

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, 2005

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, 050010, Kazakhstan

(Address of principal executive offices)

+7 (3272) 58-85-17

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act: None.

Securities registered pursuant to section 12(g) of the Exchange Act: Common,
\$0.001 par value

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; 32,458,584 shares outstanding as of November 4, 2005.

Transitional small business disclosure format (check one) Yes No

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PART I - FINANCIAL INFORMATION

Item 1 - Unaudited Consolidated Financial Statements

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BMB MUNAI, INC.

(A DEVELOPMENT STAGE ENTITY)

CONSOLIDATED BALANCE SHEETS

	Notes	September 30, 2005	March 31, 2005
ASSETS			
CURRENT ASSETS			
<S>	<C>	<C>	<C>
Cash and cash equivalents		\$ 1,764,783	\$ 9,989,632
Marketable securities		617,497	788,921
Trade accounts receivable		806,612	132,400
Inventories	3	4,016,174	3,227,411
Prepaid expenses and other assets, net	4	4,068,325	4,172,291
Total current assets		11,273,391	18,310,655
LONG TERM ASSETS			
Oil and gas properties, full cost method, net	6	52,123,096	42,964,359
Other fixed assets, net		664,314	683,459
Intangible assets, net		60,407	14,435
Restricted cash		60,973	60,973
Total long term assets		52,908,790	43,723,226
TOTAL ASSETS		\$ 64,182,181	\$ 62,033,881
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable		\$ 2,641,723	\$ 5,844,639
Due to reservoir consultants		278,000	278,000
Taxes payable		370,876	333,063
Due to Astana Fund	5	-	250,000
Accrued liabilities and other payables		29,688	291,969
Total current liabilities		3,320,287	6,997,671

LONG TERM LIABILITIES

Due to reservoir consultants	222,000	222,000
Liquidation fund	60,973	60,973
Deferred income tax liabilities	343	343
	-----	-----
Total long term liabilities	283,316	283,316
	-----	-----

COMMITMENTS AND CONTINGENCIES

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SHAREHOLDERS' EQUITY

Share capital	7	32,459	30,514
Additional paid in capital	7	68,532,034	58,460,520
Deficit accumulated during the development stage		(7,985,915)	(3,738,140)
		-----	-----
Total shareholders' equity		60,578,578	54,752,894
		-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

\$ 64,182,181 \$ 62,033,881

See notes to the consolidated financial statements.

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BMB MUNAI, INC.

(A DEVELOPMENT STAGE ENTITY)

CONSOLIDATED STATEMENTS OF LOSS

	Period from inception				
	Three months ended	Three months ended	Six months ended	Six months ended (May 6, 2003) through	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004	September 30, 2005
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
REVENUES	\$ 1,385,336	\$ 173,038	\$ 2,047,973	\$ 291,987	\$ 3,021,619
EXPENSES					
Production	52,070	36,927	89,881	61,249	287,578
Selling	134,364	14,563	176,826	22,999	383,755
General and administrative	4,880,514	844,332	5,881,752	1,395,282	10,724,471
Depletion	138,428	-	168,357	-	235,809
Amortization and depreciation	34,368	18,060	64,806	27,186	136,015
	-----	-----	-----	-----	-----
Total expenses	5,239,744	913,882	6,381,622	1,506,716	11,767,628
	-----	-----	-----	-----	-----
LOSS FROM OPERATIONS	(3,854,408)	(740,844)	(4,333,649)	(1,214,729)	(8,746,009)
OTHER INCOME (EXPENSE)					
Realized gain on marketable securities	118,909	3,983	181,688	58,898	386,123
Unrealized gain (loss) on marketable securities	-	11,087	(7,539)	(292,610)	(11,899)
Foreign exchange gain (loss), net	8,279	125,032	(124,136)	202,686	446,334
Interest income/ (expense), net	-	(6,785)	12,022	(3,901)	(54,186)
Other income, net	17,247	-	23,839	-	76,049
	-----	-----	-----	-----	-----
Total other income	144,435	133,317	85,874	(34,927)	842,421
	-----	-----	-----	-----	-----
LOSS BEFORE INCOME TAXES	(3,709,973)	(607,527)	(4,247,775)	(1,249,656)	(7,903,588)
INCOME TAX EXPENSE	-	-	-	-	(343)
	-----	-----	-----	-----	-----
LOSS BEFORE MINORITY INTEREST	(3,709,973)	(607,527)	(4,247,775)	(1,249,656)	(7,903,931)
	-----	-----	-----	-----	-----
MINORITY INTEREST	-	-	-	-	(81,984)
	-----	-----	-----	-----	-----
NET LOSS	\$ (3,709,973)	\$ (607,527)	\$ (4,247,775)	\$ (1,249,656)	\$ (7,985,915)

WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	32,376,574	26,392,115	32,187,708	23,427,059	29,568,073
LOSS PER COMMON SHARE (BASIC AND DILUTED)	\$ (0.11)	\$ (0.02)	\$ (0.13)	\$ (0.05)	\$ (0.27)

See notes to the consolidated financial statements.

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BMB MUNAI, INC.

(A DEVELOPMENT STAGE ENTITY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Six months ended September 30, 2005	Six months ended September 30, 2004	Period from inception (May 6, 2003) through September 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss		\$ (4,247,775)	\$ (1,249,656)	\$ (7,985,915)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation, depletion and amortization			233,163	27,186
Provision for doubtful accounts			-	129,051
Deferred income tax expense			-	343
Stock based compensation expense	7	3,815,158	-	3,815,158
Stock issued for services	7	172,682	-	172,682
Unrealized loss on marketable securities			118,909	123,269
Changes in operating assets and liabilities				
Decrease / (increase) in marketable securities			52,515	2,102,800
Increase in trade accounts receivable			(674,212)	(806,612)
Increase in inventories		(788,763)	(1,780,079)	(4,016,174)
Decrease / (increase) in prepaid expenses and other assets			103,966	(5,136,252)
(Decrease) / increase in current liabilities		(3,677,384)	1,444,436	3,361,260
Restricted cash		-	-	(60,973)
Rent deposit		-	-	(21,172)
Net cash used in operating activities		(4,891,741)	(4,591,565)	(9,834,229)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment in short term loan receivable			-	(5,667,220)
Acquisition of oil and gas properties	6	(9,294,889)	(5,379,966)	(32,959,936)
Acquisition of other fixed assets		(67,093)	(609,777)	(868,204)
Acquisition of intangible assets		(56,745)	(1,541)	(74,501)
Net cash used in investing activities		(9,418,727)	(11,658,504)	(33,902,641)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from sale of common stock		5,221,685	17,311,906	42,437,719
Proceeds from short-term financing		-	-	500,000
Repayment of short-term financing		-	-	(500,000)
Proceeds from issuance of convertible debt		-	-	2,000,000
Proceeds from exercise of common stock options		863,934	-	1,063,934
Net cash provided by financing activities		6,085,619	17,311,906	45,501,653
NET CHANGE IN CASH AND CASH EQUIVALENTS			(8,224,849)	1,061,837
CASH AND CASH EQUIVALENTS at beginning of period			9,989,632	2,126,355
CASH AND CASH EQUIVALENTS at end of period			1,764,783	\$ 3,188,192

Significant non cash transactions:

Conversion of debt into common stock - - \$ 2,000,000

Accrual of liabilities to Astana Fund	-	-	\$ 250,000
Acquisition of 30% of Emir Oil LLP by issuance of 3,500,000 shares of common stock		-	\$ 19,075,000
			\$ 19,075,000
Stock options and grants issued for services	7	\$ 172,682	-
			\$ 172,682
Stock options and grants issued to employees	7	\$ 3,815,158	-
			\$ 3,815,158

See notes to the consolidated financial statements.

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

BMB Munai, Inc. was incorporated in Utah in July 1981. BMB Munai, Inc. later changed its domicile to Delaware on February 7, 1994. Prior to November 26, 2003, BMB Munai, Inc. existed under the name InterUnion Financial Corporation ("InterUnion"). BMB Munai, Inc. changed its domicile from Delaware to 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 oil and gas fields in the Republic of Kazakhstan. As a result of the merger, the shareholders of BMB have obtained control of BMB Munai, Inc. BMB was treated as the acquiror for accounting purposes. A new board of directors was elected that was comprised primarily of the former directors of BMB Holding, Inc.

BMB Munai, Inc.'s consolidated financial statements presented are a continuation of BMB, and not those of InterUnion Financial Corporation, and the capital structure of BMB Munai, Inc. is now different from that appearing in the historical financial statements of InterUnion Financial Corporation due to the effects of the recapitalization.

BMB Munai, Inc. has a representative office in Almaty, the Republic of Kazakhstan.

BMB Munai, Inc. has minimal operations to date and is considered to be in the development stage.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial information included herein is unaudited, except for the balance sheet as of March 31, 2005, which is derived from the Company's audited consolidated financial statements for the year ended March 31, 2005. 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 consolidated results of operations for the interim period are not necessarily indicative of the consolidated 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 consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in our March 31, 2005 Form 10-KSB Report.

The accounting principles applied are consistent with those as set out in the Company's annual Consolidated Financial Statements for the year ended March 31, 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of consolidation

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

All transactions of Emir Oil LLP from the date of its purchase by BMB (June 7, 2003) through September 30, 2005 are reflected in the Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

Use of estimates

The preparation of consolidated 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 Consolidated Financial Statements and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and affect the results reported in these Consolidated Financial Statements.

Foreign currency translation

Transactions denominated in foreign currencies are reported at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to U.S. dollars at the rates of exchange prevailing at the balance sheet dates. Any gains or losses arising from a change in exchange rates subsequent to the date of the transaction are included as an exchange gain or loss in the Consolidated Statements of Loss.

Share-based compensation

The Company accounts for options granted to non-employees at their fair value in accordance with FAS No. 123, Accounting for Stock-Based Compensation. Under FAS No. 123, share-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 granted to the "selling agents" in the private equity placement transactions and have been offset to the proceeds as a cost of capital. Stock options and stocks granted to other non-employees are recognized in the Consolidated Statements of Loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company has a stock option plan as described in Note 7. Compensation expense for options and stocks granted to employees is determined based on their fair values at the time of grant, the cost of which is recognized in the Consolidated Statements of Loss over the vesting periods of the respective options.

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 historically and currently do 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.

Recognition of revenue and cost

Revenue and associated costs from the sale of oil are charged to the period when goods were shipped or when ownership title transferred. Produced but unsold products are recorded as inventory until sold. As of September 30, 2005 the production unit of the Company - Emir Oil LLP had test production sales at Kazakhstan domestic market price, which is considerably lower than world market prices.

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.

Cash and 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 and cash equivalents. The fair value of cash and cash equivalents approximates their carrying amounts due to their short-term maturity.

As of September 30, 2005 the Company pledged cash in the amount of \$363,358 to collateralize payment to an oil drilling and service company for drilling services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

Trade accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses are stated at their net realizable values after deducting provisions for uncollectable amounts. Such provisions reflect either specific cases or estimates based on evidence of collectability. The fair value of accounts receivable and prepaid expense accounts approximates their carrying amounts due to their short-term maturity.

Inventories

Inventories of equipment for development activities, tangible drilling materials required for drilling operations, spare parts, diesel fuel, and various materials for use in oil field operations are recorded at the lower of cost and net realizable value. Under the full cost method, inventory is transferred to oil and gas properties when used in exploration, drilling and development operations in oilfields.

Inventories of crude oil are recorded at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and overhead, which has been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Oil and gas properties

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 the period.

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

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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.

Depletion of producing properties is computed using the unit-of-production method based on estimated proved recoverable reserves.

Other fixed assets

Other fixed assets are valued at the historical cost adjusted for impairment loss less accumulated depreciation. Historical cost includes all direct costs associated with the acquisition of the fixed assets.

Depreciation of other fixed assets is calculated using the straight-line method based upon the following estimated useful lives:

Buildings and improvements	7-10 years
Machinery and equipment	6-10 years
Vehicles	3-5 years
Office equipment	3-5 years
Other	2-7 years

Maintenance and repairs are charged to expenses as incurred. Renewals and betterments are capitalized.

Other fixed assets of the Company are evaluated for impairment. If the sums of expected undiscounted cash flows are less than net book value, unamortized costs of other fixed assets will be reduced to a fair value.

In accordance with SFAS No. 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies", depreciation related to support equipment and facilities used in exploration and development activities in the amount of \$104,287 was capitalized to oil and gas properties.

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Intangible assets

Intangible assets include accounting and other software. Amortization of intangible assets is calculated using straight-line method upon estimated useful life ranging from 3 to 4 years.

Restricted cash

Restricted cash includes funds deposited in a Kazakhstan bank and is restricted to meet possible environmental obligations according to the regulations of the Republic of Kazakhstan.

Comparative figures

The presentation of certain amounts for the previous periods has been reclassified to conform to the presentation adopted for the current quarter.

Recent accounting pronouncements

In May 2005, the FASB issued Statement No. 154, "Accounting Changes and Error Corrections", a replacement of APB Opinion 20, "Accounting Changes" and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements." This Statement changes the requirements for the accounting for and reporting of a change in accounting principle. APB Opinion 20 previously required that most voluntary changes in accounting principles be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. FASB Statement No. 154 requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period specific effects or the cumulative effect of the change. This statement is effective for accounting changes and corrections of errors made in fiscal periods that begin after December 15, 2005. Management does not anticipate this statement will impact the Company's consolidated financial position or consolidated results of operations and cash flows.

3. INVENTORIES

Inventories as of September 30, 2005 and March 31, 2005 were as follows:

	September 30, 2005	March 31, 2005
	-----	-----
Construction material	\$ 3,844,558	\$ 3,103,555
Spare parts	112,568	59,706
Crude oil produced	9,126	7,735
Other	49,922	56,415
	-----	-----
	\$ 4,016,174	\$ 3,227,411
	=====	=====

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BMB MUNAI, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. PREPAID EXPENSES AND OTHER ASSETS, NET

Prepaid expenses and other assets, net, as of September 30, 2005 and March 31, 2005 were as follows:

	September 30, 2005	March 31, 2005
	-----	-----
Advances for services	\$ 1,975,365	\$ 589,944
VAT recoverable	1,354,005	1,217,751
Advances for material	618,084	2,301,074
Other	249,922	192,573
Reserves against uncollectible advances and prepayments	(129,051)	(129,051)
	-----	-----
	\$ 4,068,325	\$ 4,172,291
	=====	=====

5. DUE TO ASTANA FUND

In 2004 the Government of the Republic of Kazakhstan imposed a liability in the amount of \$250,000 to make cash contributions to the Astana Fund. The Astana Fund is a government fund used by the Government of the Republic of Kazakhstan to accumulate cash for construction and development of Astana, the new capital of the Republic of Kazakhstan. On May 27, 2005 the Company made a cash contribution of \$250,000 to Astana Fund.

6. OIL AND GAS PROPERTIES, FULL COST METHOD, NET

Oil and gas properties, full cost method, net, as of September 30, 2005 and March 31, 2005 were as follows:

<TABLE>

<CAPTION>

	September 30, 2005	March 31, 2005
	-----	-----
<S> Subsoil use right	<C> \$ 20,788,119	<C> \$ 20,788,119
Cost of drilling wells	12,977,179	9,334,021
Material and fuel used in exploration and development activities	7,633,137	2,891,765
Professional services received in exploration and development activities	4,529,910	4,798,314
Infrastructure development costs	1,330,640	1,231,391
Geological and geophysical	989,187	653,571
Other capitalized costs	4,110,733	3,334,630
Accumulated depletion	(235,809)	(67,452)
	-----	-----
	\$ 52,123,096	\$ 42,964,359
	=====	=====

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. SHARE AND ADDITIONAL PAID IN CAPITAL

Common and preferred stock as of September 30, 2005 and March 31, 2005 are as follows:

	September 30, 2005	March 31, 2005
	-----	-----
Preferred stock, \$0.001 par value		
Authorized	20,000,000	20,000,000
Issued and outstanding	-	-

Common stock, \$0.001 par value		
Authorized	100,000,000	100,000,000
Issued and outstanding	32,458,584	30,513,761

Reverse merger

During the period ended March 31, 2004, the Company completed a reverse merger with BMB Holding, Inc. Additionally the Company:

- Completed a private placement for the total amount of \$11,113,562.
- Converted a \$2,000,000 debt to the shareholders of BMB Holding, Inc. into equity.
- Issued 200,000 shares of stock upon exercise of stock option worth \$200,000.
- Completed a 10 for 1 reverse stock split.

Acquisition

On May 24, 2004, the Company agreed to purchase the remaining 30% interest of its minority interest partner in Emir Oil LLP 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 LLP. The aggregate purchase price was determined to be \$19,075,000 using a price of the Company's 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 Sheets.

Private placements

On July 2, 2004, the Company sold an aggregate of 4,584,340 common shares of the Company at \$4.00 per share in a private placement offering. The Company received \$17,311,906 net of the agent fees and out of pocket expenses.

On March 9, 2005, the Company sold an aggregate of 2,000,000 common shares of the Company at \$5.00 per share in a private placement offering. The Company received \$9,968,254 net of the agent fees and out of pocket expenses.

On March 31, 2005, the Company sold an aggregate of 1,101,000 common shares of the Company at \$5.00 per share in a private placement offering. On April 12, 2005 the Company received \$5,221,685 net of the agent fees and out of pocket expenses.

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BMB MUNAI, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Common stock sold in private placements as of September 30, 2005 is as follows:

<TABLE>
<CAPTION>

	Number of shares sold	Share price	Gross amount raised	Net amount received
<S>	<C>	<C>	<C>	<C>
First private placement	4,830,494	\$ 2.15-\$ 2.50	\$ 11,113,562	\$ 9,935,874
Second private placement	4,584,340	\$ 4.00	18,337,360	17,311,906
Third private placement	3,101,000	\$ 5.00	15,505,000	15,189,939
	12,515,834		\$ 44,955,922	\$ 42,437,719

</TABLE>

The offerings were made only to accredited investors in the United States of America under Regulation D and pursuant to Regulation S to non U.S. Persons.

Share-Based Compensation

On April 12, 2005, the Company granted warrants to placement agents in connection with funds raised on the Company's behalf. These warrants grant the placement agents the right to purchase up to 110,100 shares of the Company's common stock at an exercise price of \$5.00 per share. Subsequent to quarter end, in October 2005, warrants to purchase 60,000 shares were exercised. Outstanding warrants expire on April 11, 2006.

On July 18, 2005, the Company granted options to legal counsel, for the legal services rendered. These options grant the legal counsel the right to purchase up to 41,053 shares of the Company's common stock at an exercise price of \$4.75 per share. The options expire five years from the date of grant. Granted options vest immediately. Expense for options granted is determined based on fair value of stocks at the time of grant, the cost of which in the amount of \$82,684 is recognized in the Consolidated Statements of Loss. On July 18, 2005, the Company also granted common shares to legal counsel, for the legal services rendered. The number of such stock grants has been set at 18,947 shares at the price of \$4.75 per share. Stock grants vest immediately. Expense in the amount of \$89,998 is recognized in the Consolidated Statements of Loss and Consolidated Balance Sheet.

During the fiscal year ended March 31, 2005 the shareholders of the Company approved an incentive stock option plan (the "Plan") under which directors, officers and key personnel may be granted options to purchase common shares of the Company, as well as other stock based awards. 5,000,000 common shares were reserved for issuance under the Plan. The Board determines the terms of options and other awards made under the Plan. Under the terms of the Plan, no incentive stock options shall be granted with an exercise price at a discount to the market.

On July 18, 2005, the Company granted stock options to Company's directors and officers for the past services rendered. These options grant the directors and officers the right to purchase up to 779,730 shares of the Company's common stock at an exercise price of \$4.75 per share. The options expire five years from the date of grant. Granted options vest immediately. Compensation expense for options granted is determined based on their fair value at the time of grant, the cost of which in the amount of \$1,569,223 is recognized in the Consolidated Statements of Loss.

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock options and warrants outstanding and exercisable as of September 30, 2005 are:

<TABLE>
<CAPTION>

	Number of Shares	Weighted Average Exercise Price
<S>	<C>	<C>
As of March 31, 2005	1,144,341	\$ 3.22
Granted	930,883	4.78
Exercised	(384,080)	2.25
Expired	(98,970)	2.50
As of September 30, 2005	1,592,174	\$ 4.41

<CAPTION>

Stock options and warrants as of September 30, 2005 are:

Options and Warrants Outstanding	Options and Warrants Exercisable
Weighted	Weighted
Average	Average

Range of Exercise Price	Options and Warrants	Average Exercise Price	Contractual Life (years)	Options and Warrants	Weighted Average Exercise Price
<S> \$ 3.50 - \$ 5.00	<C> 1,592,174	<C> 4.41	<C> 3.75	<C> 1,592,174	<C> 4.41

The estimated fair value of the stock options and warrants issued were determined using Black-Scholes option pricing model with the following assumptions:

	September 30, 2005	March 31, 2005
Risk-free interest rate	4.01%	3.20%
Expected option life	2 years	1 year
Expected volatility in the price of the Company's common shares	74%	76%
Expected dividends	0%	0%
Weighted average fair value of options and warrants granted during the year	\$ 2.01	\$ 2.22

Under the Plan the directors, officers and key personnel may be granted common shares of the Company. The Board determines the directors, officers and key personnel which shall be granted common shares of the Company. The vesting conditions are also being determined by the Board.

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BMB MUNAI, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the quarter ended September 30, 2005 the Company granted restricted common shares to Company's former co-chief executive officer and president for services rendered. He was granted 70,526 shares. The shares were valued at \$5.02 per share. The stock grants vested immediately. Compensation expense in the amount of \$354,041 is recognized in the Consolidated Statements of Loss and Consolidated Balance Sheet.

On July 18, 2005, the Company granted common shares to Company's directors and officers for past services rendered. The number of shares granted was 360,270. The shares were valued at \$4.75 per share. This stock grant vested immediately. Compensation expense in the amount of \$1,711,283 is recognized in the Consolidated Statements of Loss and Consolidated Balance Sheet.

On July 18, 2005, the Company granted 90,000 restricted common shares to three Company employees. Each employee's stock grants vest in three equal tranches of 10,000 shares on the first, second and third anniversaries of their employment with the Company. The stock grants were valued at \$4.75 per share. The first 10,000 shares vested during the three months ended September 30, 2005. Accordingly, compensation expense for those shares in the amount of \$47,500 has been recognized in the Consolidated Statements of Loss and Consolidated Balance Sheet.

8. RELATED PARTY TRANSACTIONS

The Company leases ground fuel tanks and other oil fuel storage facilities and warehouses from Term Oil LLC. The lease expenses for the three months ended September 30, 2005, totaled to \$54,478. One of our shareholders is an owner of Term Oil LLC.

During the three months ended September 30, 2005, the Company also retained the services of several companies. Expenses for those services rendered during the three months ended September 30, 2005, totaled to \$33,120. The suppliers which rendered services are affiliated with shareholders of the Company.

During the three months ended September 30, 2005 the Company also provided an interest-free loan in the amount of \$15,000 to one of the

employees of the Company.

9. COMMITMENTS AND CONTINGENCIES

Historical investments by the Government of the Republic of Kazakhstan

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 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.

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Capital Commitments

Under the terms of its subsurface exploration contract, Emir Oil LLP is required to spend a total of \$32 million in exploration and development activities on the ADE Block. To retain its rights under the contract, the Company must spend a minimum of \$9.3 million in 2005, \$6 million in 2006 and \$4.5 million in 2007. The failure to make these minimum capital expenditures could result in the loss of the subsurface exploration contract.

Litigation

In December 2003, a lawsuit was filed in Florida naming the Company as one of the defendants. The claim 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. The plaintiffs seek unspecified compensatory and exemplary damages. The parties have mutually agreed to dismiss this lawsuit without prejudice.

In April 2005, Sokol Holdings, Inc., filed a complaint in United States District Court, Southern District of New York alleging that the Company wrongfully induced Mr. Tolmakov, Director of Emir Oil, to breach a contract under which Mr. Tolmakov had agreed to sell to Sokol 70% of his 90% interest in Emir Oil LLP. Sokol Holdings, Inc. seeks damages in an unspecified amount exceeding \$75,000 to be determined at trial, punitive damages, specific performance in the form of an order compelling BMB to relinquish its interest in Emir and the underlying interest in the ADE fields to Sokol Holdings, Inc. and such other relief as the court finds just and reasonable.

In October 2005, Sokol Holdings amended its complaint in New York to add Brian Savage and Thomas Sinclair as plaintiffs and adding Credifinance Capital, Inc., and Credifinance Securities, Ltd., (collectively "Credifinance") as defendants in the matter. The amended complaint alleges tortious interference with contract, specific performance, breach of contract, unjust enrichment, breach of fiduciary duty, conversion, misappropriation of trade secrets, tortious interference with fiduciary duty and aiding and abetting breach of fiduciary duty in connection with a business plan for the development of the Aksaz, Dolinnoe and Emir oil and gas fields owned by Emir Oil, LLP. The plaintiffs seek damages in an amount to be determined at trial, punitive damages, specific performance and such other relief as the Court finds just and reasonable.

In November 2005, we learned that the Company has been added as a defendant in a lawsuit filed by Bank CenterCredit against Optima Systems, LLP, KazOvoshProm Company, LLP and Intexi LLP and a number of other parties. The lawsuit was filed in the Special Interregional Economic Court of Almaty, Kazakhstan. Under Kazakh law, it is illegal for a party to purchase stock of a bank with borrowed funds. The

lawsuit alleges that Optima Systems, KazOvoshProm Company and Intexi illegally purchased shares of Bank CenterCredit in open market

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

transactions in the Kazakhstan Stock Market from a number of parties, including BMB Munai, with borrowed funds.

Bank CenterCredit has delivered a letter to us confirming that we have been joined in this matter to comply with the procedural requirements of Kazakh law. In the letter, the Bank acknowledges our Company acted as a party to the transaction as a good faith seller of shares of the Bank. The Bank further acknowledges that the case has no property or material nature as it relates to BMB Munai. The Bank also guarantees to reimburse us for any expenses we may incur in connection with the litigation.

The Company is confident that these matters shall be resolved in the Company's favor. The Company has retained legal counsels to protect its interests. In the opinion of the Company's management and legal counsels, the resolution of those lawsuits will not have a material adverse effect on Company's financial condition, results of operations or cash flows.

10. FINANCIAL INSTRUMENTS

As of September 30, 2005 and March 31, 2005 marketable securities of \$551,300 and \$788,921, respectively, are held in short term repurchase agreements for securities issued by Kazakhstan banks and Kazakhstan financial institutions. As of September 30, 2005 and March 31, 2005 cash and cash equivalents include deposits in Kazakhstan banks in the amount \$1,365,958 and \$9,090,276, respectively. As of September 30, 2005 and March 31, 2005 the Company made advance payments to Kazakhstan companies and government bodies in the amount \$4,197,376 and \$4,301,342, respectively. As of September 30, 2005 and March 31, 2005 trade accounts receivable of \$806,612 and \$132,400, respectively, are with the Kazakhstan companies. Restricted cash reflected in the long-term assets consists of \$60,973 deposited in a Kazakhstan bank and restricted to meet possible environmental obligations according to the regulations of Kazakhstan. Furthermore, the primary asset of the Company is Emir Oil LLP; an entity formed under the laws of the Republic Kazakhstan.

11. SUBSEQUENT EVENTS

Subsequent to the quarter ended September 30, 2005, a party exercised stock warrants for 309,454 shares at the exercise price of \$4 and stock warrants for 60,000 shares at the exercise price of \$5.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist you 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 and this document should be read in conjunction with the Form 10-KSB of the Company for the year ended March 31, 2005.

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.

Forward Looking Statements

Certain of the statements contained in all parts of this document including, but not limited to, those relating to our drilling plans, future expenses, changes in wells operated and reserves, future growth and expansion, future exploration, future seismic data, expansion of operations, our ability to generate new prospects, our ability to obtain a production license, review of outside generated prospects and acquisitions, additional reserves and reserve increases, managing our asset base, expansion and improvement of capabilities, integration of new technology into operations, credit facilities, new prospects and drilling locations, future capital expenditures and working capital, sufficiency of future working capital, borrowings and capital resources and liquidity, projected cash flows from operations, future commodity price environment, expectations of timing, the outcome of legal proceedings, satisfaction of contingencies, the impact of any change in accounting policies on our consolidated financial statements, the number, timing or results of any wells, the plans for timing, interpretation and results of new or existing seismic surveys or seismic data, future production or reserves, future acquisitions of leases, lease options or other land rights, management's assessment of internal control over financial reporting, financial results, opportunities, growth, business plans and strategy and other statements that are not historical facts contained in this report are forward-looking statements. When used in this document, words like "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. These forward-looking statements speak only as of their dates and should not be unduly relied upon. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Overview

BMB Munai, Inc., is an independent oil and natural gas company engaged in the exploration, development, acquisition and production of crude oil and natural gas properties in the Republic of Kazakhstan (sometimes also referred to herein as the "ROK" or "Kazakhstan"). We hold a contract that allows us to explore and develop approximately 460 square kilometers in western Kazakhstan. Our contract grants us the right to explore and develop the Aksaz, Dolinnoe and Emir oil and gas fields, referred to herein as "the ADE Block" as well as an area adjacent to the ADE Block referred to herein as "the Extended Territory." The ADE Block and Extended Territory are collectively referred to herein as "our properties."

We are currently in the development stage. We generate revenue, income and cash flow by producing and marketing oil and natural gas from our oil and natural gas properties. We make significant capital expenditures in our exploration and development activities that we anticipate will allow us to increase and improve our ability to generate revenue. Our drilling strategy is focused toward enhancing cash flows and increasing proved developed reserves by drilling developmental wells within a proximity of existing wells, which we believe decreases our likelihood of drilling a dry hole, while at the same time increasing our current production and cash flow. As our cash flow and proved developed reserves grow, we will begin drilling exploratory wells to find new reservoirs or extend known reservoirs. We believe this strategy will result in growth of proved developed reserves, production and financial strength.

Industry and Economic Factors

We are a development stage company and have not yet generated significant production or revenues from the development of our properties. While we have raised capital to fund acquisitions and operations to date, we believe we still lack sufficient capital to complete exploration and development of our properties. We are currently using more cash in operations than we generate. We anticipate the need for additional funding before our revenue from oil and natural gas production will be sufficient to meet our operating needs.

In managing our business, we must deal with many factors inherent in our industry. First and foremost is the fluctuation of oil and gas prices. Historically, oil and gas markets have been cyclical and volatile, with future price movements, which are difficult to predict. While our revenues are a function of both production and prices, wide swings in commodity prices will likely have the greatest impact on our results of operations. We have no way to predict those prices or to control them without losing some advantage of the upside potential. The oil and gas industry has continued to experience high commodity prices in 2005, which has positively impacted the entire industry as well as our Company.

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Our operations entail significant complexities. Advanced technologies requiring highly trained personnel are utilized in both exploration and development. Even when the technology is properly used, we may still not know conclusively if hydrocarbons will be present or the rate at which they may be produced. Despite our best efforts to limit risk, exploration is a high-risk activity, often times resulting in no commercially productive reserves being discovered. Moreover, costs associated with operating within our industry are substantial.

Our business, as with other extractive industries, is a depleting one in which each oil and gas equivalent produced must be replaced or our business, and a critical source of future liquidity, will shrink.

The oil and gas industry is highly competitive. Competition in Kazakhstan and Central Asia includes other junior hydrocarbons exploration companies, mid-size producers and major exploration and production companies. Many of our competitors have greater financial resources and larger technical staff than we have.

We are subject to various levels of government regulation and control, both in Kazakhstan and the United States of America. In particular, our activities are subject to stringent operational and environmental regulations. These regulations affect our costs of planning, designing, drilling, installing and operating oil and gas wells and related facilities. These regulations may become more demanding in the future.

Recent Developments

During the second quarter 2005 we continued testing and development works on Dolinnoe-3 well. We penetrated two bearing zones in Dolinnoe-3 well, perforated and tested the other productive zones. After that we performed works in isolation of two previously explored productive zones and opened a pay section of the fourth productive zone. During the works related to the perforation of a productive stratum, which has a capacity of 17.6 meters, we experienced significant flow of oil and gas from the fourth productive zone. We also completed a hydrodynamic study of the third productive horizon and took samples of formation fluids. In the course of continued testing and development works on the Dolinnoe-3 well we are continuing to undertake a complex of geophysical studies aimed at identifying additional productive intervals.

During the second quarter 2005 we undertook operations to reenter the Aksaz-4 well that was abandoned during the Soviet Union period due to lack of financing. We drilled the well from its pre-existing depth of 4,080 meters to a depth of 4,907 meters. While drilling, we performed geophysical, geological and technical studies in an open hole and core sampling of Triassic formations. On August 12, 2005 drilling works on Aksaz-4 well were completed. In September we started development and testing works at the well, including perforation works in the productive horizons. Testing and development works in Aksaz-4 well are in process.

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During the second quarter 2005 we continued workover of the Aksaz-1 well to eliminate annular flow and isolate a previously penetrated watered formation by means of a packer installation. After completion of the isolation works we made attempts to stimulate inflow in the well. Operations revealed that the barite, which dropped out from the drilling mud, was blocking the packer in the annular space of the well. When we removed the pumping and compression tubing, several pipes were deformed as a result of pressure differentials in the

tubing and annular space. We therefore undertook fishing operations to extract the deformed and broken tubing in the well. At the moment workover operations on the well have been suspended due to the unavailability of a serviceable hoisting unit. We expect fishing operations will resume in the late November or early December of 2005.

As a result of workover operations performed on Emir-1 well during the second quarter, the first production object was added to previously perforated production horizons. We cleaned the well of the propane originating from the formation, performed acid treatment of the bottom-hole zone of the well and lowered a deep well pump into the well. We also intend to optimize the performance of the well through increased stroke length and pumping speed.

In October 2005 we started preparation for underground workover of the Dolinnoe-2 well to acid wash the formation. In the Dolinnoe-2 well we also performed geophysical, geological and technical studies to determine the nature of the productive horizons.

Outlook

During the remainder of the fiscal year, we will continue work over and research operations on the existing six wells in the ADE Block.

We invested approximately \$3 million in exploration and development of our properties during the three months ended September 30, 2005. We expect to invest an additional \$2 million to \$3 million in exploration and development during the remainder of the current fiscal year. 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. We expect to fund these expenditures primarily from additional capital we will seek to raise through equity and/or debt financing. We currently have no commitments from any party to provide us funding and there is no assurance that such funding will become available to us on acceptable terms, or at all. If we are not successful in obtaining funding, we anticipate that we will instead seek to develop existing wells and infrastructure in hopes of generating sufficient revenue to finance our operations. This development would be funded by cash and cash equivalents, the sale of marketable securities and revenue from operations. If the funding is limited to these sources, our anticipated development activities would be significantly more limited than anticipated under our present business plan.

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Our outlook as described above is subject to change based upon factors that include, but are not limited to, drilling results, commodity prices, access to capital and other factors referred to in "Forward Looking Statements."

We have and will continue to seek to increase our proven reserves through continued exploration of our properties, as well as the acquisition of other properties with exploration and production potential.

For us to operate profitably and grow in the future we need to obtain additional capital either through additional fund raising or through significantly increased production. Our revenue, profitability and future growth depend substantially on factors beyond our control, such as economic, political and potential regulatory 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 could materially and adversely affect our financial position, results of operations, the quantities of oil and natural gas reserves that we can economically produce, the markets into which we can sell our oil and our access to additional capital. In a worst case scenario, future drilling operations could be largely unsuccessful, oil and gas prices could sharply decline, we could fail to gain access to the world oil markets and/or other factors beyond our control could cause us to modify or substantially curtail our exploration and development plans, which could negatively impact our earnings, cash flow and most likely the trading price of our securities.

Results of Operations

Three months ended September 30, 2005, compared to the three months ended September 30, 2004

Revenue and Production

The following table summarizes production volumes, average sales prices and operating revenue for our oil and natural gas operations for the three months ended September 30, 2005 and the three months ended September 30, 2004.

<TABLE>

<CAPTION>

	For the three Months ended September 30, 2005	Three months ended September 30, 2005 to the three months ended September 30, 2004		
		For the three months ended September 30, 2004	\$ Increase (Decrease)	% Increase (Decrease)
	<C>	<C>	<C>	<C>
Production volumes:				
Natural gas (Mcf)	-	-	-	-
Natural gas liquids (Bbls)	-	-	-	-
Oil and condensate (Bbls)	70,365	15,952	54,413	341%
23				
Barrels of Oil equivalent (BOE)	-	-	-	-
Average Sales Price				
Natural gas (\$ per Mcf)	-	-	-	-
Natural gas liquids (\$ per Bbl)	-	-	-	-
Oil and condensate (\$ per Bbl)	\$ 21.68	\$ 13.30	\$ 8.38	63%
Barrels of Oil equivalent (\$ per BOE)	-	-	-	-
Operating Revenue:				
Natural gas	-	-	-	-
Natural gas liquids	-	-	-	-
Oil and condensate	\$ 1,385,336	\$ 173,038	\$ 1,212,298	701%
Gain on hedging and derivatives(1)	-	-	-	-

</TABLE>

(1) We did not engage in hedging transactions, including derivatives during the three months ended September 30, 2005, or the three months ended September 30, 2004.

Revenues. We generate revenue under our contract from the sale of oil and natural gas recovered during test production. During the three months ended September 30, 2005 and 2004, 100% of our revenue was generated from the sale of crude oil. During the three months ended September 30, 2005 we realized revenue from oil and gas sales of \$1,385,336 compared to \$173,038 during the three months ended September 30, 2004. This increase in revenues is primarily the result of two facts. First, we performed works related to the perforation of a productive stratum with a capacity of 17.6 meters which led to a significant flow of oil and gas at the Dolinnoe-3 well. As a result in September 2005, monthly oil production rate at the Dolinnoe-3 well increased by about 680% comparing to average production rate of prior periods. Second, oil prices in the domestic market increased 63% in the three months ended September 30, 2005 compared to three months ended September 30, 2004. We anticipate production will continue to increase in the upcoming fiscal quarters. If production increases and oil prices remain constant or continue to increase, we expect revenue will continue to increase in the upcoming quarters. At the present time, however, it is unclear the rate at which our production and corresponding revenues may increase.

Our revenue is sensitive to changes in prices received for our products. Our production is sold at the prevailing market price in Kazakhstan, which fluctuates in response to many factors that are outside our control. Imbalances in the supply and demand for oil can have a dramatic effect on the prices we receive for our production. Political instability, the economy, weather and other factors outside our control could impact supply and demand.

Costs and Operating Expenses

The following table presents details of our expenses for the three months ended September 30, 2005 and 2004:

<TABLE>
<CAPTION>

	For the three months ended September 30, 2005	For the three months ended September 30, 2004
<S>	<C>	<C>
Expenses:		
Oil and gas operating(1)	\$ 52,070	\$ 36,927
24		
Selling	134,364	14,563
Depletion	138,428	-
Depreciation and amortization	34,368	18,060
General and administrative	4,880,514	844,332
Total	<u>\$ 5,239,744</u>	<u>\$ 913,882</u>
Expenses (\$ per BOE):		
Oil and gas operating(1)	0.83	2.84
Depreciation, depletion and amortization(2)	2.76	1.39

</TABLE>

(1) Includes lease operating costs and production and ad valorem taxes.

(2) Represents depreciation, depletion and amortization of oil and gas properties only.

Production Expenses. During the three months ended September 30, 2005, we incurred \$52,070 in production expenses compared to \$36,927 during the three months ended September 30, 2004. Production expenses increased as a result of hiring more production and maintenance personnel and repair overhead due to increase of production. We expect production expenses to continue to increase in the upcoming fiscal quarters. At the present time, however, it is unclear the rate at which our production expenses may increase in upcoming fiscal quarters.

Selling Expenses. We incurred selling expenses of \$134,364 during the three months ended September 30, 2005 compared to \$14,563 during the three months ended September 30, 2004. The increase in selling expenses is nearly proportional to the increase in revenue. Selling expenses during the three months ended September 30, 2005 increased by 823% and revenue increased by 701% compared to the three months ended September 30, 2004. We transported oil to railway terminals and accordingly we used more gasoline and incurred more expenses. We expect selling expenses to continue to increase in the upcoming fiscal quarters as revenue continues to increase. At the present time, however, it is unclear the rate at which our production expenses may increase in the upcoming fiscal year.

General and Administrative Expenses. General and administrative expenses during the three months ended September 30, 2005 were \$4,880,514 compared to \$844,332 during the three months ended September 30, 2004. This represents a 478% increase in general and administrative expenses. This significant increase is attributable to an 924% increase in payroll and other compensation to employees. During the three months ended September 30, 2005 we granted restricted stock and stock options to directors, officers and key employees of the Company. Fair value of stock and stock options was recognized in our consolidated financial statements as compensation expense.

The total amount of compensation expense recognized as a result of the stock and option grants is \$3,734,159. Additionally during the three months ended September 30, 2005 we hired more field and administrative personnel and incurred legal expenses. We do not expect general and administrative expenses to increase at such a significant rate in the upcoming quarters. We anticipate increases in revenue, operating expenses and selling expenses will outpace the increase in general and administrative expenses in upcoming quarters.

Loss from Operations. During the three months ended September 30, 2005 we realized a loss from operations of \$3,854,408 compared to a loss from operations of \$740,844 during the three months ended September 30, 2004. We realized a 701% increase in revenue during the three months ended September 30,

2005 compared to the comparable period 2004. This increase was offset by a 41% increase in production expenses and a 478% increase in general and administrative expenses, which resulted in a 420% increase in loss from operations during the quarter ended September 30, 2005 compared to the quarter ended September 30, 2004. Until such time as revenue from oil and gas sales exceeds expenses we will continue to generate operating losses. At this time, it is unclear when we will generate sufficient oil and gas to offset our expenses.

Other Income. During the three months ended September 30, 2005 we realized total other income of \$144,435 compared to total other income of \$133,317 for the three months ended September 30, 2004. This decrease in other income is largely attributable to a decrease in foreign exchange gain in the amount of \$116,753 resulting from fluctuations in foreign currency rates against the U.S. dollars. This decrease was partially offset by an increase in realized and unrealized gain on marketable securities of \$103,839 and our realizing interest income of \$6,785.

Net Loss. During the three months ended September 30, 2005 we realized a net loss of \$3,709,973 compared to a net loss of \$607,527 for the three months ended September 30, 2004. Notwithstanding the significant increase in revenue resulting from increased oil and gas production during the quarter ended September 30, 2005 net loss increased significantly. This significant increase in net loss is largely attributable to 478% increase in general and administrative expenses. During the three months ended September 30, 2005 our general and administrative expenses increased by \$4,036,182 compared to the three months ended September 30, 2004. While our production and revenues are increasing, 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.

Six months ended September 30, 2005, compared to the six months ended September 30, 2004

Revenue and Production

The following table summarizes production volumes, average sales prices and operating revenue for our oil and natural gas operations for the six months ended September 30, 2005 and the six months ended September 30, 2004.

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<TABLE>
<CAPTION>

	For the six Months ended September 30, 2005	Six months ended September 30, 2005 to the six months ended September 30, 2004		
		For the six months ended September 30, 2004	Increase	
<S>	<C>	<C>	<C>	<C>
Production volumes:				
Natural gas (Mcf)	-	-	-	-
Natural gas liquids (Bbls)	-	-	-	-
Oil and condensate (Bbls)	111,821	27,357	84,464	309%
Barrels of Oil equivalent (BOE)	-	-	-	-
Average Sales Price				
Natural gas (\$ per Mcf)	-	-	-	-
Natural gas liquids (\$ per Bbl)	-	-	-	-
Oil and condensate (\$ per Bbl)	\$ 20.58	\$ 13.27	\$ 7.31	55%
Barrels of Oil equivalent (\$ per BOE)	-	-	-	-
Operating Revenue:				
Natural gas	-	-	-	-
Natural gas liquids	-	-	-	-
Oil and condensate	\$ 2,047,973	\$ 291,987	\$ 1,755,986	601%
Gain on hedging and derivatives(1)	-	-	-	-

</TABLE>

(1) We did not engage in hedging transactions, including derivatives during the six months ended September 30, 2005, or the six months ended September 30, 2004.

Revenues. During the six months ended September 30, 2005 we realized revenue from oil and gas sales of \$2,047,973 compared to \$291,987 during the six months ended September 30, 2004. Our revenue for the six months ended September 30, 2005 increased by 601% compared to the revenue for the six months ended September 30, 2004. We performed workover of re-entered wells and drilled three additional wells, both of which led to increased production volume in the fiscal year. Additionally, oil prices in the domestic market increased 55% in the six months ended September 30, 2005 compared to six months ended September 30, 2004. We anticipate production will continue to increase in the upcoming periods. If production increases and oil prices remain constant or continue to increase, we expect revenue will continue to increase in the upcoming quarters. At the present time, however, it is unclear the rate at which our production and corresponding revenues may increase.

Our revenue is sensitive to changes in prices received for our products. Our production is sold at the prevailing market price in Kazakhstan, which fluctuates in response to many factors that are outside our control. Imbalances in the supply and demand for oil can have a dramatic effect on the prices we receive for our production. Political instability, the economy, weather and other factors outside our control could impact supply and demand.

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Costs and Operating Expenses

The following table presents details of our expenses for the six months ended September 30, 2005 and 2004:

<TABLE>

<CAPTION>

	For the six months ended September 30, 2005	For the six months ended September 30, 2004
	-----	-----
Expenses:		
<S>	<C>	<C>
Oil and gas operating(1)	\$ 89,881	\$ 61,249
Selling	176,826	22,999
Depletion	168,357	-
Depreciation and amortization	64,806	27,186
General and administrative	5,881,752	1,395,282
	-----	-----
Total	\$ 6,381,622	\$ 1,506,716
	=====	=====
Expenses (\$ per BOE):		
Oil and gas operating(1)	0.90	2.78
Depreciation, depletion and amortization(2)	2.34	1.24

</TABLE>

(1) Includes lease operating costs and production and ad valorem taxes.

(2) Represents depreciation, depletion and amortization of oil and gas properties only.

Production Expenses. During the six months ended September 30, 2005, we incurred \$89,881 in production expenses compared to \$61,249 during the six months ended September 30, 2004. Production expenses increased as a result of hiring more production and maintenance personnel and repair overhead due to increase of production. We expect production expenses to continue to increase in the upcoming periods. At the present time, however, it is unclear the rate at which our production expenses may increase in upcoming periods.

Selling Expenses. We incurred selling expenses of \$176,826 during the six months ended September 30, 2005 compared to \$22,999 during the six months ended September 30, 2004. The increase in selling expenses is proportional to the increase in revenue. Selling expenses during the six months ended September 30, 2005 increased by 669% and revenue increased by 601% compared to the six months ended September 30, 2004. We transported oil to railway terminals and accordingly we used more gasoline and incurred more expenses. We expect selling expenses to continue to increase in the upcoming periods as revenue continues to increase. At the present time, however, it is unclear the rate at which our

production expenses may increase in the upcoming fiscal year.

General and Administrative Expenses. General and administrative expenses during the six months ended September 30, 2005 were \$5,881,752 compared to \$1,395,282 during the six months ended September 30, 2004. This represents a 322% increase in general and administrative expenses. This significant increase is attributable to a 674% increase in payroll and other compensation and a 144% increase in professional services fees. The significant increase in general and administrative expenses is largely the result of hiring more personnel to operate our business, using services of technicians, engineers, accountants and lawyers, as well as incurring other general corporate expenses. We do not expect general and administrative expenses to increase at such a significant rate in the upcoming periods. We anticipate increases in revenue, operating expenses and selling expenses will outpace the increase in general and administrative expenses in upcoming quarters.

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Loss from Operations. During the six months ended September 30, 2005 we realized a loss from operations of \$4,333,649 compared to a loss from operations of \$1,214,729 during the six months ended September 30, 2004. We realized a 601% increase in revenue during the six months ended September 30, 2005 compared to the comparable period 2004. This increase was offset by a 47% increase in production expenses and a 322% increase in general and administrative expenses, which resulted in a 257% increase in loss from operations during the period ended September 30, 2005 compared to the period ended September 30, 2004. Until such time as revenue from oil and gas sales exceeds expenses we will continue to generate operating losses. At this time, it is unclear when we will generate sufficient oil and gas to offset our expenses.

Other Income. During the six months ended September 30, 2005 we realized total other income of \$85,874 compared to total other loss of \$34,927 for the six months ended September 30, 2004. This increase in other income is largely attributable to increase in realized and unrealized gain on marketable securities of \$407,861 and our realizing interest income of \$15,923. This decrease was partially offset by the decrease in foreign exchange gain in the amount of \$326,822 resulting from fluctuations in foreign currency rates against the U.S. dollars.

Net Loss. During the six months ended September 30, 2005 we realized a net loss of \$4,247,775 compared to a net loss of \$1,249,656 for the six months ended September 30, 2004. Notwithstanding the significant increase in revenue resulting from increased oil and gas production during the period ended September 30, 2005 net loss increased significantly. This significant increase in net loss is largely attributable to 322% increase in general and administrative expenses. During the six months ended September 30, 2005 our general and administrative expenses increased by \$4,486,470 compared to the six months ended September 30, 2004. While our production and revenues are increasing, 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

Funding for our activities has historically been provided by funds raised through the sale of our common stock. From inception on May 6, 2003 through September 30, 2005, we have raised \$46,955,922 (\$44,437,719 net) through the sale of our common stock and proceeds from the issuance of convertible debt. As of September 30, 2005, we had cash and cash equivalents of \$1,764,783. We anticipate our capital resources in the upcoming quarters will likewise consist primarily of funds raised in financing activities and revenue from the sale of oil and gas recovered during test production.

Our need for capital, in addition to funding our ongoing operations, is primarily related to the exploration and development of our properties as required under our contract, and the potential acquisition of additional oil and gas properties. For the period from inception on May 6, 2003 through September 30, 2005, we have incurred capital expenditures of \$52,123,096 for exploration, development and acquisition activities including \$19,075,000 non-cash

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transaction for acquisition of the remaining 30% interest of its minority interest partner in Emir Oil LLC in exchange for 3,500,000 shares of restricted Company common stock.

Cash Flows

During the six months ended September 30, 2005 cash was primarily used to fund exploration and development expenditures. We had a net decrease in cash and cash equivalents of \$8,224,849 during the six months ended September 30, 2005. See below for additional discussion and analysis of cash flow.

<TABLE>

<CAPTION>

	Six months ended September 30, 2005	Six months ended September 30, 2004
Net cash used in operating activities	\$ (4,891,741)	\$ (4,591,565)
Net cash used in investing activities	\$ (9,418,727)	\$ (11,658,504)
Net cash provided by financing activities	\$ 6,085,619	\$ 17,311,906
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	\$ (8,224,849)	\$ 1,061,837

</TABLE>

We continually evaluate our capital needs and compare them to our capital resources. Our budgeted capital expenditures for the 2006 fiscal year are \$10 million to \$14 million for exploration, development, production and acquisitions. Through the six months ended September 30, 2005, we have spent \$9 million in exploration, development and production. We have funded these expenditures primarily from cash on hand. In the event we are not successful in raising additional funds, we nevertheless believe we can fund the remaining \$3 to \$4 planned budgeted capital expenditures for the current fiscal year through cash on hand, the sale of marketable securities and revenues from anticipated oil production. We anticipate significant increase of our revenue during the next periods considering the fact that just our September 2005 revenue constituted about 42% of total revenue for the six months ended September 30, 2005. The minimum level of capital expenditures on our properties is dictated by the contract. The amount of funds we devote to any particular activity in excess of the minimum required capital expenditures may increase or decrease significantly depending on available opportunities, cash flows and development results, among others.

If we are not successful in obtaining funding, we anticipate that we will instead seek to develop existing wells and infrastructure in hopes of generating sufficient revenue to finance our operations. This development would be funded by cash and cash equivalents and the sale of marketable securities we currently hold. If the funding is limited to these sources, our anticipated development activities would be significantly more limited than anticipated under our present business plan.

We hold marketable securities consisting of short-term repurchase agreements for securities issued by Kazakhstan banks and Kazakhstan financial

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institutions. Additionally, certain operating cash flows are denominated in local currency and are translated into U.S. dollars at the exchange rate in effect at the time of the transaction. Because of the potential for civil unrest, war and asset expropriation, some or all of these matters, which impact operating cash flow, may affect our ability to meet our short-term cash needs.

Contractual Obligations and Contingencies

The following table lists our significant commitments at September 30, 2005:

<TABLE>

<CAPTION>

	Payments Due By Period				
	Less than 1 Total	year	1-3 years	After 5 4-5 years	years
Contractual obligations					

<S>	<C>	<C>	<C>	<C>	<C>		
Capital Expenditure Commitment(1)		\$27,350,000	\$16,850,000	\$10,500,000		-	-
Due to the Government of the Republic of Kazakhstan(2)(3)	\$ 5,994,200		\$ 5,994,200			-	-
Due to Reservoir Consultants	\$ 500,000	\$ 278,000	\$ 222,000			-	-
Liquidation Fund	\$ 124,000				\$124,000		
Office Lease	\$ 165,010	\$ 82,505	\$ 82,505			-	-
Total	\$34,133,210	\$17,210,505	\$16,798,705		\$124,000		

</TABLE>

- (1) Under the terms of our contract with the ROK, we are required to spend a total of at least \$27.4 million dollars in exploration, development and improvements within the ADE Block, as extended during the term of the license, including \$16.8 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 exploration license.
- (2) In connection with our acquisition of the oil and gas contract covering the ADE Block, we are required to repay the ROK for historical costs incurred by it in undertaking geological and geophysical studies and infrastructure improvements. The repayment terms of this obligation will not be determined until such time as we apply for and are granted commercial production rights by the ROK. Under our contract, if we wish to commence commercial production, we must apply for such right prior to the expiration of our exploration and development rights in June 2007. We are legally entitled to receive commercial production rights 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. Although we can apply for commercial production rights at any time, we enjoy certain benefits under our contract that currently make it more economically advantageous for us to continue exploration and development activities at this time. We anticipate that we will apply for commercial production rights 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.
- (3) As with the ADE Block, we will also be required to repay the ROK its historical costs for access to and use of geological and geophysical data gathered and infrastructure improvement previously made by the ROK within the Extended Territory. We are presently negotiating the amount and terms of this obligation with the ROK. This approximately \$6 million obligation represents only our repayment obligation with respect to the ADE Block, and not the extended territory.

Off-Balance Sheet Financing Arrangements

As of September 30, 2005, we had no off-balance sheet financing arrangements.

Recently Issued Accounting Pronouncements

In May 2005, the FASB issued Statement No. 154, "Accounting Changes and Error Corrections", a replacement of APB Opinion 20, "Accounting Changes" and FASB Statement No. 3, "Reporting Accounting Changes in Interim Financial Statements." This Statement changes the requirements for the accounting for and reporting of a change in accounting principle. APB Opinion 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This statement requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period specific effects or the cumulative effect of the change. This statement is effective for accounting changes and corrections of errors made in fiscal periods that begin after December 15, 2005. Management does not anticipate this statement will impact the Company's consolidated financial position or consolidated results of operations and cash flows.

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 of the end of the period covered by this report) that our disclosure controls and procedures are 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.

During the quarter, 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 fields. 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 concluded that its audited financial statements for the period from inception (May 6, 2003) through March 31, 2004, and the unaudited financial statements for the quarterly periods ended June 30, 2004, September 30, 2004 and December 31, 2004 required restating due to accounting errors in those periods relating to the Company's accounting for a liability due to the Government of the Republic of Kazakhstan.

In light of our decision to restate the financial statements contained in our annual report for the year ended March 31, 2004 and the quarterly reports for the quarters ended June 30, 2004, September 30, 2004 and December 31, 2004, 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

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restatement discussed above, our disclosure controls and procedures were not effective as of July 12, 2005. 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 September 30, 2005.

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, us, Georges Benarroch and Alexandre Agaian, current or former BMB directors, as defendants. The plaintiffs, Brian Savage, Thomas Sinclair and Sokol Holdings, Inc., alleged 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 of the Aksaz, Dolinnoe and Emir oil and gas fields owned by Emir Oil, LLP. The parties have mutually agreed to dismiss this lawsuit without prejudice.

In April 2005, Sokol Holdings, Inc., also filed a complaint in United States District Court, Southern District of New York alleging that BMB Munai, Inc., Boris Cherdabayev, Alexandre Agaian, Bakhytbek Baiseitov, Mirgali Kunayev and Georges Benarroch wrongfully induced Tolesh Tolmakov to breach a contract under which Mr. Tolmakov had agreed to sell to Sokol 70% of his 90% interest in Emir Oil LLP.

In October 2005, Sokol Holdings amended its complaint in the U.S. District Court in New York to add Brian Savage and Thomas Sinclair as plaintiffs and to add Credifinance Capital, Inc., and Credifinance Securities, Ltd., (collectively "Credifinance") as defendants in the matter. The amended complaint alleges tortious interference with contract, specific performance, breach of

contract, unjust enrichment, breach of fiduciary duty by Georges Benarroch, Alexandre Agaian and Credifinance, conversion, breach of fiduciary duty by Boris Cherdayev, Mirgali Kunayev and Bakhytbek Baisietov, misappropriation of trade secrets, tortious interference with fiduciary duty by Mr. Agaian, Mr. Benarroch and Credifinance and aiding and abetting breach of fiduciary duty by Mr. Benarroch, Mr. Agaian and Credifinance in connection with a business plan for the development of the Aksaz, Dolinnoe and Emir oil and gas fields owned by Emir Oil, LLP. The plaintiffs have not named Toluesh Tolmakov as defendant in the action nor have the plaintiffs ever brought claims against Mr. Tolmakov to establish the existence or breach of any legally binding agreement between the

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plaintiffs and Mr. Tolmakov. The plaintiffs seek damages in an amount to be determined at trial, punitive damages, specific performance and such other relief as the Court finds just and reasonable.

We have retained the law firm of Bracewell & Giuliani LLP in New York, New York to represent us in the lawsuit. We intend to move for dismissal of the amended complaint. The parties had a telephone conference with the magistrate judge hearing this matter on October 28, 2005. The magistrate judge scheduled the next conference for November 29, 2005.

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.

In November 2005, we learned that the Company has been added as a defendant in a lawsuit filed by Bank CenterCredit against Optima Systems, LLP, KazOvoshProm Company, LLP and Intexi LLP and a number of other parties. The lawsuit was filed in the Special Interregional Economic Court of Almaty, Kazakhstan. Under Kazakh law, it is illegal for a party to purchase stock of a bank with borrowed funds. The lawsuit alleges that Optima Systems, KazOvoshProm Company and Intexi illegally purchased shares of Bank CenterCredit in open market transactions in the Kazakhstan Stock Market from a number of parties, including BMB Munai, with borrowed funds.

Bank CenterCredit has delivered a letter to us confirming that we have been joined in this matter to comply with the procedural requirements of Kazakh law. In the letter, the Bank acknowledges our Company acted as a party to the transaction as a good faith seller of shares of the Bank. The Bank further acknowledges that the case has no property or material nature as it relates to BMB Munai. The Bank also guarantees to reimburse us for any expenses we may incur in connection with the litigation.

In the opinion of management and the Company's counsel in Kazakhstan, the resolution of this lawsuit will not have a material adverse effect on the Company's 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. Unregistered Sales of Equity Securities

In October 2005, Aton Securities Inc. exercised warrants granted in July 2004 to purchase 309,454 common shares for \$4 per share and warrants granted in April 2005 to purchase 60,000 common shares for \$5 per share, for an aggregate purchase price of \$1,537,816. The shares were issued without registration pursuant to Regulation S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933. There was no underwriter involved in these transactions.

On July 18, 2005 our Board of Directors approved stock option grants and restricted stock awards under our 2004 Stock Incentive Plan subject to acceptance of those grants by the parties to whom they were granted. The total

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number of options and restricted stock grants was 820,783 and 469,217, respectively. The options are exercisable at a price of \$4.75, the closing price of the Company's common stock on the OTCBB on July 18, 2005. The options will expire five years from the grant date. Of the restricted stock grants, 389,217

vested immediately. The remaining shares will vest to the three individuals to whom they were granted in equal amounts upon the one year, two year and three year anniversaries of their employment with the Company. Among the parties receiving stock options and restricted stock grants were the following executive officers and directors:

Name	Positions with the Company	Restricted Options Granted	Stock Granted
Boris Cherdabayev	CEO and Director	410,256	189,744
Anuar Kulmagambetov	CFO	232,632	107,368
Georges Benarroch	Director	68,421	31,579
Valery Tolkachev	Director	68,421	31,579

Of the eight people receiving grants, seven were non-U.S. persons. The options and restricted stock grants were made without registration under the Securities Act of 1933 in reliance upon exemptions from registration pursuant to Regulations S of the Securities Act Rules and Section 4(2) of the Securities Act of 1933.

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

On October 28, 2005, the Company held its annual meeting of stockholders. The total number of shares entitled to be voted at the meeting was 32,458,589. At the meeting the shareholders were asked to vote on the following matter:

- To elect three individuals as Class I Directors to our Board of Directors. The following individuals, each of whom was previously serving as a Director of the Company, were elected as Class I Directors to serve for a term of three years and until their respective successors shall be elected:

	For	Abstain
Class I Directors:		
Georges Benarroch	20,839,569	-0-
Troy Nilson	20,839,569	-0-
Valery Tolkachev	20,839,569	-0-

The terms of Mr. Stephen Smoot, a Class II Director, and Mr. Boris Cherdabayev, a Class III Director continued after the meeting.

No other items were submitted to a vote of our shareholders at the meeting.

Item 5. Other Information

On September 7, 2005, Mr. Bakhytbek Baisietov tendered his resignation as a director of the Company. Mr. Baisietov was not a member of any committee of the Board of Directors. Mr. Baisietov's resignation was not the result of any disagreement with the Company on any matter relating to the Company's operations, policies or practices, rather his resignation was necessitated because of time commitments to the development of Bank CenterCredit, of which he is the Chairman of the Board, and commitments to social and political matters within Kazakhstan.

Item 6. Exhibits

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 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 Financial Officer
Pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934,
the registrant caused this registration statement to be signed on its behalf,
thereunto duly authorized.

BMB MUNAI, INC.

Date: November 18, 2005 /s/ Boris Cherdabayev

Boris Cherdabayev, Chief Executive Officer,
President and Director

Date: November 18, 2005 /s/ Anuar Kulmagambetov,

Anuar Kulmagambetov, Chief Financial Officer

EXHIBIT 31.1

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 consolidated 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-15(e) and 15d-15(e)) 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 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 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 18, 2005

By: /s/ Boris Cherdabayev

Boris Cherdabayev,
Principal Executive Officer

EXHIBIT 31.2

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 Quarterly Report;

(3) Based on my knowledge, the consolidated 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-15(e) and 15d-15(e)) 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 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 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 18, 2005

By: /s/ Anuar Kulmagambetov

Anuar Kulmagambetov,
Principal Financial Officer

EXHIBIT 32.1

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 Quarterly Report of BMB Munai, Inc., on Form 10-QSB for the period ended September 30, 2005 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: November 18, 2005

/s/ Boris Cherdabayev

Boris Cherdabayev,
Principal Executive Officer

EXHIBIT 32.2

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 Quarterly Report of BMB Munai, Inc., on Form 10-QSB for the period ended September 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Sanat Kasymov, 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: November 18, 2005

/s/ Anuar Kulmagambetov

Anuar Kulmagambetov,
Principal Financial Officer