

United States
Securities and Exchange Commission
Washington, DC 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the Quarter Ended
September 30, 2004

Commission File Number
000-28638

BMB MUNAI, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

87-0520294
(I.R.S. Employer Identification No.)

20A Kazibek Bi Street, Almaty, 480100 Kazakhstan
(Address of principal executive offices)

+7 (3272) 58-85-17/47
(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes No

State the number of shares outstanding of each of the registrant's classes of common equity, as of the latest practicable date: common stock, par value \$0.001; 28,513,766 shares outstanding as of November 6, 2004.

Transitional small business disclosure format (check one) Yes No

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FORM 10-QSB
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PART I- FINANCIAL INFORMATION

Item 1 - Financial Statements

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<CAPTION>

BMB MUNAI, INC.
(A Development Stage Entity)
CONSOLIDATED BALANCE SHEETS

ASSETS	September 30, 2004 (Unaudited)	March 31, 2004		
<S>	<C>	<C>		
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS		\$ 3,188,192	\$ 2,126,355	
MARKETABLE SECURITIES		776,336	2,879,136	
INVENTORIES	1,963,963	183,884		
PREPAID AND OTHER ASSETS		5,658,400	522,148	
LOAN RECEIVABLE	5,667,220	-		

TOTAL CURRENT ASSETS		17,254,111	5,711,523	

LONG TERM ASSETS				
FIXED ASSETS LESS ACCUMULATED DEPRECIATION		843,617	259,653	
OIL AND GAS PROPERTIES, FULL COST METHOD, LESS ACCUMULATED DEPRECIATION			36,944,747	12,489,931
INTANGIBLE ASSETS	5,579	5,411		
RESTRICTED CASH	20,000	20,000		
DEPOSITS	21,172	21,172		

TOTAL LONG TERM ASSETS		37,835,115	12,796,167	

TOTAL ASSETS		\$ 55,089,226	\$ 18,507,690	
		=====		
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE		\$ 1,651,159	\$ 332,487	
DUE TO RESERVOIR CONSULTANTS		278,000	278,000	
OTHER CURRENT LIABILITIES		181,996	56,232	

TOTAL CURRENT LIABILITIES		2,111,155	666,719	

LONG-TERM LIABILITIES				
DUE TO RESERVOIR CONSULTANTS		222,000	222,000	
DUE TO THE GOVERNMENT OF KAZAKHSTAN			5,994,745	5,994,745
LIQUIDATION FUND	20,000	20,000		

TOTAL LONG TERM LIABILITIES		6,236,745	6,236,745	

TOTAL LIABILITIES		8,347,900	6,903,464	

MINORITY INTEREST		-	82,134	

COMMITMENTS AND CONTINGENCIES				
SHAREHOLDERS' EQUITY				
CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL				
Class A Preferred Stock, \$0.10 par value				
Authorized - 1,500,000 shares				
Issued and outstanding - None	-	-		
Class B Preferred Stock, \$0.10 par value				
Authorized - 1,000 shares				
Issued and outstanding - None	-	-		
Class C Preferred Stock, \$0.10 par value				
Authorized - 1,000 shares				
Issued and outstanding - None	-	-		
Common Stock, \$0.001 par value				
Authorized - 50,000,000 shares				
Issued and outstanding -28,513,762	28,514	20,429		
ADDITIONAL PAID IN CAPITAL		48,494,267	12,115,445	
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE			(1,781,455)	(613,782)

SHAREHOLDERS' EQUITY		46,741,326	11,522,092	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

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</TABLE>
<TABLE>
<CAPTION>BMB MUNAI, INC.
(A Development Stage Entity)
UNAUDITED CONSOLIDATED STATEMENTS OF LOSS

	Period from inception		Period from inception		
	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Six Months Ended September 30, 2004	Six Months Ended (May 6, 2003) through September 30, 2003	
REVENUES					
OIL SALES	\$ 173,038	\$ -	\$ 291,987	\$ -	\$ 291,987
EXPENSES					
OPERATING COSTS					
PRODUCTION COSTS	(36,927)	-	(61,249)	-	(61,249)
GENERAL AND ADMINISTRATIVE	(858,895)	(40,247)	(1,418,281)	(66,175)	(2,200,038)
DEPRECIATION AND AMORTIZATION	(18,060)	-	(27,186)	-	(31,944)
TOTAL EXPENSES	(913,883)	(40,247)	(1,506,716)	(66,175)	(2,293,231)
LOSS FROM OPERATIONS	(740,845)	(40,247)	(1,214,729)	(66,175)	(2,001,244)
OTHER INCOME (EXPENSE)					
REALIZED GAINS ON MARKETABLE SECURITIES	3,983	-	58,898	-	78,266
UNREALIZED GAIN (LOSS) ON MARKETABLE SECURITIES	11,087	-	(292,610)	-	(44,203)
INTEREST INCOME/EXPENSE (NET)	(6,785)	(38,422)	(3,901)	(57,239)	(87,909)
FOREIGN CURRENCY EXCHANGE GAIN	125,032	93	202,686	90	273,635
TOTAL OTHER INCOME (EXPENSE)	133,317	(38,329)	(34,927)	(57,149)	219,789
NET LOSS BEFORE MINORITY INTEREST	(607,528)	(78,576)	(1,249,656)	(123,324)	(1,781,455)
MINORITY INTEREST	-	305	-	314	-
NET LOSS	\$ (607,528)	\$ (78,271)	\$ (1,249,656)	\$ (123,010)	(1,781,455)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	26,392,115	1,000	23,427,059	1,000	
LOSS PER COMMON SHARE BASIC AND DILUTED	\$ (0.02)	\$ 78.27	\$ (0.05)	\$ (123.01)	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

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</TABLE>
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<CAPTION>BMB MUNAI, INC.
(A Development Stage Entity)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period from inception		Period from inception	
	Six Months Ended September 30, 2004	Six Months Ended (May 6, 2003) through September 30, 2003	Six Months Ended (May 6, 2003) through September 30, 2004	Six Months Ended (May 6, 2003) through September 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Loss	\$ (1,249,656)	\$ (123,010)	\$ (1,781,455)	

Adjustment to reconcile net loss to net cash used in operating activities			
Depreciation and Amortization expense	27,186	-	31,944
Minority Interest in Operations of Subsidiary	-	(314)	-
Changes in operating assets and liabilities			
Increase in Inventories	(1,780,079)	(1,817)	(1,963,963)
Increase in Prepaid and other Assets	(5,136,252)	(568,101)	(5,658,400)
Increase in Account Payable and accrued liabilities	1,444,436	61,920	2,111,155
Restricted Cash	-	-	(20,000)
Rent Deposit	-	-	(21,172)
Net cash used in operating activities	(6,694,365)	(631,322)	(7,301,891)

CASH FLOWS FROM INVESTING ACTIVITIES

Investment in short term loan receivable	(5,667,220)	-	(5,667,220)
Cash proceeds from sale of marketable securities	2,102,800	-	(776,336)
Acquisition of fixed assets	(609,777)	(250)	(874,188)
Acquisition of intangible assets	(1,541)	-	(6,952)
Purchase of Oil and Gas Properties	(5,379,966)	(1,340,732)	(11,633,151)
Net cash used in investing activities	(9,555,704)	(1,340,982)	(18,957,847)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Sale of Common Stock	17,311,906	-	27,247,930
Repayment of Short-term Financing			(500,000)
Proceeds from Short-term Financing	-	500,000	500,000
Proceeds from Issuance of Convertible Debt	-	2,000,000	2,000,000
Proceeds from Exercise of Common Stock Options			200,000
Net cash provided by financing activities	17,311,906	2,500,000	29,447,930

NET INCREASE IN CASH AND CASH EQUIVALENTS		1,061,837	527,696	3,188,192
Cash at Beginning of the Period	2,126,355	-	-	
Cash at End of the Period	\$ 3,188,192	\$ 527,696	\$ 3,188,192	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

NON CASH TRANSACCIONS

Acquisition of 30% of Emir Oil LLC for issuance 3,500,000 common stock	\$ 19,075,000
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

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BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A -ORGANIZATION, BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

The Company was incorporated in Delaware on February 7, 1994. Prior to November 26, 2003, the Company existed under the name InterUnion Financial Corporation ("InterUnion").

On November 26, 2003, InterUnion executed an Agreement and Plan of Merger (the "Agreement") with BMB Holding, Inc ("BMB"), a private Delaware corporation, formed for the purpose of acquiring and developing of oil and gas fields in the Republic of Kazakhstan.

The Company has minimal operations to date and is considered to be in the development stage. In May 2004, the Company began test production at one well. The Company recorded revenue in the amount of \$291,987 up to September 30, 2004 inclusively.

The financial information included herein is unaudited. However, such

information includes all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of financial position and results of operations for the interim periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for an entire year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in this Form 10-QSB Report pursuant to certain rules and regulations of the Securities and Exchange Commission. These financial statements should be read in conjunction with the financial statements and notes included in our March 31, 2004 Form 10-KSB Report.

BASIS OF CONSOLIDATION

The Company's financial statements present the consolidated results of BMB Munai, Inc., and Emir Oil LLP, its wholly owned subsidiary (hereinafter collectively referred to as the "Company"). All significant inter-company account balances and transactions have been eliminated.

Emir Oil has a fiscal year ending December 31, which is different from Company's fiscal year end. All transactions of Emir Oil from April 1, 2004 through September 30, 2004 are reflected in the Unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements.

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BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CASH EQUIVALENTS

The Company considers all demand deposits and money market accounts purchased with an original maturity of three months or less to be cash equivalents.

MARKETABLE SECURITIES

Marketable securities consist of short term repurchase agreements for securities issued by Kazakhstan banks and Kazakhstan financial institutions. The Company records these marketable securities as trading securities and any change in the fair market value is recorded in earnings. As of September 30, 2004, the Company has marketable securities in amount of \$776,336. All marketable securities have been pledged to collateralize payment to Saipem S.p.A., a European oil drilling and service company, for drilling services. The marketable securities are scheduled to be released from the security interest of Saipem S.p.A on November 15, 2004.

PREPAID AND OTHER ASSETS

Prepaid and other assets include a prepayment for tangible drilling materials in amount of \$3,303,627 expected to be received in lots, a last lot to be received in February 2005.

LOAN RECEIVABLE

Loan receivable consists of a short-term loan to a Kazakhstan financial institution in amount of \$5,667,220 under reverse repurchase agreements and repurchase agreements. Deferred gain on the loan is reflected in current liabilities in amount of \$107,580 (see Note I). According to the FASB Interpretation No. 41 an amount of \$2,482,616 recognized as payable under the repurchase agreements was offset against amounts recognized as receivables under reverse repurchase agreements and reported as net amount \$745 in the statement of Balance Sheet (see Note I).

RESTRICTED CASH

Restricted cash reflected in long-term assets consists of \$20,000 deposited in a Kazakhstan bank and is restricted to meet environmental obligations according to the regulations of Kazakhstan (see Note F).

INVENTORY

Inventory represents tangible drilling materials required for drilling operations in amount of \$1,899,825 and spare parts, diesel fuel, and various materials for use in oil field operations. Inventory is valued using the weighted average method and is recorded at the lower of cost or net realizable value. Inventory also consists of crude oil of test production in amount of \$20,336.

LICENSES AND CONTRACTS

Emir Oil is the operator of the Aksaz, Dolinnoe and Emir oil and gas fields in Western Kazakhstan (ADE Block, ADE Fields). The Government of the Republic of Kazakhstan (the "Government") initially issued the license to Zhanaozen Repair and Mechanical Plant on April 30, 1999. On September 23, 2002, the license was assigned to Emir Oil. On June 9, 2000, the contract for exploration of the Aksaz, Dolinnoe and Emir oil and gas fields was entered into between the Agency of the Republic of Kazakhstan on Investments and the Zhanaozen Repair and Mechanical Plant. On September 23, 2002, the contract was assigned to Emir Oil. The Company is legally entitled to receive this commercial production contract and has an exclusive right to negotiate this contract and the Government is obligated to conduct these negotiations under the Law of Petroleum in Kazakhstan. If no terms can be negotiated, the Company has a right to produce and sell oil, including export oil, under the Law of Petroleum for the term of its existing contract through June 9, 2007.

OIL AND GAS PROPERTIES

While the Company recently started test production at the Dolinnoe-1 well and has no other present production history, the Company follows the full cost method of accounting for its costs of acquisition, exploration and development of oil and gas properties.

Under full cost accounting rules, the net capitalized costs of evaluated oil and gas properties shall not exceed an amount equal to the present value of future net cash flows from estimated production of proved oil and gas reserves, based on current economic and operating conditions, including the use of oil and gas prices as of the end of each quarter.

Given the volatility of oil and gas prices, it is reasonably possible that the estimate of discounted future net cash flows from proved oil and gas reserves could change. If oil and gas prices decline, even if only for a short period of time, it is possible that impairments of oil and gas properties could occur. In addition, it is reasonably possible that impairments could occur if costs are incurred in excess of any increases in the cost ceiling, revisions to proved oil and gas reserves occur, or if properties are sold for proceeds less than the discounted present value of the related proved oil and gas reserves.

All geological and geophysical studies, with respect to the ADE Block have been capitalized as part of the oil and gas properties. The Company's oil and gas properties primarily include the value of the license and other capitalized costs under this method of accounting.

Costs of acquiring unproved leases is evaluated for impairment until such time as the leases are proved or abandoned. In addition, if the sums of expected undiscounted cash flows are less than net book value, unamortized costs at the field level will be reduced to fair value.

Long-term assets include fixed assets. Fixed assets are valued at the historical cost less accumulated depreciation. Historical cost includes all direct costs associated with the acquisition of the fixed assets.

Depletion and amortization of producing properties is computed using the unit-of-production method based on estimated proved recoverable reserves. Depreciation of other depreciable assets is calculated using the straight line method based upon estimated useful life ranging from two to ten years. Maintenance and repairs are charged to expenses as incurred. Renewals and betterments are capitalized.

Amortization of intangible assets is calculated using straight line method upon estimated useful life ranging from three to four years.

RISKS AND UNCERTAINTIES

The ability of the Company to realize the carrying value of its assets is dependent on being able to develop, transport and market oil and gas. Currently exports from the Republic of Kazakhstan are primarily dependent on transport routes either via rail, barge or pipeline, through Russian territory. Domestic markets in the Republic of Kazakhstan might not permit world market price to be obtained. However, management believes that over the life of the project, transportation options will be improved by further increases in the capacity of the transportation options.

REVENUE RECOGNITION

Revenue from the sale of oil and gas is recorded using the accrual method of accounting.

FOREIGN EXCHANGE TRANSACTIONS

The Company's functional currency is the U.S. dollar, thus the financial statements of the Company's foreign subsidiary are remeasured using the U.S. dollar. Accordingly, transaction gains and losses for foreign subsidiaries are recognized in U.S. dollars in consolidated operations in the year of occurrence. There are no current regulatory issues in Kazakhstan dealing with currency conversions between the local currency in Kazakhstan and the U.S. Dollar that are expected to negatively impact the Company's business, however, the risk of actual currency fluctuations as it relates to the U.S. dollar is present.

INCOME TAXES

The Company accounts for income taxes using the liability method. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the liability method, the effect on previously recorded deferred tax assets and liabilities resulting from a change in tax rates is recognized in earnings in the period in which the change is enacted.

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BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENT

In March 2004, the FASB issued an exposure draft entitled "Share-Based Payment, an Amendment of FASB Statement No. 123 and 95." This proposed statement addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. The proposed statement would eliminate the ability to account for share-based compensation transactions using APB Opinion No. 25, "Accounting for Stock Issued to Employees", and generally would require instead that such transactions be accounted for using a fair-value-based method. As proposed, this statement would be effective for the Company on January 1, 2005. The Company is currently unable to determine what effect this statement will have on the Company's financial position or results of operations.

NOTE B - GOING CONCERN

The Company's consolidated financial statements have been presented on the basis that the Company continues as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company is in the process of building its oil and gas business, which is intended to generate revenue to sustain the operations of the Company.

To fully develop the geographical area covered by the oil exploration license held by Emir, the Company needs substantial additional funding. Concurrently, prior to commencing oil production, the Company must also obtain a commercial production contract with the Government of Kazakhstan. The Company is legally entitled to receive this commercial production contract and has an exclusive right to negotiate this contract and the Government of Kazakhstan is obligated to conduct these negotiations under the law of petroleum in Kazakhstan. If no terms can be negotiated, the Company has a right to produce and sell oil, including export oil, under the law of petroleum for the term of its existing contract through June 9, 2007. These factors, among others, raise substantial doubt about the Company's ability to continue as a going concern.

NOTE C - ACQUISITION

On June 7, 2003, BMB acquired a 70% equity interest in Emir Oil for \$1,300,000. On May 24, 2004, the Company agreed to purchase the remaining 30% interest of its minority interest partner in Emir Oil in exchange for 3,500,000 shares of restricted Company common stock. On August 6, 2004, the Company issued the 3,500,000 shares to its minority partner in Emir Oil. The aggregate purchase price was determined to be \$19,075,000 using a price of our common shares on OTCBB on August 6, 2004 of \$5.45 per share. The entire purchase price has been allocated to oil and gas properties in the accompanying consolidated balance sheet.

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BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The results of Emir's operations have been included in the consolidated financial statements since June 7, 2003. Emir had no operations prior to its acquisition by BMB. Emir holds an oil and gas exploration license for the ADE Block. Based on its ownership of Emir Oil, the Company is required to fund the exploration efforts of Emir Oil. (See Note G.) The Company anticipates henceforth the cost of exploration to be approximately \$30,000,000 which the Company will seek to fund through additional equity financing, debt financing and sale of oil produced during well testing.

NOTE D - FOREIGN ASSETS AND ECONOMIC CONCENTRATION

Marketable securities of \$766,336 are held in short term repurchase agreements for securities issued by Kazakhstan banks and Kazakhstan financial institutions. Cash and Cash Equivalents include deposits in Kazakhstan banks in the amount \$2,007,274. Restricted Cash reflected in the long-term assets consists of \$20,000 deposited in a Kazakhstan bank and restricted to meet possible environmental obligations according to the regulations of Kazakhstan. The deposits in the banks of Kazakhstan and the securities are subject to country risk of the Republic of Kazakhstan. Furthermore, the primary asset of the Company are the oil and gas properties of Emir Oil; an entity formed under the laws of the Republic Kazakhstan is also subject to country risk in the Republic of Kazakhstan.

NOTE E -FIXED ASSETS

Fixed Assets

Summary of the fixed assets net of accumulated depreciation is provided below:

Field facilities	\$	76,898
Field equipment		394,548
Field vehicles		139,979
Office vehicles		146,721
Office equipment and furniture		116,048

Total		874,194
Accumulated Depreciation		30,577

Net	\$	843,617
		=====

NOTE F - LONG TERM LIABILITIES

Long Term Liabilities include:

1. Amounts due to the Government of Kazakhstan to reimburse the historical investments by the Government in the properties currently held under exploration

license and contract by Emir Oil. When Emir Oil obtains a commercial production license for the oil fields that it currently holds exploration license to, as a condition to receipt of the commercial production license and contract for hydrocarbons by Emir, Emir Oil will be required to negotiate a repayment schedule for the debt owed to the Government

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BMB MUNAI, INC.
(A Development Stage Entity)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

of the Republic of Kazakhstan. Should Emir Oil not proceed with the acquisition of a production contract and license for any property that property would revert to the Government in settlement of Emir's obligations to the Government.

2. The amount of \$222,000 due to reservoir consultants which represents part of a \$700,000 contract with PGS Reservoir Consultants payable during 2006. The Company has paid to PGS \$200,000 during 2004 and will pay \$278,000 in 2005.

3. Liquidation Fund. Under the laws of the Republic of Kazakhstan, the Company is obligated to set aside funds for required environmental remediation. Accordingly, the Company contributed \$20,000 to the Liquidation Fund.

NOTE G - COMMITMENTS AND CONTINGENCIES

Under the terms of the five-year exploration contract, Emir Oil is required to spend a total of \$21.5 million in exploration and development activities on the ADE Block. To retain its rights under the exploration contract, the Company must spend a minimum of \$7 million in 2004 and \$9.3 million in 2005. The failure to make these minimum capital expenditures could result in the loss of the exploration contract.

A lawsuit was filed in Florida naming the Company as one of the defendants. The claim alleges that the Plaintiff should have received compensation and or a percentage of stock of the Company as a result of the merger between the Company and BMB Holding, Inc. The Company is confident that the matter will be resolved in the Company's favor. The Company has retained legal counsel to protect its interests. In the opinion of the Company's management and legal counsel, the resolution of this lawsuit will not have a material adverse effect on our financial condition, results of operations or cash flows

NOTE H - CAPITAL STOCK, ADDITIONAL PAID-IN-CAPITAL

Net Loss per Common Share

Basic earnings per share exclude any dilutive effects of option, warrants and convertible securities and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share are computed similar to basic earnings per share. However, diluted earnings per share reflect the assumed conversion of all dilutive securities.

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BMB MUNAI, INC.
(A Development Stage Entity)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table sets forth the computation of basic and diluted loss per common share:

<TABLE>

<CAPTION>

	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Period from inception (May 6, 2003) Six Months Ended September 30, 2004	through September 30, 2003
<S>	<C>	<C>	<C>	<C>
Numerator:				
Net loss and numerator for basic and diluted loss per share	\$ (607,528)	\$ (78,271)	\$ (1,249,656)	\$ (123,010)
Denominator:				

Denominator for basic and diluted loss per share, weighted average shares	26,261,681	1,000	23,427,059	1,000
Net Loss per Share, Basic and Diluted	\$(0.02)	\$(78.27)	\$(0.05)	\$(123.01)

The effect of the stock warrants and stock options is anti-dilutive.

The Financing

During the quarter ended September 30, 2004, the Company sold an aggregate of 4,584,340 shares of Company common shares at \$4.00 per share in a private placement offering. The Company raised total proceeds of \$18,337,360 and net proceeds (less expenses and brokerage commissions) of \$17,311,906. The offering was made only to accredited investors in the United States under Regulation D and pursuant to Regulation S to non U.S. Persons.

The private placement commenced in July and concluded in September 2004. The placement agents engaged to represent the Company in the private placement offering received commissions equal to 5% of the gross proceeds received and warrants equal to 10% of the number of shares they sold on behalf of the Company.

NOTE I- SUBSEQUENT EVENTS

As of September 30, 2004, the Company had a short term loan receivable balance with a Kazakhstan financial institution in the amount of \$5,667,220. During October 2004, the Kazakhstan financial institution repaid the Company \$3,853,364. Deferred gain reflected in current liabilities on loans repaid during October, 2004 were fully realized in October, 2004. According to the FASB Interpretation No. 41 an amount of \$2,482,616 recognized as payable under repurchase agreements was offset against amounts recognized as receivables under reverse repurchase agreements and reported as a net amount of \$745 in the Consolidated Balance Sheets. During October, 2004, the \$2,482,616 was repaid by the Company.

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BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J - RELATED PARTY TRANSACTIONS

During six months ended September 30, 2004, the following related party transactions occurred:

During the six months ended September 30, 2004, the Company retained the services of TatArka LLC, and Kazmorgeophysica, CJSC. TatArka was paid \$393,791 to obtain 3D seismic data of ADE Block. Kazmorgeophysica was paid \$30,087 for rendering other geophysical research services on ADE Block. TatArka and Kazmorgeophysica are subsidiaries of a company that shares a common director with our Company.

The Company leases ground fuel tanks and other oil fuel storage facilities and warehouses from Term Oil, LLC., a Kazakhstan company.. The lease payment for the six months ended September 30, 2004, totaled to \$123,155. One of our shareholders is an owner of Term Oil LLC.

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Item 2. Management's Discussion and Analysis or Plan of Operations

The following discussion is intended to assist the reader in understanding our results of operations and our present financial condition. Our Consolidated Financial Statements and the accompanying notes included in this Form 10-QSB contain additional information that should be referred to when reviewing this material.

Statements in this discussion may be forward-looking. These forward-looking statements involve risks and uncertainties, including those discussed below, which could cause actual results to differ from those expressed. Please read Forward-Looking Information on page 22.

We operate in one segment, oil and natural gas exploration, development and production.

Overview

Prior to November 26, 2003, the Company existed under the name InterUnion Financial Corporation ("InterUnion"). The primary business strategy of InterUnion was to acquire majority interests in financial services businesses. On November 26, 2003, InterUnion executed an Agreement and Plan of Merger with BMB Holding, Inc., a private Delaware corporation, formed for the purpose of acquiring and developing oil and gas fields in the Republic of Kazakhstan. Pursuant to the Agreement, BMB Holding merged into InterUnion, with InterUnion being the surviving corporation. For accounting purposes, the transaction was treated as a reverse merger under accounting principles generally accepted in the United States, with BMB Holding and its then 70% owned subsidiary, Emir Oil, treated as the surviving entity. BMB Holding was incorporated on May 6, 2003. Following the merger, we changed our name to BMB Munai, Inc.

On May 24, 2004, we agreed to purchase the 30% interest of our minority partner in Emir Oil. The acquisition was made in exchange for 3,500,000 shares of our common stock. As a result of the acquisition, Emir Oil became a wholly owned subsidiary of BMB Munai. The acquisition of the final 30% interest in Emir Oil was consummated during the quarter.

Since incorporation on May 6, 2003, our primary focus has been the acquisition, exploration, development, exploitation and production of crude oil and natural gas in Kazakhstan. With the acquisition of the exploration and development license and contract of Emir Oil, we are focusing our efforts on the development of the Aksaz, Dolinnoe and Emir Oil and Gas Fields in Kazakhstan (the "ADE Block").

We anticipate spending between \$15 million and \$21 million in the continued exploration and development of the ADE Block in the next twelve months. In September 2004, we completed a private placement in which we sold 4,584,340 shares of our common stock for \$4.00 per share to raise gross proceeds of \$18,337,360. After paying commissions, fees and costs of the offering, we realized net proceeds of \$17,311,906. This money has and will continue to be used primarily to fund our exploration and development efforts. We also intend to apply proceeds from the sale of oil we produce during well testing to help fund our exploration and development activities.

New Wells

During the next twelve months we intend to spend at least \$10 million to drill new exploratory wells. Initially we will focus our drilling efforts in the Dolinnoe Oil Field, where we hope to drill at least two new exploratory wells. We began drilling the Dolinnoe-2 well under our exploration license on July 27, 2004, and have presently drilled to a depth of 3,380 meters. The anticipated depth of this well is 4,000 meters. Site preparation and drilling rig placement were completed in July 2004. During the quarter, we started and

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completed site preparation for the Dolinnoe-3 well. We also completed construction of a 1.5 kilometer gravel road to provide access to the Dolinnoe-3 well site and purchased drilling materials for drilling of this well. We selected the well site based on the results of a 3D seismic study prepared by PGS-GIS Data Processing. We have contracted with a Saipem S.p.A., a well known European oil drilling and service company, to drill and complete the Dolinnoe-2 and Dolinnoe-3 wells.

Workover of Existing Wells

In the next twelve months we will continue workover on wells existing since the Soviet Union period in the ADE Block. In July, 2004, we completed underground well repair to remove foreign objects from the well bore of the Emir - 1 well. We performed a hydraulic explosion in the Emir-1 well in October 2004, to restore oil inflow at that site. We are presently engaged in cleaning the well of the remnants left from the hydraulic explosion works and preparation for test production. During quarter we started and completed a workover of Aksaz-1 well resulting in gas flow with associated condensate. For safety purposes we have decided to leave this well shut-in until a gas collection and pre-sale processing facility is installed in the Aksaz field. We intend to investigate the Aksaz-3 and Aksaz-4 wells in the Aksaz field that were previously incompletely drilled and spudded during the Soviet Union period to determine the commercial viability of additional drilling at these sites.

Infrastructure Improvements

We plan to continue improving existing infrastructure in the ADE Block. During the quarter we started construction of 8.6 km pipeline connecting the Dolinnoe and Aksaz fields. Construction of the pipeline will be completed soon.

In October, 2004, we began preparations for the construction of a gas collection and pre-sale processing facility in the Aksaz field for gas produced at ADE Block. In October, 2004 we also completed reconstruction of two ground fuel tanks at the oil and fuel storage facility we are currently using in order to increase storage capacity. With completion of these tanks, the storage capacity has been increased from 945 barrels to 20,000 barrels. This allows us to collect volumes sufficient for exporting. Under the proposed terms of our lease of the oil and fuel storage facility, the cost of reconstruction will be used to offset our lease payments. During the quarter we installed a registration subsystem at the oil collection and pre-sale processing facility in the Dolinnoe field. The registration subsystem allows more accurate accounting for oil produced from each wells in the Dolinnoe field. Additionally, in the next twelve months we plan to improve power supply to the ADE Block through the construction of additional 6 kilowatt power lines running through the ADE Block. We will also continue expanding the road network within the ADE Block.

Oil Production and Sale

We have been engaged in test production and selling of crude oil since May, 2004. Due to a lack of oil storage capacity at our storage facility all of our crude oil sales have been to the Kazakhstan domestic market. The average price per barrel of crude oil in the Kazakhstan domestic market during that time has been approximately \$14 per barrel. With the completion of the reconstruction of two ground fuel tanks at our storage facility, we now have sufficient storage capacity to collect oil for exporting and have begun to collect oil for export and sale to the international market.

Our revenue, profitability and future growth rate will depend substantially on factors beyond our control, such as economic, political and regulatory developments and competition from other sources of energy. Oil and natural gas prices historically have been volatile and may fluctuate widely in the future. Sustained periods of low prices for oil or natural gas, or failure to gain access to markets outside of the ROK, either through governmental requirement or because of a lack of infrastructure to provide such access could materially and adversely affect our financial position, our results of operations, the quantities of oil and natural gas reserves that we can economically produce and our access to capital.

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Results of Operations

Three months ended September 30, 2004, compared to the three months ended September 30, 2003

Revenues. During the three months ended September 30, 2004, we realized revenues of \$173,038, compared to \$0 during the three months ended September 30, 2003. All revenues were from oil sales. This increase in revenues in the current year is primarily the result of the fact that in the prior year we were just beginning operations and seeking to acquire rights to oil and gas properties. We anticipate revenues will continue to increase in the upcoming fiscal quarters. At the present time, however, it is unclear the rate at which our revenues may increase.

Expenses. During the three months ended September 30, 2004, we incurred total expenses of \$913,883 compared to expenses of \$40,247 during the three months ended September 30, 2003. Again, the increase is primarily the result of the growth of our operations during the past twelve months. For instance, during the three month period ended September 30, 2003, we incurred general and administrative expenses of \$40,247, compared to \$858,895 in the quarter ended September 30, 2004. This increase is largely the result of hiring personnel to operate our business, as well as travel and professional expenses including accounting and legal fees. Also during the quarter ended September 30, 2004, we incurred production costs of \$36,927 and amortization and depreciation expenses of \$18,060, neither of which were incurred in the prior year period. We expect that as we execute our planned business activities over the next twelve months our expenses will continue to increase at the same or greater rates.

Loss from Operations. During the three months ended September 30, 2004, we incurred losses from operations totaling \$740,845 compared to operating losses of \$40,247 for the three months ended September 30, 2003. These losses, at least in part, are the result of us incurring significant expenses in connection with the development of our oil fields before they produce any oil or gas. If we are unable to develop our oil and gas fields to a level where oil and gas production and sales offset the costs of exploration, development and production, we will continue to generate operating losses. At this time, it is unclear when we will generate sufficient revenue from oil and gas production to offset expenses, if at all.

Other Income. During the three months ended September 30, 2004, we realized other income totaling \$133,317, compared to other expenses of \$38,329

for the three months ended September 30, 2003. The current year other income included realized gain on marketable securities of \$3,983, unrealized gains on marketable securities of \$11,087 and foreign currency exchange gain of \$125,032, partially offset by interest expense of \$6,785. During the prior fiscal year, we realized no income or expense from realized and unrealized gains or losses on marketable securities, but we did realize interest expense of \$38,422, partially offset by foreign currency exchange gain of \$93. During the current fiscal year we have raised approximately \$17 million through the sale of our securities in private placement transactions. Therefore, during the fiscal quarter ended September 30, 2004, we had funds that were not being used in operations that we invested in marketable securities. We expect to use all of the funds we have raised to fund our operations. Until such time as they are needed, however, such funds may be used to purchase marketable securities. We anticipate that as funds are used in operations over the next twelve months, gains and losses from marketable securities, both realized and unrealized, will decrease.

Net Loss. During the three months ended September 30, 2004, we realized a net loss of \$607,528 compared to a net loss of \$78,576 for the three months ended September 30, 2003. As discussed above this net loss is largely the result of the increased size of our operations at September 30, 2004, compared to September 30, 2003. We anticipate that we will continue to realize net losses from operations until such time as revenues generated from oil and gas production and sales and other income offset our expenses. At this time, it is unclear when, or if, that may occur.

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Six months ended September 30, 2004, compared to the period from inception (May 6, 2003) to September 30, 2003.

As discussed above, we incorporated on May 6, 2003, therefore, we do not have a comparable prior period. Rather all comparisons to the period ended September 30, 2003, will be for the period from May 6, 2003 through September 30, 2003.

Revenues. During the six months ended September 30, 2004, we realized revenues of \$291,987, compared to \$0 for the period from May 6, 2003, to September 30, 2003. All revenues were from oil sales. This increase in revenues in the current year is primarily the result of the fact that in the prior year we were just beginning operations and seeking to acquire rights to oil and gas properties. We anticipate revenues will continue to increase in the upcoming fiscal quarters. At the present time, however, it is unclear the rate at which our revenues may increase.

Expenses. During the six months ended September 30, 2004, we incurred total expenses of \$1,506,716 compared to expenses of \$66,175 during the period from May 6, 2003, to September 30, 2003. Again, the increase is primarily the result of the growth of our operations during the past twelve months. For instance, during the period from May 6, 2003 to September 30, 2003, we incurred general and administrative expenses of \$66,175, compared to \$1,418,281 during the six months ended September 30, 2004. This increase is largely the result of hiring personnel to operate our business, as well as travel and professional expenses including accounting and legal fees. Also during the quarter ended June 30, 2004, we incurred production expenses of \$61,249 and amortization and depreciation expenses of \$27,186, neither of which were incurred in the prior year period. We expect that as we execute our planned business activities over the next twelve months our expenses will continue to increase at the same or greater rates.

Loss from Operations. During the six months ended September 30, 2004, we incurred losses from operations totaling \$1,214,729 compared to operating losses of \$66,175 for the period from May 6, 2003, through September 30, 2003. These losses were largely the result of incurring expenses in connection with the development of our oil fields before they produce any oil or gas. If we are unable to develop our oil and gas fields to a level where oil and gas production and sales offset the costs of exploration, development and production, we will continue to generate operating losses. At this time, it is unclear when we will generate sufficient revenue from oil and gas production to offset expenses, if at all.

Other Expense. During the six month period ended September 30, 2004, we realized net other expenses of \$34,927, compared to \$57,149 for the period from May 6, 2003, to September 30, 2003. The current period other expenses included unrealized loss on marketable securities of \$292,610 and interest expense of \$3,901, offset by realized gain on marketable securities of \$58,898 and foreign currency exchange gain of \$202,686. During the period from May 6, 2003, to September 30, 2003, we had no realized or unrealized gain or loss on marketable securities. We incurred interest expense totaling \$57,239, which was partially offset by foreign currency exchange gain of \$90.

Net Loss. During the six months ended June 30, 2004, we realized a net loss of \$1,249,656 compared to a net loss of \$123,010 for the period from May 6,

2003 through September 30, 2003. As discussed above this net loss is largely the result of the increased size of our operations at September 30, 2004, compared to September 30, 2003. We anticipate that we will continue to realize net losses from operations until such time as revenues generated from oil and gas production and sales and other income offset our expenses. At this time, it is unclear when, or if, that may occur

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Liquidity and Capital Resources

Since inception on May 6, 2003, our capital resources have primarily consisted of funds raised through the sale of our common stock and debt convertible to our common stock. We anticipate our capital resources in the upcoming twelve months will likewise consist largely of funds raised in financing activities completed during the quarter ended September 30, 2004, and to some level, revenues from oil sales.

Note B of the Notes to the Financial Statements discloses several factors that raise substantial doubt about our ability to continue as a going concern. Among those noted is the fact that we will need significant additional funding to develop the geographical area covered by our exploration and development license. As discussed herein, we have completed the private placement of 4,584,340 shares of our common stock raising net proceeds of \$17,311,906. We anticipate these funds, along with those we previously raised, should be sufficient to meet our exploration, development, production and operational needs for the next six months.

Another factor that raises concern about our ability to continue as a going concern is the requirement that we must obtain a commercial production contract from the Republic of Kazakhstan prior to commencing commercial oil production. While we are legally entitled to receive this commercial production contract and have the exclusive right to negotiate such with the Republic of Kazakhstan, and the Republic of Kazakhstan is required to conduct the negotiations under the Law of Petroleum in Kazakhstan, there is no guarantee that we will be awarded a production contract. If we cannot obtain a production contract, we will only be able to produce and sell oil under the Law of Petroleum for the term of the existing contract, which expires June 9, 2007.

Cash Flows

During the six months ended September 30, 2004, cash was primarily used to fund exploration and development related operations. We had a net increase in cash and cash equivalents of \$1,061,837 during the quarter ended September 30, 2004 compared to a net increase of cash and cash equivalents of \$527,696 in the period from May 6, 2003 to September 30, 2003. See below for additional discussion and analysis of cash flow.

<TABLE>

<CAPTION>

	Six months ended September 30, 2004	Period from inception (May 6, 2003) through September 30, 2003
<S>	<C>	<C>
Net cash used in operating activities	\$(6,694,365)	\$(631,222)
Net cash used in investing activities	\$(9,555,704)	\$(1,340,982)
Net cash provided by financing activities	\$17,311,906	\$2,500,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$1,061,837	\$527,696

</TABLE>

During the six months ended September 30, 2004, net cash used in operations was \$6,694,365, as net loss, increase in inventories and increase in prepaid and other assets was only partially offset by depreciation expenses and increases in accounts payable and accrued liabilities. Net cash used in investing activities was \$9,555,704, which included acquisitions of fixed and intangible assets as well as additional oil and gas properties. During the quarter, \$17,311,906 was provided from the private placement of our common stock. At September 30, 2004, we had cash on hand of \$3,188,192.

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We continually evaluate our capital needs and compare them to our capital resources. Our budgeted capital expenditures for the upcoming twelve months are \$10 million to \$20 million for exploration, development, production and acquisitions. We expect to fund much of this expense with capital raised in the private placement completed during the quarter ended September 30, 2004. We will likely have to seek additional funds either in the equity or debt markets to fund the remainder of our budgeted capital expenditures.

Contractual Obligations and Contingencies

The following table lists our significant commitments at September 30, 2004, excluding current liabilities as listed on our consolidated balance sheet:

<TABLE>

<CAPTION>

Contractual Obligations	Payments Due By Period				
	Less than Total	1 year	1-3 years	After 4-5 years	5 years
<S>	<C>	<C>	<C>	<C>	<C>
Capital Expenditure Commitment(1)	\$21,500,000	\$7,000,000	\$14,300,000	\$ --	\$ --
Due to the Government of Kazakhstan(2)	5,994,745	--	--	5,994,745	--
Due to Reservoir Consultants	500,000	278,000	222,000	--	--
Liquidation Fund	20,000	--	20,000	--	--
Total	\$27,814,745	\$7,278,000	\$14,542,000	\$5,994,745	\$ --

</TABLE>

(1) Under the terms of our Contract with the ROK, we are required to spend a total of at least \$21.5 million dollars in exploration, development and improvements within the ADE Block during the term of the license, including \$7 million during the 2004 calendar year and \$9.3 million in the 2005 calendar year. If we fail to do so, we may be subject to the loss of our Contract.

(2) In connection with our acquisition of the License and Contract, we will be required to repay the ROK for exploration and development expenditures incurred by it prior to the time we acquired the License and Contract. The repayment terms of this obligation will not be determined until such time as we are granted a commercial production contract. Prior to commencing commercial oil production, we must obtain a commercial production contract from the ROK. While we are legally entitled to receive this commercial production contract and have the exclusive right to negotiate such with the ROK, and the ROK is required to conduct the negotiations under the Law of Petroleum in Kazakhstan, there is no guarantee that we will be awarded a production contract. Moreover, at this time it is unclear when might apply for a production contract or when it might be issued, if at all. Therefore, we have made our best estimate as to when we anticipate becoming subject to this repayment obligation.

Off-Balance Sheet Financing Arrangements

As of September 30, 2004, we had no off-balance sheet financing arrangements.

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Recently Issued Accounting Pronouncement

In March 2004, the FASB issued an exposure draft entitled "Share-Based Payment, an Amendment of FASB Statement No. 123 and 95." This proposed statement addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments. The proposed statement would eliminate the ability to account for share-based compensation transactions using APB Opinion No. 25, "Accounting for Stock Issued to Employees", and generally would require instead that such transactions be accounted for using a fair-value-based method. As proposed, this statement would be effective for the Company on January 1, 2005. The Company is currently unable to determine what effect this statement will have on the Company's financial position or results of operations.

Effects of Inflation and Pricing

The oil and natural gas industry is very cyclical and the demand for goods and services of oil field companies, suppliers and others associated with the industry puts extreme pressure on the economic stability and pricing structure within the industry. Typically, as prices for oil and natural gas increase, so do all associated costs. Material changes in prices impact the current revenue stream, estimates of future reserves, borrowing base calculations of bank loans and value of properties in purchase and sale transactions. Material changes in prices can impact the value of oil and natural gas companies and their ability to raise capital, borrow money and retain personnel. While we do not currently expect business costs to materially increase, continued high prices for oil and natural gas could result in increases in the cost of material, services and personnel.

Forward Looking Information and Cautionary Statement

The statements regarding future financial and operating performance and results, market prices, future hedging activities, and other statements that are not historical facts contained in this report are forward-looking statements. The words "expect," "project," "estimate," "believe," "anticipate," "intend," "budget," "plan," "forecast," "predict," "may," "should," "could," "will" and similar expressions are also intended to identify forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, market factors, market prices (including regional basis differentials) of natural gas and oil, results for future drilling and marketing activity, future production and costs and other factors detailed herein and in our other Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer have conducted an evaluation of the Company's disclosure controls and procedures (as defined in Rule 13A-15(e) under the Securities Exchange Act of 1934 ("Exchange Act") as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on their evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in its Exchange Act reports is recorded, processed, summarized and reported within the applicable periods specified by the SEC's rules and forms.

(b) Changes in Internal Controls and Procedures. During the period covered by this quarterly report, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15) or 15d-15 under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In December 2003, a complaint was filed in the 15th Judicial Court in and for Palm Beach County, Florida, naming, among others, BMB Munai, Inc., Alexandre Agaian and Georges Benarroch, Company directors, as defendants. The plaintiffs, Brian Savage, Thomas Sinclair and Sokol Holdings, Inc., allege claims of breach of contract, unjust enrichment, breach of fiduciary duty, conversion and violation of a Florida trade secret statute in connection with a business plan for the development Aksaz, Dolinnoe and Emir oil and gas fields owned by Emir Oil, LLC. The plaintiffs seek unspecified compensatory and exemplary damages.

We will vigorously defend ourselves in this action and strongly question the merit of all claims alleged by plaintiffs. We retained the Florida law firm of Shutts & Bowen LLP, to defend us in this matter. We have filed a motion to dismiss the complaint of plaintiffs, Brian Savage, Thomas Sinclair and Sokol Holdings, Inc., on several grounds. The motion was scheduled for hearing in late August 2004, however, that hearing has been stayed to allow the parties to conduct jurisdictional discovery. Due to concerns about a potential conflict of interest, Shutts & Bowen LLP, filed a motion to withdraw as our counsel in this matter. The matter has been heard by the court and the parties are awaiting the order of the court granting the motion to withdraw. We are currently searching for new counsel to represent us in this matter. There were no other significant changes in this matter during the quarter.

In the opinion of management, the resolution of this lawsuit will not have a material adverse effect on our financial condition, results of operations or cash flows.

Other than the foregoing, to the knowledge of management, there is no other material litigation or governmental agency proceeding pending or threatened against the Company or our management.

Item 2. Changes in Securities

During the quarter ended September 30, 2004, and subsequent thereto, the following equity securities, which were not registered under the Securities Act of 1933, were issued.

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During the quarter we issued 4,584,340 restricted common shares to

investors for \$4.00 per share, raising gross proceeds of \$18,337,360 in a private placement. The shares were issued without registration under the Securities Act of 1933 in reliance upon exemptions from registration pursuant to Rule 506 of Regulation D and Regulations S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933.

In connection with the private placement, at the Closing of the private placement we granted placement agent warrants to Aton Securities, Inc., and Credifinance Securities, Ltd., a related company through a common director, in the amounts of 309,454 and 148,980 respectively, to purchase shares of our common stock at \$4.00 per share. These warrants are immediately exercisable and expire at various times with the earliest warrants expiring on January 31, 2006 and the latest warrants expiring on March 19, 2006. The warrants were issued without registration under the Securities Act of 1933 in reliance upon an exemption from registration pursuant to Section 4(2) of the Securities Act of 1933.

In August 2004, we issued 3,500,000 shares of restricted common stock to acquire the 30% interest in Emir Oil, LLP from our minority partner. The shares were issued without registration under the Securities Act of 1933 in reliance upon an exemption from registration pursuant to Regulations S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933.

Item 4. Submission of Matters to a Vote of Security Holders

On October 8, 2004, the Company held its annual meeting of stockholders. The total number of shares entitled to be voted at the meeting was 28,263,766. At the meeting the shareholders were asked to vote on the following matters:

- 1) To amend the Certificate of Incorporation of the Company to accomplish several purposes. First, to increase the authorized common stock of the Company from 50,000,000 shares to 100,000,000 shares. Second to eliminate the currently authorized 1,500,000 shares of Series A preferred stock, 1,000 shares of Series B preferred stock and 1,000 shares of Series C preferred stock of the Company and replace it with 20,000,000 shares of preferred stock, the rights preferences and privileges of which will be designated by the Board of Directors prior to issuance of such shares. Third to update the Company's Certificate of Incorporation to be more consistent with and take greater advantage of the General Corporation Law of the State of Delaware and the Company's Bylaws. 20,462,040 shares voted in favor of this proposal, no shares voted against or abstained from voting on this proposal.
- 2) To elect six individuals to the board of directors of the Company on staggered terms, with certain directors being elected for one year (Class I Directors), two year (Class II Directors), and three year (Class III Directors) terms and to retain a seventh directorship vacant until such time as an individual who is both independent and may qualify as a "financial expert" to serve on the Company's audit committee can be appointed by the Board of Directors. This seventh directorship to be classified as a Class I Director. Each of the individuals nominated and elected as a director at the meeting was a director of the Company prior to the meeting. The following individual were elected to the Board of Directors of the Company:

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	For ---	Abstain -----
Class I Directors: -----		
Georges Benarroch	20,462,040	-0-
Valery Tolkachev	20,462,040	-0-
Class II Directors: -----		
Alexandre Agaian	20,462,040	-0-
Mirgali Kunayev	20,462,040	-0-
Class III Directors: -----		
Bakhytbek Baiseitove	20,462,040	-0-
Boris Cherdabayev	20,462,040	-0-

- 3) To approve the BMB Munai, Inc., 2004 Stock Incentive Plan. 20,462,040 shares voted in favor of this proposal, no shares voted against or abstained from voting on this proposal.
- 4) To ratify the actions of our directors for the last fiscal year, and for the period from the fiscal year end through the date of the special shareholder meeting. 20,462,040 shares voted in favor of this proposal, no shares voted against or abstained from voting on this proposal.

Following the vote on these matters, the annual meeting was adjourned until October 11, 2004. The meeting was reconvened on October 11, 2004, to discuss and vote upon the proposal to change the domicile of the Company from the State of Delaware to the State of Nevada for the purpose of decreasing our franchise tax obligations. 20,462,040 shares voted in favor of this proposal, no shares voted against or abstained from voting on this proposal.

Item 5. Other Information

As discussed above, on May 24, 2004, we agreed to purchase the 30% interest of our minority partner in Emir Oil. During the quarter, the necessary paperwork required by the Republic of Kazakhstan was completed and the acquisition was finalized. As a result of the acquisition, Emir Oil became a wholly owned subsidiary of BMB Munai.

Item 6. Exhibits and Reports on Form 8-K

(A) Reports on Form 8-K

On September 3, 2004, we filed a Current Report on Form 8-K disclosing the adoption of new Company Bylaws by the board of directors with the primary purpose of updating the Company's Bylaws to more closely follow the General Corporation Law of the State of Delaware.

Subsequent to the quarter end on October 4, 2004, we filed a Current Report on Form 8-K, in conformity with Regulation FD disclosing the issuance of a press release announcing the results of a reserve evaluation on the Aksaz, Dolinnoe and Emir oil and gas fields.

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(B) Exhibits. The following exhibits are included as part of this report:

Exhibit 31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.3 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.3 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this to be signed on its behalf by the undersigned thereunto duly authorized.

BMB MUNAI, INC.

November 11, 2004

/s/ Alexandre Aгаian

Alexandre Aгаian,
Co-Chief Executive Officer

November 11, 2004

/s/ Boris Cherdabayev

Boris Cherdabayev,
Co-Chief Executive Officer

November 11, 2004

/s/ Anuar Kulmagambetov

Anuar Kulmagambetov,
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Alexandre Agaian, certify that:

(1) I have reviewed this quarterly report on Form 10-QSB of BMB Munai, Inc., (the "Company");

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

- (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- (b) Evaluated the effectiveness of the Company's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
- (c) Disclosed in this quarterly report any change in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting; and

(5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons fulfilling the equivalent function):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

Date: November 11, 2004

By: /s/ Alexandre Agaian

Alexandre Agaian,
Principal Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Boris Cherdabayev, certify that:

(1) I have reviewed this quarterly report on Form 10-QSB of BMB Munai, Inc., (the "Company");

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

- (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- (b) Evaluated the effectiveness of the Company's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
- (c) Disclosed in this quarterly report any change in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting; and

(5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons fulfilling the equivalent function):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

Date: November 11, 2004

By: /s/ Boris Cherdabayev

Boris Cherdabayev,
Principal Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Anuar Kulmagambetov, certify that:

(1) I have reviewed this quarterly report on Form 10-QSB of BMB Munai, Inc. (the "Company");

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

(4) The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and have:

- (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company, including its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
- (b) Evaluated the effectiveness of the Company's disclosure controls and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
- (c) Disclosed in this quarterly report any change in the Company's internal controls over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting; and

(5) The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons fulfilling the equivalent function):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

Date: November 11, 2004

By: /s/ Anuar Kulmagambetov

Anuar Kulmagambetov
Principal Financial Officer

CERTIFICATION OF PRINCIPAL
EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BMB Munai, Inc., on Form 10-QSB for the period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Alexandre Agaian, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 11, 2004

/s/ Alexandre Agaian

Alexandre Agaian
Principal Executive Officer

CERTIFICATION OF PRINCIPAL
EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BMB Munai, Inc., on Form 10-QSB for the period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Boris Cherdabayev, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 11, 2004

/s/ Boris Cherdabayev

Boris Cherdabayev
Principal Executive Officer

CERTIFICATION OF PRINCIPAL
FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BMB Munai, Inc., on Form 10-QSB for the period ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Anuar Kulmagambetov, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 11, 2004

/s/ Anuar Kulmagambetov

Anuar Kulmagambetov
Principal Financial Officer