



SUNKAR RESOURCES PLC

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

SIX MONTHS ENDED 30 JUNE 2009

SUNKAR RESOURCES PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The accompanying unaudited consolidated financial statements of Sunkar Resources plc ("Sunkar" or the "Company") for the six months ended 30 June 2009 have been prepared by and are the responsibility of the Company'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 Company's audited financial statements including the notes thereto for the period ended 31 December 2008. The financial information has not been reviewed or audited by the Company's Auditors.

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

SUNKAR RESOURCES PLC

CHAIRMAN'S STATEMENT

During the period under review Sunkar has continued to deliver on the mining programme mapped out in the Company's IPO Admission document, on time and on budget.

For the period under review we have mined 634,000 tonnes of ore, giving us great confidence our 2009 target of one million tonnes will be achieved. I would like to thank the project team at Chilisai for their professionalism and commitment in establishing mining during the winter months when conditions were harsh and achieving better than expected mining rates this year.

Our mobile beneficiation plant is consistently producing target 17% grade rock and has been augmented recently with the purchased of a Metso Lokotrack ST620 mobile screen. The beneficiation plant is expected to reach full capacity by the end of the 3rd quarter of this year.

Our preparations for appointing an engineering contractor to complete a Bankable Feasibility Study ("BFS") are at an advanced stage and details will be finalised following completion of our full pilot plant test programme.

For the test programme, samples of beneficiated rock have been sent to three independent technical contractors for analysis and pilot plant phosphoric acid production. The results of these tests are expected to be announced shortly. These results are of great importance to the Company and are expected to confirm the processing route and the suitability for Di-Ammonium Phosphate (DAP) and Mono-Ammonium Phosphate (MAP) manufacture of Chilisai rock.

In addition work has commenced to prepare a final product list. For this to be completed, phosphoric acid from the pilot plant tests will be used to produce sample quantities of the final fertiliser products. With this product list the Company will start seeking off-take agreements for future fertiliser production.

While advancing the BFS the Company continues to seek sales of phosphate rock and believes a market exists for milled phosphate rock. A small quantity of rock has been milled and given to farmers for application this autumn to encourage interest in a Direct Application Rock product. From discussions with domestic farmers and regional phosphoric fertiliser plants it is clear a milled product is preferred, if not essential, and the Company is exploring options for investing in milling facilities, which we believe may be more beneficial than outsourced milling contracts.

The medium term outlook for the phosphates sector remains positive as world prices have started to rise again with benchmark US Gulf DAP now above US\$300 per tonne. The industry is confident that volumes will be restored as the autumn markets pick up. The underlying fundamentals of food demand and population growth in Asia remain unchanged, and the project is well positioned, with good infrastructure in place, to benefit from growing local and regional markets.

Teck Soon Kong

CHAIRMAN

15 September 2009

SUNKAR RESOURCES PLC
CONSOLIDATED INCOME STATEMENT

| | Note | (unaudited) 6 months ended 30 Jun 2009 \$,000 | (unaudited) 6 months ended 30 Jun 2008 \$,000 | (audited) Year ended 31 Dec 2008 \$,000 |
|---|------|---|---|---|
| Other operating income | | - | 9 | - |
| Administrative expenses | | (4727) | (1,183) | (7,849) |
| Foreign exchange losses | | <u>(2,502)</u> | <u>-</u> | <u>(6,406)</u> |
| Operating loss before financing costs | | (7,229) | (1,174) | (14,255) |
| Finance income | | 112 | 4 | 405 |
| Finance costs | | <u>(39)</u> | <u>-</u> | <u>(22)</u> |
| Loss before taxation | | <u>(7,156)</u> | <u>(1,170)</u> | (13,872) |
| Income tax credit | | - | - | <u>10,858</u> |
| Loss for the period | | <u>(7,156)</u> | <u>(1,170)</u> | <u>(3,014)</u> |
| Attributable to: | | | | |
| Equity holders of parent | | (7,156) | (1,108) | (2,753) |
| Minority interests | | <u>-</u> | <u>(62)</u> | <u>(261)</u> |
| | | <u>(7,156)</u> | <u>(1,170)</u> | <u>(3,014)</u> |
| Basic and diluted earnings per share (cents) | 7 | <u>(4.48c)</u> | <u>(0.87c)</u> | <u>(2.15c)</u> |

SUNKAR RESOURCES PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

| | (unaudited) Note 6 months ended 30 June 2009 \$,000 | (unaudited) 6 months ended 30 June 2008 \$,000 | (audited) Year ended 31 Dec 2008 \$,000 |
|--|---|--|---|
| Foreign exchange translation differences | <u>(10,753)</u> | <u>(767)</u> | <u>(72)</u> |
| Net expenditure charged directly against equity | (10,753) | (767) | (72) |
| Loss for the period | <u>(7,156)</u> | <u>(1,170)</u> | <u>(3,014)</u> |
| Total recognised income and expense for the period | <u>(17,909)</u> | <u>(1,937)</u> | <u>(3,086)</u> |
| Attributable to: | | | |
| Equity holders of parent | (17,909) | (1,796) | (2,838) |
| Minority interests | <u>-</u> | <u>(141)</u> | <u>(248)</u> |
| | <u>(17,909)</u> | <u>(1,937)</u> | <u>(3,086)</u> |

SUNKAR RESOURCES PLC

CONSOLIDATED BALANCE SHEET

| | | (unaudited) 30 Jun 2009 \$'000 | (unaudited) 30 Jun 2008 \$'000 | (audited) 31 Dec 2008 \$'000 |
|---|------|---|---|---------------------------------------|
| | Note | | | |
| Assets | | | | |
| Intangible exploration assets | 2 | 61,284 | 66,622 | 75,341 |
| Property, plant and equipment | 3 | 10,345 | 5,359 | 11,383 |
| Deposit | | <u>59</u> | <u>2,500</u> | <u>59</u> |
| Total non-current assets | | <u>71,688</u> | <u>74,481</u> | <u>86,783</u> |
| Inventories | | 3,009 | - | 2,111 |
| Other receivables and prepayments | | 4,775 | 62,549 | 3,599 |
| Cash and cash equivalents | | <u>26,157</u> | <u>793</u> | <u>34,545</u> |
| Total current assets | | <u>33,940</u> | <u>63,342</u> | <u>40,255</u> |
| Total assets | | <u>105,628</u> | <u>137,823</u> | <u>127,038</u> |
| Equity | | | | |
| Issued share capital | 4 | 298 | 298 | 298 |
| Share premium | 4 | 110,460 | 110,366 | 110,366 |
| Share warrant reserve | 4 | 467 | 561 | 561 |
| Shares not issued reserve | 4 | - | - | - |
| Translation reserve | 4 | (10,066) | 84 | 687 |
| Retained earnings | 4 | <u>(6,139)</u> | <u>(2,227)</u> | <u>(1,041)</u> |
| Total equity attributable to equity holders of parent | 4 | 95,020 | 109,082 | 110,871 |
| Minority interest | 4 | <u>-</u> | <u>1,591</u> | <u>-</u> |
| Total equity | | <u>95,020</u> | <u>110,673</u> | <u>110,871</u> |
| Liabilities | | | | |
| Other payables | | 642 | 837 | 694 |
| Deferred tax liabilities | | 8,718 | 19,532 | 10,859 |
| Provisions | | <u>330</u> | <u>-</u> | <u>330</u> |
| Total long term liabilities | | 9,690 | 20,369 | 11,883 |
| Trade and other payables | | <u>918</u> | <u>6,781</u> | <u>4,284</u> |
| Total liabilities | | <u>10,608</u> | <u>27,150</u> | <u>16,167</u> |
| Total equity and liabilities | | <u>105,628</u> | <u>137,823</u> | <u>127,038</u> |

SUNKAR RESOURCES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

| | (unaudited) Note 6 months ended 30 June 2009 \$'000 | (unaudited) 6 months ended 30 Jun 2008 \$,000 | (audited) Year ended 31 Dec 2008 \$'000 |
|--|---|---|---|
| Cash flows from operating activities: | | | |
| Operating loss | (7,229) | (1,173) | (14,255) |
| Adjustments for: | | | |
| Depreciation | 920 | 16 | 385 |
| Share based payments | 2,059 | - | 2,831 |
| Increase in inventories | (898) | - | (2,111) |
| Decrease / (increase) in receivables | (1,177) | 212 | (673) |
| Increase / (decrease) in payables | <u>(416)</u> | <u>96</u> | <u>777</u> |
| Cash utilised in operations | (6,741) | (849) | (13,046) |
| Interest paid | <u>(39)</u> | <u>-</u> | <u>(22)</u> |
| Net cash utilised in operating activities | (6,780) | (849) | (13,068) |
| Cash flows from investing activities: | | | |
| Interest received | 112 | 3 | 405 |
| Acquisition of minority interest | (2,950) | - | (7,950) |
| Acquisition of intangible exploration assets | (563) | (340) | (750) |
| Acquisition of property, plant and equipment | <u>(355)</u> | <u>(4,150)</u> | <u>(11,523)</u> |
| Net cash from investing activities | (3,756) | (4,487) | (19,818) |
| Cash flows from financing activities: | | | |
| Repayment of loan | - | - | (5,708) |
| Proceeds from the issue of share capital | - | 4 | 66,986 |
| Payment of transaction costs | <u>-</u> | <u>-</u> | <u>(5,703)</u> |
| Net cash outflow from financing activities | - | 4 | 61,283 |
| Net (decrease) / increase in cash and cash equivalents | | | |
| | (10,536) | (5,332) | 28,397 |
| Cash and cash equivalents at start of period | 34,545 | 6,107 | 6,107 |
| Exchange differences | <u>2,147</u> | <u>18</u> | <u>41</u> |
| Cash and cash equivalents at end of period | <u>26,157</u> | <u>793</u> | <u>34,545</u> |

Notes to the Financial Statements

1. BASIS OF PREPARATION

Sunkar Resources PLC and its subsidiary Temir Service LLP (the "Group") prepares its financial statements on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements presented herein have been prepared in accordance with the accounting policies expected to be used in preparing the Group's financial statements for the year ending 31 December 2009 which do not differ significantly from those used for the Group's 2008 financial statements.

Sunkar Resources PLC is a company registered 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 a further 10% on 13 December 2007 and the final 10% on 26 November 2008.

These interim results do not constitute statutory accounts within the meaning of s435 of the Companies Act 2006. The financial information in this report for the six months to 30 June 2009 and to 30 June 2008 has not been audited.

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 year ended 31 December 2008.

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 year ended 31 December 2008.

The financial statements have been prepared on the going concern basis, assuming the Group and the Company to continue as going concerns, and therefore realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial statements.

2. INTANGIBLE FIXED ASSETS

| | (unaudited) | (unaudited) | (audited) |
|-----------------------------------|---------------|---------------|---------------|
| | 30 Jun | 30 Jun | 31 Dec |
| | 2009 | 2008 | 2008 |
| | \$'000 | \$'000 | \$'000 |
| Deferred exploration costs | | | |
| Cost | | | |
| Balance – beginning of period | 75,341 | 67,406 | 67,406 |
| Additions | 563 | 340 | 1,773 |
| Acquisition of minority interest | - | - | 6,308 |
| Exchange differences | (14,620) | (1,124) | (146) |
| Balance - end of period | <u>61,284</u> | <u>66,622</u> | <u>75,341</u> |

3. TANGIBLE FIXED ASSETS

| | (unaudited) | (unaudited) | (audited) |
|--------------------------------------|---------------|--------------|---------------|
| | 30 Jun | 30 Jun | 31 Dec |
| | 2009 | 2008 | 2008 |
| | \$'000 | \$'000 | \$'000 |
| Property, plant and equipment | | | |
| Cost | | | |
| Balance – beginning of period | 11,783 | 122 | 122 |
| Additions | 355 | 5,268 | 11,671 |
| Exchange differences | (555) | - | (10) |
| Balance - end of period | <u>11,583</u> | <u>5,390</u> | <u>11,783</u> |
| Depreciation | | | |
| Balance – beginning of period | 400 | 15 | 15 |
| Charge for period | 920 | 16 | 385 |
| Exchange differences | (82) | - | - |
| Balance - end of period | <u>1,238</u> | <u>31</u> | <u>400</u> |
| Net book value | | | |
| At end of period | <u>10,345</u> | <u>5,359</u> | <u>11,383</u> |
| At start of period | <u>11,383</u> | <u>107</u> | <u>107</u> |

4. RECONCILIATION OF MOVEMENT IN CAPITAL AND RESERVES

| (Unaudited) | Share capital | Share premium | Shares not issued reserve | Share warrants reserve | Translation reserve | Accumulated losses | Total | Minority interest | Total equity |
|--|---------------|---------------|---------------------------|------------------------|---------------------|--------------------|----------|-------------------|--------------|
| | \$'000 | \$'000 | \$,000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 January 2008 | 217 | 24,970 | 24,756 | - | 772 | (1,119) | 49,596 | 1,732 | 51,328 |
| Loss for the period | - | - | - | - | - | (1,108) | (1,108) | (62) | (1,170) |
| Foreign exchange translation differences | - | - | - | - | (688) | - | (688) | (79) | (767) |
| Shares and warrants issued | 81 | 91,567 | (24,756) | 94 | - | - | 66,986 | - | 66,986 |
| Cost of share issues | - | (6,171) | - | 467 | - | - | (5,704) | - | (5,704) |
| Balance at 30 June 2008 | 298 | 110,366 | - | 561 | 84 | (2,227) | 109,082 | 1,591 | 110,673 |
| Loss for the period | - | - | - | - | - | (1,645) | (1,645) | (199) | (1,844) |
| Foreign exchange translation differences | - | - | - | - | 603 | - | 603 | 92 | 695 |
| Acquisition of minority interest | - | - | - | - | - | - | - | (1,484) | (1,484) |
| Share based payments | - | - | - | - | - | 2,831 | 2,831 | - | 2,831 |
| Balance at 31 December 2008 | 298 | 110,366 | - | 561 | 687 | (1,041) | 110,871 | - | 110,871 |
| Loss for the period | - | 94 | - | (94) | - | (7,156) | (7,156) | - | (7,156) |
| Foreign exchange translation differences | - | - | - | - | (10,753) | - | (10,753) | - | (10,753) |
| Share based payments | - | - | - | - | - | 2,059 | 2,059 | - | 2,059 |
| | 298 | 110,460 | - | 467 | (10,066) | (6,138) | 95,021 | - | 95,021 |

5. SHARE CAPITAL

At 30 June 2009, the authorised share capital comprised 500,000,000 ordinary shares of 0.1p each

6. RELATED PARTY TRANSACTIONS

The company has provided a loan facility to Temir Service LLP of up to \$32 million.

7. 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

| | 6 months ended 30 Jun 2009 \$'000 | 6 months ended 30 Jun 2008 \$'000 | Year ended 31 Dec 2008 \$'000 |
|---|--|--|--|
| Loss for the period attributable to ordinary shareholders | <u>(7,156)</u> | <u>(1,170)</u> | <u>(3,014)</u> |

Weighted average number of ordinary shares

| | 6 months ended 30 June 2009 '000 | 6 months ended 30 Jun 2008 '000 | Year ended 31 Dec 2008 '000 |
|---|---|--|--------------------------------------|
| Issued ordinary shares at beginning of period | 159,849 | 119,638 | 119,638 |
| Effect of shares issued during the period | <u>-</u> | <u>14,426</u> | <u>20,669</u> |
| Weighted average number at end of period | <u>159,849</u> | <u>134,064</u> | <u>140,307</u> |

8. 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 development of Chilisai phosphate rock deposit in Kazakhstan. All the Group's activities are related to the development of the Chilisai phosphate rock deposit 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.

For the six months ended 30 June 2009

| (unaudited) | Segment Assets | Segment Liabilities | Segment Result | Capital Expenditure | Depreciation |
|-------------|----------------|---------------------|----------------|---------------------|--------------|
| Kazakhstan | 77,805 | 10,384 | (3,856) | 918 | 904 |
| UK | <u>26,542</u> | <u>224</u> | <u>(4,582)</u> | <u>-</u> | <u>4</u> |
| | <u>104,347</u> | <u>10,608</u> | <u>(8,438)</u> | <u>918</u> | <u>920</u> |

For the year ended 31 December 2008

| (audited) | Segment Assets | Segment Liabilities | Segment Result | Capital Expenditure | Depreciation |
|------------|----------------|---------------------|-----------------|---------------------|--------------|
| Kazakhstan | 90,839 | 12,682 | (2,469) | 13,418 | 384 |
| UK | <u>36,199</u> | <u>3,485</u> | <u>(11,403)</u> | <u>26</u> | <u>1</u> |
| | <u>127,038</u> | <u>16,167</u> | <u>(13,872)</u> | <u>13,444</u> | <u>385</u> |

9. FINANCIAL INSTRUMENTS

The Board 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 were no derivative instruments outstanding at 30 June 2009.

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 Group are due within one year. The Group has adequate financial resources to meet the obligations existing at 30 June 2009.

Interest rate risk

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

Foreign currency risk

The presentational currency of the Group is US Dollars. The functional currency of the parent company is US Dollars and the functional currency of the subsidiary is Kazakh Tenge. The Group is exposed to foreign currency risk due to movements in the Kazakh Tenge against the US Dollar exchange rate in relation to Kazakh Tenge

denominated transactions and balances of the subsidiary and movements in GB Pounds and Euros against the Dollar Exchange rate in respect of transactions and balance of the parent company.

The Group has a general policy of not hedging against foreign currency risks.

| | (unaudited) 30 Jun 2009 \$'000 | (unaudited) 30 Jun 2008 \$'000 |
|--------------|---|---|
| GB Pounds | 2,808 | 677 |
| US Dollars | 17,634 | 8 |
| Euros | 5,593 | 11 |
| UAE Dirham | | 1 |
| Kazakh Tenge | <u>122</u> | <u>96</u> |
| | <u>26,157</u> | <u>793</u> |

The Group's cash resources are mainly held in US Dollars, Euros, GBP and Kazakh Tenges. Exchange rate fluctuations may adversely affect the Group's financial position and results.

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.

10. CAPITAL COMMITMENTS

Under the Subsoil Use Contract the Group has obligations to invest \$115 million cumulatively by the end of 2012.