

SUNKAR RESOURCES PLC

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX
MONTHS ENDED 30 JUNE 2008**

The accompanying unaudited consolidated financial statements of Sunkar Resources plc (the "Group") for the six months ended 30 June 2008 have been prepared by and are the responsibility of the Group's management. They do not include all of the information and disclosures that would be required by International Financial Reporting Standards for annual audited financial statements. The interim consolidated financial statements should be read in conjunction with the Group's audited financial statements including the notes thereto for the period ended 31 December 2007. The financial information has not been reviewed or audited by the Group's Auditors.

These financial statements have been approved by the Audit Committee and the Board of Directors.

CHAIRMAN'S STATEMENT

I am pleased to provide this first interim report to shareholders on the development of the Sunkar and its Chilisai Phosphate Project in Kazakhstan.

This report follows very quickly on the heels of our statutory accounts to December 2007 as we have aligned our year end with Temir Service LLP, our operating subsidiary in Kazakhstan.

In the first six months of 2008 as has previously been reported management were focussed on raising finance via an Initial Public Offering on the Alternative Investment Market (AIM) of the London Stock Exchange which raised gross proceeds of £33.6 million.

Plans to develop the Chilisai Project have been progressing and mining operations have commenced. Mining equipment is on site and operating and the base camp is well on the way to completion.

The strategy to develop an integrated phosphate fertiliser production facility will be pursued and completion of a Feasibility Study is planned for the end of 2009.

Outlook

The remainder of 2008 and 2009 will be challenging with management effort focussed on the progression of a Feasibility Study and target ore extraction of 1 million tonnes in 2009.

Teck Soon Kong
CHAIRMAN
30 September 2008

CONSOLIDATED INCOME STATEMENT

In thousands of US dollars

	Note	(unaudited) 6 months ended 30 June 2008	(unaudited) 6 months ended 31 Oct 2007	(audited) 8 months ended 31 Dec 2007
Other operating income		9	70	70
Administrative expenses		<u>(1,183)</u>	<u>(541)</u>	<u>(1,372)</u>
Operating loss before finance income		(1,174)	(471)	(1,302)
Finance income		<u>4</u>	<u>2</u>	<u>1</u>
Loss before taxation		<u>(1,170)</u>	<u>(469)</u>	<u>(1,301)</u>
Taxation		-	-	1
Loss for the period		<u>(1,170)</u>	<u>(469)</u>	<u>(1,300)</u>
Attributable to:				
Equity holders of parent		(1,108)	(371)	(1,157)
Minority interests		<u>(62)</u>	<u>(98)</u>	<u>(143)</u>
		<u>(1,170)</u>	<u>(469)</u>	<u>(1,300)</u>
Basic and diluted earnings per share (cents)	8	<u>(0.87c)</u>	<u>(0.48c)</u>	<u>(1.31c)</u>

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

In thousands of US dollars

	Note	(unaudited) 6 months ended 30 June 2008	(unaudited) 6 months ended 31 Oct 2007	(audited) 8 months ended 31 Dec 2007
Foreign exchange translation differences		<u>18</u>	<u>3</u>	<u>(24)</u>
Net expenditure charged directly against equity		18	3	(24)
Loss for the period		<u>(1,170)</u>	<u>(469)</u>	<u>(1,300)</u>
Total recognised income and expense for the period		<u>(1,152)</u>	<u>(466)</u>	<u>(1,324)</u>
Attributable to:				
Equity holders of parent		(1,091)	(369)	(1,179)
Minority interests		<u>(61)</u>	<u>(97)</u>	<u>(145)</u>
		<u>(1,152)</u>	<u>(466)</u>	<u>(1,324)</u>

CONSOLIDATED BALANCE SHEET

In thousands of US dollars

	Note	(unaudited) 30 Jun 2008	(unaudited) 31 Oct 2007	(audited) 31 Dec 2007
Assets				
Intangible exploration assets	3	16,594	16,394	16,254
Goodwill	3	30,145	1,795	30,145
Other intangible assets	3	2	-	-
Property, plant and equipment	4	5,357	124	107
Deposit		<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total non-current assets		<u>54,598</u>	<u>18,313</u>	<u>49,006</u>
Other receivables and prepayments		62,549	149	485
Cash and cash equivalents		<u>793</u>	<u>23</u>	<u>6,107</u>
Total current assets		<u>63,342</u>	<u>172</u>	<u>6,592</u>
Total assets		<u>117,940</u>	<u>18,485</u>	<u>55,598</u>
Equity				
Issued share capital	5	298	172	217
Share premium	5	110,214	8,428	24,970
Share warrant reserve	5	1,713	-	-
Shares not issued reserve	5	-	-	24,756
Translation reserve	5	(15)	(8)	(32)
Retained earnings	5	<u>(2,227)</u>	<u>(333)</u>	<u>(1,119)</u>
Total equity attributable to equity holders of parent	5	109,983	8,259	48,792
Minority interest	5	<u>1,337</u>	<u>2,853</u>	<u>1,398</u>
Total equity		<u>111,320</u>	<u>11,112</u>	<u>50,190</u>
Liabilities				
Non current liabilities		837	-	-
Trade and other payables		<u>5,783</u>	<u>7,353</u>	<u>5,408</u>
Total liabilities		<u>6,620</u>	<u>7,353</u>	<u>5,408</u>
Total equity and liabilities		<u>117,940</u>	<u>18,485</u>	<u>55,598</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of US dollars

	(unaudited) Note 6 months ended 30 June 2008	(unaudited) 6 months ended 31 Oct 2007	(audited) 8 months ended 31 Dec 2007
Cash flows from operating activities:			
Operating loss	(1,173)	(471)	(1,302)
Adjustments for:			
Depreciation	16	10	10
Decrease / (increase) in receivables	212	(91)	(396)
Increase / (decrease) in payables	96	(1,649)	(210)
Cash utilised in operations	<u>(849)</u>	<u>(2,201)</u>	<u>(1,898)</u>
Income taxes paid	<u>-</u>	<u>-</u>	<u>-</u>
Net cash utilised in operating activities	(849)	(2,201)	(1,898)
Cash flows from investing activities:			
Interest received	3	2	1
Acquisition of subsidiary, net of cash acquired	-	-	(5,000)
Acquisition of intangible exploration assets	(340)	(49)	(98)
Acquisition of property, plant and equipment	<u>(4,150)</u>	<u>(24)</u>	<u>(7)</u>
Net cash from investing activities	(4,487)	(71)	(5,104)
Cash flows from financing activities:			
Repayment of loan	-	-	(5,708)
Proceeds from the issue of share capital	4	2,103	20,353
Payment of transaction costs	<u>-</u>	<u>(163)</u>	<u>(1,863)</u>
Net cash outflow from financing activities	4	1,940	12,782
Net (decrease) / increase in cash and cash equivalents	(5,332)	(332)	5,780
Cash and cash equivalents at start of period	6,107	351	351
Exchange differences	<u>18</u>	<u>4</u>	<u>(24)</u>
Cash and cash equivalents at end of period	<u>793</u>	<u>23</u>	<u>6,107</u>

1. NATURE OF OPERATIONS AND GOING CONCERN

Operations

The Group owns a phosphorite mining property in Kazakhstan.

Going concern

The group is at an early stage of development and does not generate any significant revenues. Its success will depend upon the outcome of its development of the Chilisai phosphate deposit in Kazakhstan.

The company successfully listed on AIM in June 2008 raising approximately \$65m before expenses to provide adequate funds for the development of the Chilisai project and working capital for a period of at least 12 months from the date of these interim statements and therefore the Directors consider it appropriate to prepare these interim statements on a going concern basis. However, the proceeds of this fund raising will not be sufficient to fully develop the mining operations for the Chilisai phosphate deposit and further specific project finance will be required.

2. BASIS OF PRESENTATION

The interim unaudited consolidated financial statements for Sunkar Resources PLC (“Sunkar” or the “Company”) have been prepared in accordance with International Financial Reporting Standards (“IFRSs” or “IFRS”).

Sunkar Resources PLC (the “Company”) is a company domiciled in England and Wales and was incorporated on 28 March 2006. The Company acquired an 80% interest in the capital of Temir Service LLP, a limited liability partnership registered in the Republic of Kazakhstan in September 2006 and a further 10% on 13 December 2007.

These interim results do not constitute statutory accounts within the meaning of s240 of the Companies Act 1985. The financial information in this report for the six months to 30 June 2008 and to 31 October 2007 has not been audited. The comparative figures for the eight months ended 31 December 2007 are extracted from the Group’s audited financial statements for that period as filed with the Registrar of Companies. Those accounts received an unqualified audit report which did not contain any statement under sections 237 (2) or (3) of the Companies Act 1985.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company’s audited consolidated financial statements and notes thereto for the period ended 31 December 2007.

In the opinion of the management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the period ended 31 December 2007.

3. INTANGIBLE FIXED ASSETS

In thousands of US dollars

	(unaudited)	(audited)
	30 Jun 2008	31 Dec 2007
Deferred exploration costs		
Cost		
Balance – beginning of period	16,254	16,137
Additions	340	116
Exchange differences	-	1
Balance - end of period	<u>16,594</u>	<u>16,254</u>

In thousands of US dollars

	(unaudited)	(audited)
	30 Jun 2008	31 Dec 2007
Goodwill		
Cost		
Balance – beginning of period	30,145	1,795
Additions	-	28,350
Balance - end of period	<u>30,145</u>	<u>30,145</u>

In thousands of US dollars

	(unaudited)	(audited)
	30 Jun 2008	31 Dec 2007
Other intangible assets		
Cost		
Balance – beginning of period	-	-
Additions	2	-
Balance - end of period	<u>2</u>	<u>-</u>

4. TANGIBLE FIXED ASSETS

In thousands of US dollars

	(unaudited) 30 Jun 2008	(audited) 31 Dec 2007
Property, plant and equipment		
Cost		
Balance – beginning of period	122	115
Additions	<u>5,266</u>	<u>7</u>
Balance - end of period	5,388	<u>122</u>
Depreciation		
Balance – beginning of period	15	5
Charge for period	<u>16</u>	<u>10</u>
Balance - end of period	<u>31</u>	<u>15</u>
Net book value		
At end of period	<u>5,357</u>	<u>107</u>
At start of period	<u>107</u>	<u>110</u>

5. RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

In thousands of dollars

(Unaudited)	Share capital	Share premium	Shares not issued reserve	Share warrants reserve	Translation reserve	Accumulated losses	Total	Minority interest	Total equity
Balance at 1 May 2007	166	6,531	-	-	(10)	38	6,725	2,950	9,675
Loss for the period	-	-	-	-	-	(1,157)	(1,157)	(143)	(1,300)
Foreign exchange translation differences	-	-	-	-	(22)	-	(22)	(2)	(24)
Acquisition of Minority Interest	-	-	24,756	-	-	-	24,756	(1,407)	23,349
Shares issued	51	20,302	-	-	-	-	20,353	-	20,353
Cost of share issues	-	(1,863)	-	-	-	-	(1,863)	-	(1,863)
Balance at 31 December 2007	217	24,970	24,756	-	(32)	(1,119)	48,792	1,398	50,190

(Unaudited)	Share capital	Share premium	Shares not issued reserve	Share warrants reserve		Accumulated losses	Total	Minority interest	Total equity
Balance at 1 January 2008	217	24,970	24,756	-	(32)	(1,119)	48,792	1,398	50,190
Loss for the period	-	-	-	-	-	(1,108)	(1,108)	(62)	(1,170)
Foreign exchange translation differences	-	-	-	-	17	-	17	1	18
Shares issued	81	91,662	(24,756)	-	-	-	66,987	-	66,987
Cost of share issues	-	(5,417)	-	712	-	-	(4,705)	-	(4,705)
Warrants issued	-	(1,001)	-	1,001	-	-	-	-	-
Balance at 30 April 2007	298	110,214	-	1,713	(15)	(2,227)	109,983	1,337	111,320

6. SHARE CAPITAL

At 30 June 2008, the authorised share capital comprised 500,000,000 ordinary shares of 0.1p each

On 9 May 2008 and 18 June 2008, the Company has issued 1,818,750 and 392,500 ordinary shares of 0.1p each for no premium to investors who were granted the right to subscribe for certain amounts of shares pursuant to the private placement in November 2007.

On 9 May 2008, the Company issued 70,666 ordinary shares of 0.1p each to correct some allotments made at 45p to an effective 40p.

On 24 June 2008, the Company issued 10,000,000 ordinary shares as part consideration in the acquisition of 10% of Temir Service LLP

On 24 June 2008, the company resolved to issue 28,000,000 ordinary shares of 0.1p for a premium of 119p in relation to it's IPO on 30 June 2008.

On 24 June 2008, the Company issued 12,550,006 warrants to certain investors. Each warrant entitles the holder to subscribe for one ordinary share at 115% of the placing price of shares at IPO (equating to 138p per ordinary share)

In June 2008 the Company issued 6,135,000 options at an exercise price of 120p and 2,000,000 options at an exercise price of 80p to Directors and Senior Management.

In June 2008 the Company issued 346,279 broker warrants to Canaccord Adams Limited and 186,458 broker warrants to GMP Securities Europe LLP pursuant to Broker Agreements.

7. RELATED PARTY TRANSACTIONS

On 17 April 2008 the Company entered into a financing agreement with Temir Service LLP for \$4.5million, which replaces the previous loan facility for \$1.5 million (in September 2008 this limit has been increased to \$8.0 million). According to the new loan facility the loan bears no interest.

8. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share, based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period was calculated as follows:

Loss attributable to ordinary shareholders

In thousands of US dollars

6 months ended 30 June 2008	6 months ended 31 Oct 2007	8 months ended 31 Dec 2007
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Loss for the period attributable to ordinary shareholders

<u>(1,144)</u>	<u>(469)</u>	<u>(1,300)</u>
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In thousands of shares

Weighted average number of ordinary shares

6 months ended 30 June 2008	6 months ended 31 Oct 2007	8 months ended 31 Dec 2007
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Issued ordinary shares at beginning of period

99,168	94,600	94,600
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Effect of shares issued during the period

<u>31,896</u>	<u>1,939</u>	<u>4,568</u>
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Weighted average number at end of period

<u>131,064</u>	<u>96,539</u>	<u>99,168</u>
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9. SEGMENTED INFORMATION

A segment is a component of the Group distinguishable by economic activity (business segment) or by its geographical location (geographical segment) which is subject to risks and returns that are different from those of other segments. The Group's only business segment, which is its primary reporting format, is the exploration for, and development of, phosphorite deposits. All the Group's activities are related to the exploration for, and development of, phosphorite in Kazakhstan with support provided from the UK. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire segment assets and where the assets are located. There was no Group turnover during the period.

In thousands of US dollars

For the six months ended 30 June 2008

(unaudited)	Segment assets	Segment liabilities	Segment result	Capital expenditure	Depreciation
Kazakhstan	47,505	1,323	(557)	1,650	16
UK	<u>70,435</u>	<u>5,297</u>	<u>(613)</u>	<u>3,958</u>	<u>-</u>
	<u>117,940</u>	<u>6,620</u>	<u>(1,170)</u>	<u>5,608</u>	<u>16</u>

For the eight months ended 31 December 2007

(audited)	Segment assets	Segment liabilities	Segment result	Capital expenditure	Depreciation
Kazakhstan	49,177	248	(701)	28,473	10
UK	<u>6,421</u>	<u>5,160</u>	<u>(599)</u>	<u>-</u>	<u>-</u>
	<u>55,598</u>	<u>5,408</u>	<u>(1,300)</u>	<u>28,473</u>	<u>10</u>

10. FINANCIAL INSTRUMENTS

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk each of which is discussed below. There is no perceived credit risk as the Group has no trade receivables and minimal other receivables and bank deposits are made with high quality financial institutions. There were no derivative instruments outstanding at 31 December 2007 and 30 June 2008:

Liquidity risk

To date the Group has relied on shareholder funding and founder loans to finance its operations. As the Group has finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure.

The liabilities of the company are due within one year. The company has adequate financial resources to meet the obligations existing at 30 June 2008.

Interest rate risk

At the balance sheet date there was no significant exposure to interest rate risk.

Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the US dollar. The currencies giving rise to this risk are primarily Pounds Sterling and Kazakh Tenge.

The Group had the following cash and cash equivalents in currencies other than its functional currency. The amounts are stated in US dollar equivalents.

<i>In thousands of US dollars</i>	(unaudited) 30 Jun 2008	(audited) 31 Dec 2007
GB Pounds	677	5,868
US Dollars	8	126
Euros	11	-
UAE Dirham	1	-
Kazakh Tenge	<u>96</u>	<u>113</u>
	<u>793</u>	<u>6,107</u>

The Group's cash resources are mainly held in GB Pounds, US Dollars and Kazakh Tenges. Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in US Dollars and its financial assets are mainly in GB Pounds. A 1% fluctuation of the GB Pound to the US Dollar would cause approximately \$6,800 gain or loss in the Group's financial statements.

Fair value of financial assets

In the directors' opinion there is no material difference between the book value and fair value of any of the group's financial instruments.

11. CAPITAL COMMITMENTS

The MEMR has agreed to an amended work programme and production and investment obligations in an Addendum to the Sub Soil Use Contract. These require project investment of \$20 million by the end of 2008 and \$115 million by the end of 2012 and ore production of 200,000 tonnes by the end of 2008 and 10 million tonnes per annum by 2012.

12. SUBSEQUENT EVENTS

The Company has entered into finance lease agreements for the leasing of mining equipment (\$8.5 million equivalent) to Temir Service LLP. All agreements commence from completion of handover. Repayments will be over 48 months at an interest rate of 8%.

On 17 April 2008 the Company entered into a financing agreement with Temir Service LLP for \$4.5million, which replaces the previous loan facility for \$1.5 million. In September 2008 this limit has been increased to \$8.0 million.