

United States
Securities and Exchange Commission
Washington, DC 20549

FORM 10-QSB/A-2

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

For the Quarter Ended
December 31, 2004

Commission File Number
000-28638

BMB MUNAI, INC.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

30-0233726

(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 February 3, 2005.

Transitional small business disclosure format (check one) Yes No

Explanatory Note

In response to certain comments raised by the staff of the Securities and Exchange Commission, BMB Munai, Inc., is filing this Amendment No. 2 on Form 10-QSB/A-2 (this "Second Amendment") to its Quarterly Report on Form 10-QSB for the quarter ended December 31, 2004 originally filed with the Securities and Exchange Commission on February 14, 2005 and subsequently amended on February 16, 2005 (the "Original Form 10-QSB, as amended"). Revisions have been made to the Consolidated Balance Sheets to reduce "Oil and Gas Properties, Full Cost Method, Less Accumulated Depreciation" by \$5,994,745 and to eliminate the same amount from "Due to the Government of Kazakhstan." Because we are not required to repay this obligation until such time as we are granted production rights this asset and liability have been removed from the Consolidated Balance Sheets. As a result of this change to the financial statements, Note J has been added to and revisions have been made to Notes F & G of the "Notes to the Consolidated Financial Statements," and Item 2, "Management's Discussion and Analysis of Results of Operations" of the Original Form 10-QSB, as amended.

We have revised Note A of the "Notes to the Consolidated Financial Statements" to clarify that the corporation was originally incorporated in Utah, and to provide additional details about our accounting for inventory and share based compensation.

The language of Item 3, "Controls and Procedures" of the Original Form 10-QSB, as amended, has been revised in connection with the restatement and to make reference to the definition of such controls and procedures as set forth in Rules 13a-15(d) and 15d-15(e).

For the convenience of the reader, this Second Amendment forth the text of the Original Form 10-QSB, as amended, in its entirety. As a result of this Second Amendment, the certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, filed as exhibits to our 10-QSB have been revised, re-executed and re-filed as of the date of this Form 10-QSB/A-2 and Item 6 hereof has been accordingly amended. We have not updated other information contained in the Original Form 10-QSB, as amended, in this Amendment. Therefore, you should read this Second Amendment together with other reports and documents which update and supersede some of the information

contained in this Second Amendment.

BMB MUNAI, INC.
FORM 10-QSB/A-2
TABLE OF CONTENTS

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets as of December 31, 2004
and March 31, 2004 4

Unaudited Consolidated Statements of Loss for the Three
and Nine Months Ended December 31, 2004, the Three Months
Ended December 31, 2003, the period from inception
(May 6, 2003) to December 31, 2003 and for the period
from inception (May 6, 2003) to December 31, 2004..... 5

Unaudited Consolidated Statements of Cash Flows for the
Nine Months Ended December 31, 2004 and the period from
inception (May 6, 2003) to December 31, 2003..... 6

Notes to Unaudited Consolidated Financial Statements..... 7

Item 2. Managements Discussion and Analysis or Plan of Operation..... 16

Item 3. Controls and Procedures..... 25

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings..... 26

Item 4. Submission of Matters to a Vote of Security Holders..... 26

Item 6. Exhibits 28

Signatures..... 29

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

<TABLE>
<CAPTION>

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

ASSETS

	December 31, 2004	March 31, 2004	
	(Unaudited)		
	<C>	<C>	
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS		\$ 1,063,270	\$ 2,126,355
MARKETABLE SECURITIES		776,817	2,879,136
INVENTORIES	3,353,255	183,884	
PREPAID AND OTHER ASSETS		4,769,890	522,148
INTEREST RECEIVABLE		17,539	-
LOAN RECEIVABLE	370,987		-

TOTAL CURRENT ASSETS	10,351,758		5,711,523

LONG TERM ASSETS			
FIXED ASSETS LESS ACCUMULATED DEPRECIATION		987,651	259,653
OIL AND GAS PROPERTIES, FULL COST METHOD, LESS ACCUMULATED DEPRECIATION			36,841,503
INTANGIBLE ASSETS	15,670	5,411	
RESTRICTED CASH	60,057	20,000	
DEPOSITS	23,672	21,172	

TOTAL LONG TERM ASSETS		37,928,553	6,801,422

TOTAL ASSETS	\$ 48,280,311		\$ 12,512,945
	=====		

LIABILITIES

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$ 1,702,006	\$ 332,487
DUE TO RESERVOIR CONSULTANTS		278,000
ACCRUED LIABILITIES	121,335	56,232

TOTAL CURRENT LIABILITIES	2,101,341	666,719
LONG TERM LIABILITIES		
DUE TO RESERVOIR CONSULTANTS	222,000	222,000
LIQUIDATION FUND	60,057	20,000
TOTAL LONG TERM LIABILITIES	282,057	242,000
TOTAL LIABILITIES	2,383,398	908,719
MINORITY INTEREST	-	82,134
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
CAPITAL STOCK AND ADDITIONAL PAID IN CAPITAL		
Preferred Stock, \$0.001 par value		
Authorized - 20,000,000 shares		
Issued and outstanding - None	-	-
Common Stock, \$0.001 par value		
Authorized - 100,000,000 shares		
Issued and outstanding - 28,513,762	28,514	20,429
ADDITIONAL PAID IN CAPITAL	48,494,266	12,115,445
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE		(2,625,867) (613,782)
TOTAL SHAREHOLDERS' EQUITY	45,896,913	11,522,092
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 48,280,311	\$ 12,512,945

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

4

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BMB MUNAI, INC.
(A Development Stage Entity)
UNAUDITED CONSOLIDATED STATEMENTS OF THE LOSS

	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Period from inception through December 31, 2004	Period from inception through December 31, 2003	Period from (May 6, 2003) through December 31, 2004	Period from (May 6, 2003) through December 31, 2003
<S>	<C>	<C>	<C>	<C>	<C>	<C>
REVENUES						
OIL SALES	\$ 55,904	\$ -	\$ 347,891	\$ -	\$ 347,891	
EXPENSES						
OPERATING COSTS						
PRODUCTION COSTS	(24,370)	-	(85,619)	-	(85,619)	
GENERAL AND ADMINISTRATIVE	(1,298,613)	(196,412)	(2,716,894)	(226,508)	(3,498,651)	
DEPRECIATION AND AMORTIZATION	(21,917)	(271)	(49,103)	(271)	(53,861)	
TOTAL EXPENSES	(1,344,900)	(196,683)	(2,851,616)	(226,779)	(3,638,131)	
LOSS FROM OPERATIONS	(1,288,996)	(196,683)	(2,503,725)	(226,779)	(3,290,240)	
OTHER INCOME (EXPENSE)						
REALIZED GAINS ON MARKETABLE SECURITIES		46	-	58,944	-	78,312
UNREALIZED GAIN (LOSS) ON MARKETABLE SECURITIES	4,666	197,550	(287,944)	197,550	(39,537)	
NET INTEREST INCOME (EXPENSE)		126,331	(29,463)	122,430	(86,702)	38,423
FOREIGN CURRENCY EXCHANGE GAIN		329,339	-	532,025	-	602,974
OTHER INCOME / EXPENSE (NET)		(9,049)	(25,920)	(9,049)	(26,967)	(9,049)
TOTAL OTHER INCOME (EXPENSE)		451,333	142,167	416,406	83,881	671,123
NET LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(837,663)	(54,516)	(2,087,319)	(142,898)	(2,619,117)	
INCOME TAX EXPENSE	6,750	-	6,750	-	6,750	
NET LOSS BEFORE MINORITY INTEREST		(844,413)	(54,516)	(2,094,069)	(142,898)	(2,625,867)
MINORITY INTEREST		(50,443)	-	(51,175)	-	

NET LOSS \$ (844,413) \$ (104,959) \$ (2,094,069) \$ (194,073) \$(2,625,867)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING 28,513,761 17,190,833 25,128,792 16,049,400 20,848,144
LOSS PER COMMON SHARE BASIC AND DILUTED \$ (0.03) \$ (0.01) \$ (0.08) \$ (0.01) \$ (0.13)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

5

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BMB MUNAI, INC.
(A Development Stage Entity)
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period from inception Nine Months Ended December 31, 2004	Period from inception (May 6, 2003) through December 31, 2003	Period from inception (May 6, 2003) through December 31, 2004	
<S>	<C>	<C>	<C>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Loss	\$ (2,094,069)	\$ (194,073)	\$ (2,625,867)	
Adjustments to reconcile net loss to net cash provided by (used in) operating activities				
Depreciation and amortization	49,103	271	53,861	
Minority interest in operations of subsidiary	-	51,175		
Changes in operating assets and liabilities				
Increase in inventories	(3,169,371)	(391,452)	(3,353,255)	
Increase in prepaid and other assets	(4,265,281)	(70,158)	(4,787,429)	
Increase in account payable and accrued liabilities	1,434,622	722,841	2,101,341	
Restricted cash	(40,057)	-	(60,057)	
Deposits	(2,500)	(21,172)	(23,672)	
Net cash provided by (used in) operating activities	(8,087,553)	97,432	(8,695,078)	

CASH FLOWS FROM INVESTING ACTIVITIES

Investment in short term loan receivable	(370,987)	-	(370,987)
Cash proceeds from sale of marketable securities	2,102,319	-	-
Purchase of marketable securities	-	-	(776,817)
Acquisition of fixed assets	(775,016)	(165,600)	(1,039,427)
Acquisition of intangible assets	(12,344)	-	(17,755)
Purchase of oil and gas properties	(11,231,410)	(5,515,482)	(17,484,596)
Net cash used in investing activities	(10,287,438)	(5,681,082)	(19,689,582)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from sale of common stock	17,311,906	9,936,024	27,247,930
Repayment of short-term financing	-	(500,000)	(500,000)
Proceeds from short-term financing	-	500,000	500,000
Proceed from issuance of convertible debt	-	2,000,000	2,000,000
Proceeds from exercise of common stock options	-	200,000	200,000
Net cash provided by financing activities	17,311,906	12,136,024	29,447,930

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,063,085)	6,552,374	1,063,270
Cash at Beginning of the Period	2,126,355	-	-	
Cash at End of the Period	\$ 1,063,270	\$ 6,552,374	\$ 1,063,270	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NON-CASH TRANSACTIONS

Acquisition of 30% of Emir Oil LLC by issuance 3,500,000 common stock	\$ 19,075,000
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6

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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 originally incorporated in Utah in July 1981. The Company changed domicile to Delaware in February 1994. Prior to November 26, 2003, the Company existed under the name InterUnion Financial Corporation ("InterUnion"). The Company changed domicile from the State of Delaware to the State of Nevada in December 2004.

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. The Company began test production at one well in May 2004 and at two wells in December 2004.

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 statement of the results of operations for the interim periods. The results of operations for the interim period 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 accounting principles generally accepted in the United States of America 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 December 31, 2004 are reflected in the Unaudited Consolidated Financial Statements and 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 December 31, 2004, the Company

7

BMB MUNAL, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

has marketable securities in amount of \$776,817. 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 February 9, 2005.

PREPAID AND OTHER ASSETS

Prepaid and other assets include a prepayment for tangible drilling materials in amount of \$2,658,799 expected to be received in lots, the last lot to be received in February 2005.

LOAN RECEIVABLE

Loan receivable consists of a short-term loan to a Kazakhstan financial institution in the amount of \$370,987 under reverse repurchase agreements and repurchase agreements. Deferred gain on the loan is reflected in current liabilities in the amount of \$1,460.

RESTRICTED CASH

Restricted cash reflected in long-term assets consists of \$60,057 deposited in a

Kazakhstan bank and is restricted to meet possible environmental obligations according to the regulations of Kazakhstan (see Note F).

INVENTORY

Inventory represents tangible drilling materials required for drilling operations in the amount of \$3,200,827 and spare parts, diesel fuel, and various materials to be used in oil field operations. Under the full cost method inventory is transferred to oil and gas properties when used in exploration, drilling and development operations in oilfields. 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 the amount of \$70,668.

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

The Company recently started test production at the Dolinnoe-1, Aksaz-1 and Emir-1 wells 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.

8

BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 shall be 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.

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

Amortization of intangible assets with determinable lives shall be 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 shall be recorded using the accrual method of accounting.

9

BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOREIGN EXCHANGE TRANSACTIONS

The Company's functional currency is the U.S. dollar, thus the financial statements of the Company's foreign subsidiary are measured using the U.S. dollar. Accordingly, transaction gains and losses for foreign subsidiaries shall be 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.

SHARE BASED COMPENSATION

The Company accounts for options granted to non-employees at their fair value in accordance with FAS 123, Accounting for Stock-Based Compensation. Under FAS No. 123, stock-based compensation is determined as the fair value of the equity instruments issued. The measurement date for these issuances is the earlier of the date at which a commitment for performance by the recipient to earn the equity instruments is reached or the date at which the recipient's performance is complete. Stock options were granted to the "selling agents" in the private equity placement transactions and have been offset to the proceeds as a cost of capital.

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.

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 December 2004, the FASB issued a revision of SFAS No. 123 "Share-Based Payment" (No. 123R). The statement establishes standards for the accounting for transactions in which an entity exchanges its equity investments for goods and services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. The statement does not change the accounting guidance for share-based payments with parties other than employees. The statement requires a

10

BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

public entity to measure the cost of employee service received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exception). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). A public entity will initially measure the cost of employee services received in exchange for an award of a liability instrument based on its current fair value; the fair value of that award will be remeasured subsequently at each reporting date through the settlement date. Changes in fair value during the requisite service period will be recognized as compensation over that period. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of these instruments. The Company will be required to comply with this pronouncement for periods beginning after December 15, 2005.

NOTE B - GOING CONCERN

The Company's consolidated financial statements have been presented on the basis that the Company will continue 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, 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.

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 \$60,000,000, which the Company will seek to fund through additional equity and/or debt financing and the sale of oil produced during well testing.

NOTE D - FOREIGN ASSETS AND ECONOMIC CONCENTRATION

Marketable securities of \$766,817 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

11

BMB MUNAI, INC.
(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

\$574,538. Restricted Cash reflected in the long-term assets consists of \$60,057 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 is Emir Oil; an entity formed under the laws of the Republic of 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	\$	83,960
Field equipment		506,041
Field vehicles		139,979

Office vehicles	152,203	
Office equipment and furniture	157,250	

Total	1,039,433	
Accumulated Depreciation	51,782	

Net	\$ 987,651	
	=====	

NOTE F - LONG TERM LIABILITIES

Long Term Liabilities include:

1. The amount of \$222,000 due to reservoir consultants represents a 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.
2. 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 \$60,057 to the Liquidation Fund.

NOTE G - COMMITMENTS AND CONTINGENCIES

The Government of the Republic of Kazakhstan made historical investments in the ADE Block in total amount of \$ 5,994,200. When the Company applies for and is granted commercial production rights license for the ADE Block, the Company will be required to begin repaying these historical investments to the Government of the Republic of Kazakhstan. The terms of repayment will be negotiated at the time the Company applies for commercial production rights.

Under the terms of the five-year exploration contract, Emir Oil is required to spend a total of \$27 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 \$9.3 million in 2005 and \$6 million in 2006. 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

12

BMB MUNAI, INC.

(A Development Stage Entity)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

and BMB Holding, Inc. The Company is confident that the matter shall 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 excludes 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 reflects the assumed conversion of all potentially dilutive securities.

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

<TABLE>

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	Three Months Ended December 31, 2004	Three Months Ended December 31, 2003	Period from inception Nine Months Ended December 31, 2004	(May 6, 2003) through December 31, 2003
<S>	<C>	<C>	<C>	<C>
Numerator:				
Net loss and numerator for basic and diluted loss per share	\$ (844,413)	\$ (104,959)	\$(2,094,069)	\$ (194,073)
Denominator:				
Denominator for basic and diluted				

loss per share, weighted average shares	28,513,761	17,190,833	25,128,792	16,049,400
Net Loss per Share, Basic and Diluted	\$ (0.03)	\$ (0.01)	\$ (0.08)	\$ (0.01)

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.

13

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

NOTE I - RELATED PARTY TRANSACTIONS

During nine months ended December 31, 2004, the following related party transactions occurred:

During nine months ended December 31, 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 \$59,875 for rendering other geophysical research services on ADE Block and \$153,846 of advance payment. TatArka and Kazmorgeophysica are subsidiaries of a company that shared 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 nine months ended December 31, 2004, totaled to \$166,195. Also, during nine months ended December 31, 2004, Term Oil, LLC was paid \$15,381 of lease advance payment for the period from January 1, 2005 through March 31, 2005. One of our shareholders is an owner of Term Oil LLC.

NOTE J - RESTATEMENT OF FINANCIAL STATEMENTS

In response to comments raised by the staff of the Securities and Exchange Commission, the Company commenced a review of the accounting related to an amount due to the Government of the Republic of Kazakhstan for historical costs incurred by the Government in the exploration and development of the Company's ADE block oil field. Based on the Company's internal review, and after consultation with the Audit Committee of the Company's Board of Directors and independent registered public accounting firm, on July 12, 2005, the Company determined it was necessary to restate its Consolidated Balance Sheets as of December 31, 2004 to correct its accounting for oil and gas properties and a liability due to the Government of the Republic of Kazakhstan.

The primary effect of the correction discussed above resulted in the Company reducing the long-term asset "Oil and Gas Properties, Full Cost Method, Less Accumulated Depreciation" and the long-term liability "Due to the Government of Kazakhstan" by \$5,994,745 on its Consolidated Balance Sheet.

Following is a summary of the effects of these adjustments on the Company's Consolidated Balance Sheets as of December 31, 2004 and March 31, 2004:

14

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

<TABLE>
<CAPTION>

CONSOLIDATED BALANCE SHEET

	AS PREVIOUSLY REPORTED	ADJUSTMENTS	AS RESTATED
<S>	<C>	<C>	<C>
DECEMBER 31, 2004:			
Oil and Gas Properties, Full Cost			

Method, Less Accumulated			
Depreciation	\$42,836,248	\$5,994,745	\$36,841,503
Total Long Term Assets	\$43,923,298	\$5,994,745	\$37,928,553
Total Assets	\$54,275,056	\$5,994,745	\$48,280,311
Due to the Government of			
Kazakhstan	\$5,994,745	\$5,994,745	\$ -
Total Long Term Liabilities	\$6,276,802	\$5,994,745	\$ 282,057
Total Liabilities	\$8,378,143	\$5,994,745	\$2,383,398
Total Liabilities & Shareholders'			
Equity	\$54,275,056	\$5,994,745	\$48,280,311

MARCH 31, 2004:

Oil and Gas Properties, Full Cost			
Method, Less Accumulated			
Depreciation	\$12,489,931	\$5,994,745	\$6,495,186
Total Long Term Assets	\$12,796,167	\$5,994,745	\$6,801,422
Total Assets	\$18,507,690	\$5,994,745	\$12,512,945
Due to the Government of			
Kazakhstan	\$5,994,745	\$5,994,745	\$ -
Total Long Term Liabilities	\$6,236,745	\$5,994,745	\$ 242,000
Total Liabilities	\$6,903,464	\$5,994,745	\$ 908,719
Total Liabilities & Shareholders'			
Equity	\$18,507,690	\$5,994,745	\$12,512,945

This restatement has no effect on net loss or net loss per common share.

</TABLE>

15

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/A-2 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 25.

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 ("ROK"). 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 \$25 million and \$30 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

16

fund our exploration and development activities. We anticipate the need to raise

an additional \$40,000,000 to support exploration and development activities before we expect income from oil production to be sufficient to meet our needs for operating capital.

Extension of the License Territory

During the quarter, we received written notification from the Ministry of Energy and Mineral Resources of the ROK that the Ministry had approved and finalized an amendment to the oil and gas exploration license AI No. 1552 and Contract No. 482 for Exploration of Hydrocarbons in Aksaz-Dolinnoe-Emir oil fields held by Emir extending the ADE Block licensed territory by an additional 64,247 acres, (approximately 260 square kilometers.) Reinterpretation of 2D seismic data from the Soviet Union era performed by PGS-GIS, of Almaty, Kazakhstan, showed four oil and gas bearing structures of deeper Triassic formations that have geologic composition similar to the ADE block where discovered.

The amendment grants us the exclusive right to explore the additional territory during the remaining term of the license, which expires in July 2007. Pursuant to the terms of the amendment, we are required to spend a minimum of \$5,500,000 exploring and/or developing the extended territory, with a minimum of \$3,000,000 in exploration and/or development in 2006 and \$2,500,000 in 2007. These commitments are in addition to our commitments under the original license.

New Wells

During the next twelve months we intend to spend at least \$20 million to drill new exploratory wells. Initially we will focus our drilling efforts in the Dolinnoe and Askaz oil fields, where we hope to drill at least one new exploratory well, Dolinnoe-3, and drill-in two wells, Aksaz-3 and Aksaz-4. Construction of the Dolinnoe-2 well was completed on January 4, 2005. Preliminary tests indicated the presence of four oil bearing zones. Inside the producing intervals core sampling, geophysical research and formation testing were completed and oil and gas flow was discovered. Preparatory works for more extensive testing are currently under way. It is anticipated that the Dolinnoe-2 well could go into test production in March 2005. Subsequent to quarter end, a drilling rig has been moved to the drilling site of the Dolinnoe-3 well. On January 26, 2005, we commenced drilling of the Dolinnoe-3 well. Presently, the well has been drilled to 1,194 meters.

In January 2004, dismantling of the drilling rig at the Aksaz-3 well, which was abandoned during the Soviet Union period, was completed. This rig hindered further drilling works at this well site. At the present time similar dismantling works are under way on the Aksaz-4 well. The Aksaz-3 and Aksaz-4 wells were previously incompletely drilled and spudded during the Soviet Union period to determine the commercial viability of additional drilling at these sites. During the 1990s, each of these wells was cased to approximately 3,400 meters. The Company expects the cost to drill these wells the remaining distance to the pay zones will be relatively inexpensive.

17

Workover of Existing Wells

In the next twelve months we will continue workover of wells existing since the Soviet Union period in the ADE Block. The Dolinnoe-1 well continues steady production of approximately 165 barrels per day. The output of this well is only from the top 7 meters of the pay zone due to equipment that was abandoned in the well. Removal of this geophysical equipment is planned to occur during 2005, which should increase production at the well. In December subsurface workover of the Emir-1 well included the lowering of a deep sucker-rod pump into the well. We are currently carrying out crude oil and gas test production at this well site. Finally, during the quarter, we completed development works at the Aksaz-1 well. As a result, gas and gas condensate flow was discovered at the Aksaz-1 well.

Infrastructure Improvements

We plan to continue improving existing infrastructure in the ADE Block. During the quarter we completed construction of 8.6 km pipeline connecting the Dolinnoe and Aksaz fields. We have also completed construction of a gas collection and pre-sale processing facility in the Aksaz field for natural gas produced at ADE Block, including a well head heater, heat exchanger, oil and gas separator, two pumping units and a 1,260 barrel oil products tank. We also began developing plans to construct a 16 kilometer natural gas pipeline connecting the Aksaz processing facility to an existing gas pipeline that ties into the Aktau gas grid. This will allow us to sell natural gas to customers in Aktau. During the quarter we also completed installation of a rocker machine on the Emir-1 well and laid 300 meters of power line to supply electricity for the rocker machine. In the next twelve months we plan to continue 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 the storage facility we

lease, 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. During the quarter, however, capacity at the storage facility was increased from 945 barrels to 20,000 barrels as the result of reconstruction of two ground fuel tanks. With this increase in oil storage capacity, we are now able to collect sufficient volumes of 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

18

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.

Results of Operations

Three months ended December 31, 2004, compared to the three months ended December 31, 2003

Revenues. During the three months ended December 31, 2004, we realized revenues of \$55,904, compared to \$0 during the three months ended December 31, 2003. All revenues were from the sell of oil produced in test production. 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 December 31, 2004, we incurred total expenses of \$1,344,900 compared to expenses of \$196,683 during the three months ended December 31, 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 December 31, 2003, we incurred general and administrative expenses of \$196,412, compared to \$1,298,613 in the quarter ended December 31, 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 December 31, 2004, we incurred production costs of \$24,370 and amortization and depreciation expenses of \$21,917. By comparison, we incurred no production costs and depreciation and amortization costs of \$271 in the quarter ended December 31, 2003. 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 December 31, 2004, we incurred losses from operations totaling \$1,288,996 compared to operating losses of \$196,683 for the three months ended December 31, 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 we can produce any significant quantities of 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 until such time as we can no longer continue operations. 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 December 31, 2004, we realized other income totaling \$451,333 compared to other expenses of \$142,167 for the three months ended December 31, 2003. The current year other income included realized gains and unrealized gains on marketable securities of \$4,712, net interest of \$126,331 and foreign currency exchange gain of \$329,339, partially offset by other net expense of \$9,049. During the quarter ended December 31, 2003, we realized no gain or loss on marketable securities and had unrealized gain on marketable securities of \$197,550, which was partially offset by net interest expense of \$29,463 and other net expense of \$25,920. During the

19

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 December 31, 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 continue to decrease.

Net Loss. During the three months ended December 31, 2004, we realized a net loss of \$844,413 compared to a net loss of \$104,959 for the three months ended December 31, 2003. As discussed above this net loss is largely the result

of the increased size of our operations at December 31, 2004, compared to December 31, 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.

Nine months ended December 31, 2004, compared to the period from inception (May 6, 2003) to December 31, 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 December 31, 2003, will be for the period from May 6, 2003 through December 31, 2003.

Revenues. During the nine months ended December 31, 2004, we realized revenues of \$347,891, compared to \$0 for the period from May 6, 2003, to December 31, 2003. All revenues were from the sell of oil produced in test production. 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 nine months ended December 31, 2004, we incurred total expenses of \$2,851,616 compared to expenses of \$226,779 during the period from May 6, 2003, to December 31, 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 December 31, 2003, we incurred general and administrative expenses of \$226,508, compared to \$2,716,894 during the nine months ended December 31, 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 December 31, 2004, we incurred production costs of \$85,619 and amortization and depreciation expenses of \$49,103 by comparison, we incurred no production costs and \$271 in depreciation and amortization during the period from May 6, 2003

20

through December 31, 2003. We expect that as we continue to 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 nine months ended December 31, 2004, we incurred losses from operations totaling \$2,503,725 compared to operating losses of \$226,779 for the period from May 6, 2003, through December 31, 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 until such time as we can no longer continue operations. 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 nine month period ended December 31 2004, we realized total other income of \$416,406, compared to \$83,881 for the period from May 6, 2003, to December 31, 2003. The current period other expenses included a realized gain on marketable securities of \$58,944, net interest income of \$122,430 and foreign currency exchange gain of \$532,025, offset in part by unrealized loss on marketable securities of \$287,944. By comparison, during the period from May 6, 2003, to December 31, 2003, we realized no gains on marketable securities and had unrealized gain on marketable securities of \$197,550, which was partially offset by net interest expense of \$86,702 and other net expense of \$26,967.

Net Loss. During the nine months ended December 31, 2004, we realized a net loss of \$2,094,069 compared to a net loss of \$194,073 for the period from May 6, 2003 through December 31, 2003. As discussed above this net loss is largely the result of the increased size of our operations at December 31, 2004, compared to December 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.

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, additional debt and/or equity financing which the Company will seek, 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. Most of these funds have now been used. We anticipate the need to

21

raise an additional \$25,000,000 to \$30,000,000 to meet our exploration, development, production and operational needs for the next twelve 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 ROK 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 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. 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 nine months ended December 31, 2004, cash was primarily used to fund exploration and development related activities. We had a net decrease in cash and cash equivalents of \$1,063,085 during the nine months ended December 31, 2004, compared to a net increase of cash and cash equivalents of \$6,552,374 in the period from May 6, 2003 to December 31, 2003. See below for additional discussion and analysis of cash flow.

<TABLE>
<CAPTION>

	Period from inception (May 6, 2003)	
	Nine months ended December 31, 2004	through December 31, 2003

<S>	<C>	<C>	
Net cash provided (used) in operating activities	\$ (8,087,553)	\$ 97,432	
Net cash used in investing activities	\$(10,287,438)	\$(5,681,082)	
Net cash provided by financing activities	\$ 17,311,906	\$12,136,024	

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 1,063,085	\$ 6,552,374	
---	--------------	--------------	--

</TABLE>

During the nine months ended December 31, 2004, net cash used in operations was \$8,087,553, compared to net cash provided from operations of \$97,432 during the period from May 6, 2003 to December 31, 2003. This significant increase in net cash used in operation was the result of our aggressive exploration and development strategy, as net loss, increase in inventories, increase in prepaid and other assets, restricted cash and deposits was only partially offset by increases in accounts payable and accrued liabilities. Net cash used in investing activities was \$10,287,438, compared to \$5,681,082 for the period from inception to December 31, 2003. The increase in net cash used in investing activities included investment in a short term loan receivable, acquisitions of fixed and intangible assets, as well as acquisition of additional oil and gas properties, partially offset by cash proceeds from the sale of marketable securities. During the nine months ended December 31, 2004, \$17,311,906 was provided from the private placement of our common stock. At December 31, 2004, we had cash on hand of \$1,063,270, compared to cash on hand at December 31, 2003, of \$6,552,374, again this decrease in cash on hand is the

22

result of our aggressive efforts to explore and develop the ADE Block. As a result we have incurred significant costs and expenses, which have not been offset by significant revenues.

We continually evaluate our capital needs and compare them to our capital resources. Our budgeted capital expenditures for the upcoming twelve months are \$20 million to \$25 million for exploration, development, production and acquisitions. As discussed above, we have already spent most of the funds raised in the private placement we completed during the quarter ended September 30, 2004. Therefore, we will need to seek additional funds either in the equity or debt markets to fund the remainder of our budgeted capital expenditures and to continue our operations. If we are unsuccessful in obtaining significant additional capital, we may be forced to significantly curtail our exploration and development activities or even to terminate operations until such time as appropriate funds can be raised.

Contractual Obligations and Contingencies

The following table lists our significant commitments at December 31, 2004, excluding current liabilities as listed on our consolidated balance sheet:

<TABLE>
<CAPTION>

Payments Due By Period

Contractual Obligations	Less than Total	1 year	1-3 years	After 4-5 years	5 years
<S>	<C>	<C>	<C>	<C>	<C>
Capital Expenditure Commitment(1)	\$27,000,000	\$9,300,000	\$10,500,000	\$ --	\$ --
Due to the Government of Kazakhstan(2)	5,994,200	--	--	5,994,200	--
Due to Reservoir Consultants	500,000	278,000	222,000	--	--
Liquidation Fund	60,057	--	60,057	--	--
Total	\$33,554,257	\$9,578,000	\$10,782,057	\$ 5,994,200	\$ --

</TABLE>

(1) Under the terms of our Contract with the ROK, we are required to spend a total of at least \$27 million dollars in exploration, development and improvements within the ADE Block, as extended during the term of the license, including \$9.3 million in the 2005 calendar year, \$6 million in the 2006 calendar year and \$4.5 million in the 2007 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. 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

23

conduct the negotiations under the Law of Petroleum in Kazakhstan. Although we can apply for a commercial production contract at any time, we enjoy certain benefits during exploration and development that currently make it more advantageous for us to continue to exploration and development activities at this time. We anticipate we will apply for a commercial production contract sometime during the first half of the 2007 calendar year. Should we decide not to pursue a commercial production contract, we can relinquish the ADE Block to the ROK in satisfaction of this obligation

Off-Balance Sheet Financing Arrangements

As of December 31, 2004, we had no off-balance sheet financing arrangements.

Recently Issued Accounting Pronouncement

In December 2004, the FASB issued a revision of SFAS No. 123 "Share-Based Payment" (No. 123R). The statement establishes standards for the accounting for transactions in which an entity exchanges its equity investments for goods and services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. The statement does not change the accounting guidance for share-based payments with parties other than employees. The statement requires a public entity to measure the cost of employee service received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exception). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). A public entity will initially measure the cost of employee services received in exchange for an award of a liability instrument based on its current fair value; the fair value of that award will be remeasured subsequently at each reporting date through the settlement date. Changes in fair value during the requisite service period will be recognized as compensation over that period. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of these instruments. The Company will be required to comply with this pronouncement for periods beginning after December 15, 2005.

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

Our chief executive officer and our chief financial officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15 and Rule 15d-15(e)). Such officers have concluded (based upon their evaluations of these controls and procedures, as more fully discussed in the following paragraphs, as of the end of the period covered by this amended report) that our disclosure controls and procedures are now effective to ensure that information required to be disclosed by us in this report is accumulated and communicated to management, including the Certifying Officers as appropriate, to allow timely decisions regarding required disclosure.

We are restating our consolidated balance sheets as of December 31, 2004 to correct an error in our accounting for a liability we will be required to repay to the Government of the Republic of Kazakhstan in the event we are granted commercial production rights. Previously, we treated this obligation as a long-term liability. As a result of a normal periodic review of our financial statements by the staff of the Securities and Exchange Commission, management determined, on July 12, 2005, that the amount due to the Government was not a liability of the Company and should be removed from our consolidated balance sheets. The primary effect of this restatement resulted in the Company reducing its long-term asset "Oil and Gas Properties" by \$5,994,745 and removing the long-term liability "Due to the Government of Kazakhstan" of \$5,994,745 from its consolidated balance sheets. This restatement does not have any impact on net loss or net loss per common share. Please refer to Note K of the accompanying consolidated financial statements for additional information.

In light of our decision to restate our financial statements, we carried out an evaluation in accordance with Exchange Act Rules 13a-15 and 15d-15 and under the supervision and with the participation of management, including our Certifying Officers, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Certifying Officers concluded that, due to restatement discussed above, our disclosure controls and procedures were not effective as of December 31, 2004. Following the discovery of this error in July 2005, we have implemented new policies requiring our internal accounting staff to receive ongoing training on accounting for oil and gas properties in accordance with generally accepted accounting principles in the United States to prevent recurrence of future errors of this nature and to strengthen our internal control process.

There have been no other changes in our internal controls over financial reporting that occurred during the three month period ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

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. During the quarter, we retained the law firm of Gunster, Yoakley & Stewart, P.A., located in Fort Lauderdale, Florida to represent us in connection with certain motions we filed with the court to dismiss the complaint of plaintiffs, Brian Savage, Thomas Sinclair and Sokol Holdings, Inc., on jurisdictional 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. The hearing has not yet been rescheduled. 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 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

26

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:

	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 Baiseitov	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.

27

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 6. Exhibits

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

Exhibit No.	Description	Location
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- Exhibit 3.1 Articles of Incorporation of (1)
BMB Munai, Inc. (a Nevada corporation)
- Exhibit 3.2 By-Laws of BMB Munai, Inc. (as amended (1)
through January 13, 2005)
- Exhibit 10.1 Extension of Emir Oil License (2)
- Exhibit 31.1 Certification of Principal Executive Officer Attached hereto
pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002.
- Exhibit 31.2 Certification of Principal Financial Officer Attached hereto
pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002.
- Exhibit 32.1 Certification of Principal Executive Officer Attached hereto
pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002.
- Exhibit 32.2 Certification of Principal Financial Officer Attached hereto
pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002.

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- (1) Previously filed as an exhibit to the Current Report on Form 8-K filed
by the Company on January 18, 2005, and incorporated herein by this
reference.
- (2) Previously filed as an exhibit to the Quarterly Report on Form 10-QSB
for the quarter ended December 31, 2004, filed by the Company on
February 14, 2005, and incorporated herein by this reference.

28

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.

October 4, 2005 /s/ Boris Cherdabayev

Boris Cherdabayev,
Chief Executive Officer

October 4, 2005 /s/ Anuar Kulmagambetov

Anuar Kulmagambetov,
Chief Financial Officer

29

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 amendment to the Quarterly Report on Form 10-QSB/A-2 of BMB Munai, Inc. (the "Company");

(2) Based on my knowledge, this amendment to the 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 amended Quarterly Report;

(3) Based on my knowledge, the financial statements, and other financial information included in this amendment to the 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 amended 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-15(f) and 15d-15(f)) 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 amendment to the Quarterly Report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the Company's disclosure controls and procedures 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 amended Quarterly Report based on such evaluation; and
- (d) Disclosed in this amendment to the 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.

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 amendment to the Quarterly Report on Form 10-QSB/A-2 of BMB Munai, Inc. (the "Company");

(2) Based on my knowledge, this amendment to the 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 amended Quarterly Report;

(3) Based on my knowledge, the financial statements, and other financial information included in this amendment to the 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 amended 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-15(f) and 15d-15(f)) 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 amendment to the Quarterly Report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the Company's disclosure controls and procedures 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 amended Quarterly Report based on such evaluation; and
- (d) Disclosed in this amendment to the 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.

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 this amendment to Quarterly Report of BMB Munai, Inc., on Form 10-QSB/A-2 for the period ended December 31, 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, certifies, 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: October 4, 2005

/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 this amendment to the Quarterly Report of BMB Munai, Inc., on Form 10-QSB/A-2 for the period ended December 31, 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, certifies, 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: October 4, 2005

/s/ Anuar Kulmagambetov

Anuar Kulmagambetov,
Principal Financial Officer