



PRESS RELEASE

Zhaikmunai L.P.

Q1 Financial Results

Q1 EBITDA significantly up to US\$25.80 million (+249.4 % YoY)

London – May 27, 2010 - Zhaikmunai L.P. (LSE: ZKM), the oil and gas exploration, development and production company with assets in northwestern Kazakhstan, today provides an update on its operations for the period from 1 January to 31 March 2010, as well as on recent developments since its results announcement issued on 9 April 2010.

Key Q1 Highlights

- EBITDA was US\$25.80 million, more than three times EBITDA realized in Q1 2009 (US\$7.38 million).
- Net income of US\$13.45 million.
- Revenues increased to US\$40.62 million, more than twice the revenues realized in Q1 2009 (US\$18.32 million).
- Average daily oil production over the quarter was 7,315 bopd compared with 7,533 bopd in Q1 2009.
- Completion of gas treatment facility is expected to occur during the month of August 2010.

Financial Highlights

All figures in US\$ millions unless otherwise stated

	Q1 2010	Q1 2009	Change YoY
Revenues from oil sales	40.616	18.317	+121.74%
EBITDA	25.797	7.383	+249.41%
Net Cash Flow from operating activities	20.770	5.101	+307.18%
Net Cash Flow used in investing activities	(55.367)	(12.613)	
Net income	13.451	(25.909)	



Commenting on the financial results, Kai Uwe Kessel, Chief Executive of Zhaikmunai, said:

"Supported by strong oil prices, Zhaikmunai generated record revenues of more than US\$40 million during the first quarter of 2010. We are also pleased to see good progress towards the completion of our gas treatment facility."

EBITDA & Net income

Net income for the first three months of 2010 was US\$13.451 million compared to a loss of US\$25.909 million during the same period of 2009. The two most important reasons for this better result were higher crude oil sales that have led to a strong increase in revenue (US\$ 40.616 million in Q1 2010 compared to US\$ 18.317 million in Q1 2009) and a lower reported tax expense (US\$5.918 million in Q1 2010 compared to US\$17.251 million in Q1 2009). In 2009 this tax expense was significantly higher due to a deferred tax balance coming from the re-valuation (in Tenge terms) of the Company's fixed assets after the devaluation of the Tenge in February 2009.

Revenue

Revenue for the first three months of 2010 increased by 121.74% to US\$40.616 million (versus US\$18.317 million in Q1 2009). This figure was strongly supported by higher oil prices, as to date all of Zhaikmunai's revenues are generated by its crude oil sales. The average Brent crude oil price, on which Zhaikmunai based its sales, for the first quarter of 2010 was US\$76.99/bbl compared to US\$45.00/bbl during the first quarter of 2009.

The discount for export sales for the period was US\$14.64/bbl (compared to US\$16.05/bbl in Q1 2009). This discount covers mainly transportation costs. Zhaikmunai was able to reduce these costs thanks to a more diversified client base and other cost savings.

Accordingly, the average netback for crude oil sales during the first quarter of 2010 was US\$62.35/bbl (compared to US\$28.95/bbl for the first quarter of 2009).

Cost of sales and general and administrative expenses

Cost of sales was 11.94% higher during the first three months of 2010 (US\$11.072 million compared to US\$9.891 million in Q1 2009) mainly due to higher payroll and related taxes and higher royalties. General



and administrative expenses during the first quarter of 2010 increased by 67.88% to US\$5.770 million.

Hedging Contract

On 30 March 2009, Zhaikmunai's existing hedging contract entered into pursuant to the terms of Zhaikmunai's syndicated loan facility was sold and Zhaikmunai entered into a new hedging contract which ends in June 2010. Under this contract Zhaikmunai hedges 99,461 barrels of oil per month with a floor of US\$50.00 per barrel. In addition, in March 2010 Zhaikmunai entered into a new hedging contract at nil cost and covering oil export sales of 4,000 barrels per day running from March 2010 through December 2010. Based on the new hedging contract the floor price for Brent crude oil is fixed at a price of US\$60 per bbl. The ceiling price is set at a range from US\$89.25 per bbl to US\$100 per bbl such that Zhaikmunai will receive all sales proceeds in excess of \$100 per bbl (*). The counterparties are BNP Paribas, Natixis and Raiffeisen Zentralbank.

Cash & Debt

Zhaikmunai ended the first quarter with a cash position of US\$116.653 million, of which US\$19.078 million is restricted cash in its Debt Service Account (a specific account, as required under the terms of the syndicated loan facility) and US\$2.295 million is restricted cash in its Liquidation Fund (a specific account, as required under the terms of the PSA). This cash position is sufficient to finance all budgeted capital expenditures for the remainder of 2010.

Operational Highlights

The Company achieved production volumes of 658,339 bbls in the first quarter of 2010, a slight decrease of 2.9% from 678,010 bbls for the equivalent period in 2009. Production was impacted by minor delays in workover and rig mobilization.

At the end of the first quarter of 2010 a total of 14 wells were producing oil (14 wells in Q1 2009). Average daily production over the quarter was 7,315 bopd compared with 7,533 bopd in Q1 2009.

(*) Below US\$60 Zhaikmunai will obtain a price of US\$60; between US\$60 and US\$89.25; the Brent crude oil price is obtained; between US\$89.25 and US\$100 the price obtained will be US\$89.25; and above US\$100 the price will be US\$89.25 plus the proceeds in excess of US\$100.



ZHAIKMUNAI

Gas Treatment Facility

The focus of Zhaikmunai's construction activity in the first quarter of 2010 was on its gas treatment facility. The Company continued to make progress towards the completion of the facility during the quarter and work is also ongoing on the Company's oil treatment unit to bring the associated gas flow coming from the oil treatment unit to the gas treatment facility.

Photographs showing the progress of the gas treatment facility can be viewed on the Company's website (www.zhaikmunai.com). Zhaikmunai expects to complete the gas treatment facility during the month of August 2010.



Further enquiries

Bert Jordens
Investor Relations Officer
www.zhaikmunai.com

jordens@zhaikmunai.com
+44 1624 682179

Brunswick
Michael Harrison, Carole Cable

+44 (0)20 7404 5959

About Zhaikmunai

Zhaikmunai L.P. is a limited partnership engaged in oil and gas exploration, development and production. Zhaikmunai L.P. 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 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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