comparisons of financial results are given for the previous corresponding reporting period. While it is extremely difficult to predict future events, management is hopeful that current projects and overall

strategy should allow the Company to finance its continuing production, exploration and development activities.

Results of Operations

Quarter ended March 31, 2010 compared to Quarter ended March 31, 2009

For the quarter ended March 31, 2010, the Company registered net cash inflow of from investing activities totalling \$673,950 as compared to net investments of \$521,396 in Q1 2009, reflecting \$1,694,296 of proceeds on sale of properties related to the initial payment of the Luxi sale transaction in Q1 2010. The acquisition of Huajun in Q1 2009 accounted for a substantial share of the \$462,249 of cash used for asset acquisitions in Q1 2009. There were no such cash items in Q1 2010. Property expenditures totalled \$1,019,572 in Q1 2010 compared to a marginal \$57,685 in Q1 2009, as the focus was on completion of the Huajun transaction at the time.

Cash flow from operating activities showed a net use of cash totalling \$175,537 in Q1 2010, versus \$379,668 in Q1 2009. A net loss of \$156,351 was incurred in Q1 2010, compared to net loss of \$109,972 in Q1 2009. Overall expenses totalled \$505,804 in Q1 2010 compared to \$345,933 in Q1 2009.

Due to an increased level of contract activity, the Company's subsidiary, EDS Drilling Services, generated net revenue of \$420,686 in Q1 2010, compared to \$88,524 in Q1 2009.

A foreign exchange loss of **\$62,370** was recorded in Q1 2010 compared to a gain of \$131,239 in Q1 2009.

Investment loss on securities was insignificant at **\$8,977** in Q1 2010 compared to a gain of \$15,515 in Q1 2009.

Quarterly Information

The following table sets out selected quarterly financial information of Sparton and is derived from unaudited quarterly financial statements prepared by management:

	Mar. 31st 2010	Dec. 31st 2009	Sep.30th 2009	Jun. 30th 2009	Mar. 31st 2009	Dec. 31st 2008	Sep.30th 2008	Jun. 30th 2008
Revenue (\$)	420,686	151,795	Nil	Nil	88,524	247,326	134,122	Nil
Total Net Loss (\$)	156,351	3,203,791	437,875	224,269	109,972	534,309	42,717	366,881
Basic and Diluted Loss Per Share (\$)	0.00	0.06	0.01	0.00	0.00	0.01	0.00	0.01

Liquidity and Financial Condition

As at March 31, 2010, Sparton had current assets of \$3,174,602 versus \$268,864 in 2009. Cash equivalents and short term investments totalled \$2,395,553 compared to \$1,906,140 at Q1 2009. Current liabilities consisting of accounts payables and accrued totalled \$347,975 compared to \$400,554 in Q1 2009. Long term debt amounted to \$3,223,700 at Q1 2010 compared to \$3,276,500 at Q1 2009.

Outstanding Share Data

Sparton's authorized capital consists of an unlimited number of common shares without par value. As at March 31, 2010, there were 87,783,930 common shares issued and outstanding. The following options and share purchase warrants were also outstanding:

Options – 5,680,000 at a weighted average exercise price of \$0.23.
Share Purchase Warrants – 17,739,167 at a weighted average exercise price of \$0.17.

Related Party Transactions

During the three month period ended March 31, 2010, professional management fees of \$25,500 (2009 – \$18,000) were paid to a director who is the President of the Company. Management and consulting fees for another director were \$15,000 (2009 – \$13,500). A bonus payment totalling \$15,000 (2009, nil) was paid to a director in relation to the sale of the 39% interest in YSM (see note 8) and a total of \$29,760 (\$14,880 each) (2009, nil) was accrued during the period ended March 31, 2010 relating to the unpaid consulting fees to these same Company directors from YSM, and paid off in Q2, 2010. The related parties were also reimbursed for out-of-pocket expenses relating to the business of the Company

Management fees of \$ 4,854 (2009 – \$4,854) were paid to an officer of the Company.

In January 2010 the Company Board of Directors adopted a policy of paying a modest fee to each director independent of management for attendance at board meetings. During the three months ended March 31, 2010 a total of \$1,400 was paid in relation to these fees. (See Note 11 to the Consolidated Financial Statements for the period ended March 31, 2010).

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties.

New Accounting Policies

Mining Exploration Costs

On March 27, 2009, the AcSB issued Accounting Abstract EIC-174, Mining Exploration Costs. In this, the Committee provided additional guidance for an enterprise that has initially capitalized exploration costs and has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The EIC should be applied to financial statements issued after March 27, 2009. The Company has adopted EIC-174 in these consolidated financial statements, with no material impact.

Goodwill and Intangible Assets

In November 2007, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, which replaces the existing Handbook Section 3062, Goodwill and Other Intangible Assets and Handbook Section 3450, Research and Development Costs. This standard is effective for annual financial statements relating to fiscal years beginning on or after October 1, 2008, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The adoption of this standard did not have a material effect on the Company's consolidated financial statements.

EIC 173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA approved EIC 173 Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 12, 2009. The Company has adopted these new standards in its consolidated financial statements for the period ended March 31, 2010. The adoption of these standards did not have a material impact on the Company's consolidated financial statements.

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to CICA Section 3862, "Financial Instruments Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 - Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value under Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of this new standard resulted in additional disclosures in the notes to the consolidated financial statements.

Future Accounting Changes:

Consolidations and Non-controlling Interests

CICA Handbook Sections 1601 "Consolidations" and Section 1602 "Non-Controlling Interests" replace Section 1600 "Consolidated Financial Statements". Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - "Consolidated and Separate Financial Statements", for non-controlling interests. The Company will adopt this standard on January 1, 2011.

Business Combinations

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be reliably measured, will be measured at fair value. Any interest in the acquiring entity owned prior to obtaining control will be re-measured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company will adopt this standard on January 1, 2011.

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed the changeover to IFRS from Canadian GAAP will be required for public accountable enterprises for interim and annual financial statements relating to fiscal years effectively beginning on or after January 1, 2011. The AcSB issued the "omnibus" exposure draft of IFRS with comments due by July 31, 2008, wherein early adoption by Canadian entities is also permitted. The Canadian Securities Administrators ("CSA") has also issued Concept Paper 52-402, which requested feedback on the early adoption of IFRS as well as the (continued) use of US GAAP by domestic issuers. The eventual changeover to IFRS represents changes due to new accounting standards. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations.

Preparing for IFRS Conversion

International Financial Reporting Standards (“IFRS”) Implementation Plan

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all accounting policies, the initial key areas of assessment will include:

- Plant and equipment
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required	Completed December 31, 2009
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Throughout fiscal 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Throughout fiscal 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q2 (June 30, 2010)
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q2 (June 30, 2010)
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout fiscal 2010

The AcSB has confirmed January 1, 2011 as the date IFRS will replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (Canadian GAAP) for publicly accountable companies. The transition to IFRS may materially affect the Companies reported financial position and results of operations. The Company has initiated the process to identify the differences in accounting standards that are relevant to the Companies business.

The Company is assessing the potential impacts of this changeover and is developing its IFRS changeover plan, which will include project structure and governance, resourcing and training, analysis of key GAAP differences and a phased plan to assess accounting policies under IFRS as well as potential exemptions to the initial adoption of IFRS as permitted by IFRS Statement 1.

Risk Factors

The Company's major properties and mineral projects include the Huajun Germanium operations, the Guojiaping Vanadium Project, the Uranium ARCN program and the Chebucto and North Triumph SDLs, as well as the, Marmion gold Project Ontario, and Nevada SBD gold plus the Sierra Rosario Mexico Project. Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon these properties in the near term. If no additional major mineral properties are acquired by the Company, any adverse development affecting these properties could have a material adverse effect on the Company's financial condition and results of operations.

Other risk factors and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, investments and sundry receivables. Cash and investments are held with reputable Canadian chartered banks and Chinese banks which are closely monitored by management. Financial instruments included in sundry receivables consist mainly of sales tax receivable from government authorities. Management believes that the credit risk concentration with respect to financial instruments included in cash, investments and sundry receivables is remote.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had a cash balance of \$2,371,803 (December 31, 2009 - \$1,873,390) to settle current liabilities of \$347,975 (December 31, 2008 - \$400,554). The Company's current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

Foreign Currency Risk

The Company is exposed to foreign exchange rate risk, as the Company's business is carried out primarily in US dollars ("USD") and Chinese Renminbi ("RMB") and the Company and its subsidiaries maintain USD and RMB denominated bank accounts. Unfavorable changes in the applicable exchange rate between USD, RMB and the CDN dollar may result in a material effect on the foreign exchange gain or loss. The Company and its subsidiaries do not use derivative instruments to reduce the exposure to foreign currency risk.

The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the purchase of properties and investment in foreign currencies and the purchase of services, materials and property and equipment from suppliers invoiced in foreign currencies. For the three month period ended March 31, 2010, approximately 22% [December 31, 2009 - 18%] of its assets and approximately 33% [2009 -19%] of expenses were incurred in foreign currencies.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The Company has designated its cash and investments as held-for-trading, which are measured at fair value. Sundry receivables and due from shareholders are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and bridge loan are classified as other financial liabilities, which are measured at amortized cost.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the year:

(i) Interest rate risk is remote as the interest rates on the Company's investments have fixed interest rates.

(ii) The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk. As at March 31, 2010, \$100,585 cash, \$7,490 sundry receivables, \$3,152 accounts payable and accrued liabilities, and \$nil of long term debts are in foreign currencies.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of precious, base and specialty metals and uranium. Commodity prices have fluctuated widely in recent years. There is no assurance that commercial quantities of commodities may be produced in the future, or that a profitable market will exist for them. A decline in the market price of commodities may also require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value. A decline in the market price of the commodities may affect the completion of future equity transactions and may also affect the Company's liquidity and its ability to meet its ongoing obligations.

As of March 31, 2010, the Company is a germanium coal producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Off Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Corporate Governance, Management Responsible for Financial Statements

Management of the company is responsible for the preparation and presentation of the annual and interim consolidated financial statements and notes and the accompanying MD&A and other information contained therein. Additionally, it is management's responsibility to ensure the company complies with the laws and regulations applicable to its activities.

The company's management is accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the company.

Responsibility for the reviewing and approving of the company's quarterly unaudited interim consolidated financial statements and related MD&A is delegated by the Directors to the Audit Committee, which is comprised of three directors, all of whom are independent of management.

The consolidated financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

All relevant information related to the Corporation is filed electronically at www.sedar.com and on the Company's website at www.spartonres.ca

Outlook

Going forward, and subject to financing, it is planned to complete the acquisition of the 85% interest in Huajun Mining, and further develop the profitable germanium and thermal coal producing operations of that company. This is expected to be completed in mid 2010. The demand and pricing structure for germanium metal and concentrates is expected to strengthen in the near term and has stood up well under past and current depressed economic conditions. Sparton's evaluation of the operation after assuming operating and financial responsibility in early September 2009 indicates significant room for upgrades to increase profitability with an underground development program to access new reserves and implementation of process controls to increase Ge recovery efficiencies.

The producing asset base from Huajun is now providing modest cash flow to Sparton through its subsidiary YBB and will dovetail into the uranium recovery program from waste coal ash in the same area. By Q4, 2010, subject to financing, it is expected to have a bulk extraction test program underway on the extraction of uranium from Lincang area waste ash followed by completion of a scoping or prefeasibility level study. This will lead to final feasibility work and possible first uranium production from waste ash at Lincang in early to mid 2012. Test work on other ash deposits, mine tailings and low grade waste ore deposits will proceed on an ongoing basis.

The new opportunity to evaluate and acquire the large Guojiaping vanadium deposit in Jiangxi province PRC fits directly into the Company's business plan to become a profitable specialty metal producer and bring new value to the shareholders through its subsidiaries.

In early 2010 the Company and its environmentally positive waste cleanup programs to produce uranium were recognized in a number of highly regarded international media publications, including the Wall Street Journal, the Economist, and BBC4 Radio in England. Ongoing programs on the Company's North America and Mexico projects are at important stages where excellent targets have been identified. With appropriate new financing, it is hoped new drilling program will identify significant amounts of potentially commercial mineralization.

New financing alternatives to support all of these activities are being pursued by Company management on an ongoing basis

Management plans to restructure the diverse asset base of Sparton in order to attempt to realize the inherent value of each of its projects for its shareholders. New investors and strategic partners will be sought as part of this plan to rationalize the various components of the Company portfolio of projects.

Subsequent Events

On April 12, 2010, Sparton received the second and final payment of 2 million Renminbi for the sale of its 39% interest in the Luxi Gold Project. The total amount received for the sale was 14 million RMB (equal to \$2,146,200). These funds will be used for Company working capital.

On May 21, 2010, the Company granted a total of 1,485,000 new incentive stock options to directors, officers, employees and consultants of the Company. These options will entitle the holders to purchase common shares of the Company at a price of \$0.10 per share and will expire on May 20, 2015. The grant is subject to TSX Venture Exchange approval.