

**/KASE, April 28, 11/ - Zhaikmunai (Oral, Kazakhstan) provided Kazakhstan Stock Exchange (KASE) with the following communication today:**

**quote**

**Zhaikmunai L.P. (the “Partnership”)**

**2010 FINANCIAL YEAR RESULTS, MANAGEMENT REPORT  
AND GAS TREATMENT FACILITY UPDATE**

Zhaikmunai LP (LSE: ZKM), the oil and gas exploration and production business with assets in north-western Kazakhstan, today announces its audited results and management report for the year ended 31<sup>st</sup> December 2010, and an operational update on its Gas Treatment Facility (GTF).

**KEY HIGHLIGHTS**

- EBITDA of US\$ 98.79 million (+67.85% YoY)
- Strong balance sheet with US\$ 147.94 million cash
- Gas Treatment Facility (GTF) entered commissioning phase
- Test production of stabilized condensate, LPG and dry gas underway
- Successfully completed a bond offering raising US\$ 450 million

**FINANCIAL HIGHLIGHTS**

All figures in US\$ millions unless otherwise stated

	FY2010	FY2009	Change YoY
Revenue	178.159	116.033	+53.54%
EBITDA	98.794	58.858	+67.85%
Net Cash Flow from Operating Activities	98.955	45.934	+115.43%
Cash Balance	147.944	158.733	
Debt	450.000	381.677	
Net Income	22.900	(18.768)	

EBITDA increased 68% (US\$98.79 million vs US\$58.86 million in 2009) and net cash flow from operating activities more than doubled (US\$98.96 million vs US\$45.93 million in 2009). Net income turned positive (net profit of US\$22.90 million vs net loss of US\$ 18.77 million at the end of 2009).

In October 2010, Zhaikmunai successfully completed a US\$450 million bond offering. The proceeds of the bond offering have mainly been applied towards the repayment of a US\$382 million bank loan. The bond has a term of 5 years and bears an interest rate of 10.5% per annum, payable semi annually.

Zhaikmunai ended the year 2010 with US\$147.94 million of cash and cash equivalents of which US\$3.743 million (vs. US\$ 21.358 million in 2009) is restricted cash. Almost all of this cash is held in US Dollar accounts.

Frank Monstrey, Chairman of Zhaikmunai, commented:

*“Following on from the initial GDR offering in 2008 and the secondary public offering in 2009, the raising of a bond in 2010 has been another important milestone for Zhaikmunai. The issuance of the bond has further broadened Zhaikmunai’s investor base. The GDR and Note listings in London, Luxembourg and Almaty have contributed greatly to our increased visibility in the international financial markets.”*

**OPERATIONAL HIGHLIGHTS**

All figures in bbl unless otherwise stated.

	FY2010	FY2009	Change YoY
Average Daily Oil Production	7,752	7,442	+4.17%
Oil Production	2,829,764	2,697,980	+4.9%
Oil Sales	2,634,553	2,675,505	-1.53%
Average Brent Crude Oil Price (on which Zhaikmunai based its sales) (US\$/bbl)	80.15	62.02	+29.23%
Average Discount to Brent (US\$/bbl)	14.01	15.21	-7.89%
Weighted Average Netback for Crude Oil Sales (US\$/bbl)	66.14	46.81	+41.29%

Selling and oil transportation costs increased to US\$ 17.01 million from US\$ 5.69 million in 2009. The increase is due to changed terms of sales whereby the Group has moved from FCA Uralsk terms to DAF and FOB contracts. The change in terms of sales resulted in an improved discount to Brent down to US\$14.01/bbl in 2010 from US\$15.21/bbl in 2009. The change in terms of sales also resulted in higher oil stocks. Inventories, including oil in stock, were up to US\$5.6 million from US\$3.5 million in 2009.

Kai Uwe Kessel, Chief Executive Officer of Zhaikmunai, said:

*“2010 proved to be an excellent year for Zhaikmunai. Strategically, we have further strengthened our position with the US\$450 million bond placement. Operationally, we have completed the Gas Treatment Facility and associated infrastructure, including the drilling of four additional production wells in 2010, which opens the door for a sizeable production ramp-up. In addition, Zhaikmunai’s operational performance has further improved from previous years, which contributes to our competitive positioning.”*

#### **GAS TREATMENT FACILITY (GTF) UPDATE**

In line with the “Gas Treatment Facility Update and Q4 Review” announcement of 21 March 2011, Zhaikmunai has been pursuing test production from the first train of the Gas Treatment Facility (GTF). Final operational testing and specifications fine-tuning is currently underway. Zhaikmunai is pleased to report that Train 1 is operational and that it is producing stabilized condensate, LPG (Liquid Petroleum Gas) and dry gas as follows:

- Test production of stabilized condensate commenced on April 2, 2011. Cumulative production volumes over the month of April total approximately 70,000 bbl. Current production per day averages 2,500 bbl/day;
- Test production of LPG commenced in early April. Cumulative production volumes over the last couple of weeks total approximately 400 cubic meters;
- Test production of dry gas also commenced in early April. Dry gas sampling has shown that the dry gas is not yet complying with pipeline specifications. Further fine-tuning of test production in order to meet specifications may be required prior to the delivery into the dry gas pipeline. In addition, Zhaikmunai will likely need to commission the amine system, initially scheduled for commissioning in Train 2, in order to reach on-spec gas. Zhaikmunai expects that it will take approximately four weeks to commission this system.

#### **ATTACHED DOCUMENTS**

Attached to this press release are Zhaikmunai’s 2010 Consolidated Financial Statements and Management Report 2010. The latter contains the following items:

1. Business Review

2. Selected Historical Financial Information
3. Financial Review
4. Description of Significant Indebtedness and Certain Financial Arrangements
5. Key Risk Factors
6. Management and Corporate Governance
7. Related Parties and Related Party Transactions
8. Responsibility Statement

## **CONFERENCE CALL**

Zhaikmunai's management team will be available for a Q&A session for analysts and investors on Wednesday, 4 May at 2 pm UK time (BST or GMT + 1:00).

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

[Here](#) you can download the pdf-file from this press release.

### **Further enquiries**

Zhaikmunai LP  
Bruno Meere, Investor Relations Officer  
[investor\\_relations@zhaikmunai.com](mailto:investor_relations@zhaikmunai.com)  
+44 (0) 1624 68 21 79

Pelham Bell Pottinger  
Philip Dennis  
Elena Dobson  
+44 (0) 20 7861 3232

### **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 north-western 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.

### **unquote**

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