

/KASE, NOVEMBER 21, 12/ - Zhaikmunai (Oral, Kazakhstan) provided Kazakhstan Stock Exchange (KASE) with the following communication today:

quote

**Zhaikmunai L.P.
(the "Partnership")**

Q3 2012 INTERIM RESULTS AND UPDATE

Zhaikmunai LP (LSE: ZKM), the oil and gas exploration and production enterprise with assets in north-western Kazakhstan, today details the continued financial and operational progress made over the period from 1 January to 30 September 2012.

FINANCIAL HIGHLIGHTS

Third Quarter (Q3) 2012 Summary

All figures in US\$ millions unless otherwise stated

	Q3 2012	Q3 2011	Change YoY
Average production (boepd)	39,947	17,464	128.7%
Revenue from hydrocarbon sales	199.8	63.7	213.8%
EBITDA ¹	130.2	45.2	188.1%
Net income	50.6	18.5	174.0%
Net cash used in investing activities	(53.5)	33.5	59.7%
Debt	450.0	450.0	0.0%
Cash	189.5	155.8	21.7%
Average realised oil price (US\$ per bbl)	107.6	114.8	(6.3%)

Nine Months Ended 30 September 2012 Summary

All figures in US\$ millions unless otherwise stated

	9M 2012	9M 2011	Change YoY
Production (boepd)	36,859	12,326	199.0%
Revenue from hydrocarbon sales	523.2	189.6	176.0%
EBITDA ¹	343.0	124.5	175.4%
Net income	137.2	54.5	151.9%
Net cash used in investment activities	(153.5)	(72.6)	111.4%
Debt	450.0	450.0	0.0%
Cash	189.5	155.8	21.7%
Average realised oil price (US\$ per bbl)	105.7	111.7	(5.3%)

OPERATIONAL UPDATE

- **Production:** November 2012 (from November 1 – November 14, 2012) average total daily production amounted to 41,650 boepd, an increase of 4.3% compared to Q3 2012 (39,947 boepd);
- **Production:** Q3 2012 average total daily production amounted to 39,947 boepd,

- representing a 128.7% increase compared to Q3 2011 (17,464 boepd);
- **Production:** 9M 2012 average total daily production amounted to 36,859 boepd, representing 199.0% production growth between 9M 2011 and 9M 2012;
 - **Drilling:** During the first 9 months 2012, a total of 2 gas-condensate wells (# 218 and # 401) have been drilled and tied-in to the Gas Treatment Facility (GTF) and a total of 4 new crude oil wells (# 24b, # 45, # 67, and # 116) have been drilled, all of which are currently producing.

CORPORATE DEVELOPMENTS

- **Inaugural Capital Markets Day (CMD) on 21st November 2012 in London:**

This is an opportunity for analysts and investors alike to be directly updated on the following three main topics: 1) current operations; 2) phase II of the Chinarevkoye field; and 3) development plans for the three newly acquired pre-Caspian fields of Rostoshinskoye, Daryinskoye and Yuzho-Gremyachinskoye.

The current data sets available suggest combined 2P reserves for the three acquired fields in the order of 131 million boepd.

- **Appraisal and development plans for Rostoshinskoye, Daryinskoye and Yuzho-Gremyachinskoye fields:**

In the third quarter of 2012, Zhaikmunai signed Asset Purchase Agreements to acquire 100% of the subsoil use rights related to these three new oil & gas fields in the pre-Caspian basin to the northwest of Uralsk, located approximately 60 – 120 kilometres away from the Chinarevskoye field, for a total purchase price of US\$ 16 million. Completion of the acquisition of these licences is currently pending receipt of regulatory approvals. The size of these three licence areas combined is 139 square kilometres.

Zhaikmunai estimates that it will cost approximately US\$ 85 million to conduct the necessary appraisal and development activities over the next 2 to 3 years. These activities will include the acquisition of new 3D seismic data and/or the reprocessing of existing 3D seismic data, as well as exploration/appraisal drilling in order to validate and expand on the existing, i.e. independent petroleum consultants (Chapman) reserves reports of 2007 and 2008. The latter includes the following reserves estimates: 1P: 28 mmboe / 2P: 131 mmboe / 3P: 187 mmboe for the three fields taken together. These estimates are seen to convey an initial order of magnitude of the reserves potential of Rostoshinskoye, Daryinskoye and Yuzho-Gremyachinskoye fields and Zhaikmunai believes the upside potential to be very promising.

- **Successful Pricing of US\$ 560 million of notes due 2019 at a coupon of 7.125%**

In November 2012, Zhaikmunai, through its subsidiary Zhaikmunai International B.V., successfully priced US\$ 560 million aggregate principal amount of senior bonds with a seven-year maturity at a fixed coupon of 7.125% per annum. The new notes were used in part to repay US\$ 348 million of its existing notes, which allowed Zhaikmunai to extend over 80% of its existing liabilities to 2019 and to reduce the interest rate of 10.5% on the existing bonds down to 7.125% on the new bonds.

- **Payment of inaugural dividend and adoption of dividend policy**

Finally, in the third quarter of 2012, Zhaikmunai announced the payment of its inaugural dividend, representing a cash distribution of 32 cents per partnership interest (equal to US\$ 60.2 million), and the adoption of a dividend policy by the Board of Directors of its General Partner aiming at distribution of not less than 20% of the Partnership's consolidated net profit.

OUTLOOK FOR Q4 2012

- **Production:** Zhaikmunai intends to pursue its production ramp-up steadily in Q4 2012 from current levels (November 2012: 41,650 boepd) in line with its drilling and tie-in schedule;
- **Drilling:** Since the end of Q3, gas condensate well # 404 has been tied in. By the end of 2012, three additional gas condensate wells will be brought on to bring total production to full GTF capacity.

COMMENTARY

OPERATIONAL RESULTS

- Q3 2012 average total daily production amounted to 39,947 boepd, representing a 128.7% increase compared with Q3 2011 (17,464 boepd);
- 9M 2012 average total daily production amounted to 36,859 boepd, representing 199.0% of production growth between 9M 2011 and 9M 2012;
- Product split for the first 9 months of M 2012 was as follows:

Products	Volumes	Percentage
Crude Oil and Stabilised Condensate	15,465 boepd	42%
LPG	2,969 boepd	8%
Dry Gas	18,425 boepd	50%
TOTAL	36,859 boepd	100%

- Total production for the first nine months of 2012 (9M 2012) increased by 174.6% to 10,099,297 boe from 3,664,158 boe in 9M 2011;
- The annual maintenance shutdown of the GTF scheduled for 14 days in the early part of October 2012 has successfully been completed 2 ½ days ahead of schedule;
- At the end of October 2012, a total of 16 crude oil wells and 10 gas condensate wells were in production.

Drilling Operations

- During the first 9 months of 2012, 6 wells have been drilled and completed: 2 gas-condensate wells and 4 crude oil wells. Currently 4 more gas-condensate wells and 1 crude oil well are being drilled and will be completed by year-end;
- The planned fifth drilling rig has started drilling operations ahead of schedule in the course of Q3 2012 in order to increase the flexibility of the overall drilling programme.

FINANCIAL RESULTS

Revenue and EBITDA

Strong revenue from sales of hydrocarbons stood at US\$ 523.2 million, an increase of 176.0%, (or US\$ 333.6 million) in comparison to last year's first nine months (US\$ 189.6 million). The increase in GTF output over the period, in conjunction with the high oil price environment, has contributed to the outstanding first nine months 2012 revenue.

EBITDA¹ stood at US\$ 343.0 million, an increase of 175.4% (or US\$ 218.5 million) in comparison to last year's first nine months (US\$ 124.5 million). EBITDA margin for 9M 2012 of 65.6% was in line with that of 65.7% for 9M 2011.

Note:

In accordance with IFRS, sales from GTF test production were not included in Zhaikmunai's 2011 revenue but were offset against capital expenditure. For the first 9 months of 2011 cumulative sales of GTF test production (stabilised condensate, LPG and dry gas) hence did not feature in the revenue and EBITDA figures reported at the time.

Net Income

Net income for the period increased 151.9% to US\$ 137.2 million in the first 9 months of 2012 from US\$ 54.5 million for the same period in 2011. Net income as a percentage of total sales declined slightly to 26.2% from 28.7% as compared to the same period last year. The decline in margins was driven by the lack of capitalized interest and increased depreciation linked to the completion of GTF.

Cash

Zhaikmunai ended the first nine months of 2012 with US\$ 189.5 million of cash, of which US\$ 186.0 qualified as cash and cash equivalents and US\$ 3.5 million was restricted cash.

Cost of Sales and General and Administrative Expenses

Cost of sales increased by US\$ 115.5 million or 291.4% to US\$ 155.1 million compared to US\$ 39.6 million for the same period in 2011. This was mainly due to the increased depreciation charge linked with the completion of the GTF and Zhaikmunai taking over in full the management and operations of the GTF.

General and administrative expenses increased by US\$ 29.8 million or 135.5% to US\$ 51.7 million compared to US\$ 22.0 million for the same period in 2011. This is in large part due to increased one-off expenditures related to the construction of the 37-kilometre asphalt road leading to the field site (US\$ 21.2 million). This public road is expensed according to IFRS and can be included in the social programme expenditures as stipulated in the Production Sharing Agreement (PSA) with the Republic of Kazakhstan.

Capital Expenditure

In the first 9 months of 2012, Zhaikmunai's net cash used in investing activities grew to US\$ 153.5 million, from US\$ 72.6 million in the same period in 2011. This increase was driven primarily by residual payments linked to GTF completion as well as increased drilling.

Kai-Uwe Kessel, Chief Executive Officer of Zhaikmunai commented:

¹ Q3 and 9M 2012 EBITDA includes an adjustment of US\$ 21.5 million linked to one-off social programme expenses related to road construction works.

“Once again I am delighted with our performance both operationally and financially. We are now in sight of full capacity and are looking forward to the next stage of doubling production and targeting our significant reserve base for further growth. I am also very pleased with the successful completion of our second bond transaction, which allows for greater financial flexibility. This, in turn, gives us further confidence to go forward with our plans for the development of the three new fields in view of their sizeable and promising reserves.”

CONFERENCE CALL

Zhaikmunai’s management team will be available for a Q&A session for analysts and investors on Wednesday, 21 November at 14:00 UK time (GMT + 0:00).

If you would like to participate in this call, please register by email using the following email address: investor_relations@zhaikmunai.com. Please provide your ID details (name, title, company, email address and telephone number) in order to receive dial-in details.

Further information

For further information please visit www.zhaikmunai.com

Download the [Q3 2012 Financial Statements](#)

Further enquiries

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About Zhaikmunai

Zhaikmunai is an independent oil and gas enterprise currently engaging in the exploration and development and production of oil and gas. It is listed on the London Stock Exchange (Ticker symbol: ZKM). Its principal producing asset is the Chinarevskoye Field located in northwestern Kazakhstan. Zhaikmunai L.L.P., a wholly-owned subsidiary of Zhaikmunai L.P., holds a 100% interest in and is the operator of the Production Sharing Agreement for the Chinarevskoye Field.

Forward-Looking Statements

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Partnership or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

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