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	Commission File Number
December 31, 2005	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.)

202 Dostyk Ave, 4th Floor, Almaty, 050051, Kazakhstan

(Address of principal executive offices)

+7 (3272) 375-125

(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 [X] 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; 42,004,705 shares outstanding as of January 27, 2006.

Transitional small business disclosure format (check one). Yes [ ] No [X]

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PART I - FINANCIAL INFORMATION

Item 1 - Unaudited Consolidated Financial Statements

BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

CONSOLIDATED BALANCE SHEETS

	Notes	December 31, 2005	March 31, 2005
<S>	<C>	<C>	<C>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 54,293,874	$ 9,989,632
Marketable securities		670,905	788,921
Trade accounts receivable		800,584	132,400
Inventories	3	3,321,055	3,227,411
Prepaid expenses and other assets, net	4	3,922,709	4,172,291
Total current assets		63,009,127	18,310,655
LONG TERM ASSETS			
Oil and gas properties, full cost method, net	6	55,577,220	42,964,359
Other fixed assets, net	7	994,013	683,459
Intangible assets, net		56,102	14,435
Restricted cash		155,973	60,973
Total long term assets		56,783,308	43,723,226
TOTAL ASSETS		$ 119,792,435	$ 62,033,881
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable		$ 3,038,460	$ 5,844,639
Due to reservoir consultants		278,000	278,000
Taxes payable		401,926	333,063
Due to Astana Fund	5	-	250,000
Accrued liabilities and other payables		313,092	291,969
Total current liabilities		4,031,478	6,997,671

LONG TERM LIABILITIES			
Due to reservoir consultants		222,000	222,000
Liquidation fund		918,504	60,973
Deferred income tax liabilities		343	343
Total long term liabilities		1,140,847	283,316
COMMITMENTS AND CONTINGENCIES	10	-	-
SHAREHOLDERS' EQUITY			
Share capital	8	42,005	30,514
Additional paid in capital	8	122,311,011	58,460,520
Deficit accumulated during the development stage		(7,732,906)	(3,738,140)
Total shareholders' equity		114,620,110	54,752,894
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 119,792,435	$ 62,033,881

See notes to the consolidated financial statements.

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

CONSOLIDATED STATEMENTS OF OPERATIONS

<S>	<C> Three months ended December 31, 2005	<C> Three months ended December 31, 2004	<C> Nine months ended December 31, 2005	<C> Nine months ended December 31, 2004	<C> Period from inception (May 6, 2003) through December 31, 2005
REVENUES	$ 2,058,792	$ 55,904	$ 4,106,765	$ 347,891	$ 5,080,411
EXPENSES					
Oil and gas operating	242,582	83,933	509,289	168,181	913,915
General and administrative	1,497,515	1,239,050	7,379,267	2,634,332	12,221,986
Depletion	145,078	-	313,435	-	380,887
Amortization and depreciation	35,316	21,917	100,122	49,103	171,331
Total expenses	1,920,491	1,344,900	8,302,113	2,851,616	13,688,119
INCOME/(LOSS) FROM OPERATIONS	138,301	(1,288,996)	(4,195,348)	(2,503,725)	(8,607,708)
OTHER INCOME (EXPENSE)					
Realized gain on marketable securities	-	46	181,688	58,944	386,123
Unrealized gain / (loss) on marketable securities	62,729	4,666	55,190	(287,944)	50,830
Foreign exchange gain / (loss), net	58,450	329,339	(65,686)	532,025	504,784
Interest income / (expense), net	36,348	126,331	48,370	122,430	(17,838)
Other income / (expense), net	(42,819)	(9,049)	(18,980)	(9,049)	33,230
Total other income	114,708	451,333	200,582	416,406	957,129
INCOME/(LOSS) BEFORE INCOME TAXES	253,009	(837,663)	(3,994,766)	(2,087,319)	(7,650,579)
INCOME TAX EXPENSE	-	(6,750)	-	(6,750)	(343)
INCOME/(LOSS) BEFORE MINORITY INTEREST	253,009	(844,413)	(3,994,766)	(2,094,069)	(7,650,922)

MINORITY INTEREST	-	-	-	-	(81,984)
	-----------	-----------	-----------	-----------	-----------
NET INCOME/(LOSS)	$ 253,009	$ (844,413)	$(3,994,766)	$(2,094,069)	$(7,732,906)
	===========	===========	===========	===========	===========
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - BASIC	33,426,080	28,513,761	32,676,428	25,128,792	
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING - DILUTED	34,648,800	-	-	-	
INCOME/(LOSS) PER COMMON SHARE (BASIC)	$ 0.0076	$ (0.0030)	$(0.1223)	$ (0.0833)	
INCOME PER SHARE (DILUTED)	$ 0.0073	-	-	-	

See notes to the consolidated financial statements.

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BMB MUNAI, INC.
(A DEVELOPMENT STAGE ENTITY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

<S>	Notes	<C> Nine months ended December 31, 2005	<C> Nine months ended December 31, 2004	<C> Period from inception (May 6, 2003) through December 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss		$ (3,994,766)	$ (2,094,069)	$ (7,732,906)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation, depletion and amortization		413,557	49,103	552,218
Provision for doubtful accounts		-	-	129,051
Deferred income tax expense		-	-	343
Stock based compensation expense	8	3,876,658	-	3,876,658
Stock issued for services	8	172,682	-	172,682
Unrealized gain / (loss) on marketable securities		55,190	(287,944)	50,830
Changes in operating assets and liabilities				
Decrease / (increase) in marketable securities		62,826	2,390,263	(721,735)
Increase in trade accounts receivable		(668,184)	-	(800,584)
Increase in inventories		(93,644)	(3,169,371)	(3,321,055)
Decrease / (increase) in prepaid expenses and other assets		249,582	(4,265,281)	(4,030,588)
(Decrease) / increase in liabilities		(2,966,193)	1,495,595	4,242,485
Restricted cash		(95,000)	(40,057)	(155,973)
Rent deposit		-	(2,500)	(21,172)
		------------	------------	------------
Net cash used in operating activities		(2,987,292)	(5,924,261)	(7,759,746)
		------------	------------	------------
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment in short term loan receivable		-	(370,987)	-
Acquisition of oil and gas properties	6	(12,016,813)	(11,292,383)	(35,851,990)
Acquisition of other fixed assets	7	(445,607)	(775,016)	(1,246,622)
Acquisition of intangible assets		(58,688)	(12,344)	(76,444)
		------------	------------	------------
Net cash used in investing activities		(12,521,108)	(12,450,730)	(37,175,056)
		------------	------------	------------
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from sale of common stock		57,410,892	17,311,906	94,626,926
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 and warrants		2,401,750	-	2,601,750
		------------	------------	------------
Net cash provided by financing activities		59,812,642	17,311,906	99,228,676
		------------	------------	------------

NET CHANGE IN CASH AND CASH EQUIVALENTS	44,304,242	(1,063,085)	54,293,874
CASH AND CASH EQUIVALENTS at beginning of period	9,989,632	2,126,355	-
CASH AND CASH EQUIVALENTS at end of period	$ 54,293,874	$ 1,063,270	$ 54,293,874
Significant non cash transactions:			
Oil and gas properties liquidation fund	$ $ 857,531	$ $ 60,973	$ 918,504
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

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. (the "Company") was incorporated in Utah in July 1981. The Company later changed its domicile to Delaware on February 7, 1994. Prior to November 26, 2003, the Company existed under the name InterUnion Financial Corporation ("InterUnion"). The Company 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 obtained control of the Company. 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.

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

The Company has a representative office in Almaty, the Republic of Kazakhstan.

The Company 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.

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 from the date of its purchase by BMB (June 7, 2003) through December 31, 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 Operations.

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 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 Operations.

The Company has a stock option plan as described in Note 8. 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 Operations 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 December 31, 2005 the production unit of the Company - Emir Oil 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.

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 or net realizable value. Cost comprises direct materials and, where applicable, direct labor 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 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 expense 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 $112,613 was capitalized to oil and gas properties.

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 December 31, 2005 and March 31, 2005 were as follows:

	December 31, 2005	March 31, 2005
Construction material	$ 3,150,024	$ 3,103,555
Spare parts	98,515	59,706
Crude oil produced	5,543	7,735
Other	66,973	56,415
	$ 3,321,055	$ 3,227,411

4. PREPAID EXPENSES AND OTHER ASSETS, NET

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

	December 31, 2005	March 31, 2005
Advances for services	$ 2,048,436	$ 589,944
VAT recoverable	1,145,306	1,217,751
Advances for material	575,671	2,301,074
Other	282,347	192,573
Reserves against uncollectible advances and prepayments	(129,051)	(129,051)
	$ 3,922,709	$ 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 December 31, 2005 and March 31, 2005 were as follows:

	December 31, 2005	March 31, 2005
Subsoil use rights	$20,788,119	$20,788,119
Cost of drilling wells	13,735,673	9,334,021
Professional services received in exploration and development activities	8,285,364	4,798,314
Material and fuel used in exploration and development activities	5,750,773	2,891,765
Infrastructure development costs	1,404,817	1,231,391
Geological and geophysical	1,026,140	653,571
Other capitalized costs	4,967,221	3,334,630
Accumulated depletion	(380,887)	(67,452)
	$55,577,220	$42,964,359

7. OTHER FIXED ASSETS, NET

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	Constructions	Machinery and equipment	Vehicles	Office equipment	Other	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Cost at April 1, 2005	$ 86,205	$234,200	$313,207	$128,983	$38,421	$ 801,016
Additions	63,067	279,413	7,858	42,488	53,899	446,725
Disposals	-	-	-	(349)	(769)	(1,118)

at December 31, 2005	149,272	513,613	321,065	171,122	91,551	1,246,623
Accumulated depreciation						
at April 1, 2005	10,789	18,286	58,866	23,834	5,782	117,557
Charge for the period	9,124	20,971	68,154	15,243	22,105	135,597
Disposals	-	-	-	(349)	(195)	(544)
at December 31, 2005	19,913	39,257	127,020	38,728	27,692	252,610
Net book value at March 31, 2005	75,416	215,914	254,341	105,149	32,639	683,459
Net book value at December 31, 2005	$129,359	$474,356	$194,045	$132,394	$63,859	$ 994,013

</TABLE>

In accordance with FAS 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 amount of $ 112,613 was capitalized to oil and gas properties.

8. SHARE AND ADDITIONAL PAID IN CAPITAL

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

	December 31, 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	42,004,705	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:

a) Completed a private placement for the total amount of $11,113,562.
b) Converted a $2,000,000 debt to the shareholders of BMB Holding, Inc. into equity.
c) Issued 200,000 shares of stock upon exercise of stock option worth $200,000.

d) 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.

On December 23, 2005, the Company sold an aggregate of 9,166,667 common shares of the Company at $6.00 per share in a private placement offering. On December 29, 2005 the Company received $52,189,207 net of the agent fees and out of pocket expenses.

Common stock sold in private placements as of December 31, 2005 is as follows:

	Number of shares sold	Share price	Gross amount raised	Net amount received
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
Fourth private placement	9,166,667	$ 6.00	55,000,002	52,189,207
	21,682,501		$ 99,955,924	$ 94,626,926

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

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.

Common Stock

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 was recognized in the Consolidated Statements of Operations 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 first 10,000 shares of stock grants were valued at $4.75 per share. The second 10,000 shares vested during the three months ended December 31, 2005 and were valued at $6.15 per share. We record the fluctuations in the fair value of certain unvested stock grants as a deferred compensation asset (reported as a reduction of shareholders' equity on the balance sheet). This asset is amortized upon vesting of related stock grants as non-cash compensation expense. Compensation expense for vested stock grants in the amount of $109,000 has been recognized in the Consolidated Statements of Operations and Consolidated Balance Sheet.

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 was recognized in the Consolidated Statements of Operations and Consolidated Balance Sheet.

During the quarter ended September 30, 2005 the Company granted restricted common shares to the 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 was recognized in the Consolidated Statements of Operations and Consolidated Balance Sheet.

Stock Options

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 was recognized in the Consolidated Statements of Operations.

On July 18, 2005, the Company granted options to legal counsel, for the legal services rendered. These options grant 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, $82,684, is recognized in the Consolidated Statements of Operations.

Stock options outstanding and exercisable as of December 31, 2005 are as follows:

	Number of Shares	Weighted Average Exercise Price
As of March 31, 2005	60,000	$ 4.00
Granted	820,783	4.75
Exercised	-	-
Expired	-	-
As of December 31, 2005	880,783	$ 4.70

Additional information regarding outstanding options as of December 31, 2005 is as follows:
<TABLE>
<CAPTION>

Range of Exercise Price	Options Outstanding: Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Options Exercisable: Options	Weighted Average Exercise Price
$ 4.00 - $ 4.75	880,783	$4.70	5.00	880,783	$4.70

Warrants

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. In October 2005, warrants to purchase 60,000 shares were exercised. These warrants have been offset to the proceeds as a cost of capital. These warrants expire on April 11, 2006.

On December 31, 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 916,667 shares of the Company's common stock at an exercise price of $6.00 per share. These warrants have been offset to the proceeds as a cost of capital. These warrants expire on June 30, 2007.

Warrants outstanding and exercisable as of December 31, 2005 are as follows:

	Number of Shares	Weighted Average Exercise Price
As of March 31, 2005	1,084,341	$ 3.18
Granted	1,026,767	5.89
Exercised	(753,534)	3.19
Expired	(98,970)	2.50
As of December 31, 2005	1,258,604	$ 5.44

Additional information regarding warrants outstanding as of December 31, 2005 is as follows:

Range of Exercise Price	Warrants Outstanding: Warrants	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Warrants Exercisable: Warrants	Weighted Average Exercise Price
$ 3.50 - $ 6.00	1,258,604	$5.44	1.89	1,258,604	$5.44

9. 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 December 31, 2005, totaled to $109,913. 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 December 31, 2005, totaled to $24,015. The suppliers which rendered services are affiliated with shareholders of the Company.

10. 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.

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 $6 million in 2006 and $4.5 million in 2007. We must also comply with the terms of the work program associated with the contract, which includes the drilling of at least six additional new wells by July 9, 2007. The failure to make these minimum capital expenditures or to comply with the terms of the work program 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 LLP. 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, tortuous 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.

The Company is confident that the 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.

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 the Company confirming that its has been joined in this matter to comply with the procedural requirements of Kazakh law. In the letter, the Bank acknowledges that the 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 the Company for any expenses it 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.

11. FINANCIAL INSTRUMENTS

As of December 31, 2005 and March 31, 2005 marketable securities of $670,905 and $788,921, respectively, are held in short term repurchase agreements for securities issued by Kazakhstan banks and Kazakhstan financial institutions. As of December 31, 2005 and March 31, 2005 cash and cash equivalents include deposits in Kazakhstan banks in the amount $1,268,381 and $9,090,276, respectively. As of December 31, 2005 and March 31, 2005 the Company made advance payments to Kazakhstan companies and government bodies in the amount $3,793,658 and $4,301,342, respectively. As of December 31, 2005 and March 31, 2005 trade accounts receivable of $800,584 and $132,400, respectively, are with the Kazakhstan companies. Restricted cash reflected in the long-term assets consists of $155,973 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.

12. SUBSEQUENT EVENTS

Subsequent to the quarter ended December 31, 2005, the Company entered into a separation agreement with an employee of the Company where the Company agreed, among other conditions, to issue to the employee 50,000 restricted common shares of the Company; and grant to the employee an option to purchase up to 100,000 shares of the Company's restricted common stock at $7.40 per share expiring five years from the date of grant.

Subsequent to the quarter ended December 31, 2005, a placement agent exercised stock warrants for 83,980 shares at the exercise price of $4.

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 marketing crude oil from our oil and natural gas properties produced during test production. 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. To date, we have relied primarily on funds raised through the sell of our equity securities to fund operations. We currently use more cash in operations than we generate. We believe, however, that we have now raised sufficient capital to fund exploration and development of our properties to a point where the revenue derived from our properties will be sufficient to meet our future 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 that 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 and 2006, which has positively impacted the entire industry as well as our Company.

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 our third fiscal quarter 2006 we continued testing and development works on Dolinnoe-1, Dolinnoe- 2, Dolinnoe- 3, Emir -1, Aksaz -1 and Aksaz -4 wells.

We performed mini formation fracturing by hydrochloric acid at the Dolinnoe-2 well during the quarter. In January 2006 we undertook perforating works to join certain oil bearing horizons within the well.

While testing various intervals of the Dolinnoe-3 well, we determined that the current interval from which solid production rates occurred is 24 meters , but only 17 meters were perforated. After perforation of the 17meters a blowout occurred and we could not run in hole with the pipe. As a result we killed the well by squeezing mud into the formation to avoid an open flush. While cleaning out the bottomhole zone, barite and carbomix contained in the drilling mud had settled at the hole bottom due to high formation temperature. This sediment caused the oil well tubing to become stuck. Mud cuttings samples indicated that carbomix accounted for approximately 30% of the mud cuttings. We conducted acid treatment for dissolution of the settlements. Subsequent walking up and down operations were successful and we have been successful at cleaning out the bottomhole zone. After perforation we will lower tubing and start testing again in order to determine the proper rate. In the course of continued testing and development works on the Dolinnoe-3 well we will also continue to undertake a complex of geophysical studies aimed at identifying additional productive intervals.

During our third fiscal quarter, we also continued testing and development operations at the Emir -1 well. Based on logging, four prospective objects were identified and perforated and all 4 objects were tested. This well is awaiting a service rig to perform workover.

During our third fiscal quarter we performed well logging in the Aksaz-4 well to determine the source of annular water flow. Based on geophysical data there was water inflow from the 4,313 to 4,315 intervals through perforation due to poor cement bonding. As we did not expect water formation in these intervals, we are currently analyzing the water formation, including the isolation of the water-bearing horizon, installation of a cement plug, performing services on determination of bottom hole and undertaking perforation works.

During our third fiscal quarter we completed construction of drilling sites and approach roads to the Kariman - 1 and Dolinnoe - 6 wells. During the period we also paved 800 meters of delivery line to the Aksaz group unit.

In December 2005 the Government assigned our Company an export quota as a result of our previous application. We intend to continue to apply for export quotas in the future. The export quota we were granted allows us to export up to 29,200 barrels of oil during January 2006, to the world markets and to realize world market prices on those barrels of oil. As the world market price is currently considerably higher than the domestic market price, we anticipate this will result in us realizing greater revenue per barrel of oil for these barrels of oil as compared to the oil we sell in the Kazakhstan domestic market.

Outlook

During the third fiscal quarter of 2006 we raised an additional $52,189,207 through a private placement of our common stock to qualified institutional buyers in the United States and to non-U.S. persons. These funds will be used to continue our exploration and development activities. During the 2006 calendar year, we plan to drill a total of four exploratory and developmental wells in the Extended Territory. We are also planning to drill an additional four developmental wells in the Dolinnoe oilfield of the ADE Block. Development activities under our present business plan also include re-processing and reinterpretation of seismic data and development of the oilfield by constructing additional electric lines and oil collection units, test and research operations at the Extended Territory.

Additionally during the 2006 calendar year we plan to conduct horizontal and directional drilling at two of our existing wells to increase rate of production and revenue.

During the next calendar year, we also will continue workover and research operations on the existing six wells in the ADE Block.

Our outlook as described above is subject to change based upon factors that include, but are not limited to, drilling results, availability of drilling

rigs, 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 and development of our properties, as well as the acquisition of other properties with exploration and production potential.

For us to operate profitability and grow in the future we need to significantly increase 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 December 31, 2005, compared to the three months ended December 31, 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 December 31, 2005 and the three months ended December 31, 2004.

<TABLE>
<CAPTION>

			Three months ended December 31, 2005 to the three months ended December 31, 2004	
	For the three months ended December 31, 2005	For the three months ended December 31, 2004	$ Increase (Decrease)	% Increase (Decrease)
<S>	<C>	<C>	<C>	<C>
Production volumes:				
Natural gas (Mcf)	-	-	-	-
Natural gas liquids (Bbls)	-	-	-	-
Oil and condensate (Bbls)	92,342	14,426	77,916	540%
Barrels of Oil equivalent (BOE)	-	-	-	-
Average Sales Price				
Natural gas ($ per Mcf)	-	-	-	-
Natural gas liquids ($ per Bbl)	-	-	-	-
Oil and condensate ($ per Bbl)	$ 22.08	$ 13.67	$ 8.41	62%
Barrels of Oil equivalent ($ per BOE)	-	-	-	-
Operating Revenue:				
Natural gas	-	-	-	-
Natural gas liquids	-	-	-	-
Oil and condensate	$ 2,058,792	$ 55,904	$ 2,002,888	3,583%
Gain on hedging and derivatives(1)	-	-	-	-

</TABLE>

(1) We did not engage in hedging transactions, including derivatives during the three months ended December 31, 2005, or the three months ended December 31, 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 December 31, 2005 and 2004, 100% of our revenue was generated from the sale of crude oil. During the three months ended December 31, 2005 we realized revenue from oil sales of $2,058,792 compared to $55,904 during the three months ended December 31, 2004. This increase in revenues is primarily the result of several factors. During the three months ended December 31, 2005, the number of producing wells had doubled from three to six compared to the three months ended December 31, 2004. Moreover, one of the new wells, Dolinnoe-3, constituted about 76% of total production during the three months ended December 31, 2005, which resulted in an average monthly production rate increase of 274% compared to the average monthly production rate of wells during the three months ended December 31, 2004. Additionally oil sale prices were approximately 62% higher during the three months ended December 31, 2005 compared to three months ended December 31, 2004. We anticipate production will continue to increase in the upcoming fiscal quarters as a result of the drilling of new wells. Also, during the third quarter 2005 we were granted an export quota to export and sell up to 29,200 barrels of oil. We anticipate this will lead to an increase in revenue from oil sales in January 2006 because the price per barrel of oil in the world markets is higher than the price per barrel of oil in domestic market in Kazakhstan, where we have been selling our oil.

Costs and Operating Expenses

The following table presents details of our expenses for the three months ended December 31, 2005 and 2004:

<TABLE>
<CAPTION>

<S>	For the three months ended December 31, 2005 <C>	For the three months ended December 31, 2004 <C>
Expenses:		
Oil and gas operating(1)	$ 242,582	$ 83,933
General and administrative	1,497,515	1,239,050
Depletion	145,078	-
Amortization and depreciation	35,316	21,917
Total	$ 1,920,491	$ 1,344,900
Expenses ($ per BOE):		
Oil and gas operating(1)	2.60	20.52
Depreciation, depletion and amortization(2)	1.94	5.36

</TABLE>

(1) Includes transportation cost, production cost and ad valorem taxes.
(2) Represents depreciation, depletion and amortization of oil and gas properties only.

Oil and Gas Operating Expenses. During the three months ended December 31, 2005 we incurred $242,582 in oil and gas operating expenses compared to $83,933 during the three months ended December 31, 2004. Oil and gas operating expenses increased due to increased production. During the third fiscal quarter 2006 production volume increased by 77,916 barrels or 540% compared to the three months ended December 31, 2004. Such increase led to hiring more production and maintenance personnel which resulted in payroll increases of 238% during the third quarter 2006 compared to the third quarter 2005. We also incurred transportation expenses of $155,966 during the three months ended December 31, 2005 compared to $59,563 during the three months ended December 31, 2004. Transportation expenses during the three months ended December 31, 2005 increased by 162% as a direct result of significant increase in production during the three months ended December 31, 2005 compared to the three months ended December 31, 2004. We transport oil from our fields to the storage facility we use. As a result of the increased production, we rented more oil tank trucks, used more gasoline, enlarged the tank field and incurred more overhead expenses. We expect oil and gas operating expense continue to increase in the upcoming fiscal quarter as revenue continues to increase.

General and Administrative Expenses. General and administrative expenses during the three months ended December 31, 2005 were $1,497,515 compared to $1,239,050 during the three months ended December 31, 2004. This represents a 21% increase in general and administrative expenses. This increase is attributable to a 92% increase in payroll and other compensation to employees. This increase is largely the result of hiring personnel to operate our business, as well as travel expenses. While we anticipate general and administrative expenses will continue to increase, we expect increases in revenue to outpace increases in general and administrative expenses in upcoming quarters.

Gain from Operations. During the three months ended December 31, 2005 we realized income from operations of $138,301 compared to a loss from operations of $1,288,996 during the three months ended December 31, 2004. As described above, this change from a loss to net income is directly attributable to the 3,583% increase in revenue we realized during the three months ended December 31, 2005 compared to the comparable period 2004.

Other Income. During the three months ended December 31, 2005 we realized total other income of $114,708 compared to total other income of $451,333 for the three months ended December 31, 2004. This decrease in other income is largely attributable to a decrease in foreign exchange gain in the amount of $270,889 resulting from fluctuations in foreign currency rates against the U.S dollars and decrease in our interest income in the amount of $89,983. This decrease was partially offset by an increase in unrealized gain on marketable securities of $58,063.

Net Income/Loss. During the three months ended December 31, 2005 we realized a net income of $253,009 compared to a net loss of $844,413 for the three months ended December 31, 2004. As stated above, this change from a net loss to net income is the direct result of a 3,583% increase in revenue, as we produced sufficient oil and gas to offset our expenses during the three months ended December 31, 2005.

Nine months ended December 31, 2005, compared to the nine months ended December 31, 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 nine months ended December 31, 2005 and the nine months ended December 31, 2004.

<TABLE>
<CAPTION>

			Nine months ended December 31, 2005 to the nine months ended December 31, 2004	
	For the nine Months ended December 31, 2005	For the nine months ended December 31, 2004	$ Increase	% Increase
<S>	<C>	<C>	<C>	<C>
Production volumes:				
Natural gas (Mcf)	-	-	-	-
Natural gas liquids (Bbls)	-	-	-	-
Oil and condensate (Bbls)	204,163	41,783	162,380	389%
Barrels of Oil equivalent (BOE)	-	-	-	-
Average Sales Price				
Natural gas ($ per Mcf)	-	-	-	-
Natural gas liquids ($ per Bbl)	-	-	-	-
Oil and condensate ($ per Bbl)	$ 21.31	$ 13.33	$ 7.98	60%
Barrels of Oil equivalent ($ per BOE)	-	-	-	-
Operating Revenue:				
Natural gas	-	-	-	-
Natural gas liquids	-	-	-	-
Oil and condensate	$ 4,106,765	$ 347,891	$ 3,758,874	1,080%
Gain on hedging and derivatives(1)	-	-	-	-

</TABLE>

(1) We did not engage in hedging transactions, including derivatives during the nine months ended December 31, 2005, or the nine months ended December 31, 2004.

Revenues. During the nine months ended December 31, 2005 we realized revenue from oil and gas sales of $4,106,765 compared to $347,891 during the nine months ended December 31, 2004. Our revenue for the nine months ended December 31, 2005 increased by 1,080% compared to the revenue for the nine months ended December 31, 2004. This increase in revenues is primarily the result of two factors. First, we performed works related to the perforation of a productive stratum which led to a significant flow of oil and gas at Dolinnoe-3 well. As a result during the nine months ended December 31, 2005 oil production increased by about 389% comparing to total production during the nine months ended December 31, 2004. Second, oil prices in the domestic market in Kazakhstan increased 60% during the nine months ended December 31, 2005 compared to nine months ended December 31, 2004. We anticipate production will continue to increase in upcoming quarters. Also, during the third fiscal quarter 2005 we were granted an export quota from the Government that allows us to export up to 29,200 barrels of oil during January 2006. We anticipate this will lead to an revenue from oil sales during our fourth fiscal quarter of 2006 because the world market price of oil is considerably higher than the domestic market price in Kazakhstan.

Costs and Operating Expenses

The following table presents details of our expenses for the nine months ended December 31, 2005 and 2004:

<TABLE>
<CAPTION>

<S>	For the nine months ended December 31, 2005 <C>	For the nine months ended December 31, 2004 <C>
Expenses:		
Oil and gas operating(1)	$ 509,289	$ 168,181
General and administrative	7,379,267	2,634,332
Depletion	313,435	-
Amortization and depreciation	100,122	49,103
Total	$ 8,302,113	$ 2,851,616
Expenses ($ per BOE):		
Oil and gas operating(1)	2.64	6.45
Depreciation, depletion and amortization(2)	2.15	1.88

</TABLE>

(1) Includes transportation cost, production cost and ad valorem taxes.
(2) Represents depreciation, depletion and amortization of oil and gas properties only.

Oil and Gas Operating Expenses. During the nine months ended December 31, 2005, we incurred $509,289 in oil and gas operating expenses compared to $168,181 during the nine months ended December 31, 2004. Oil and gas operating expenses increased due to increased production. During the nine months ended December 31, 2005 production volume increased by 162,380 barrels or 389% compared to the nine months ended December 31, 2004. Such increase led to hiring more production and maintenance personnel and a corresponding payroll increase during the nine months ended December 31, 2005 of 250% compared to the nine months ended December 31, 2004. Increased production also led to an increase in the royalty paid to the Government of 216% during the nine months ended December 31, 2005 compared to nine months ended December 31, 2004. As discussed above, another result of increased production was a $250,231 or 303% increase in transportation expenses during the nine months ended December 31, 2005 compared to the nine months ended December 31, 2004. We expect oil and gas operating expense continue to increase in the upcoming fiscal quarter as revenue continues to increase.

General and Administrative Expenses. General and administrative expenses during the nine months ended December 31, 2005 were $7,379,267 compared to $2,634,332 during the nine months ended December 31, 2004. This represents a 180% increase in general and administrative expenses. This significant increase is attributable to a 481% increase in payroll and other compensation and a 46% increase in professional services fees. During our second fiscal quarter 2006 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 was $4,049,340. Additionally during the nine months ended December 31, 2005 we hired more administrative 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 will outpace the increase in general and administrative expenses in upcoming quarters.

Loss from Operations. During the nine months ended December 31, 2005 we realized a loss from operations of $4,195,348 compared to a loss from operations of $2,503,725 during the nine months ended December 31, 2004. We realized a 1,080% increase in revenue during the nine months ended December 31, 2005 compared to the comparable period 2004. This increase was offset by a 106% increase in oil and gas operating expenses and a 180% increase in general and administrative expenses, which resulted in a 68% increase in loss from operations during the period ended December 31, 2005 compared to the period ended December 31, 2004. Until such time as expenses exceed revenue from oil and gas sales we will continue to generate operating losses. At this time, we believe current production rates and current oil prices are such that we are now able to generate sufficient revenue from oil sales to offset our expenses. If, however, current production levels or oil prices were to decrease, we may be unable to offset all of our operating expenses with revenue from production and could experience additional losses from operations.

Other Income. During the nine months ended December 31, 2005 we realized total other income of $200,582 compared to total other income of $416,406 for the nine months ended December 31, 2004. This decrease in other income is largely attributable to decrease in foreign exchange gain in the amount of $597,711 resulting from fluctuations in foreign currency rates against the U.S. dollar and a decrease in interest income of $74,060 that was partially offset by the net increase in realized and unrealized gains and losses on marketable securities of $465,878.

Net Loss. During the nine months ended December 31, 2005 we realized a net loss of $3,994,766 compared to a net loss of $2,094,069 for the nine months ended December 31, 2004. Notwithstanding the significant increase in revenue resulting from increased oil and gas production during the period ended December 31, 2005 net loss increased significantly. This significant increase in net loss is largely attributable to 180% increase in general and administrative expenses.

During the nine months ended December 31, 2005 our general and administrative expenses increased by $4,744,935 compared to the nine months ended December 31, 2004. While expenses have risen significantly in past quarters, we do not expect such significant expense increases in upcoming quarters. We also anticipate that we will continue to realize significant increases in revenue as our production levels continue to increase. Based on these expectations, we anticipate that we will begin to realize net income in upcoming fiscal quarters.

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 December 31, 2005, we have raised $99,955,924 ($96,626,926 net) through the sale of our common stock and proceeds from the issuance of convertible debt. As of December 31, 2005, we had cash and cash equivalents of $54,293,874. We anticipate our capital resources in the upcoming quarters will consist primarily of revenue from the sale of oil and gas recovered during the 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 December 31, 2005, we have incurred capital expenditures of $55,577,220 for exploration, development and acquisition activities including $19,075,000 non-cash transaction for acquisition of 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, $112,613 for capitalized depreciation related to support equipment and facilities used in exploration and development activities and $918,504 non-cash transactions for accrual of asset retirement obligation.

Cash Flows

During the nine months ended December 31, 2005 cash was primarily used to fund exploration and development expenditures. During the nine months ended December 31, 2005 we had a net increase in cash and cash equivalents of $44,304,242 as a result of the last private placement in December 2005 where we raised $52,189,207 ,net of offering expenses, through the sale of our common stock. See below for additional discussion and analysis of cash flow.

<TABLE>
<CAPTION>

	Nine months ended December 31, 2005	Nine months ended December 31, 2004
<S>	<C>	<C>
Net cash used in operating activities	$ (2,987,292)	$ (5,924,261)
Net cash used in investing activities	$ (12,521,108)	$ (12,450,730)
Net cash provided by financing activities	$ 59,812,642	$ 17,311,906
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 44,304,242	$ (1,063,085)

</TABLE>

We continually evaluate our capital needs and compare them to our capital resources. Our budgeted capital expenditures for the upcoming fiscal year are about $60 million to $70 million for exploration, development, production and acquisitions. We believe our export quota and favorable world market prices will let allow to generate sufficient oil and gas revenues to finance the gap of $10 million to $20 million required for our planned exploration, development, production and acquisitions. Through the nine months ended December 31, 2005, we have spent $12 million in exploration, development and production. We have funded these expenditures primarily from cash on hand and oil sales revenue. We anticipate significant increase of our revenue during the upcoming quarter. As discussed herein, in December 2005 we were granted an export quota which would allow us to sell up to 29,200 barrels of crude oil during January 2006 in the world markets and will allow us to realize world market price which is considerable higher than the domestic market price in Kazakhstan.

The minimum level of capital expenditures on our properties is dictated by the contract and the work program set forth in 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.

We were successful in obtaining additional funding and we plan to develop existing wells and infrastructure, construct new wells and increase our oil reserves which will let us generate more revenue to finance our further operations.

We hold marketable securities consisting of short-term repurchase agreements for securities issued by Kazakhstan banks and Kazakhstan financial 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 December 31, 2005:

<TABLE>
<CAPTION>

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

Capital Expenditure Commitment(1)	$10,500,000	$6,000,000	$ 4,500,000	-	-
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	$ 918,504	-	$ 918,504	-	-
Office Lease	$ 89,380	$ 82,505	$ 6,875	-	
Total	$18,002,084	$6,360,505	$11,641,579	-	-

</TABLE>

(1) Under the terms of our contract with the ROK, we are required to spend a total of at least $10.5 million dollars in exploration, development and improvements within the ADE Block, as extended during the term of the license, including $6 million in the 2006 calendar year and $4.5 million in the 2007 calendar year. Under the terms of the work program associated with the contract, we are required to drill a total of six additional new wells by July 9, 2007. If we fail to comply with the terms of the contract or the work program, 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 July 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 December 31, 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 principal executive officers and our principal financial officer (the "Certifying Officers") are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 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 it in this report is accumulated and communicated to management, including the Certifying Officers as appropriate, to allow timely decisions regarding required disclosure.

The Certifying Officers have also indicated that there were no significant changes in our internal controls over financial reporting or other factors that could significantly affect such controls subsequent to the date of their evaluation, and there were no significant deficiencies and material weaknesses.

Management, including our Certifying Officers, do not expect that our disclosure controls or its internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

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 Toleush 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 Cherdabayev, Mirgali Kunayev and Bakhytbek Baisietov, misappropriation of trade secrets, tortuous 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 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 have moved for dismissal of the amended complaint or for a stay pending arbitration in Kazakhstan. The parties have had several telephone conferences with the magistrate judge hearing this matter.

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

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

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 under the Securities Act of 1933 in reliance on an exemption from registration provided by Section 4(2) of the Securities Act of 1933. There was no underwriter involved in these transactions.

On December 23, 2005, the Company completed a private placement of its common shares to U.S. Qualified Institutional Buyers and non-U.S. investors for $50,000,000. Additionally, the private placement included a 10% over allotment option to the placement agent, Aton Securities, Inc., which was fully subscribed for.

The Company received subscriptions for the following:

Date of Sale	Number of Shares	Price per Share	Exemption Relied Upon
December 23, 2005	8,174,667	$6.00	Regulation S
December 23, 2005	992,000	$6.00	Regulation D

Total proceeds from the private placement were $55,000,002. From the total proceeds, the Company paid the placement agent a cash fee totaling 5% of the total proceeds raised, or $2,750,000. The Company is required to reimburse the placement agent for expenses incurred up to $50,000. The Company also issued warrants to the placement agent to purchase restricted common stock of the

Company equal to 10% of the total shares sold or 916,667 shares. The exercise price of the warrants is $6.00 per share. The warrants are immediately exercisable and expire on June 30, 2007. The placement agent is not an officer, director or greater than 10% shareholder of the Company. None of the fees to be paid or warrants granted to the placement agent will either directly or indirectly be paid to any officer, director or greater than 10% shareholder of the Company.

Investors in this offering were granted the right to request the Company file a registration statement on their behalf registering for resale the shares they purchased in this private placement. The Registration Rights Agreement requires that at least 51% of the shares purchased in the private placement request registration before the Company must undertake any efforts to register the shares for resale. The investors in this private placement may not request registration for at least 90 days from the closing of the private placement.

As set forth above, the shares were issued without registration under the Securities Act of 1933 in reliance upon exemptions from registration pursuant to Rule 506 of Regulation D and Regulations S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act of 1933.

Sales Pursuant to Rule 506 of Regulation D

No general solicitation or general advertising was made in connection with the sales of these shares. All investors purchasing shares in the offering were provided with a confidential information memorandum containing the information specified in paragraph (b)(2) of Rule 502. The Company believes that all purchasers are purchasing for their own accounts and not with a view to distribution. Each of the three entities purchasing shares in this offering have represented that they are "qualified institutional buyers" as that term is defined in Section (a) Rule 144A of the Securities Act of 1933 and offers and sales made within the United States were made only to qualified institutional buyers. All shares issued in connection with these sales will be restricted stock, as defined in Rule 144(a)(3).

Sales Pursuant to Regulation S

All offers and sales were made to non-U.S. persons in offshore transactions. No directed selling efforts were made in the United State by the issuer, placement agent or any person acting on their behalf. The shares sold are subject to the offering restrictions set forth in Rule 903(b)(3), including a one-year distribution compliance period.

In January 2006, Credifinance Capital Corp. exercised warrants granted in July 2004 to purchase 83,980 common shares for $4 per share for an aggregate purchase price of $335,920. 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 this transaction.

During January 2006, the Company entered into a separation agreement with its former CFO, Anuar Kulmagambetov, to issue Mr. Kulmagambetov 50,000 restricted common shares of the Company; and an option to purchase up to 100,000 shares of the Company's restricted common stock at $7.40 per share expiring five years from the date of grant. The shares an the option 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.

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:

1) 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:

Class I Directors:	For	Abstain
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 January 26, 2006, Mr. Anuar Kulmagambetov resigned as the Chief Financial Officer of the Company. Mr. Kulmagambetov's resignation was not the result of any disagreement with the Company on any matter relating to our operations, policies or practices.

As a result of Mr. Kulmagambetov's resignation, on January 26, 2006, our board of directors appointed Sanat Kasymov to serve as our Chief Financial Officer. Following is a brief description of the business background of Mr. Kasymov:

Mr. Kasymov graduated from Istanbul University of Istanbul, Turkey in 1998 where he was awarded a Bachelors degree in Economics with an emphasis in International Relations. In 2003, Mr. Kasymov passed the AICPA Uniform CPA Examination. From April 1999 through December 2001 Mr. Kasymov was employed as

the Chief Specialist of the Corporate Relations Department of Demir Kazakhstan Bank. From December of 2001 through 2004 Mr. Kasymov was employed at Deloitte & Touche as a Senior Auditor where he became proficient in the application of both international and national accounting (ISA/ US GAAS) and auditing standards (IAS/ US GAAP). Since February 2005 Mr. Kasymov has been serving as the Financial Manager of BMB Munai, Inc. Mr. Kasymov is not a director of any SEC reporting company. Mr. Kasymov is 30 years old.

There are no family relationships among any of the Company's officers or directors.

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: February 13, 2006 /s/ Boris Cherdabayev

Boris Cherdabayev,
Chief Executive Officer

Date: February 13, 2006 /s/ Sanat Kasymov

Sanat Kasymov,
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: February 13, 2006 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, Sanat Kasymov, 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: February 13, 2006 By: /s/ Sanat Kasymov

Sanat Kasymov,
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 December 31, 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: February 13, 2006 /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 December 31, 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: February 13, 2006 /s/ Sanat Kasymov

Sanat Kasymov,
Principal Financial Officer